

Incorporated County of Los Alamos, New Mexico



LOS ALAMOS

Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2018

Prepared by the Finance Division of the Administrative Services Department

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November 30, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the Incorporated County of Los Alamos (the County) for fiscal year 2018. The Finance Division in the County's Administrative Services Department has prepared this report to present the financial position of the County at June 30, 2018, and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles for governments, and with the requirements of the State of New Mexico, Office of the State Auditor.

COUNTY COUNCIL

David Izraelevitz
Council Chair

Chris Chandler
Council Vice-Chair

COUNCILORS

Antonio Maggiore
Susan O'Leary
Morris Pongratz
Rick Reiss
Pete Sheehey

COUNTY MANAGER

Harry Burgess

This report consists of an Introductory Section, the Financial Section which includes the opinion of the County's independent auditors, Morton Accounting Services, LLC, and Management's Discussion and Analysis, a Statistical Section with ten years of summary data, and the Other Information Section. Readers should refer to the Management's Discussion and Analysis beginning on page 5 of this report for a more detailed overview of how to use this report, an introduction to the County's basic financial statements and an analytical overview of the County's financial activities.

INTERNAL CONTROL AND MANAGEMENT'S RESPONSIBILITY

County management is responsible for the accuracy of the County's financial statements and the completeness and fairness of their presentation. The County maintains a system of internal accounting controls that is intended to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements according to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits to be derived. The County had no findings from the independent auditors' which would have been described in their Schedule of Findings and Questioned Costs, which is included in the Other Financial Information Section of this report.

THE REPORTING ENTITY AND ITS SERVICES

In 1949, the County was formed from parts of three other existing counties as a separate political subdivision by the New Mexico legislature. It was incorporated on December 10, 1968 when County voters adopted the Charter. The County has the rights and responsibilities of both a county and a municipality under the County's Charter and New Mexico State law.

The County is located on the Pajarito Plateau in northern New Mexico, about 35 miles northwest of Santa Fe, the capital of New Mexico. The County covers about 109 square miles. The National Forest Service owns 41.2% of the County's area, the United States Department of Energy (DOE) owns 35.3%, the County and its citizens own 14%, and Bandelier National Monument owns 9.5%.

Before the establishment of the Los Alamos National Laboratory (LANL) in 1943, a few isolated ranches and a preparatory school for boys occupied the area that is now the County. This isolated area became the home for scientists and military personnel working as a key part of the Manhattan Project, which resulted in ending World War II. Initially, the Laboratory and the surrounding area were owned and controlled by the federal government. Under the Atomic Energy Communities Act of 1955, the government sold most commercial real estate, residential lots, and housing units to private owners. Churches and institutional properties, including hospitals, schools, municipal offices, the electric, gas, and water distribution systems and the wastewater collection system were transferred to private institutions, the school system, or municipal ownership.

The County operates under a council-manager form of government. The County Council consists of seven members who are elected at large by qualified County voters. Under the Charter, the County Council appoints a County Manager, the chief executive officer of the County, who is responsible for all County affairs placed in his or her charge by New Mexico State statutes, the County Charter, County ordinances, or the County Council.

The Basic Financial Statements of the County include all government activities, organizations and functions for which the County is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria, no other governmental organizations are included in this report.

The County provides a wide variety of services to its citizens, including the following: police services including dispatch of all emergency services; fire protection and prevention services; emergency medical services; maintenance of parks, streets and roads in the County; public transit services; residential and commercial refuse collection and disposal and transfer station operation; electric, water, gas, and wastewater utilities; public library operation; airport facilities; recreation facilities and programs; community planning and development; and certain health and social services.

ECONOMIC CONDITION AND OUTLOOK

The fiscal year 2019 budget anticipated revenues of \$185 million are \$22.5 million (11%) less than the fiscal year 2018 adopted budget which included projected bond proceeds of \$20 million. However the general obligation bond election was not approved by voters in May of 2017. Therefore, the estimated decrease in fiscal year 2019 revenues is closer to \$2.5 million (1%). Expenditures are budgeted at \$188 million which is \$12 million (6%) lower than the prior fiscal year. The decrease in expenditures is primarily due to a reduction

in the Capital Improvement Projects Fund of \$5.8 million. The change is primarily due to the \$3.1 million reduction in recreation projects approved by Council as a fiscal year 2018 budget revision. Additionally, the timing on several Economic Development projects reduced other fiscal year 2019 budgeted expenditures by \$2.8 million. Included in the adopted budget are on-going amounts for routine roads, parks and technology infrastructure projects and the biennial \$500,000 allotment for Los Alamos Public Schools' capital improvements. The Joint Utilities Fund is budgeted at \$6.8 million below fiscal year 2018. The Environmental Services Fund expenses are \$958,000, or 18%, lower than the fiscal year 2018 budget. The fiscal year 2018 adopted budget included \$1 million relating to a methane gas extraction project. The Equipment Fund, an internal services fund, is \$4.7 million or 2% lower than fiscal year 2018.

The net \$2.5 decrease in revenues is due to \$1.3 million increase in General Fund, an increase in \$1 million of Enterprise Funds revenues offset by a \$5.5 million decrease in the Joint Utilities Fund. Increases in GRT, Grants and Interdepartmental Charges make up the majority of the budgeted revenue increase in the General Fund. Given the unusually large concentration of employment and tax revenues in one employer – LANL - the County continues to adopt a conservative fiscal posture to help mitigate the potential negative effects of any significant unforeseen future changes.

One such potential change is that the National Nuclear Security Administration (NNSA) under the Department of Energy (DOE) released a Solicitation in the form of an RFP on October 26, 2017, for the Site Management and Operating Contract for LANL. The award of the Los Alamos National Laboratories (LANL) operations and management contract was still to be determined at the time of the fiscal year 2019 budget hearings. The County worked with regional neighbors to craft legislation to preserve gross receipts tax revenues for the County and the State. Senate Bill 17 passed the Senate (31 to 4) and House of Representatives (48 to 19), but was vetoed by the Governor.

The operations and management contract was awarded to Triad National Security, LLC (Triad) and they took over LANL operations on October 1, 2018. Triad is a nonprofit, public service-focused organization made up of three members: Battelle Memorial Institute, The Texas A&M University System and the University of California. However, the taxable status of Triad is not finalized. Due to the possible impacts on the County's GRT revenues, our guidance for the General Fund fiscal year 2019 budget development was flat to the FY2018 adopted budget. Based on projected revenues and Council's guidance to maintain a 20% reserve, there could be an opportunity for Council to consider budget option expenditures in addition to the adopted budget, if Triad operates as a for profit entity. Conversely, if Triad is established as not-for-profit, Los Alamos County will have to consider a reduction in its expenditures for FY2019 and beyond. In either case, we anticipate new budget hearings to consider adjustments to our annual budget after the taxable status of Triad is determined. The total anticipated impact to the County cannot be precisely determined as of the date of this report, however revenues would decline significantly. The County is working proactively to eliminate this risk and on contingency planning to mitigate the potential impacts.

LANL is the County's largest employer, with estimates that its expenditures provide, either directly or indirectly, approximately 90-95% of the County's economic activity. For the year ended June 30, 2018, an estimated 75-80% of GRT revenues relate directly to LANL operations.

Given the significant impact of LANL operations, the County will be monitoring closely any federal legislative budget activities associated with the DOE and other federal agencies and continuing to consider potential impacts to LANL and to the County's long-

range financial projections. The County has been vigilant in monitoring any potential changes that might arise due to the changes in the national nuclear posture policy, upcoming changes related to LANL contractor turnover, changes in the New Mexico federal congressional delegation, as well as DOE plans for its long-term overall Complex Transformation and significant construction projects.

MAJOR ACCOMPLISHMENTS AND FUTURE INITIATIVES

Major accomplishments and future initiatives include: the sale of Parcel A-19 in White Rock anticipating 160 new housing units; Council approved a development proposal for approximately 150 rental apartments on the former Department of Energy Site Office parcel just south of Trinity Drive; a new affordable housing project with 70 units was approved for County land located on DP Road; the County issued a Request for Proposal to sell six lots of land near the CenturyLink building at 20th and Trinity after completing a major road and infrastructure project this fall; Council approved the Mixed-Use zoning category and CDD rezoned a number of strategic parcels to this new zoning designation to allow for both commercial and housing development; through its Local Economic Development Act (LEDA) program, the County funded the purchase of new space for UbiQD, which is rapidly expanding and hiring more employees for its quantum dot technology business; new signs and wifi were installed in historic downtown district for the Manhattan Project National Park walking tour; tourism has become a top focus at the County, with the Council approving both a Tourism Strategic Plan and Wayfinding Plan which guide our future efforts; the County contributed \$1.2 million toward a renovation project at the Duane Smith Auditorium at Los Alamos High School, a project that is currently nearing completion; Community Development Department (CDD) implemented a series of public meetings with building inspectors, planners and code enforcement officers to improve our building permitting process; permitting software automated the application processes and implemented a much improved Citizen Self Service portal and Council funded four recreation Capital Improvement Projects: Ice Rink Improvements, Golf Course Improvements, a Splash Pad for Pinon Park and a new Kiddie Pool at the Aquatic Center. All four recreation projects are being designed in 2018, but Council specifically asked that the Kiddie Pool not be constructed until the after the GRT revenue is determined; the County continues its commitment to operational excellence.

Recognizing that process improvements play a key role in advancing organizational excellence, the County purchased a new software package – Tyler Technologies MUNIS product. The implementation project has been named Planning for Resource Integration & Systems Management (PRISM). PRISM is the largest software project ever undertaken by County staff. Milestones in FY2017 include in-depth work flow analysis, testing of the system, and training for employees. PRISM replaced the County's antiquated financial management, human resources, utilities billing, budgeting, purchasing, and work order system on July 1, 2018.

FEDERAL AND STATE MANDATES

Cities and counties continue to experience an increase in state and federal mandates, many of which are not funded, but are simply imposed on local governments. These present not only additional financial liabilities, but also require the County to engage in the development of new reporting systems and programs that expand management's responsibilities and tax the County's resources.

Although the County is a relatively small government in terms of resident population served, the demands of our predominantly highly educated citizens for high quality services and the numerous direct and indirect relationships with the Department of Energy require levels of service and complexity normally found only in large metropolitan areas.

The County continually faces the challenge of balancing these high demands for services and the requirements of unfunded mandates with continued pressure to keep taxes and costs of services at reasonable levels. Historically the County has been able to meet this challenge, but conditions exist which may require some difficult choices in the next few years. Among these conditions are an aging infrastructure, and the uncertainties of a “one employer town”.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The County’s Finance Office and budget staff plans, organizes, directs, and coordinates the overall management of the County's finances. The responsibilities of the Office include: (1) carrying out the duties of the County Treasurer; (2) managing the County's investment and debt activities; (3) coordinating the annual audit of the County; (4) ensuring the accuracy and integrity of all financial data; (5) developing and monitoring the County's operating budget; and (6) forecasting financial results and monitoring trends. In addition, the Office maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Council. Activities of all funds except the Pension Trust Fund and the Agency Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of established budgetary control is by department within an individual fund.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control for interim reports. Unencumbered balances lapse at the end of the year. However, encumbrances are re-appropriated as part of the following year's budget. The County's budget policies and budget control procedures are fully described in the notes to the financial statements.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Incorporated County of Los Alamos for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for presentation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to rigid program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years 1991 through 2017). We believe this current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it for review by GFOA. In addition,

the County received the GFOA Award for Distinguished Budget Presentation for the Annual Budget for fiscal year 2018. This was the twenty-sixth consecutive year the County received the budget award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. Finally, the County received the GFOA Award for Popular Annual Financial Reporting for the second year it has been compiled for FY2017. The PAFR is intended to be a more understandable report to the general public of information extracted from the CAFR. The County is very excited to continue the production of the PAFR in future years.

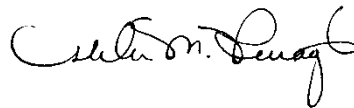
ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated service of the staff within the Finance Division. We wish to express our sincere appreciation to all staff members whose dedication and professionalism made the preparation of the report possible. We would also like to thank the staff from other County departments who assisted and contributed to its preparation. Finally, without the leadership and support of the members of the County Council, preparation of this report would not have been possible.

Sincerely,



Harry Burgess,
County Manager



Helen M. Perraglio, CPA
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Incorporated County
of Los Alamos, New Mexico**

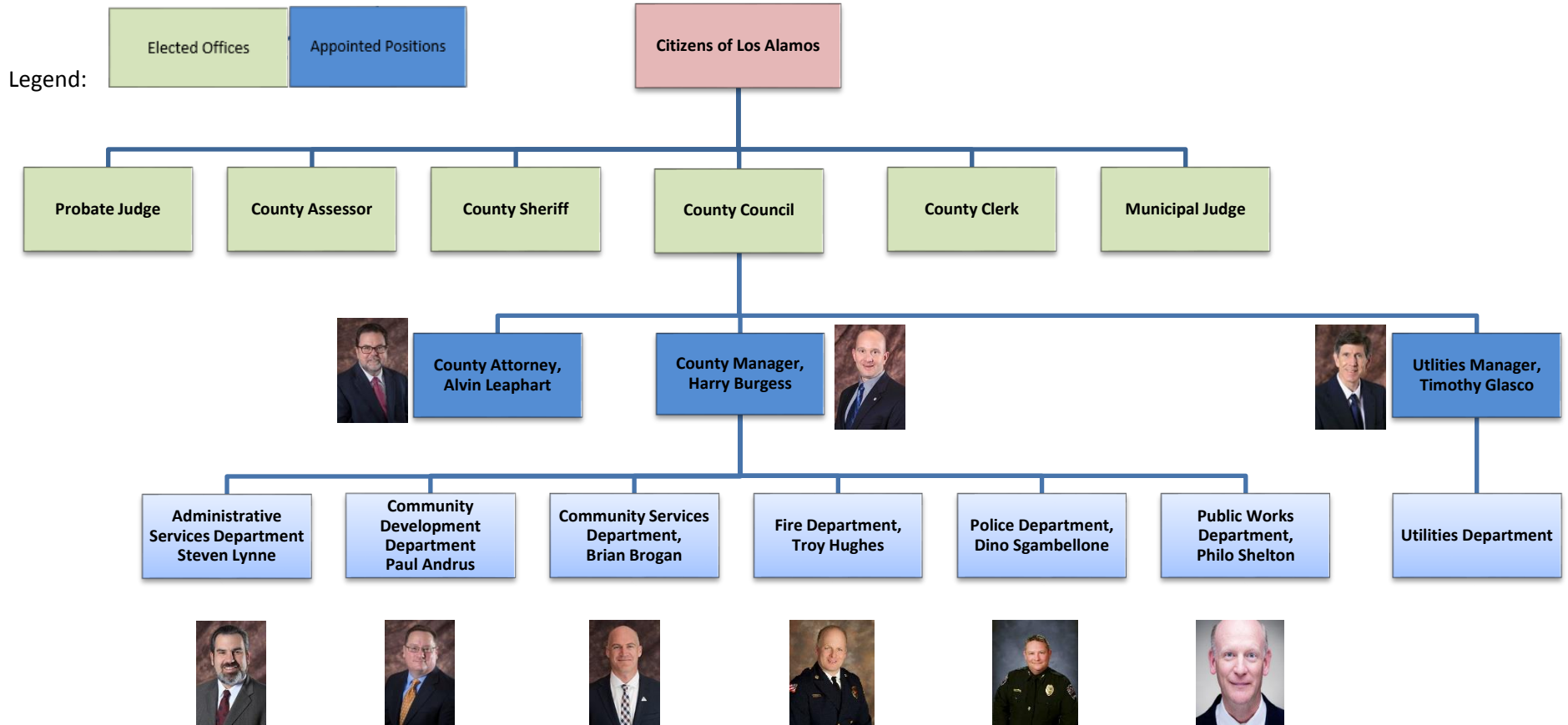
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**INCORPORATED COUNTY OF LOS ALAMOS
ORGANIZATIONAL CHART**



INCORPORATED COUNTY OF LOS ALAMOS ELECTED AND APPOINTED OFFICIALS

As of June 30, 2018

Elected:
Council



Elected:
Officials



Appointed:	
County Manager	Harry Burgess
Deputy County Manager	Steven Lynne
County Attorney	Alvin Leaphart
Utilities Manager	Timothy Glasco
Community Development Director	Paul Andrus
Community Services Director	Brian Brogan
Fire Chief	Troy Hughes
Police Chief	Dino Sgambellone
Public Works	Philo Shelton
Deputy County Assessor	Joaquin Valdez
Deputy County Clerk	Adrianna Ortiz

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INDEPENDENT AUDITOR'S REPORT

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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 the Incorporated County of Los Alamos, New Mexico, (County), as of and for the year ended June 30, 2018, 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

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

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

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.

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, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Regarding Restatement During fiscal year ended June 30, 2018, the County adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the County reported a restatement for the change in accounting principle (see Note 1c.). Our opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 26 and the schedule of the County's proportionate share of the net pension liability, other post-employment benefits liability, and the schedules of the County's contributions on pages 119-128 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.

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory and statistical sections, and Schedule of Expenditures of Federal Awards, as required by 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), 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 combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards and other schedules, noted at Exhibits 1-5, as listed in the table of contents, 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards and other 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 and statistical section have not been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund 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 30, 2018 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 result 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.

MORTON ACCOUNTING SERVICES, LLC



Santa Fe, New Mexico
November 30, 2018

L  **S** **A** **L** **A** **M**  **S**
where discoveries are made



Management's Discussion and Analysis

INCORPORATED COUNTY OF LOS ALAMOS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Management of the Incorporated County of Los Alamos (County) offers this discussion and analysis about the County government's financial position and financial activities for the fiscal year that ended June 30, 2018. This analysis is intended to serve as an introduction to the County's basic financial statements and to provide an analytical overview of the County's operations. Please read it along with the County's *Basic Financial Statements* starting on page 28, the *Notes to the Financial Statements* starting on page 67, and the *Letter of Transmittal* on page i. Additional data about the County is provided in the Statistical Section, beginning on page 179.

FINANCIAL HIGHLIGHTS

New Accounting Standards

In fiscal year 2018, the County analyzed and reviewed the need for adoption of the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to taxes, investments and pensions:

- GASB Statement No. 75 (GASB 75), "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"
- GASB Statement No. 85 (GASB 85), "Omnibus 2017"
- GASB Statement No. 86 (GASB 86), "Certain Debt Extinguishment Issues"

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the County's participation in the Retiree Health Care Association of New Mexico's (RHCA) defined post employment health care plans. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The significant impact to the County of implementing GASB 75 is the reporting of the County's proportionate share of RHCA's unfunded health care liability on the County's accrual basis financial statements, the government-wide and proprietary funds financial statements. There are also new note disclosure requirements and supplementary schedules required by the statement.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, established new accounting and financial reporting requirements for OPEB plans and requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The measurement date for the other post employment liability is as of June 30, 2017. This date reflects a one year lag and was used so these financial statements could be issued in an expedient manner, using the most recent, audited financial information available. Activity (i.e., contributions made by the County) occurring during fiscal year 2018 are reported as deferred outflows of resources in accordance with GASB 75.

A prior period restatement on the face of the financial statements shows the cumulative effect on net position. This restatement decreased the County's beginning net position by \$53.7 million from \$488.9 million to \$421.4 million.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, the timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, recognizing on-behalf payments for pensions or OPEB in employer financial statements, presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, classifying employer-paid member contributions for OPEB, simplifying certain aspects of the alternative measurement method for OPEB, accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The requirements of this Statement were effective for the County fiscal year 2018, and have been adopted in these financial statements

GASB 86 establishes requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. GASB 86 also requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt. This Statement was effective for the County fiscal year 2018, but did not have an impact on these financial statements as the County did not place cash or other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt.

Government-wide Financial Highlights

- The County's total net position, the amount of assets and deferred outflows after subtracting related liabilities and deferred inflows, was approximately \$421 million at fiscal year-ended June 30, 2018. This represents a decrease of \$67.5 million in net position, or approximately -13.8%, as compared to the prior fiscal year-end. The largest contributor to this decrease related to a restatement of net position. The restatement required by the adoption of GASB 75, decreased net position by \$53.7 million. Overall, the County continues to have a strong financial position, operating reserves, and assets available to provide services to citizens.
- Governmental activities decreased the County's net position by \$38.7 million to \$268.9 million for the fiscal year-ended June 30, 2018. The largest contributing factor to this decrease was \$27.4 million in the restatement required by the adoption of GASB 75. Expenses exceeded revenues by \$12.8 million as the loss on capital assets was \$12.2 million. Gross receipts taxes and state shared revenues increased \$3.4 million while grants and contributions decreased \$1.2 million. Expenses decreased for a net total of \$.2 million largely in the transportation function when compared to the prior year.
- Business-type activities decreased the County's net position by \$28.8 million to \$152.4 million for the fiscal year-ended June 30, 2018. This compares to a \$1.6 million decrease during the previous fiscal year. The largest contributing factor to this decrease was \$26.3 million in the restatement required by the adoption of GASB 75. Expenses also exceeded revenues for total business-type activities by \$1 million exclusive of transfers. Total revenue from business-type activities was \$92.9 million for fiscal year 2018, approximately \$2.7 million more than the previous year. The majority of the increase was due to a five percent increase in Utility sales and other services. Expenses in fiscal year 2018 decreased by \$2.4 million or 2.5 percent for a positive net change over the prior year of \$.3 million. This change was primarily

due to decreases in Fire salaries and benefits (\$2.3M); a reduction of special closure costs in the Environmental Services Fund (\$.1M); a decrease in contractual services for the Airport Fund (\$.5M) offset by a net increases in the Joint Utilities Fund of \$.3M, and Transit Fund of \$.2M.

- For the fiscal year-ended June 30, 2018, the County's Governmental Funds reported combined ending fund balance of approximately \$83.7 million. This is a \$6.2 million increase from the end of fiscal year 2017. In large part, the increase in fund balance is attributable to the increase in General Fund revenues of \$2.7 million and a \$1.6 million year over year reduction in General Fund expenditures. The fund balance in the General Fund increased by \$7.4 million from prior year to \$25.3 million in fiscal year 2018. Cumulatively all other governmental fund balances decreased by \$1.2 million from prior year.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report (CAFR) is presented in four sections:

- 1) Introductory section, that includes the Transmittal Letter and general information;
- 2) Financial section that includes:
 - a. Independent Auditors' Report,
 - b. Management's Discussion and Analysis (this part),
 - c. The Basic Financial Statements, that include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
 - d. Other financial statements and required supplementary information;
- 3) Statistical Section; and
- 4) Other Information

Non-financial factors that help shape the County's finances are presented in both the Statistical Section and in the section entitled Other Information. Examples of non-financial factors are characteristics of the County population and assessed property values. Please consider non-financial factors when analyzing the County's overall financial condition.

The Basic Financial Statements

The County's basic financial statements are comprised of three components 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the financial statements. This set of financial statements provides both long-term and short-term views of the County's financial activities and financial position. See Table 1 for a comparison of the major features of these statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to that used by private-sector businesses. These statements are reported using the economic resources measurement focus and the accrual basis of accounting and include:

The Statement of Net Position presents information about the financial position of the County as a whole, including all its capital assets and long-term liabilities on a full accrual basis of accounting with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. There are three categories of net position reported:

- a) *Net investment in capital assets*, represent land, buildings, machinery, equipment and infrastructure, such as pavement, bridges, parks and streetlights, less the amount of unpaid debt related to make or buy them.
- b) *Restricted* reflects amounts restricted either by contract or by law.
- c) *Unrestricted* are available to run the daily operations of the government and pay its current expenses.

The Statement of Activities presents information showing how 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 the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these Government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*).

Governmental Activities - All of the County's basic services are considered to be governmental functions, including County Council, Municipal Court, County Manager, County Attorney, County Clerk, County Assessor, Administrative Services, Community Development, Community Services, Police, Public Works, and Cemetery. These services are supported by general County revenues such as taxes, and by specific program revenues such as fees.

Business-type Activities - All of the County's enterprise activities are reported here, including Joint Utility System (Electric, Gas, Water, and Wastewater), Environmental Services, Transit, Fire, and Airport. Unlike governmental services, these services are generally supported by charges paid by users based on the amount of service they use.

Government-wide Financial Statements are prepared on the accrual basis of accounting that means they include all economic resources of the County as a whole. The Government-wide financial statement can be found on pages 28-30 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary 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 statements, governmental funds 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 the County'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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities. The governmental funds financial statements can be found on pages 32-56 of this report.

Proprietary funds include two fund types. *Enterprise funds* are used to report the same functions presented as business-type activities in the Government-wide financial statements. The County uses enterprise funds to account for the Joint Utility System comprised of the Electric, Gas, Water, and Wastewater subfunds. Other enterprise funds are the Environmental Services, Transit, Fire, and Airport funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the maintenance and replacement of the County's central equipment pool and for the County's insurance for health, workers compensation, unemployment, retiree health care, and property and general liability. The proprietary funds financial statements can be found on pages 58-63 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support the County's own programs. This includes the Los Alamos County Employees Pension Fund and the Agency Fund. The Agency Fund is used to account for property taxes and other fees and assessments that are collected by the County for, and distributed to, other governmental entities. It is also used to account for the assets and liabilities of the Regional Coalition of LANL communities, of which the County serves as fiscal agent. The fiduciary funds financial statements can be found on pages 65-66 of this report.

	County-wide Financial Statements	Fund Financial Statements		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire County government (except fiduciary funds)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private sector businesses	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term, and deferred inflows and outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term, and deferred inflows and outflows of resources	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to Financial Statements are provided on pages 67-118 and contain additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The County's net position, the amount of assets and deferred outflows after subtracting related liabilities and deferred inflows, was \$421.4 million at fiscal year-ended June 30, 2018. This is a decrease of \$67.5 million in net position, or 13.8%, as compared to the prior fiscal year-end. Analyzing changes in the relative mix of capital assets, restricted and unrestricted net position provides additional indicators of financial position. Please see Table 2 below for a high level summary of net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Los Alamos County's Net Position
As of June 30, 2018
(in millions of \$)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Assets:						
Current and other assets	\$ 87.4	81.4	67.1	69.4	154.5	150.8
Capital assets	<u>282.9</u>	<u>300.7</u>	<u>226.9</u>	<u>231.4</u>	<u>509.8</u>	<u>532.1</u>
Total assets	<u>370.3</u>	<u>382.1</u>	<u>294.0</u>	<u>300.8</u>	<u>664.3</u>	<u>682.9</u>
Deferred outflows of resources	<u>15.5</u>	<u>19.9</u>	<u>13.3</u>	<u>18.9</u>	<u>28.8</u>	<u>38.8</u>
Liabilities:						
Current and other liabilities	3.4	3.8	4.0	7.0	7.4	10.8
Long-term liabilities	<u>106.4</u>	<u>91.2</u>	<u>136.7</u>	<u>129.1</u>	<u>243.1</u>	<u>220.3</u>
Total liabilities	<u>109.8</u>	<u>95.0</u>	<u>140.7</u>	<u>136.1</u>	<u>250.5</u>	<u>231.1</u>
Deferred inflows of resources	<u>7.0</u>	<u>(0.7)</u>	<u>14.2</u>	<u>2.4</u>	<u>21.2</u>	<u>1.7</u>
Net position:						
Net investment in capital assets	245.7	259.8	190.0	188.2	435.7	448.0
Restricted	37.5	36.2	10.1	12.2	47.6	48.4
Unrestricted	<u>(14.2)</u>	<u>11.7</u>	<u>(47.7)</u>	<u>(19.2)</u>	<u>(61.9)</u>	<u>(7.5)</u>
Total net position	<u>\$ 269.0</u>	<u>307.7</u>	<u>152.4</u>	<u>181.2</u>	<u>421.4</u>	<u>488.9</u>

The largest portion of the County's net position is invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debts. As of June 30, 2018, this amount was \$435.7 million (103.4% of total net position). This percentage is higher than 100% due to a large increase in negative unrestricted net position due to the restatement from the adoption of GASB 75. This also compares to \$448.0 million (91.6% of total) invested in capital assets net of related debt for the previous fiscal year-end, a net decrease of \$12.3 million or 2.8%. This decrease is primarily the net result of three factors: paying down capital related debt, using accumulated unrestricted net assets to fund capital projects, and an increase in depreciation due to the capitalization of large assets in prior years. Capital assets, including construction work in progress, are not available for future spending because the County uses them to provide its services. Although the County's capital assets are reported net of related debt, the resources needed to repay debt must come from other sources since the capital assets themselves cannot be used to settle these debts.

The balance of restricted net position is \$47.6 million (11.3% of total net position) at fiscal year-end 2018, a decrease of \$.8 million or 1.7% compared to the prior year. Restricted net position balances in the business-type activities decreased \$2.1 million as cash and investments previously set aside for revenue bond repayment, were used for debt service. Restricted net position balances in the government-type activities increased \$1.3 million. The most significant changes were in the Capital Projects Permanent Fund where the restricted balance for revenue stabilization increased \$.6 million due to higher than expected investment returns and the principal balance increased by \$.9 million. Cumulatively other net position balances decreased by \$.2 million.

The remaining negative \$61.9 million of the County's net position is categorized as unrestricted. Unrestricted net position decreased in fiscal year 2018 by \$54.4 million, which differs significantly from the prior year \$19.7 million decrease. The most significant reason for the decrease is due to the restatement required by the adoption of GASB 75, which decreased net position by \$53.7 million.

Changes in Net Position

Table 3 shows changes in net position as a result of revenues and expenses generated by governmental and business-type activities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.7	2.7	67.5	64.1	70.2	66.8
Operating grants and contributions	1.2	2.8	22.2	22.0	23.4	24.8
Capital grants and contributions	<u>3.2</u>	<u>2.9</u>	<u>0.8</u>	<u>0.8</u>	<u>4.0</u>	<u>3.7</u>
Total program revenues	<u>7.1</u>	<u>8.4</u>	<u>90.5</u>	<u>86.9</u>	<u>97.6</u>	<u>95.3</u>
General revenues:						
Gross receipts taxes	26.3	24.3	2.6	2.4	28.9	26.7
Property taxes	7.2	7.0	0.0	0.0	7.2	7.0
Franchise taxes	0.5	0.6	0.0	0.0	0.5	0.6
Grants and contributions not restricted to specific programs	0.9	0.8	0.0	0.0	0.9	0.8
State shared revenue	18.2	16.8	0.0	0.0	18.2	16.8
Unrestricted interest and investment earnings (loss)	3.7	5.0	0.8	0.9	4.5	5.9
Loss on exchange of capital assets	<u>(12.2)</u>	<u>0.0</u>	<u>(1.0)</u>	<u>0.0</u>	<u>(13.2)</u>	<u>0.0</u>
Total general revenues	<u>44.6</u>	<u>54.5</u>	<u>2.4</u>	<u>3.3</u>	<u>47.0</u>	<u>57.8</u>
Total Revenues	<u>51.7</u>	<u>62.9</u>	<u>92.9</u>	<u>90.2</u>	<u>144.6</u>	<u>153.1</u>
Program expenses:						
General government	16.2	15.8	0.0	0.0	16.2	15.8
Public safety	16.3	16.4	0.0	0.0	16.3	16.4
Physical and economic environment	3.7	3.2	0.0	0.0	3.7	3.2
Transportation	11.3	11.9	0.0	0.0	11.3	11.9
Health and welfare	3.9	3.8	0.0	0.0	3.9	3.8
Culture and recreation	10.6	10.9	0.0	0.0	10.6	10.9
Interest on long-term debt	2.5	2.7	0.0	0.0	2.5	2.7
Electric	0.0	0.0	42.1	41.1	42.1	41.1
Gas	0.0	0.0	4.4	4.7	4.4	4.7
Water	0.0	0.0	6.7	7.2	6.7	7.2
Wastewater	0.0	0.0	4.2	4.1	4.2	4.1
Environmental services	0.0	0.0	4.5	4.6	4.5	4.6
Transit (Atomic City Transit)	0.0	0.0	4.2	4.0	4.2	4.0
Fire	0.0	0.0	26.7	29.0	26.7	29.0
Airport	<u>0.0</u>	<u>0.0</u>	<u>1.1</u>	<u>1.6</u>	<u>1.1</u>	<u>1.6</u>
Total expenses	<u>64.5</u>	<u>64.7</u>	<u>93.9</u>	<u>96.3</u>	<u>158.4</u>	<u>161.0</u>
Change in net position before transfers	(12.8)	(1.8)	(1.0)	(6.1)	(13.8)	(7.9)

Transfers	<u>1.5</u>	<u>0.1</u>	<u>(1.5)</u>	<u>(0.1)</u>	<u>0.0</u>	<u>0.0</u>
Total Change in net position	(11.3)	(1.7)	(2.5)	(6.2)	(13.8)	(7.9)
Beginning net position	307.7	309.4	181.2	187.4	488.9	496.8
Prior period adjustment	<u>(27.4)</u>	<u>0.0</u>	<u>(26.3)</u>	<u>0.0</u>	<u>(53.7)</u>	<u>0.0</u>
Ending net position	\$ <u>269.0</u>	<u>307.7</u>	<u>152.4</u>	<u>181.2</u>	<u>421.4</u>	<u>488.9</u>

Governmental Activities

Governmental activities during the year decreased the County's net position by \$38.7 million for fiscal year 2018 as compared to the prior year. This section compares results of governmental activities for fiscal year 2018 to fiscal year 2017 as summarized in Table 3.

Total revenues were \$51.7 million in fiscal year 2018, approximately \$11.2 million less than the previous year. Key variances include:

- A \$12.2 million loss on capital assets whereas \$11.1 million of the loss was from the sale of land. The County acquired the land as a contribution from the Department of Energy in fiscal year 2002. Through the implementation of GASB 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, also in fiscal year 2002, the County placed a value of \$11.7 million on the land. In fiscal year 2018, the County sold the land for \$.6 million. The remainder of the loss is due to construction work in progress projects being expensed versus capitalized;
- A net decrease of \$1.2 million in grants due primarily to the FEMA Emergency Declarations related grant activity decreasing in fiscal year 2018;
- Interest and investment earnings decreased by \$1.3 million compared to the prior fiscal year which was reflected primarily in balances invested in market based funds with the New Mexico State Investment Council;
- An increase of \$3.4 million in gross receipts taxes, \$2 million and \$1.4 million of state shared revenue, primarily due to increases in spending at LANL, the largest single employer in the county affected the taxable revenue base; and
- Property taxes increased by \$.2 million and franchise taxes decreased by \$.1 million.

Total expenses for governmental activities were \$64.5 million in fiscal year 2018, or approximately \$.2 million less than the previous year. Key variances include:

- An increase of \$.4 million in General Government;
- A net decrease in Public Safety expenses of \$.1 million consisting of a \$.2 million increase in expenses for the County's share of Fire Department costs and a \$.3 million decrease in combined Police and Emergency Management operations including capital outlay expenses;
- An increase of \$.5 million in Economic Development expenses due to increases in the Home Renewal and Home Buyer's Assistance programs.
- A decrease of \$.6 million in Transportation projects;
- An increase of \$.1 million in Health and Welfare expenses;
- A decrease of \$.3 million in Parks and Recreation projects; and, A decrease of interest expense on debt of \$0.2 million

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year-end 2018. This analysis demonstrates how dependent the County is on its ability to collect gross receipts, property and franchise taxes to fund basic services. At fiscal year-end, governmental activities' program expenses were far greater than related program revenues, resulting in the use of \$57.4 million in general

revenues and accumulated net position from governmental activities. Approximately 11.0% of governmental program expenses were covered by program revenues during fiscal year 2018, which is a slight decrease compared to last year, at 13%.

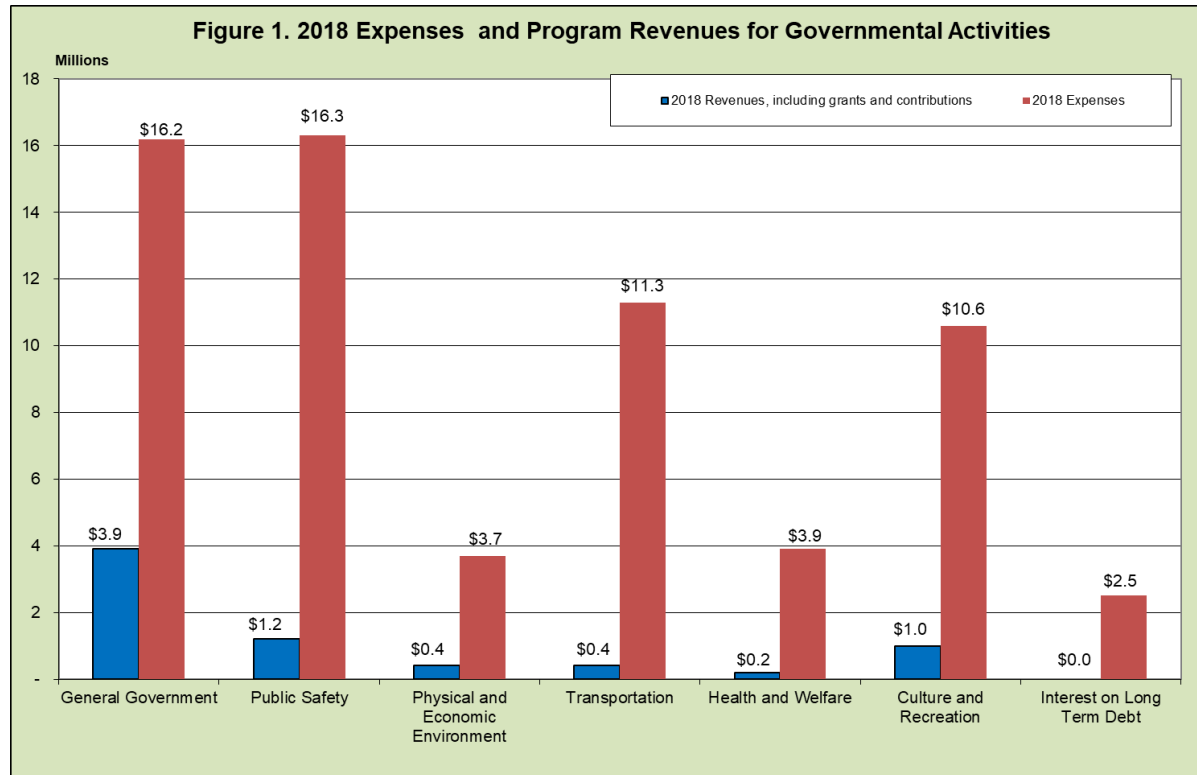
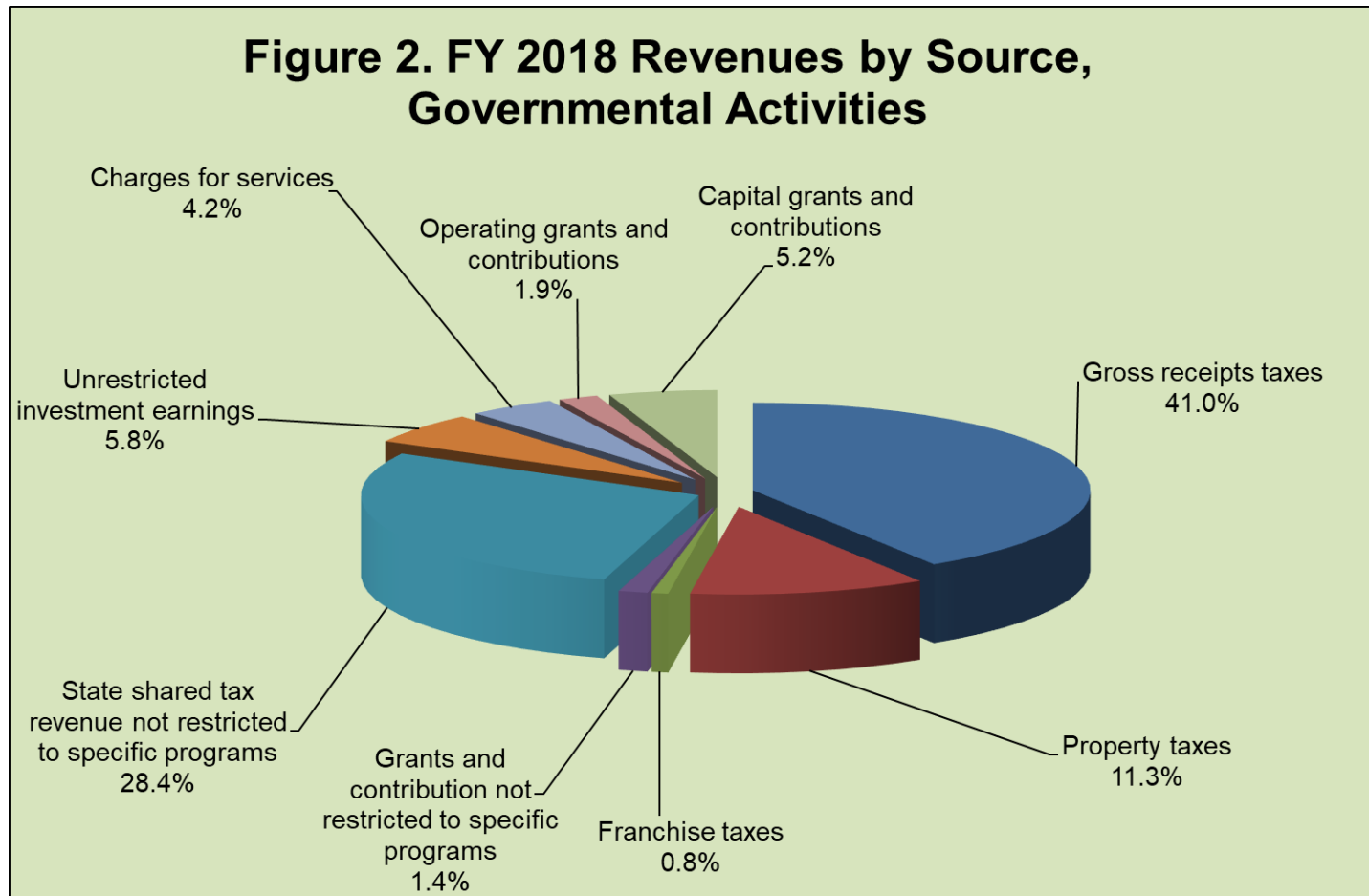


Figure 2 shows the mix of revenues by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue in 2018. It should be noted that the *State shared tax revenue not restricted to specific programs* is almost entirely State Shared GRT revenue, so combined with locally imposed GRT tax increments, total GRT revenues made up approximately 69.6% of Governmental Activities revenues, which is a 4.3% increase from the prior year. This change is primarily due to the \$2.0 million increase in GRT and \$1.4 million in State Shared GRT from fiscal year 2017.



Business-type Activities

Business-type activities decreased the County's net position by \$28.8 million for the fiscal year-ended June 30, 2018. This compares to a \$6.1 million decrease during the previous fiscal year. This section compares results of business-type activities for fiscal year 2018 to fiscal year 2017 as summarized in Table 3.

Total revenues and contributions were \$92.9 million in fiscal year 2018; approximately \$2.7 million more than the previous year. This includes an increase of \$3.4 million in charges for services due to higher utility electric consumption and rate increases in water and wastewater utilities. There was also a \$.2 million increase in operating grants and contributions received. There was a loss on capital assets of \$1.0 million and a decrease in interest earnings of \$.1 million from the previous year.

Total expenses were \$93.9 million in fiscal year 2018, a \$2.4 million decrease over the previous year. Fire expenses decreased \$2.3 million or 7.9% primarily from a combination of a \$1.8 million decrease in salaries and benefits from the previous year and a \$.5 million decrease in contractual services. Total Joint Utility System experienced a decrease in closure costs of \$.2 million compared to the previous year in which a \$1 million increase to closure costs occurred. The Joint Utility System also had a \$1.1 million increase in contractual services, and a \$.9 million increase in payroll and benefits. Various decreases in payroll and benefits and other expenses for business-type activities amounted to an overall decrease of \$.9 million due to the overall decrease in pension expense. There was a decrease of \$.7 million in closure costs in the Environmental Services Fund.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2018. This chart demonstrates to what degree revenues covered expenses for each program by type of activity. Overall, total business-type program expenses exceeded total program revenues by approximately \$3.4 million in fiscal year 2018 as compared to fiscal year 2017 where program revenues exceeded program expenses by \$9.3 million. Environmental services and fire functions appear to have program losses but receive gross-receipts tax general revenues to help balance their net activity and offset some of the program losses.

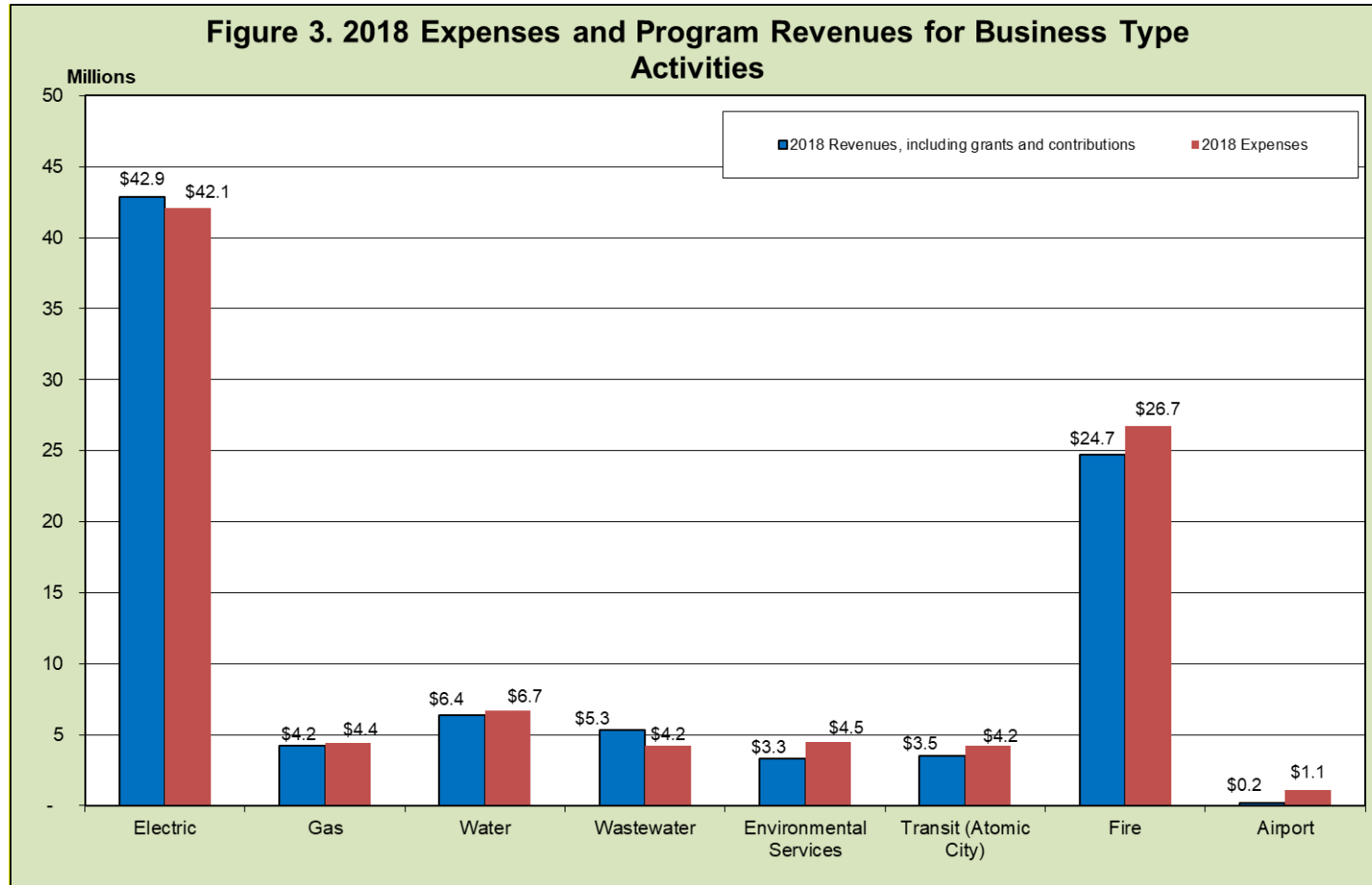
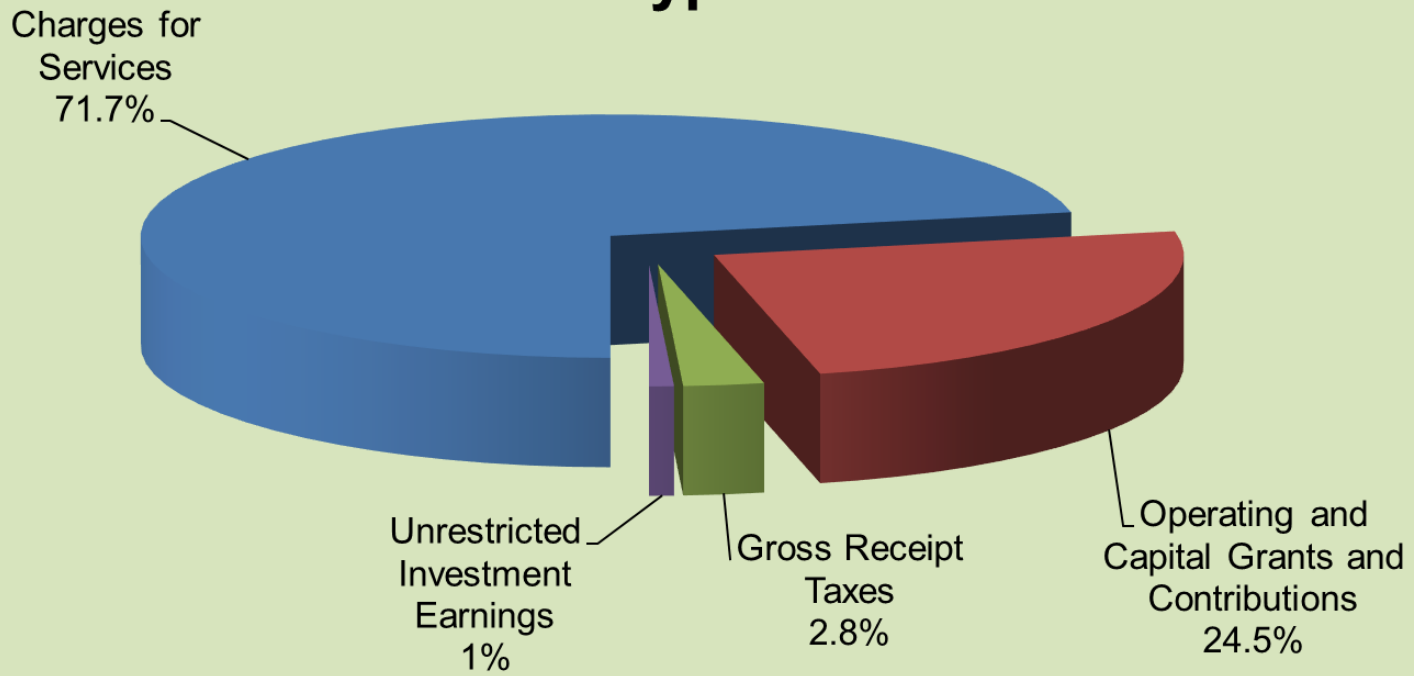


Figure 4 demonstrates that approximately 71.7% of business-type activities revenues were generated from user charges for services in fiscal year 2018, which remained respectively unchanged when compared to fiscal year 2017. In fiscal year 2018, operating and capital grants made up 24.5% of revenues, down approximately .8% from fiscal year 2017. Investment earnings made up 1% of revenues, which remained respectively unchanged when compared to fiscal year 2017.

Figure 4. FY 2018 Revenues by Source, Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S MAJOR FUNDS

Analysis of Total Governmental Funds - County governmental funds account for current year revenue, expenditures, and balances of resources available for spending. For the fiscal year-ended June 30, 2018, the County's governmental funds reported combined ending fund balance of approximately \$83.7 million. Overall, this was a \$6.1 million increase from the prior year. It should be noted that the overall change in fund balance of a \$6.1 million increase, significantly differed from the prior year decrease of \$7.3 million. Activities that impacted fund balance compared to the prior year were due to a \$1.9 million increase in gross receipts taxes in the General Fund and a decrease in expenditures of \$1.6 million. The General Fund experienced a \$7.4 million fund balance increase. The revenue in the governmental funds increased by \$.3 million when compared to the prior year, expenses decreased by \$12.5 million when compared to the prior year due to a \$12.5 million decrease in capital expenditures from prior year. The largest areas identified were in expenditures in General Fund, Emergency Declarations and Capital Improvement Funds which decreased by \$1.7 million, \$2.1 million and \$9.4 million respectively. Fund balances are comprised of four categories:

- \$27.4 million was nonspendable at fiscal year-end 2018, a \$.9 million increase over the prior year. The nonspendable balances are reported separately to indicate that certain assets do not represent available, spendable resources even though they are a component of net position. These assets are not expected to be converted to cash in time to pay current obligations. Nonspendable balances typically include principal on permanent funds, long-term receivables and advances to other funds, inventories, prepaid items, and assets held for resale (only in the general fund). The largest single nonspendable balance is \$25.8 million in the Capital Projects Permanent Fund, which represents the nonspendable principal balance. The nonspendable fund balance in the Capital Projects Permanent Fund, increased \$0.8 million per the annual inflationary calculation required to maintain the real value of the principal. The nonspendable fund balance related to inventories decreased by \$141 as the County warehouse worked to reduce outdated inventory and eliminate slow moving items. Cumulatively, other nonspendable fund balances increased by \$41 thousand.
- \$10.8 million of fund balance in governmental funds was restricted at fiscal year-end 2018, a \$.4 million increase from the prior year. These balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which require the resources to be used only for a specific purpose. This includes certain balances where the imposition of the revenue by Federal or State law restricts the expenditure to a specific purpose. The restricted fund balance in the Capital Projects Permanent Fund increased \$.6 million in the amount restricted by County code for income stabilization. This increase resulted from a combination of \$2.7 million in market gains on long-term securities (\$.8 million nonspendable) and transfers out of \$1.3 million to fund capital projects. Cumulatively, other restricted fund balances increased approximately \$0.1 million mainly due to an increase in restricted cash requirements.
- \$.5 million of governmental funds' fund balance was committed at fiscal year-end 2018. This includes certain balances where the imposition of the revenue is by County code. The balance in this category is made up of fund balance committed to art in public places and decreased by \$34 thousand from the prior year.
- \$32.7 million of governmental funds' fund balance was assigned at fiscal year-end 2018 which was a \$2.7 million decrease from the prior year. These fund balances have constraints imposed by County Council policies and direction prior to fiscal year-end, but are not reflected in County ordinances. The fund balance *assigned to capital projects* in FY2018 decreased \$1.5 million as capital expenditures exceeded transfers-in to fund new and existing projects. The balance assigned for *continuing appropriations* increased \$4.2 million as \$4.9 million was approved to be carried over to fiscal year 2019. The balance assigned for *fire services* increased by \$.2 million as a result of assigning 1% to total program incurred costs.
- The remaining \$12.4 million of fund balance was unassigned. \$13.2 in the General Fund and (\$.8) million in the Emergency Declarations Fund. This is a \$3.1 million increase in the General Fund from the prior year. The (\$.8) million unassigned fund balance in the Emergency Declarations Fund was previously reported in assigned fund balance. In fiscal year 2018, it is being reported in unassigned fund balance. Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This balance includes the

residual fund balance of the General Fund and all other governmental funds. A significant portion of this change resulted from the General Fund transferring resources to fund capital projects.

General Fund - The General Fund is the main governmental operating fund of the County. Its total fund balance for the fiscal year-ended June 30, 2018 was approximately \$25.3 million as compared to \$17.9 million at the prior year-end, amounting to a net \$7.4 million increase. Revenues exceeded expenditures by \$7.4 million, and some notable differences over prior year include an increase in GRT revenue in fiscal year 2018 by \$1.9 million; an increase in intergovernmental revenue of \$.8 million; an increase of transfers in by \$1.2 million from the previous year; along with a decrease of General Fund expenditures by \$1.6 million; and a decrease of transfers to other funds by \$3.7 million. See page 23-24 for a more detailed explanation of General Fund Budgetary Highlights. Two measures of the General Fund's liquidity are: (1) the percent of total fund balance as a percent of expenditures and (2) the spendable/unrestricted fund balance as a percent of expenditures. The total fund balance was 52.1% of expenditures and the spendable/unrestricted component was 39.3% of expenditures. Both liquidity measures increased as compared to the prior year as a result of the larger fund balance increase in fiscal year 2018. Significant account balances and transactions in the General Fund included:

- \$9.1 million transferred out to other funds, which is a reduction of \$3.7 million from the prior year. \$6.3 million to the Gross Receipts Tax Revenue Bond Debt Service Fund (for debt service). Other notable transfers out were \$1.4 million to the Capital Improvement Projects Fund (for capital projects). \$.8 million to the Transit Fund (to support operations), \$.3 million to the Health Care Assistance Fund (to support community programs), \$.2 million to the Airport Fund (to support operations), and \$.1 million to State Shared Revenues Fund, State Grants Fund, and Other Special Revenue Funds combined.
- \$10.5 million due from other governments, due primarily from the State of New Mexico for their portion of gross receipts taxes that is shared locally with the County and the GRT that the State collects on behalf of the County for locally imposed GRT increments. This balance is \$2 million lower than the prior year as a result of fewer GRT revenue accruals recorded in fiscal year 2018.
- \$4.6 million is restricted for cash requirements. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve.
- Unassigned fund balance of the General Fund increased by \$3.1 million, as a result of funding capital projects and other operations.
- General Fund expenditures decreased approximately \$1.6 million, or 3.2% to \$48.6 million. Most departments had expenditures that were comparable to the previous year, with the largest decreases in General Government, Public Safety, and Culture and Recreation.
- General Fund revenues increased by \$2.7 million from the prior year. The largest increase in revenues was associated with GRT revenues, inclusive of state shared, which increased \$1.9 million. Intergovernmental charges increased approximately \$.8 million.

Economic Development Fund - The Economic Development Fund (special revenue fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act. The assignment of \$8.5 million of fund balance recognizes that this is a one-time resource for the County to use to help develop the local economy so that it is less dependent upon the Los Alamos National Laboratory (LANL). The \$7.3 million total fund balance at the end of fiscal year 2018 was \$0.8 million lower than in the prior fiscal year. Expenditures exceeded revenues by \$.9 million with the balance resulting from transfers in of \$.1 million.

Housing Sub-fund: During fiscal year 2018, the County issued mortgage loans totaling \$227 thousand under its Housing Rehabilitation Program. The loans vary in terms and conditions for repayment based on affordability periods and qualifying events that may trigger future repayment.

Emergency Declarations Fund – The Emergency Declarations Fund (special revenue fund) accounts for revenues and expenditures associated with the response to and recovery from the Las Conchas Fire which began July 26, 2011 and flooding events within the community in September 2013. The fund reflects negative fund balance of \$0.8 million, a decrease of \$.1 million from the prior year. The deficit arose from the deferred inflow of Federal and State grants which is anticipated to be paid and closed out in the upcoming fiscal year.

Capital Improvement Projects Fund - The Capital Improvement Projects Fund accounts for the financing and construction of structures and improvements approved by the County Council. The total fund balance at fiscal year-end was \$20.2 million, which represents the unspent portion of previously approved and funded capital projects. The fund balance decreased by \$1.5 million from the prior fiscal year as expenditures exceeded transfers-in to fund new and existing projects. Significant capital expenditures in fiscal year 2018 include the following: \$1.5 million on the new ERP system, \$1.2 million on the 20th Street extension project, \$.9 million on the N Mesa Cumbres Del Sol project, \$.4 million on Information Technology projects and \$.3 million on Street projects.

Capital Projects Permanent Fund – The Capital Projects Permanent Fund accounts for amounts received as a settlement of prior years' gross receipts taxes, and that was set aside by the County Council and the County Charter for capital projects. These amounts are invested, and the real value of the fund principal is required by County Charter to be maintained at an annual level that keeps pace with the implicit price deflator for the gross domestic product. The minimum principal requirement of approximately \$25.8 million, as of June 30, 2018, is identified as nonspendable in fund balance to recognize the County Charter restrictions. When there is investment income in excess of the principal maintenance requirement, it is made available for expenditure in the Capital Improvement Projects Fund. During fiscal year 2018, \$1.3 million was transferred out to the CIP fund as regularly scheduled. The balance in this fund is primarily invested in long-term pooled funds with the New Mexico State Investment Council. Total ending fund balance at June 30, 2018 was \$29.6 million, an increase of \$1.4 million from the prior year.

Analysis of Total Proprietary Funds - The County proprietary funds provide detail about the same type of information found in the government-wide financial statements. This analysis of proprietary funds focuses on the significant balances and operations of individual funds, reasons why these balances changed, and significant limitations on future uses.

Joint Utility System Fund - The most notable balances and transactions in the Joint Utility System Fund were:

- The restatement required by the adoption of GASB 75 of other post employment benefits liability for the County's share of the New Mexico Retiree Health Care Association (RHCA) activities reduced the net position of the Joint Utility System Fund by \$6.6 million.
- \$183 million in capital assets (net of accumulated depreciation of \$157.3 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets and wastewater collection and processing assets. This balance decreased by approximately \$2.9 million in fiscal year 2018 as investment in utility plant in service, construction in progress and machinery and equipment had a combined increase of \$4.2 million, net of \$7.2 million in accumulated depreciation;
- \$33.1 million in debt related to the Utility plant in service, which is \$6.3 million lower than the prior year with the fiscal year 2015 refunding and issue of new debt nearly offsetting regularly scheduled debt service payments;
- \$10.5 million restricted for future liabilities special closure costs related to the San Juan Plant decommissioning and Laramie River decommissioning. This increased \$1 million from the prior year as more restricted funds were set aside for the County's share.
- \$10.3 million in pension liability decreased by \$.8 million, deferred pension outflows decreased by \$1 million from a \$2.7 million increase in prior year, and \$.3 million in deferred pension inflows increased by \$.6 million from the prior year, all related to the decrease in the County's share of the pension liability.
- Operating revenues were \$58.5 million in fiscal year 2018, an increase of \$3 million compared to the prior year. The increase is the net of \$2.1 million increased revenues in electric (due mostly to an increase in wholesale sales to LANL based on its demand), \$0.3 million lower

revenues in gas (due to lower demand and rates), \$0.9 million higher in water service, and \$0.3 higher revenues in wastewater service compared to the prior year; and

- Operating expenses were \$1.6 million higher at \$56 million in fiscal year 2018, compared to \$54. million in fiscal year 2017. The increase is the net result of: an increase of \$1.4 million in Electric subfund, contractual services and payroll and benefits cumulatively increased by \$2 million while closure costs, depreciation, materials and supplies decreased by \$.6 million; a \$.1 million decrease in cost of gas purchased, a \$.1 million increase in costs for water production and a \$.2 million increase in wastewater disposal costs.

Environmental Services Fund – The Environmental Services Fund has a long-term liability balance of \$6.1 million. Of this, \$0.2 million was for landfill closure and monitoring and \$4 million was intergovernmental debt payable for a loan from the New Mexico Finance Authority that was used to fund the construction of the Solid Waste Transfer Station (EcoStation). The remainder relates to net pension liability, net other post employment benefits liability and compensated absences of \$1.9 million. Total expenses of \$4.2 million exceeded operating and non-operating revenues of \$4.1 million by \$.1 million in fiscal year 2018, compared to a \$0.6 million loss in the prior year. This difference is due to a \$.2 million increase in operating expenses and a \$.1 million increase in nonoperating revenues.

Transit Fund – The Transit Fund accounts for public transportation services provided to the community, with no additional user fees or charges, under the name Atomic City Transit (ACT). The fund is funded primarily through state and federal grants (\$2.1 million), payments from the North Central Regional Transit District (\$1.4 million), and transfers in from the general fund (\$.8 million). Other notable balances include the net other post employment benefits liability of \$1.2 million and the net pension liability of \$2.4 million down \$.2 million from the prior year.

Fire Fund – On October 1, 2013 the County entered into a ten year cooperative agreement with the National Nuclear Security Administration (NNSA) to provide enhanced fire protection services to LANL (replacing a similar 5 year cooperative agreement). Under the agreement, the County pays a share of costs for operating the fire department. The County share for fiscal year 2018 was \$4.9 million. The intergovernmental revenue of \$18.8 million in the Fire Fund includes all operating grant revenue under the cooperative agreement. The restatement required by the adoption of GASB 75 of other post employment benefits liability was recorded in the Fire Fund for the County's share of the New Mexico Retiree Health Care Association (RHCA) activities. The Fire Fund has an ending negative fund balance of \$44.9 million, a decrease of \$18.3 million from fiscal year 2017. The required restatement decreased net position by \$16.5 million. Total expenses of \$27 million exceeded operating and non-operating revenues of \$26.4 million by \$.6 million in fiscal year 2018. This difference is due to a \$.2 million increase in operating expenses and a \$.1 million increase in nonoperating revenues.

Airport Fund – Net position decreased \$0.8 million as expenditures of \$1.1 million exceeded revenues of \$0.2 million and transfers in of \$0.2 million. Depreciation on capital assets represents 66% of the operating expenses of the airport, which no longer has commercial air service. The restatement required by the adoption of GASB 75, decreased net position by \$.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues available for spending on budgeted needs were \$0.7 million greater than the final revised budget of \$60.8 million. The variance between actual revenue and the revised budget was largely due to the GRT revenue which exceed the revised budget by \$0.9 million. GRT revenue (including the state shared revenue portion) was \$1.6 million higher than projected.

Actual General Fund expenditures were approximately \$6.7 million less than the final revised fiscal year 2018 budget. This variance was achieved through careful cost management measures across all departments. Most variances were less than 5% of budget, as the County has been managing

to tighter budgets and cutting back for several years. The County Manager's Office was \$0.8 million under budget, Municipal Court was 17% below budget, County Attorney was 12% below budget, County Clerk was 8% below budget, Police were 6% below budget and the Public Works Department was 32% or \$4.5 million under in its expenditure budget primarily related to major facilities maintenance projects deferred until fiscal year 2019.

The revised budget for revenues of \$60.8 million was \$0.9 million higher than the adopted budget primarily as a result of grant revenue carryovers from the prior year. The revised budget for expenditures of \$55.8 million was \$4 million higher than the adopted budget. The increase is comprised of the following: approximately \$395 thousand in encumbrance carryovers, \$137 thousand in project and grant carryovers, \$2 million relating to Major Facilities Maintenance and \$621 thousand in current year grant revisions.

A detailed statement of budget variances for the General Fund can be found on pages 42-52.

ADMINISTRATION OF CAPITAL ASSETS AND DEBT

Capital Assets - The County's total investment in capital assets for its governmental and business type activities as of June 30, 2018 was \$509.8 million, net of \$349.5 million in accumulated depreciation. This investment in capital assets includes land, utility plant, facilities and buildings, machinery and equipment, parks and recreation facilities and improvements and infrastructure such as highways, roads, sidewalks, storm drains, storm inlets, bridges, traffic lights, flasher beacons and streetlights.

Total capital assets for the County decreased by approximately \$22.3 million from 2017 to 2018 or -4.2%. Capital assets associated with governmental activities decreased by \$17.8 million mostly due to the \$11.8 million disposal of land and depreciation of \$12.3 million. The County capitalized \$2.5 million in donated land from the Department of Energy as well as \$3.8 million in machinery and equipment, buildings and construction in progress, cumulatively. Capital assets associated with business-type activities decreased by \$4.5 million due to \$10.5 million in depreciation as well as a \$3.3 million addition in utility plant in service, \$0.7 million addition in buildings, and \$1 million in machinery and equipment. Construction work in progress increased \$1 million. Additional information about the County's capital assets can be found on pages 89-91.

A year over year comparison of changes in capital assets is shown in Table 4 (next page).

Table 4
Los Alamos County's Capital Assets, Net of Accumulated Depreciation
As of June 30, 2018 and 2017
(in millions of \$)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Land	\$ 44.5	53.8	8.5	8.5	53.0	62.3
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	319.0	315.7	319.0	315.7
Buildings	143.5	143.6	24.7	24.0	168.2	167.6
Improvements other than buildings	21.1	21.0	17.6	17.6	38.7	38.6
Machinery and Equipment, Art and Historic Treasures	19.7	19.0	33.1	32.1	52.8	51.1
Infrastructure	191.7	188.8	0.0	0.0	191.7	188.8
Less Accumulated Depreciation	(159.5)	(147.2)	(190.0)	(179.5)	(349.5)	(326.7)
Construction in Progress	3.9	3.7	14.0	13.0	17.9	16.7
Total	\$ 282.9	300.7	226.9	231.4	509.8	532.1

Administration of Debt - From fiscal year 2017 to 2018, the County's total debt payable for governmental and business-type activities combined decreased by \$10.7 million as regularly scheduled debt service payments of \$8.1 million and early principal payments and refinanced debt in the business type activities were made. Closure costs for the landfill decreased by \$1 million as the construction of the methane extraction system was completed in fiscal year 2018. Closure costs for the Joint Utility System Fund increased by \$1 million. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 104.

ECONOMIC FACTORS AND THE FISCAL YEAR 2018 ADOPTED BUDGET

The County budgets on a modified accrual basis. The fiscal year 2019 budget anticipated revenues of \$185 million are \$22.5 million (11%) less than the fiscal year 2018 adopted budget which included projected bond proceeds of \$20 million. However the general obligation bond election was not approved by voters in May of 2017. Therefore, the estimated decrease in fiscal year 2019 revenues is closer to \$2.5 million (1%). Expenditures are budgeted at \$188 million which is \$12 million (6%) lower than the prior fiscal year. The decrease in expenditures is primarily due to a reduction in the Capital Improvement Projects Fund of \$5.8 million. The change is primarily due to the \$3.1 million reduction in recreation projects approved by Council as a fiscal year 2018 budget revision. Additionally, the timing on several Economic Development projects reduced

other fiscal year 2019 budgeted expenditures by \$2.8 million. Included in the adopted budget are on-going amounts for routine roads, parks and technology infrastructure projects and the biennial \$500,000 allotment for Los Alamos Public Schools' capital improvements. The Joint Utilities Fund is budgeted at \$6.8 million below fiscal year 2018. The Environmental Services Fund expenses are \$958,000, or 18%, lower than the fiscal year 2018 budget. The fiscal year 2018 adopted budget included \$1 million relating to a methane gas extraction project. The Equipment Fund, an internal services fund, is \$4.7 million or 2% lower than fiscal year 2018.

The net \$2.5 decrease in revenues is due to a \$1.3 million increase in General Fund, an increase in \$1 million of Enterprise Fund revenues offset by a \$5.5 million decrease in the Joint Utilities Fund. Increases in GRT, Grants and Interdepartmental Charges make up the majority of the budgeted revenue increase in the General Fund. Given the unusually large concentration of employment and tax revenues in one employer – LANL - the County continues to adopt a conservative fiscal posture to help mitigate the potential negative effects of any significant unforeseen future changes.

One such potential change is that the National Nuclear Security Administration (NNSA) under the Department of Energy (DOE) released a Solicitation in the form of an RFP on October 26, 2017, for the Site Management and Operating Contract for LANL. The award of the Los Alamos National Laboratories (LANL) operations and management contract was still to be determined at the time of the fiscal year 2019 budget hearings. The County worked with regional neighbors to craft legislation to preserve gross receipts tax revenues for the County and the State. Senate Bill 17 passed the Senate (31 to 4) and House of Representatives (48 to 19), but was vetoed by the Governor.

The operations and management contract was awarded to Triad National Security (Triad) and they took over LANL operations on October 1, 2018. Triad is a nonprofit, public service-focused organization made up of three members: Battelle Memorial Institute, The Texas A&M University System and the University of California. However, the taxable status of Triad is not finalized. Due to the possible impacts on the County's GRT revenues, our guidance for the General Fund fiscal year 2019 budget development was flat to the FY2018 adopted budget. Based on projected revenues and Council's guidance to maintain a 20% reserve, there could be an opportunity for Council to consider budget option expenditures in addition to the adopted budget, if Triad operates as a for profit entity. Conversely, if Triad is established as not-for-profit, Los Alamos County will have to consider a reduction in its expenditures for FY2019 and beyond. In either case, we anticipate new budget hearings to consider adjustments to our annual budget after the taxable status of Triad is determined. The total anticipated impact to the County cannot be precisely determined as of the date of this report, however revenues would decline significantly. The County is working proactively to eliminate this risk and on contingency planning to mitigate the potential impacts.

LANL is the County's largest employer, with estimates that its expenditures provide, either directly or indirectly, approximately 90-95% of the County's economic activity. For the year ended June 30, 2018, an estimated 75-80% of GRT revenues relate directly to LANL operations. Given the significant impact of LANL operations, the County will be monitoring closely any federal legislative budget activities associated with the DOE and other federal agencies and continuing to consider potential impacts to LANL and to the County's long-range financial projections. The County has been vigilant in monitoring any potential changes that might arise due to the changes in the national nuclear posture policy, upcoming changes related to LANL contractor turnover, changes in the New Mexico federal congressional delegation, as well as DOE plans for its long-term overall Complex Transformation and significant construction projects.

REQUESTS FOR INFORMATION

The Comprehensive Annual Financial Report is designed to provide a general overview of the County's financial position. Questions about the information provided in this report and requests for more information should be addressed to the County of Los Alamos, Helen Perraglio, Chief Financial Officer, Finance Division, 1000 Central Avenue, Suite 300, Los Alamos, New Mexico 87544.



Government-wide Financial Statements



LOS ALAMOS

where discoveries are made

INCORPORATED COUNTY OF LOS ALAMOS

Government-wide

Statement of Net Position

June 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash and investments	\$ 45,680,802	32,498,736	78,179,538
Investments	26,210,214	0	26,210,214
Receivables, net of allowance for uncollectibles			
Accounts	212,785	4,579,065	4,791,850
Interest	208,849	0	208,849
Pension forfeitures	26	0	26
Property taxes	113,673	0	113,673
Unbilled	0	1,393,819	1,393,819
Loans receivable, net of discounts/reserve for loan losses	682,307	0	682,307
Due from other governments	12,193,880	5,738,068	17,931,948
Internal balances	374,932	(374,932)	0
Inventories and prepayments			
Inventories	560,604	933,084	1,493,688
Power plant inventories	0	573,110	573,110
Prepayments	28,438	764,426	792,864
Restricted assets			
Cash and cash equivalents			
Debt reserves and debt service	556,012	4,842,708	5,398,720
Operations and maintenance	0	11,430,898	11,430,898
Investments			
Debt reserves and debt service	0	4,679,635	4,679,635
Asset held for resale	597,402	0	597,402
Capital assets			
Land	44,539,557	8,524,970	53,064,527
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	318,959,641	318,959,641
Buildings	143,557,204	24,671,475	168,228,679
Improvements other than buildings	21,055,053	17,555,084	38,610,137
Machinery, equipment, art and historic treasures	19,717,217	33,130,586	52,847,803
Infrastructure	191,705,440	0	191,705,440
Less accumulated depreciation	(159,522,831)	(189,984,910)	(349,507,741)
Construction in progress	3,895,441	14,021,394	17,916,835
TOTAL ASSETS	370,368,119	293,936,857	664,304,976
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts (debits) from refunding of debt	6,206,027	464,027	6,670,054
Deferred other post employment benefits	450,357	431,261	881,618
Deferred pension	8,803,895	12,449,962	21,253,857
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,460,279	13,345,250	28,805,529

LIABILITIES

Accounts payable	1,011,812	3,143,708	4,155,520
Accrued salaries and benefits payable	1,902,249	567,345	2,469,594
Customer deposits payable	229,769	159,243	389,012
Due to other governments	2,435	122,485	124,920
Due to fiduciary funds	31,328	0	31,328
Donations held in trust	45,177	25,173	70,350
Unearned revenue	215,349	0	215,349
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	2,264,838	2,679,679	4,944,517
Claims and judgments payable	0	2,363,246	2,363,246
Revenue bonds payable	4,620,000	2,880,001	7,500,001
Contracts and intergovernmental debt payable	0	938,358	938,358
Deferred revenues	724,576	0	724,576
Interest payable on non-current liabilities	137,130	141,775	278,905
Due in more than one year			
Accrued compensated absences	1,150,571	1,003,735	2,154,306
Claims and judgments payable	0	1,380,679	1,380,679
Revenue bonds payable	38,793,930	21,688,949	60,482,879
Contracts and intergovernmental debt payable	0	11,843,425	11,843,425
Special closure costs	0	10,713,143	10,713,143
Other post employment liability	23,097,780	22,118,347	45,216,127
Pension liability	35,596,119	58,940,050	94,536,169
TOTAL LIABILITIES	109,823,063	140,709,341	250,532,404

DEFERRED INFLOWS OF RESOURCES:

Deferred other post employment benefits	5,257,000	5,034,084	10,291,084
Deferred pension	1,787,433	9,133,378	10,920,811
TOTAL DEFERRED INFLOWS OF RESOURCES	7,044,433	14,167,462	21,211,895

NET POSITION

Net investment in capital assets	245,740,292	189,991,534	435,731,826
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	25,814,936	0	25,814,936
Debt service (Bond and loan agreements)	300,410	10,098,323	10,398,733
Perpetual care (County code)	800,096	0	800,096
Lodgers' tax (State law)	375,010	0	375,010
Clerk records and files (State law)	82,503	0	82,503
Indigent health care (State law)	521,060	0	521,060
Property tax valuation (State law)	603,096	0	603,096
Grants (Granting entities)	46,239	0	46,239
Cash requirements (State law)	4,648,574	0	4,648,574
Recreation (County code and contributors)	191,130	0	191,130
Library operations (Contributors)	86,449	0	86,449
Major street maintenance (State law)	145,983	0	145,983
Income stabilization (County code)	3,813,444	0	3,813,444
Unrestricted	(14,208,320)	(47,684,553)	(61,892,873)
TOTAL NET POSITION	\$ 268,960,902	152,405,304	421,366,206

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
Government-wide
Statement of Activities
Year ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental activities							
General government	\$ 16,153,556	1,378,903	23,496	2,518,822	(12,232,335)	0	(12,232,335)
Public safety	16,302,563	32,631	868,560	335,787	(15,065,585)	0	(15,065,585)
Physical and economic environment	3,720,214	394,274	0	13,488	(3,312,452)	0	(3,312,452)
Transportation	11,313,990	0	0	385,826	(10,928,164)	0	(10,928,164)
Health and welfare	3,852,592	0	172,306	0	(3,680,286)	0	(3,680,286)
Culture and recreation	10,597,328	884,437	103,363	0	(9,609,528)	0	(9,609,528)
Interest on long-term debt	2,525,526	0	0	0	(2,525,526)	0	(2,525,526)
Total governmental activities	64,465,769	2,690,245	1,167,725	3,253,923	(57,353,876)	0	(57,353,876)
Business-type activities							
Joint Utilities							
Electric	42,051,970	42,778,437	0	95,199	0	821,666	821,666
Gas	4,415,685	4,213,834	0	0	0	(201,851)	(201,851)
Water	6,683,631	6,204,782	0	227,387	0	(251,462)	(251,462)
Wastewater	4,189,896	5,274,729	0	0	0	1,084,833	1,084,833
Environmental Services	4,488,772	3,359,964	9,881	0	0	(1,118,927)	(1,118,927)
Transit (Atomic City Transit)	4,239,082	18,830	3,090,243	443,944	0	(686,065)	(686,065)
Fire	26,744,125	5,597,906	19,061,834	0	0	(2,084,385)	(2,084,385)
Airport	1,134,060	96,492	68,675	0	0	(968,893)	(968,893)
Total business-type activities	93,947,221	67,544,974	22,230,633	766,530	0	(3,405,084)	(3,405,084)
Total government	\$ 158,412,990	70,235,219	23,398,358	4,020,453	(57,353,876)	(3,405,084)	(60,758,960)
General revenues:							
Gross receipts taxes and excise tax					26,366,908	2,584,525	28,951,433
Property taxes					7,183,982	0	7,183,982
Franchise taxes					491,995	0	491,995
Grants and contributions not restricted to specific programs					889,846	0	889,846
State shared tax revenue not restricted to specific programs					18,170,327	0	18,170,327
Unrestricted investment earnings					3,719,637	779,323	4,498,960
Gain (loss) on exchange of capital assets					(12,210,226)	(998,192)	(13,208,418)
Transfers					1,460,372	(1,460,372)	0
Total general revenues, and transfers					46,072,841	905,284	46,978,125
Change in net position					(11,281,035)	(2,499,800)	(13,780,835)
Net position - beginning					307,678,425	181,178,182	488,856,607
Prior period restatement - GASB Statement 75					(27,436,488)	(26,273,077)	(53,709,565)
Net position - ending					\$ 268,960,902	152,405,304	421,366,206

Major Governmental Funds

General Fund 010 - accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. It is the general operating fund of the County.

Economic Development Fund 170 - accounts for the receipt, management, investment, and expenditure of the buyout payment received from the U.S. Department of Energy under the Atomic Energy Community Act. This special revenue fund was established by County Council. In FY2017 the County added a Housing subfund 172 to account for the housing rehabilitation and affordable housing programs funded by the economic development subfund 171.

Emergency Declarations Fund 190 - this special revenue fund accounts for the revenues and expenditures associated with response and recovery to the Las Conchas Fire, which began June 26, 2011 and flooding events in the community in September 2013. This special revenue fund was established by County Council.

Capital Improvement Projects Fund 310 - this capital projects fund accounts for the financing and construction of structures and improvements approved by the County Council.

Capital Projects Permanent Fund 391 - this permanent fund accounts for amounts received under a settlement of prior years' gross receipts taxes, set aside by the County Council and the County Charter for capital projects. These amounts are invested, and the real value of the fund principal is maintained using the implicit price deflator for the gross domestic product. When there is investment income in excess of the principal maintenance, it is made available for expenditure in the Capital Improvement Projects Fund.

Other governmental funds - nonmajor governmental funds are shown in aggregate. Combining fund financial statements are provided following the notes to the financial statements.



LOS ALAMOS

where discoveries are made

INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds
Balance Sheet
June 30, 2018

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>EMERGENCY DECLARATIONS SPECIAL REVENUE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
ASSETS							
Equity in pooled cash and investments	\$ 13,019,756	6,700,843	0	20,423,238	4,342,686	1,194,279	45,680,802
Investments	912,220	0	0	0	25,285,694	12,300	26,210,214
Receivables, net of allowance for uncollectibles							
Accounts	53,350	125,000	0	0	0	34,435	212,785
Interest	166,563	42,269	0	0	0	17	208,849
Property taxes	113,673	0	0	0	0	0	113,673
Loans receivable, net of discounts/reserve for loan losses	0	682,307	0	0	0	0	682,307
Due from other governments	10,482,864	0	960,535	14,078	0	736,403	12,193,880
Due from other funds	2,957,437	0	0	0	0	0	2,957,437
Inventories and prepayments							
Inventories	560,604	0	0	0	0	0	560,604
Prepayments	12,988	0	0	0	0	15,450	28,438
Advances to other funds	146,799	0	0	0	0	0	146,799
Restricted assets							
Cash and cash equivalents							
Debt reserves and debt service	0	0	0	0	0	556,012	556,012
Asset held for resale (LA Apartments Land)	0	597,402	0	0	0	0	597,402
TOTAL ASSETS	\$ 28,426,254	8,147,821	960,535	20,437,316	29,628,380	2,548,896	90,149,202
LIABILITIES							
Accounts payable	\$ 689,589	37,768	20,084	220,409	0	43,962	1,011,812
Claims and judgments payable	0	0	0	0	0	0	0
Accrued salaries and benefits payable	1,873,195	0	0	29,054	0	0	1,902,249
Customer deposits payable	104,769	125,000	0	0	0	0	229,769
Due to other governments	0	0	0	0	0	2,435	2,435
Due to other funds	31,328	0	670,429	0	0	340,589	1,042,346
Donations held in trust	45,177	0	0	0	0	0	45,177
Unearned revenue	87,380	0	106,186	0	0	21,783	215,349
Deferred revenues	0	724,576	0	0	0	0	724,576
TOTAL LIABILITIES	2,831,438	887,344	796,699	249,463	0	408,769	5,173,713
DEFERRED INFLOWS OF RESOURCES:							
Federal and state grants (unavailable)	290,898	0	960,535	0	0	0	1,251,433
TOTAL DEFERRED INFLOWS OF RESOURCES	290,898	0	960,535	0	0	0	1,251,433
FUND BALANCE							
Nonspendable							
Principal - Capital projects	0	0	0	0	25,814,936	0	25,814,936
Principal - Perpetual care	800,096	0	0	0	0	0	800,096
Advances	146,799	0	0	0	0	0	146,799
Inventories	560,604	0	0	0	0	0	560,604
Prepaid items	12,988	0	0	0	0	15,450	28,438
Restricted for							
Clerk records and files (State law)	0	0	0	0	0	82,503	82,503
Debt service (Bond and loan agreements)	0	0	0	0	0	300,410	300,410
Grants (Granting entities)	0	0	0	0	0	46,239	46,239
Library operations (County code and contributors)	70,840	0	0	0	0	15,609	86,449
Lodgers' tax (State law)	0	0	0	0	0	375,010	375,010
Indigent health care claims (State law)	0	0	0	0	0	521,060	521,060

Property tax valuation (State law)	0	0	0	0	0	603,096	603,096
Recreation (County code and contributors)	0	0	0	156,363	0	34,767	191,130
Income stabilization (County code)	0	0	0	0	3,813,444	0	3,813,444
Major street maintenance (State law)	0	0	0	0	0	145,983	145,983
Cash requirements (State law)	4,648,574	0	0	0	0	0	4,648,574
Committed to							
Art in Public Places (County code)	0	0	0	475,383	0	0	475,383
Assigned for							
Capital projects	0	0	0	19,556,107	0	0	19,556,107
Fire services	991,833	0	0	0	0	0	991,833
Continuing appropriations	4,894,632	0	0	0	0	0	4,894,632
Economic development	0	7,260,477	0	0	0	0	7,260,477
Unassigned	13,177,552	0	(796,699)	0	0	0	12,380,853
TOTAL FUND BALANCE (deficit)	<u>25,303,918</u>	<u>7,260,477</u>	<u>(796,699)</u>	<u>20,187,853</u>	<u>29,628,380</u>	<u>2,140,127</u>	<u>83,724,056</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>28,426,254</u>	<u>8,147,821</u>	<u>960,535</u>	<u>20,437,316</u>	<u>29,628,380</u>	<u>2,548,896</u>	<u>90,149,202</u>

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INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds

Reconciliation of Balance Sheet to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different from those reflected in the governmental funds balance sheet because:

Total fund balance as reported in governmental funds balance sheet:	\$ 83,724,056
Capital assets (\$439,865,350), net of accumulated depreciation (\$159,522,831), used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	282,948,195
Long-term liabilities, including bonds payable (\$38,235,000), bond premium/discount (\$5,178,930), net pension liability (\$35,596,119), net other post employments liability (\$23,097,780) and compensated absences (\$3,415,409) are not due and payable in the current period and, therefore are not reported in the governmental funds.	(105,523,238)
Deferred outflow of resources related to advance refunding of long-term debt is not recorded in the governmental funds, but is included in the government-wide statement of net position.	6,206,027
Deferred outflow of resources related to the County's share of New Mexico Public Employee Retirement Association and the County's share of New Mexico Retiree Health Care Association benefits are not recorded in the governmental funds, but is included in the government-wide statement of net position.	9,254,252
Accrued interest payable on long-term liabilities are not recorded in the governmental funds, but are included in the government-wide statement of net position.	(137,130)
Deferred inflow of resources related to the County's share of New Mexico Public Employee Retirement Association and New Mexico Retiree Health Care Association benefits are not recorded in the governmental funds, but are included in the government-wide statement of net position.	(7,044,433)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred inflows in the governmental funds.	1,251,433
Internal service funds are used by the County to charge the costs of equipment and risk management functions to individual funds. An internal balance is shown on the government-wide statement of Net Position to reflect the allocation of the internal service fund loss to the governmental funds from the business-type funds, where the internal service funds balances are combined.	(1,718,260)
Net position of governmental activities	\$ <u><u>268,960,902</u></u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2018

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>EMERGENCY DECLARATIONS SPECIAL REVENUE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
REVENUES							
Taxes							
Property taxes-current	\$ 7,183,982	0	0	0	0	0	7,183,982
Local units in-lieu taxes	414,905	0	0	0	0	0	414,905
Gross receipts taxes	24,343,211	0	0	0	0	1,723,006	26,066,217
Lodgers' tax	0	0	0	0	0	300,691	300,691
Franchise tax-privately owned	170,842	0	0	0	0	0	170,842
Franchise tax-County owned	321,153	0	0	0	0	0	321,153
Penalties and interest-taxes	50,609	0	0	0	0	0	50,609
	32,484,702	0	0	0	0	2,023,697	34,508,399
Licenses and permits							
Business	45,965	0	0	0	0	0	45,965
Nonbusiness	246,904	0	0	0	0	0	246,904
	292,869	0	0	0	0	0	292,869
Intergovernmental							
Federal direct	1,942	0	0	0	0	0	1,942
Federal indirect	282,546	0	122,525	80,423	0	0	485,494
Federal shared revenues	4,506	0	0	0	0	0	4,506
Federal in-lieu taxes	337,808	0	0	0	0	0	337,808
State grants-fire	0	0	0	0	0	478,703	478,703
State grants-library	38,853	0	0	0	0	0	38,853
State grants-major street maintenance	0	0	0	182,877	0	0	182,877
State grants-police	140,782	0	0	0	0	109,790	250,572
State grants-other	185,713	5,000	20,421	0	0	0	211,134
State shared revenues	17,602,818	0	0	0	0	579,372	18,182,190
	18,594,968	5,000	142,946	263,300	0	1,167,865	20,174,079
Fines and forfeitures							
Fines	71,577	0	0	0	0	0	71,577
Correction fees	40,026	0	0	0	0	0	40,026
Special fees	14,752	0	0	0	0	0	14,752
Court ordered reimbursements	58,831	0	0	0	0	3,300	62,131
Noncourt fines and forfeitures	2,424	0	0	0	0	0	2,424
	187,610	0	0	0	0	3,300	190,910
Charges for services							
Court fees	1,419	0	0	0	0	0	1,419
Clerk fees	87,305	0	0	0	0	34,780	122,085
Planning fees	76,802	0	0	0	0	0	76,802
Finance/treasurer fees	0	0	0	0	0	186,318	186,318
Administrative charges for services	44,165	0	0	0	0	0	44,165
Sales of food or merchandise	87,913	0	0	0	0	0	87,913
Other charges for services	16,009	0	0	0	0	0	16,009
Sheriff fees	3,843	0	0	0	0	0	3,843
Police charges for services	27,030	0	0	0	0	0	27,030
Miscellaneous services	775	0	0	0	0	0	775
Cemetery services	21,134	0	0	0	0	0	21,134
Perpetual care services	43,340	0	0	0	0	0	43,340
Animal shelter fees	5,601	0	0	0	0	0	5,601
Daily fees/passes	190,695	0	0	0	0	0	190,695

Annual passes	180,506	0	0	0	0	0	180,506
Three-month passes	33,200	0	0	0	0	0	33,200
Punch passes	71,577	0	0	0	0	0	71,577
Recreation fees	125,527	0	0	0	0	0	125,527
Other fees	36,034	0	0	0	0	0	36,034
	1,052,875	0	0	0	0	221,098	1,273,973
Interfund/interdepartmental charges							
Interdepartmental services	7,224,440	0	0	0	0	0	7,224,440
Miscellaneous revenue							
Investment income (loss)	792,691	188,030	0	0	2,705,350	33,566	3,719,637
Interest charges-delinquent accounts	2,474	0	0	0	0	0	2,474
Building rental	137,639	31,908	0	0	0	17,944	187,491
Land rental	454,956	0	0	0	0	33,888	488,844
Concessions	2,372	0	0	0	0	0	2,372
Miscellaneous rentals	142,087	0	0	0	0	0	142,087
Pension forfeitures	81,749	0	0	0	0	0	81,749
Economic development loan principal	0	24,603	0	0	0	0	24,603
Economic development loan interest	0	269	0	0	0	0	269
Proceeds from sale of assets	0	0	0	605,243	0	0	605,243
Donations	54,279	0	0	9,500	0	731	64,510
Other	84,622	0	0	0	0	0	84,622
	1,752,869	244,810	0	614,743	2,705,350	86,129	5,403,901
TOTAL REVENUES	61,590,333	249,810	142,946	878,043	2,705,350	3,502,089	69,068,571

INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2018

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>EMERGENCY DECLARATIONS SPECIAL REVENUE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
EXPENDITURES							
Current expenditures:							
General government							
County Council	416,268	0	0	0	0	0	416,268
Municipal Court	474,329	0	0	0	0	18,300	492,629
County Manager	1,505,426	0	0	0	0	0	1,505,426
County Manager-Comm. and Public Relations	345,912	0	0	0	0	0	345,912
County Manager-Human Resources	1,273,867	0	0	0	0	0	1,273,867
County Assessor	405,752	0	0	0	0	182,233	587,985
County Attorney	645,014	0	0	0	0	0	645,014
County Clerk	529,379	0	0	0	0	15,128	544,507
County Probate Clerk	4,587	0	0	0	0	0	4,587
County Sheriff	16,694	0	0	0	0	0	16,694
Administrative Services-Information Technologies	4,611,268	0	0	0	0	0	4,611,268
Administrative Services-Finance Office	1,571,997	0	0	0	0	0	1,571,997
Administrative Services-Procurement	1,063,117	0	0	0	0	0	1,063,117
Public Works	5,792,994	0	0	0	0	0	5,792,994
	18,656,604	0	0	0	0	215,661	18,872,265
Public safety							
Fire Department-County share	4,934,879	0	0	0	0	0	4,934,879
Emergency response and recovery	0	0	238,283	0	0	0	238,283
Fire Marshal	0	0	0	0	0	757,293	757,293
Fire Mitigation	243,411	0	0	0	0	0	243,411
Fire-E.M.S. grant	450,847	0	0	0	0	9,675	460,522
Police	8,151,630	0	0	0	0	27,357	8,178,987
	13,780,767	0	238,283	0	0	794,325	14,813,375
Physical and economic environment							
County Manager	250,037	0	0	0	0	0	250,037
Community Development	1,804,465	1,215,973	0	0	0	264,717	3,285,155
	2,054,502	1,215,973	0	0	0	264,717	3,535,192
Transportation							
Public Works	3,519,442	0	0	0	0	0	3,519,442
Health and welfare							
Community Services-Social Services	1,676,448	0	0	0	0	2,154,640	3,831,088
Culture and recreation							
Community Services-Administration	990,694	0	0	0	0	0	990,694
Community Services-Library	2,327,057	0	0	0	0	0	2,327,057
Community Services-Parks	2,236,286	0	0	0	0	0	2,236,286
Community Services-Recreation	3,134,115	0	0	0	0	1,578	3,135,693
	8,688,152	0	0	0	0	1,578	8,689,730

Capital outlay:							
General government							
Administrative Services	36,967	0	0	1,888,486	0	0	1,925,453
Public Works	6,549	0	0	64,643	0	0	71,192
Public safety							
Fire	0	0	0	0	0	148,065	148,065
Police	0	0	0	0	0	11,457	11,457
Transportation							
Public Works	132,064	0	0	2,399,831	0	0	2,531,895
Culture and recreation							
Community Services	0	0	0	172,570	0	0	172,570
	<u>175,580</u>	<u>0</u>	<u>0</u>	<u>4,525,530</u>	<u>0</u>	<u>159,522</u>	<u>4,860,632</u>
Debt service:							
Principal	0	0	0	0	0	4,395,000	4,395,000
Interest	0	0	0	0	0	1,873,597	1,873,597
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,268,597</u>	<u>6,268,597</u>
TOTAL EXPENDITURES	<u>48,551,495</u>	<u>1,215,973</u>	<u>238,283</u>	<u>4,525,530</u>	<u>0</u>	<u>9,859,040</u>	<u>64,390,321</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	13,038,838	(966,163)	(95,337)	(3,647,487)	2,705,350	(6,356,951)	4,678,250
OTHER FINANCING SOURCES (USES)							
Transfers in	3,442,715	90,786	0	3,210,583	0	6,673,429	13,417,513
Transfers out	(9,053,899)	0	0	(1,052,080)	(1,250,113)	(580,000)	(11,936,092)
	<u>(5,611,184)</u>	<u>90,786</u>	<u>0</u>	<u>2,158,503</u>	<u>(1,250,113)</u>	<u>6,093,429</u>	<u>1,481,421</u>
NET CHANGE IN FUND BALANCE	7,427,654	(875,377)	(95,337)	(1,488,984)	1,455,237	(263,522)	6,159,671
FUND BALANCE							
Beginning of fiscal year	17,876,264	8,135,854	(701,362)	21,676,837	28,173,143	2,403,649	77,564,385
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 25,303,918</u>	<u>7,260,477</u>	<u>(796,699)</u>	<u>20,187,853</u>	<u>29,628,380</u>	<u>2,140,127</u>	<u>83,724,056</u>

See accompanying notes to financial statements

LOS ALAMOS



where discoveries are made

INCORPORATED COUNTY OF LOS ALAMOS

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities Year ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different from those reflected in the governmental funds statement of revenues, expenditures, and changes in fund balance because:

Total net change in fund balance as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance:	\$ 6,159,671
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation (\$12,328,857) exceeded capital outlays (\$4,860,632) exceed in the current period.	(7,468,225)
Loss on disposal of capital assets is not recorded in governmental funds. This includes expenditures in the Capital Improvement Projects capital projects funds which did not result in the creation of a capital asset.	(12,815,469)
Donations of capital assets from outside sources and corresponding contribution revenue are not recorded in governmental funds. This includes the donation of land from the Department of Energy.	2,518,822
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	(21,049)
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net position.	4,395,000
The amortization of debt premiums and discounts does not use current financial resources, and therefore is not reported in the governmental funds.	18,626
The change in interest payable on long-term liabilities is not recorded in the governmental funds, but is included in the government-wide statement of net position.	19,003
Amortization of deferred amounts related to advance refunding of long-term debt is not recorded in the governmental funds, but is included in the government-wide statement of activities.	(689,558)
Expenses, such as compensated absences, reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	(206,208)
The pension expense related to the County's share of New Mexico Public Employee Retirement Association benefits and the other post employment expense related to the County's share of New Mexico Retiree Health Care Association benefits are not recorded in the governmental funds, but is included in the government-wide statement of net position.	(2,821,035)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	176,878
Internal service funds are used by the County to charge the costs of equipment and risk management functions to individual funds. The net gain or loss of certain activities in internal service funds is reported with governmental activities.	(547,491)
Change in net position of governmental activities	<u>\$ (11,281,035)</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes-current	\$ 7,046,528	7,046,528	7,183,982	137,454
Local units in-lieu taxes	420,000	420,000	414,905	(5,095)
General gross receipts taxes	23,439,000	23,439,000	24,343,211	904,211
Franchise tax-privately owned	140,000	140,000	170,842	30,842
Franchise tax-County owned	390,000	390,000	321,153	(68,847)
Penalties and interest-taxes	50,000	50,000	50,609	609
	31,485,528	31,485,528	32,484,702	999,174
Licenses and permits				
Business	45,000	45,000	45,965	965
Nonbusiness	229,500	229,500	246,904	17,404
	274,500	274,500	292,869	18,369
Intergovernmental				
Federal direct	0	185,883	1,942	(183,941)
Federal indirect	108,000	649,692	282,546	(367,146)
Federal shared revenues	0	0	4,506	4,506
Federal in-lieu taxes	290,000	290,000	337,808	47,808
State grants-library	0	39,394	38,853	(541)
State grants-police	0	198,237	140,782	(57,455)
State grants-other	228,179	249,584	185,713	(63,871)
State shared revenues	16,949,000	16,949,000	17,602,818	653,818
	17,575,179	18,561,790	18,594,968	33,178
Fines and forfeitures				
Fines	67,000	67,000	71,577	4,577
Correction fees	46,000	46,000	40,026	(5,974)
Special fees	24,600	24,600	14,752	(9,848)
Court ordered reimbursements	36,200	36,200	52,188	15,988
Noncourt fines and forfeitures	1,000	1,000	2,424	1,424
Magistrate Court Ordered Reimbursements	14,800	14,800	6,643	(8,157)
	189,600	189,600	187,610	(1,990)

Charges for services

Court fees	830	830	1,419	589
Clerk fees	56,220	56,220	87,305	31,085
Planning fees	32,200	32,200	76,802	44,602
Administrative charges for services	45,020	45,020	44,165	(855)
Sales of food or merchandise	93,000	93,000	87,913	(5,087)
Other charges for services	31,000	31,000	16,009	(14,991)
Sheriff fees	5,200	5,200	3,843	(1,357)
Police charges for services	20,800	20,800	27,030	6,230
Miscellaneous services	700	700	775	75
Cemetery services	21,100	21,100	21,134	34
Perpetual care services	50,000	50,000	43,340	(6,660)
Animal shelter fees	3,500	3,500	5,601	2,101
Daily fees/passes	205,100	205,100	190,695	(14,405)
Annual passes	166,800	166,800	180,506	13,706
Three-month passes	39,000	39,000	33,200	(5,800)
Monthly passes	23,000	23,000	0	(23,000)
Punch passes	83,200	83,200	71,577	(11,623)
Recreation fees	178,300	178,300	125,527	(52,773)
Other fees	7,100	7,100	36,034	28,934

	1,062,070	1,062,070	1,052,875	(9,195)
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Interfund/interdepartmental charges

Interdepartmental services	4,069,825	4,069,825	4,354,901	285,076
Indirect overhead-fire services	2,750,049	2,750,049	2,869,539	119,490

	6,819,874	6,819,874	7,224,440	404,566
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Miscellaneous revenue

Interest income	1,338,000	1,338,000	792,691	(545,309)
Interest charges-delinquent accounts	0	0	2,474	2,474
Buildings rental	141,000	141,000	137,638	(3,362)
Land rental	460,350	460,350	454,956	(5,394)
Concessions rental	3,000	3,000	2,372	(628)
Other rental	151,000	151,000	142,087	(8,913)
Pension forfeitures	170,000	170,000	81,749	(88,251)
Donations	45,000	45,000	54,279	9,279
Other	151,500	151,500	83,754	(67,746)

	2,459,850	2,459,850	1,752,000	(707,850)
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TOTAL REVENUES

	59,866,601	60,853,212	61,589,464	736,252
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**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES AND ENCUMBRANCES				
County Council				
Employee salaries and benefits	95,827	95,827	94,848	979
Outside services	304,000	304,000	302,078	1,922
Materials and supplies	18,000	18,000	17,623	377
Intrafund/interfund services	1,719	1,719	1,719	0
	419,546	419,546	416,268	3,278
County Courts (Municipal judge)				
Employee salaries and benefits	427,489	427,489	365,724	61,765
Outside services	112,370	118,397	90,198	28,199
Materials and supplies	15,727	21,086	10,085	11,001
Intrafund/interfund services	6,689	6,689	6,689	0
Debt and fiscal charges	1,000	1,000	1,633	(633)
	563,275	574,661	474,329	100,332
County Manager				
Operations				
Employee salaries and benefits	797,032	797,032	803,029	(5,997)
Outside services	623,450	703,450	679,646	23,804
Materials and supplies	1,500	1,500	3,727	(2,227)
Intrafund/interfund services	19,024	19,024	19,024	0
	1,441,006	1,521,006	1,505,426	15,580
Communications and Public Relations				
Employee salaries and benefits	283,712	283,712	243,080	40,632
Outside services	94,067	94,067	92,092	1,975
Materials and supplies	6,135	6,135	10,740	(4,605)
	383,914	383,914	345,912	38,002
Human Resources				
Employee salaries and benefits	1,047,607	1,047,607	1,088,246	(40,639)
Outside services	184,709	356,438	139,864	216,574
Materials and supplies	49,047	49,047	37,074	11,973
Intrafund/interfund services	8,683	8,683	8,683	0
	1,290,046	1,461,775	1,273,867	187,908

Economic Development Admin				
Employee salaries and benefits	270,827	270,827	237,523	33,304
Outside services	12,000	12,000	12,012	(12)
Materials and supplies	5,000	5,000	502	4,498
	<u>287,827</u>	<u>287,827</u>	<u>250,037</u>	<u>37,790</u>
Total County Manager	3,402,793	3,654,522	3,375,242	279,280
County Assessor				
Employee salaries and benefits	375,573	390,593	390,833	(240)
Outside services	12,500	12,500	9,570	2,930
Materials and supplies	1,500	1,500	1,085	415
Intrafund/interfund services	4,264	4,264	4,264	0
	<u>393,837</u>	<u>408,857</u>	<u>405,752</u>	<u>3,105</u>
County Attorney				
Employee salaries and benefits	611,806	638,806	568,854	69,952
Outside services	70,349	70,349	59,405	10,944
Materials and supplies	15,636	15,636	11,007	4,629
Intrafund/interfund services	5,748	5,748	5,748	0
	<u>703,539</u>	<u>730,539</u>	<u>645,014</u>	<u>85,525</u>
County Clerk				
Employee salaries and benefits	485,122	485,122	471,207	13,915
Outside services	46,200	46,200	34,570	11,630
Materials and supplies	28,900	28,900	18,920	9,980
Intrafund/interfund services	4,031	4,031	4,031	0
Capital outlay	9,000	9,000	0	9,000
Debt and fiscal charges	800	800	651	149
	<u>574,053</u>	<u>574,053</u>	<u>529,379</u>	<u>44,674</u>
County Probate Judge				
Employee salaries and benefits	4,841	4,841	4,587	254
Outside services	900	900	0	900
Materials and supplies	165	165	0	165
	<u>5,906</u>	<u>5,906</u>	<u>4,587</u>	<u>1,319</u>
County Sheriff				
Employee salaries and benefits	7,470	7,470	7,474	(4)
Outside services	5,045	6,245	8,613	(2,368)
Materials and supplies	2,450	2,450	62	2,388
Intrafund/interfund services	545	545	545	0
	<u>15,510</u>	<u>16,710</u>	<u>16,694</u>	<u>16</u>

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Administrative Services				
Information Management				
Employee salaries and benefits	2,507,393	2,528,942	2,400,960	127,982
Outside services	2,133,859	2,194,227	2,038,215	156,012
Materials and supplies	183,811	224,571	234,948	(10,377)
Intrafund/interfund services	45,756	45,756	47,044	(1,288)
Capital outlay	0	0	139,223	(139,223)
	<u>4,870,819</u>	<u>4,993,496</u>	<u>4,860,390</u>	<u>133,106</u>
Finance				
Employee salaries and benefits	1,481,001	1,576,001	1,436,574	139,427
Outside services	137,740	137,740	110,403	27,337
Materials and supplies	27,200	27,200	21,381	5,819
Intrafund/interfund services	11,868	11,868	11,868	0
Debt and fiscal charges	0	0	1,282	(1,282)
	<u>1,657,809</u>	<u>1,752,809</u>	<u>1,581,508</u>	<u>171,301</u>
Procurement				
Employee salaries and benefits	924,348	924,348	901,905	22,443
Outside services	36,500	36,500	10,860	25,640
Materials and supplies	92,000	92,000	46,234	45,766
Intrafund/interfund services	26,206	26,206	30,474	(4,268)
Capital outlay	0	0	7,823	(7,823)
	<u>1,079,054</u>	<u>1,079,054</u>	<u>997,296</u>	<u>81,758</u>
Total Administrative Services	7,607,682	7,825,359	7,439,194	386,165
Fire				
Fire Mitigation				
Outside services	0	185,883	57,665	128,218
Materials and supplies	0	0	185,907	(185,907)
Capital outlay	0	67,123	0	67,123
	<u>0</u>	<u>253,006</u>	<u>243,572</u>	<u>9,434</u>
Fire - County Shared Costs				
Intrafund/interfund services	5,207,149	5,207,149	4,934,879	272,270
Total Fire	5,207,149	5,460,155	5,178,451	281,704

Community Services-Administration

Employee salaries and benefits	397,268	397,268	500,426	(103,158)
Outside services	512,292	548,772	490,703	58,069
Materials and supplies	2,500	6,486	8,711	(2,225)
Intrafund/interfund services	4,649	4,649	4,649	0
Total Community Services-Admin.	916,709	957,175	1,004,489	(47,314)

Community Services-Library

Library operations				
Employee salaries and benefits	1,884,180	1,884,180	1,847,105	37,075
Outside services	120,681	120,681	113,784	6,897
Materials and supplies	26,953	26,953	33,395	(6,442)
Intrafund/interfund services	30,304	30,304	30,304	0
	2,062,118	2,062,118	2,024,588	37,530
Collection development				
Outside services	0	0	480	(480)
Materials and supplies	244,134	258,455	250,141	8,314
	244,134	258,455	250,621	7,834
Outside funding sources				
Outside services	0	0	7,355	(7,355)
Materials and supplies	0	122,688	44,493	78,195
	0	122,688	51,848	70,840
Total Community Services-Library	2,306,252	2,443,261	2,327,057	116,204

Community Services-Parks

Parks Maintenance				
Employee salaries and benefits	1,484,537	1,484,537	1,297,318	187,219
Outside services	33,905	33,905	80,931	(47,026)
Materials and supplies	152,330	152,330	190,803	(38,473)
Intrafund/interfund services	509,719	509,719	556,217	(46,498)
Debt and fiscal charges	0	0	2,857	(2,857)
	2,180,491	2,180,491	2,128,126	52,365
Parks Maintenance Projects				
Employee salaries and benefits	0	0	583	(583)
Outside services	118,000	118,000	67,277	50,723
Materials and supplies	10,000	10,000	40,184	(30,184)
Intrafund/interfund services	0	0	115	(115)
	128,000	128,000	108,159	19,841
Cemetery				
Outside services	20,000	20,000	0	20,000
Intrafund/interfund services	37,800	37,800	0	37,800
	57,800	57,800	0	57,800
Total Community Svcs.-Parks	2,366,291	2,366,291	2,236,285	130,006

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Recreation				
Employee salaries and benefits	685,421	685,421	647,524	37,897
Outside services	71,582	71,582	55,251	16,331
Materials and supplies	42,100	42,100	52,126	(10,026)
Intrafund/interfund services	11,998	11,998	11,923	75
	<u>811,101</u>	<u>811,101</u>	<u>766,824</u>	<u>44,277</u>
Recreation -Aquatic Center				
Employee salaries and benefits	728,190	728,190	716,188	12,002
Outside services	82,447	89,000	63,698	25,302
Materials and supplies	71,657	71,657	75,337	(3,680)
Intrafund/interfund services	240,683	240,683	232,718	7,965
Debt and fiscal charges	6,000	6,000	6,865	(865)
	<u>1,128,977</u>	<u>1,135,530</u>	<u>1,094,806</u>	<u>40,724</u>
Recreation - Ice Rink				
Employee salaries and benefits	152,408	152,408	153,171	(763)
Outside services	12,249	12,249	2,238	10,011
Materials and supplies	15,600	15,600	16,797	(1,197)
Intrafund/interfund services	17,917	17,917	17,917	0
Debt and fiscal charges	800	800	1,107	(307)
	<u>198,974</u>	<u>198,974</u>	<u>191,230</u>	<u>7,744</u>
Recreation -Golf Course				
Employee salaries and benefits	625,905	625,905	610,613	15,292
Outside services	52,363	52,363	68,358	(15,995)
Materials and supplies	134,758	134,758	123,265	11,493
Intrafund/interfund services	279,250	279,250	272,406	6,844
Debt and fiscal charges	6,885	6,885	6,612	273
	<u>1,099,161</u>	<u>1,099,161</u>	<u>1,081,254</u>	<u>17,907</u>
Total Community Svcs.-Recreation	3,238,213	3,244,766	3,134,114	110,652
Community Services-Social Services				
Employee salaries and benefits	134,484	134,484	132,810	1,674
Outside services	1,689,796	1,663,136	1,499,350	163,786
Materials and supplies	900	900	919	(19)
Intrafund/interfund services	43,487	43,487	43,369	118
	<u>1,868,667</u>	<u>1,842,007</u>	<u>1,676,448</u>	<u>165,559</u>
Total Community Svcs. Department	10,696,132	10,853,500	10,378,393	475,107

Police

Operations

Employee salaries and benefits	7,279,894	7,256,895	7,104,629	152,266
Outside services	288,682	292,625	327,423	(34,798)
Materials and supplies	285,386	291,642	303,437	(11,795)
Intrafund/interfund services	517,208	517,208	517,695	(487)
Debt and fiscal charges	<u>0</u>	<u>0</u>	<u>826</u>	<u>(826)</u>
	8,371,170	8,358,370	8,254,010	104,360

Emergency Management

Employee salaries and benefits	222,853	222,853	146,772	76,081
Outside services	36,640	390,059	103,141	286,918
Materials and supplies	15,384	15,384	22,918	(7,534)
Capital outlay	<u>0</u>	<u>11,507</u>	<u>0</u>	<u>11,507</u>
	274,877	639,803	272,831	366,972

Police Grants

Employee salaries and benefits	0	28,879	35,239	(6,360)
Employee benefits	0	0		0
Outside services	0	24,648	142,416	(117,768)
Materials and supplies	<u>0</u>	<u>197,329</u>	<u>361</u>	<u>196,968</u>
	0	250,856	178,016	72,840

Total Police

8,646,047	9,249,029	8,704,857	544,172
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**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Public Works				
Administration				
Employee salaries and benefits	403,268	403,268	382,914	20,354
Outside services	12,900	12,900	7,169	5,731
Materials and supplies	2,597	2,597	2,774	(177)
Intrafund/interfund services	4,887	4,887	4,887	0
	<u>423,652</u>	<u>423,652</u>	<u>397,744</u>	<u>25,908</u>
Engineering & Project Management				
Employee salaries and benefits	1,375,724	1,375,724	1,324,240	51,484
Outside services	38,542	39,662	22,943	16,719
Materials and supplies	5,150	5,150	5,584	(434)
Intrafund/interfund services	48,875	48,875	48,875	0
	<u>1,468,291</u>	<u>1,469,411</u>	<u>1,401,642</u>	<u>67,769</u>
Traffic and Streets				
Employee salaries and benefits	2,133,200	2,133,200	1,974,076	159,124
Outside services	791,387	811,859	477,212	334,647
Materials and supplies	535,254	571,505	434,059	137,446
Intrafund/interfund services	806,444	806,444	841,432	(34,988)
Capital outlay	15,800	15,800	19,587	(3,787)
	<u>4,282,085</u>	<u>4,338,808</u>	<u>3,746,366</u>	<u>592,442</u>
Custodial				
Employee salaries and benefits	938,765	938,765	892,688	46,077
Outside services	60,943	78,710	72,263	6,447
Materials and supplies	133,813	133,813	123,849	9,964
Intrafund/interfund services	36,469	36,469	36,489	(20)
	<u>1,169,990</u>	<u>1,187,757</u>	<u>1,125,289</u>	<u>62,468</u>
Facilities maintenance				
Employee salaries and benefits	1,173,670	1,173,670	1,150,943	22,727
Outside services	329,193	350,370	354,458	(4,088)
Materials and supplies	187,554	187,554	230,450	(42,896)
Intrafund/interfund services	1,028,048	1,028,048	919,189	108,859
Capital outlay	0	0	6,549	(6,549)
Debt and fiscal charges	500	500	0	500
	<u>2,718,965</u>	<u>2,740,142</u>	<u>2,661,589</u>	<u>78,553</u>

Facilities maintenance projects				
Employee salaries and benefits	0	0	342	(342)
Outside services	1,634,858	3,945,130	315,970	3,629,160
Materials and supplies	0	0	1,532	(1,532)
Intrafund/interfund services	0	0	208	(208)
	<u>1,634,858</u>	<u>3,945,130</u>	<u>318,052</u>	<u>3,627,078</u>
Total Public Works	11,697,841	14,104,900	9,650,682	4,454,218
Community Development (CDD)				
CDD - Administration				
Employee salaries and benefits	642,702	487,476	505,498	(18,022)
Outside services	29,992	62,908	4,194	58,714
Materials and supplies	6,200	6,200	13,231	(7,031)
Intrafund/interfund services	14,458	14,458	14,458	0
Debt and fiscal charges	0	0	5,251	(5,251)
	<u>693,352</u>	<u>571,042</u>	<u>542,632</u>	<u>28,410</u>
CDD - Community Development				
Employee salaries and benefits	980,616	1,135,842	1,131,333	4,509
Outside services	151,562	182,408	172,461	9,947
Materials and supplies	11,018	11,018	12,556	(1,538)
Intrafund/interfund services	4,837	4,837	4,837	0
	<u>1,148,033</u>	<u>1,334,105</u>	<u>1,321,187</u>	<u>12,918</u>
Total Community Development	1,841,385	1,905,147	1,863,819	41,328
TOTAL EXPENDITURES AND ENCUMBRANCES	51,774,695	55,782,884	49,082,661	6,700,223
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	8,091,906	5,070,328	12,506,803	7,436,475

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Capital Improvement Project Fund	0	961,294	961,294	0
Joint Utility System Fund-Electric	651,065	651,065	574,246	(76,819)
Joint Utility System Fund-Gas	262,075	262,075	207,175	(54,900)
Fire Fund	1,700,000	1,700,000	1,700,000	0
	<u>2,613,140</u>	<u>3,574,434</u>	<u>3,442,715</u>	<u>(131,719)</u>
Transfers out to:				
State Shared Revenues Fund	(48,333)	(48,333)	(48,333)	0
State/Other Grants Fund	(24,500)	(24,500)	(24,500)	0
Indigent Health Care Fund	(317,000)	(317,000)	(317,000)	0
Other Special Revenues Fund	(15,000)	(15,000)	(15,000)	0
Gross Receipts Tax Revenue Bonds Fund	(6,268,597)	(6,268,597)	(6,268,596)	1
Capital Improvement Projects Fund	(1,192,700)	(1,380,470)	(1,380,470)	0
Transit Fund	(800,000)	(800,000)	(800,000)	0
Airport Fund	(260,000)	(260,000)	(200,000)	60,000
	<u>(8,926,130)</u>	<u>(9,113,900)</u>	<u>(9,053,899)</u>	<u>60,001</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,312,990)</u>	<u>(5,539,466)</u>	<u>(5,611,184)</u>	<u>(71,718)</u>
NET CHANGE IN FUND BALANCE	\$ <u>1,778,916</u>	<u>(469,138)</u>	<u>6,895,619</u>	<u>7,364,757</u>
ADJUSTMENTS TO GAAP				
Encumbrances			604,812	
Bad debt expense			868	
Adjustments to inventory			(73,645)	
			<u>532,035</u>	
GAAP BASIS			<u>7,427,654</u>	
FUND BALANCE				
Beginning of fiscal year			17,876,264	
FUND BALANCE - END OF FISCAL YEAR			\$ <u>25,303,918</u>	

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**INCORPORATED COUNTY OF LOS ALAMOS
ECONOMIC DEVELOPMENT FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 132,000	132,000	188,030	56,030
Buildings rental	0	0	31,908	31,908
Economic development loan repayment (principal)	0	0	24,603	24,603
Economic development loan repayment (interest)	0	0	269	269
	<u>132,000</u>	<u>132,000</u>	<u>244,810</u>	<u>112,810</u>
TOTAL REVENUES	132,000	132,000	249,810	117,810
EXPENDITURES AND ENCUMBRANCES				
Community and Economic Development				
Outside services	2,924,500	4,958,642	798,060	4,160,582
Materials and supplies	0	0	2,995	(2,995)
Economic development loans	0	0	552,145	(552,145)
TOTAL EXPENDITURES AND ENCUMBRANCES	2,924,500	4,958,642	1,353,200	3,605,442
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(2,792,500)	(4,826,642)	(1,103,390)	3,723,252
OTHER FINANCING SOURCES (USES)				
Transfer in from:				
Capital Improvement Project Fund	0	90,786	90,786	0
Transfers out to:				
Joint Utilities System Fund	(2,000,000)	(2,000,000)	0	2,000,000
NET CHANGE IN FUND BALANCE	\$ (4,792,500)	(6,735,856)	(1,012,604)	5,723,252

ADJUSTMENTS TO GAAP

Encumbrances

137,227

137,227

(875,377)

GAAP BASIS

FUND BALANCE

Beginning of fiscal year

8,135,854

FUND BALANCE - END OF FISCAL YEAR

\$ 7,260,477

**INCORPORATED COUNTY OF LOS ALAMOS
EMERGENCY DECLARATIONS FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 0	0	122,525	122,525
State grants-other	0	0	20,421	20,421
	<u>0</u>	<u>0</u>	<u>142,946</u>	<u>142,946</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - Finance Office				
Outside services	0	409,443	256,913	152,530
Materials and supplies	0	0	4,561	(4,561)
	<u>0</u>	<u>(409,443)</u>	<u>(118,528)</u>	<u>290,915</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	0	(409,443)	(118,528)	290,915
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	\$ 0	(409,443)	(118,528)	290,915
ADJUSTMENTS TO GAAP				
Encumbrances			23,191	
GAAP BASIS			<u>(95,337)</u>	
FUND BALANCE				
Beginning of fiscal year			(701,362)	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ (796,699)</u>	

See accompanying notes to financial statements



Major Proprietary Funds

Joint Utility System Fund 500 - accounts for the provision of electric, gas, water, and wastewater utility services to the county. Combining subfund financial statements are provided for each utility service following the notes to financial statements.

Environmental Services Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

Transit Fund 651 - accounts for the operation of the Atomic City Transit (ACT) public transportation system.

Fire Fund 660 - accounts for fire protection services provided to Los Alamos National Laboratory and the community through a cooperative agreement with the National Nuclear Security Administration.

Airport Fund 681 - accounts for the operation and maintenance of the Los Alamos Airport which is leased from the U.S. Department of Energy.



LOS ALAMOS

INCORPORATED COUNTY OF LOS ALAMOS
Proprietary Funds
Statement of Net Position
June 30, 2018

	ENTERPRISE FUNDS						BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTA L SERVICES	TRANSIT	FIRE	AIRPORT	TOTAL	
ASSETS							
Current Assets:							
Equity in pooled cash and investments	\$ 11,853,492	1,223,933	1,431,892	0	888,655	15,397,972	17,100,764
Receivables, net of allowance for uncollectibles							
Accounts	3,545,540	208,503	0	433,088	0	4,187,131	391,934
Unbilled	1,290,608	103,211	0	0	0	1,393,819	0
Due from other governments	109,251	20,185	674,289	4,926,766	7,577	5,738,068	0
Inventories and prepayments							
Inventories	933,084	0	0	0	0	933,084	0
Power plant inventories	573,110	0	0	0	0	573,110	0
Prepayments	764,426	0	0	0	0	764,426	0
Total Current Assets	19,069,511	1,555,832	2,106,181	5,359,854	896,232	28,987,610	17,492,698
Non-current assets:							
Restricted assets							
Cash and cash equivalents							
Debt reserves and debt service	4,334,868	507,840	0	0	0	4,842,708	0
Operations and maintenance	11,222,964	207,934	0	0	0	11,430,898	0
Investments							
Debt reserves and debt service	4,679,635	0	0	0	0	4,679,635	0
Capital assets							
Land	2,959,328	0	0	1,178,602	4,387,040	8,524,970	0
Utility plant in service	318,959,641	0	0	0	0	318,959,641	0
Buildings	0	6,112,038	63,147	17,336,040	1,160,250	24,671,475	0
Improvements other than buildings	0	1,683,448	929,533	143,285	14,798,818	17,555,084	0
Machinery and equipment	4,562,746	74,322	926,447	1,213,388	57,604	6,834,507	26,296,079
Less accumulated depreciation	(157,302,541)	(1,889,091)	(880,296)	(5,662,680)	(7,627,888)	(173,362,496)	(16,622,414)
Construction in progress	13,818,776	0	0	0	202,618	14,021,394	0
Total Non-current Assets	203,235,417	6,696,491	1,038,831	14,208,635	12,978,442	238,157,816	9,673,665
TOTAL ASSETS	222,304,928	8,252,323	3,145,012	19,568,489	13,874,674	267,145,426	27,166,363
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred amounts (debits) from refunding of debt	464,027	0	0	0	0	464,027	0
Deferred other post employment benefits	108,091	13,027	23,867	270,377	1,609	416,971	14,290
Deferred pensions	2,321,205	263,381	532,817	9,012,993	41,381	12,171,777	278,185
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,893,323	276,408	556,684	9,283,370	42,990	13,052,775	292,475

LIABILITIES**Current Liabilities:**

Accounts payable	2,420,298	301,337	4,027	115,317	14,981	2,855,960	287,748
Accrued salaries and benefits payable	406,071	0	0	131,013	3,175	540,259	27,086
Customer deposits payable	155,043	4,200	0	0	0	159,243	0
Due to other governments	112,307	10,178	0	0	0	122,485	0
Donations held in trust	25,173	0	0	0	0	25,173	0
Current portion of long-term liabilities							
Accrued compensated absences	674,158	81,532	122,888	1,697,840	3,096	2,579,514	100,165
Claims and judgments payable	0	0	0	0	0	0	2,363,246
Revenue bonds payable	2,880,001	0	0	0	0	2,880,001	0
Contracts and intergovernmental debt payable	703,775	234,583	0	0	0	938,358	0
Due to other funds (current portion of advances)	0	0	0	1,946,393	0	1,946,393	0
Interest payable on revenue bonds and other debt	126,586	15,189	0	0	0	141,775	0
Total Current Liabilities	7,503,412	647,019	126,915	3,890,563	21,252	12,189,161	2,778,245

Noncurrent Liabilities:

Due in more than one year							
Accrued compensated absences	375,242	30,210	81,956	466,332	279	954,019	49,716
Claims and judgments payable	0	0	0	0	0	0	1,380,679
Revenue bonds payable	21,688,949	0	0	0	0	21,688,949	0
Contracts and intergovernmental debt payable	7,831,659	4,011,766	0	0	0	11,843,425	0
Advances from other funds	0	0	0	0	146,799	146,799	0
Special closure costs	10,505,209	207,934	0	0	0	10,713,143	0
Net other post employment benefits liability	5,543,769	668,098	1,224,107	13,866,989	82,508	21,385,471	732,876
Net pension liability	10,251,551	1,170,583	2,371,290	43,729,053	195,270	57,717,747	1,222,303
Total Noncurrent Liabilities	56,196,379	6,088,591	3,677,353	58,062,374	424,856	124,449,553	3,385,574
TOTAL LIABILITIES	63,699,791	6,735,610	3,804,268	61,952,937	446,108	136,638,714	6,163,819

DEFERRED INFLOWS OF RESOURCES:

Deferred other post employment benefits	1,261,749	152,058	278,604	3,156,094	18,779	4,867,284	166,800
Deferred pensions	304,921	39,449	81,911	8,661,034	13,665	9,100,980	32,398
TOTAL DEFERRED INFLOWS OF RESOURCES	1,566,670	191,507	360,515	11,817,128	32,444	13,968,264	199,198

NET POSITION

Net investment in capital assets	150,357,593	1,734,368	1,038,831	14,208,635	12,978,442	180,317,869	9,673,665
Restricted, net of related liabilities, for:							
Debt service	9,605,672	492,651	0	0	0	10,098,323	0
Unrestricted	(31,475)	(625,405)	(1,501,918)	(59,126,841)	460,670	(60,824,969)	11,422,156
TOTAL NET POSITION	\$ 159,931,790	1,601,614	(463,087)	(44,918,206)	13,439,112	129,591,223	21,095,821

Net position of business-type internal service funds						21,095,821	
Net activity of internal service funds						1,718,260	
TOTAL NET POSITION AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET POSITION						\$ 152,405,304	

INCORPORATED COUNTY OF LOS ALAMOS
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2018

	ENTERPRISE FUNDS					TOTAL	BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	TRANSIT	FIRE	AIRPORT		
OPERATING REVENUES							
Utility sales and other services	\$ 58,373,006	3,210,079	0	657,754	47,692	62,288,531	0
Sales of food or merchandise	0	4,497	0	0	0	4,497	0
Interfund charges for services	0	53,052	18,830	4,934,879	0	5,006,761	3,375,731
Insurance and pension contributions							
County	0	0	0	0	0	0	9,019,067
Employees and retirees	0	0	0	0	0	0	1,818,715
Rentals	53,169	0	0	0	48,800	101,969	0
Intergovernmental - charges for services	0	0	0	18,777,091	0	18,777,091	0
Miscellaneous operating revenue	45,607	92,336	0	5,273	0	143,216	111,359
	<u>58,471,782</u>	<u>3,359,964</u>	<u>18,830</u>	<u>24,374,997</u>	<u>96,492</u>	<u>86,322,065</u>	<u>14,324,872</u>
OPERATING EXPENSES							
Employee salaries and benefits	9,978,693	1,356,800	2,600,640	20,422,865	135,675	34,494,673	1,232,767
Contractual services	36,080,640	2,384,329	1,239,439	4,616,136	238,765	44,559,309	11,396,041
Materials and supplies	722,474	262,050	72,992	954,439	12,165	2,024,120	1,263,251
Depreciation and amortization	7,759,207	194,371	196,012	486,513	744,887	9,380,990	2,244,767
Special closure costs	1,116,803	0	0	0	0	1,116,803	0
Other	52,099	6,993	0	68,220	555	127,867	0
	<u>55,709,916</u>	<u>4,204,543</u>	<u>4,109,083</u>	<u>26,548,173</u>	<u>1,132,047</u>	<u>91,703,762</u>	<u>16,136,826</u>
OPERATING INCOME (LOSS)	2,761,866	(844,579)	(4,090,253)	(2,173,176)	(1,035,555)	(5,381,697)	(1,811,954)
NONOPERATING REVENUES (EXPENSES)							
Gross receipts taxes for solid waste recycling	0	861,518	0	0	0	861,518	0
Fire excise tax	0	0	0	1,723,007	0	1,723,007	0
Gain (loss) on disposition of capital assets	(1,133,363)	0	0	0	0	(1,133,363)	135,171
Investment income	664,129	66,456	24,542	0	24,196	779,323	461,564
Miscellaneous nonoperating revenue	0	0	0	0	0	0	0
Interest on long-term debt	(1,273,434)	(71,365)	0	0	0	(1,344,799)	0
Inventory adjustment	(18,992)	0	0	0	0	(18,992)	0
Miscellaneous nonoperating revenues (expenses)	0	(76,769)	0	0	0	(76,769)	0
Intergovernmental - non-capital grants	0	9,881	3,090,243	284,743	68,675	3,453,542	0
	<u>(1,761,660)</u>	<u>789,721</u>	<u>3,114,785</u>	<u>2,007,750</u>	<u>92,871</u>	<u>4,243,467</u>	<u>596,735</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,000,206	(54,858)	(975,468)	(165,426)	(942,684)	(1,138,230)	(1,215,219)
TRANSFERS AND CONTRIBUTIONS							
Transfers in	2,500,000	0	800,000	0	200,000	3,500,000	605,714
Transfers out	(3,289,221)	(273,176)	(324,738)	(1,700,000)	0	(5,587,135)	0
Intergovernmental - capital grants	322,586	0	443,944	0	0	766,530	0
Contributed capital assets - governmental activities	0	0	0	0	0	0	21,049
	<u>(466,635)</u>	<u>(273,176)</u>	<u>919,206</u>	<u>(1,700,000)</u>	<u>200,000</u>	<u>(1,320,605)</u>	<u>626,763</u>
CHANGE IN NET POSITION	533,571	(328,034)	(56,262)	(1,865,426)	(742,684)	(2,458,835)	(588,456)
NET POSITION							
Beginning of fiscal year	165,983,335	2,723,242	1,047,220	(26,581,004)	14,279,803	157,452,596	22,554,816
Prior period restatement - GASB Statement 75	(6,585,116)	(793,594)	(1,454,045)	(16,471,776)	(98,007)	(25,402,538)	(870,539)
NET POSITION - END OF FISCAL YEAR	\$ 159,398,219	1,929,648	(406,825)	(42,052,780)	14,181,796	132,050,058	21,684,277

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Proprietary Funds

Reconciliation of Statement of Revenues, Expenses and Changes in Net Position to the Statement of Activities Year ended June 30, 2018

Amounts reported for business-type activities in the statement of activities are different from those reflected in the proprietary funds statement of revenues, expenses, and changes in net position because:

Total change in net position for enterprise funds as reported in the proprietary funds statement of revenues, expenses, and changes in net position: \$ (2,458,835)

Total change in net position for business-type internal service funds as reported in the proprietary funds statement of revenues, expenses, and changes in net position. (588,456)

Internal service funds are used by the County to charge the costs of equipment and risk management functions to individual funds. The net gain or loss of certain activities in internal service funds is reported with governmental activities. 547,491

Change in net position of business-type activities \$ (2,499,800)

**INCORPORATED COUNTY OF LOS ALAMOS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2018**

	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	TRANSIT	FIRE	AIRPORT	TOTAL	BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS - OPERATING ACTIVITIES							
Cash received from customers and users	\$ 58,686,399	3,337,291	18,830	5,532,189	96,492	67,671,201	3,533,077
Cash received from contributions-employer and employees	0	0	0	0	0	0	10,157,937
Cash paid to suppliers for goods and services	(39,625,564)	(3,600,692)	(1,308,779)	(5,599,447)	(236,883)	(50,371,365)	(10,995,836)
Cash paid to employees	(8,958,613)	(1,300,646)	(2,455,737)	(17,690,405)	(123,432)	(30,528,833)	(982,989)
Taxes received from customers and users	1,674,189	163,728	0	0	0	1,837,917	0
Taxes remitted to State (from customers and users)	(1,683,163)	(164,176)	0	0	0	(1,847,339)	0
NET CASH FLOWS - OPERATING ACTIVITIES	10,093,248	(1,564,495)	(3,745,686)	(17,757,663)	(263,823)	(13,238,419)	1,712,189
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES							
Cash received from grants	0	9,881	3,140,640	18,068,909	61,098	21,280,528	0
Transfers to other funds	(789,221)	(267,794)	0	(1,700,000)	0	(2,757,015)	0
Transfers from other funds	0	0	800,000	0	200,000	1,000,000	0
Gross receipts taxes received	0	1,048,119	0	1,655,742	0	2,703,861	0
Cash paid on short-term interfund loans	0	0	0	344,616	0	344,616	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(789,221)	790,206	3,940,640	18,369,267	261,098	22,571,990	0
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES							
Cash received from capital grants	213,334	0	443,944	0	0	657,278	41,200
Proceeds received from loans	0	0	0	0	0	0	0
Principal repaid	(6,134,187)	(192,922)	0	0	0	(6,327,109)	0
Interest and other debt service paid	(1,360,886)	(85,486)	0	0	0	(1,446,372)	0
Cash paid for acquisition of capital assets	(5,985,387)	(5,382)	(554,931)	(611,604)	(246,836)	(7,404,140)	(1,634,383)
Proceeds from sale of capital assets	8,924	0	0	0	0	8,924	40,675
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(13,258,202)	(61,666)	(110,987)	(611,604)	(246,836)	(14,289,295)	(1,552,508)
CASH FLOWS - INVESTING ACTIVITIES							
Proceeds from sale of investment securities	2,829,186	0	0	0	0	2,829,186	0
Interest received on investments	664,129	66,456	24,542	0	24,196	779,323	523,682
Purchase of investment securities	(804,574)	0	0	0	0	(804,574)	0
NET CASH FLOWS - INVESTING ACTIVITIES	2,688,741	66,456	24,542	0	24,196	2,803,935	523,682
NET INCREASE (DECREASE) IN CASH	(1,265,434)	(769,499)	108,509	0	(225,365)	(2,151,789)	683,363
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	28,676,758	2,709,206	1,323,383	0	1,114,020	33,823,367	15,570,413
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 27,411,324	1,939,707	1,431,892	0	888,655	31,671,578	16,253,776

(Joint Utility System Fund and Environmental Services Fund cash balances are shown in both Equity in Pooled Cash and Investments and Restricted Cash on the Proprietary Funds Statement of Net Position)

**RECONCILIATION OF OPERATING INCOME TO
NET CASH FLOWS - OPERATING ACTIVITIES**

OPERATING INCOME(LOSS)	\$	2,761,866	(844,579)	(4,090,253)	(2,173,176)	(1,035,555)	(5,381,697)	(530,723)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
Depreciation and amortization expense		7,759,207	194,371	196,012	486,513	744,887	9,380,990	2,128,793
Operating grants included in operating revenues		0	0	0	(18,777,091)	0	(18,777,091)	0
Amortization of special closure costs		1,116,803	0	0	0	0	1,116,803	0
Provision for uncollectible accounts receivable		45,786	5,835	0	68,220	0	119,841	0
Intergovernmental revenue		0	0	0	0	0	0	0
Change in assets and liabilities:								
Accounts and other receivables		218,125	8,859	0	(65,717)	0	161,267	16,173
Inventories		72,324	0	0	0	0	72,324	0
Prepayments and other		58,969	0	0	0	0	58,969	0
Accounts and retentions payable		(2,899,499)	(954,313)	3,652	(28,872)	14,602	(3,864,430)	(57,282)
Salaries and benefits payable		1,058,202	56,154	144,903	2,732,460	12,243	4,003,962	287,753
Other current liabilities		(89,561)	(30,374)	0	0	0	(119,935)	0
Claims and judgements payable		0	0	0	0	0	0	(132,525)
Due to other governments		(8,974)	(448)	0	0	0	(9,422)	0
Total adjustments		7,331,382	(719,916)	344,567	(15,584,487)	771,732	(7,856,722)	2,242,912
NET CASH FLOWS - OPERATING ACTIVITIES	\$	10,093,248	(1,564,495)	(3,745,686)	(17,757,663)	(263,823)	(13,238,419)	1,712,189

**SCHEDULE OF NON CASH CAPITAL AND
RELATED FINANCING ACTIVITIES**

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$	(7,800)	(5,382)	(324,738)	0	0	(337,920)	389,248
Contributed capital assets - governmental activities		0	0	0	0	0	0	571,280
TOTAL NON CASH TRANSACTIONS	\$	(7,800)	(5,382)	(324,738)	0	0	(337,920)	960,528

L  **S** **A** **L** **A** **M**  **S**
where discoveries are made



Fiduciary Funds

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Fund 811 - accounts for the accumulation of resources for pension benefit payments to qualified County employees.

Agency Fund 871 - accounts for the collection and payment to the State and local School District of property taxes billed and collected by the County. Also accounts for the assets and liabilities held for the Regional Coalition of LANL Communities, of which Los Alamos County serves as the fiscal agent.

**INCORPORATED COUNTY OF LOS ALAMOS
FIDUCIARY FUNDS**

STATEMENT OF NET POSITION
June 30, 2018

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	\$ 26,499	570,441
Investments (participant directed mutual funds), at fair value	51,615,481	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	272,020
Employee loans	1,740,727	0
Other	0	2,309
Due from other funds	31,328	0
TOTAL ASSETS	<u>53,414,035</u>	<u>844,770</u>
LIABILITIES		
LIABILITIES		
Accounts payable	138,346	0
Due to other governments		
Taxes and fees payable to state	0	9,272
Property taxes payable	0	425,841
Other	0	392,942
Due to other funds	26	0
Donations held for others	0	16,715
TOTAL LIABILITIES	<u>138,372</u>	<u>844,770</u>
NET POSITION		
Restricted for pensions	53,275,663	
TOTAL NET POSITION	<u>\$ 53,275,663</u>	

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
PENSION TRUST FUND
 STATEMENT OF CHANGES IN NET POSITION
 Year ended June 30, 2018

	<u>PENSION TRUST FUND</u>
ADDITIONS TO NET POSITION	
Investment income (loss), net of investment expense	\$ 4,783,423
Contributions	
Employer, net of forfeitures	3,390,031
Employee (plan member)	<u>386,957</u>
	8,560,411
DEDUCTIONS FROM NET POSITION	
Benefits and refunds paid to plan members and beneficiaries	<u>3,599,602</u>
NET INCREASE (DECREASE) IN NET POSITION	4,960,809
NET POSITION	
Beginning of fiscal year	<u>48,314,854</u>
NET POSITION - END OF YEAR	\$ <u><u>53,275,663</u></u>

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INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The County of Los Alamos (County) was incorporated on December 10, 1968. Under the County Charter and State statutes, the County has all the rights and responsibilities of both a county and a municipality. The County provides traditional city and county services, operating under a council-manager form of government, in which the County Manager is the chief administrative officer.

The accounting and reporting policies of the County relating to the government-wide financial statements and governmental funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

The more significant accounting policies of the County are described as follows.

B. Financial Reporting Entity

The County's basic financial statements include the accounts of all County operations. To include organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and most recently, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and Statement No. 34*, the following criteria would need to be met:

- the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the County, its component units, or its constituents; and
- the County is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- the economic resources received or held by an individual organization that the County or its component units is entitled to or has the ability to otherwise access are significant to the County; and
- for organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the County and that organization for it to be included in the reporting entity as a component unit.

Based on the aforementioned criteria, the County of Los Alamos has no component units.

The County's Joint Utility System was established by Chapter 5 of the County Charter as a specific department of the County. The Joint Utility System is not a legally separate organization from the County. Therefore, it is included in these financial statements as an enterprise fund of the County.

C. Implementation of New Accounting Standards

New Accounting Standards

In fiscal year 2018, the County analyzed and reviewed the need for adoption of the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to taxes, investments and pensions:

- GASB Statement No. 75 (GASB 75), “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”
- GASB Statement No. 85 (GASB 85), “Omnibus 2017”
- GASB Statement No. 86 (GASB 86), “Certain Debt Extinguishment Issues”

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the County’s participation in the Retiree Health Care Association of New Mexico’s (RHCA) defined post employment health care plans. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The significant impact to the County of implementing GASB 75 is the reporting of the County’s proportionate share of RHCA’s unfunded health care liability on the County’s accrual basis financial statements, the government-wide and proprietary funds financial statements. There are also new note disclosure requirements and supplementary schedules required by the statement.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, established new accounting and financial reporting requirements for OPEB plans and requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The measurement date for the other post employment liability is as of June 30, 2017. This date reflects a one year lag and was used so these financial statements could be issued in an expedient manner, using the most recent, audited financial information available. Activity (i.e., contributions made by the County) occurring during fiscal year 2018 are reported as deferred outflows of resources in accordance with GASB 75.

A prior period restatement on the face of the financial statements shows the cumulative effect on net position. This restatement decreased the County’s beginning net position by \$53.7 million from \$488.9 million to \$421.4 million.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, the timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, recognizing on-behalf payments for pensions or OPEB in employer financial statements, presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, classifying employer-paid member contributions for OPEB, simplifying certain aspects of the alternative measurement method for OPEB, accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The requirements of this Statement were effective for the County fiscal year 2018, and have been adopted in these financial statements

GASB 86 establishes requirements for a governments that place cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. GASB 86 also requires that any remaining prepaid insurance related to

the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt. This Statement was effective for the County fiscal year 2018, but did not have an impact on these financial statements as the County did not place cash or other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt.

D. Basic Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the County. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Exceptions to this general rule are charges between the Joint Utility System Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Both of the government-wide financial statements distinguish functions of the 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 statement of activities displays the extent to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, while program revenues are those items that are applicable to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment are also included.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds, however, are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

It is important to note that the Internal Service Funds of the County are unusual in nature, since they predominantly serve enterprise funds (55% of interfund revenues). As such, the net position of these funds is reflected in the government-wide financial statements in the business-type activities.

The Governmental Fund Types (General, Special Revenue, Debt Service, Capital Project, and Permanent Funds) use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter (2 months) to be used to pay liabilities of the current period. Revenues, which are recognized when they become both measurable and available, include intergovernmental revenues and interest earnings. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: principal and interest on general long-term debt, which are recorded when fund liabilities are due; and accrued vacation and sick leave which are recorded when payable from current available financial resources.

Property taxes are recognized as revenue when levied. Derived tax revenues (gross receipts taxes, cigarette taxes, gasoline taxes, etc.) are recognized when the underlying exchange transaction takes place. Revenues from fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Revenues, if available, from federal and state grants are recognized as soon as all eligibility requirements imposed by the individual grant provider and agreement have been met.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned. Expenses are recorded at the time liabilities are incurred.

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 County’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Fiduciary Fund Types (Pension and Agency Funds) use the accrual basis of accounting. The Pension Trust Fund is accounted for on an economic measurement focus.

Presentation of Funds

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The transactions of each fund are summarized in a separate set of self-balancing accounts, which include its assets, liabilities, fund balance, revenues, and expenses/expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Governmental funds are reported as major funds in the accompanying financial statements if they meet both of the following criteria:

- *Ten percent criterion* – An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets and deferred outflows, b) total governmental fund liabilities and deferred inflows, c) total governmental fund revenues, or d) total governmental fund expenditures.
- *Five percent criterion* – An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10 percent criterion.

The County has elected to report the following governmental funds as major, although only the General, Capital Improvements Project Fund, and Capital Projects Permanent Fund would qualify using the basic criteria established by GASB 34. The major governmental funds are as follows:

- **General Fund** – The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For the County, the General Fund includes most basic services, such as police, parks, recreation facilities and programs, library, and general administration.
- **Economic Development Fund** – The Economic Development Fund (special revenue fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act.
- **Emergency Declarations Fund** – The Emergency Declarations Fund (special revenue fund) accounts for revenues and expenditures associated with response to and recovery from the Las Conchas Fire which began June 26, 2011 and flooding events within the community in September 2013. This special revenue fund was established by County Council.
- **Capital Improvement Projects Fund** – The Capital Improvement Projects Fund (capital projects fund) accounts for the financing and construction of structures and improvements approved by the County Council.
- **Capital Projects Permanent Fund** – The Capital Projects Permanent Fund accounts for amounts received under a settlement of prior year's gross receipts taxes, set aside by the County Council and the County Charter for capital projects. The original principal of this fund, adjusted for inflation, is restricted and non-expendable.

The County also reports the following non-major governmental funds: State Shared Revenue, Lodgers' Tax, State Grants/Other, Health Care Assistance, Other Special Revenues, and Gross Receipts Tax Revenue Bond Fund.

The County has elected to report all enterprise funds as major, although only the Joint Utility System and Fire Fund would qualify using the basic criteria established by GASB 34. The major enterprise funds are as follows:

- **Joint Utility System** – The Joint Utility System Fund accounts for the provision of electric, gas, water, and wastewater utility services to the community.
- **Environmental Services Fund** – The Environmental Services Fund accounts for the closure and monitoring of the County landfill, commercial and residential refuse collection, curbside and drop off recycling, and composting of yard waste.
- **Transit Fund** – The Transit Fund accounts for public transportation services provided to the community under the name Atomic City Transit (ACT).
- **Fire Fund** – The Fire Fund accounts for fire protective services primarily provided under a cooperative agreement between the County and the National Nuclear Security Administration, an agency of the U.S. Department of Energy (DOE).
- **Airport Fund** – The Airport Fund accounts for the operation and maintenance of the Los Alamos Airport.

The County has the following additional fund types:

- **Internal Service Funds** – The Internal Service Funds are used to account for vehicle maintenance and replacement, and risk management operations that provide services to other funds and departments of the County. As previously mentioned, the Internal Service Funds of the County are unusual in nature, since they predominantly serve enterprise funds.
- **Fiduciary Funds** – The Fiduciary Funds of the County consist of a Pension Trust Fund and an Agency Fund. The Pension Trust Fund is used to account for the Los Alamos County Employees Pension Plan, which is administered by the County. The Agency Fund primarily is used to account

for property taxes and other fees and assessments collected for and distributed to other government entities along with the assets and liabilities of the Regional Coalition of LANL Communities of which the County serves as the fiscal agent.

F. Budgetary Control

Annual appropriated budgets are adopted for all funds using the modified accrual basis, including encumbrances, except as follows: capital projects funds are budgeted over the life of the projects and not on an annual basis; budgets are not adopted for the Pension Trust Fund and for the Agency Fund. All annual appropriations lapse at the end of the fiscal year, except as approved by Council as “Assigned for Continuing Appropriations” prior to the end of the fiscal year.

Actual expenditures and encumbrances may not exceed the budget at the department level within a fund, which is the legal level of budgetary control. Increases of appropriations within a fund or department and transfers between departments within a fund require approval of the County Council. Management may make transfers of appropriations within departments.

The budget process for the County is an on-going, year-round process. It formally begins in December or January when the Department Directors, the County Manager, and the County Council hold strategy meetings. Following these preliminary meetings, departments begin to prepare plans for maintaining, reducing, or deleting current services, and planning for new or enhanced services. The Office of the County Manager provides detailed budget guidelines to the departments in December or January and meets with departmental staff to discuss the guidelines and the County’s goals for the upcoming year. From these guidelines, the departments develop their preliminary budgets. The County Council holds public hearings in April and adopts the annual operating budget and capital improvement program. Finally, the budget is submitted to the State of New Mexico Department of Finance and Administration (DFA) for its review and approval.

The Statements (or Schedules) of Revenues, Expenditures (or Expenses), Encumbrances, and Changes in Fund Balance (or Net Position) - Budget and Actual present comparisons of actual results of operations to budgetary data for those funds for which annual operating budgets are legally adopted. The effect of encumbrances is added to actual results for these comparisons.

Because the modified accrual basis is not the generally accepted accounting method for proprietary funds, differences result from budgeting for items such as encumbrances, capital outlay, and principal on debt repayments, and from not budgeting for items such as changes in compensated absences, bad debt expense, depreciation and amortization, inventory adjustments, special closure costs, and gains or losses on disposition of capital assets.

Reconciliations between the budget basis and GAAP basis are provided in the budgetary schedules.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in all funds. Encumbrances are re-appropriated through a revision of the subsequent year’s budget.

H. Cash, Investments, and Equity in Pooled Cash and Investments

Most cash belonging to all funds (excluding certain segregated and restricted cash and investment balances) is pooled into one common account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the

investment of these monies is allocated to substantially all of the County's funds based upon relative equity at month-end. An individual fund's equity in pooled cash and investments is available upon demand and is considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific fund and that are purchased with an average maturity of ninety days or less also are considered to be "cash equivalents." Significant negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund, except where the deficit fund has liquid investments to offset the deficit in pooled cash. In such cases, the investments are shown net of the pooled cash deficit.

The County invests in securities authorized by State statutes and in accordance with County ordinances. See Note (3) for a comprehensive listing of allowable investments. When held as an investment, repurchase agreements are secured in accordance with state law, which requires collateral with a market value greater than 105% of the value of the agreement.

All of the County's investments are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In the proprietary funds, there were not investments that required a fair value adjustment at June 30, 2018. The County does not have investments that are reported at amortized cost.

I. Accounts and Loans Receivable – Allowance for Doubtful Accounts

Where collection of trade and loan receivables is uncertain, the County provides an allowance for doubtful accounts. See item L. below for interfund receivables.

J. Property Taxes Receivable

Unpaid property taxes attach as an enforceable lien on property as of January 1, annually. Taxes are levied on November 1 and are payable in two installments no later than December 10 and May 10. Property taxes receivable are recorded as of the date levied. No significant amounts, which have been recognized as revenue under GAAP, remain unpaid at fiscal year-end. Property tax receivable balances are included in the accounts receivable balance in the general fund.

K. Prepaid Items

Prepaid balances are for payments made by the County in a current year to provide services occurring in subsequent fiscal years. Since these assets are not available for other subsequent expenditures they are categorized as a nonspendable component of fund balance.

L. Interfund Receivables and Payables

Current amounts owed between funds are classified as "Due from/to other funds" in the governmental fund financial statements. Any non-current balance of interfund loans would be reported in the fund financial statements, classified as "Advances to/from other funds" and offset by a nonspendable component of fund balance in governmental funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

M. Inventories

Inventories in the General Fund consist of expendable supplies held for consumption and are valued at average cost. The average cost of inventory is recorded as an expenditure at the time of consumption. Inventories reported in the General Fund financial statement are offset by a *nonspendable* segregation of fund balance, which indicates that it does not constitute “available expendable resources” even though it is a component of net current assets.

The inventories in the proprietary funds consist of supplies that are recorded at average cost, which approximates lower of cost or market value.

N. Restricted Assets

Certain proceeds of Joint Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Certain loan proceeds and related cash equivalents balances are restricted assets in the Joint Utility Fund because their use is restricted for project expenses and debt reserve requirements. Certain cash balances are classified as restricted assets in the Joint Utility Fund because they are set aside for estimated closure and reclamation costs related to the San Juan Electric Generating Station and coalmine. There are also additional restricted assets related to the Laramie River reclamation. Additionally, certain cash balances are classified as restricted assets in the Environmental Services Fund because they are set aside for estimated landfill closure and post-closure costs. Certain cash balances are classified as restricted assets in the GRT Revenue Bond Debt Service Fund because their use is limited by applicable bond covenants. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, and then use unrestricted resources as they are needed.

O. Capital Assets

Capital assets, which include property, plant, equipment (includes externally developed software), and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements. County policy requires capitalization of assets with an initial, individual cost of \$5,000 or more. All capital assets are recorded at cost or, if contributed property, at their estimated acquisition cost at the time of contribution. Repairs and maintenance that do not add to the value of the asset or materially extend the life are recorded as expenses; improvements are capitalized. The County does not capitalize or depreciate the cost of library books. Additionally, the County is not internally developing computer software, which would require capitalization or depreciation.

Construction work-in-progress consists of labor costs, including related taxes, and material costs. In addition, in proprietary funds, debt interest costs are capitalized, net of interest earned on investment of unexpended proceeds of the debt, as incurred for construction of specific assets during the period required to bring the constructed assets to their intended use.

Most automotive and similar multi-use capital assets, other than those owned by and recorded in the proprietary funds, are the property of the County as a whole and are owned by the Equipment Fund, an internal service fund. Other funds rent these assets as needed. The rental rate charged to the individual budget activities consists of two amounts based on usage; a routine maintenance and operation charge, and an equipment replacement charge. Both of these charges are recorded in the Equipment Fund as revenue. The equipment replacement charge is calculated using cost and estimated useful lives of the equipment. Rental charges are established at an hourly rate or flat fee.

Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, except for Electric Utility Fund assets financed by certain long-term debt. An adjustment is made to the annual depreciation, based on annual debt service requirements to smooth annual expenditures for ratemaking purposes. This resulted in a decrease in depreciation expense of \$1.3 million in the year ended June 30, 2018.

The County has elected to depreciate its infrastructure assets consistent with its other assets, using the straight-line method. The purpose of depreciation is to spread the cost of capital assets equitably over the life of the assets. The amount charged as depreciation each year represents that year's pro rata share of the original cost of the capital assets. Depreciation on proprietary fund capital assets is charged as an expense against operations each year, and accumulated depreciation is reported on the statement of net position as a reduction in the book value of capital assets. Depreciation and accumulated depreciation of capital assets used in the operation of governmental funds are recorded and included in the government-wide financial statements.

Estimated useful lives used to compute depreciation are summarized in the following table:

Asset Category	Estimated Useful Life in Years
Buildings	30 - 40
Improvements other than buildings	10 - 20
Infrastructure	15 - 50
Equipment	5 - 25
Automotive equipment	3 - 20
Utility plant in service:	
Electric	15 - 40
Gas	30 - 40
Water	35 - 60
Wastewater	15 - 80

P. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future period. Deferred inflows of resources are defined as an acquisition of net assets that is applicable to a future period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities. The components of deferred outflows and inflows are reported on the face of the financial statements.

Q. Compensated Absences

The County permits employees to accumulate a limited amount of earned but unused vacation, compensatory time, and sick leave. These compensated absences are accrued when they are earned in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. In proprietary funds and in the government-wide financial statements, the County has recorded liabilities for accumulated vacation leave, compensatory time, termination payments for sick leave, and associated benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences are reported in the governmental funds only if they have matured.

The County allows employees to accrue compensatory time up to 60 hours for exempt employees, 120 hours for nonexempt employees, and 240 hours for public safety employees. Sick leave accrues at 8 hours per month for all active regular and limited-term employees. Sick leave expense is recognized as employees utilize it, but the County does provide a termination payment of up to 520 hours (65 days) of sick leave when an employee retires under PERA retirement rules [see Note (8)].

The basis for recording these compensated absences is at the current hourly rate of each employee plus associated employer paid benefits except for termination sick leave which has been accrued based on five years of retiree payment experience and utilizing a composite hourly wage rate. The termination sick leave calculation provided an estimated benefit cost of approximately \$245 per year of service for active Fire Department employees at June 30, 2018, and approximately \$353 for other active County employees.

R. Pension – Participation in PERA

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 New Mexico 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, on the economic resources measurement focus and accrual basis of accounting. 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.

S. 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.

T. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at issuance. In accordance with GASB Statement No. 23, an unamortized charge, the difference between the reacquisition price and the net carrying amount of old debt, on refunding of debt is deferred and amortized to interest expense using the straight-line method in business-type activities. The unamortized charge is reported as a deferred outflow (debit) or inflow (credit) of resources on the corresponding statement of net position.

In the fund financial statements, 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 other expenditures.

U. Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets net of related debt, restricted and unrestricted. *Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the County's assets, less the outstanding debt issued to finance those assets. *Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the County cannot unilaterally alter. *Unrestricted* describes the portion of net position which is not restricted as to use.

V. Fund Balance

In the fund financial statements, governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and investments plus deferred inflows of resources, less its liabilities and deferred outflows of resources.

The County's fund balances are classified in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the County to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the County prioritizes and expends funds in the following order, Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable fund balances represent balances set aside to indicate that certain assets do not represent available, spendable resources even though they are a component of assets. These assets are not expected to be converted to cash or are legally or contractually required to be maintained intact. Nonspendable balances typically include principal on permanent funds, long-term receivables and advances to other funds, inventories, prepaid items, and assets held for resale.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislations which require the resources to be used only for a specific purpose. This includes balances where the imposition of revenues is restricted by the County Charter.

Committed fund balances have constraints imposed by formal action of the County Council which may be altered only by subsequent formal action of the County Council. Committed fund balances are established by ordinance.

Assigned fund balances are amounts constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Via financial policies and formal action at Council meetings held prior to year-end, the County Council identifies certain fund balances to be assigned for future purposes. These amounts are reflected as assigned on the face of the financial statements.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund balance deficits, if any, of other governmental funds.

W. Stabilization Arrangement

The Capital Projects Permanent Fund has a portion of fund balance *Restricted for Income Stabilization* in accordance with County Code Sec. 20-361. This arrangement is in place to establish a cushion in the fund to allow market fluctuations to affect the stabilization balance, without impacting the real value of principal. The income of the Permanent Fund is used in the following priority: 1) first, to make additions to principal in an amount that maintains the real

value of the principal, and then if any income remains, 2) second, to make distributions for capital projects in accordance subsection (g) of the Code, and then if any income remains, 3) third, to make additions to the balance Restricted for Income Stabilization.

X. Interfund Transactions

Interfund transactions are classified as follows:

- **Services provided** – Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services are similarly treated when they involve other funds. These transactions are not eliminated in the consolidation to the government-wide financial statements.
- **Transfers** – Transactions to support the operations of other funds are recorded as “Transfers out/transfers in” and classified with “Other Financing Sources and Uses” in the fund financial statements. Transfers within governmental or proprietary fund groups are netted as part of the reconciliation to the government-wide financial statements.
- **Contributions** – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as non-operating revenue.

Y. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The adopted budget for FY2018 is the second year of the FY2017/2018 Biennial Budget. New Mexico State Statute and County Charter requires an annual budget. The budget process for the County is an on-going, year-round process. It formally begins in December or January when the Department Directors, the County Manager, and the County Council hold strategy meetings. Following these preliminary meetings, departments begin to prepare plans for maintaining, reducing, or deleting current services, and planning for new or enhanced services. The Office of the County Manager provides detailed budget guidelines to the departments in December or January and meets with departmental staff to discuss the guidelines and the County’s goals for the upcoming year. From these guidelines, the departments develop their preliminary budgets. The County Council holds public hearings in April and adopts the annual operating budget and capital improvement program. Finally, the budget is submitted to the State of New Mexico Department of Finance and Administration (DFA) for its review and approval.

Budgets

Annual appropriated budgets are adopted for all County funds except agency and pension trust funds. All annual operating appropriations lapse at fiscal year-end unless specifically approved by the County Council to carry over to the next fiscal year. In contrast, project-length financial plans are adopted for all capital projects funds.

Budget Revisions

Changes from one expense code to another within a division or between divisions within the same department or fund, excluding charges to salaries, benefits or interdepartmental charges are approved by the Department Director or Utilities Manager.

Changes within a division or between divisions within the same department or fund which involves salaries, benefits or interdepartment charges must be approved by the County Manager. Transfers from one department to another department within the same fund are approved by County Manager and the County Council for all funds and departments except Utilities. Transfers to or from the Joint Utility System Fund are approved by the Utilities Manager, Utilities board, and Council.

Budget Increases to departments or funds and transfers between funds, transfers of cash, both permanent and temporary between funds and any combination of the above are approved by the County Manager, (Utilities Manager/Utilities Board when involving Utilities Department), Council and the State of New Mexico Department of Finance and Administration.

During fiscal year 2018, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$36.1 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Capital Improvement Projects (CIP) Fund, Emergency Declarations Fund, Joint Utility System Fund and other funds. The approximately \$36.1 million of budget revisions include the following re-appropriations and carryovers: \$3.8 million for CIP project carryovers, \$2 million for road reconstruction projects, \$2.7 million for the Mesa Public Library HVAC project, \$11.6 million in encumbrance carryovers, \$3.8 million in other project and grant re-appropriations. Other major revisions include: \$9.6 million for Utilities capital projects carried over from FY2017 and a Wastewater loan prepayment, \$1.4 million for the County's ERP project and \$1.2 million for the Duane Smith Auditorium project for the Los Alamos Public Schools. For the fiscal year ended June 30, 2018 expenditures did not exceed appropriations at the legal level of budgetary control for any County department, project, or fund.

Individual Deficit Fund Balance and Net Position

At fiscal year end June 30, 2018, the Emergency Declarations Fund, a major governmental fund, reported a deficit fund balance of \$796,699. The deficit arose from the deferred inflow of Federal and State grants. The Fire Fund, a major proprietary fund, reported a deficit net position of \$45,322,864. The deficit arose from recording the pension liability, deferred pension inflows, and deferred pension outflows in accordance with GASB Statement No. 68 as well as recording the OPEB liability, deferred OPEB inflows and deferred OPEB outflows in accordance with GASB Statement No. 75. The Transit Fund, a major proprietary fund, reported a deficit net position of \$524,231. The deficit arose from recording the OPEB liability, deferred OPEB inflows and deferred OPEB outflows in accordance with GASB Statement No. 75.

(3) POOLED CASH AND INVESTMENTS

The County follows the practice of pooling cash and investments of all funds in the General Fund, except for restricted or dedicated accounts. Each fund's portion of pooled cash and investments is summarized in the governmental funds balance sheet and the proprietary funds statement of net position.

A. Cash

Policies

County of Los Alamos municipal code Sec. 20-401 and rules of the State of New Mexico govern deposits and investing. Pooled cash and investments held by the County may include cash on deposit with financial institutions, money market accounts, certificates of deposit, treasury notes, U.S. agency securities, U.S. Government obligations, municipal bonds, deposits with the New Mexico State Treasurer Local Government Investment Pool (LGIP), investments with the New Mexico State Investment Council (NMSIC), and repurchase agreements.

Cash and investments are presented in the financial statements as shown below:

Petty cash and change funds	\$	4,506
Carrying amount of deposits		6,983,855
Cash equivalents		12,937,760
Book value of investments		<u>158,185,305</u>
Total reported in notes to financial statements	\$	<u><u>178,111,426</u></u>
Government-wide Statement of Net Position:		
Equity in pooled cash and investments	\$	78,179,538
Investments		26,210,214
Restricted assets-Cash & Cash Equivalents		16,829,618
Restricted assets-Investments		4,679,635
Fiduciary Funds:		
Equity in pooled cash and investments		596,940
Investments (mutual funds), at fair value		<u>51,615,481</u>
Total reported in financial statements	\$	<u><u>178,111,426</u></u>

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of bank failure, the County’s deposits may not be recovered. The County of Los Alamos Investment Policy requires deposits be in a qualified financial institution. The policy defines a qualified depository as one that meets all of the following requirements:

- (1) Equity-to-asset ratio is equal to or greater than the level recommended by the federal deposit insurance corporation,
- (2) A current audited annual financial statement has been submitted to the County,
- (3) No successive losses for two preceding years,
- (4) If not a local financial institution, its assets must be in excess of \$1 billion, and
- (5) Not operating under cease and desist order issued by any regulatory agency.

Under New Mexico law, financial institutions holding public deposits must pledge collateral in an amount not less than 50% of the uninsured balance. At June 30, 2018 the County had deposits with bank balances of \$10,560,863 that were fully insured or collateralized with securities held by the pledging financial institution in the County’s name and therefore not exposed to custodial credit risk under New Mexico law.

B. Investments

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The County’s policy to minimize investment credit risk involves limiting investments to securities authorized in the County Code, pre-qualifying the financial institutions, broker/dealers, intermediaries and advisers and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The County government’s rated debt investments as of June 30, 2018 are presented below using the Standard and Poor’s rating scale:

<u>Investment Type</u>	Fair Value	Net Asset Value	Quality Ratings		
			AAAm	AA+	A
U.S. Government Agencies	\$ 14,819,771		9,881,600	4,938,171	0
U.S Treasuries	39,858,080		21,575,695	18,282,385	0
<u>Unrated investments:</u>					
	-				
New Mexico State Investment Council	42,794,793				
NM Local Government Investment Pool	9,097,180				
Exempt from credit risk disclosure:					
LAC Pension	51,615,481				
Total Investments	\$ 158,185,305	0			

Interest rate risk

Interest rate risk is the risk that changes in the interest rates of debt investments will adversely affect the fair value of investment.

The County's policy is to minimize investment interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and also satisfy requirements for cash reserves, thereby avoiding the need to sell securities on the open market prior to maturity.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
<u>Debt Securities</u>					
U.S. Agencies	\$ 14,819,771	2,983,290	11,836,481	0	0
U.S. Treasuries	39,858,080	32,966,710	6,891,370		
	<u>54,677,851</u>	<u>35,950,000</u>	<u>18,727,851</u>	<u>0</u>	<u>0</u>
<u>Other Investments</u>					
New Mexico State Investment Council	42,794,793				
NM Local Government Investment Pool	9,097,180				
LAC Pension Plan	51,615,481				
	<u> </u>				
Total Investments	\$ <u>158,185,305</u>				

The County maintains a joint powers agreement with the New Mexico State Investment Council (NMSIC) to provide investment services in accordance with guidelines listed in the County's Investment Policy. NMSIC issues a separate, publicly available financial report that includes financial statements and required supplementary information. These investments are stated at fair value, which is based on the County's share of NMSIC's pooled investments, which are stated at fair value based on the quoted market prices plus accrued interest and dividends.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter-party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County does not have any investments at June 30, 2018 that are exposed to custodial credit risk.

Concentration of Credit Risk - Investments

Investments in securities of any individual issuers, other than U.S. Treasury securities, mutual funds, and NMSIC that represent 5% or more of the total government-wide investments at June 30, 2018 (not inclusive of the pension fund which is disclosed separately) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>% of Total Government-wide Investments</u>
FNMA	Federal agency securities	\$ 4,960,150	4.7%
FHLMC	Federal agency securities	7,904,740	7.4%
FHLB	Federal agency securities	1,954,881	1.8%
U.S TREAS	U.S Treasuries securities	39,858,080	37.4%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2018 are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
FNMA	Federal agency securities	\$ 4,960,150
FHLMC	Federal agency securities	7,904,740
FHLB	Federal agency securities	1,954,881
U.S TREAS	U.S Treasuries securities	39,858,080

The County's policy is not to have more than 20% of the total deposits and investment portfolio invested in securities of a single issuer with the following exceptions:

1. US Government obligations, deposits with the New Mexico State Treasurer's Local Government Investment Pool, and investments with the New Mexico State Investment Council's Long-term Investment Funds;
2. Repurchase agreements associated with required debt service reserves
3. Deposits in a local qualified financial institution that are 100% collateralized in accordance with section 20-403 of the County Code. This exception recognizes the impact of the County's investment program on the local economy.

Fair Value Measurement - Investments

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs

Investments by fair value level at June 30, 2018 are as follows:

	Fair Value Measurements Using			
	6/30/2018	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Agencies Securities	\$ 14,819,771	14,819,771	-	
U.S. Treasuries Securities	39,858,080	39,858,080	-	
New Mexico State Investment Council	42,794,793	26,057,196	16,737,597	
NM Local Government Investment Pool	9,097,180	9,097,180	-	
Alliance Benefit Group - LAC Pension Plan	51,615,481	48,713,969	2,901,512	
Total investments by fair value level	\$ 158,185,305	138,546,196	19,639,109	

(4) ACCOUNTS RECEIVABLE AND OPERATING LEASES

Accounts receivable balances at June 30, 2018, net of applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	Net
Governmental activities:			
General	\$ 62,516	(9,166)	53,350
Economic Development	125,000		125,000
Capital Improvement Projects	147,329	(147,329)	0
Other Governmental	34,435	0	34,435
Total governmental activities	<u>369,280</u>	<u>(156,495)</u>	<u>212,785</u>
Business-type activities:			
Joint Utility System	3,579,618	(34,078)	3,545,540
Environmental Services	219,564	(11,061)	208,503
Fire	1,414,741	(981,653)	433,088
Internal Service	391,934	0	391,934
Total business-type activities	<u>5,605,857</u>	<u>(1,026,792)</u>	<u>4,579,065</u>
Totals	<u>\$ 5,975,137</u>	<u>(1,183,287)</u>	<u>4,791,850</u>

On the Government-wide Statement of Net Position an additional \$26 due from the Pension Trust Fund is classified as pension forfeitures receivable.

The County leases land under non-cancelable operating leases with terms ranging from 5 to 99 years to Sombrillo Nursing and Rehabilitation Center, Aspen Ridge Lodge Retirement and Assisted Living Center, Los Alamos School of Gymnastics, Los Alamos Dog Obedience Club, Nectar Properties, and Los Alamos Trinity LP(Smith's). The following is a schedule of future minimum rentals under these leases at June 30, 2018:

Fiscal Year Ending June 30,	Amount
2019	\$ 232,827
2020	223,011
2021	209,292
2022	198,950
2023	188,608
Thereafter	13,450,814
	<u>\$ 14,503,502</u>

(5) LOANS RECEIVABLE

Economic Development Loans Receivable

On occasion, the County will provide public support, in the form of loans, for economic development projects pursuant to the County's Economic Development Plan. As of June 30, 2018 the County had two outstanding loans receivable recorded in the Economic Development Special Revenue Fund.

On June 20, 2003 the County entered into a loan agreement with Advanced Realtime Technologies, LLC (name since changed to Elemetric Instruments, Inc.) in the amount of \$75,000. As of June 30, 2010 the County had distributed \$73,027 of the loan amount to Elemetric. The loan bears interest at 5% per annum beginning June 1, 2008. The loan is secured by any and all assets that Elemetric purchases in whole, or in part, constructed or installed prior to December 31, 2005. The loan requires Elemetric to make sixty monthly payments of \$1,415 beginning July 1, 2008 through June 2013. During FY 2010, Elemetric made \$14,303 of payments including interest. No payments have been made since FY 2011. Elemetric is in default, and the County is pursuing legal measures to collect the loan balance due of \$51,170.

On July 30, 2003 the County entered into a loan agreement with Avanza Technologies, Inc. in the amount of \$235,000. As of June 30, 2010 the County had distributed the entire \$235,000 loan amount to Avanza. The loan bears interest at 5% per annum beginning July 30, 2006. The loan is secured by any and all assets that Avanza purchases in whole or in part with the loan proceeds constructed or installed prior to December 31, 2004. The loan requires Avanza to make eighty-four monthly payments of \$3,321 beginning July 30, 2006 through January 30, 2012. Over the life of this loan, Avanza has only made three payments totaling \$7,056. On October 17, 2006, Avanza sent a letter notifying the County that it was no longer a viable entity and that it would not be making any further loan payments. A reserve for loan losses has been recorded for the outstanding balance on the loan. The County is pursuing legal measures to collect the loan balance due of \$227,944.

As of June 30, 2018 the total reserve for loan losses balance was \$279,114. The reserve was established since these loans are in default and may not prove to be fully, or even partially, collectible.

The detail of the loan receivable balances at June 30, 2018, is as follows:

Principal, economic development loans:	
UbiQD	\$ 125,000
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)	51,170
Avanza Technologies, Inc.	<u>227,944</u>
Subtotal economic development loans	404,114
Less: Reserve for loan losses	<u>(279,114)</u>
Total loans receivable, net of reserve for loan losses (as reflected in Economic Development Fund)	<u>\$ 125,000</u>

During fiscal year 2017 the County created a Housing sub-fund of the Economic Development Fund to fund housing program loans. The Home Renewal Program is managed by the Los Alamos Housing Partnership Inc. by agreement with Los Alamos County. It allows selected income-qualified Los Alamos County homeowners to make needed repairs or improvements to their homes to increase comfort, safety, and livability -- without adding to monthly expenses as these loans are deferred based on an affordability period. The detail of the loan receivable balances at June 30, 2018 is as follows:

Principal, home renewal program loans:	
Loan No. FY2016 - 1	\$ 5,450
Loan No. FY2016 - 2	16,105
Loan No. FY2016 - 4	12,107
Loan No. FY2016 - 6	44,845
Loan No. FY2016 - 8	16,029
Loan No. FY2016 - 9	34,294
Loan No. FY2016 - 10	15,436
Loan No. FY2017 - 1	10,006
Loan No. FY2017 - 2	11,846
Loan No. FY2017 - 3	13,000
Loan No. FY2017 - 4	42,000
Loan No. FY2017 - 5	6,890
Loan No. FY2017 - 6	29,100
Loan No. FY2018 - 1	11,700
Loan No. FY2018 - 2	11,500
Loan No. FY2018 - 3	21,650
Loan No. FY2018 - 4	22,850
Loan No. FY2018 - 5	17,500
Loan No. FY2018 - 6	14,999
UbiQD	<u>325,000</u>
Subtotal economic development loans	682,307
Less: Discounts on economic development loans	-
Less: Reserve for loan losses	<u>-</u>
Total loans receivable, net of reserve for loan losses (as reflected in Economic Development Fund)	<u>\$ 682,307</u>

(6) INTERFUND TRANSFERS, ASSETS, AND LIABILITIES

Interfund transfers:

The County records transfers to fund the operations and projects of other funds, to provide for debt service, to record profit transfers from utility funds, record the movement of capital assets between funds, and as otherwise needed and required by GAAP.

The interfund transfers during the year ended June 30, 2018 are:

Transfers in (from other funds)	Transfers out (to other funds)									Total
	General	Economic Development	Capital Improvement Projects	Capital Projects Permanent	Joint Utility System	Environmental Services	Transit	Fire	Other Governmental	
General	\$ 0	0	961,294	0	781,421	0	0	1,700,000	0	3,442,715
Economic Development	0	0	90,786	0	0	0	0	0	0	90,786
Capital Improvement Projects	1,380,470	0	0	1,250,113	0	0	0	0	580,000	3,210,583
Joint Utility System	0	0	0	0	2,500,000	0	0	0	0	2,500,000
Transit	800,000	0	0	0	0	0	0	0	0	800,000
Airport	200,000	0	0	0	0	0	0	0	0	200,000
Internal Service	0	0	0	0	7,800	273,176	324,738	0	0	605,714
Other Governmental	6,673,429	0	0	0	0	0	0	0	0	6,673,429
	<u>\$ 9,053,899</u>	<u>0</u>	<u>1,052,080</u>	<u>1,250,113</u>	<u>3,289,221</u>	<u>273,176</u>	<u>324,738</u>	<u>1,700,000</u>	<u>580,000</u>	<u>17,523,227</u>
Capital assets were transferred into (out of) the following funds from (to) governmental activities:										
Joint Utility System	\$ -									
Internal Service	21,049									
Total	<u>\$ 21,049</u>									

Interfund assets and liabilities:

An advance from the General Fund to the Airport Fund for construction projects was recorded in FY 2010 in the amount of \$146,799. Since additional advances are expected for other Airport projects, no repayment schedule has been set and the entire balance is considered long-term.

Advance from/to balances at June 30, 2018 are presented below:

<u>Advances from other funds</u>	<u>Advances to other funds</u>
	<u>General</u>
Airport	\$ 146,799
	<u>\$ 146,799</u>

All other interfund balances were expected to be repaid within a year and are classified as due to/due from balances. These balances represent pension contributions payable, pension forfeitures receivable, and the reclassification of negative pooled cash in the Emergency Declarations Fund and Fire Fund.

Due to/due from balances at June 30, 2018 are presented below:

<u>Due to other funds</u>	<u>Due from other funds</u>		
	<u>General</u>	<u>Pension Trust</u>	<u>Total</u>
General	\$ 0	31,328	31,328
Emergency Declarations	670,429	0	670,429
Fire	1,946,393	0	1,946,393
Other Governmental	340,589	0	340,589
Pension Trust	26	0	26
	<u>\$ 2,957,437</u>	<u>31,328</u>	<u>2,988,765</u>

(7) CAPITAL ASSETS

The County capitalized approximately \$23.3 million in capital assets including amounts capitalized from construction work in progress (CWIP). Of those capital assets, \$10.8 million were additions to governmental activities and \$12.5 million were additions to business-type activities. The County capitalized \$2.5 million in donated land from the Department of Energy. In addition, during FY 2018, the County added approximately \$10.6 million in new construction in progress, \$4.6 million in governmental activities capital assets and \$6 million in business-type activities capital assets. The County

disposed \$11.8 million of land in FY18. Machinery and equipment in the amount of \$21,049 was transferred from governmental activities to business-type activities. This represents vehicles and other machinery and equipment purchased by the General Fund and transferred to the Equipment internal service fund.

Capital asset activity for the year ended June 30, 2018 was as follows:

	June 30, 2017			Donations, Transfers and Adjustments	June 30, 2018
	Balance	Additions	Disposals		Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 53,789,586	0	(11,768,851)	2,518,822	44,539,557
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	1,488,249	48,820	0	0	1,537,069
Construction in progress	3,665,031	4,638,147	(4,407,737)	0	3,895,441
Total capital assets, not being depreciated	<u>76,943,980</u>	<u>4,686,967</u>	<u>(16,176,588)</u>	<u>2,518,822</u>	<u>67,973,181</u>
Capital assets, being depreciated					
Buildings	143,557,204	0	0	0	143,557,204
Improvements other than buildings	20,955,227	99,826	0	0	21,055,053
Machinery and equipment	17,609,224	591,973	0	(21,049)	18,180,148
Infrastructure	188,862,455	2,842,985	0	0	191,705,440
Capital assets, being depreciated	<u>370,984,110</u>	<u>3,534,784</u>	<u>0</u>	<u>(21,049)</u>	<u>374,497,845</u>
Less accumulated depreciation for:					
Buildings	(26,330,981)	(2,928,989)	0	0	(29,259,970)
Improvements other than buildings	(8,387,389)	(663,692)	0	0	(9,051,081)
Machinery and equipment	(9,501,922)	(1,172,582)	0	0	(10,674,504)
Infrastructure	(102,973,682)	(7,563,594)	0	0	(110,537,276)
Total accumulated depreciation	<u>(147,193,974)</u>	<u>(12,328,857)</u>	<u>0</u>	<u>0</u>	<u>(159,522,831)</u>
Total capital assets, being depreciated, net	<u>223,790,136</u>	<u>(8,794,073)</u>	<u>0</u>	<u>(21,049)</u>	<u>214,975,014</u>
Total governmental activities capital as \$	<u>300,734,116</u>	<u>(4,107,106)</u>	<u>(16,176,588)</u>	<u>2,497,773</u>	<u>282,948,195</u>
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 8,524,970	0	0	0	8,524,970
Construction in progress	13,045,883	6,033,794	(5,058,283)	0	14,021,394
Total capital assets, not being depreciated	<u>21,570,853</u>	<u>6,033,794</u>	<u>(5,058,283)</u>	<u>0</u>	<u>22,546,364</u>
Capital assets, being depreciated					
Buildings	23,999,622	671,853	0	0	24,671,475
Improvements other than buildings	17,555,084	0	0	0	17,555,084
Utility plant in service	315,633,725	4,314,952	(994,378)	5,342	318,959,641
Machinery and equipment	32,142,867	1,508,595	(536,583)	15,707	33,130,586
Capital assets, being depreciated	<u>389,331,298</u>	<u>6,495,400</u>	<u>(1,530,961)</u>	<u>21,049</u>	<u>394,316,786</u>
Less accumulated depreciation for:					
Buildings	(6,057,872)	(586,920)	0	0	(6,644,792)
Improvements other than buildings	(7,290,388)	(811,434)	0	0	(8,101,822)
Utility plant in service	(150,139,173)	(7,759,207)	595,838	0	(157,302,541)
Machinery and equipment	(16,000,777)	(2,468,196)	533,218	0	(17,935,755)
Total accumulated depreciation	<u>(179,488,210)</u>	<u>(11,625,757)</u>	<u>1,129,056</u>	<u>0</u>	<u>(189,984,910)</u>
Total capital assets, being depreciated, net	<u>209,843,088</u>	<u>(5,130,357)</u>	<u>(401,905)</u>	<u>21,049</u>	<u>204,331,876</u>
Total business-type activities capital as \$	<u>231,413,942</u>	<u>903,437</u>	<u>(5,460,189)</u>	<u>21,049</u>	<u>226,878,240</u>

Depreciation expense for the year ended June 30, 2018 was as follows:

Depreciation expense was charged to governmental activities as follows:	
General government	\$ 2,629,254
Public safety	765,354
Transportation	7,596,509
Culture and recreation	1,337,740
Total depreciation expense - governmental activities	<u>\$ 12,328,857</u>
Depreciation expense was charged to business-type activities as follows:	
Joint Utility Fund	
Electric	\$ 4,573,812
Gas	390,161
Water	1,960,018
Wastewater	835,216
Environmental Services	194,371
Transit	196,012
Fire	486,513
Airport	744,887
Equipment - Internal Service	2,244,767
Total depreciation expense - business-type activities	<u>\$ 11,625,757</u>

(8) RETIREMENT AND DEFERRED COMPENSATION PLANS

A. State of New Mexico - Public Employees' Retirement Association (PERA)

Plan description: The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, 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 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

Notes to Financial Statements

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://www.nmpera.org/>.

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

Contributions: The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>. The PERA coverage options that apply to the County are: the Municipal Plan 3, Municipal Police Plan 5, Municipal Detention Officer Plan 1, and the Municipal Fire Plan 5. The active plan rates for plans the County participates in are summarized below:

Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage
	Annual salary \$20,000 or less	Annual salary greater than \$20,000	
Municipal Plan 3	13.15%	14.65%	9.55%
Municipal Police Plan 5	16.30%	17.80%	18.90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%
Municipal Fire Plan 5	16.20%	17.70%	21.65%

Statutorily required contributions to the pension plan from the County were \$5,548,586 and employer paid member benefits that were “picked up” by the County were \$13,831 for the year ended June 30, 2018. The County’s total contributions to PERA for the years ended June 30, 2018, 2017, 2016, 2015, and 2014 were \$5,548,586, \$5,175,093, \$4,857,054, \$4,830,706, and \$4,612,333, respectively, which were equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members (includes detention), municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and

deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the County participates in is based on the County's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For the PERA Municipal General Division, at June 30, 2017, the County reported a liability of \$45,314,561 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 3.2978 percent, which was a decrease from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Municipal General Division net pension expense of \$2,931,498. At June 30, 2018, the County reported PERA Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>PERA Municipal General Plan</u>	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$ 1,780,557	\$ (2,320,880)
Changes of assumptions	2,089,674	(468,264)
Net difference between projected and actual earnings on pension plan investments	3,717,786	0
Changes in proportion and differences between County contributions and proportionate share of contributions	1,739,764	(115,152)
County contributions subsequent to measurement date	2,931,499	0
Totals	<u>\$ 12,259,280</u>	<u>\$ (2,904,296)</u>

\$2,931,499 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2017 were recognized as a reduction of the net pension liability in the year ended June 30, 2018. Contributions made after the measurement date of the net pension liability but before the end of the County's reporting period will be recognized as a reduction of the net pension liability in the subsequent

fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		
2017	\$	1,813,913
2018		4,561,932
2019		1,134,143
2020		(1,086,503)
Thereafter	\$	0

For PERA Municipal Police Division, at June 30, 2017, the County reported a liability of \$6,269,001 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 1.1284 percent, which was an increase from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Municipal Police Division net pension expense of \$460,525. At June 30, 2018, the County reported PERA Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>PERA Municipal Police Plan</u>	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$ 380,749	\$ (1,171,302)
Changes of assumptions	372,984	(145,775)
Net difference between projected and actual earnings on pension plan investments	504,882	0
Changes in proportion and differences between County contributions and proportionate share of contributions	330,878	(39,669)
County contributions subsequent to measurement date	460,525	0
Totals	\$ <u>2,050,018</u>	\$ <u>(1,356,746)</u>

\$460,525 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Contributions made after the measurement date of the net pension liability but before the end of the County's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2018	\$ 74,729
2019	423,977
2020	(118,338)
2021	(147,621)
Thereafter	\$ 0

For PERA Municipal Fire Division, at June 30, 2017, the County reported a liability of \$42,952,607 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was 7.5073 percent, which was a decrease from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Municipal Fire Division net pension expense of \$2,156,562. At June 30, 2018, the County reported PERA Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>PERA Municipal Fire Plan</u>	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$ 1,402,487	\$ (5,378,374)
Changes of assumptions	1,698,088	(269,293)
Net difference between projected and actual earnings on pension plan investments	1,612,399	0
Changes in proportion and differences between County contributions and proportionate share of contributions	75,023	(1,012,102)
County contributions subsequent to measurement date	2,156,562	0
Totals	\$ <u>6,944,559</u>	\$ <u>(6,659,769)</u>

\$2,156,562 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2017 were recognized as a reduction of the net pension liability in the year ended June 30, 2018. Contributions made after the measurement date of the net pension liability but before the end of the County's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		
2017	\$	(278,799)
2018		130,326
2019		(1,258,743)
2020		(464,556)
Thereafter	\$	0

Actuarial assumptions: As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Payroll growth	2.75% to 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% to 2.75% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	43.5%	7.39%
Risk Reduction and Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the table below presents the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

	<u>1% Decrease (6.51%)</u>	<u>Current Discount Rate (7.51%)</u>	<u>1% Increase (8.51%)</u>
PERA Municipal General Division:			
County's proportionate share of the net pension liability	\$ 71,022,884	\$ 45,314,561	\$ 23,934,516
PERA Municipal Police Division:			
County's proportionate share of the net pension liability	9,997,318	6,269,001	3,209,366
PERA Municipal Fire Division:			
County's proportionate share of the net pension liability	57,567,608	42,952,607	30,908,510

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the FY17 PERA financial report. The report is available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>.

Notes to Financial Statements

B. Los Alamos County Employees Pension Plan

All County employees (except those classified as casual, temporary, or elected officials) also participate in a single-employer defined contribution plan (the Plan) administered under authority of the County Council. The Plan's financial position and results of operation are reported in the accompanying financial statements in the Pension Trust Fund. The County does not prepare a separate report for the Plan. The Plan Agreement requires the County to contribute bi-weekly an amount equal to 9.0 percent of the compensation paid to all participating employees. Participants are required to contribute bi-weekly an amount equal to 1.0 percent of their individual compensation. The amount contributed by the participant, and four ninths of the amount contributed by the County, are vested immediately. Five ninths of the amount contributed by the County is subject to a seven-year step-vesting schedule. Participants are not allowed to make voluntary contributions to the Plan. Changes to plan provisions require approval by the County Council.

Total contributions for the year ended June 30, 2018 were \$3,776,988 (\$386,957 participant; and \$3,482,614 County, net of forfeitures of \$92,583). All required contributions were actually made to the Plan. In accordance with the Plan Agreement, forfeitures of unvested participant balances are used to reduce the County's contributions.

The Plan authorizes participants to borrow from the Plan. These loans are secured with participant balances. Participants are allowed to have one outstanding loan at any given time. Loans cannot exceed \$50,000 or 50% of the borrower's vested benefit. Interest is fixed to one percent plus the prime rate listed in the Wall Street Journal at loan origination. Loans used to acquire a home are limited to a term of up to fifteen years. Other loans are limited to a term of up to five years. A one-time \$125 loan origination fee is charged to the participant at the inception of the loan.

Financial statements for the Plan are prepared using the accrual basis of accounting. Employer and participant contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the Plan. Administrative expenses of the plan for the year ended June 30, 2018 were \$71,050, which included allocated audit fees of \$4,962, trustee fees of \$65,669, and legal fees of \$419.

Plan investments at June 30, 2018, stated at fair value, based on the funds' share price are shown in the table on the following page.

Mutual funds at fair value:	
American Funds	\$ 3,181,618
Invesco International Growth	2,106,516
T. Rowe Price Blue Chip Growth	13,329,132
AB Relative	9,795,993
JPMorgan Mid Cap	4,281,957
Loomis Sayles Strategic Income	2,901,512
Gabelli Small Cap	5,510,209
PIMCO Stable Income	2,289,226
Franklin Mutual Global	8,219,318
	<hr/>
Total investments	<u><u>\$ 51,615,481</u></u>

C. Deferred Compensation Plans

The County offers to its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. Certain executive employees also may participate in a deferred compensation plan established in accordance with Internal Revenue Code Section 401. Any contributions made to the deferred compensation plans are not available to employees until termination of employment, retirement, death, or an unforeseen emergency. A private corporation under contract with the County administers assets of the plans. Plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. The County provides neither administrative services nor investment advice to the plans. Therefore, no fiduciary relationship exists between the County and the deferred compensation pension plans.

The County makes contributions to the deferred compensation plans for certain employees in accordance with their employment contracts. The cost to the County for these contributions was 18,497.51 for the fiscal year ended June 30, 2018.

D. New Mexico Retiree Health Care Act – Post Employee Benefit

Plan Description: Employees of 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.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Employees covered by benefit terms. At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</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 \$881,618 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the County reported a liability of \$45,216,127 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on actual contributions provided to the Fund for year ending June 30, 2017. At June 30, 2017, the County's proportion was 0.99778 percent.

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,797,648. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,735,155
Changes of assumptions	-	7,905,464
Differences between actual and projected earnings on OPEB plan investments	-	650,465
County contributions made after the measurement date	881,618	-
Totals	\$ <u>881,618</u>	\$ <u>10,291,084</u>

Deferred outflows of resources totaling \$881,618 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, 2019. Contributions made after the measurement date of the net pension liability but before the end of the County's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	
2019	(2,187,956)
2020	(2,187,956)
2021	(2,187,956)
2022	(2,187,956)
2023	<u>(1,539,260)</u>
Thereafter	<u>\$ (10,291,084)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
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 for Medicare medical plan costs

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 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 long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1%
Non U.S. - emerging markets	12.2%
Non U.S. - developed equities	9.8%
Private equity	13.8%
Credit and structured finance	73.3%
Real estate	6.9%
Absolute return	6.1%
U.S. equity - small/mid cap	9.1%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. 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 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, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

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 School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 54,846,458	\$ 45,216,127	\$ 37,660,267

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 Rate</u>	<u>1% Increase</u>
\$ 38,459,430	\$ 45,216,127	\$ 50,484,680

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, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the County reported a payable of \$2,083 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

9) LONG-TERM OBLIGATIONS

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Accrued compensated absences	\$ 3,209,201	2,051,743	1,845,536	3,415,409	2,264,838
Revenue bonds payable	47,827,556	0	4,413,626	43,413,930	4,620,000
Total governmental activities	<u>\$ 51,036,757</u>	<u>2,051,743</u>	<u>6,259,162</u>	<u>46,829,339</u>	<u>6,884,838</u>
Business-type activities:					
Accrued compensated absences	\$ 3,156,857	2,447,609	1,921,052	3,683,414	2,679,679
Claims and judgments	3,033,192	3,743,925	3,033,192	3,743,925	2,363,246
Revenue bonds payable	27,490,393	0	2,921,443	24,568,950	2,880,001
Contracts and intergovernmental debt	16,232,124	0	3,450,341	12,781,783	938,358
Special closure costs	10,662,999	1,030,749	980,605	10,713,143	0
	<u>\$ 60,575,565</u>	<u>7,222,283</u>	<u>12,306,633</u>	<u>55,491,215</u>	<u>8,861,284</u>

In prior years, resources from the General Fund have been used to liquidate the liability for compensated absences. Internal service funds of the County predominantly serve the proprietary funds. Accordingly, compensated absences in the amount of \$149,880 and claims and judgments in the amount of \$3,743,925 from internal service funds are included as part of the business-type activities.

B. Gross Receipts Tax Improvement Revenue Bonds

GRT Revenue Bonds – 2008/2013 Series

On October 21, 2008, the County closed on the sale of The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax (GRT) Improvement Revenue Bonds, Series 2008. The original bonds were issued in the amount of \$75,000,000 with a final maturity date of June 1, 2028. On June 26, 2013, the County issued \$38,235,000 Gross Receipts Tax Refunding Revenue Bonds, Series 2013 which advance refunded a portion of the 2008 Series. The net proceeds of \$49,926,817 (including \$5,178,930 in premiums net of discount [\$115,496], \$6,700,000 additional funding from the County less \$187,113 in underwriting, insurance and issuance costs) were deposited into escrow and used to pay a portion of the interest on the 2008 Series when due beginning December 1, 2013 through June 1, 2028 and redeem the outstanding 2008 Series maturing on June 1, 2029 and after, when callable on June 1, 2018. The un-refunded Series 2008 Revenue Bonds have principal outstanding of \$0 at June 30, 2018. The final maturity date was June 1, 2018.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$9,653,817. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2028 using the straight-line method. The County completed the advance refunding in order to reduce its total debt service payments over the next 14 years by \$9,515,950, and to recognize an economic gain (difference between the present values of the old and new debt service payments) of \$1,151,198.

The bonds were issued for the purpose of providing funds for public projects related to public facilities, roads and streets, public works, parks and recreation, and community services. The two largest projects to be funded with the proceeds are the Airport Basin Project and the Judicial / Police / Jail Complex Project.

Revenues pledged to cover debt service include (1) the County's State-Shared Gross Receipts Tax Revenues, at the rate authorized (currently 1.225%), (2) the Municipal Gross Receipts Tax Revenues, which equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, in an amount of one-eighth of one percent (0.125%), and (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues. The schedules of current year activity and annual maturity requirements of the 2013 GRT Advance Refunding Bonds is as follows:

Year ending June 30	2013 Series	
	Principal	Interest
2019	4,620,000	1,645,559
2020	3,090,000	1,460,759
2021	3,215,000	1,337,159
2022-2026	18,650,000	4,107,045
2027-2028	8,660,000	436,536
	<u>38,235,000</u>	<u>8,987,057</u>
2013 Series Principal	38,235,000	
Unamortized balances:		
Discounts and premiums	<u>5,178,930</u>	
	\$ 43,413,930	

C. Utility System Revenue Bonds

All Joint Utility System revenue bonds are secured by a pledge of the net revenues of the Joint Utility System and certain funds established pursuant to the bond indentures. Accordingly, the bondholders may not seek repayment from the general public or any other fund of the County. The County has complied with all indenture requirements.

Utility Revenue Bonds – 2014 A and B Series

On August 13, 2014, the County issued The Incorporated County of Los Alamos, Joint Utility System Bonds, Series 2014A (tax-exempt) and 2014B (taxable). The bonds were issued in the par amount of \$21,690,000 with a final maturity date of June 1, 2034 for the Series 2014A and June 1, 2021 for the Series 2014B. Interest on the bonds is payable semi-annually beginning December 1, 2014 at rates ranging from 3.1% to 5.10% for the series 2014A and 0.37% to 2.91% for the series 2014B.

The Series 2014A and 2014B bonds were issued to refund the Joint Utility Fund Bonds, Series 2004A, 2004B, and advance refund Series 2006A, and 2006B, and provide \$16,853,827 for Joint Utility System projects. The net proceeds of \$22,652,043 (including \$1,067,958 in premiums, less \$105,915 of bond issuance costs) along with \$7,994,493 of prior debt service restricted reserves from the 2004/2006 fund proceeds, were used to retire the outstanding 2004/2006 Series Utility Revenue Bonds. Proceeds of \$1,436,504 from the 2014A series and proceeds of \$2,514,099 of the 2014B series were also used to advance refund remaining portions of the 2006A/B series bonds payable. As a result, the 2004 A and B and 2006 A and B Series Utility Revenue Bonds have been removed from the government wide statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$747,197. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2034 using the straight-line method. The County completed the advance refunding in order to reduce its total debt service payments over the next 10 years by \$8,317,334, and to recognize an economic gain (difference between the present values of the old and new debt service payments) of \$303,540.

The scheduled annual maturity requirements of the 2014 Series A and B Utility Revenue Bonds as of June 30, 2018 are as presented below.

Year ending June 30	2014A Series		2014B Series	
	Principal	Interest	Principal	Interest
2019	\$ 620,000	343,950	1,575,000	128,540
2020	635,000	330,930	1,615,000	91,669
2021	670,000	298,545	1,655,000	48,194
2022	465,000	264,375	0	0
2023	485,000	240,660	0	0
2024-2028	2,400,000	886,785	0	0
2029-2033	2,740,000	437,478	0	0
2034	610,000	23,485	0	0
	<u>\$ 8,625,000</u>	<u>2,826,208</u>	<u>4,845,000</u>	<u>268,403</u>
2014A Series Principal	\$ 8,625,000			
2014B Series Principal	4,845,000			
Unamortized balances:				
Discounts and premiums	663,228			
Total payable	<u>\$ 14,133,228</u>			

Utility Revenue Bonds – 2010 Series

On August 12, 2010, the county issued \$13,085,000 in Utility Revenue bonds (2010 Series A, B, C, D). These are 20-year bonds and will be fully amortized on June 1, 2030. The Series A are tax-exempt bonds with an aggregate principal of \$3,785,000. The Series B are taxable direct payment Build America bonds with an aggregate principal of \$1,535,000. Series C are taxable direct payment Recovery Zone Economic Development bonds with an aggregate principal of \$3,680,000. Series D are taxable bonds with an aggregate principal of \$4,085,000. The bonds have various interest rates with a blended interest rate of 5.355%. The Build America and Recovery Zone Economic Development bonds both include a federal subsidy component, receipt of which is dependent on meeting federal reporting requirements. The total federal subsidy is \$2,168,587 for the life of the bonds and is recorded as intergovernmental revenue when earned. The primary purpose of the bond issue was to enhance the County's Utility System by constructing a low flow turbine generator at the County's Abiquiu hydroelectric plant, constructing new and renovating existing electric distribution lines both in the overhead and underground systems, including but not limited to transformers, switchgear, protective devices and other appurtenances and equipment; and improving and renovating water distribution and transmission systems.

The scheduled annual maturity requirements of the 2010 Series A, B, C, and D Utility Revenue Bonds as of June 30, 2018 are as presented below.

Year ending June 30	2010 A Series		2010 B Series		2010 C Series		2010 D Series		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	495,000	83,250	0	84,363	0	222,168	190,000	172,828	1,247,609
2020	510,000	63,900	0	84,364	0	222,167	200,000	164,191	1,244,622
2021	535,000	43,800	0	84,363	0	222,167	210,000	154,899	1,250,229
2022	560,000	22,400	0	84,364	0	222,167	220,000	144,932	1,253,863
2023	0	0	585,000	84,364	0	222,168	230,000	132,841	1,254,373
2024-2028	0	0	950,000	71,448	2,255,000	948,366	1,360,000	454,935	6,039,749
2029-2030	0	0	0	0	1,425,000	130,720	665,000	61,104	2,281,824
	<u>\$ 2,100,000</u>	<u>213,350</u>	<u>1,535,000</u>	<u>493,266</u>	<u>3,680,000</u>	<u>2,189,923</u>	<u>3,075,000</u>	<u>1,285,730</u>	<u>14,572,269</u>
2010A Series Principal	\$ 2,100,000								
2010B Series Principal	1,535,000								
2010C Series Principal	3,680,000								
2010D Series Principal	3,075,000								
Unamortized balances:									
Discounts and premiums		45,722							
Total payable	\$	<u>10,435,722</u>							

D. Intergovernmental Notes Payable

Business-type Activities

Beginning in December 2005 through June 2015, the County entered into various agreements to borrow \$20,748,158 from several State of New Mexico Agencies, to partially fund various projects. The purpose of each loan, the source of debt service payments, and other details are described below:

CWSRF 1438143: To partially fund the construction of a new wastewater treatment facility. The loan is to be repaid solely from the net revenues from the operation of only the Wastewater subfund, which is a part of the Joint Utility System Fund. On January 30, 2018 the County Council approved a transfer of \$2,500,000 from the Gas Fund to the Wastewater Fund. These funds were subsequently used to make a one-time principal payment to CWSRF 1438143 on February 8, 2018.

WTB 63: To construct a water line to transfer treated effluent water to County parks and ball fields. The loan is to be repaid from existing Utility system revenues. The agreement included a grant in the amount of \$585,720.

PP 1898: Effective October 6, 2017, this loan was paid in full and refinanced with proceeds from new loan PP 3732.

PP 3732: To construct the Los Alamos County Eco Station and repay loan# PP-1898. The loan is to be repaid from Municipal Environmental Services Gross Receipts Tax revenues.

WTB 89: To finance the costs of Phase II of the water conservation, treatment and reuse infrastructure project. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$319,648.

ARRA CWSRF 09: To finance the costs of Phase II of the effluent reuse infrastructure project. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$150,000.

WTB 156: To finance the costs of Phase II of the water conservation, treatment, and reuse infrastructure project. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$590,000.

WTB 157: To finance the costs of environmental studies for a proposed collector well for water from the San Juan/Chama Diversion Project. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$200,000.

WTB 220: To finance the costs of the project to upgrade public safety at the Los Alamos Canyon Dam. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$900,000.

WTB 221: To finance the costs of the water conservation treatment recycling or reuse project at the Los Alamos Canyon Reservoir. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$210,000.

WTB 318: To finance the total costs incurred for the Group 12 water tank rehabilitation project located on Arizona Avenue. The loan is to be repaid from existing Utility water system revenues. The agreement included a grant in the amount of \$843,600.

WTB 340: To finance the total costs incurred for the design and construction to replace the wastewater treatment plant pipeline from the Bayo Booster Station in Bayo Canyon to North Mesa.

Loan terms and repayment schedules are shown below.

	New Mexico Environment Department	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Environment Department Construction Programs Bureau	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	New Mexico Water Trust Board and New Mexico Finance Authority	Totals
Loan Number	CWSRF 1438143	WTB 63	PP 3732	WTB 89	ARRA CWSRF 09	WTB 156	WTB 157	WTB 220	WTB 221	WTB 318	WTB 340	
Date of agreement	Dec 2005	Apr 2007	May 2018	Nov 2008	Dec 2009	Jul 2010 (a)	Jul 2010 (b)	Nov 2011	Jan 2013	Jun-15	Mar-15	
Beginning principal	14,355,105	65,080	4,331,349	79,912	234,812	147,500	50,000	600,000	140,000	562,400	182,000	
Term of agreement, in years	20	20	17	20	20	20	20	20	20	20	20	
Interest rate	2.02%	-	2.57%	-	2.56%	-	-	-	-	-	-	
Administrative fee	-	0.25%	-	0.25%	0.44%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	
Payable in year ending 6/30/2019:												
Principal	601,089	3,267	234,583	4,087	10,747	7,347	2,490	30,694	6,938	27,785	9,331	938,358
Interest and/or admin fee	166,951	74	92,402	103	5,036	223	76	1,012	247	1,205	405	267,734
Total	768,040	3,341	326,985	4,190	15,783	7,570	2,566	31,706	7,185	28,990	9,736	1,206,092
Payable in year ending 6/30/2020:												
Principal	615,365	3,276	236,694	4,097	11,070	7,365	2,497	30,769	6,956	27,854	9,354	955,297
Interest and/or admin fee	152,675	66	90,291	93	4,713	205	70	936	229	1,135	381	250,794
Total	768,040	3,342	326,985	4,190	15,783	7,570	2,567	31,705	7,185	28,989	9,735	1,206,091
Payable in year ending 6/30/2021:												
Principal	629,980	3,284	239,061	4,107	11,402	7,383	2,503	30,843	6,973	27,924	9,377	972,837
Interest and/or admin fee	138,060	58	87,924	83	4,381	187	63	859	212	1,066	358	233,251
Total	768,040	3,342	326,985	4,190	15,783	7,570	2,566	31,702	7,185	28,990	9,735	1,206,088
Payable in year ending 6/30/2022:												
Principal	644,942	3,292	241,715	4,117	11,744	7,402	2,509	30,918	6,991	27,994	9,401	991,025
Interest and/or admin fee	123,098	50	85,270	73	4,039	168	57	781	194	996	334	215,060
Total	768,040	3,342	326,985	4,190	15,783	7,570	2,566	31,699	7,185	28,990	9,735	1,206,085
Payable in year ending 6/30/2023:												
Principal	660,260	3,300	244,664	4,128	12,096	7,420	2,515	30,993	7,008	28,064	9,424	1,009,872
Interest and/or admin fee	107,781	41	82,321	62	3,687	150	51	704	177	926	311	196,211
Total	768,040	3,341	326,985	4,190	15,783	7,570	2,566	31,697	7,185	28,990	9,735	1,206,083
Payable in five years ending 6/30/2028:												
Principal	3,544,098	13,284	1,285,252	20,794	66,148	37,382	12,672	156,101	35,304	141,374	47,477	5,359,886
Interest and/or admin fee	296,103	83	349,673	157	12,767	470	159	2,355	622	3,573	1,200	667,162
Total	3,840,200	13,367	1,634,925	20,951	78,915	37,852	12,831	158,456	35,926	144,947	48,677	6,027,048
Payable in five years ending 6/30/2033:												
Principal	333,770	-	1,447,718	-	44,644	15,084	5,113	94,571	28,562	143,149	48,075	2,160,686
Interest and/or admin fee	7,927	-	187,208	-	2,705	57	19	473	179	1,797	604	200,969
Total	341,697	-	1,634,926	-	47,349	15,141	5,132	95,044	28,741	144,946	48,679	2,361,655
Payable in five years ending 6/30/2035:												
Principal	-	-	316,662	-	-	-	-	-	-	57,762	19,398	393,822
Interest and/or admin fee	-	-	10,323	-	-	-	-	-	-	217	73	10,613
Total	-	-	326,985	-	-	-	-	-	-	57,979	19,471	404,435
Total payable												
Principal	7,029,504	29,703	4,246,349	41,330	167,851	89,383	30,299	404,889	98,732	481,906	161,837	12,781,783
Interest and/or admin fee	992,594	372	985,412	571	37,328	1,460	495	7,120	1,860	10,915	3,666	2,041,793
Total	8,022,098	30,075	5,231,761	41,901	205,179	90,843	30,794	412,009	100,592	492,821	165,503	14,823,576

(10) POWER SUPPLY

The Public Service Company of New Mexico (PNM) adjusts its transmission rate annually using the Form 1 worksheet from the Federal Energy Regulatory Commission (FERC). This worksheet reflects PNM's actual financials for the previous year. For the year ended June 30, 2018, the Formula Rate adjustment resulted in a 3.51 percent increase. In addition to the increase of the Formula Rate, Los Alamos County has opted to subscribe to purchasing imbalance services from PNM rather than self-supplying. As a result, Los Alamos County is saving approximately \$700,000 annually. The reason for purchasing this service was an increase of the reserves Los Alamos County would have to supply due to the shutdown of San Juan Unit 3.

In July 1987, the County entered a "life-of-plant" agreement with the City of Lincoln, Nebraska (Lincoln) for the long-term purchase of approximately 10 megawatts of capacity and energy from the Lincoln ownership interest in the Laramie River Station (LRS). The agreement requires the County to pay an annual fixed power cost of approximately \$1,322,000, adjusted for certain items in accordance with the contract through August 2016. Additionally, the County is required to pay a share of Lincoln's costs and assessments resulting from Lincoln's ownership interest in Laramie River Station, including fuel, operation and maintenance costs, and costs of renewals, replacements, and capital improvements. For the year ended June 30, 2018, the County paid \$3,650,681 under this agreement, which is included in purchased power expense. The original debt service for LRS has been paid off which saves the County approximately \$1,320,000 annually. Effective December 2017, arrear payments have been fully paid. In addition to the arrear payments, LRS is in the process of complying with their State Implementation Plan (SIP) associated with the Best Available Retrofit Technology (BART) settlement of the Environmental Protection Agency (EPA), under which the County's estimated share of costs is approximately \$2.5 million dollars to be expensed over a 2-year period. The BART Project will be completed by December 2019. The energy from LRS is delivered to New Mexico over the Western Area Power Administration (WAPA) transmission path described below.

The County also has a firm transmission services agreement with the WAPA that requires monthly payments at a rate of approximately \$14,458 plus ancillary services. Furthermore, the County has transmission service agreements with Jemez Mountain Electric Cooperative (Jemez), Tri-State Generation and Transmission Cooperative, PNM, and Northern Rio Arriba Electric Cooperative (NORA) for transmission of County hydroelectric power to the County service area. The payment to Jemez for FY 2018 was \$116,290. The County's contract with NORA includes a prepayment of \$34,300 plus gross receipts taxes. Any remaining credit will be utilized in FY 2018. The wheeling rate schedule for NORA expired in July 2017. Los Alamos County renegotiated a new 10-year term with an increase of 5.09 percent over the 10-year period. The renegotiated contract with NORA will expire in 2037.

The County also has the following annual obligations to pay for water to power its hydroelectric plants: a minimum of \$50,000 to pay the Middle Rio Grande Conservancy District for the El Vado Hydroelectric Plant; and approximately \$180,000 to pay FERC for headwater benefits associated with the San Juan-Chama Diversion Project. FERC also collects approximately \$94,000 annually in administrative and falling water fees.

In April 2018, the County Council approved Resolution 18-09 authorizing and approving the Carbon Fee Power Project (CFPP) Power Sales Contract with the Utah Associated Municipal Power Systems (UAMPS). Resolution 18-09 allows the County to join UAMPS and other participating entities to pursue the development of a facility that can house up to 12 small nuclear power modules that can each generate up to approximately 50 megawatts of electric power per unit. UAMPS proposes to acquire and construct the nuclear generating facility plant at a site within the Idaho National Laboratory near Idaho Falls, Idaho. The anticipated project meets the community's desire for clean energy and meets the carbon neutral goal of 2040. The projected commercial operation date is scheduled to occur in late 2027. As of June 30, 2018, Los Alamos County paid \$110,888 under the Small Modular Nuclear Reactor (SMR) Carbon Free Power Study.

(11) RESOURCE POOL

In 1985 the County and the U.S. Department of Energy (DOE) entered into an Electric Coordination Agreement (ECA) to create a Resource Pool (Pool) to which each party contributes the capacity and energy of their individual electric supply and transmission resources to meet their combined requirements. The County's major contributions to the Pool consist of energy from its San Juan Unit 4 Interest, the El Vado Hydroelectric Project, the Abiquiu Hydroelectric Project, the Laramie River Station, the WAPA entitlement, the PNM Network Integration Transmission Service Agreement (NITSA), and various transmission service agreements. The County received \$23,252,052 during FY18 from DOE, which is included in utility sales and services, as a result of this contract.

The ECA was renewed in fiscal year 2014 with a five-year base term and five one-year options. In FY 2015 the agreement was amended with a fixed expiration date of June 30, 2025.

(12) SPECIAL CLOSURE COSTS

A. Landfill (Environmental Services Fund)

During the year ended June 30, 2012, the County closed a landfill site, which is owned by the U.S. Department of Energy (DOE) and is located in the County. State and federal laws require the County to monitor and maintain the landfill site for thirty years after it is closed, and to provide financial assurance to fund those activities. The County recognized the closure and post-closure care costs during the periods that the Landfill was in operation. The amount recognized each year was based on the total estimated cost of closure and post-closure care, the amount of the liability that had been recognized in previous years and the estimated time that the landfill would remain open.

In May 2007, the New Mexico Environment Department (NMED) approved the County's landfill closure plan, which had a total cost estimate of \$3,366,269. In April 2009, the County began operating its new solid waste transfer station, and the Landfill began limiting the types of waste that it would accept. During the year ended June 30, 2011, estimated capacity at the landfill reached 100%. During the year ended June 30, 2012, the Landfill was closed, capped, and the County began to install a field of solar panels over the capped landfill.

The total cost estimate for landfill closure increased in fiscal year 2012 because the original closure plan had to be enhanced to accommodate the solar panels. In fiscal years 2015 and 2016, the liability was increased to take care of drainage and methane accumulation issues. In fiscal year 2017, the liability was increased for the methane extraction system construction costs. In fiscal year 2018, the methane extraction system was complete. The total cost estimate is \$5,558,069, and expenditures to date are \$1,188,540.

As of June 30, 2018, the landfill closure liability is estimated to be \$207,934 (\$157,556 for 30-year post-closure costs, and \$50,378 for transfer station decommissioning). The liability is funded at 100% and there are restricted assets in the Environmental Services Fund equal to the closure liability amount.

The estimated cost of landfill and Transfer Station closure is subject to changes resulting from inflation, deflation, or changes in technology or applicable laws or regulations.

B. San Juan Generating Station (Electric Utility Fund)

The County owns a 7.2 percent undivided interest in Unit 4 of the San Juan Electric Generating Station, which is operated by the Public Service Company of New Mexico (PNM). The station consists of four pulverized coal-fired generating units. Unit 4, built in 1982, will exceed its planned useful life by the year 2022, however PNM has engaged a consultant to evaluate extension of the life of Unit 4 until the year 2052. Units 2 and 3 were retired by the end of December 31, 2017, in accordance with the State Implementation Plan (discussed in Note 10), but Unit 4 remains operational.

In 1992, an engineering firm conducted a decommissioning study that estimated the County's portion of the decommissioning costs to be \$2,932,770. In June 2003, an updated demolition study was conducted on the generating station, which materially agreed to the previous estimate. In January 2012 another updated study was performed which estimated the County's portion of decommissioning costs to be \$3,388,233 with deductions for potential sales of scrap materials, or \$5,478,503 without deductions. After the 1992 study the County began accumulating a decommissioning reserve fund to accumulate sufficient funds for the anticipated decommissioning and demolition costs, using an assumed 4 percent inflation factor. During fiscal year 2005, in conjunction with the refinancing of the 1994 bond issue, \$403,507 of the decommissioning reserves was applied to reduce the face amount of the 2004A refunding bonds. In fiscal year 2018, \$188,400 was set aside for this San Juan decommissioning. As of June 30, 2018, \$5,311,957 was invested for this purpose.

Using the 2012 updated study and the inflation factor of 4 percent, the County would incur an actual decommissioning cost of \$5.2 million in 2022 or \$7.1 million in 2030 (with scrap deductions), and should have accumulated over \$4 million as of June 30, 2016. Actual inflation has not been over 4 percent since 1991, and has averaged approximately 2.5 percent in that time, so the County believes the accumulated reserve is adequate as of June 30, 2018, but will periodically review the assumptions to determine whether more or less should be set aside each year.

C. Coal mine Reclamation (Electric Utility Fund)

The County is required under the San Juan Generation Project Participation Agreement (PPA) to fund its share of reclamation costs for the San Juan surface coal mine. The total final cost will be dependent on the eventual closure date of the San Juan Generating Station, because coal ash from continued operations of the station provides material for the fill. The surface mine itself has been out of service for several years. While there is no current consensus on potential operations of the plant, for estimating purposes a closure date in 2038 was initially assumed. Under the terms of the mine reclamation agreement, the closure date and cost estimates are periodically reviewed and adjusted. As of June 30, 2017, a closure date of June 30, 2022, is assumed, coinciding with the expiration of the current plant participation agreement, and resulting in revised reclamation cost estimates of \$174,491,866, with Los Alamos' share being \$3,465,816. In fiscal year 2013, the County began funding a trust account as required for its share of the cost. As of June 30, 2018, the balance in this trust is \$4,380,305. The trust is funded based on the original cost estimate, but future contributions will be adjusted as cost estimates are updated. The owners are currently evaluating projected closure dates and funding requirements. The County will adjust funding to the trust as estimates are updated.

A new Mine Reclamation Cost Study was completed and the revised cost estimates were adopted by the Mine Reclamation Oversight Committee on September 30, 2016. The total reclamation cost estimate increased to \$237,324,793, with Los Alamos' share increasing to \$5,070,185. The majority of the increase is related to additional excavator, trucking, and earthworks costs, additional reclamation bond costs, and additional taxes and royalties. Cost estimate updates are periodically performed and revised funding curves adopted as needed.

D. Laramie River (Electric Utility Fund)

The County is required under the Laramie River Station Participation Power Sales Agreement (LRS-PPA) to fund its proportionate share of future costs for the Laramie River decommissioning. The Laramie River Station is estimated for closure between 2040 and 2042. Under the terms of the agreement, the current estimate of costs is \$90 million of which \$550,000 is Los Alamos County's share. In fiscal year 2015, the County began funding a reserve account

Notes to Financial Statements

as required for its share of the cost. As of June 30, 2018, the balance in this trust is \$812,946. The trust is funded based on the original cost estimate, but future contributions will be adjusted as cost estimates are updated.

(13) RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In fiscal year 1993, the County created an internal service fund to account for its risk management programs. All funds of the County participate in the programs and make payments to the Risk Management Fund. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. The table on the following page displays a summary of the County's major commercial insurance coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The claims liability of \$3,743,925 reported in the Risk Management Fund at June 30, 2018 is based on the requirements of GASB Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims payable also includes an estimate for claims incurred but not reported.

FY 2018 Insurance coverage summary:

<u>Insurance Coverage</u>	<u>Deductible</u>	<u>Insurance Liability Limits</u>
General and Automotive Liability, and Medical Malpractice	\$25,000	\$400,000 per person and \$750,000 per occurrence for bodily injury \$100,000 per occurrence, fire legal liability damage \$300,000 for all past and & future medical/medically-related expenses per occurrence \$200,000 per Kegakky Described Real Property for Physical Damage or Distruction (PD) \$750,000 per occurrence for physical property damage or destruction to multiple real properties and related bodily injury to multiple individuals arising out of a single occurrence \$4,000,000 annual aggregate per policy
Law Enforcement Liability	\$25,000	\$1,000,000 per occurrence, \$2,000,000 per year in aggregate
Emergency Medical Malpractice	\$25,000	Subject to tort claims limits
Public Officials Errors and Omissions	\$25,000	\$1,000,000 per occurrence, \$2,000,000 per year in aggregate
Buildings and Property	\$25,000	Limited by individual property's insured value
Earthquake and Flood	\$100,000	Limited by individual property's insured value
Inland Marine (Large Equipment)	\$5,000	Limited by individual property's insured value
Boiler Machinery	\$2,500	Limited by individual property's insured value
Crime and Fraud	\$10,000	\$500,000 Employee dishonesty blanket coverage \$50,000 Depositors' forgery \$50,000 Theft of money/securities

Changes in the Risk Management Fund's claims liability amount in fiscal year 2017 and 2018 are summarized below.

	Group Insurance (Dental)	Medical Insurance	Unemployment Compensation	Workers Compensation	General Liability	Total
Claims liability, June 30, 2016	\$ 16,896	590,922	0	2,455,633	102,266	3,165,717
Current year claims, insurance, and changes in estimates	632,746	5,551,312	51,299	574,735	1,044,171	7,854,264
Claims and insurance payments	<u>(631,248)</u>	<u>(5,591,543)</u>	<u>(51,299)</u>	<u>(699,984)</u>	<u>(1,012,714)</u>	<u>(7,986,789)</u>
Claims liability, June 30, 2017	\$ 18,394	550,691	0	2,330,384	133,723	3,033,192
Current year claims, insurance, and changes in estimates	656,552	6,732,299	6,803	1,331,430	1,104,424	9,831,508
Claims and insurance payments	<u>(630,741)</u>	<u>(6,671,714)</u>	<u>(6,803)</u>	<u>(712,724)</u>	<u>(1,098,793)</u>	<u>(9,120,775)</u>
Claims liability, June 30, 2018	\$ <u>44,205</u>	<u>611,276</u>	<u>0</u>	<u>2,949,090</u>	<u>139,354</u>	<u>3,743,925</u>

Employee Group Insurance

The County offers all regular and limited-term employees, the choice of two medical insurance options, which are HMO and Preferred Provider, both provided through Blue Cross Blue Shield of New Mexico (BCBS). The County pays 80 percent of the premium for full-time employees, 60 percent for three-quarter-time employees, and 40 percent for half-time employees. Under these medical plans, the County was neither self-insured nor retaining risk prior to January 1, 2013. Beginning January 1, 2013, the County changed the structure of the insurance program to be self-insured. The plans and contribution percentages are updated periodically. Since January 1, 2013, the County has accounted for contributions as revenue and paid BCBS for actual claims and claims processing. The County has reinsurance should claims for an individual participant exceed \$100,000 in a claim year. As of June 30, 2018 the estimated claims liability was \$611,276. The County also offers dental and vision insurance. The County pays actual dental claims, which are capped based on the individual procedure. The County chose this method as the premiums were much more expensive than paying the actual claims. Claims are paid monthly with one month prepaid. Claims liability is recorded for the amount by which the estimated claims exceeds the prepaid balance.

Unemployment Compensation

The County makes reimbursable prepayments to the New Mexico Department of Labor for unemployment compensation claims, which are processed through the Department. Accordingly, no liability is reported for those claims.

Worker Compensation/General Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico Self-Insurer's Fund (NMSIF), a public entity risk pool currently operating as a common risk management insurance program for its members. The County pays a premium to NMSIF for its general and worker's compensation insurance coverage. Additionally,

the County reimburses the NMSIF for sums paid by NMSIF on the County's behalf, which fall within the County's selected deductible amounts. The NMSIF reinsures through commercial insurance for claims in excess of deductible amounts.

(14) FINANCIAL ASSISTANCE

The County provides fire protection, emergency medical, and rescue services to all citizens and property located within the County, including federal facilities and employees, through a cooperative agreement with the National Nuclear Security Administration (NNSA), an agency of the U.S. Department of Energy (DOE). During FY 2018, the County recognized intergovernmental revenue of approximately \$18.8 million under the terms of this cooperative agreement.

Intergovernmental revenues of approximately \$3.5 million were recorded in the Transit Fund for Federal Transit Administration and state grant funds. The County receives financial assistance from numerous other federal and state grantors as detailed in the Schedule of Expenditures of State Awards and the Schedule of Expenditures of Federal Awards, Exhibits 7 and 8 in the Other Information section of this report.

(15) COMMITMENTS AND CONTINGENCIES

A. Joint Utility System – Natural Gas Purchase Agreement

In November 2009, the County entered into a 30-year natural gas purchase arrangement with the New Mexico Municipal Energy Acquisition Authority (NMMEAA) for approximately 80 percent of its historical requirements. Under this arrangement the County will purchase gas at the index price less a discount. The discount is derived from a prepaid gas arrangement between NMMEAA and the Royal Bank of Canada (RBC). The County's only obligation is to purchase gas from NMMEAA. The County has no obligation to purchase gas that is not needed, no exposure to any bond risk associated with the transaction between NMMEAA and RBC, and no exposure to paying greater than index price for gas.

Under the agreement with RBC, changes in bank regulatory requirements can result in restructuring of the agreement. In October 2013, RBC notified NMMEAA that certain regulatory requirements becoming effective in calendar 2014 could make the agreement uneconomical. A restructuring agreement was entered into in fiscal year 2014. This new agreement provides for a fixed discount for the life of the agreement, with an option to continue, renegotiate, or terminate at the end of the initial five-year period. The discount for the initial term is fixed at \$0.2894 per MCF (thousand cubic feet) of gas purchased.

B. Fire Cooperative Agreement with NNSA

As described in Note (14), the County provides fire protection, emergency medical, and rescue services to all citizens and property located within the County, including federal facilities and employees, through a cooperative agreement with the NNSA.

Under the cooperative agreement that began October 1, 2013 the County's share is 20-25% of the incurred expenses for the Department, with NNSA paying the remainder. As established by County Council, the assignment of fund balance for potential uncollectible amounts under this cooperative agreement is calculated as 1% of the cooperative agreement, life-to-date expenses.

C. Encumbrances

The County uses an encumbrance system as an extension of normal budgetary accounting for all funds as the County's budgetary basis includes encumbrances. Under this system, purchase orders, contracts and commitments for expenditures are recorded to reserve that portion of applicable appropriations. In governmental funds, encumbrances outstanding at fiscal year-end are recorded as restricted, committed, or assigned fund balance depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at fiscal year-end are re-appropriated for the following year. Encumbrances outstanding by fund at June 30, 2018 are as follows:

Major Governmental Funds:	
General Fund	\$ 604,812
Economic Development	137,227
Emergency Declarations	23,191
Capital Improvement Projects	2,467,875
Other Governmental	21,675
Total Governmental Funds	<u>3,254,780</u>
Major Proprietary Funds:	
Joint Utility System	4,343,863
Environmental Services	274,860
Transit	129,345
Fire	80,419
Airport	21,082
Total Proprietary Funds	<u>4,849,569</u>
Internal Service Funds:	
Equipment	1,115,709
Risk Management	52,912
Total Internal Service Funds	<u>1,168,621</u>
Outstanding Encumbrances at June 30, 2018	<u>\$ 9,272,970</u>

D. Litigation

The County is subject to various other legal proceedings, claims, and liabilities, which arise in the ordinary course of the County's business. In the opinion of the County's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse effect on the financial position or results of operations of the County.

E. Operating Leases

The County leases certain equipment and premises under numerous operating leases. Leases are subject to future appropriation and as such are cancelable by the County at the end of a fiscal year. Rental expense for the year ended June 30, 2018 was \$831,842.

The future minimum lease payments under operating leases as of June 30, 2018, are approximately as follows:

<u>Year ending June 30*</u>	<u>Amount</u>
2019	713,762
2020	664,822
2021	664,262
2022	601,347
2023	29,190
	<u>\$ 2,673,383</u>

(16) ECONOMIC DEPENDENCY

The County has significant economic dependence upon LANL. It is the County's largest employer, and it is estimated that LANL's expenditures provide, either directly or indirectly, over 90% of the County's economic activity. For the year ended June 30, 2018, an estimated 75-80% of GRT revenues relate directly to LANL operations.

On November 1, 2018, Triad National Security, LLC (Triad) took over as the new management and operations contractor at LANL. While initially no change in GRT is expected, there is the possibility that Triad will seek 501c3 status. If they obtain this and New Mexico GRT statutes remain unchanged, then the County's GRT revenues would be very negatively impacted. Estimated potential GRT revenue losses range from \$10 to \$20 million annually.

In a recent rating action, Moody's assigned an issuer rating of Aa3 to the County, affirmed the County's A1 GRT Revenue Bond rating, but placed a negative outlook on the County due to the uncertainty associated with the potential change in the taxable status of Triad.

(17) TAX ABATEMENTS

As of June 30, 2018, the County does not have a GASB Statement 77 disclosure to make as the County does not provide tax abatements.



Required Supplementary Information

**INCORPORATED COUNTY OF LOS ALAMOS
NEW MEXICO PERA MUNICIPAL GENERAL DIVISION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
County proportion of the net pension liability	3.2978%	3.0931%	3.0997%	3.125%
County proportionate share of the net pension liability	\$45,314,561	\$ 49,423,456	\$ 31,604,127	\$ 24,378,354
County covered payroll	28,784,360	28,183,333	25,894,321	25,267,986
County proportionate share of the net pension liability as a percentage of its covered payroll	157.4%	175.4%	122.1%	96.5%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	81.5%	81.29%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

[b] Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

**INCORPORATED COUNTY OF LOS ALAMOS
NEW MEXICO PERA MUNICIPAL GENERAL DIVISION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Actuarial determined contribution	\$ 2,931,499	\$ 2,534,844	\$ 2,579,007	\$ 2,517,567
Contributions in relation to contractually required contributions	2,931,499	2,534,844	2,579,007	2,517,567
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County covered payroll	\$ 30,696,325	\$ 26,542,869	\$ 27,005,309	\$26,361,958
Contributions as a percentage of covered payroll	9.55%	9.55%	9.55%	9.55%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**INCORPORATED COUNTY OF LOS ALAMOS
NEW MEXICO PERA MUNICIPAL POLICE DIVISION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
County proportion of the net pension liability	1.1284%	1.0753%	1.0245%	1.0533%
County proportionate share of the net pension liability	\$ 6,269,001	\$ 7,927,902	\$ 4,926,451	\$ 3,433,643
County covered payroll	3,507,562	2,325,631	2,007,757	2,050,627
County proportionate share of the net pension liability as a percentage of its covered payroll	178.7%	340.9%	245.4%	167.4%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	78.3%	81.29%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

[b] Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

**INCORPORATED COUNTY OF LOS ALAMOS
 NEW MEXICO PERA MUNICIPAL POLICE DIVISION
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
 LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Actuarial determined contribution	\$ 460,525	\$ 405,149	\$ 404,404	\$ 387,569
Contributions in relation to contractually required contributions	460,525	405,149	404,404	387,569
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County covered payroll	\$ 2,436,640	\$ 2,143,646	\$ 2,139,704	\$ 2,050,630
Contributions as a percentage of covered payroll	18.9%	18.9%	18.9%	18.9%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**INCORPORATED COUNTY OF LOS ALAMOS
NEW MEXICO PERA MUNICIPAL FIRE DIVISION**

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
County proportion of the net pension liability	7.5073%	7.6203%	7.8438%	7.7878%
County proportionate share of the net pension liability	\$ 42,952,607	\$ 50,835,148	\$ 40,483,279	\$ 35,506,227
County covered payroll	9,961,027	9,097,485	8,935,025	8,832,796
County proportionate share of the net pension liability as a percentage of its covered payroll	431.2%	558.8%	453.1%	402.0%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	81.5%	81.29%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. information is available. However, until a full 10-year trend is compiled, the County will present information for those years for which

[b] Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

**INCORPORATED COUNTY OF LOS ALAMOS
NEW MEXICO PERA MUNICIPAL FIRE DIVISION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Actuarial determined contribution	\$ 2,156,562	\$ 1,920,956	\$ 1,932,454	\$ 1,904,387
Contributions in relation to contractually required contributions	2,156,562	1,920,956	1,932,454	1,904,387
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County covered payroll	\$ 9,961,025	\$ 8,872,776	\$ 8,925,885	\$ 8,796,245
Contributions as a percentage of covered payroll	21.65%	21.65%	21.65%	21.65%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

Year ended June 30, 2018

Changes of benefit terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

Changes of assumptions

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/PERA-Valuation-6-30-2017-FINAL.pdf>. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “the total actuarial loss due to the investment experience of the total PERA Fund is \$39.7 million. The loss on non-investment related items totaled \$111.6 million. The net loss due to the plan’s experience was \$151.3 million. For details about changes in the actuarial assumptions, see Appendix B on page 53 of the report.

**INCORPORATED COUNTY OF LOS ALAMOS
 NEW MEXICO RETIREE HEALTH CARE ASSOCIATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>
County proportion of the net OPEB liability	0.09978%
County proportionate share of the net OPEB liability	\$ 45,216,127
County covered payroll	\$ 41,563,996
County proportionate share of the net OPEB liability as a percentage of its covered payroll	108.79%
Plan fiduciary net OPEB as a percentage of the total OPEB liability	11.34%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

[b] Covered payroll is presented for the prior fiscal year to match the measurement date of the other post employment benefits liability.

**INCORPORATED COUNTY OF LOS ALAMOS
 NEW MEXICO RETIREE HEALTH CARE ASSOCIATION
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
 LAST TEN FISCAL YEARS [a]**

	<u>FY2018</u>
Contractually required contribution	\$ 3,168,420
Contributions in relation to contractually required contributions	<u>1,590,194</u>
Contribution deficiency (excxs)	<u><u>1,578,226</u></u>
County covered payroll	41,563,996
Contributions as a percentage of covered payroll	3.83%

[a] The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

Year ended June 30, 2018

Changes of benefit terms

The RHCA Fund eligibility benefits are described in Section 2 of the RHCA FY17 Actuarial Valuation available at http://www.nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA__5507316_Final_per_Auditor_update____Final_Report_11.21.17.pdf

Other (nonmajor) Governmental Funds

State Shared Revenues Fund 110 - this special revenue fund accounts for the receipt and expenditure of certain State Shared revenues. These include gasoline tax, arterial, cooperative, school bus route, and motor vehicle revenues, all of which provide funding for the general control and management of the County's roads, highways, and bridges. (7-1-6.9 NMSA 1978)

Lodgers' Tax Fund 121 - this special revenue fund accounts for the proceeds of the lodgers' tax which are required to be used for promotional activities and for the acquisition of certain facilities as provided in the Los Alamos County Code Chapter 4.04. (3-38-21 NMSA 1978)

State Grants/Other Fund 140 - this special revenue fund accounts for the receipt and expenditure of certain State grants and other grant awards. These include Law Enforcement Protection, Local DWI, Fire Marshal, Fire EMS, and Drug Enforcement Agency asset forfeiture funds. (29-13-6 NMSA 1978, 59A-53-5 NMSA 978, Civil Asset Forfeiture Reform Act of 2000)

Health Care Assistance Fund 151 - this special revenue fund accounts for the revenues and expenditures associated with the administration of the Indigent Health Care Program. (25-5-7 NMSA 1978)

Other Special Revenues Fund 180 - this special revenue fund accounts for the expenditures and revenues associated with the following activities: Property Tax Valuation funds; Clerk Recording and Equipment funds; Aquatic Center Gift funds; Library Gift funds; and Bench Warrant funds. This special revenue fund was established by County Council.

Gross Receipts Tax Revenue Bond Debt Service 231 - this debt service fund accounts for amounts to be accumulated for payment of principal and interest on gross receipts tax revenue bonds issued for the construction of specific capital projects. Debt service is financed by a portion of the gross receipts tax imposed and collected by the State and distributed to the County.

INCORPORATED COUNTY OF LOS ALAMOS
Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	GROSS RECEIPTS TAX REVENUE BOND	
ASSETS							
Equity in pooled cash and investments	\$ 45,923	345,134	69,886	0	733,336	0	1,194,279
Investments	0	0	0	0	12,300	0	12,300
Receivables, net of allowance for uncollectibles							
Accounts	0	31,611	0	2,824	0	0	34,435
Interest	0	0	0	0	17	0	17
Due from other governments	121,843	0	6,895	607,665	0	0	736,403
Prepayments	0	0	0	15,450	0	0	15,450
Restricted assets							
Cash and cash equivalents							
Debt reserves and debt service	0	0	0	0	0	556,012	556,012
TOTAL ASSETS	\$ 167,766	376,745	76,781	625,939	745,653	556,012	2,548,896
LIABILITIES							
Accounts payable	\$ 0	1,735	28,107	4,442	9,678	0	43,962
Due to other governments	0	0	2,435	0	0	0	2,435
Due to other funds	0	0	0	84,987	0	255,602	340,589
Unearned revenue	21,783	0	0	0	0	0	21,783
TOTAL LIABILITIES	21,783	1,735	30,542	89,429	9,678	255,602	408,769
FUND BALANCE							
Prepaid items	0	0	0	15,450	0	0	15,450
Restricted for							
Clerk records and files (State law)	0	0	0	0	82,503	0	82,503
Debt service (Bond and loan agreements)	0	0	0	0	0	300,410	300,410
Grants (Granting entities)	0	0	46,239	0	0	0	46,239
Library operations (contributors)	0	0	0	0	15,609	0	15,609
Lodgers' tax (State law)	0	375,010	0	0	0	0	375,010
Indigent health care claims (State law)	0	0	0	521,060	0	0	521,060
Property tax valuation (State law)	0	0	0	0	603,096	0	603,096
Recreation (County code and contributors)	0	0	0	0	34,767	0	34,767
Major street maintenance (State law)	145,983	0	0	0	0	0	145,983
TOTAL FUND BALANCE	145,983	375,010	46,239	536,510	735,975	300,410	2,140,127
TOTAL LIABILITIES AND FUND BALANCE	\$ 167,766	376,745	76,781	625,939	745,653	556,012	2,548,896

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Other Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2018

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	HEALTH CARE ASSISTANCE	OTHER SPECIAL REVENUES	GROSS RECEIPTS TAX REVENUE BOND	
REVENUES							
Taxes							
Gross receipts taxes	\$ 0	0	0	1,723,006	0	0	1,723,006
Lodgers' tax	0	300,691	0	0	0	0	300,691
	<u>0</u>	<u>300,691</u>	<u>0</u>	<u>1,723,006</u>	<u>0</u>	<u>0</u>	<u>2,023,697</u>
Intergovernmental							
State grants-fire	0	0	478,703	0	0	0	478,703
State grants-police	0	0	109,790	0	0	0	109,790
State shared revenues	579,372	0	0	0	0	0	579,372
	<u>579,372</u>	<u>0</u>	<u>588,493</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,167,865</u>
Fines and forfeits							
Court ordered reimbursements	0	0	0	0	3,300	0	3,300
Charges for services							
Clerk fee	0	0	0	0	34,780	0	34,780
Finance/treasurer fees	0	0	0	0	186,318	0	186,318
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>221,098</u>	<u>0</u>	<u>221,098</u>
Miscellaneous revenue							
Investment income	0	8,325	3,858	6,322	1,121	13,940	33,566
Buildings rental	0	0	0	17,944	0	0	17,944
Land rental	0	0	0	33,888	0	0	33,888
Donations	0	0	0	0	731	0	731
	<u>0</u>	<u>8,325</u>	<u>3,858</u>	<u>58,154</u>	<u>1,852</u>	<u>13,940</u>	<u>86,129</u>
TOTAL REVENUES	579,372	309,016	592,351	1,781,160	226,250	13,940	3,502,089
EXPENDITURES							
General government							
Municipal Court	0	0	0	0	18,300	0	18,300
County Assessor	0	0	0	0	182,233	0	182,233
County Clerk	0	0	0	0	15,128	0	15,128
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>215,661</u>	<u>0</u>	<u>215,661</u>
Public safety							
Fire marshal	0	0	757,293	0	0	0	757,293
Fire-E.M.S. grant	0	0	9,675	0	0	0	9,675
Police	0	0	27,357	0	0	0	27,357
	<u>0</u>	<u>0</u>	<u>794,325</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>794,325</u>

Physical and economic environment							
Community and Economic Development	0	180,841	83,876	0	0	0	264,717
Health and welfare							
Community Services-Social Services	0	0	0	2,154,640	0	0	2,154,640
Culture and recreation							
Community Services-Recreation	0	0	0	0	1,578	0	1,578
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,578</u>	<u>0</u>	<u>1,578</u>
Capital outlay:							
Public Safety							
Fire	0	0	148,065	0	0	0	148,065
Police	0	0	11,457	0	0	0	11,457
	<u>0</u>	<u>0</u>	<u>159,522</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>159,522</u>
Debt service:							
Principal	0	0	0	0	0	4,395,000	4,395,000
Interest	0	0	0	0	0	1,873,597	1,873,597
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,268,597</u>	<u>6,268,597</u>
TOTAL EXPENDITURES	<u>0</u>	<u>180,841</u>	<u>1,037,723</u>	<u>2,154,640</u>	<u>217,239</u>	<u>6,268,597</u>	<u>9,859,040</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	579,372	128,175	(445,372)	(373,480)	9,011	(6,254,657)	(6,356,951)
OTHER FINANCING SOURCES (USES)							
Transfers in	48,333	0	24,500	317,000	15,000	6,268,596	6,673,429
Transfers out	(580,000)	0	0	0	0	0	(580,000)
	<u>(531,667)</u>	<u>0</u>	<u>24,500</u>	<u>317,000</u>	<u>15,000</u>	<u>6,268,596</u>	<u>6,093,429</u>
NET CHANGE IN FUND BALANCE	47,705	128,175	(420,872)	(56,480)	24,011	13,939	(263,522)
FUND BALANCE							
Beginning of fiscal year	98,278	246,835	467,111	592,990	711,964	286,471	2,403,649
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 145,983</u>	<u>375,010</u>	<u>46,239</u>	<u>536,510</u>	<u>735,975</u>	<u>300,410</u>	<u>2,140,127</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
STATE SHARED REVENUES FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State shared revenues	\$ 580,000	580,000	579,372	(628)
EXPENDITURES AND ENCUMBRANCES				
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES</i>	580,000	580,000	579,372	(628)
OTHER FINANCING SOURCES (USES)				
General Fund	48,333	48,333	48,333	0
Transfers out to:				
Capital Improvement Project Fund	<u>(580,000)</u>	<u>(580,000)</u>	<u>(580,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	\$ <u>48,333</u>	<u>48,333</u>	47,705	<u>(628)</u>
FUND BALANCE				
Beginning of fiscal year			<u>98,278</u>	
FUND BALANCE - END OF FISCAL YEAR			\$ <u>145,983</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
 LODGERS' TAX FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 290,000	290,000	300,691	10,691
Miscellaneous revenues				
Investment income	3,000	3,000	8,325	5,325
TOTAL REVENUES	<u>293,000</u>	<u>293,000</u>	<u>309,016</u>	<u>16,016</u>
EXPENDITURES AND ENCUMBRANCES				
Community and Economic Development				
Outside services	223,000	223,000	177,932	45,068
Intrafund/interfund services	2,918	2,918	2,918	0
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>225,918</u>	<u>225,918</u>	<u>180,850</u>	<u>45,068</u>
NET CHANGE IN FUND BALANCE	<u>\$ 67,082</u>	<u>67,082</u>	<u>128,166</u>	<u>61,084</u>
FUND BALANCE				
Beginning of fiscal year			246,835	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 375,010</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
STATE GRANTS/OTHER FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	\$ 511,200	478,349	478,703	354
State grants-police	108,200	123,200	109,790	(13,410)
Miscellaneous revenues				
Investment income	0	0	3,858	3,858
TOTAL REVENUES	619,400	601,549	592,351	(9,198)
EXPENDITURES AND ENCUMBRANCES				
Community Services-Social services				
Police - DWI local grant	93,500	108,500	83,876	24,624
Fire				
Grants and contracts				
Fire - Fire marshal grant	500,000	926,803	926,341	462
Fire - Emergency medical services grant	11,200	10,072	9,675	397
	511,200	936,875	936,016	859
Police				
Grants and contracts				
Police - Law enforcement protection grant	39,387	39,387	11,457	27,930
Police - Seizure/Forfeiture	0	228	27,357	(27,129)
	39,387	39,615	38,814	801
TOTAL EXPENDITURES AND ENCUMBRANCES	644,087	1,084,990	1,058,706	26,284
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	24,500	24,500	24,500	0
NET CHANGE IN FUND BALANCE	\$ (187)	(458,941)	(441,855)	17,086
ADJUSTMENTS TO GAAP				
Encumbrances			20,983	
GAAP BASIS			(420,872)	
FUND BALANCE				
Beginning of fiscal year			467,111	
FUND BALANCE - END OF FISCAL YEAR			\$ 46,239	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
HEALTH CARE ASSISTANCE FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
General gross receipts taxes	\$ 1,659,000	1,659,000	1,723,006	64,006
Miscellaneous revenues				
Investment income	6,000	6,000	6,322	322
Buildings rental	45,000	45,000	17,944	(27,056)
Land rental	0	0	33,888	33,888
TOTAL REVENUES	1,710,000	1,710,000	1,781,160	71,160
EXPENDITURES AND ENCUMBRANCES				
Community Services-Social Services				
Employee salaries and benefits	101,531	101,531	85,034	16,497
Outside services	2,017,600	2,209,508	2,068,404	141,104
Materials and supplies	15,000	15,000	566	14,434
Debt and fiscal charges	636	636	636	0
TOTAL EXPENDITURES AND ENCUMBRANCES	2,134,767	2,326,675	2,154,640	172,035
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(424,767)	(616,675)	(373,480)	243,195
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	317,000	317,000	317,000	0
NET CHANGE IN FUND BALANCE	\$ (107,767)	(299,675)	(56,480)	243,195
FUND BALANCE				
Beginning of fiscal year			592,990	
FUND BALANCE - END OF FISCAL YEAR			\$ 536,510	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
OTHER SPECIAL REVENUES**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Fines and Forfeits				
Court ordered reimbursements	\$ 5,557	5,557	3,300	(2,257)
Charges for Services				
Clerk fee	21,000	21,000	34,780	13,780
Finance/treasurer fees	175,000	175,000	186,318	11,318
	<u>196,000</u>	<u>196,000</u>	<u>221,098</u>	<u>25,098</u>
Miscellaneous revenues				
Investment income	1,000	1,000	1,121	121
Donations	3,000	3,000	731	(2,269)
	<u>4,000</u>	<u>4,000</u>	<u>1,852</u>	<u>(2,148)</u>
TOTAL REVENUES	205,557	205,557	226,250	20,693
EXPENDITURES AND ENCUMBRANCES				
Municipal Court				
Bench warrant	20,557	20,557	18,300	2,257
County Assessor				
Property tax valuation	203,221	203,221	182,232	20,989
County Clerk				
Recording and equipment	28,550	28,550	15,821	12,729
Community Services				
Aquatic center gift	3,000	3,000	1,578	1,422
Library gift	3,200	3,200	0	3,200
TOTAL EXPENDITURES AND ENCUMBRANCES	258,528	258,528	217,931	40,597
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(52,971)	(52,971)	8,319	61,290

OTHER FINANCING SOURCES (USES)

Transfers in from:				
General Fund	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	\$ <u>(37,971)</u>	<u>(37,971)</u>	23,319	<u>61,290</u>
ADJUSTMENTS TO GAAP				
Encumbrances			<u>692</u>	
			<u>692</u>	
GAAP BASIS			24,011	
FUND BALANCE				
Beginning of fiscal year			<u>711,964</u>	
FUND BALANCE - END OF FISCAL YEAR			\$ <u>735,975</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
GROSS RECEIPTS TAX REVENUE BONDS FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 7,000	7,000	13,940	6,940
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - Finance Office				
Principal payment on debt	4,395,000	4,395,000	4,395,000	0
Interest payment on debt	1,873,597	1,873,597	1,873,597	0
	<u>6,268,597</u>	<u>6,268,597</u>	<u>6,268,597</u>	<u>0</u>
<i>EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES</i>	<i>(6,261,597)</i>	<i>(6,261,597)</i>	<i>(6,254,657)</i>	<i>6,940</i>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	6,268,597	6,268,597	6,268,596	(1)
NET CHANGE IN FUND BALANCE	\$ <u>7,000</u>	<u>7,000</u>	13,939	<u>6,939</u>
FUND BALANCE				
Beginning of fiscal year			286,471	
FUND BALANCE - END OF FISCAL YEAR			\$ <u>300,410</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
CAPITAL PROJECTS PERMANENT FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 1,840,000	1,840,000	2,705,350	865,350
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Projects Fund	(1,256,000)	(1,256,000)	(1,250,113)	5,887
NET CHANGE IN FUND BALANCE	\$ 584,000	584,000	1,455,237	871,237
FUND BALANCE				
Beginning of fiscal year			28,173,143	
FUND BALANCE - END OF FISCAL YEAR			\$ 29,628,380	

INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS
 Year ended June 30, 2018

PROJECT	ACCOUNT NUMBER	PROJECT-LENGTH BUDGET APPROPRIATIONS	EXPENDED IN PRIOR YEARS	EXPENDED IN CURRENT YEAR	EXPENDED THROUGH JUNE 30, 2018	UNEXPENDED AS OF JUNE 30, 2018	ENCUMBRANCES AS OF JUNE 30, 2018	REMAINING BALANCE AS OF JUNE 30, 2018
CAPITAL IMPROVEMENT PROJECTS								
Information Technology (Continuing)	\$ 311-5011102	517,369	0	0	0	517,369	45,006	472,363
Finance Enterprise Resource Planning (Residual)	311-4011102	4,411,443	1,856,477	1,454,742	3,311,219	1,100,224	747,311	352,913
Potential Public Schools	311-6691089	500,000	0	0	0	500,000	0	500,000
Municipal Building Replacement (Residual)	311-6691005	139,057	0	0	0	139,057	95,186	43,871
White Rock Civic Center (Residual)	311-6691018	98,681	0	0	0	98,681	6,142	92,539
Bond Issue Conceptual Design	311-6691019	25,043	0	0	0	25,043	0	25,043
20th Street Extension	311-6695068	146,905	0	0	0	146,905	0	146,905
A13 (Former LASO Site)	311-6694014	1,200,000	0	0	0	1,200,000	0	1,200,000
A16 Infrastructure (Utilities)	311-6694015	2,000,000	0	0	0	2,000,000	0	2,000,000
Street CIP	311-6695038	84,731	0	0	0	84,731	0	84,731
Canyon Rim Trail	311-6695039	56,743	0	0	0	56,743	0	56,743
NM 502 Knecht to Tewa	311-6695043	271,111	257,478	0	257,478	13,633	0	13,633
Central Avenue Improvements (Residual)	311-6695066	54,129	0	0	0	54,129	0	54,129
Sherwood Boulevard	311-6695067	1,647,157	49,504	169,997	219,501	1,427,656	1,365,795	61,861
Canyon Rim Trail West	311-6695073	953,408	24,431	40,020	64,451	888,957	40,882	848,075
North Mesa Cumres Del Sol	311-6695075	1,746,506	0	5,782	5,782	1,740,724	5,595	1,735,129
PROJ DEV, STDS & GUIDE	311-6695076	166,409	0	0	0	166,409	528	165,881
Canyon Rim Trail Under	311-6695077	320,000	0	37,010	37,010	282,990	151,778	131,212
Public Art (Continuing)	311-6697004	475,383	0	0	0	475,383	9,653	465,730
Parks Small Capital Projects (Continuing)	311-6697042	462,906	0	0	0	462,906	0	462,906
Teen Center	311-6697052	3,835	0	0	0	3,835	0	3,835
Golf Course Improvement	311-6697053	4,524,000	0	0	0	4,524,000	0	4,524,000
Pajarito Mountain Bike Trails	311-6697055	500,000	0	0	0	500,000	0	500,000
Manhattan Project NHP WIFI	311-6697057	17,400	0	0	0	17,400	0	17,400
Kiddie Pool	311-6697058	650,000	0	0	0	650,000	0	650,000
Pinion Park Splash Pad	311-6697059	720,000	0	0	0	720,000	0	720,000
Outdoor Rink	311-6697061	1,200,000	0	0	0	1,200,000	0	1,200,000
		<u>22,892,216</u>	<u>2,187,890</u>	<u>1,707,551</u>	<u>3,895,441</u>	<u>18,996,775</u>	<u>2,467,876</u>	<u>16,528,899</u>
PROJECTS COMPLETED IN FY2018								
Information Technology (Continuing)	311-5011102	369,348	0	369,348	369,348	0	0	0
Virtual Desktop Infrastructure (Residual)	311-5011105	21,817	0	21,817	21,817	0	0	0
Municipal Building Replacement (Residual)	311-6691005	42,579	0	42,579	42,579	0	0	0
White Rock Civic Center (Residual)	311-6691018	38,112	0	38,112	38,112	0	0	0
Bond Issue Conceptual Design	311-6691019	26,531	0	26,531	26,531	0	0	0
20th Street Extension	311-6695068	1,153,095	197	1,152,898	1,153,095	0	0	0
Pavement Condition Index Road Survey	311-6695069	11,101	0	11,101	11,101	0	0	0
North Mesa Cumres Del Sol	311-6695075	1,617,440	668,008	949,432	1,617,440	0	0	0
PROJ DEV, STDS & GUIDE	311-6695076	33,591	0	33,591	33,591	0	0	0
Public Art (Continuing)	311-6697004	69,948	0	69,948	69,948	0	0	0
Parks Small Capital Projects (Continuing)	311-6697042	31,146	0	31,146	31,146	0	0	0
Teen Center	311-6697052	10,750	0	10,750	10,750	0	0	0
Manhattan Project NHP WIFI	311-6697057	77,929	17,203	60,726	77,929	0	0	0
TOTAL PROJECTS COMPLETED IN FY2018		<u>3,503,387</u>	<u>685,408</u>	<u>2,817,979</u>	<u>3,503,387</u>	<u>0</u>	<u>0</u>	<u>0</u>
PROJECT TOTALS FY2018	\$	<u>26,395,603</u>	<u>2,873,298</u>	<u>4,525,530</u>	<u>7,398,828</u>	<u>18,996,775</u>	<u>0</u>	<u>16,528,899</u>



Joint Utility System Subfunds

The Joint Utility System is presented as a major fund. This section provides combining schedules for the individual utility subfunds and industry format financial schedules.

Electric Utility Subfund 510 - accounts for the provision of electric utility services to the county.

Gas Utility Subfund 531 - accounts for the provision of gas utility services to the county.

Water Utility Subfund 540 - accounts for the provision of water utility services to the county.

Wastewater Utility Subfund 551 - accounts for the provision of wastewater utility services to the county.

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INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2018

	ELECTRIC	GAS	WATER	WASTEWATER	TOTAL JOINT UTILITY SYSTEM
ASSETS					
CURRENT ASSETS					
Equity (deficit) in pooled cash and investments	\$ (944,435)	3,386,328	9,188,560	223,039	11,853,492
Receivables, net of allowance for uncollectibles					
Accounts	2,611,070	131,770	468,394	334,306	3,545,540
Unbilled	663,521	76,779	385,348	164,960	1,290,608
Due from other governments	0	0	109,251	0	109,251
Due from other subfunds (not included in total column)	0	0	159,442	0	0
Inventories and prepayments					
Inventories	671,403	33,319	214,789	13,573	933,084
Power plant inventories	573,110	0	0	0	573,110
Prepayments	686,661	0	77,765	0	764,426
	<u>4,261,330</u>	<u>3,628,196</u>	<u>10,603,549</u>	<u>735,878</u>	<u>19,069,511</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	3,202,072	0	167,907	964,889	4,334,868
Operations and maintenance	10,505,209	0	0	717,755	11,222,964
Investments					
Debt reserves and debt service	4,679,635	0	0	0	4,679,635
	<u>18,386,916</u>	<u>0</u>	<u>167,907</u>	<u>1,682,644</u>	<u>20,237,467</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	2,959,328	2,959,328
Utility plant in service	173,185,473	16,122,939	86,679,263	42,971,966	318,959,641
Machinery and equipment	3,097,843	179,710	897,109	388,084	4,562,746
Less accumulated depreciation	(110,313,185)	(5,223,215)	(29,165,607)	(12,600,534)	(157,302,541)
Construction in progress	10,258,577	454,833	2,979,949	125,417	13,818,776
	<u>76,228,708</u>	<u>11,534,267</u>	<u>61,390,714</u>	<u>33,844,261</u>	<u>182,997,950</u>
OTHER ASSETS					
Advances to other subfunds (not included in total column)	0	0	778,111	0	0
TOTAL ASSETS	<u>98,876,954</u>	<u>15,162,463</u>	<u>72,940,281</u>	<u>36,262,783</u>	<u>222,304,928</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amounts from refunding of debt (debits)	464,027	0	0	0	464,027
Deferred other post employment benefits	68,603	22,337	8,992	8,159	108,091
Deferred pensions	1,530,500	385,468	214,557	190,680	2,321,205
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,063,130</u>	<u>407,805</u>	<u>223,549</u>	<u>198,839</u>	<u>2,893,323</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,049,122	72,856	289,174	9,146	2,420,298
Accrued salaries including benefits payable	398,101	7,664	306	0	406,071
Accrued compensated absences	457,795	122,999	57,712	35,652	674,158
Customer deposits payable	61,492	45,034	48,517	0	155,043
Due to other governments	57,488	9,356	24,413	21,050	112,307
Due to other subfunds (not included in total column)	0	0	0	159,442	0
Donations held in trust	25,173	0	0	0	25,173
	<u>3,049,171</u>	<u>257,909</u>	<u>420,122</u>	<u>225,290</u>	<u>3,793,050</u>

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	2,831,837	0	48,164	0	2,880,001
Contracts and intergovernmental debt payable	0	0	99,419	604,356	703,775
Interest payable on debt	79,610	0	8,549	38,427	126,586
	<u>2,911,447</u>	<u>0</u>	<u>156,132</u>	<u>642,783</u>	<u>3,710,362</u>

NON-CURRENT LIABILITIES

Revenue bonds payable	20,257,885	0	1,431,064	0	21,688,949
Special closure costs	10,505,209	0	0	0	10,505,209
Accrued compensated absences	207,094	98,806	51,564	17,778	375,242
Advances from other subfunds (not included in total column)	0	0	0	778,111	0
Contracts and intergovernmental debt payable	0	0	1,376,808	6,454,851	7,831,659
Net other post employment benefits liability	3,518,540	1,145,593	461,213	418,423	5,543,769
Net pension liability	6,761,125	1,701,426	959,837	829,163	10,251,551
	<u>41,249,853</u>	<u>2,945,825</u>	<u>4,280,486</u>	<u>8,498,326</u>	<u>56,196,379</u>
TOTAL LIABILITIES	<u>47,210,471</u>	<u>3,203,734</u>	<u>4,856,740</u>	<u>9,366,399</u>	<u>63,699,791</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred other post employment benefits	800,812	260,734	104,971	95,232	1,261,749
Deferred pensions	202,171	49,991	36,246	16,513	304,921
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,002,983</u>	<u>310,725</u>	<u>141,217</u>	<u>111,745</u>	<u>1,566,670</u>

NET POSITION

Net investment in capital assets	53,603,013	11,534,267	58,435,259	26,785,054	150,357,593
Restricted assets for, net of related liabilities:					
Debt service	7,802,097	0	159,358	1,644,217	9,605,672
Unrestricted	(8,678,480)	521,542	9,571,256	(1,445,793)	(31,475)
TOTAL NET POSITION	<u>\$ 52,726,630</u>	<u>12,055,809</u>	<u>68,165,873</u>	<u>26,983,478</u>	<u>159,931,790</u>

See accompanying notes to financial statements



LOS ALAMOS

where discoveries are made

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2018

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 42,715,844	4,206,010	6,186,622	5,264,530	58,373,006
Rentals	53,169	0	0	0	53,169
Miscellaneous operating revenue	9,424	7,824	18,160	10,199	45,607
	<u>42,778,437</u>	<u>4,213,834</u>	<u>6,204,782</u>	<u>5,274,729</u>	<u>58,471,782</u>
OPERATING EXPENSES					
Employee salaries and benefits	6,295,209	664,270	1,585,800	1,433,414	9,978,693
Contractual services	28,579,483	3,158,159	2,872,989	1,470,009	36,080,640
Materials and supplies	282,074	150,616	79,842	209,942	722,474
Depreciation and amortization	4,573,812	390,161	1,960,018	835,216	7,759,207
Special closure costs	1,116,803	0	0	0	1,116,803
Other	30,242	9,730	6,984	5,143	52,099
	<u>40,877,623</u>	<u>4,372,936</u>	<u>6,505,633</u>	<u>3,953,724</u>	<u>55,709,916</u>
OPERATING INCOME (LOSS)	1,900,814	(159,102)	(300,851)	1,321,005	2,761,866
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of capital assets	(681,482)	(1,612)	(450,269)	0	(1,133,363)
Investment income (loss)	206,507	156,461	278,639	22,522	664,129
Interest on long-term debt	(986,073)	0	(86,858)	(200,503)	(1,273,434)
Interest on intra-subfund debt	0	0	28,393	(28,393)	0
Inventory adjustment	(17,425)	(2,303)	(4,810)	5,546	(18,992)
	<u>(1,478,473)</u>	<u>152,546</u>	<u>(234,905)</u>	<u>(200,828)</u>	<u>(1,761,660)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	422,341	(6,556)	(535,756)	1,120,177	1,000,206
TRANSFERS AND CONTRIBUTIONS					
Transfers in	0	0	0	2,500,000	2,500,000
Transfers out	(582,046)	(2,707,175)	0	0	(3,289,221)
Intergovernmental - capital grants	95,199	0	227,387	0	322,586
	<u>95,199</u>	<u>0</u>	<u>227,387</u>	<u>0</u>	<u>322,586</u>
NET INCOME (LOSS)	(64,506)	(2,713,731)	(308,369)	3,620,177	533,571
NET POSITION					
Beginning of fiscal year	56,970,603	16,130,322	69,022,090	23,860,320	165,983,335
Prior period restatement - GASB Statement 75	(4,179,467)	(1,360,782)	(547,848)	(497,019)	(6,585,116)
NET POSITION - END OF FISCAL YEAR	\$ 52,726,630	12,055,809	68,165,873	26,983,478	159,931,790

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF CASH FLOWS
Year ended June 30, 2018

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES					
Cash received from customers and users	\$ 42,985,589	4,229,464	6,138,958	5,332,388	58,686,399
Cash paid to suppliers for goods and services	(31,741,402)	(3,344,428)	(2,856,731)	(1,683,003)	(39,625,564)
Cash paid to employees	(5,491,139)	(529,512)	(1,532,490)	(1,405,472)	(8,958,613)
Taxes received from customers and users	824,071	292,789	295,250	262,079	1,674,189
Taxes remitted to State (from customers and users)	(832,836)	(293,547)	(294,888)	(261,892)	(1,683,163)
NET CASH FLOWS - OPERATING ACTIVITIES	5,744,283	354,766	1,750,099	2,244,100	10,093,248
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(582,046)	(2,707,175)	0	0	(3,289,221)
Transfers from other funds	0	0	0	2,500,000	2,500,000
Cash received from short-term intra subfund loans	0	0	333,481	0	333,481
Cash paid for short-term intra subfund loans	0	0	0	(333,481)	(333,481)
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(582,046)	(2,707,175)	333,481	2,166,519	(789,221)
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from capital grants	95,199	0	118,135	0	213,334
Principal repaid	(2,753,296)	0	(145,590)	(3,235,301)	(6,134,187)
Interest and other debt service paid	(1,037,925)	0	(90,034)	(232,927)	(1,360,886)
Cash paid for acquisition of capital assets	(3,368,001)	(95,106)	(2,391,550)	(130,730)	(5,985,387)
Proceeds from sale of capital assets	8,924	0	0	0	8,924
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(7,055,099)	(95,106)	(2,509,039)	(3,598,958)	(13,258,202)
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	2,829,186	0	0	0	2,829,186
Interest received on investments	206,507	156,461	278,639	22,522	664,129
Purchase of investment securities	(804,574)	0	0	0	(804,574)
NET CASH FLOWS - INVESTING ACTIVITIES	2,231,119	156,461	278,639	22,522	2,688,741
NET INCREASE (DECREASE) IN CASH	338,257	(2,291,054)	(146,820)	834,183	(1,265,434)
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	12,424,589	5,677,382	9,503,287	1,071,500	28,676,758
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 12,762,846	3,386,328	9,356,467	1,905,683	27,411,324

(Joint Utility System Fund and Environmental Services Fund cash balances are shown in both Equity in Pooled Cash and Investments and Restricted Cash on the Proprietary Funds Statement of Net Position)

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES

OPERATING INCOME(LOSS)	\$	1,900,814	(159,102)	(300,851)	1,321,005	2,761,866
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES						
Depreciation and amortization expense		4,573,812	390,161	1,960,018	835,216	7,759,207
Amortization of special closure costs		1,116,803	0	0	0	1,116,803
Provision for uncollectible accounts receivable		23,929	9,730	6,984	5,143	45,786
Change in assets and liabilities:						
Accounts and other receivables		211,290	15,630	(66,454)	57,659	218,125
Inventories		79,563	(3,098)	(9,531)	5,390	72,324
Prepayments and other		40,306	0	18,663	0	58,969
Accounts and retentions payable		(2,907,348)	(32,555)	48,846	(8,442)	(2,899,499)
Salaries and benefits payable		804,070	134,758	91,432	27,942	1,058,202
Other current liabilities		(90,191)	0	630	0	(89,561)
Due to other governments		(8,765)	(758)	362	187	(8,974)
Total adjustments		3,843,469	513,868	2,050,950	923,095	7,331,382
NET CASH FLOWS - OPERATING ACTIVITIES	\$	5,744,283	354,766	1,750,099	2,244,100	10,093,248

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$	<u>(7,800)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,800)</u>
TOTAL NON CASH TRANSACTIONS	\$	<u>(7,800)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,800)</u>

**INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 1,271,000	1,755,560	322,586	(1,432,974)
Charges for services	68,100,452	68,100,452	58,426,175	(9,674,277)
Miscellaneous revenues	416,421	416,421	897,304	480,883
TOTAL REVENUES	69,787,873	70,272,433	59,646,065	(10,626,368)
EXPENSES AND ENCUMBRANCES				
Department of Public Utilities				
Electric Subfund	47,850,238	55,064,223	43,663,615	11,400,608
Gas Subfund	5,200,867	5,268,184	3,974,146	1,294,038
Water Subfund	13,589,060	18,380,580	9,278,959	9,101,621
Wastewater Subfund	4,822,576	7,616,998	6,928,718	688,280
TOTAL EXPENSES AND ENCUMBRANCES	71,462,741	86,329,985	63,845,438	22,484,547
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(1,674,868)	(16,057,552)	(4,199,373)	11,858,179
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	4,500,000	2,500,000	(2,000,000)
Transfers out	(913,140)	(3,413,140)	(3,281,421)	131,719
Proceeds from long-term debt	61,560	61,560	0	(61,560)
TOTAL OTHER FINANCING SOURCES (USES)	1,148,420	1,148,420	(781,421)	(1,929,841)
NET CHANGE IN FUND BALANCE	\$ (526,448)	(14,909,132)	(4,980,794)	9,928,338
ADJUSTMENTS TO GAAP				
Encumbrances			4,343,863	
Changes in compensated absences			(71,295)	
Bad debt adjustment			(45,786)	
Depreciation and amortization			(7,759,207)	
Adjustments to inventory			(18,992)	
Special closure costs			(1,116,803)	

Net book value of disposed capital assets	(1,133,363)
Assets transferred - proprietary funds	(7,800)
Capital outlay capitalized	5,984,262
Principal on interfund loan	(159,176)
Pension expense	(794,701)
Principal on debt service	6,293,363
	<u>5,514,365</u>
GAAP BASIS	533,571
NET POSITION	
Beginning of fiscal year	165,983,335
Prior period restatement - GASB Statement 75	(6,585,116)
NET POSITION - END OF FISCAL YEAR	\$ <u><u>159,398,219</u></u>

**INCORPORATED COUNTY OF LOS ALAMOS
ELECTRIC SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal subsidy	\$ 0	0	95,199	95,199
Charges for services				
Residential	15,469,172	15,469,172	6,812,700	(8,656,472)
Commercial and industrial	0	0	4,532,289	4,532,289
Public street and highway lighting	0	0	88,041	88,041
Municipal	0	0	1,544,364	1,544,364
Educational	0	0	499,448	499,448
Wholesale	33,400,832	33,400,832	29,133,071	(4,267,761)
Rent from utility properties	0	0	53,169	53,169
Miscellaneous services	0	0	105,931	105,931
	<u>48,870,004</u>	<u>48,870,004</u>	<u>42,769,013</u>	<u>(6,100,991)</u>
Miscellaneous revenues				
Interest income (loss)	(53,000)	(53,000)	187,935	240,935
Gain (loss) on investments	0	0	(3,628)	(3,628)
Interest charges-delinquent accounts	0	0	22,199	22,199
Sales of scrap and junk	0	0	9,424	9,424
Interfund loans (principal)	67,942	67,942	0	(67,942)
	<u>14,942</u>	<u>14,942</u>	<u>215,930</u>	<u>200,988</u>
TOTAL REVENUES	<u>48,884,946</u>	<u>48,884,946</u>	<u>43,080,142</u>	<u>(5,804,804)</u>
EXPENSES AND ENCUMBRANCES				
Department of Public Utilities				
Electric production				
Employee salaries and benefits	1,595,428	1,595,428	1,721,491	(126,063)
Outside services	35,350,492	38,443,949	30,446,220	7,997,729
Materials and supplies	93,600	93,600	75,958	17,642
Intrafund/interfund services	1,005,585	1,005,585	1,107,548	(101,963)
Capital outlay	19,050	19,050	8,386	10,664
Debt and fiscal charges	2,536,071	2,536,071	2,505,680	30,391
	<u>40,600,226</u>	<u>43,693,683</u>	<u>35,865,283</u>	<u>7,828,400</u>
Electric distribution				
Employee salaries and benefits	1,543,324	1,543,324	1,654,465	(111,141)
Outside services	2,722,638	6,806,299	2,944,220	3,862,079
Materials and supplies	265,100	271,730	703,941	(432,211)

Intrafund/interfund services	1,436,277	1,436,277	1,202,064	234,213
Capital outlay	27,525	27,525	7,800	19,725
Debt and fiscal charges	1,255,148	1,255,148	1,236,776	18,372
	<u>7,250,012</u>	<u>11,340,303</u>	<u>7,749,266</u>	<u>3,591,037</u>
General and administrative				
Employee salaries and benefits	2,994,865	2,994,865	2,793,293	201,572
Outside services	1,381,924	1,412,161	546,319	865,842
Materials and supplies	189,004	189,004	50,261	138,743
Intrafund/interfund services	(4,600,793)	(4,600,793)	(3,344,032)	(1,256,761)
Capital outlay	35,000	35,000	0	35,000
Debt and fiscal charges	0	0	3,225	(3,225)
	<u>0</u>	<u>30,237</u>	<u>49,066</u>	<u>(18,829)</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>47,850,238</u>	<u>55,064,223</u>	<u>43,663,615</u>	<u>11,400,608</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,034,708	(6,179,277)	(583,473)	5,595,804
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(651,065)	(651,065)	(574,246)	76,819
Proceeds from issuance of long-term debt				
Revenue bonds	33,984	33,984	0	(33,984)
NET CHANGE IN FUND BALANCE	\$ <u>417,627</u>	<u>(6,796,358)</u>	<u>(1,157,719)</u>	<u>5,638,639</u>
ADJUSTMENTS TO GAAP				
Encumbrances			1,957,192	
Changes in compensated absences			(41,763)	
Bad debt adjustment			(23,929)	
Depreciation and amortization			(4,573,812)	
Adjustments to inventory			(17,425)	
Special closure costs			(1,116,803)	
Net book value of disposed capital assets			(681,482)	
Assets transferred - proprietary funds			(7,800)	
Capital outlay capitalized			3,366,876	
Pension expense			(521,137)	
Principal on debt service			2,753,296	
			<u>1,093,213</u>	
GAAP BASIS			(64,506)	
NET POSITION				
Beginning of fiscal year			56,970,603	
Prior period restatement - GASB Statement 75			(4,179,467)	
NET POSITION - END OF FISCAL YEAR			\$ <u>52,726,630</u>	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GAS SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Residential	\$ 5,261,503	5,261,503	3,304,944	(1,956,559)
Commercial and industrial	0	0	585,317	585,317
Municipal	0	0	174,770	174,770
Educational	0	0	114,868	114,868
Miscellaneous services	0	0	26,111	26,111
	<u>5,261,503</u>	<u>5,261,503</u>	<u>4,206,010</u>	<u>(1,055,493)</u>
Miscellaneous revenues				
Interest income	82,000	82,000	156,461	74,461
Interest charges-delinquent accounts	0	0	7,824	7,824
	<u>82,000</u>	<u>82,000</u>	<u>164,285</u>	<u>82,285</u>
TOTAL REVENUES	5,343,503	5,343,503	4,370,295	(973,208)
EXPENSES AND ENCUMBRANCES				
Department of Public Utilities				
Gas				
Employee salaries and benefits	488,455	488,455	545,558	(57,103)
Outside services	3,496,971	3,557,044	2,266,770	1,290,274
Materials and supplies	129,500	136,744	176,335	(39,591)
Intrafund/interfund services	1,085,941	1,085,941	985,483	100,458
TOTAL EXPENSES AND ENCUMBRANCES	5,200,867	5,268,184	3,974,146	1,294,038
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	142,636	75,319	396,149	320,830

OTHER FINANCING SOURCES (USES)

Transfer out to:

General Fund	(262,075)	(262,075)	(207,175)	54,900
Wastewater Fund	0	(2,500,000)	(2,500,000)	0

NET CHANGE IN FUND BALANCE	\$ (119,439)	(2,686,756)	(2,311,026)	375,730
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ADJUSTMENTS TO GAAP

Encumbrances			53,904	
Changes in compensated absences			(11,332)	
Bad debt adjustment			(9,730)	
Depreciation and amortization			(390,161)	
Adjustments to inventory			(2,303)	
Net book value of disposed capital assets			(1,612)	
Capital outlay capitalized			95,106	
Pension expense			(136,577)	
			(402,705)	

GAAP BASIS

(2,713,731)

NET POSITION

Beginning of fiscal year			16,130,322	
Prior period restatement - GASB Statement 75			(1,360,782)	

NET POSITION - END OF FISCAL YEAR	\$		12,055,809	
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**INCORPORATED COUNTY OF LOS ALAMOS
WATER SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal subsidy	\$ 0	0	25,756	25,756
State grants-other	1,271,000	1,755,560	201,631	(1,553,929)
Charges for services				
Residential	4,905,750	4,905,750	4,001,151	(904,599)
Commercial and industrial	0	0	504,663	504,663
Municipal	216,000	216,000	469,475	253,475
Educational	0	0	180,863	180,863
Wholesale	1,547,000	1,547,000	999,950	(547,050)
Miscellaneous services	2,030,450	2,030,450	30,520	(1,999,930)
	<u>8,699,200</u>	<u>8,699,200</u>	<u>6,186,622</u>	<u>(2,512,578)</u>
Miscellaneous revenues				
Interest income	305,963	305,963	278,639	(27,324)
Interest charges-delinquent accounts	0	0	7,700	7,700
Sales of scrap and junk	0	0	10,460	10,460
Interfund loan repayment	0	0	187,569	187,569
	<u>305,963</u>	<u>305,963</u>	<u>484,368</u>	<u>178,405</u>
TOTAL REVENUES	<u>10,276,163</u>	<u>10,760,723</u>	<u>6,898,377</u>	<u>(3,862,346)</u>
EXPENSES AND ENCUMBRANCES				
Department of Public Utilities				
Water distribution				
Employee salaries and benefits	674,816	674,816	619,087	55,729
Outside services	125,500	266,379	217,894	48,485
Materials and supplies	444,500	444,500	211,198	233,302
Intrafund/interfund services	1,136,430	1,136,430	760,147	376,283
Capital outlay	7,500	7,500	0	7,500
	<u>2,388,746</u>	<u>2,529,625</u>	<u>1,808,326</u>	<u>721,299</u>
Water production				
Employee salaries and benefits	862,138	862,138	941,565	(79,427)
Outside services	7,736,800	12,320,941	4,684,586	7,636,355
Materials and supplies	228,400	228,400	108,808	119,592
Intrafund/interfund services	1,978,176	1,978,176	1,484,726	493,450

Capital outlay	159,065	225,565	18,500	207,065
Debt and fiscal charges	235,735	235,735	232,448	3,287
	<u>11,200,314</u>	<u>15,850,955</u>	<u>7,470,633</u>	<u>8,380,322</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>13,589,060</u>	<u>18,380,580</u>	<u>9,278,959</u>	<u>9,101,621</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(3,312,897)	(7,619,857)	(2,380,582)	5,239,275
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Economic Development	2,000,000	2,000,000	0	(2,000,000)
Proceeds from issuance of long-term debt:				
Revenue bonds	27,576	27,576	0	(27,576)
	<u>27,576</u>	<u>27,576</u>	<u>0</u>	<u>(27,576)</u>
NET CHANGE IN FUND BALANCE	\$ <u>(1,285,321)</u>	<u>(5,592,281)</u>	<u>(2,380,582)</u>	<u>3,211,699</u>
ADJUSTMENTS TO GAAP				
Encumbrances			2,206,023	
Changes in compensated absences			(17,873)	
Bad debt adjustment			(6,984)	
Depreciation and amortization			(1,960,018)	
Adjustments to inventory			(4,810)	
Net book value of disposed capital assets			(450,269)	
Capital outlay capitalized			2,391,550	
Principal on interfund loans			(159,176)	
Pension expense			(71,820)	
Principal on debt service			145,590	
			<u>2,072,213</u>	
GAAP BASIS			(308,369)	
NET POSITION				
Beginning of fiscal year			69,022,090	
Prior period restatement - GASB Statement 75			(547,848)	
NET POSITION - END OF FISCAL YEAR			<u>\$ 68,165,873</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
WASTEWATER SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Wastewater collection	\$ 5,269,745	5,269,745	5,263,954	(5,791)
Miscellaneous services	0	0	576	576
	<u>5,269,745</u>	<u>5,269,745</u>	<u>5,264,530</u>	<u>(5,215)</u>
Miscellaneous revenues				
Interest income	13,516	13,516	22,522	9,006
Interest charges-delinquent accounts	0	0	10,199	10,199
	<u>13,516</u>	<u>13,516</u>	<u>32,721</u>	<u>19,205</u>
TOTAL REVENUES	<u>5,283,261</u>	<u>5,283,261</u>	<u>5,297,251</u>	<u>13,990</u>
EXPENSES AND ENCUMBRANCES				
Department of Public Utilities				
Wastewater				
Employee salaries and benefits	1,418,741	1,418,741	1,367,920	50,821
Outside services	187,550	279,603	307,723	(28,120)
Materials and supplies	231,000	231,000	238,212	(7,212)
Intrafund/interfund services	1,710,486	1,710,486	1,289,122	421,364
Capital outlay	119,000	321,369	102,368	219,001
Debt and fiscal charges	1,155,799	3,655,799	3,623,373	32,426
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,822,576</u>	<u>7,616,998</u>	<u>6,928,718</u>	<u>688,280</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	460,685	(2,333,737)	(1,631,467)	702,270
Transfers in from:				
Water subfund	0	2,500,000	2,500,000	0
NET CHANGE IN FUND BALANCE	<u><u>\$ 460,685</u></u>	<u><u>166,263</u></u>	<u><u>868,533</u></u>	<u><u>702,270</u></u>

ADJUSTMENTS TO GAAP

Encumbrances	126,744
Changes in compensated absences	(327)
Bad debt adjustment	(5,143)
Depreciation and amortization	(835,216)
Adjustments to inventory	5,546
Capital outlay capitalized	130,730
Pension expense	(65,167)
Principal on debt service	3,394,477
	<u>2,751,644</u>
GAAP BASIS	3,620,177

NET POSITION

Beginning of fiscal year	23,860,320
Prior period restatement - GASB Statement 75	(497,019)
NET POSITION - END OF FISCAL YEAR	\$ <u><u>26,983,478</u></u>



LOS ALAMOS



Enterprise Funds

Enterprise Funds account for activities financed and operated in a manner similar to private business enterprises. These activities generally provide goods or services to the public on a continuing basis and are financed primarily through charges to users.

Other Enterprise Funds:

Environmental Services Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

Transit Fund 651 - accounts for the operation of the Atomic City Transit (ACT) public transportation system.

Fire Fund 660 - accounts for fire protection services provided to Los Alamos National Laboratory and the community through a cooperative agreement with the National Nuclear Security Administration.

Airport Fund 681 - accounts for the operation and maintenance of the Los Alamos Airport.

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**INCORPORATED COUNTY OF LOS ALAMOS
ENVIRONMENTAL SERVICE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 834,000	834,000	861,518	27,518
State grants-other	0	9,900	9,881	(19)
Charges for services				
Sales of food or merchandise (trash bags)	0	0	4,497	4,497
Residential	2,120,000	2,120,000	2,110,186	(9,814)
Commercial and industrial	721,000	721,000	686,687	(34,313)
Other charges for services	597,400	597,400	413,206	(184,194)
	<u>3,438,400</u>	<u>3,438,400</u>	<u>3,214,576</u>	<u>(223,824)</u>
Interfund/interdepartmental charges				
Interdepartmental services	70,000	70,000	53,052	(16,948)
Miscellaneous revenues				
Interest income	43,000	43,000	66,456	23,456
Other	100,000	100,000	92,336	(7,664)
	<u>143,000</u>	<u>143,000</u>	<u>158,792</u>	<u>15,792</u>
TOTAL REVENUES	<u>4,485,400</u>	<u>4,495,300</u>	<u>4,297,819</u>	<u>(197,481)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Environmental Services				
Employee salaries and benefits	1,259,029	1,259,029	1,269,777	(10,748)
Outside services	2,284,220	2,785,750	2,485,459	300,291
Materials and supplies	207,900	231,125	262,050	(30,925)
Intrafund/interfund services	1,120,792	1,120,792	1,154,335	(33,543)
Capital outlay	0	0	5,382	(5,382)
Debt and fiscal charges	361,647	361,647	157,524	204,123
	<u>5,233,588</u>	<u>5,758,343</u>	<u>5,334,527</u>	<u>423,816</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>5,233,588</u>	<u>5,758,343</u>	<u>5,334,527</u>	<u>423,816</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(748,188)	(1,263,043)	(1,036,708)	226,335

OTHER FINANCING SOURCES (USES)**Transfers out to:**

Emergency Declarations Fund

(300,000)(300,000)(267,794)(32,206)**NET CHANGE IN FUND BALANCE**\$ (1,048,188)(1,563,043)(1,304,502)194,129**ADJUSTMENTS TO GAAP**

Encumbrances

274,860

Changes in compensated absences

3,581

Bad debt adjustment

(5,835)

Depreciation and amortization

(194,371)

Special closure costs

980,606

Capital outlay capitalized

5,382

Assets transferred - proprietary funds

(5,382)

Principal on debt service

8,231

Pension expense

(90,604)

976,468(328,034)**GAAP BASIS****NET POSITION**

Beginning of fiscal year

2,723,242

Prior period restatement - GASB Statement 75

(793,594)**NET POSITION - END OF FISCAL YEAR**\$ 1,601,614

**INCORPORATED COUNTY OF LOS ALAMOS
TRANSIT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 174,976	174,976	125,417	(49,559)
Federal indirect	2,237,618	2,237,618	1,964,270	(273,348)
Other intergovernmental (NCRTD)	1,419,000	1,419,000	1,444,500	25,500
	<u>3,831,594</u>	<u>3,831,594</u>	<u>3,534,187</u>	<u>(297,407)</u>
Interfund/interdepartmental charges				
Interdepartmental services	0	0	18,830	18,830
Miscellaneous revenues				
Interest income	46,000	46,000	24,542	(21,458)
TOTAL REVENUES	<u>3,877,594</u>	<u>3,877,594</u>	<u>3,577,559</u>	<u>(300,035)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit (Atomic City Transit)				
Employee salaries and benefits	2,772,763	2,772,763	2,401,753	371,010
Outside services	141,360	141,360	171,294	(29,934)
Materials and supplies	116,980	145,312	76,394	68,918
Intrafund/interfund services	1,085,324	1,085,324	1,085,727	(403)
Capital outlay	451,000	1,005,931	663,291	342,640
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,567,427</u>	<u>5,150,690</u>	<u>4,398,459</u>	<u>752,231</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(689,833)	(1,273,096)	(820,900)	452,196
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>
Transfers out to:				
NET CHANGE IN FUND BALANCE	<u><u>\$ 110,167</u></u>	<u><u>(473,096)</u></u>	<u><u>(20,900)</u></u>	<u><u>452,196</u></u>

ADJUSTMENTS TO GAAP

Encumbrances	129,345
Changes in compensated absences	(18,336)
Depreciation and amortization	(196,012)
Capital outlay capitalized	554,930
Assets transferred - proprietary funds	(324,738)
Pension expense	(180,551)
	<u>(35,362)</u>
GAAP BASIS	(56,262)

NET POSITION

Beginning of fiscal year	1,047,220
Prior period restatement - GASB Statement 75	(1,454,045)
NET POSITION - END OF FISCAL YEAR	\$ <u>(463,087)</u>

**INCORPORATED COUNTY OF LOS ALAMOS
FIRE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	\$ 1,659,000	1,659,000	1,723,007	64,007
Intergovernmental revenue				
Federal direct - NNSA cooperative agreement	19,034,976	19,034,976	18,777,091	(257,885)
State grants-other	0	0	284,743	284,743
Charges for services				
Ambulance services	400,000	400,000	657,754	257,754
Interfund/interdepartmental charges				
County share of fire services	5,207,149	5,207,149	4,934,879	(272,270)
Miscellaneous revenues				
Other	0	0	5,273	5,273
TOTAL REVENUES	<u>26,301,125</u>	<u>26,301,125</u>	<u>26,382,747</u>	<u>81,622</u>
EXPENSES AND ENCUMBRANCES				
Fire Department				
Operations				
Employee salaries and benefits	15,651,435	15,651,435	14,712,328	939,107
Outside services	201,870	391,469	132,296	259,173
Materials and supplies	517,646	631,116	678,573	(47,457)
Capital outlay	0	17,590	0	17,590
	<u>16,370,951</u>	<u>16,691,610</u>	<u>15,523,197</u>	<u>1,168,413</u>
Life Safety				
Employee salaries and benefits	0	0	214	(214)
Outside services	15,000	15,000	18,633	(3,633)
Materials and supplies	42,182	42,182	34,657	7,525
	<u>57,182</u>	<u>57,182</u>	<u>53,504</u>	<u>3,678</u>
Training				
Employee salaries and benefits	0	0	30,874	(30,874)
Outside services	384,221	384,221	313,811	70,410
Materials and supplies	34,000	34,000	16,207	17,793
	<u>418,221</u>	<u>418,221</u>	<u>360,892</u>	<u>57,329</u>

Emergency Medical Services				
Outside services	193,036	193,036	156,833	36,203
Materials and supplies	212,450	212,450	191,632	20,818
	<u>405,486</u>	<u>405,486</u>	<u>348,569</u>	<u>56,917</u>
Non contract-administration				
Employee salaries and benefits	0	0	103,498	(103,498)
Materials and supplies	0	0	597	(597)
	<u>0</u>	<u>0</u>	<u>107,860</u>	<u>(107,860)</u>
Administration				
Employee salaries and benefits	2,801,385	2,801,385	2,616,999	184,386
Outside services	420,429	420,929	381,695	39,234
Materials and supplies	108,850	108,850	75,628	33,222
Intrafund/interfund services	4,059,621	4,059,621	4,258,270	(198,649)
	<u>7,390,285</u>	<u>7,390,785</u>	<u>7,332,592</u>	<u>58,193</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>24,642,125</u>	<u>24,963,284</u>	<u>23,726,614</u>	<u>1,236,670</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,659,000	1,337,841	2,656,133	(1,318,292)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	\$ <u>(41,000)</u>	\$ <u>(362,159)</u>	956,133	<u>(1,318,292)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			80,419	
Changes in compensated absences			(373,770)	
Bad debt expense			(68,220)	
Depreciation and amortization			(486,513)	
Capital outlay capitalized			611,603	
Pension expense			(2,585,078)	
			<u>(2,821,559)</u>	
GAAP BASIS			(1,865,426)	
NET POSITION				
Beginning of fiscal year			(26,581,004)	
Prior period restatement - GASB Statement 75			(16,471,776)	
NET POSITION - END OF FISCAL YEAR			\$ <u>(44,918,206)</u>	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AIRPORT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Licenses and permits				
Intergovernmental				
Federal direct	536,000	536,000	59,403	(476,597)
State grants-other	73,000	73,000	9,272	(63,728)
	<u>609,000</u>	<u>609,000</u>	<u>68,675</u>	<u>(540,325)</u>
Charges for services				
Airport fees	64,550	64,550	47,692	(16,858)
Miscellaneous revenues				
Interest income	15,000	15,000	24,196	9,196
Tie down rental	36,250	36,250	37,503	1,253
Facilities rental	24,500	24,500	11,297	(13,203)
	<u>75,750</u>	<u>75,750</u>	<u>72,996</u>	<u>(2,754)</u>
TOTAL REVENUES	749,300	749,300	189,363	(559,937)
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	125,068	167,068	138,666	28,402
Outside services	799,700	1,167,878	240,734	927,144
Materials and supplies	25,220	25,220	26,491	(1,271)
Intrafund/interfund services	172,937	172,937	169,248	3,689
Capital outlay	20,000	20,000	65,932	(45,932)
Debt and fiscal charges	1,500	1,500	555	945
	<u>1,144,425</u>	<u>1,554,603</u>	<u>641,626</u>	<u>912,977</u>
TOTAL EXPENSES AND ENCUMBRANCES	1,144,425	1,554,603	641,626	912,977
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(395,125)	(805,303)	(452,263)	353,040

OTHER FINANCING SOURCES (USES)**Transfers in from:**

General Fund

260,000	260,000	200,000	(60,000)
<u>260,000</u>	<u>260,000</u>	<u>200,000</u>	<u>(60,000)</u>

NET CHANGE IN FUND BALANCE

\$ <u>(135,125)</u>	<u>(545,303)</u>	<u>(252,263)</u>	<u>293,040</u>
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ADJUSTMENTS TO GAAP

Encumbrances

21,082

Changes in compensated absences

(228)

Depreciation and amortization

(744,887)

Capital outlay capitalized

246,836

Pension expense

(13,224)

(490,421)(742,684)**GAAP BASIS****NET POSITION**

Beginning of fiscal year

14,279,803

Prior period restatement - GASB Statement 75

(98,007)

NET POSITION - END OF FISCAL YEAR

\$ <u>13,439,112</u>



LOS ALAMOS

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Internal Service Funds

Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis. The County's internal service funds primarily serve the business-type activities of the County.

Equipment Fund 720 - accounts for the maintenance and replacement of the County's central equipment pool.

Risk Management Fund 730 - accounts for the County's insurance for health, workers compensation, unemployment, retiree health care, property and general liability.

Agency Fund

Agency Fund 871 - accounts for the collection and payment to the State and local School District of property taxes billed and collected by the County. The Schedule of Changes in Assets and Liabilities is the only required fund financial statement for the Agency Fund, and is presented immediately following the Internal Service Funds financial statements.

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INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018

	EQUIPMENT	RISK MANAGEMENT	TOTAL
ASSETS			
CURRENT ASSETS			
Equity in pooled cash and investments	\$ 6,579,192	10,521,572	17,100,764
Receivables, net of allowance for uncollectibles			
Accounts	0	391,934	391,934
Inventories and prepayments			
	<u>6,579,192</u>	<u>10,913,506</u>	<u>17,492,698</u>
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	26,296,079	0	26,296,079
Less accumulated depreciation	(16,622,414)	0	(16,622,414)
	<u>9,673,665</u>	<u>0</u>	<u>9,673,665</u>
TOTAL ASSETS	<u>16,252,857</u>	<u>10,913,506</u>	<u>27,166,363</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred other post employment benefits	10,301	3,989	14,290
Deferred pensions	213,582	64,603	278,185
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	28,307	259,441	287,748
Claims and judgments payable	0	2,363,246	2,363,246
Accrued salaries including benefits payable	27,086	0	27,086
Accrued compensated absences	76,655	23,510	100,165
	<u>132,048</u>	<u>2,646,197</u>	<u>2,778,245</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	44,441	5,275	49,716
Claims and judgments payable	0	1,380,679	1,380,679
Net other post employment benefits liability	528,317	204,559	732,876
Net pension liability	937,151	285,152	1,222,303
	<u>1,509,909</u>	<u>1,875,665</u>	<u>3,385,574</u>
TOTAL LIABILITIES	<u>1,641,957</u>	<u>4,521,862</u>	<u>6,163,819</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred other post employment benefits	120,243	46,557	166,800
Deferred pensions	24,021	8,377	32,398
NET POSITION			
Invested in capital assets, net of related debt	9,673,665	0	9,673,665
Unrestricted	5,016,854	6,405,302	11,422,156
TOTAL NET POSITION	<u>\$ 14,690,519</u>	<u>6,405,302</u>	<u>21,095,821</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2018

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,375,637	94	3,375,731
Insurance and pension contributions			
County	0	9,019,067	9,019,067
Employees and retirees	0	1,818,715	1,818,715
Miscellaneous operating revenue	106,309	5,050	111,359
	<u>3,481,946</u>	<u>10,842,926</u>	<u>14,324,872</u>
OPERATING EXPENSES			
Employee salaries and benefits	962,446	270,321	1,232,767
Contractual services	637,574	10,758,467	11,396,041
Materials and supplies	1,257,496	5,755	1,263,251
Depreciation and amortization	2,244,767	0	2,244,767
	<u>5,102,283</u>	<u>11,034,543</u>	<u>16,136,826</u>
		(9,076,961)	
OPERATING INCOME (LOSS)	(1,620,337)	(191,617)	(1,811,954)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	135,171	0	135,171
Investment income	184,917	276,647	461,564
	<u>320,088</u>	<u>276,647</u>	<u>596,735</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(1,300,249)	85,030	(1,215,219)
TRANSFERS AND CONTRIBUTIONS			
Transfers in	605,714	0	605,714
Contributed capital assets - governmental activities	21,049	0	21,049
	<u>626,763</u>	<u>0</u>	<u>626,763</u>
NET INCOME (LOSS)	(673,486)	85,030	(588,456)
NET POSITION			
Beginning of fiscal year	15,991,561	6,563,255	22,554,816
Prior period restatement - GASB Statement 75	(627,556)	(242,983)	(870,539)
NET POSITION - END OF FISCAL YEAR	\$ 14,690,519	\$ 6,405,302	21,095,821

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2018

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,542,939	(383,761)	3,159,178
Cash received from contributions-employer and employees	0	10,837,782	10,837,782
Cash paid to suppliers for goods and services	(1,948,321)	(9,909,550)	(11,857,871)
Cash paid to employees	(866,986)	(490,289)	(1,357,275)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>727,632</u>	<u>54,182</u>	<u>781,814</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	267,794	0	267,794
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from grants	0		
Cash paid for acquisition of capital assets	(802,302)	0	(802,302)
Proceeds from sale of capital assets	138,118	0	138,118
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(664,184)</u>	<u>0</u>	<u>(664,184)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	<u>184,917</u>	<u>276,647</u>	<u>461,564</u>
NET INCREASE (DECREASE) IN CASH	516,159	330,829	846,988
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	<u>6,063,033</u>	<u>10,190,743</u>	<u>16,253,776</u>
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>\$ 6,579,192</u>	<u>10,521,572</u>	<u>17,100,764</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES

OPERATING INCOME(LOSS)	\$ (1,620,337)	(191,617)	(1,811,954)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
Depreciation and amortization expense	2,244,767	0	2,244,767
Change in assets and liabilities:			
Accounts and other receivables	60,993	(388,905)	(327,912)
Prepayments and other	0	26,900	26,900
Accounts payable	(53,251)	117,039	63,788
Salaries and benefits payable	95,460	(219,968)	(124,508)
Claims and judgments payable	0	710,733	710,733
Total adjustments	<u>2,347,969</u>	<u>245,799</u>	<u>2,593,768</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$ <u>727,632</u>	<u>54,182</u>	<u>781,814</u>

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 337,920	0	337,920
Contributed capital assets - governmental activities	21,049	0	21,049
TOTAL NON CASH CAPITAL ACQUISITIONS	\$ <u>358,969</u>	<u>0</u>	<u>358,969</u>

**INCORPORATED COUNTY OF LOS ALAMOS
EQUIPMENT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)

Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Interfund/interdepartmental charges				
Charges for special services	3,347,023	3,347,023	3,375,637	28,614
Miscellaneous revenues				
Investment income	144,000	144,000	184,917	40,917
Other	242,000	242,000	106,309	(135,691)
	<u>386,000</u>	<u>386,000</u>	<u>291,226</u>	<u>(94,774)</u>
TOTAL REVENUES	<u>3,733,023</u>	<u>3,733,023</u>	<u>3,666,863</u>	<u>(66,160)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	898,055	898,055	874,976	23,079
Outside services	116,096	116,096	124,755	(8,659)
Materials and supplies	1,318,146	1,318,278	1,257,496	60,782
Intrafund/interfund services	6,000	6,000	5,946	54
Capital outlay	506,873	506,873	506,873	0
	<u>2,845,170</u>	<u>2,845,302</u>	<u>2,770,046</u>	<u>75,256</u>
Fleet management-equipment replacement				
Outside services	0	315,294	0	315,294
Capital outlay	1,918,000	1,918,000	1,917,981	19
	<u>1,918,000</u>	<u>2,233,294</u>	<u>1,917,981</u>	<u>315,313</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,763,170</u>	<u>5,078,596</u>	<u>4,688,027</u>	<u>390,569</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(1,030,147)	(1,345,573)	(1,021,164)	324,409

OTHER FINANCING SOURCES (USES)

Transfers in from:				
Environmental Services	300,000	300,000	267,794	(32,206)
Proceeds from sale of capital assets	103,000	103,000	135,171	32,171
NET CHANGE IN NET POSITION	\$ (627,147)	(942,573)	(618,199)	324,374

ADJUSTMENTS TO GAAP

Encumbrances			1,115,678	
Changes in compensated absences			(13,678)	
Depreciation and amortization			(2,244,767)	
Capital outlay capitalized			802,303	
Asset transfers - proprietary funds			337,920	
Contributed capital assets - outside sources			0	
Contributed capital assets - governmental activities			21,049	
Pension expense			(73,792)	
			<u>(55,287)</u>	
GAAP BASIS			(673,486)	

NET POSITION

Beginning of fiscal year			15,991,561	
Prior period restatement - GASB Statement 75			(627,556)	
NET POSITION - END OF FISCAL YEAR			<u>14,690,519</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
RISK MANAGEMENT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2018

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Administrative charges for services	\$ 0	0	94	94
Interfund/interdepartmental charges				
County insurance contributions	9,096,142	9,096,142	9,019,067	(77,075)
Miscellaneous revenues				
Investment income	186,000	186,000	276,647	90,647
Group insurance contributions				
Employees	1,840,265	1,840,265	1,812,592	(27,673)
Retirees and others	0	0	6,123	6,123
Other	0	0	3,870	3,870
	<u>2,026,265</u>	<u>2,026,265</u>	<u>2,099,232</u>	<u>72,967</u>
TOTAL REVENUES	<u>11,122,407</u>	<u>11,122,407</u>	<u>11,118,393</u>	<u>(4,014)</u>
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	683,276	683,276	661,443	21,833
Intrafund/interfund services	(51,712)	(51,712)	(29,994)	(21,718)
	<u>631,564</u>	<u>631,564</u>	<u>631,449</u>	<u>115</u>
Medical Insurance				
Outside services	7,502,617	7,502,617	7,517,597	(14,980)
Intrafund/interfund services				
Unemployment insurance				
Outside services	35,000	35,000	6,803	28,197
Workers' compensation insurance				
Outside services	700,000	700,000	712,724	(12,724)
Administration and other insurance				
Employee salaries and benefits	294,220	294,220	243,690	50,530
Outside services	1,190,295	1,213,603	1,198,307	15,296
Materials and supplies	12,800	12,800	5,755	7,045
Intrafund/interfund services	55,484	55,484	33,766	21,718
	<u>1,552,799</u>	<u>1,576,107</u>	<u>1,481,518</u>	<u>94,589</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>10,421,980</u>	<u>10,445,288</u>	<u>10,350,091</u>	<u>95,197</u>
NET CHANGE IN NET POSITION	<u>\$ 700,427</u>	<u>677,119</u>	<u>768,302</u>	<u>91,183</u>

ADJUSTMENTS TO GAAP

Encumbrances	52,912
Changes in compensated absences	(3,487)
Bad debt expense	1,180
Incurred but not reported claims adjustment	(710,733)
Pension expense	(23,144)

(683,272)

GAAP BASIS

85,030

NET POSITION

Beginning of fiscal year	6,563,255
Prior period restatement - GASB Statement 75	(242,983)

NET POSITION - END OF FISCAL YEAR

\$ 6,405,302

**INCORPORATED COUNTY OF LOS ALAMOS
AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2018

	<u>BALANCE JUNE 30, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2018</u>
ASSETS				
Equity in pooled cash and investments	\$ 472,948	23,840,601	23,743,108	570,441
Receivables				
Property taxes	206,125	18,541,449	18,475,554	272,020
Other	2,738	14,475	14,904	2,309
TOTAL ASSETS	<u>\$ 681,811</u>	<u>42,396,525</u>	<u>42,233,566</u>	<u>844,770</u>
LIABILITIES				
Due to other governments	\$ 666,188	52,519,631	52,357,764	828,055
Donations held in trust	15,623	6,827	5,735	16,715
TOTAL LIABILITIES	<u>\$ 681,811</u>	<u>52,526,458</u>	<u>52,363,499</u>	<u>844,770</u>

See accompanying notes to financial statements.

Statistical Section

This section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the County's overall financial health. This section is presented in five general categories as described below.

Financial trends information is intended to assist readers in understanding and assessing how the County's financial position has changed over time.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the County's ability to generate its "own-source revenues". Own-source revenues are revenues that are generated by the County itself. The County's largest own-source revenues are Joint Utility System charges, thus there are several required tables showing the Joint Utility Fund customer base, charge rates, and revenues by customer category. **Additional tables, although not required, show gross receipts tax revenue history and information about property taxes.**

Debt capacity information is intended to assist readers in understanding and assessing the County's debt burden and its ability to issue additional debt.

Demographic and economic information is intended (1) to assist readers in understanding the socioeconomic environment within which the County operates and (2) to provide information that facilitates comparisons of financial information over time and among governments.

Operating information is intended to provide contextual information about the County's operations and resources to assist readers in using financial statement information to understand and assess the County's economic condition.

**INCORPORATED COUNTY OF LOS ALAMOS
NET POSITION BY COMPONENT (ACCRUAL BASIS OF ACCOUNTING)**

Table 1

LAST TEN FISCAL YEARS

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Governmental activities										
Net investment in capital assets	\$ 183,000,699	178,334,145	192,752,416	208,576,888	237,826,582	239,254,295	250,108,256	252,531,286	259,802,145	245,740,292
Restricted	28,017,885	28,325,491	35,352,438	33,651,944	35,537,750	34,988,485	34,249,549	33,470,637	36,167,913	37,428,930
Unrestricted	89,765,352	103,506,637	105,766,930	88,201,894	64,512,993	65,417,024	24,828,055 [b]	23,440,469	11,708,367	-14,208,320 [c]
Total governmental activities net position [a]	<u>\$ 300,783,936</u>	<u>310,166,273</u>	<u>333,871,784</u>	<u>330,430,726</u>	<u>337,877,325</u>	<u>339,659,804</u>	<u>309,185,860</u>	<u>309,442,392</u>	<u>307,678,425</u>	<u>268,960,902</u>
Business-type activities										
Net investment in capital assets	\$ 142,618,564	158,548,491	161,529,616	167,570,211	167,060,666	181,756,242	179,372,871	184,426,198	188,228,999	189,991,534
Restricted	18,360,797	18,666,972	20,160,305	21,139,074	22,202,599	22,978,409	18,360,915	14,083,223	12,158,471	10,098,323
Unrestricted	40,619,953	34,379,861	39,092,391	37,641,839	35,292,581	32,720,327	-13,031,536 [b]	-11,155,982	-19,209,288	-47,684,553 [c]
Total business-type activities net position [a]	<u>\$ 201,599,314</u>	<u>211,595,324</u>	<u>220,782,312</u>	<u>226,351,124</u>	<u>224,555,846</u>	<u>237,454,978</u>	<u>184,702,250</u>	<u>187,353,439</u>	<u>181,178,182</u>	<u>152,405,304</u>
Primary government										
Net investment in capital assets	\$ 325,619,263	336,882,636	354,282,032	376,147,099	404,887,248	421,010,537	429,481,127	436,957,484	448,031,144	435,731,826
Restricted	46,378,682	46,992,463	55,512,743	54,791,018	57,740,349	57,966,894	52,610,464	47,553,860	48,326,384	47,527,253
Unrestricted	130,385,305	137,886,498	144,859,321	125,843,733	99,805,574	98,137,351	11,796,519 [b]	12,284,487	-7,500,921	-61,892,873 [c]
Total primary government net position [a]	<u>\$ 502,383,250</u>	<u>521,761,597</u>	<u>554,654,096</u>	<u>556,781,850</u>	<u>562,433,171</u>	<u>577,114,782</u>	<u>493,888,110</u>	<u>496,795,831</u>	<u>488,856,607</u>	<u>421,366,206</u>

Source: Los Alamos County CAFRs

Notes:

[a] The County implemented GASB 63 during FY2013 in which formerly titled "Net Assets" are now named "Net Position".

[b] The County implemented GASB 68 during FY2015 which includes net pension liability. The reduction of net position is related to the recording of pension expense and the associated deferred inflows and outflows of resources.

[c] The County implemented GASB 75 during FY2018 which includes net other post employment benefits liability. The reduction of net position is related to the recording of other post employment expense and the associated deferral

INCORPORATED COUNTY OF LOS ALAMOS
CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

Table 2

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Expenses										
Governmental activities:										
General government	\$ 15,392,748	19,020,307	19,354,103	18,663,752	14,217,521	14,792,046	15,786,864	15,346,876	15,742,286	16,153,556
Public safety	9,657,214	11,307,944	12,360,479	12,763,626	14,126,300	13,888,177	12,144,576	13,360,596	16,408,125	16,302,563
Cerro Grande fire recovery	94,245 [a]	0	0	0	0	0	0	0	0	0
Physical and economic environment	2,017,455	1,545,719	2,099,635	3,900,321	1,820,183	1,704,968	1,625,567	2,958,513	3,153,938	3,720,214
Transportation	11,250,407	10,050,217	8,666,590	11,979,692	10,597,589	11,592,103	10,612,552	11,818,676	11,961,231	11,313,990
Health and welfare	1,860,474	2,068,607	2,154,670	2,671,201	2,812,257	2,413,003	3,454,239	3,365,393	3,875,543	3,852,592
Culture and recreation	8,682,314	8,865,528	9,053,137	9,327,340	8,630,805	8,539,264	8,499,131	9,048,935	10,887,483	10,597,328
Interest on long-term debt	2,672,018	3,699,791	3,595,170	3,476,881	3,651,044	3,143,244	3,089,731	2,918,556	2,729,727	2,525,526
Total governmental activities expenses	<u>51,626,875</u>	<u>56,558,113</u>	<u>57,283,784</u>	<u>62,782,813</u>	<u>55,855,699</u>	<u>56,072,805</u>	<u>55,212,660</u>	<u>58,817,545</u>	<u>64,758,333</u>	<u>64,465,769</u>
Business-type activities:										
Joint Utilities										
Electric	34,387,216	41,164,227	41,736,839	41,719,538	47,133,456	43,960,638	47,510,797	40,530,631	41,151,605	42,051,970
Gas	6,365,053	6,896,901	5,350,868	4,311,995	4,782,055	6,075,188	4,442,941	3,917,505	4,541,525	4,415,685
Water	5,377,817	5,877,689	5,949,329	5,551,378	6,743,730	6,663,350	7,037,166	7,476,966	7,204,526	6,683,631
Wastewater	3,654,838	3,137,595	4,159,837	3,771,483	4,013,751	3,943,016	4,294,289	4,013,980	4,136,049	4,189,896
Environmental Services	3,221,222	4,399,102	4,220,409	4,549,617	3,670,408	4,225,768	3,984,802	3,669,075	4,601,666	4,488,772
Golf	1,150,136	1,140,056	1,277,202	1,254,690	1,194,242	0 [b]	0	0	0	0
Transit (Atomic City Transit)	2,144,194	3,165,043	3,416,977	3,567,829	4,200,697	3,993,193	4,050,193	3,665,719	4,038,842	4,239,082
Fire	18,411,656	19,127,418	19,412,022	21,002,769	20,470,142	22,908,775	23,455,765	25,081,899	29,027,727	26,744,125
Airport	767,161	944,379	999,589	1,108,878	1,737,767	1,537,667	1,251,229	1,777,165	1,628,521	1,134,060
Total business-type activities expenses	<u>75,479,293</u>	<u>85,852,410</u>	<u>86,523,072</u>	<u>86,838,177</u>	<u>93,946,248</u>	<u>93,307,595</u>	<u>96,027,182</u>	<u>90,132,940</u>	<u>96,330,461</u>	<u>93,947,221</u>
Total primary government expenses	<u>\$ 127,106,168</u>	<u>142,410,523</u>	<u>143,806,856</u>	<u>149,620,990</u>	<u>149,801,947</u>	<u>149,380,400</u>	<u>151,239,842</u>	<u>148,950,485</u>	<u>161,088,794</u>	<u>158,412,990</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 909,928	1,096,043	1,227,575	1,020,736	1,079,196	957,045	1,038,897	1,271,004	1,316,695	1,378,903
Public safety	70,792	84,106	72,192	39,254	30,892	10,075	27,970	21,186	33,262	32,631
Transportation	0	0	0	0	58,997	0	0	0	0	0
Physical and economic environment	274,041	696,216	281,256	229,336	278,557	297,164	285,865	267,346	350,571	394,274
Culture and recreation	604,296	608,966	558,720	500,258	485,245	1,095,508	1,054,444	1,049,593	1,002,205	884,437
Operating grants and contributions	3,368,035	1,896,905	1,710,444	2,188,367	2,944,958	3,193,079	1,686,315	2,215,748	2,775,875	1,167,725
Capital grants and contributions	579,715	2,582,496	5,678,971	462,299	1,254,628	710,953	895,715	702,911	2,937,044	3,253,923
Total governmental activities program revenues	<u>5,806,807</u>	<u>6,964,732</u>	<u>9,529,158</u>	<u>4,440,250</u>	<u>6,132,473</u>	<u>6,263,824</u>	<u>4,989,206</u>	<u>5,527,788</u>	<u>8,415,652</u>	<u>7,111,893</u>
Business-type activities:										
Charges for services:										
Joint Utilities										
Electric	40,793,945	40,668,122	42,894,754	44,840,758	49,066,724	46,479,599	41,641,654	45,701,692	40,655,034	42,778,437
Gas	8,261,673	7,954,116	6,239,881	5,453,744	5,496,085	6,714,276	5,383,259	4,910,279	4,502,630	4,213,834
Water	4,618,583	4,816,679	5,403,940	5,667,415	5,768,598	4,913,083	4,614,815	4,901,704	5,305,884	6,204,782
Wastewater	3,316,698	3,542,805	3,696,644	4,147,134	3,998,295	4,019,962	4,286,041	4,643,528	4,962,215	5,274,729
Environmental Services	3,121,708	3,126,334	3,250,412	2,827,628	2,701,807	3,096,701	2,719,249	2,951,773	3,180,855	3,359,964
Golf	636,358	641,433	584,432	521,004	505,080	0 [c]	0	0	0	0
Transit (Atomic City Transit)	14,180	18,548	68,944	39,132	150,092	150,000	0	0	11,701	18,830
Fire	7,232,513	3,813,047	3,980,920	4,111,381	4,485,389	4,702,845	4,399,490	4,829,236	5,415,618	5,597,906
Airport	84,429	82,883	86,784	88,933	85,324	100,434	88,639	87,389	90,208	96,492

Operating grants and contributions	11,172,077	16,456,680	16,941,411	18,545,761	18,639,957	20,631,902	20,167,450	20,747,128	22,035,279	22,230,633
Capital grants and contributions	15,468,551	7,230,200	5,764,144	1,734,061	1,863,427	11,953,592	2,484,713	1,577,799	777,875	766,530
Total business-type activities program revenues	94,720,715	88,350,847	88,912,266	87,976,951	92,760,778	102,762,394	85,785,310	90,350,528	86,937,299	90,542,137
Total primary government program revenues	\$ 100,527,522	95,315,579	98,441,424	92,417,201	98,893,251	109,026,218	90,774,516	95,878,316	95,352,951	97,654,030
Net (Expenses)/Revenues										
Governmental activities	\$ (45,820,068)	(49,593,381)	(47,754,626)	(58,342,563)	(49,723,226)	(49,808,981)	(50,223,454)	(53,289,757)	(56,342,681)	(57,353,876)
Business-type activities	19,241,422	2,498,437	2,389,194	1,138,774	(1,185,470)	9,454,799	(10,241,872)	217,588	(9,393,162)	(3,405,084)
Total primary government net expense	\$ (26,578,646)	(47,094,944)	(45,365,432)	(57,203,789)	(50,908,696)	(40,354,182)	(60,465,326)	(53,072,169)	(65,735,843)	(60,758,960)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Gross receipts taxes	\$ 32,912,239	28,948,180	32,669,923	29,348,286	24,328,784	22,376,156	22,340,980	25,455,540	24,315,050	26,366,908
Property taxes	6,268,614	6,585,887	5,082,288	5,181,012	5,266,033	5,328,528	5,336,098	6,974,747	7,020,492	7,183,982
Franchise taxes	469,347	451,423	445,786	470,897	464,719	481,665	472,261	512,974	566,033	491,995
Grants and contribution not restricted to specific programs	872,736	797,199	846,484	654,647	523,589	1,451,287	817,545	1,392,069	847,665	889,846
State shared tax revenue not restricted to specific programs	22,164,216	19,284,774	21,792,159	19,562,710	16,273,672	14,979,816	14,911,175	17,009,401	16,816,686	18,170,327
Unrestricted investment earnings	(2,619,223)	6,619,681	9,357,730	310,908	6,423,031	8,321,837	1,359,032	55,063	4,961,233	3,719,637
Gain on exchange of capital assets	0	0	4,267,857	0	0	0	337,133	0	0	(12,210,226)
Transfers	(2,285,325)	(3,711,426)	(3,002,090)	(626,955)	3,889,997	(807,895)	347,887	2,146,495	51,556	1,460,372
Total governmental activities	57,782,604	58,975,718	71,460,137	54,901,505	57,169,825	52,131,394	45,922,111	53,546,289	54,578,715	46,072,841
Business-type activities:										
Gross receipts taxes	3,242,150	2,841,265	3,212,873	2,884,446	2,392,659	2,197,573	2,190,204	2,498,560	2,382,482	2,584,525
Grants and contribution not restricted to specific programs	0	0	18,000	7,500	0	0	0	0	0	0
Unrestricted investment earnings	1,454,015	944,882	564,831	911,137	887,530	898,846	157,053	127,936	886,979	779,323
Gain on restructuring of San Juan ownership agreement	0	0	0	0	0	0	0 [d]	1,953,600	0	0
Gain (loss) on exchange of capital assets	0	0	0	0	0	0	0	0	0	(998,192)
Transfers	2,285,325	3,711,426	3,002,090	626,955	(3,889,997)	807,895	(347,887)	(2,146,495)	(51,556)	(1,460,372)
Total business-type activities	6,981,490	7,497,573	6,797,794	4,430,038	(609,808)	3,904,314	1,999,370	2,433,601	3,217,905	905,284
Total primary government	\$ 64,764,094	66,473,291	78,257,931	59,331,543	56,560,017	56,035,708	47,921,481	55,979,890	57,796,620	46,978,125
Change in Net Position										
Governmental activities	\$ 11,962,536	9,382,337	23,705,511	(3,441,058)	7,446,599	2,322,413	(4,301,343)	256,532	(1,763,966)	(11,281,035)
Business-type activities	26,222,912	9,996,010	9,186,988	5,568,812	(1,795,278)	13,359,113	(8,242,502)	2,651,189	(6,175,257)	(2,499,800)
Total primary government net expense	\$ 38,185,448	19,378,347	32,892,499	2,127,754	5,651,321	15,681,526	(12,543,845) [c]	2,907,721	(7,939,223)	(13,780,835) [e]

Source: Los Alamos County CAFRs

Notes:

[a] The Cerro Grande Fire Fund was closed in FY2009 as all amounts were recovered.

[b] The Golf Course Fund was closed at the end of FY2013 and reclassified from an enterprise fund. The Golf Course became a division of the General Fund beginning July 1, 2014.

[c] The County implemented GASB Statement No. 68 in FY2015 which included restated beginning balances of (\$70.68M) related to the net effect of deferred inflows and outflows relative to net pension liabilities.

[d] The owners of the San Juan generating station restructured ownership agreement when some owners withdrew. The result was a gain for the other owners. This gain was recorded in the Joint Utility System Fund and appears in the business-type activities.

[e] The County implemented GASB Statement No. 75 in FY2018 which included restated beginning balances of (\$52.84M) related to the net effect of deferred inflows and outflows relative to net other post employment benefits liabilities.



LOS ALAMOS

INCORPORATED COUNTY OF LOS ALAMOS
FUND BALANCE, GOVERNMENTAL FUNDS (modified accrual basis of accounting)
LAST TEN FISCAL YEARS

Table 3

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015 [e]</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
General Fund										
Reserved	7,322,571	7,454,198	0	0	0	0	0	0	0	0
Unreserved	34,373,979	31,678,425	0	0	0	0	0	0	0	0
Nonspendable	0	0	1,266,859	1,304,638	2,082,306	2,370,466	2,086,644	1,543,084	1,495,689	1,520,487
Restricted	0	0	4,414,738	4,573,909	4,704,218	4,578,105	4,662,147	4,725,850	4,817,028	4,719,414
Committed	0	0	12,761,219	4,879,110	10,576,477	11,216,517	0	0	0	0
Assigned	0	0	0	0	0	0	2,735,989	2,552,924	1,441,333	5,886,465 [f]
Unassigned	0	0	13,570,673	11,947,812	11,020,219	10,946,134	16,030,633	10,988,354	10,122,214	13,177,552 [g]
Total General Fund	<u>41,696,550</u>	<u>39,132,623</u>	<u>32,013,489</u>	<u>22,705,469</u>	<u>28,383,220</u>	<u>29,111,222</u>	<u>25,515,413</u>	<u>19,810,212</u>	<u>17,876,264</u>	<u>25,303,918</u>
All Other Governmental Funds										
Reserved	100,153,224	38,926,491	0	0	0	0	0	0	0	0
Unreserved, reported in:										
Special revenue funds	6,026,702	8,400,370	0	0	0	0	0	0	0	0
Debt service funds	6,424,030 [b]	6,424,030	0	0	0	0	0	0	0	0
Capital projects funds	1,235,010	38,276,395	0	0	0	0	0	0	0	0
Permanent funds [a]	0	1,498,489	0	0	0	0	0	0	0	0
Nonspendable	0	0	24,492,490	24,982,806	25,214,071	25,177,558	25,472,184	24,580,311	24,958,847	25,830,386
Restricted	0	0	7,512,658	4,808,769	6,169,905	5,377,454	4,153,960	3,426,972	5,617,945	6,094,484
Committed	0	0	80,339,764	72,140,568	43,106,108	43,694,827	787,738	522,781	509,644	475,383
Assigned	0	0	0	0	0	0	31,376,364	36,492,709	28,601,685	26,816,584
Unassigned	0	0	0	0	(605,171) [c]	(2,733,870) [d]	0	0	0	(796,699) [h]
Total All Other Governmental Funds	<u>113,838,966</u>	<u>93,525,775</u>	<u>112,344,912</u>	<u>101,932,143</u>	<u>73,884,913</u>	<u>71,515,969</u>	<u>61,790,246</u>	<u>65,022,773</u>	<u>59,688,121</u>	<u>58,420,138</u>

Source: Los Alamos County CAFRs

Notes:

[a] Amount by which undistributed balance exceeds required amount of maintained principal balance.

[b] The County issued gross receipts tax revenue bonds in FY2009.

[c] The Unassigned fund balance deficit relates to the individual Las Conchas Fire Fund incurring reimbursable expenditures which were not received within the County's period of availability for accrual (60 days).

[d] The Unassigned fund balance deficit relates to the individual Emergency Declarations Fund, formerly Las Conchas Fire Fund, incurring reimbursable expenditures which were not received within the County's period of availability for accrual (60 days).

[e] The County made policy changes and restructured its fund balances, making many fund balances that were previously reported as committed as either assigned or unrestricted.

[f] The increase in assigned fund balance is due to an increase in continuing appropriations carried forward to complete projects in the next fiscal year.

[g] The increase in unassigned fund balance is due to the \$2.7 million increase in General Fund revenues from prior year.

[h] The Unassigned fund balance deficit relates to the individual Emergency Declarations Fund, incurring reimbursable expenditures which were not received within the County's period of availability for accrual (60 days).

INCORPORATED COUNTY OF LOS ALAMOS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (modified accrual basis of accounting)
LAST TEN FISCAL YEARS

Table 4

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Revenues:										
Taxes and special assessments	\$ 39,867,881	36,289,316	38,466,493	35,288,631	30,353,771	28,507,405	28,494,458	33,406,693	32,370,821	34,508,399
Licenses and permits	216,234	409,123	240,507	182,160	232,506	274,320	252,091	241,250	282,417	292,869
Intergovernmental	25,780,683	22,143,759	26,095,049	21,714,390	19,420,500	17,067,419	19,881,600	21,218,380	21,429,688	20,174,079
Fines forfeitures and penalties	203,514	194,532	174,671	160,777	171,567	167,241	154,697	185,658	208,610	190,910
Charges for services	1,045,629	1,201,023	1,115,663	939,550	1,014,457	1,230,420	1,204,594	1,217,041	1,282,751	1,273,973
Interfund/Interdepartmental charges	4,835,634	4,526,696	4,069,297	4,172,734	6,436,301	7,493,187	6,602,030	6,301,361	7,190,007	7,224,440
Investment Income	(2,619,223) [b]	6,619,681 [a]	9,357,730	310,908 [b]	6,423,031	8,321,837	1,359,032	55,063 [b]	4,961,233 [b]	3,719,637 [b]
Other revenues	872,244	1,161,464	1,092,145	820,470	706,646	1,286,404	1,482,134	1,613,461	1,043,009	1,684,264
Total revenues	70,202,596	72,545,594	80,611,555	63,589,620	64,758,779	64,348,233	59,430,636	64,238,907	68,768,536	69,068,571
Expenditures										
General government	18,480,346	18,344,495	19,843,062	19,187,027	18,639,060	18,478,112	19,795,338	19,716,655	18,962,346	18,872,265
Public safety	9,689,061	11,526,276	11,651,434	12,157,139	13,510,694	13,365,914	11,897,415	13,083,180	15,115,676	14,813,375
Cerro Grande fire recovery [a]	165,171	0	0	0	0	0	0	0	0	0
Physical and economic environment	2,594,303	1,421,757	2,089,260	3,895,739	1,723,777	1,714,917	1,660,995	3,006,055	3,011,403	3,535,192
Transportation	4,056,407	4,478,447	3,068,034	4,889,279	4,511,094	4,613,400	3,737,857	4,296,240	3,749,900	3,519,442
Health and welfare	1,860,474	2,068,607	2,154,210	2,671,161	2,811,364	2,414,606	3,461,538	3,371,456	3,855,380	3,831,088
Culture and recreation	8,181,407	8,216,827	8,278,223	8,508,258	7,840,837	7,788,712	7,805,286	7,947,403	8,477,156	8,689,730
Capital Projects/Outlay	59,440,424	42,337,887	11,341,861	24,432,329	24,017,766	11,688,570	18,701,900	10,508,740	17,417,464	4,860,632 [f]
Debt service										
Principal	3,605,686	3,090,000	3,215,000	3,345,000	9,794,887 [d]	3,615,000	3,795,000	3,970,000	4,175,000	4,395,000
Interest	2,459,841	3,821,638	3,698,038	3,569,438	3,442,225	2,542,740	2,475,396	2,299,109	2,089,646	1,873,597
Bond issuance costs	0	0	0	0	375,113 [d]	0	0	0	0	0
Total expenditures	110,533,120	95,305,934	65,339,122	82,655,370	86,666,817	66,221,971	73,330,725	68,198,838	76,853,971	64,390,321
Excess of revenues over (under) expenditure: (40,330,524)	(22,760,340)	15,272,433	(19,065,750)	(21,908,038)	(1,873,738)	(13,900,089)	(3,959,931)	(8,085,435)	4,678,250	
Other Financial Sources (Uses)										
Transfers in	26,836,139	28,158,656	35,599,850	27,418,134	15,264,237	21,359,159	17,779,053	25,518,449	15,751,408	13,417,513
Transfers out	(27,700,509)	(28,275,434)	(38,574,878)	(28,073,173)	(15,725,678)	(21,126,363)	(17,200,496)	(24,031,192)	(14,934,572)	(11,936,092)
Issuance of long-term debt	75,676,290 [c]	0	0	0	43,413,930 [e]	0	0	0	0	0
Payment to escrow - refunding debt	0	0	0	0	(43,413,930)	0	0	0	0	0
Loss on disposal of asset held for resale	0	0	(597,402)	0	0	0	0	0	0	0
Total other financial sources (uses)	74,811,920	(116,778)	(3,572,430)	(655,039)	(461,441)	232,796	578,557	1,487,257	816,836	1,481,421
Net change in fund balance	\$ 34,481,396	(22,877,118)	11,700,003	(19,720,789)	(22,369,479)	(1,640,942)	(13,321,532)	(2,472,674)	(7,268,599)	6,159,671 [g]
Debt service as a percentage of non-capital expenditures										
	11.87%	13.05%	12.80%	11.88%	21.13%	11.29%	11.48%	10.87%	10.54%	10.53%

Source: Los Alamos County CAFRs

Notes:

[a] The increase in investment income reflects higher cash and investment balances and higher returns in the overall market.

[b] The decrease in investment income reflects lower cash and investment balances and lower returns in the overall market.

[c] Proceeds from issuance of 2008 GRT Revenue Bonds are shown here net of premiums, discounts, and issuance costs.

[d] The County refunded a portion of the 2008 GRT Revenue Bonds with Series 2013 GRT Refunding Revenue Bonds, and contributed \$6.7M to defray future debt service payments.

[e] Proceeds from issuance of 2013 GRT Refunding Revenue Bonds are shown here net of premiums and discounts.

[f] The County significantly reduced capital outlay spending as many of the capital projects were completed in the prior year, and the majority of new capital project were not started until fiscal year 2019.

[g] The positive change in fund balance is due to a significant reduction in capital outlay.

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM CUSTOMER BASE
LAST TEN FISCAL YEARS

Table 5

Fiscal Year	Number of customer accounts			
	Electric	Gas	Water	Wastewater
2009	8,734	7,605	7,073	6,734
2010	8,733	7,573	7,074	6,716
2011	8,610	7,439	6,949	6,646
2012	8,964	7,756	7,229	7,094
2013	8,714	7,537	7,044	6,768
2014	8,900	7,544	7,064	6,765
2015	8,647	7,439	6,984	6,696
2016	8,796	7,584	7,042	6,694
2017	8,830	7,553	7,095	6,986
2018	8,774	7,602	7,088	6,721

Source: Utility Department operating records (average customer accounts per consumption report)

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM OPERATING REVENUE AND SALES
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	ELECTRIC		GAS		WATER		Wastewater Revenue	Joint Utility System Revenue
	Revenue	Sales (KWh)	Revenue	Sales (Therms)	Revenue	Sales (MGal) [a]		
2009	40,793,945	544,023,884	8,261,673	8,434,678	4,618,583	1,156,924	3,316,698	56,990,899
2010	40,668,122	541,039,995	7,954,116	9,578,556	4,816,679	1,350,961	3,542,805	56,981,722
2011	42,894,754	559,500,638	6,239,881	8,528,456	5,403,940	1,225,571	3,696,644	58,235,219
2012	44,954,861	592,737,868	5,482,076	8,284,857	5,672,022	1,288,143	4,147,134	60,256,093
2013	49,206,543	570,882,779	5,507,228	8,385,907	5,780,760	1,254,647	4,006,563	64,501,094
2014	46,574,314	531,795,566	6,714,276	9,030,531	4,938,708	1,029,057	4,019,962	62,247,260
2015	41,736,139	514,619,427	5,383,259	8,085,720	4,640,379	964,069	4,286,041	56,045,818
2016	45,701,692	566,018,259	4,910,279	8,416,085	4,901,704	974,848	4,643,528	60,157,203
2017	40,655,034	572,259,534	4,502,630	7,649,471	5,305,884	1,035,300	4,962,215	55,425,763
2018	42,778,437	592,979,847	4,213,834	7,642,815	6,204,782	1,056,892	5,274,729	58,471,782

Sources: All operating revenue - Joint Utility System audited financial statements

Sales - Electric, Gas, Water and Wastewater Quantity Report; UB709 Report; Department of Public Utilities Annual Report

Notes:

[a] Water sales include wholesale water and Mgal sales.

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM OPERATING REVENUE BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

Table 7

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Type of Customer:										
Electric Utility										
Residential	\$ 5,230,565	5,730,319	5,594,525	5,878,664	5,744,107	5,801,691	6,203,978	7,113,594	6,949,869	6,812,700
Commercial and industrial	3,523,646	3,606,847	3,557,480	3,858,918	3,822,367	3,888,005	4,286,822	4,780,023	4,535,052	4,532,289
Public street and highway lighting	61,221	65,567	56,135	69,953	63,467	66,035	67,436	67,941	68,043	88,041
Municipal	1,381,168	1,313,543	1,728,801	1,554,427	1,683,615	1,444,776	1,402,431	1,563,086	1,673,078	1,544,364
Educational	349,934	357,528	359,585	425,151	447,456	473,886	469,886	530,129	531,812	499,448
Wholesale	29,954,906	29,325,387	31,406,424	32,888,233	36,932,693	34,425,200	29,056,585	31,402,138	26,577,782	29,133,071
Miscellaneous	292,505	268,931	191,804	279,515	512,838	474,721	249,001	244,781	319,398	168,524
Total electric utility	<u>40,793,945</u>	<u>40,668,122</u>	<u>42,894,754</u>	<u>44,954,861</u>	<u>49,206,543</u>	<u>46,574,314</u>	<u>41,736,139</u>	<u>45,701,692</u>	<u>40,655,034</u>	<u>42,778,437</u>
Gas Utility										
Residential	6,207,224	5,986,586	4,728,730	4,230,259	4,288,747	5,068,656	4,150,914	3,825,203	3,549,664	3,304,944
Commercial and industrial	1,284,447	1,245,762	926,796	783,425	782,496	879,141	786,424	704,292	593,836	585,317
Municipal	426,102	400,936	326,138	215,625	216,626	322,610	228,955	196,661	165,999	174,770
Educational	297,291	265,683	203,497	193,036	189,857	227,578	177,991	161,799	163,585	114,868
Miscellaneous	46,609	55,149	54,720	59,731	29,502	216,291	38,975	22,324	29,546	33,935
Total gas utility	<u>8,261,673</u>	<u>7,954,116</u>	<u>6,239,881</u>	<u>5,482,076</u>	<u>5,507,228</u>	<u>6,714,276</u>	<u>5,383,259</u>	<u>4,910,279</u>	<u>4,502,630</u>	<u>4,213,834</u>
Water Utility										
Residential	2,706,312	2,893,771	3,327,626	3,512,646	3,559,699	3,112,239	3,010,161	3,114,535	3,488,643	4,001,151
Commercial and industrial	436,167	375,903	475,727	515,633	479,456	418,078	459,150	431,565	457,437	504,663
Municipal	327,690	355,465	384,581	413,283	379,986	310,255	259,569	303,355	296,167	469,475
Educational	112,101	96,981	119,391	157,613	139,435	122,780	115,167	123,883	138,134	180,863
Wholesale	983,763	1,025,587	1,048,609	1,017,619	1,163,816	898,229	734,950	850,800	858,738	999,950
Miscellaneous	52,550	68,972	48,006	55,228	58,368	77,127	61,382	77,566	66,765	48,680
Total water utility	<u>4,618,583</u>	<u>4,816,679</u>	<u>5,403,940</u>	<u>5,672,022</u>	<u>5,780,760</u>	<u>4,938,708</u>	<u>4,640,379</u>	<u>4,901,704</u>	<u>5,305,884</u>	<u>6,204,782</u>
Wastewater Utility										
Wastewater collection	3,304,507	3,529,619	3,685,168	4,136,291	3,997,167	4,008,411	4,274,921	4,632,768	4,950,622	5,263,954
Municipal (non-potable water)	0	0	0	0	0	0	0	0	0	0
Miscellaneous	12,191	13,186	11,476	10,843	9,396	11,551	11,120	10,760	11,593	10,775
Total wastewater utility	<u>3,316,698</u>	<u>3,542,805</u>	<u>3,696,644</u>	<u>4,147,134</u>	<u>4,006,563</u>	<u>4,019,962</u>	<u>4,286,041</u>	<u>4,643,528</u>	<u>4,962,215</u>	<u>5,274,729</u>
Total operating revenues- Joint Utility System	<u>\$ 56,990,899</u>	<u>56,981,722</u>	<u>58,235,219</u>	<u>60,256,093</u>	<u>64,501,094</u>	<u>62,247,260</u>	<u>56,045,818</u>	<u>60,157,203</u>	<u>55,425,763</u>	<u>58,471,782</u>

Source: CAFRs, Budget to Actual Statements

[a] Non-potable water sales are included in the municipal Water Sub-fund revenues starting in FY2008. Prior to FY2008 they were accounted for in the Wastewater Sub-fund.

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM RATE STRUCTURE
LAST TEN FISCAL YEARS

Table 8

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0907	\$0.0907	\$0.0952	\$0.0952	\$0.0952	\$0.1028	\$0.1152	\$0.1152	\$0.1152	\$0.1152
Monthly flat service fee	\$5.67	\$5.67	\$5.95	\$5.95	\$5.95	\$6.43	\$12.00	\$12.00	\$12.00	\$12.00
Commercial										
Rate per kilowatt hour	\$0.058 - 0.0859	\$0.058 - 0.0859	\$0.0613 - 0.902	\$0.0613 - 0.902	\$0.0613 - 0.902	\$0.0662 - .09074	\$0.0821-0.1111	\$0.0821-0.1111	\$0.0821-0.1111	\$0.0821-0.1111
Monthly flat service fee	\$15.20 -16.00	\$15.20 -16.00	\$15.96 -16.80	\$15.96 -16.80	\$15.96 -16.80	\$17.24 -18.14	\$22.00 - 65.00	\$22.00 - 65.00	\$22.00 - 65.00	\$22.00 - 65.00
Demand Rate	\$8.50 - 8.91	\$8.50 - 8.91	\$8.93 - 9.35	\$8.93 - 9.35	\$8.93 - 9.35	\$9.644 - 10.10	\$10.50 - 11.00	\$10.50 - 11.00	\$10.50 - 11.00	\$10.50 - 11.00
Gas Utility										
Residential										
Rate per therm	\$0.92	\$0.70	\$0.55	\$0.55	\$0.55	\$0.28 - \$0.77	\$0.29 - \$0.82	\$0.30 - \$0.70	\$0.19 - \$0.58	\$0.19 - \$0.58
Monthly flat service fee	\$6.43	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50	\$9.50
Commercial										
Rate per therm	\$0.92	\$0.70	\$0.55	\$0.55	\$0.55	\$0.28 - \$0.77	\$0.29 - \$0.82	\$0.30 - \$0.70	\$0.19 - \$0.58	\$0.19 - \$0.58
Monthly flat service fee	\$6.43 - 19.46	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50
Water Utility										
Residential										
Rate per 1000 Gallons	\$3.72	\$3.95	\$3.95	\$4.19	\$4.19	\$4.19	\$4.19 - \$5.32	\$4.19 - \$5.32	\$4.61 - \$5.85	\$4.98 - \$6.32
Monthly flat service fee	\$7.02	\$7.50	\$7.50	\$7.55	\$7.55	\$7.55 - \$8.80	\$7.93	\$7.93	\$8.72	\$9.42
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.95	\$3.95	\$4.19	\$4.19	\$4.19	\$4.19	\$4.19	\$4.61	\$4.98
Monthly flat service fee	\$7.02 - \$41.81	\$7.50 - \$150.00	\$7.50 - \$150.00	\$7.55 - \$275	\$7.55 - \$275	\$7.55 - \$275	\$7.93 - \$439.50	\$7.93 - \$439.50	\$8.72 - \$483.45	\$9.42 - \$522.13
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$4.85	\$5.35	\$5.35	\$5.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly flat service fees	\$12.00	\$13.20	\$13.20	\$14.52	\$30.33 - \$34.89	\$30.33 - \$34.89	\$32.75 - \$37.68	\$35.37 - \$40.69	\$38.19 - \$43.94	\$41.24 - \$47.45
Commercial										
Rate per 1000 Gallons	\$4.85	\$5.35	\$5.35	\$5.89	\$11.91	\$12.86	\$13.89	\$15.00	\$16.20	\$17.50
Monthly flat service fee	\$12.00	\$13.20	\$13.20	\$14.52	\$7.00	\$7.56	\$8.16	\$8.81	\$9.51	\$10.27

Source: Utility rates approved by County Council

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where discoveries are made

INCORPORATED COUNTY OF LOS ALAMOS
TAXABLE GROSS RECEIPTS BY BUSINESS SECTOR (in \$1,000s)

Table 9

LAST TEN FISCAL YEARS

<u>Business Sector</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014 [b]</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Services [a]	\$ 1,526,945	1,283,609	1,531,617	1,350,135	1,047,653	962,997	1,117,023	1,136,727	1,268,313	1,198,357
Construction	81,169	97,497	58,993	67,311	80,273	61,625	34,176	38,096	45,778	43,856
Retail & Food Service	68,459	64,603	62,959	59,933	64,501	58,195	79,997	74,711	74,780	81,416
Telecommunications	11,260	21,388	22,778	28,445	26,983	27,875	25,406	24,434	26,868	27,807
Manufacturing	6,770	2,883	4,727	3,706	5,471	6,042	5,370	4,935	5,205	6,921
Wholesale	9,387	6,418	4,397	6,195	2,944	1,555	2,121	2,280	2,263	2,856
Financial Services	9,253	10,036	10,088	11,456	8,962	9,594	12,240	12,050	13,571	13,968
Agriculture	38	0	0	0	0	9	47	99	86	111
Mining	0	0	0	0	4	0	0	0	1,722	2
Public Administration	1,046	0	0	0	0	0	0	15	0	0
Other	15,218	17,533	15,175	14,991	14,805	17,822	18,406	20,292	21,703	16,341
Totals	\$ <u>1,729,545</u>	<u>1,503,967</u>	<u>1,710,734</u>	<u>1,542,172</u>	<u>1,251,596</u>	<u>1,145,714</u>	<u>1,294,786</u>	<u>1,313,639</u>	<u>#####</u>	<u>1,391,635</u>

Source: Taxable Gross Receipts (from State of New Mexico Taxation and Revenue Department - monthly and quarterly report NM_RP-500 Local Government Distribution) - in \$1,000s

Notes:

General Notes: The State will not distribute information on individual taxpayers; thus, the County cannot disclose information on the largest individual taxpayers.

[a] Services include professional services, health care, education, administration and support, and waste management and remediation services

[b] Lower receipts overall in FY 2014 are due to the Federal Government shutdown in October 2013. Los Alamos County's taxable receipts are highly dependent on the Federal Government and contractors.

Sources: Los Alamos County CAFRs and Adopted Budgets

Notes:

[a] State Rate Changed July 1, 2010

[b] Third 1/8 of the County Gross Receipts Tax effective July 1, 2006

[c] County Correctional effective July 1, 2006

[d] County Fire Protection Excise Tax effective July 1, 2007

[e] Regional Transit increment effective July 1, 2009

**INCORPORATED COUNTY OF LOS ALAMOS
PROPERTY TAX LEVIES AND COLLECTIONS**

Table 11

LAST TEN TAX YEARS

TAX YEAR	[a]	ORIGINAL LEVY	ADJUSTMENTS	ADJUSTED LEVY	COLLECTED IN FIRST PERIOD		COLLECTIONS IN SUBSEQUENT PERIODS	TOTAL COLLECTIONS	
					AMOUNT	PERCENTAGE OF ORIGINAL LEVY		AMOUNT	PERCENTAGE OF ADJUSTED LEVY
2008		12,934,268	(41,558)	12,892,710	12,384,692	95.75%	519,515	12,904,207	100.09%
2009		16,841,850	17,213	16,859,063	16,365,480	97.17%	492,219	16,857,699	99.99%
2010		15,347,068	(1,459)	15,345,609	14,954,165	97.44%	391,532	15,345,697	100.00%
2011		15,508,620	189,520	15,698,140	15,015,951	96.82%	681,771	15,697,722	100.00%
2012		15,602,806	198,642	15,801,448	15,272,274	97.88%	506,379	15,778,653	99.86%
2013		15,574,631	193,977	15,768,608	15,188,194	97.52%	535,464	15,723,658	99.71%
2014		15,368,081	201,079	15,569,160	15,018,695	97.73%	259,582	15,278,277	98.13%
2015		16,969,275	214,699	17,183,974	16,690,916	98.36%	228,950	16,919,866	98.46%
2016		17,187,454	221,040	17,408,494	16,834,904	97.95%	365,501	17,200,404	98.80%
2017		18,541,449	229,697	18,771,146	18,441,627	99.46%	167,243	18,608,870	99.14%

Sources: Tax rolls, collection reports

Notes:

[a] Tax Year 20XX corresponds to the fiscal year ended on June 30, 20XX+1. For example, taxes levied for Tax Year 2012 were collected during the fiscal year ended June 30, 2013.

INCORPORATED COUNTY OF LOS ALAMOS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS

Table 12

TAX YEAR [b]	ASSESSED VALUE [a]				TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	TOTAL DIRECT MILL RATE [e]
	REAL PROPERTY	PERSONAL PROPERTY [c]	CENTRALLY ASSESSED PROPERTY [d]	EXEMPTIONS			
2008	724,658,990	11,300,110	8,046,650	(8,147,160)	735,858,590	2,232,017,250	1.758%
2009	700,878,040	10,531,960	5,973,100	(8,291,310)	709,091,790	2,152,149,300	2.375%
2010	682,140,660	10,955,750	7,027,020	(8,405,180)	691,718,250	2,100,370,290	2.219%
2011	692,219,200	11,563,780	7,300,910	(8,732,840)	702,351,050	2,133,251,670	2.208%
2012	693,444,690	9,321,500	6,051,950	(9,111,190)	699,706,950	2,126,454,420	2.230%
2013	687,495,870	8,850,630	5,478,780	(9,042,360)	692,782,920	2,105,475,840	2.248%
2014	661,177,270	9,403,680	5,601,990	(8,884,910)	667,298,030	2,028,548,820	2.303%
2015	675,527,010	9,742,600	5,762,060	(8,944,770)	682,086,900	2,073,095,010	2.488%
2016	685,091,450	9,612,180	6,165,250	(8,743,650)	692,125,230	2,102,606,640	2.483%
2017	713,745,340	9,636,160	6,048,100	(8,960,460)	720,469,140	2,188,288,800	2.574%

Source: Tax rolls

Notes:

[a] Assessed valuation is one third of estimated actual value for all ten years.

[b] Tax Year 20XX corresponds to the fiscal year ended on June 30, 20XX+1. For example, taxes levied for Tax Year 2012 were collected during the fiscal year ended June 30, 2013.

[c] Personal property includes mobile homes and livestock.

[d] Assessed value of communications, pipeline and gas, public utility, airline, mineral, and certain construction property within the County is determined by the New Mexico State Property Tax Division. A breakdown of real and personal property is not available.

[e] Weighted average rate applied to assessed value

INCORPORATED COUNTY OF LOS ALAMOS
PROPERTY TAX RATES AND TAX LEVIES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Table 13

LAST TEN TAX YEARS

TAX YEAR		STATE OF NEW MEXICO	CITY AND COUNTY OF LOS ALAMOS	LOS ALAMOS SCHOOL DISTRICT	UNIVERSITY OF NEW MEXICO LOS ALAMOS	TOTAL
Tax Rates per \$1000 of Assessed Valuation						
2008	Residential	1.250	8.051	6.772	0.822	16.895
	Non-Residential	1.250	12.591	6.969	0.927	21.737
2009	Residential	1.150	8.741	12.253	0.892	23.036
	Non-Residential	1.150	13.788	12.467	1.000	28.405
2010	Residential	1.530	6.915	12.267	0.924	21.636
	Non-Residential	1.530	10.598	12.471	1.000	25.599
2011	Residential	1.362	6.975	12.272	0.935	21.544
	Non-Residential	1.362	10.598	12.473	1.000	25.433
2012	Residential	1.360	7.166	12.316	0.969	21.811
	Non-Residential	1.360	10.598	12.506	1.000	25.464
2013	Residential	1.360	7.347	12.307	1.000	22.014
	Non-Residential	1.360	10.598	12.487	1.000	25.445
2014	Residential	1.360	7.690	12.534	1.000	22.584
	Non-Residential	1.360	10.598	12.694	1.000	25.652
2015	Residential	1.360	9.942	12.128	1.000	24.430
	Non-Residential	1.360	12.848	12.288	1.000	27.496
2016	Residential	1.360	9.823	12.203	0.988	24.374
	Non-Residential	1.360	12.848	12.367	1.000	27.575
2017	Residential	1.360	9.636	12.268	1.969	25.233
	Non-Residential	1.360	12.848	12.500	2.000	28.708

Source: Adopted rates

**INCORPORATED COUNTY OF LOS ALAMOS
TEN PRINCIPAL PROPERTY TAXPAYERS**

Table 14

June 30, 2018

TAXPAYER	TYPE OF BUSINESS	FY 2018			FY 2009		
		TAX YEAR 2017 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	TAX YEAR 2008 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
PHC-LOS ALAMOS INC	Medical Services	\$ 9,761,090	1	1.35%	\$ 10,300,480	1	1.40%
Central Park Square LLC	Real Estate	6,384,180	2	0.89%			
Topvalco, Inc.	Food & Drug	5,641,750	3	0.78%			
Los Alamos Commerce and Development Corp	Real Estate	4,468,940	4	0.62%	4,502,570	4	0.61%
Los Alamos National Bank	Banking	3,570,500	5	0.50%	5,202,290	2	0.71%
Oppenheimer Place Condo Assoc Inc	Real Estate	3,515,890	6	0.49%	3,830,190	6	0.52%
Qwest Corp.	Telephone Utility	3,264,970	7	0.45%	5,123,770	3	0.70%
Canyon Village Housing Solutions	Apartments	2,802,770	8	0.39%			
Smith's Food & Drug Centers, Inc.	Food & Drug	2,202,820	9	0.31%			
NMC Holdings LLC	Scientific	2,177,450	10	0.30%			
CC&F Los Alamos Invest Co.	Real Estate	-	-	-	2,176,070	9	0.30%
Shannon Corporation	Real Estate	-	-	-	2,544,980	8	0.35%
Netuschil Development Corporation	Real Estate	-	-	-	4,430,740	5	0.60%
Housing Solutions LLC	Real Estate	-	-	-	3,796,310	7	0.52%
Developers Diversified Realty	Real Estate	-	-	-			
Los Alamos Medical Center C/O PVS	Medical Services	-			2,122,920	10	0.29%
Total assessed valuation of ten principal taxpayers		43,790,360		6.08%	44,030,320		5.98%
Total assessed valuation of other taxpayers		676,678,780		93.92%	691,828,270		94.02%
Total assessed valuation		\$ 720,469,140		100.00%	\$ 735,858,590		100.00%

Source: Tax rolls book

INCORPORATED COUNTY OF LOS ALAMOS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 15

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Gross Receipts Tax Revenue Bonds	State Loans	Joint Utility System Revenue Bonds	State Loans			
2009	0	73,734,775 [b]	0 [c]	53,605,077	18,486,512 [a]	145,826,364	14%	8,043
2010	0	70,533,228	0	47,405,513	19,955,942	137,894,683	13%	7,598
2011	0	67,226,077	0	54,145,925 [d]	19,695,479	141,067,481	13%	7,859
2012	0	63,799,121	0	47,310,039	19,182,482	130,291,642	12%	7,234
2013	0	53,956,841 [e]	0	39,879,153	18,784,979	112,620,973	10%	6,199
2014	0	59,912,216 [f]	0	32,822,680 [f]	18,113,022	110,847,918	10%	6,211
2015	0	56,056,683	0	33,137,373 [g]	17,284,068	106,478,124	10%	6,010
2016	0	52,034,028	0	30,339,868	16,967,732	99,341,628	8%	5,586
2017	0	47,827,556	0	27,490,394	16,232,121	91,550,071	8%	5,045
2018	0	43,413,930	0	24,568,949	12,781,783	80,764,662	7%	4,310

[a] Additional draws on NMED loan for Wastewater Treatment Facility and new loan from New Mexico Finance Authority for Solid Waste Transfer Station.

[b] Addition of 2008 Series Gross Receipts Tax Revenue Bonds.

[c] Early retirement of NMED Bayo Canyon effluent line and NMFA deferred maintenance project loans.

[d] 2010 Series revenue bonds issued for approximately \$13.2 million.

[e] Includes the 2013 Series refunding revenue bonds issued for approximately \$38.5 million.

[f] Includes reclassifications due to implementation of GASB 65 of \$9,653,817 to GRT revenue bonds and \$1,458,826 to Joint Utility revenue bonds.

[g] Includes the 2014 Series refunding revenue bonds issued for approximately \$21.6 million.

INCORPORATED COUNTY OF LOS ALAMOS

Table 16

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION [a]</u>	<u>ASSESSED VALUE [b]</u>	<u>GROSS BONDED DEBT</u>	<u>NET DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2009	18,130	735,858,590	0	0	0	0.00%	0
2010	18,150	735,858,590	0	0	0	0.00%	0
2011	17,950	691,383,880	0	0	0	0.00%	0
2012	18,012	702,351,050	0	0	0	0.00%	0
2013	18,168	699,706,950	0	0	0	0.00%	0
2014	17,848	667,298,030	0	0	0	0.00%	0
2015	17,718	665,525,266	0	0	0	0.00%	0
2016	17,785	682,086,900	0	0	0	0.00%	0
2017	18,147	692,125,230	0	0	0	0.00%	0
2018	18,738	720,469,176	0	0	0	0.00%	0

Sources: [a] Community Development Department estimates and <http://eire.census.gov/popest/estimates.php>

[b] Assessed valuation is obtained from the County Assessor - tax year responds to corresponding fiscal year (i.e. the 2014 tax year corresponds to FY2015)

**INCORPORATED COUNTY OF LOS ALAMOS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

Table 17

June 30, 2018

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>2017 CALENDAR YEAR ASSESSED VALUATION</u>	<u>DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO GOVERNMENT</u>	<u>COUNTY OF LOS ALAMOS SHARE OF DEBT</u>
Direct County of Los Alamos Debt				
General Obligation Bonds	\$ 720,469,176	\$ 0	100.00%	\$ 0
GRT Revenue Bonds	720,469,176	43,413,930	100.00%	43,413,930
Overlapping Debt [a]				
State of New Mexico	57,451,755,932	260,760	1.25%	3,270
Los Alamos School District	720,469,176	30,433,771	100.00%	30,433,771
University of New Mexico - Los Alamos	720,469,176	0	100.00%	0
Total overlapping debt				30,437,041
Total direct and overlapping debt				\$ 73,850,971

Ratio of estimated direct and overlapping debt to 2017 assessed valuation: 10.25

Ratio of direct general obligation debt to 2017 assessed valuation: .00%

Per capita direct and overlapping debt: \$3,941

Per capita direct G.O. debt: \$0

County population - 2018 estimate: 18,738

Sources: Tax rolls, New Mexico Department of Finance and Administration, Los Alamos Public Schools, and University of New Mexico

[a] Overlapping debt is calculated by dividing the total Governmental Unit assessed valuation by the County's assessed valuation and applying that percentage to the debt outstanding of each Governmental Unit.

**INCORPORATED COUNTY OF LOS ALAMOS
COMPUTATION OF LEGAL DEBT MARGIN**

Table 18

June 30, 2018

Assessed valuation, tax year 2017 (One third of full valuation)	<u>\$ 720,469,176</u>
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	28,818,767
Less: Debt applicable to limitation (general obligation debt)	<u>0</u>
Legal debt margin	<u><u>\$ 28,818,767</u></u>

Note:

State Constitution Article IX, Section 13, limits the amount of indebtedness for a county, city, town, or village to 4% of the assessed valuation. The State Statute is silent regarding the limitation that applies to a Class H (city/county) government such as Los Alamos County. The New Mexico State Department of Finance and Administration, Local Government Division, indicates that our limit is 4%.

**INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM REVENUE BOND COVERAGE**

Table 19

LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUES[a]	EXPENSES[b]	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS [c]			DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	TOTAL	
ELECTRIC UTILITY							
2009	42,308,373	31,665,784	10,642,589	6,560,000	2,759,288	9,319,288	1.14
2010	40,861,275	32,563,238	8,298,037	6,865,000	2,443,770	9,308,770	0.89
2011	42,549,827	32,531,701	10,018,126	7,180,000	2,592,193	9,772,193	1.03
2012	45,657,933	32,835,190	12,822,743	7,544,581	2,355,424	9,900,005	1.30
2013	49,096,622	38,067,208	11,029,414	6,944,924	2,342,866	9,287,790	1.19
2014	46,466,503	34,898,486	11,568,017	7,317,756	1,896,007	9,213,763	1.26
2015	41,608,321	39,453,772	2,154,549	9,031,716	1,128,201	10,159,917	0.21
2016	47,708,456	34,784,838	12,923,618	2,635,728	1,116,794	3,752,522	3.44
2017	40,840,366	34,974,344	5,866,022	2,685,242	1,058,250	3,743,492	1.57
2018	42,967,519	37,145,307	5,822,212	2,753,296	986,073	3,739,369	1.56
WATER UTILITY							
2009-2011	0	0	0	0	0	0	0
2012	5,791,200	3,726,613	2,064,587	1,253	35,118	36,371	56.76
2013	6,324,036	4,504,479	1,819,557	68,001	41,413	109,414	16.63
2014	5,506,428	4,457,978	1,048,450	76,278	90,049	166,327	6.30
2015	4,790,904	4,449,574	341,330	70,332	89,436	159,768	2.14
2016	4,987,177	4,822,815	164,362	44,272	80,816	125,088	1.31
2017	5,491,511	4,372,531	1,118,980	44,758	88,931	133,689	8.37
2018	6,478,611	4,540,914	1,937,697	145,590	86,858	232,448	8.34

Source: CAFRs

Notes:

[a] Total operating and non-operating revenue, operating transfers in, and bond proceeds reserved for payment of debt service.

[b] Operating expenses and transfers out, excluding depreciation and interest expense.

[c] Payments are due July 1 each year. As such these amounts reflect the amounts due July 1, which would use the previous FY resources.

[d] 2010 Utility Bond Series had no principal debt service in FY2011.

**INCORPORATED COUNTY OF LOS ALAMOS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table 20

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (In thousands)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	18,130	999,126	55,109	3,355	3.00%
2010	18,150	1,065,369	58,698	3,362	3.50%
2011	17,950	1,075,851	59,936	3,410	4.00%
2012	18,012	1,108,440	61,539	3,375	2.90%
2013	18,168	1,103,143	60,719	3,528	3.70%
2014	17,848	1,138,453	63,786	3,524	3.40%
2015	17,718	1,103,548	62,284	3,505	3.40%
2016	17,785	1,113,679	62,619	3,578	4.00%
2017	18,147	1,185,308	65,317	3,666	4.13%
2018	18,738	1,227,227	65,494	3,714	3.48%

Sources: School Enrollment is from the New Mexico Public Education Department website. Unemployment Rate is from the New Mexico Department of Workforce Solutions Economic Research and Analysis report. The 2011 population data is from the US 2010 Census. Personal Income data is from NM Dept. of Workforce Solutions data for the most recent year available.

**INCORPORATED COUNTY OF LOS ALAMOS
LARGEST EMPLOYERS (representing greater than 50% of workforce)**

Table 21

June 30, 2018

EMPLOYER	TYPE OF BUSINESS	FY2018			FY2009		
		NUMBER OF EMPLOYEES [a]	RANK	% of Total County Employment [c]	NUMBER OF EMPLOYEES	RANK	% of Total County Employment
Los Alamos National Laboratory	Research and Development	10,954	1	67.31%	9,280	1	40.91%
Los Alamos Public Schools	Education	678	2	4.17%	680	4	3.00%
Los Alamos County	Government	677	3	4.16%	684	3	3.02%
Centerra-Los Alamos	Security	268	4	1.65%			-
Los Alamos Medical Center	Medical Services	252	5	1.55%	305	6	1.34%
Los Alamos National Bank	Banking	97	6	0.60%			
KSL Services, Inc.	Maintenance and Operations Service	-	-	-	939	2	4.14%
Protection Technology	Los Alamos Security	-	-	-	594	5	2.62%
Other employers		3,348		20.57%	10,204		44.98%
Total workforce [b]		16,274		100.00%	22,686		100.00%

Sources: Individual Employers, New Mexico Department of Workforce Solutions

Notes:

[a] As of June 30, 2018

[b] Work force total based on estimates from New Mexico Department of Workforce Solutions.

[c] Top six employers shown, which collectively represent greater than 79% of total employment

**INCORPORATED COUNTY OF LOS ALAMOS
CENSUS POPULATION BY AGE BRACKET, COUNTS, AND PERCENTAGES**

Table 22

AGE BRACKET	1960		1970		1980		1990		2000		2010	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
0-4 years	1,901	14.6%	1302	8.6%	1,115	6.3%	1,090	6.0%	1,021	5.6%	960	5.3%
5-19 years	4,226	32.4%	5414	35.6%	4,874	27.7%	4,032	22.3%	4,050	22.1%	3,648	20.4%
20-24 years	375	2.9%	567	3.7%	805	4.6%	565	3.1%	463	2.5%	498	2.8%
25-34 years	2,260	17.3%	2061	13.6%	2,608	14.8%	3,126	17.3%	1,864	10.2%	1,713	9.5%
35-44 years	2,653	20.3%	2432	16.0%	3,155	17.9%	3,718	20.5%	3,217	17.5%	2,327	13.0%
45-54 years	1,107	8.5%	2269	14.9%	2,491	14.2%	3,171	17.5%	3,226	17.6%	3,347	18.6%
55-64 years	373	2.9%	839	5.5%	1,829	10.4%	1,909	10.5%	2,282	12.4%	2,771	15.4%
65 and over	142	1.1%	314	2.1%	722	4.1%	504	2.8%	2,220	12.1%	2,686	15.0%
Totals	13,037	100.0%	15,198	100.0%	17,599	100.0%	18,115	100.0%	18,343	100.0%	17,950	100.0%

Source: U.S. Census Bureau

**INCORPORATED COUNTY OF LOS ALAMOS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**

Table 23

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Governmental activities										
General government										
County Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
County Courts	4.80	4.80	4.80	4.80	4.80	4.75	4.75	4.75	4.75	5.50
County Manager	12.00	13.23	11.00	11.50	22.00	20.00	19.00	21.00	21.00	20.00
County Assessor	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
County Attorney	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
County Clerk	6.70	6.70	6.70	6.70	6.69	6.69	7.56	7.94	8.16	8.16
County Sheriff	1.90	1.90	1.90	2.04	2.04	1.94	1.94	1.94	1.00	1.00
Administrative Services	55.25	58.25	60.22	59.76	50.00	50.00	47.76	48.01	46.01	46.01
Public Works [2]	12.14	12.00	12.00	12.00	10.00	11.46	11.46	42.46	43.46	45.18
Capital Projects & Facilities (new FY2009) [3]	38.50	37.00	37.00	37.00	39.00	37.00	32.00	0.00	6.00 [4]	6.00
Public Safety										
Police	77.53	76.54	77.54	77.98	77.99	78.02	76.00	75.00	73.00	74.75
Physical and economic environment										
Transportation	27.41	27.37	26.87	26.62	26.60	26.23	24.50	25.00	24.00	24.00
Health and welfare										
Health and welfare	0	0	1.25	1.25	2.00	2.00	2.50	2.50	3.00	3.00
Culture and recreation [1]										
Culture and recreation [1]	86.67	88.36	86.88	86.26	85.58	97.92	96.20	91.99	92.04	91.15
Business-type activities										
Joint Utilities										
Electric	54.00	54.00	54.00	52.00	54.44	54.02	55.02	55.02	51.02	50.56
Gas	25.83	24.39	23.40	25.17	24.04	24.18	22.28	24.05	29.07	30.49
Water	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	9.25	9.25
Wastewater	9.13	9.13	9.13	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Environmental Services										
Environmental Services	18.75	18.75	19.00	18.50	18.00	18.17	17.17	17.17	17.24	17.24
Golf [1]	13.60	13.02	12.48	12.20	12.09	0.00	0.00	0.00	0.00	0.00
Fire	148.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Airport	1.50	1.50	1.50	1.50	1.50	2.08	1.50	1.00	1.00	1.00
Transit (new FY2008)	24.00	31.50	31.75	32.00	40.00	39.37	37.45	36.20	36.13	38.13
Equipment-internal service	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Risk-internal service	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Totals	673.46	684.19	683.17	681.53	692.02	687.08	673.34	670.28	672.13	677.42

[1] The Golf Course Fund was closed at the end of FY2013. The Golf Course became a division of the General Fund beginning July 1, 2014.

[2] Community Development Department and Public Works reorganized in FY2016.

[3] In FY2009 Capital Projects & Facilities was new. Capital Projects and Facilities were included back in Public Works in FY2016.

[4] In FY2017, Capital Projects personnel are limited term relating to the implementation of a new Enterprise Resource Planning (ERP) system to replace the existing accounting, budget, human resources, payroll, utilities billing and operation management.

Source: Administrative Services Department

INCORPORATED COUNTY OF LOS ALAMOS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 24

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
General Government										
Assessor-number of parcels by tax year	8,799	9,139	9,078	9,079	9,047	9,194	9,189	9,165	9,169	9,207
Clerk-number of elections managed	3	2	2	2	3	2	2	2	4	1
Sheriff-number of processes administered [b]	256	284	322	169	138	151	148	154	n/a	n/a
IT-Number of networked devices supported	1,537	1,567	1,569	1,585	1,592	1,453	1,480	1,770	1,514	1,310
IT-Number of virtual networked devices supported	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	677	912
Public Safety										
Police-Part 1 UCR Offenses [a]	297	349	364	258	358	204	187	169	124	141
Police-number of service call responses	14,264	17,172	16,882	17,513	17,647	16,700	14,316	18,319	17,151	15,393
Police-number of reported traffic accidents	216	242	225	366	310	305	229	239	224	180
Police-number animal control cases	293	350	305	265	385	182	98	130	130	103
Police-number of processes administered [b]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	125	156
Physical & Economic Development										
Number of construction permits issued	92	94	108	96	578	681	579	697	801	827
Transportation										
Traffic-miles of lane lines striped	52	88	56	84	84	84	51	141	70	73
Culture and Recreation										
Library-Number of circulations	374,358	394,736	411,356	413,291	389,719	396,768	379,991	391,992	392,213	412,745
Number of park acres maintained	599	609	616	936	944	944	944	944	944	944
Number of cemetery internments	39	34	36	59	55	55	41	67	57	51
Number of aquatic center visits	90,275	99,759	85,658	91,972	134,143	135,916	193,398	194,946	164,366	172,527
Number of rink visits	20,731	27,443	28,663	22,817	28,286	30,150	30,805	27,228	23,016	24,258
Sr. Center-number of seniors served	2,410	3,800	4,040	3,790	2,787	3,732	3,898	4,047	4,695	1,528
Joint Utility System										
EP-Number of megawatt hrs supplied	567,821	559,542	563,109	589,362	570,883	531,796	514,619	566,018	572,260	592,980
ED-Number of electric utility customers	8,764	8,733	8,610	8,660	8,741	8,900	8,647	8,796	8,830	8,774
Gas-Number of therms delivered	8,396,000	9,761,560	8,754,903	8,475,984	8,711,200	9,389,410	8,446,420	8,580,270	7,649,471	7,890,930
WP-K gallons water produced	1,420,686	1,308,069	1,422,096	1,382,268	1,376,746	1,166,692	1,105,780	1,176,804	1,186,747	1,245,609
WD-K gallons of water sold	781,692	741,277	800,842	876,360	842,344	683,637	706,356	693,335	755,656	781,818
WW-K gallons sewage conveyed	451,640	447,516	445,685	479,870	429,117	421,319	437,938	408,234	426,898	429,129
Golf Course										
Number of golf rounds provided	29,553	27,844	25,841	24,249	22,186	27,284	29,359	29,733	24,455	17,370
Transit (first year of complete data was FY2009)										
Number of one way passenger rides	391,338	433,512	449,987	491,315	573,967	517,638	548,331	494,444	454,755	448,366
Number of miles of service provided	430,180	516,013	627,309	675,157	785,697	714,815	721,357	704,072	617,566	636,210
Fire Protection Services										
Number of responses	1,956	2,001	2,110	1,951	1,841	1,838	1,766	1,804	2,252	2,367
Airport										
Number of takeoffs & landings	13,244	13,376	14,010	13,500	13,500	13,500	12,700	13,000	13,000	13,000

Sources: County departments.

[a] Only calendar year data available

[b] Responsibility for process service was transferred by the County Council from the Sheriff's Office to the Police Department in June 2016.

[c] Beginning in FY2017, Information Management began reporting the virtual vs. physical networked devices supported.

INCORPORATED COUNTY OF LOS ALAMOS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 25

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Public Safety										
Police stations (includes WR substation)	2	2	2	2	2	2	2	2	2	2
Police vehicles	50	50	50	47	47	47	43	45	45	45
County owned fire stations	5	5	5	5	5	5	5	5	5	5
Dept. of Energy owned fire stations	2	2	2	2	2	2	2	2	2	2
Transportation										
Streets, miles	106.0	106.6	106.6	106.5	106.5	106.5	106.5	106.5	106.5	106.5
Sidewalk, square yards	235,356	241,612	241,612	245,440	245,440	245,440	246,009	246,009	246,009	247,997
Street lights, county owned	1,204	1,292	1,292	1292	1292	1292	1292	1414	1466	1473
Traffic signals	11	11	11	11	11	11	12	12	12	12
School and station flashers	10	10	10	10	10	10	10	10	10	10
Public Parking Lots	27	34	35	37	38	38	39	40	40	40
Culture and Recreation										
Senior centers	2	2	2	2	2	2	2	2	2	2
Public libraries	2	2	2	2	2	2	2	2	2	2
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Rinks	1	1	1	1	1	1	1	1	1	1
Parks and play lots	35	35	35	35	35	35	35	35	35	35
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	9	9	9	9	9	9	9	9	9	9
Joint Utility System										
Electric generating capacity, owned resources MW	60	60	61	61	61	62	62	62	62	62
Electric distribution line miles	142.0	143.0	143.0	143.0	143.0	144.0	144.0	144.0	144.0	144.0
Water production wells	12.0	12.0	12.0	12	12	12	12	12	12	12
Water distribution line miles	147.0	148.5	148.5	148.5	149.5	149.5	149.8	150.7	150.7	150.7
Gas distribution line miles	120.0	122.0	122.0	122.0	125.0	125.5	125.5	125.5	125.5	125.5
Wastewater collection line miles	117.0	118.0	118.0	118.0	118.0	118.9	118.9	118.9	118.9	118.9
Environmental Services										
Collection trucks	10	10	10	10	10	10	10	10	10	10
Golf Course										
Holes	18	18	18	18	18	18	18	18	18	18
Airport										
Tie down spaces	98	98	98	98	98	98	98	98	98	98

Sources: County departments

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM PROFIT TRANSFER AND IN LIEU PAYMENTS
TO THE GENERAL FUND
LAST TEN FISCAL YEARS

Table 26

Fiscal Year	FRANCHISE FEES [a]		IN LIEU TAX [b]			PROFIT TRANSFER [c]		TOTAL JOINT UTILITY SYSTEM
	ELECTRIC DISTRIBUTION	GAS	ELECTRIC PRODUCTION	ELECTRIC DISTRIBUTION	GAS	ELECTRIC	GAS	
2009	210,931	164,301	219	141,275	31,142	442,643	402,342	1,392,853
2010	221,476	157,979	902	200,748	54,811	437,711	374,584	1,448,211
2011	225,931	123,703	747	174,095	47,631	466,858	361,617	1,400,582
2012	235,444	108,900	2,474	181,565	49,922	457,600	282,776	1,318,681
2013	233,512	109,421	4,533	175,552	61,835	486,879	250,684	1,322,416
2014	231,282	128,916	13,924	189,561	68,787	478,324	253,562	1,364,356
2015	247,143	107,219	17,208	206,136	77,004	484,485	297,390	1,436,585
2016	279,200	97,940	100,338 [d]	231,536	81,666	524,540	246,867	1,562,087
2017	251,845	107,486	70,055	297,050	97,875	594,681	226,475	1,645,467
2018	241,046	80,107	63,146	248,680	103,080	574,246	207,175	1,517,480

Sources: County financial records

Notes:

[a] Franchise Fees are 2% of all Electric Distribution and Gas revenue from all rate classes.

[b] In Lieu of Property Tax is the net book value of Electric and Gas fixed assets divided by three, times the Los Alamos County property tax rate.

In Lieu excludes San Juan, El Vado and Abiquiu assets located outside Los Alamos County.

[c] Profit Transfer is 5% of Electric Distribution and Gas retail revenues excluding sales to schools and the County.

[d] Began paying in lieu tax for solar assets



LOS ALAMOS

where discoveries are made



Other Supplementary Information

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF RECONCILIATION OF TAX RECEIPTS AND DISBURSEMENTS**

Year ended June 30, 2018

PROPERTY TAX RECEIVABLE, JUNE 30, 2017	\$ 360,232
Net taxes charged to treasurer	18,541,449
Collections	(18,631,789)
Adjustments	2,128
PROPERTY TAX RECEIVABLE, JUNE 30, 2018	<u><u>\$ 272,020</u></u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2018, LISTED BY YEAR:	<u>TOTAL</u>	<u>INCORPORATED COUNTY OF LOS ALAMOS</u>	<u>STATE OF NEW MEXICO</u>	<u>UNIVERSITY OF NEW MEXICO</u>	<u>LOS ALAMOS PUBLIC SCHOOLS</u>
2008	350	167	26	17	140
2009	775	300	38	30	407
2010	1,599	560	134	65	840
2011	1,288	459	77	54	698
2012	6,167	2,530	340	244	3,053
2013	1,095	414	87	44	550
2014	6,381	2,233	383	278	3,487
2015	19,157	8,328	1,037	742	9,050
2016	72,932	31,716	3,849	2,797	34,570
2017	162,276	66,966	8,334	12,014	74,962
	<u><u>\$ 272,020</u></u>	<u><u>113,673</u></u>	<u><u>14,305</u></u>	<u><u>16,285</u></u>	<u><u>127,757</u></u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:	
Incorporated County of Los Alamos	\$ 7,317,700
State of New Mexico	985,454
University of New Mexico	1,419,739
Los Alamos Schools	8,908,896
	<u><u>\$ 18,631,789</u></u>

**INCORPORATED COUNTY OF LOS ALAMOS
COUNTY TREASURER'S PROPERTY TAX SCHEDULE**

Year ended June 30, 2018

<u>Agency</u>	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	Receivable at Year End
Incorporated County of Los Alamos:							
2008	6,379,375	222	6,379,208	222	6,379,208	0	167
2009	6,683,097	224	6,682,798	224	6,682,798	0	299
2010	5,137,111	173	5,136,551	173	5,136,551	0	560
2011	5,312,107	187	5,311,648	187	5,311,648	0	459
2012	5,400,886	1,043	5,398,356	1,043	5,398,356	0	2,530
2013	5,459,728	4,106	5,459,313	4,084	5,459,290	23	415
2014	5,477,434	8,865	5,475,202	8,408	5,474,744	458	2,233
2015	7,159,637	33,584	7,151,309	29,425	7,147,149	4,160	8,328
2016	7,188,118	58,089	7,156,401	55,428	7,153,740	2,662	31,717
2017	7,364,419	7,211,118	7,297,454	7,143,853	7,230,189	67,265	66,965
	61,561,912	7,317,612	61,448,239	7,243,045	61,373,673	74,567	113,673
State of New Mexico:							
2008	917,969	34	917,944	34	917,944	0	26
2009	816,719	29	816,680	29	816,680	0	38
2010	1,058,963	44	1,058,829	44	1,058,829	0	134
2011	969,174	47	969,097	47	969,097	0	77
2012	964,697	206	964,356	206	964,356	0	341
2013	955,401	619	955,315	616	955,312	3	87
2014	920,228	1,220	919,845	1,161	919,786	59	383
2015	940,335	3,881	939,299	3,323	938,741	558	1,037
2016	954,111	7,226	950,262	6,865	949,901	361	3,849
2017	992,652	972,135	984,318	963,490	975,673	8,645	8,334
	9,490,250	985,440	9,475,945	975,815	9,466,319	9,626	14,305

University of New Mexico:

2008	614,452	23	614,435	23	614,435	0	17
2009	643,313	23	643,283	23	643,283	0	30
2010	646,495	23	646,430	23	646,430	0	65
2011	671,293	25	671,239	25	671,239	0	54
2012	689,851	140	689,607	140	689,607	0	244
2013	702,036	447	701,992	444	701,990	2	44
2014	676,281	888	676,003	844	675,960	43	278
2015	691,009	2,842	690,267	2,433	689,857	410	742
2016	693,944	5,251	691,147	4,991	690,887	260	2,797
2017	1,439,724	1,410,070	1,427,709	1,397,587	1,415,227	12,482	12,015
	7,468,399	1,419,730	7,452,114	1,406,533	7,438,916	13,197	16,285

Los Alamos Public Schools:

2008	4,993,421	187	4,993,281	187	4,993,281	0	140
2009	8,716,249	309	8,715,843	309	8,715,843	0	407
2010	8,505,593	303	8,504,754	303	8,504,754	0	840
2011	8,747,569	324	8,746,871	324	8,746,871	0	698
2012	8,748,950	1,775	8,745,896	1,775	8,745,896	0	3,054
2013	8,656,675	5,542	8,656,125	5,515	8,656,098	27	550
2014	8,491,739	11,237	8,488,252	10,689	8,487,704	548	3,487
2015	8,396,500	34,765	8,387,451	29,792	8,382,478	4,973	9,049
2016	8,572,625	64,894	8,538,054	61,679	8,534,839	3,215	34,570
2017	8,974,351	8,789,485	8,899,388	8,711,630	8,821,533	77,856	74,962
	82,803,671	8,908,820	82,675,914	8,822,201	82,589,295	86,619	127,757

Grand Total	\$ 161,324,232	18,631,603	161,052,212	18,447,594	160,868,203	184,009	272,020
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2018

	<u>LOS ALAMOS NATIONAL BANK</u>	<u>WELLS FARGO</u>	<u>TOTAL</u>
TOTAL AMOUNT OF DEPOSITS (bank balances)	\$ 10,536,045	24,818	10,560,863
	0	0	0
Less: FDIC coverage	250,000	250,000	500,000
TOTAL UNINSURED PUBLIC FUNDS	<u>10,286,045</u>	<u>(225,182)</u>	<u>10,286,045</u>
COLLATERAL REQUIRED			
Deposits	5,143,022 [a] [a]	(112,591)	5,030,431
	0	0	0
COLLATERAL			
Letters of Credit, Agencies, Municipal Bonds	29,296,806 [b] [b]	0	29,296,806
OVER(UNDER) SECURED	<u>\$ 24,153,784</u>	<u>112,591</u>	<u>24,266,375</u>

Notes:

[a] Collateral requirement is 50% per New Mexico state law. County requirement is 100%.

[b] Letter of Credit - Federal Home Loan Bank of Dallas

**INCORPORATED COUNTY OF LOS ALAMOS
DETAIL OF PLEDGED COLLATERAL BY FINANCIAL INSTITUTION**

June 30, 2018

	<u>ACQUISITION DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP NUMBER</u>	<u>TYPE</u>	<u>PAR VALUE</u>	<u>BOOK/MARKET PER BANK</u>
LOS ALAMOS NATIONAL BANK						
Agency Notes/Bonds	05/19/16	08/15/31	269696HB9	FHLB	4,000,000	4,614,560
	04/28/16	02/15/32	280785TE6	FHLB	3,600,000	4,150,440
	09/07/16	02/15/33	018106KD5	FHLB	3,000,000	3,443,160
	12/19/16	08/25/25	3137BLW95	FHLB	7,000,000	7,046,412
	05/31/16	08/25/25	3137BLW95	FHLB	3,000,000	3,019,891
	09/22/16	09/25/25	3137BM7C4	FHLB	7,000,000	7,022,343
					<u>27,600,000</u>	<u>29,296,806</u>
TOTAL PLEDGED COLLATERAL					\$ <u>27,600,000</u>	<u>29,296,806</u>

LOS ALAMOS

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF DEPOSITORY ACCOUNTS**

June 30, 2018

<u>NAME OF DEPOSITORY</u>	<u>ACCOUNT NAME</u>	<u>TYPE OF ACCOUNT</u>	<u>TOTAL DEPOSITORY BALANCES</u>
Alliance Benefits Group	L.A.C. Employee Pension Plan	Participant Investment	\$ 51,615,481
Bank of Albuquerque	Los Alamos County	FHLB	1,954,881
Bank of Albuquerque	Los Alamos County	FHLMC	7,904,740
Bank of Albuquerque	Los Alamos County	FNMA	4,960,150
Bank of Albuquerque	Los Alamos County	T-Note	32,228,640
Bank of Albuquerque	Los Alamos County	T-Bill	5,151,016
Bank of Albuquerque	Los Alamos County	T-Bond	2,478,425
Los Alamos National Bank	Library Gift Fund	C.D.	12,300
Los Alamos National Bank	Employee Fund	Checking	8,214
Los Alamos National Bank	Employee Fund	C.D.	9,685
Los Alamos National Bank	Flexible Spending Account	Checking	8,776
Los Alamos National Bank	General County	Checking	6,762,499
Los Alamos National Bank	GRT Bonds Debt Service	Checking	556,012
Los Alamos National Bank	Landfill Closure	Checking	358,133
Los Alamos National Bank	Municipal Court Bond	Checking	7,030
Los Alamos National Bank	Police Operations	Checking	4,792
Los Alamos National Bank	Small Purchase	Checking	22,789
Los Alamos National Bank	Manual Checks	Checking	20,001
Los Alamos National Bank	Utility Resource Pool	Checking	2,765,815
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	507,841
Bank of Albuquerque	Trustee Loan Account - Utilities	Cash Equivalent	4,380,305
NMFA / Bank of Albuquerque	Trustee Loan Account - Utilities	Cash Equivalent	4,070,219
NMFA / Bank of Albuquerque	Trustee Loan Account - Utilities	Cash Equivalent	2,392,200
State Investment Council	Permanent Fund	Pool	25,285,694
State Investment Council	General Fund	Pool	16,596,879
State Investment Council	Cemetery Perpetual Care	Pool	912,220
NM Local Government Investment Pool	LGIP	Pool	9,097,180
Wells Fargo Bank Minnesota	Utility Bond Accounts	Cash Equivalent	1,587,195
Wells Fargo Commercial Checking	Los Alamos County - Purchasing-Card	Checking	24,818
Total Depository Balances			181,683,928
Reconciling items to Bank Reconciliation			(3,577,008)
Petty Cash and Change Funds			4,506
Total Deposits and Investments reported in financial statements			\$ 178,111,426

INCORPORATED COUNTY OF LOS ALAMOS SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS

June 30, 2018

Incorporated County of Los Alamos (the County) and the New Mexico State Investment Council (SIC)

The parties entered into this agreement in order to establish a relationship between the County and the SIC. Under this agreement, the SIC acts as the investment manager for County funds deposited with the SIC, and invests County funds in accordance with the guidelines provided in the County's Investment Policy; provided however that the investment policies in the SIC Long-term Pooled Investment Funds Operations Manual shall be controlling in the event of a conflict between the policies therein and the County's Investment Policy.

This agreement was entered into on October 3, 2000. There is no ending day specified in the agreement. Either party may terminate the agreement with thirty (30) days written notice to the other party.

As of June 30, 2018, the County had approximately \$42.8 million invested with the SIC. The County paid approximately \$114,000 in fees, which are netted in the investment gain. The County is responsible for all audits of its financial records. The Pooled Investment Funds are included in the SIC's annual fiscal year-end audit.

Incorporated County of Los Alamos (the County) and the New Mexico Energy, Minerals and Natural Resources Department (NMEMNRD)

The parties entered into this Joint Powers Agreement (JPA) to formalize the NMEMNRD and the County's agreement and commitment to mutual wildland fire suppression and management assistance and cooperation. NMEMNRD is the designated state agency responsible for coordinating wildland fire suppression services among county and municipal fire departments, cooperating state agencies, and cooperating federal agencies. The County is responsible for wildland fire suppression on lands within the boundaries of its designated fire protection districts. The agreement addresses the County's role in the statewide Resource Mobilization Plan (RMP) and also defines non reimbursable and reimbursable assistance for initial or extended attack expenses. As such, the agreement establishes the County reimbursement rates and billing procedures for personnel and equipment.

This agreement does not obligate NMEMNRD or the County to expend money in excess of appropriations authorized by state or local laws. The terms of this agreement are contingent upon sufficient appropriation and authorization being granted by the New Mexico State Legislature and the County; otherwise, either party may terminate or suspend this agreement upon 90 days written notice. The agreement was entered into by the County on February 23, 2010 and supersedes JPA Agreement # 97-521-2300-0073 (Wildfire Suppression).

Incorporated County of Los Alamos (the County) and the City of Santa Fe, Santa Fe County, City of Espanola, Rio Arriba County, the Town of Taos, Taos County, Ohkay Owingeh, and Jemez Pueblo together known as "coalition members"

Members of the coalition entered into this Joint Powers Agreement (JPA) to memorialize a shared interest in assuring that LANL missions remain sustainable and diversified, while assuring protection of the environment, affecting federal and state government policy decisions that affect LANL, and promoting economic development throughout the region. This agreement establishes the Regional Coalition of LANL Communities (RCLC), a separate entity from coalition members, which develops and implement plans and approaches for carrying out the purposes of the coalition. Governance of the Regional Coalition is stated in the agreement; the County of Los Alamos is the acting fiscal agent for implementation and administration of the agreement.

This agreement was entered into by Los Alamos County on May 18, 2011 and approved by the New Mexico Department of Finance and Administration and made effective on October 13, 2011. Ohkay Owingeh joined the coalition in October 2012; Jemez Pueblo joined the coalition in November 2014. The term of this agreement is perpetual unless terminated by mutual consent of the coalition members.

Incorporated County of Los Alamos (the County) and the North Central New Mexico Economic Development District (NCNMEDD), Santa Fe County, the City of Espanola, Rio Arriba County, Ohkay Owingeh, the Pueblo of Santa Clara, the Pueblo of Pojoaque, and the Pueblo of Tesuque.

This Joint Powers Agreement (JPA) is entered into by all parties for the management of the Redi Middle-Mile Broadband Network (REDI Net), a high-speed, open access broadband network deployed within the jurisdictional boundaries of all parties involved. NCNMEDD was awarded federal funding from the Broadband Technology Opportunities Program (BTOP), National Technology and Information Administration (NTIA), United States Department of Commerce, to implement the REDI Net project. The project has an estimated total cost of \$13.4 million of which \$10.6 million will be paid with federal funds, and the remaining \$2.8 million is contributed by the various jurisdictional parties in the form of cash and in-kind contributions. REDI Net consists of approximately 150 miles of fiber optic cable and associated equipment and will be installed primarily on existing electric utility poles of all jurisdictional parties, subject to securing necessary easements and rights of way, for construction, permitting, and other construction-related activity. REDI Net will offer high-speed wholesale bandwidth to qualified service providers and anchor institutions that operate within the range of its network.

This agreement establishes a governance structure that includes a representative from each jurisdictional party on the Board of Directors and establishes powers and duties to oversee construction, implementation, and long-term management of the REDI Net project. This agreement obligates the County to contribute \$400,000 into NCNMEDD's interest-bearing project account. This agreement was entered into by the County on November 9, 2011 and is effective for a period of 20 years thereafter. Amendments to this agreement shall be in writing and subject to approval by the New Mexico Department of Finance and Administration.

Incorporated County of Los Alamos (the County) by and among the City of Las Cruces, the City of Gallup, and the City of Farmington establishing the New Mexico Municipal Energy Acquisition Authority (NMMEAA)

This Joint Powers Agreement (JPA) was entered into by and among the City of Las Cruces and the City of Gallup on June 19, 2008. The County entered this JPA by adoption of Amendment Number 1 on September 30, 2008. The JPA establishes the NMMEAA to act as the administering agency to acquire long-term energy supplies, including the purchase of natural gas for retail gas customers or for sale to other municipal or governmentally-owned utilities, to produce electricity for retail customers or for sale to other municipal or governmentally-owned utilities; and to fuel the pipeline and related transportation costs of gas supply. This agreement establishes the governance structure that includes a representative from each party.

This agreement is perpetual unless terminated by mutual consent of the parties.

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2017	CASH RECEIVED	OTHER	FEDERAL PARTICIPATING EXPENDITURES	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2018
MAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Energy:						
National Nuclear Security Administration						
Fire protection, emergency medical and rescue services	81.140					
Cooperative Agreement begin October 1, 2013	DE-NA0002067/000	3,358,961	17,784,167	3,612,293 [1]	22,389,384	4,351,885
Atomic Energy Act 1954-Payments in Lieu	Public Law Section 168	0	244,183	0	244,183	0
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		3,358,961	18,028,350	3,612,293	22,633,567	4,351,885
NONMAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Agriculture:						
10-665						
United States National Forest Reserve	Public Law 106-393	0	4,506	0	4,506	0
United States Department of Homeland Security						
Flow through the New Mexico Department of Homeland Security and Emergency Management						
Emergency Management Performance Grant (FY17)	97.042	21,336	21,336	0	0	0
Emergency Management Performance Grant (FY18)	97.042	0	34,321	0	61,768	27,447
State Homeland Security Grant-LEPTA	97.067	165,928	187,721	0	100,263	78,470
State Homeland Security Grant-HAZMAT Training	20.703	6,400	11,890	0	5,490	0
Wildfire Mitigation and Education Project Phase 1	97.039	0	13,128	0	39,131	26,003
FEMA 4079, Flood Disaster Declaration, Public Assistance Program	97.036	(12,107)	0	0	0	(12,107)
FEMA 4152, Flood Disaster Declaration, Public Assistance Program	97.036	569,065	0	340 [2]	138,701	707,426
FEMA, Region 6						
Assistance to Firefighters Grant-Mobile Data Terminals	97.044	0	0	0	158,299	158,299
Assistance to Firefighters Grant-Type IV Engine Brush Truck	97.044	0	498	0	498	0
United States Department of Interior, Bureau of Land Management:						
15.226						
Bureau of Land Management						
Section 1 Payment for Federal-Owned Entitlement Land	Public Law 100-343	0	0	0	93,625	93,625
National Park Service						
Cooperative Agreement-Bandelier National Park-FY18 Season	P17AC00081	56,847	170,542	0	113,695	0
Cooperative Agreement-Bandelier National Park-FY18 Season	P17AC00081	0	0	0	11,722	11,722
United States Department of Justice:						
Drug Enforcement Administration-Asset Forfeiture						
Office of Justice-Bulletproof Vest Partnership	16.xxx	(235)	0	7 [3]	0	(242)
Office of Justice-Bulletproof Vest Partnership	Public Law 106-517	722	2,166	0	1,444	0
Flow through New Mexico Crime Victims Reparation Commission						
STOP Violence Against Women Formula Grant Program (FY18)	16.588	0	3,787	0	6,791	3,004
Victims of Crime Assistance Formula Grant Program (FY18)	16.575	0	3,665	0	6,381	2,716

United States Department of Transportation-Federal Aviation Administration Airport Perimeter Fencing Project - Design Phase	20.106	0	53,384	0	59,403	6,019
United States Department of Transportation-Federal Highway Administration Flow through the New Mexico Department of Transportation STEP/100 Days and Nights of Summer (17-ST-RF-056)	20.600	312	1,290	0	978	0
Federal AID Project-Canyon Rim Trail Phase 2	20.205	66,345	66,345	0	0	0
Federal Aid Project-Canyon Rim Trail Underpass	20.205	0	0	0	14,078	14,078
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico Department of Transportation Nonurbanized Area Formula Grant Program Section 5311 FY18 Contract MO1539	20.509	0	1,058,242	0	1,355,091	296,849
FY17 Contract MO1483	20.509	323,870	933,049	0	609,179	0
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>1,198,483</u>	<u>2,565,870</u>	<u>347</u>	<u>2,781,043</u>	<u>1,413,309</u>
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>\$ 4,557,444</u>	<u>20,594,220</u>	<u>3,612,640</u>	<u>25,414,610</u>	<u>5,765,194</u>

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

Change in dererred revenue	(46,384)
Federal Subsidy Build America Bonds	120,955
Ambulance billing and other receipts DOE Cooperative Agreement for fire services	(596,961)
County Share of DOE Cooperative Agreement for fire services - DE-NA0002067/000	(3,015,333)
North Central Regional Transit District revenues	<u>1,444,500</u>
INTERGOVERNMENTAL REVENUES - FEDERAL	23,321,387

INTERGOVERNMENTAL REVENUES - STATE

19,849,855

TOTAL INTERGOVERNMENTAL REVENUES

\$ 43,171,242

INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:

Governmental funds	\$ 20,174,079
Proprietary funds	
Intergovernmental charges for services	18,777,091
Intergovernmental - non capital revenue	3,453,542
Other sources and uses - intergovernmental capital revenue	<u>766,530</u>

TOTAL INTERGOVERNMENTAL REVENUES

\$ 43,171,242

Notes to Supplemental Schedule of Expenditures of Federal Awards

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Incorporated County of Los Alamos (County).

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note (1)D to the County's basic financial statements.

The amounts received from the federal government are recorded as intergovernmental revenues of the County.

There were no sub recipients of these grant awards.

Other Notes

- [1] County's share of NNSA Cooperative agreement expenditures, ambulance billing and other receipts
- [2] Prior period adjustment
- [3] Interest earned on reserved fund balance

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Year ended June 30, 2018

<u>STATE GRANTOR /PROGRAM TITLE</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2017</u>	<u>CASH RECEIVED</u>	<u>OTHER (SEE NOTES)</u>	<u>STATE PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2018</u>
STATE OF NEW MEXICO:						
Fire Marshal's Office:						
Fire Protection Fund Distribution		(448,426)	468,634	3,851	[1] 895,618	(25,293)
Fire Protection Grant		(9,741)	0	0	9,741	0
Total Fire Marshal's Office		<u>(458,167)</u>	<u>468,634</u>	<u>3,851</u>	<u>905,359</u>	<u>(25,293)</u>
Children, Youth and Families Department						
Juvenile Justice Continuum (17-690-19795)		4,803	4,803	0	0	0
Juvenile Justice Continuum (18-690-14477)		0	130,181	0	157,364	27,183
Total Children, Youth and Families Department		<u>4,803</u>	<u>134,984</u>	<u>0</u>	<u>157,364</u>	<u>27,183</u>
Department of Finance and Administration:						
LDWI-Local Distribution (FY18)		0	66,130	(2,435)	[2] 63,695	0
DWI Grant (18-D-G-16)		0	0	0	6,895	6,895
Juvenile Adjudication Grant Fund (17-J-16)		3,742	3,742	0	0	0
Enhanced E911 (17-E-12)		7,460	7,460	0	0	0
Enhanced E911 (18-E-12)		0	0	134,260	[3] 140,782	6,522
Law Enforcement Protection Fund Distribution		(187)	39,200	0	38,814	(573)
Capital Grant Project-Jemez Mountains Regional Fire Protection		0	92,380	0	201,631	109,251
Total Department of Finance and Administration		<u>11,015</u>	<u>208,912</u>	<u>131,825</u>	<u>451,817</u>	<u>122,095</u>
Department of Health - Public Health Office						
Primary Care and EMS Distribution - Fire		(3)	10,069	0	9,675	(397)
Los Alamos Community Health Council Pass Through (FY18)		0	4,855	0	4,855	0
Total Department of Health		<u>(3)</u>	<u>14,924</u>	<u>0</u>	<u>14,530</u>	<u>(397)</u>

Transportation Department					
Cooperative Agreement, Local Government Road Funds (SP-5-17(181))	0	69,823	0	69,823	0
Cooperative Agreement, School Bus Route (SB-7803(100)17)	0	90,000	0	90,000	0
Cooperative Agreement, County Arterial Program (CAP-5-17(467))	0	23,054	0	23,054	0
Airport Maintenance Program (LAM-18-01)	0	4,748	0	5,972	1,224
Airport Perimeter Fence Project - Design Phase (LAM-17-02)	0	2,966	0	3,300	334
Total Transportation Department	0	190,591	0	192,149	1,558
Homeland Security and Emergency Management Department					
Disaster Assistance - FEMA DR 4079	(781)	0	0	0	(781)
Disaster Assistance - FEMA DR 4152	96,740	0	57	23,117	119,800
Total Homeland Security Department	95,959	0	57	23,117	119,019
New Mexico Environment Department					
Recycling and Illegal Dumping Act Grant - Zero Waste Lunch Education	0	9,881	0	9,881	0
Recycling and Illegal Dumping Act Grant - Used Oil Heater	0	6,549	0	8,488	1,939
Total Environment Department	0	16,430	0	18,369	1,939
Administrative Office of the Courts					
Municipal Automation Fund	10,463	17,518	0	7,055	0
Economic Development Department					
LEADS Grant	0	5,000	0	5,000	0
Office of Cultural Affairs:					
New Mexico State Library 2010 General Obligation Bond	16,119	27,456	0	11,337	0
New Mexico State Library Grant - Operations	0	11,397	0	11,397	0
Total Office of Cultural Affairs	16,119	38,853	0	22,734	0
TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE	\$ (319,811)	1,095,846	135,733	1,797,494	246,104
RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:					
State-shared Revenues				18,182,190	
State-Emergency Mutual Aid Deployment Revenues				284,743	
Change in reserved balances				(435,945)	
Change in Deferred Revenue				21,373	
TOTAL INTERGOVERNMENTAL REVENUES - STATE				\$ 19,849,855	

NOTES:

- [1] Interest earned on reserved fund balance
- [2] Unspent Distribution back to State
- [3] Grant expenditures made by State on County's behalf
- [4] Prior Period Adjustment

**INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT**

June 30, 2018

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
ASSETS AND OTHER DEBITS					
UTILITY PLANT					
Utility plant in service	\$ 176,283,316	16,302,649	87,576,372	46,319,378	326,481,715
Construction work in progress	10,258,577	454,833	2,979,949	125,417	13,818,776
Less accumulated depreciation	<u>(110,313,185)</u>	<u>(5,223,215)</u>	<u>(29,165,607)</u>	<u>(12,600,534)</u>	<u>(157,302,541)</u>
NET PLANT IN SERVICE	76,228,708	11,534,267	61,390,714	33,844,261	182,997,950
OTHER PROPERTY AND INVESTMENTS					
Investments and special funds	<u>18,386,916</u>	<u>0</u>	<u>167,907</u>	<u>1,682,644</u>	<u>20,237,467</u>
	18,386,916	0	167,907	1,682,644	20,237,467
CURRENT AND ACCRUED ASSETS					
Cash and short-term investments	(944,435)	3,386,328	9,188,560	223,039	11,853,492
Customer accounts receivable	2,625,588	134,803	477,226	342,001	3,579,618
Less provision for uncollectible accounts	(14,518)	(3,033)	(8,832)	(7,695)	(34,078)
Due from other governments	0	0	109,251	0	109,251
Due from associated subfunds (not included in total column)	0	0	159,442	0	0
Fuel stock	146,175	0	0	0	146,175
Materials and supplies	1,098,338	33,319	214,789	13,573	1,360,019
Prepayments	686,661	0	77,765	0	764,426
Accrued utility revenues	663,521	76,779	385,348	164,960	1,290,608
Miscellaneous current and accrued assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	4,261,330	3,628,196	10,603,549	735,878	19,069,511
OTHER NONCURRENT ASSETS AND DEFERRALS					
Advances to associated subfunds (not included in total column)	0	0	778,111	0	0
Deferred pensions	1,599,103	407,805	223,549	198,839	2,429,296
Unamortized deferral on refunding of debt	<u>464,027</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>464,027</u>
	2,063,130	407,805	1,001,660	198,839	2,893,323
TOTAL ASSETS AND OTHER DEBITS	\$ <u>100,940,084</u>	<u>15,570,268</u>	<u>73,163,830</u>	<u>36,461,622</u>	<u>225,198,251</u>

LIABILITIES AND OTHER CREDITS

EQUITY						
Retained earnings	\$	52,726,630	12,055,809	68,165,872	26,983,478	159,931,789
LONG-TERM DEBT						
Bonds		19,560,348	0	1,419,652	0	20,980,000
Plus unamortized premium on long-term debt		697,537	0	11,412	0	708,949
Contracts and intergovernmental debt payable		0	0	1,376,808	6,454,851	7,831,659
		<u>20,257,885</u>	<u>0</u>	<u>2,807,872</u>	<u>6,454,851</u>	<u>29,520,608</u>
OTHER NONCURRENT LIABILITIES AND DEFERRALS						
Accumulated provision for benefits		207,094	98,806	51,564	17,778	375,242
Advances from associated subfunds (not included in total column)		0	0	0	778,111	0
Asset retirement obligations		10,505,209	0	0	0	10,505,209
Pension liability		10,279,665	2,847,019	1,421,050	1,247,586	15,795,320
Deferred pensions		1,002,983	310,725	141,217	111,745	1,566,670
		<u>21,994,951</u>	<u>3,256,550</u>	<u>1,613,831</u>	<u>2,155,220</u>	<u>28,242,441</u>
CURRENT AND ACCRUED LIABILITIES						
Accounts payable		2,074,296	72,856	289,174	9,146	2,445,472
Customer deposits		61,492	45,034	48,517	0	155,043
Tax collections payable		57,488	9,356	24,413	21,050	112,307
Current portion of revenue bonds payable		2,831,837	0	48,164	0	2,880,001
Current portion of contracts and other debt		0	0	99,419	604,356	703,775
Interest accrued		79,610	0	8,549	38,427	126,586
Due to associated subfunds (not included in total column)		0	0	0	159,442	0
Miscellaneous current and accrued liabilities		855,895	130,663	58,019	35,652	1,080,229
		<u>5,960,618</u>	<u>257,909</u>	<u>576,255</u>	<u>868,073</u>	<u>7,503,413</u>
TOTAL LIABILITIES AND OTHER CREDITS	\$	<u>100,940,084</u>	<u>15,570,268</u>	<u>73,163,830</u>	<u>36,461,622</u>	<u>225,198,251</u>

**INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS**

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY CAPITAL - INDUSTRY FORMAT

Year ended June 30, 2018

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
UTILITY OPERATING REVENUES					
Sales for resale	\$ 29,133,070	0	0	0	29,133,070
Residential	6,812,700	3,304,944	4,001,150	5,264,530	19,383,324
Commercial and industrial	4,532,289	585,317	504,663	0	5,622,269
Sale to public authorities	2,043,812	289,637	1,650,288	0	3,983,737
Street lighting	88,041	0	0	0	88,041
Other operating revenues	168,525	33,936	48,681	10,199	261,341
TOTAL OPERATING REVENUES	42,778,437	4,213,834	6,204,782	5,274,729	58,471,782
OPERATING EXPENSES					
Purchased power or natural gas	(14,628,755)	(1,936,169)	0	0	(16,564,924)
Distribution	(579,286)	(3,007,553)	(966,363)	877,800	(3,675,402)
Administrative and general	(3,390,725)	(1,023,361)	(1,658,122)	(965,246)	(7,037,454)
Customer accounts	(23,980)	(9,730)	(6,984)	(7,260)	(47,954)
Steam power generation	(7,013,984)	0	0	0	(7,013,984)
Transmission	(3,926,329)	0	0	0	(3,926,329)
Other production expenses	(1,517,464)	0	0	0	(1,517,464)
Hydraulic power generation	(207,086)	0	0	0	(207,086)
	(31,287,609)	(5,976,813)	(2,631,469)	(94,706)	(39,990,597)
MAINTENANCE EXPENSES					
Distribution	(1,208,019)	(322,775)	(1,876,847)	(523,802)	(3,931,443)
Steam power generation	(930,151)	0	0	0	(930,151)
Hydraulic power generation	(406,979)	0	0	0	(406,979)
Carbon free generation	(132,077)	0	0	0	(132,077)
Transmission	(314,505)	0	0	0	(314,505)
	(2,991,731)	(322,775)	(1,876,847)	(523,802)	(5,715,155)
DEPRECIATION AND AMORTIZATION EXPENSE	(5,690,615)	(390,161)	(1,960,018)	(835,216)	(8,876,010)
TAXES	(907,668)	(183,187)	(37,300)	0	(1,128,155)
TOTAL UTILITY OPERATING EXPENSES	(40,877,623)	(6,872,936)	(6,505,634)	(1,453,724)	(55,709,917)

UTILITY OPERATING INCOME	<u>1,900,814</u>	<u>(2,659,102)</u>	<u>(300,852)</u>	<u>3,821,005</u>	<u>2,761,865</u>
Other income (investment loss)	284,281	156,461	506,026	22,522	969,290
Other deductions	<u>(1,263,528)</u>	<u>(211,090)</u>	<u>(455,079)</u>	<u>5,546</u>	<u>(1,924,151)</u>
UTILITY INCOME	921,567	(2,713,731)	(249,905)	3,849,073	1,807,004
Interest on long-term debt	<u>(986,073)</u>	<u>0</u>	<u>(58,465)</u>	<u>(228,896)</u>	<u>(1,273,434)</u>
INCOME BEFORE EXTRAORDINARY ITEMS	(64,506)	(2,713,731)	(308,370)	3,620,177	533,570
Proprietary capital, beginning of year	56,970,603	16,130,322	69,022,090	23,860,320	165,983,335
Prior year restatement - GASB Statement 75	<u>(4,179,467)</u>	<u>(1,360,782)</u>	<u>(547,848)</u>	<u>(497,019)</u>	<u>(6,585,116)</u>
PROPRIETARY CAPITAL, END OF FISCAL YEAR	\$ 52,726,630	12,055,809	68,165,872	26,983,478	159,931,789



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**INDEPENDENT AUDITOR'S 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**

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

We have audited, in accordance with the 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, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Incorporated County of Los Alamos, New Mexico (County) as of and for the year ended June 30, 2018, 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 30, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
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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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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 determination of 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

MORTON ACCOUNTING SERVICES, LLC



Santa Fe, New Mexico
November 30, 2018



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the Incorporated County of Los Alamos' (County) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2018. 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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

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 its major federal programs for the year ended June 30, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Mr. David Izraelevitz, Chair, County Council
Members of the Council, and Harry Burgess, County Manager
Los Alamos, New Mexico 87544 and
Wayne Johnson, New Mexico State Auditor

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MORTON ACCOUNTING SERVICES, LLC

Morton Accounting Services, LLC

Santa Fe, New Mexico
November 30, 2018



LOS ALAMOS

where discoveries are made

234
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:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 Internal Control Over Payroll Disbursements

Condition:

We tested forty payroll disbursements noting that incorrect payrate was utilized for two disbursements tested (for one employee). The error resulted in overpayment of \$25.38 for the two disbursements, and total calculated overpayments to the employee of \$348.

Criteria:

Payroll disbursements must be calculated based on authorized employee hourly rate as documented in employee's personnel file.

Cause:

The incorrect hourly rate was input into the HRIS/Payroll System for one employee as there were two employees with similar names.

Effect:

Total overpayments to employee of \$348.

Recommendation:

We recommend that the County periodically perform evaluations of payroll registers against personnel files to ensure current and proper rates are utilized for payroll disbursements, and/or that a cross check of manual input is performed to avoid entry errors.

Management Response:

The County agrees with this finding and has determined it was a clerical entry error between two employees with a similar name. The rate increase was part of the annual performance evaluation ratings, and was brought to the attention of the Human Resources Division by one of the affected employees and immediately corrected. Upon the audit discovery of the second employee affected noted here, the County immediately corrected. The Human Resources Division has conducted a thorough review of all employee rates and will continue to closely monitor the input of pay rate changes for accuracy.

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

SECTION II - FINANCIAL STATEMENT FINDINGS, CONTINUED

2018-002 Internal Control Over Procurement (Compliance)

Condition

One of six procurements tested did not contain a Certified Evaluation Form or other evaluation documentation in the respective procurement file. The procurement was an Invitation for Bid or "IFB". The evaluation documents were subsequently located and included in the procurement file.

Criteria:

Los Alamos County Procurement Manual requires each procurement ("Request for Bid" or "Request for Proposal") be evaluated against defined criteria, and that appropriate evaluation documentation be included in the procurement file.

Cause:

The evaluation was performed and communicated via email rather than formally, utilizing the Certified Evaluation Form. The evaluation documentation was not maintained in the procurement file.

Effect:

Noncompliance with Los Alamos County Procurement policies. Evaluation of procurements not documented in procurement files.

Recommendation:

We recommend that the County procurement staff maintain the completed Certified Evaluation Form or other evaluation documentation for all procurements, in their respective procurement files.

Management Response:

The County concurs that the evaluation documentation was not in the procurement file because of an administrative oversight. Both the Procurement Code and Procurement policy as contained in the Procurement Manual address documentation of evaluation in procurement files. The existing Internal Procedure Checklist for Procurement Staff, contained in the Procurement Manual, will be revised to include a quality control check.

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

SECTION IV - PRIOR YEAR FINDINGS

There were no prior year findings.

**INCORPORATED COUNTY OF LOS ALAMOS
EXIT CONFERENCE
June 30, 2018**

An exit conference was held on Tuesday, November 27, 2018. The conference was held at the offices of the County in Los Alamos, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

INCORPORATED COUNTY OF LOS ALAMOS

Audit Committee:

Antonio Maggiore, County Councilor
Susan O'Leary, County Councilor (via phone)
Harry Burgess, County Manager
Robert Westervelt, Deputy Utilities Manager - Finance & Administration

County Staff:

Steven Lynne, Deputy County Manager
Melissa Meyer, Deputy Chief Financial Officer
Thomas Vigil, Accounting Operations Manager
Karen Kendall, Budget and Performance Manager

Morton Accounting Services, LLC:

Janet Pacheco-Morton, Principal