

Incorporated County
of
Los Alamos, New Mexico



Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2008

Prepared by the Office of Management and Budget

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INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
P.O. Box 30, Los Alamos, New Mexico 87544 (505) 662-8060

November 20, 2008

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 State of New Mexico, Incorporated County of Los Alamos (the County) for fiscal year 2008. The Office of Management and Budget in the County's Administrative Services Department has prepared this report to present the financial position of the County at June 30, 2008, 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.

THE REPORT

This report has the following four sections:

The **Introductory Section** includes this transmittal letter, and describes the County's organization, provides general background, and highlights the financial affairs of the County.

The **Financial Section** includes the opinion of the County's independent auditors, Moss Adams, LLP. This section also includes the Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. Additionally, this section includes supplementary information for each fund and combining statements.

The **Statistical Section** includes ten years of summary financial data, debt computations, and a variety of demographic, economic, and general information.

The **Other Information Section** includes information required by: *Government Auditing Standards*; Single Audit Act of 1984; Single Audit Act Amendments of 1996; U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of New Mexico, Office of the State Auditor. Information related to these requirements includes the schedules of expenditures of federal and state awards, and other reports by the independent auditors.

Readers should refer to the Management's Discussion and Analysis beginning on page 5 of this report for 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 plans to take positive actions to carry out the independent auditors' recommendations described in their Schedule of Findings and Questioned Costs, dated November 20, 2008, 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 112 square miles. The National Forest Service owns 41.3% of the County's area, the United States Department of Energy (DOE) owns 33.4%, the County and its citizens own 16.3%, and Bandelier National Monument owns 9.0%.

Before the establishment of the Los Alamos National Laboratory 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 Administrator, the chief administrative 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. These services include: 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 landfill 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 County's economy depends heavily on the activities of the Los Alamos National Laboratory (LANL) and its subcontractors, which together employ over 11,000 people with an annual budget of approximately \$2.2 billion. As such, the local economy is usually affected more by the funding of LANL than any other local or national economic factor.

In the fiscal year 2009 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues declined in fiscal year 2008, only small declines are projected in the near future. However, 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 against the potential negative effects of any significant unforeseen future changes.

LANL is the County's largest employer, and it was estimated in an August 2004 POLICOM report "Creating a Sustainable Los Alamos" that LANL's expenditures provide, either directly or indirectly, approximately 97% of the County's economy. It is also estimated that LANL generates directly approximately 65-70% of the County's GRT revenue.

Given the significant impact of LANL operations, the County will be monitoring closely any federal legislative budget activities associated with the Department of Energy and other federal agencies and continuing to consider potential impacts to the LANL and to the County's long-range financial projections. The County will also be monitoring any potential changes that might arise due to the change in national political administration, changes in the New Mexico federal congressional delegation, as well as DOE plans for its long-term overall Complex Transformation.

As originally adopted, the FY 2009 Budget projects combined ending fund balance / working capital of \$111.4 million, a decrease of \$7.8 million from the FY 2008 projected ending balance. The largest planned reductions of Fund Balance were within the General Fund and the Joint Utilities System Fund where balances are being used to fund larger capital projects.

In October 2008, amid fairly significant capital markets turmoil, the County was able to issue \$75 million in GRT Revenue Improvement Bonds. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. Their purpose is to provide funding for the County's capital improvement program.

Subsequent to the fiscal year end the financial markets have been increasingly volatile. The County is a long-term investor and diversifies its investments to minimize the impact of market fluctuations on its overall portfolio. At this point in time it is not reasonably possible to assess the ongoing market conditions, the effectiveness of efforts to bring stability back to the financial markets, and the potential effects on the value of the County's long-term investments. While investment revenue expectations are being lowered, the need for infrastructure funding remains and capital project costs estimates are escalating. The County is currently re-examining its revenue forecasts and its capital financing plans in light of current circumstances and may make revisions to these plans if necessary.

MAJOR ACCOMPLISHMENTS AND FUTURE INITIATIVES

In December 2005, the County Council and the County's Senior Management Team completed a strategic planning update process that developed and prioritized Strategic Goals and related objectives. Those goals and objectives provided significant guidance during the FY 2008 budget development and will continue to guide County activities in the near future. Reports on progress toward the goals and a review of the objectives are scheduled to occur at regular six-month intervals. Highlights of significant progress made in FY 2008 includes the following:

- Maintain Quality Routine Essential Services – the County completed two major replacement projects - the Bayo Wastewater Treatment Plant and the White Rock Fire Station. Both facilities were placed in service in FY 2008. In October 2007 the County began operating Atomic City Transit, a local bus system that has had a very successful start. In addition, the County added Fire and EMS dispatch services to the new Consolidated Dispatch Center;
- Improve Intergovernmental Relations – implemented the Progress Through Partnering program, which provided a funding agreement with the County's regional partner local governments where the County provides up to \$1.5 million annually, beginning in FY2008, for regional projects that are compatible with the County's strategic goals;
- Diversify the Economy / Revitalize White Rock and Los Alamos Downtowns – design was substantially completed on the Airport Basin Site project and a construction contract awarded at the end of FY 2008 and the White Rock master plan / economic development strategy was completed and approved by the Council;
- Maintain Environmental Quality – landfill closure activities continued in fiscal year 2008; the County initiated a new sustainability initiative; and significant progress was made on construction of the new solid waste Transfer Station; and
- Improve Transportation and Mobility - the County directly funded the North Central Regional Transit District under its Progress through Partnering initiative; the Diamond Drive Phase I was completed and Phase II was started as planned which includes pedestrian and bicycle upgrades; and the County initiated operation of Atomic City Transit.

The County has identified and is working on the following initiatives:

- Vacating the Trinity site and making it available for redevelopment remains a top priority;
- Significant construction progress on the Airport Basin Project;
- Significant construction progress on the Judicial / Police / Jail Complex Project;
- Construction and substantial completion of Phase II and start of Phase III of the Diamond Drive project;
- Complete closure of the landfill and construction of a solid waste transfer station;
- Improving the reliability of the electric distribution system;
- Develop and implement projects, where possible, related to the downtown plans;
- Continue improving the County's long-range financial plan to integrate operating needs with the replacement and maintenance needs of infrastructure assets;

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 is an aging infrastructure, and the uncertainties of a "one employer town".

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The County's Office of Management and Budget 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, 2007. 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 seventeen consecutive years (fiscal years 1991 through 2007). 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 2008. This was the sixteenth 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.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated service of the staff within the Office of Management and Budget. 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,



Max H. Baker
County Administrator



Steven Lynne
Chief Financial Officer

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



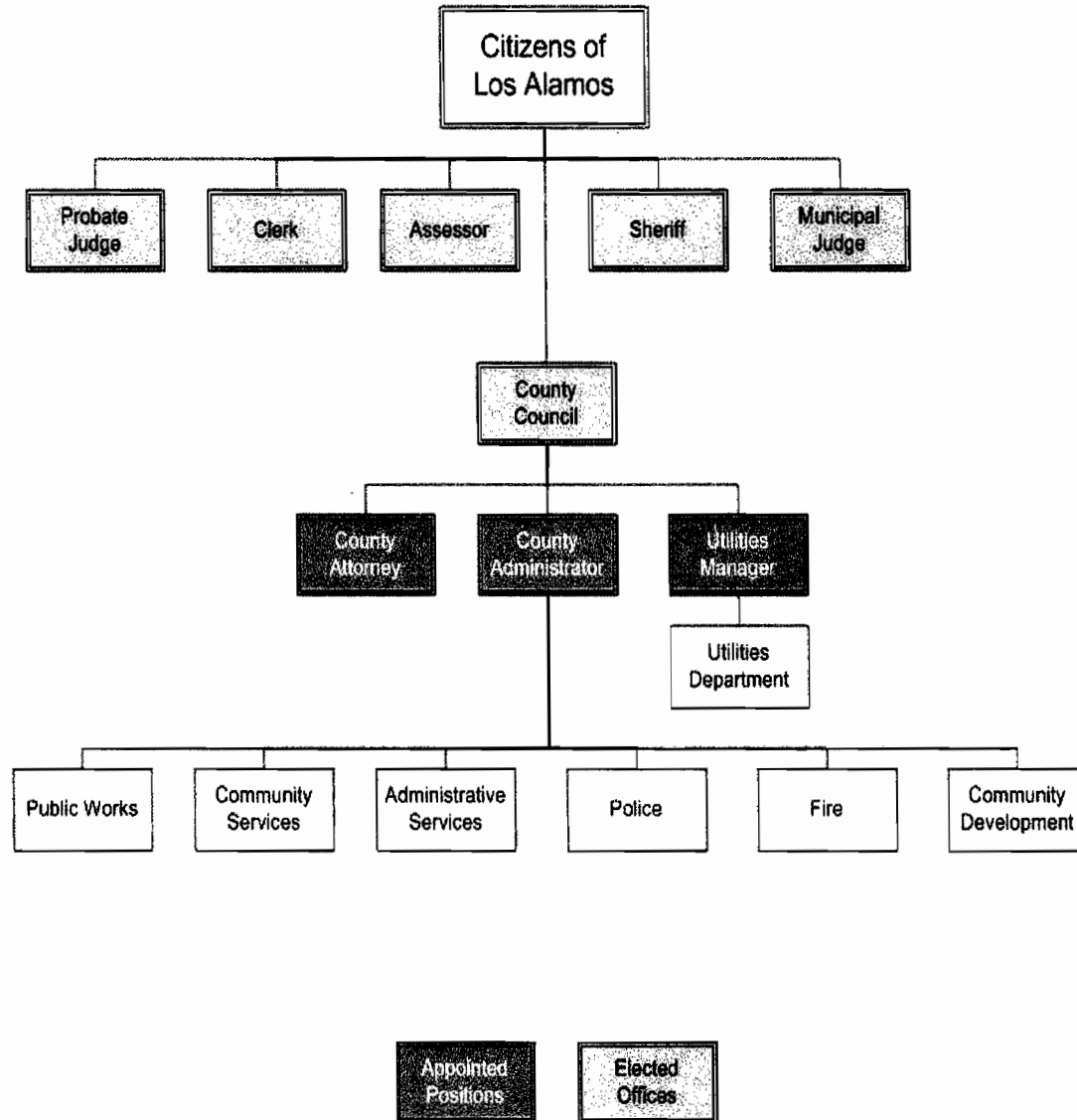
Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

**INCORPORATED COUNTY OF LOS ALAMOS
ORGANIZATIONAL CHART**



INCORPORATED COUNTY OF LOS ALAMOS ELECTED AND APPOINTED OFFICIALS

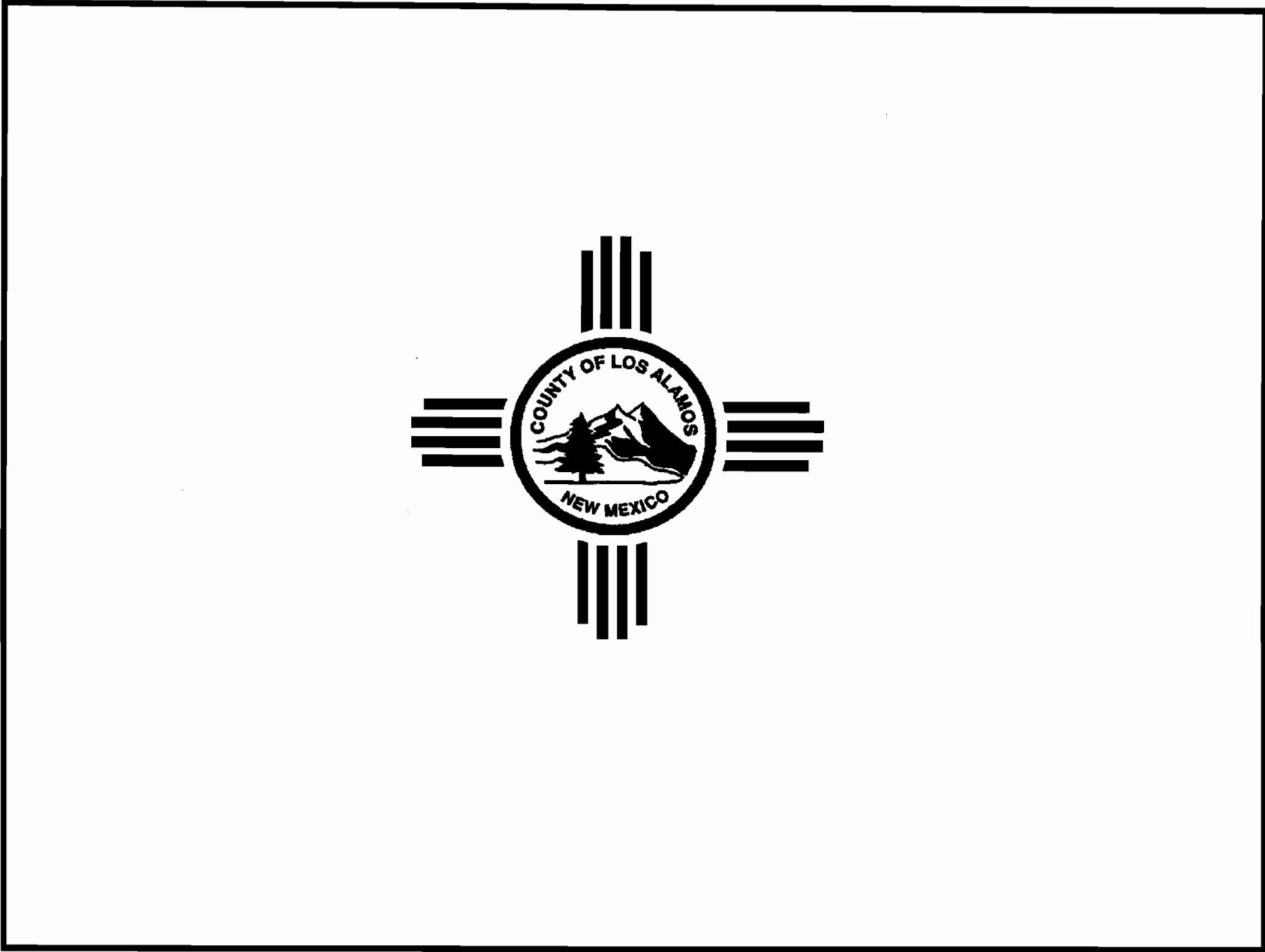
As of June 30, 2008

Elected:

Council	Jim Hall, Chair Robert B. Gibson, Vice-chair Frances Berting Nona Bowman Ken Milder Jim L. West, Chair Michael Wheeler
Clerk	Mary Pat Kraemer
Assessor	JoAnn Johnson
Sheriff	Bruce E. Takala
Probate Judge	Janet Foster
Municipal Judge	Alan Kirk

Appointed:

County Administrator	Max Baker
Assistant County Administrator	Anthony Mortillaro
Assistant County Administrator	Diana Stepan
County Attorney	Mary McInerney
Utilities Manager	John Arrowsmith
Community Development Director	Rick Bohn
Community Services Director	Stephani Johnson
Public Works	Kyle Zimmerman
Fire Chief	Douglas MacDonald
Police Chief	Wayne Torpy
Deputy County Assessor	Leo Barraza
Deputy County Clerk	Sheryl Nichols





Bridge over Los Alamos Canyon

INDEPENDENT AUDITORS' REPORT

505-830-6200
505-830-6282

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

We have audited the accompanying financial statements 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 Incorporated County of Los Alamos, New Mexico (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and the respective budgetary comparisons of each non-major governmental fund, the major capital projects fund, non-major enterprise funds and internal service funds as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of the County, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds, major capital projects funds, non-major enterprise funds, and non-major internal service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

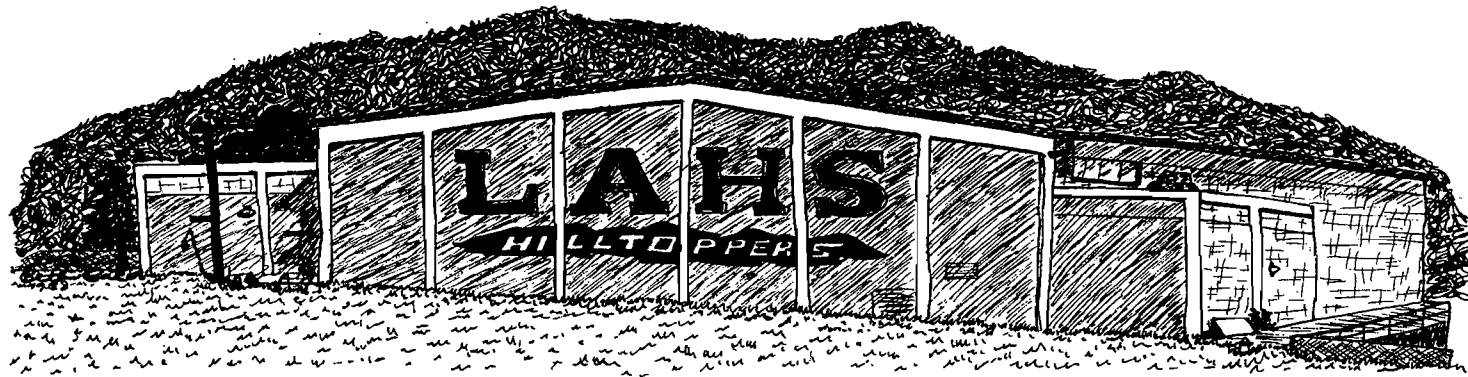
The management's discussion and analysis on pages 5 through 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections 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 express no opinion on them.

Moss Adams LLP

Albuquerque, New Mexico
November 20, 2008



Los Alamos High School

INCORPORATED COUNTY OF LOS ALAMOS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

Management of the County of Los Alamos offers this discussion and analysis about the County government's financial position and financial activities for the fiscal year that ended June 30, 2008. 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 26, the *Notes to the Financial Statements* starting on page 65, and the *Letter of Transmittal* on page i. Additional data about the County is provided in the Statistical Section, beginning on page 157.

FINANCIAL HIGHLIGHTS

- Total Capital Assets Net of Accumulated Depreciation from combined governmental and business type activities increased by approximately \$6.3 million for the fiscal year ended June 30, 2008. Capital Assets used in governmental activities decreased by approximately \$10.6 million largely due to the completion and then transfer of the White Rock Fire Station and White Rock Utility Improvements to business type activities. Capital Assets used in business type activities increased \$16.9 million during the fiscal year ended June 30, 2008 largely due to the aforementioned transfer of assets from governmental activities as well as the completion of the new wastewater treatment plant and progress on a new solid waste transfer station.
- Net Assets, the amount by which total assets exceeded total liabilities, were \$464.2 million. Of this amount, \$284.8 million were invested in capital assets, net of related debt, and \$48.3 million were restricted. Unrestricted net assets, the amount that may be used to meet the government's ongoing responsibilities, were \$131.1 million.
- Total net assets increased by \$13.5 million, or 3.0%, compared to the prior fiscal year. This total change is comprised of a \$0.8 million increase in net assets invested in capital assets net of related debt, a \$4.1 million increase in restricted net assets, and an \$8.6 million increase of in unrestricted net assets.
- The County's governmental funds reported combined ending fund balance of \$121.1 million, a 9.7% increase of approximately \$10.7 million over the prior year. Compared to the prior year, total governmental funds assets increased by \$8.6 million, and total liabilities decreased by \$2.1 million. The major components of the increase in total governmental fund assets includes an increase of \$5.1 million in cash and investments, a \$1.0 million increase in interest receivable, and a \$2.2 million increase in amounts due from other funds. Major components of the decrease in total liabilities are a \$1.5 million decrease in accounts payable and a \$0.8 million decrease in deferred revenues.
- At fiscal year end, the General Fund's unreserved and undesignated fund balance was approximately \$10.4 million, or 29.3% of general fund expenditures.
- Total combined revenues for governmental and business-type activities were approximately \$143.7 million which is a 1.3% decrease of approximately \$1.9 million compared to the prior fiscal year. The largest components of this change are a \$7.0 million increase in charges for services and a decrease of \$6.6 million in investment earnings.

- Total combined expenses for governmental and business-type activities were approximately \$130.1 million, of which governmental activities were approximately \$47.0 million and business-type activities were \$83.1 million. Total expenses increased by approximately \$18.0 million, or 16.1% over the prior fiscal year. Increases in Electric, Transportation, and General government made up over two-thirds of the total increase.
- General Fund revenues available for spending were approximately \$4.2 million less than the final revised budget. The largest portion of this variance resulted from GRT revenue, including related state shared GRT revenues (reported as intergovernmental), being approximately \$3.2 million lower than projected.
- Actual General Fund expenditures were \$4.5 million less than the final revised budget generally due to staffing vacancies, delays in certain projects, and the timing of grant expenditures.
- The General Fund had a net of \$8.1 million in transfers out and the Cerro Grande Fund had a net of \$6.0 million of transfers out. The Capital Improvement Projects (CIP) Fund had a net of \$13.1 million of transfers in and the Self Sufficiency Fund had a net \$3.5 million of transfers in.

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 Assets** 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 assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. There are three categories of net assets reported:

- a) Capital assets, net of related debt 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 net assets are restricted either by contract or by law.
- c) Unrestricted net assets are available to run the daily operations of the government and pay its current expenses.

The **Statement of Activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets 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 Administrator, 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), Refuse, Golf Course, Transit, Fire (LANL-Contract), and Airport. Unlike governmental services, these services are 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 26-28 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 30-53 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 funds. Other enterprise funds are the Refuse, Golf Course, Transit, Fire LANL-Contract, 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 56-61 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 that 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. The accounting used for fiduciary funds is much like that used for enterprise funds, except for the agency fund. The fiduciary funds financial statements can be found on pages 63-64 of this report.

Notes to Financial Statements are provided on pages 65-104 and contain additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Table 1: Major Features of the Basic Financial Statements				
	County-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of net fiduciary net assets Statement of changes in fiduciary net assets
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, and short term and long-term	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, and short-term and long-term	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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The County's net assets, the amount of assets after subtracting related liabilities, were \$464.2 million at fiscal year ended June 30, 2008. This is an increase of \$13.5 million in net assets, or 3%, compared to the prior fiscal year end. Analyzing changes in the relative mix of capital assets, restricted and unrestricted net assets provides additional indicators of financial position. Please see Table 2 below for a high level summary of net assets for fiscal year 2008 compared to fiscal year 2007.

	Governmental Activities		Business-type Activities		Totals	
	<u>FY2008</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2007</u>
Assets:						
Current and other assets	\$ 126.4	117.6	72.3	81.1	198.7	198.7
Capital assets	<u>171.1</u>	<u>181.7</u>	<u>194.7</u>	<u>177.8</u>	<u>365.8</u>	<u>359.5</u>
Total assets	<u>297.5</u>	<u>299.3</u>	<u>267.0</u>	<u>258.9</u>	<u>564.5</u>	<u>558.2</u>
Liabilities:						
Current and other liabilities	4.6	6.1	4.1	6.1	8.7	12.2
Long-term liabilities	<u>4.1</u>	<u>4.7</u>	<u>87.5</u>	<u>90.6</u>	<u>91.6</u>	<u>95.3</u>
Total liabilities	<u>8.7</u>	<u>10.8</u>	<u>91.6</u>	<u>96.7</u>	<u>100.3</u>	<u>107.5</u>
Net assets:						
Invested in capital assets, net of related debt	169.4	179.4	115.4	104.6	284.8	284.0
Restricted net assets	27.0	26.0	21.3	18.2	48.3	44.2
Unrestricted net assets	<u>92.4</u>	<u>83.1</u>	<u>38.7</u>	<u>39.4</u>	<u>131.1</u>	<u>122.5</u>
Total net assets	<u>\$ 288.8</u>	<u>288.5</u>	<u>175.4</u>	<u>162.2</u>	<u>464.2</u>	<u>450.7</u>

The largest portion of the County's net assets is \$284.8 million (61.4% of total) invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less the amount due for any debts incurred to make or buy them. This compares to \$284.0 million (63.0% of total) in capital assets for the previous year-end for a net increase of 0.3% or \$0.8 million. This small net increase in capital assets, net of disposals and adjustments, is the result of transfers of construction work in progress and donations from governmental activities to business type activities for buildings and utility plant in service for White Rock Fire Station #3, White Rock Utility Improvements, the Solid Waste Transfer Station, and Bayo Wastewater Treatment Plant. Capital assets 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.

Restricted net assets are \$48.3 million (10.4% of total) for fiscal year end 2008, a \$4.1 million increase when compared to the prior year. This 9.3% increase consists mostly of two significant changes: (a) a \$3.1 million increase in Net Assets Restricted for Debt Service for business type activities, which is based upon the requirements of debt agreements; and (b) an increase in Net Assets Restricted for Capital Projects of \$1.0 million for governmental activities which is based upon a County Charter restriction of the principal (non-expendable) balance within the Capital Projects Permanent Fund.

The remaining balance of net assets is \$131.1 million (28.2% of total) and is known as the unrestricted net assets because this amount may be used to meet the government's ongoing obligations to citizens and creditors. This compares to \$122.5 million for the prior year-end. This \$8.6 million increase is primarily the result of historically higher levels of GRT revenues.

Changes in Net Assets

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

Table 3 Los Alamos County's Changes in Net Assets For Fiscal Year Ended June 30, 2008 (in millions of \$)						
	Governmental Activities		Business-type Activities		Total	
	<u>FY2008</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1.8	2.1	78.1	70.9	80.0	73.0
Operating grants and contributions	1.9	2.0	0.8	0.2	2.7	2.2
Capital grants and contributions	<u>2.9</u>	<u>1.5</u>	<u>0.3</u>	<u>0.8</u>	<u>3.2</u>	<u>2.3</u>
Total program revenues	<u>6.6</u>	<u>5.6</u>	<u>79.2</u>	<u>71.9</u>	<u>85.9</u>	<u>77.5</u>
General revenues:						
Gross Receipts taxes	25.9	29.4	2.6	0.9	28.5	30.3
Property taxes	6.0	5.6	0.0	0.0	6.0	5.6
Franchise taxes	0.5	0.5	0.0	0.0	0.5	0.5
Grants and contributions not restricted to specific programs	0.8	0.8	0.0	0.0	0.8	0.8
State shared revenue	17.2	19.5	0.0	0.0	17.2	19.5
Unrestricted interest and investment earnings	<u>2.4</u>	<u>8.3</u>	<u>2.4</u>	<u>3.1</u>	<u>4.8</u>	<u>11.4</u>
Total general revenues	<u>52.8</u>	<u>64.1</u>	<u>5.0</u>	<u>4.0</u>	<u>57.8</u>	<u>68.1</u>
Total Revenues	<u>59.4</u>	<u>69.7</u>	<u>84.2</u>	<u>75.9</u>	<u>143.7</u>	<u>145.6</u>
Program expenses:						
General government	14.4	11.8	0.0	0.0	14.4	11.8
Public Safety	7.0	7.4	0.0	0.0	7.0	7.4
Cerro Grande Fire Recovery	0.4	0.8	0.0	0.0	0.4	0.8
Physical and economic environment	1.7	1.5	0.0	0.0	1.7	1.5
Transportation	12.4	9.6	0.0	0.0	12.4	9.6
Health and welfare	1.9	1.0	0.0	0.0	1.9	1.0
Culture and recreation	9.1	7.6	0.0	0.0	9.1	7.6
Interest on long-term debt	0.1	0.1	0.0	0.0	0.1	0.1
Electric	0.0	0.0	45.2	37.9	45.2	37.9
Gas	0.0	0.0	8.4	7.7	8.4	7.7
Water	0.0	0.0	5.4	4.8	5.4	4.8
Wastewater	0.0	0.0	2.9	3.0	2.9	3.0
Refuse	0.0	0.0	3.1	2.7	3.1	2.7
Golf	0.0	0.0	1.0	1.0	1.0	1.0
Transit (Atomic City Transit)	0.0	0.0	1.5	0.0	1.5	0.0
Fire-LANL Contract	0.0	0.0	15.1	15.0	15.1	15.0
Airport	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>	<u>0.2</u>	<u>0.5</u>	<u>0.2</u>
Total expenses	<u>47.0</u>	<u>39.8</u>	<u>83.1</u>	<u>72.3</u>	<u>130.1</u>	<u>112.1</u>
Change in net assets before transfers and special items	12.4	29.9	1.1	3.6	13.5	33.5
Transfers	<u>(12.1)</u>	<u>(3.9)</u>	<u>12.1</u>	<u>3.9</u>	<u>0.0</u>	<u>0.0</u>
Total Change in net assets	0.3	26.0	13.2	7.5	13.5	33.5
Beginning net assets	<u>288.5</u>	<u>262.5</u>	<u>162.2</u>	<u>154.7</u>	<u>450.7</u>	<u>417.2</u>
Ending net assets	\$ <u>288.8</u>	<u>288.5</u>	<u>175.4</u>	<u>162.2</u>	<u>464.2</u>	<u>450.7</u>

Governmental Activities

Governmental activities increased the County's net assets by \$12.4 million before transfers for fiscal year ended June 30, 2008. This section compares results of governmental activities for the fiscal year ended 2008 to fiscal year ended 2007 as summarized in Table 3.

Total revenues were \$59.4 million in fiscal year 2008, approximately \$10.3 million less than the previous year primarily evidenced by decreases of:

- \$5.9 million in unrestricted interest and investment earnings, which was a result of the generally poor performance of the financial markets, especially in relation to the above average performance of the previous year; and
- \$5.8 million in GRT revenue, including related state shared GRT revenues (reported as intergovernmental). The County was anticipating that GRT revenue would decline, relative to fiscal year 2007, as LANS LLC (the new LANL management and operations contractor) became more familiar with State GRT tax provisions and optimized implementation their taxpaying strategies, and as the federal budget situation was expected to be relatively flat. The amount of the decrease in fiscal year 2008 was greater than projected for fiscal year 2008 primarily because of timing – LANS implemented their expected taxpaying strategies more quickly than the County anticipated.

Total expenses for governmental activities were \$47.0 million in fiscal year 2008, \$7.2 million more, or 18.1% more than the previous year end primarily evidenced by increases in the following programs:

- \$2.7 million in Transportation expenses mostly associated with the newly launched Atomic City Transit system;
- \$2.6 million in General government programs, primarily in Community Services, Administrative Services and County Administrator;
- \$1.5 million increase in Culture and recreation programs; and a
- \$0.9 million increase in Health and welfare programs, primarily in the Indigent Health program.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year ended 2008. 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 \$40.4 million in general revenues from governmental activities. The proportion of governmental program expenses covered by program revenues was approximately 14.0% at the end of FY 2008, roughly equal to the 14.1% ratio for the prior fiscal year.

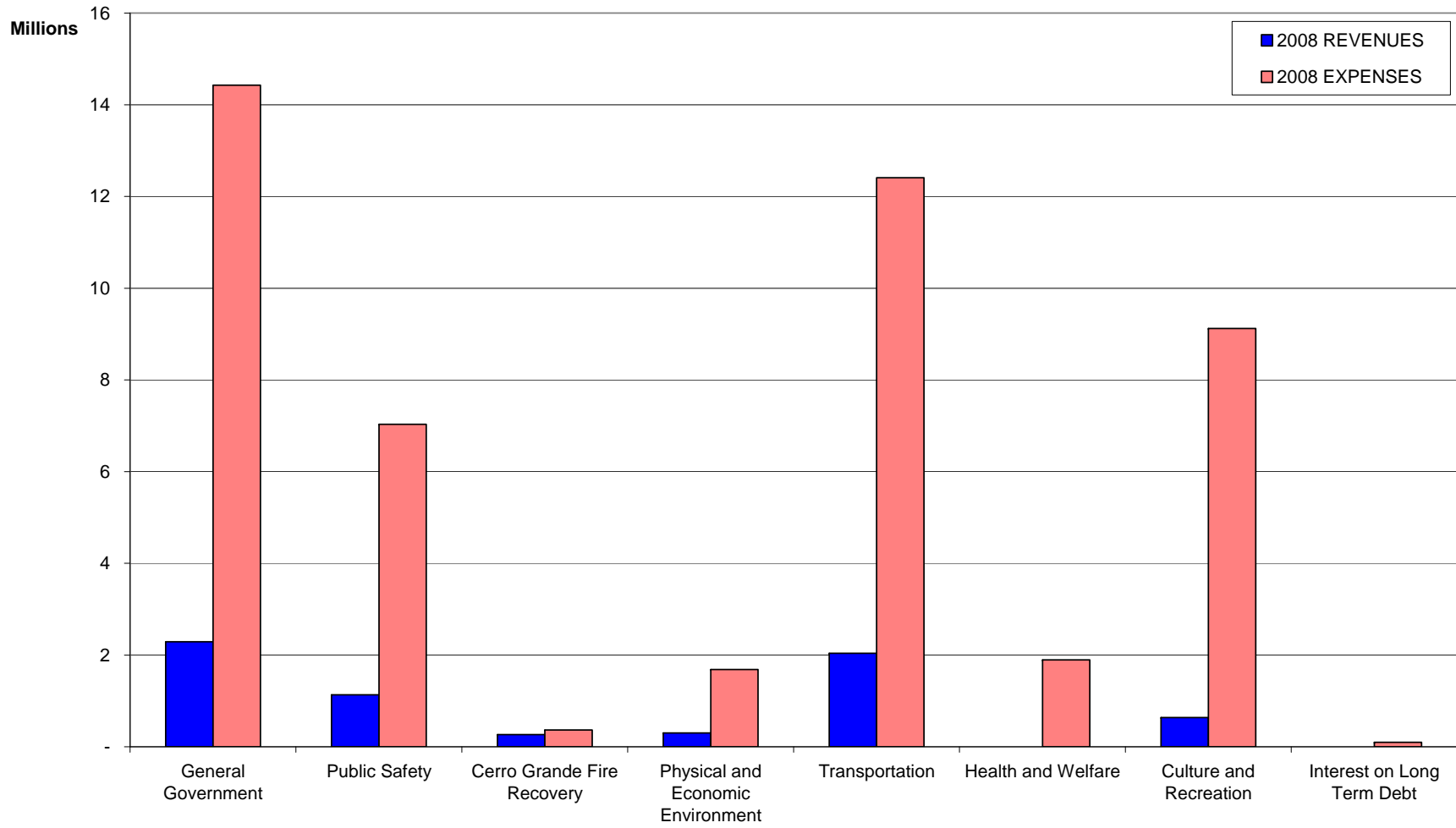
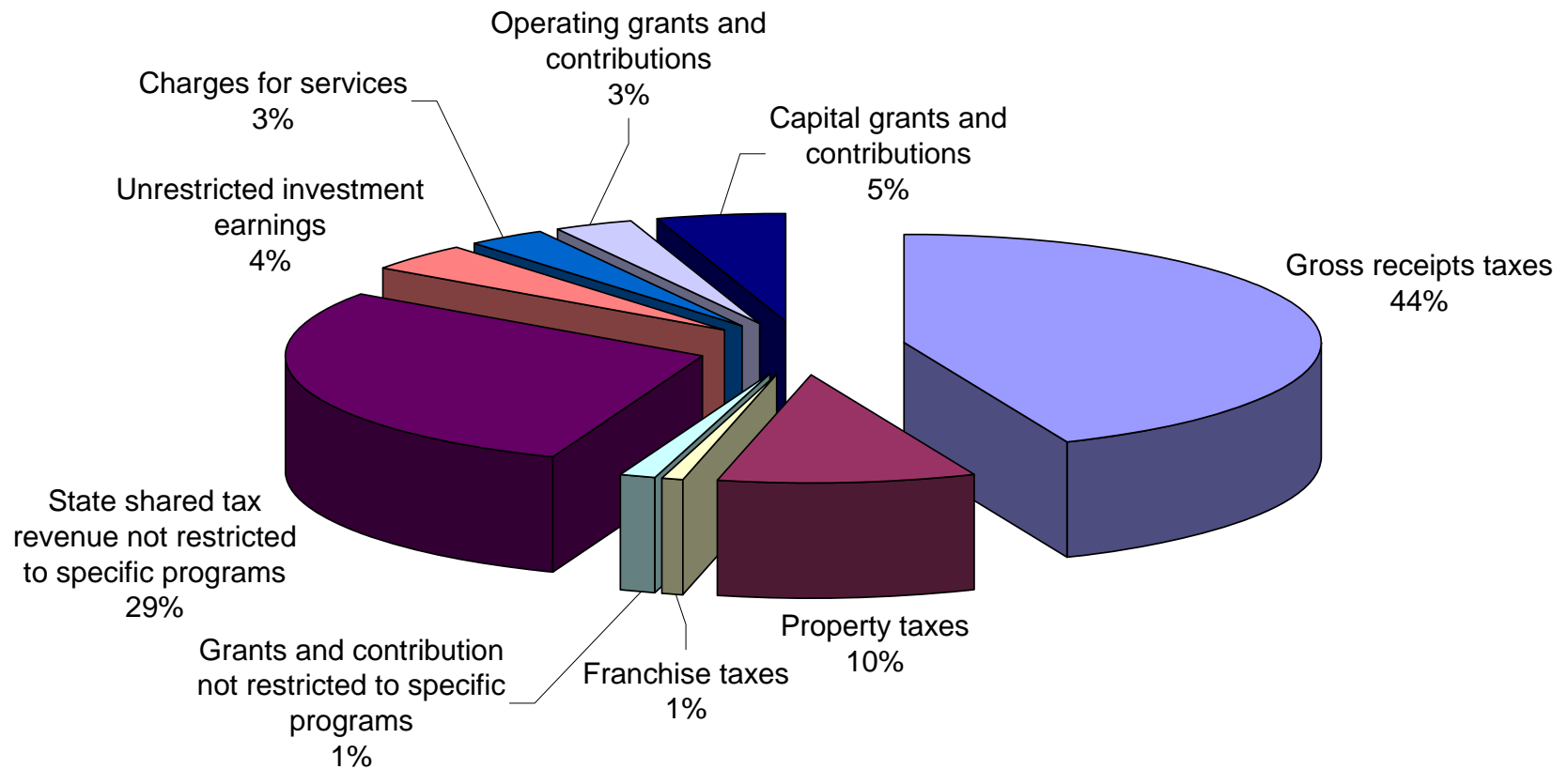
Figure 1. 2008 Expenses and Program Revenues for Governmental Activities

Figure 2 shows the mix of revenue by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue as well as the significance of operating and capital grants and contributions in 2008. It should be noted that the Stated Shared tax revenue not restricted to specific programs is almost entirely State Shared GRT revenues, so combined with locally imposed GRT tax increments, total GRT revenues make up approximately 73% of Governmental Activities revenues.

Figure 2. 2008 Revenues by Source, Governmental Activities



Business-type Activities

Business-type activities increased the County's net assets by \$1.1 million before transfers for the fiscal year ended June 30, 2008. This compares to a \$3.6 million increase during the previous fiscal year. This section compares results of Business-type Activities for the fiscal year ended 2008 to fiscal year ended 2007 as summarized in Table 3.

Total revenues including transfers and contributions were \$84.2 million in fiscal year 2008, approximately \$8.3 million higher than the previous year, primarily evidenced by increases of

- \$7.2 million of charges for services, primarily from higher LANL electricity usage;
- \$1.6 million of GRT revenues which is a new Fire Protection Excise tax; and
- \$0.6 million of operating and capital grants and contributions combined, which were related to the Bayo Wastewater Treatment Plant project.

Total expenses including transfers were \$83.1 million in fiscal year 2008, approximately \$10.8 million more than the previous year primarily evidenced by increases of

- \$7.3 million of Electric utility expense;
- \$1.5 million of Transit program expenses associated with the newly launched Atomic City transit system;
- \$0.7 million of Gas utility expense due to higher cost of gas;
- \$0.6 million of Water utility expense; and
- \$0.4 million of Refuse Fund expense due to higher tipping fees associated with closure of the landfill and opening of the transfer station.

Figure 3 compares program revenues to expenses for business-type activities at the fiscal year ended 2008. This chart demonstrates by type of activity to what degree revenues covered expenses for each program. Overall, total business-type program expenditures exceeded total program revenues by approximately \$3.9 million. Excluding operating and capital grants and contributions, total program expenses exceeded charges for services for business-type activities by \$5.0 million. Notably, Electric utility program expenses exceeded revenues by approximately \$2.7 million.

Figure 3. 2008 Expenses and Program Revenues for Business Type Activities

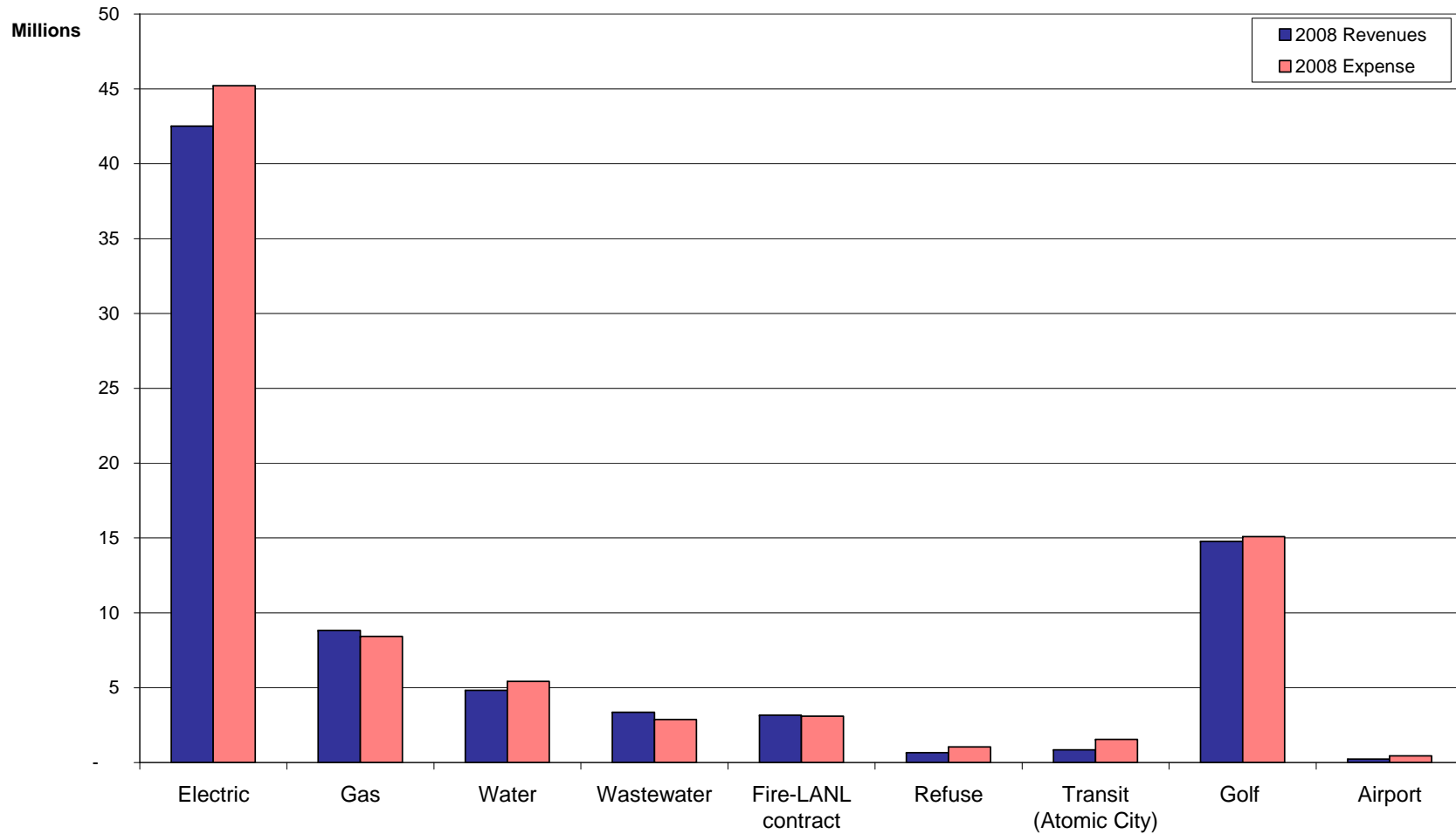
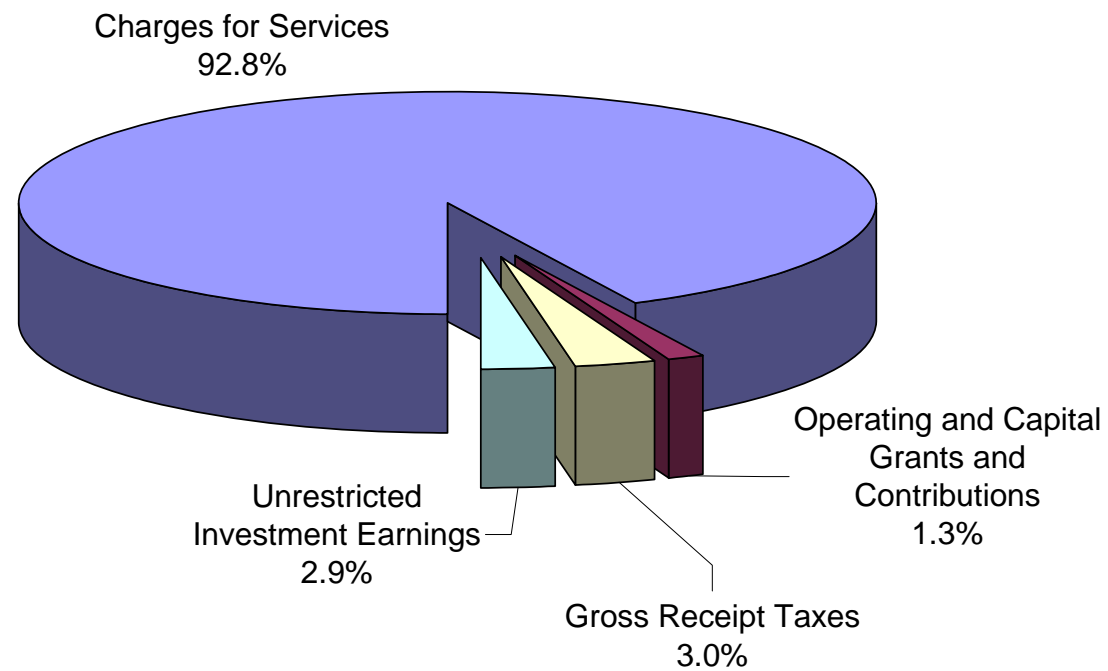


Figure 4 demonstrates that approximately 93% of business-type activities daily operations are financed by charges for services. In contrast to governmental activities, taxes and operating and capital grants and contributions combined provide only 4.3% of revenue to business type activities.

Figure 4. 2008 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, 2008, the County's Governmental Funds reported combined ending fund balance of approximately \$121.1 million. This total includes:

- \$60.2 million reserved, an amount not available for current spending because it has already been committed or its use is legally restricted;
- \$50.5 million designated, indicating intended uses of these balances; and
- \$10.4 million unreserved and undesignated, available for current uses.

General Fund - The General Fund is the main governmental operating fund of the County and its total fund balance for the fiscal year ended June 30, 2008 was approximately \$34.8 million. Of this amount, the unreserved portion (designated and undesignated) was approximately \$28.5 million and is a measure of the General Fund's liquidity. As a percent of total General fund expenditures of approximately \$35.4 million, the total fund balance was 98.3% and the unreserved component was 80.3%. Significant account balances and transactions in the General Fund include

- \$13.5 million transferred out to other funds from the General Fund, notably \$11.1 million of this was transferred to the CIP Fund;
- \$16.0 million designated for revenue stabilization represents surpluses that have accumulated in recent years associated with the recent increase in GRT. A majority of this balance is programmed for use in the County's CIP in future years.
- \$6.5 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;
- \$3.5 million reserved for cash requirements. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve;
- \$1.8 million reserved for encumbrances, representing commitments of the County under existing contracts, and unavailable for future use; and;
- The County's financial policies set a target level for the unreserved and undesignated portion of the General Fund of 20% of budgeted General Fund revenue. This target was achieved and was approximately \$10.4 million at June 30, 2008.
- General Fund Expenditures increased by approximately \$1.7 million or 4.9% over the prior year primarily evidenced by increases in operating expenditures for Information Technology, County Administrator, Community Services contracts, and Parks.

Self-Sufficiency Fund - The Self-Sufficiency 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 designation of \$7.9 million of fund balance recognizes that this is a one-time resource for the County to use to help develop an economy that is less dependent upon LANL. The total fund balance at the end of FY 2008 was \$14.2 million, compared to the fund balance of \$10.3 million at the prior fiscal year end. The increase in fund balance of \$3.9 million includes a \$3.5 million transfer in from the Fire-LANL Contract Fund for the White Rock Fire Station Project. This transfer in was augmented by a \$0.4 million increase in investment income.

Cerro Grande Fire Fund - The Cerro Grande Fire Fund accounts for damages and expenditures incurred by the County as a result of the Cerro Grande Wildfire that burned over 400 homes in the community during May 2000. Significant account balances and transactions in the Cerro Grande Fire Fund include the following:

- Total fund balance decreased by \$9.2 million compared to the prior fiscal year to equal \$0.9 million. During fiscal year 2008, and for the remainder of the life of this fund, fund equity will decrease as settlement funds are expended to complete fire recovery projects.
- \$6.5 million transferred out, with approximately \$6 million to the Capital Improvement Projects Fund to fund ongoing projects;

- \$4.2 million expended on Fire Recovery construction projects;
- \$0.3 million in deferred revenue were unspent amounts received from the Office of Cerro Grande Fire Claims and the Federal Emergency Management Agency that must be used for specific fire recovery projects;

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 of approximately \$48.3 million represents the unspent portion of previously approved and funded capital projects that are in various stages of progress as of the fiscal year end. The four largest ongoing projects are Airport Basin Site, Judicial/Police/Jail Complex, Municipal Building Replacement, and Diamond Drive.

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. At the beginning of the fiscal year, the fund balance was approximately \$21.3 million. The minimum principal requirement of approximately \$19.8 million, as of June 30, 2008, is reserved as a portion of 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 2008, approximately \$0.5 million was transferred out to the CIP fund. The balance in this fund is invested in long-term pooled funds with the New Mexico State Investment Council. As a result of general market conditions, the fund experienced an investment loss of approximately \$1.0 million in fiscal year 2008. Total ending fund balance for FY 2008 was \$19.8 million.

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

- \$160.1 million in Capital assets (net of accumulated depreciation of \$81.1 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets and wastewater collection and processing assets;
- \$71.9 million in debt related to the Utility plant in service;
- \$7.3 million construction in progress; and
- \$20.9 million of net assets restricted for debt service requirements.

Refuse Fund – The Refuse Fund has a liability balance of \$8.9 million. Of this, \$2.2 million was for landfill closure and \$5.6 million was for intergovernmental debt payable that is a loan from the New Mexico Finance Authority to fund the construction of a Solid Waste Transfer Station. Significant landfill closure activities began in fiscal year 2006.

Transit Fund – The Transit Fund accounts for public transportation services provided to the community under the name Atomic City Transit (ACT). This fund was new in FY 2008 and operations began on October 1, 2007, so this was not a full year of operations. Intergovernmental revenue of \$0.6 million and a related receivable of \$0.5 million are related to various federal grant funding sources. There was also \$1.2 million transferred in from the General Fund to provide initial working capital and to subsidize operations. During fiscal year 2008, the County decided not to charge fees for this service as a way to promote ridership. The County will re-consider user charges as the transit system becomes more established. If a permanent determination is made not to charge user fees, this function would no longer be accounted in a governmental fund.

Fire - LANL Contract Fund – Intergovernmental revenue of \$14.3 million in the Fire – LANL Contract Fund is a contract payment from LANL for the County's provision of fire protection services. The \$1.7 million fire excise tax is a new tax increment that was effective as of July 1, 2007.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$4.2 million less than the final revised budget due primarily to receiving less than budgeted General Gross Receipts Tax, less than budgeted state shared GRT revenue and less than budgeted interest income revenue.

The final revised revenue budget was only \$1.1 million higher than the adopted FY 2008 budget due to the estimated increases of Intergovernmental Revenue sources associated with State police grants and Federal indirect revenue.

The revised expenditure budget was \$4.5 million more than the adopted FY 2008 budget. The significant individual items that made up this difference were encumbrance reappropriations, grant reappropriations, such as Enhanced 911 and Office of Domestic Preparedness Equipment Program, and project specific reappropriations, such as Parks and Public Works Facilities Maintenance projects, that were approved by Council for carry over from FY 2007.

Actual General Fund expenditures were approximately \$4.5 million less than the final revised budget generally due to full-time employee (FTE) position vacancies, delays in certain projects, and the timing of grant expenditures. As permitted according to each grant's governing agreement, unused grant appropriations will be carried over into the next fiscal year. A detailed statement of budget variances for the General Fund can be found on pages 40-51.

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, 2008 amounted to \$364.8 million, net of \$180.2 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.

Capital assets increased by approximately 1.8% from 2008 to 2007 by \$6.4 million. Capital assets associated with business-type activities increased by \$16.9 million, net of accumulated depreciation, largely due to construction in progress and utility plant in service associated with the construction of the Bayo Wastewater Treatment Plant. Capital assets associated with governmental activities decreased by \$10.7 million, net of accumulated depreciation, as a result of a \$14.5 million of transfers and donations due to Public Works CIP projects, the largest being Fire Station #3. Additional information about the County's capital assets can be found on pages 86-88. A year over year comparison of changes in capital assets is shown in Table 4.

Table 4
Los Alamos County's Capital Assets, Net of Accumulated Depreciation
As of June 30, 2008
(in millions of \$)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 39.5	38.0	8.9	8.9	48.4	46.9
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	227.6	206.8	227.6	206.8
Buildings	26.4	26.9	16.5	6.1	42.9	33.0
Improvements Other Than Buildings	7.2	7.1	2.2	2.2	9.4	9.3
Machinery and Equipment, Art and Historic Treasure	12.4	14.4	18.5	17.9	30.9	32.3
Infrastructure	146.9	146.5	0.0	0.0	146.9	146.5
Less Accumulated Depreciation	(87.3)	(87.5)	(92.9)	(88.1)	(180.2)	(175.6)
Construction in Progress	8.1	18.3	12.8	22.9	20.9	41.2
Total	\$ 171.2	181.7	193.6	176.7	364.8	358.4

Administration of Debt - From fiscal year 2008 to 2007, the County's total debt for combined governmental and business-type activities decreased by \$3.7 million or 4.4%. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 91.

ECONOMIC FACTORS AND THE FISCAL YEAR 2009 ADOPTED BUDGET

In the fiscal year 2009 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues declined in fiscal year 2008, only small declines are projected in the near future. However, 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 against the potential negative effects of any significant unforeseen future changes.

LANL is the County's largest employer, and it was estimated in an August 2004 POLICOM report "Creating a Sustainable Los Alamos" that LANL's expenditures provide, either directly or indirectly, approximately 97% of the County's economy. It is also estimated that LANL generates directly approximately 65-70% of the County's GRT revenue.

Given the significant impact of LANL operations, the County will be monitoring closely any federal legislative budget activities associated with the Department of Energy and other federal agencies and continuing to consider potential impacts to the LANL and to the County's long-range financial projections. The County will also be monitoring any potential changes that might arise due to the change in national political administration, changes in the New Mexico federal congressional delegation, as well as DOE plans for its long-term overall Complex Transformation.

As originally adopted, the FY 2009 Budget projects combined ending fund balance / working capital of \$111.4 million, a decrease of \$7.8 million from the FY 2008 projected ending balance. The largest planned reductions of Fund Balance were within the General Fund and the Joint Utilities System Fund where balances are being used to fund larger capital projects.

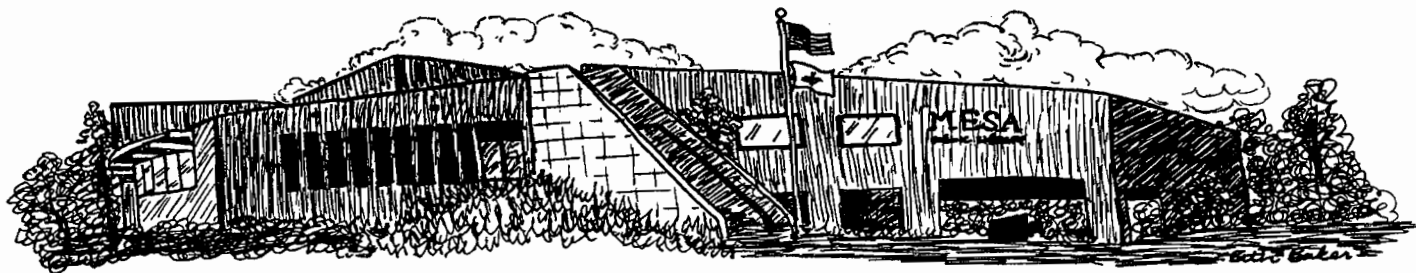
In October 2008, amid fairly significant capital markets turmoil, the County was able to issue \$75 million in GRT Revenue Improvement Bonds. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. Their purpose of the bonds is to provide funding for the County's capital improvement program.

Subsequent to the fiscal year end the financial markets have been increasingly volatile. The County is a long-term investor and diversifies its investments to minimize the impact of market fluctuations on its overall portfolio. At this point in time it is not reasonably possible to assess the ongoing market conditions, the effectiveness of efforts to bring stability back to the financial markets, and the potential effects on the value of the County's long-term investments. While investment revenue expectations are being lowered, the need for infrastructure funding remains and capital project costs estimates are escalating. The County is currently re-examining its revenue forecasts and its capital financing plans in light of current circumstances and may make revisions to these plans if necessary.

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, Steven Lynne, Chief Financial Officer, Office of Management and Budget, P.O. Box 30, Los Alamos, New Mexico 87544.

Government-wide Financial Statements



Mesa Public Library

INCORPORATED COUNTY OF LOS ALAMOS

Government-wide

Statement of Net Assets

June 30, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Equity in pooled cash and investments	\$ 79,642,814	31,010,826	110,653,640
Investments	28,986,551	1,543,580	30,530,131
Receivables, net of allowance for uncollectibles			
Accounts	140,005	6,954,344	7,094,349
Interest	2,375,298	59,465	2,434,763
Pension forfeitures	107,598	0	107,598
Property taxes	200,286	0	200,286
Unbilled	127,202	1,172,849	1,300,051
Loans receivable, net of discounts/allowance for uncollectibles	1,520,411	0	1,520,411
Due from other governments	7,815,368	3,486,705	11,302,073
Internal balances	4,324,602	(4,324,602)	0
Inventories and prepayments			
Inventories	362,791	383,002	745,793
Power plant inventories	0	667,925	667,925
Prepayments	7,528	309,239	316,767
Restricted assets			
Temporarily Restricted			
Cash and cash equivalents			
Debt reserves and debt service	754,151	444,174	1,198,325
Operations and maintenance	0	5,326,334	5,326,334
Capital projects	0	3,443,026	3,443,026
Investments			
Debt reserves and debt service	0	8,289,965	8,289,965
Operations and maintenance	0	13,190,396	13,190,396
Accrued interest	0	398,280	398,280
Capital assets			
Land	39,450,411	8,934,095	48,384,506
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	227,648,550	227,648,550
Buildings	26,487,273	16,579,031	43,066,304
Improvements other than buildings	7,161,148	2,166,062	9,327,210
Machinery, equipment, art and historic treasures	12,384,203	18,512,709	30,896,912
Infrastructure	146,904,518	0	146,904,518
Less accumulated depreciation	(87,312,443)	(92,948,213)	(180,260,656)
Construction in progress	8,081,923	12,777,950	20,859,873
Bond issuance costs, net of amortization	0	998,235	998,235
TOTAL ASSETS	297,522,752	267,023,927	564,546,679

LIABILITIES

Accounts payable	2,277,258	2,896,151	5,173,409
Accrued salaries and benefits payable	1,022,412	854,756	1,877,168
Customer deposits payable	335,998	144,602	480,600
Due to other governments	10,785	104,966	115,751
Unearned revenue	871,306	50,436	921,742
Contractors retentions payable	0	26,836	26,836
Donations held in trust	34,168	0	34,168
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,674,927	1,375,659	3,050,586
Claims and judgments payable	0	402,469	402,469
Revenue bonds payable	0	6,270,000	6,270,000
Contracts and intergovernmental debt payable	619,706	138,233	757,939
Interest payable on non-current liabilities	9,778	2,084,463	2,094,241
Due in more than one year			
Accrued compensated absences	704,034	604,967	1,309,001
Claims and judgments payable	0	567,237	567,237
Revenue bonds payable	0	53,244,641	53,244,641
Contracts and intergovernmental debt payable	1,140,980	17,948,568	19,089,548
Special closure costs	0	4,933,541	4,933,541
TOTAL LIABILITIES	8,701,352	91,647,525	100,348,877

NET ASSETS

Invested in capital assets, net of related debt	169,397,461	115,346,140	284,743,601
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	19,841,541	0	19,841,541
Debt service (Bond and loan agreements)	752,935	21,313,740	22,066,675
Perpetual care (County code)	559,405	0	559,405
Lodgers' tax (State law)	262,449	0	262,449
Clerk records and files (State law)	99,615	0	99,615
Indigent health care (State law)	1,251,372	0	1,251,372
Property tax valuation (State law)	266,516	0	266,516
Grants (Granting entities)	234,773	0	234,773
Cash requirements (State law)	3,482,470	0	3,482,470
Recreation (County code and contributors)	175,338	0	175,338
Library operations (Contributors)	20,684	0	20,684
Municipal court (County code)	51,405	0	51,405
Unrestricted	92,425,436	38,716,522	131,141,958
TOTAL NET ASSETS	\$ 288,821,400	175,376,402	464,197,802

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Government-wide
Statement of Activities
Year ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental activities							
General government	\$ 14,426,791	879,593	1,434	1,410,000	(12,135,764)	0	(12,135,764)
Public safety	7,029,949	92,377	869,891	172,203	(5,895,478)	0	(5,895,478)
Cerro Grande fire recovery	365,197	0	263,354	0	(101,843)	0	(101,843)
Physical and economic environment	1,685,895	296,965	5,000	0	(1,383,930)	0	(1,383,930)
Transportation	12,409,532	0	720,404	1,319,499	(10,369,629)	0	(10,369,629)
Health and welfare	1,892,186	0	0	0	(1,892,186)	0	(1,892,186)
Culture and recreation	9,120,096	574,193	41,364	20,216	(8,484,323)	0	(8,484,323)
Interest on long-term debt	96,932	0	0	0	(96,932)	0	(96,932)
Total governmental activities	47,026,578	1,843,128	1,901,447	2,921,918	(40,360,085)	0	(40,360,085)
Business-type activities							
Joint Utilities							
Electric	45,217,104	42,521,330	0	0	0	(2,695,774)	(2,695,774)
Gas	8,434,435	8,836,735	0	0	0	402,300	402,300
Water	5,419,693	4,781,273	0	36,934	0	(601,486)	(601,486)
Wastewater	2,870,251	3,334,040	0	25,944	0	489,733	489,733
Refuse	3,097,723	3,150,748	0	7,542	0	60,567	60,567
Golf	1,044,012	661,826	0	0	0	(382,186)	(382,186)
Transit (Atomic City Transit)	1,544,871	332	638,885	207,600	0	(698,054)	(698,054)
Fire - LANL contract	15,090,781	14,781,394	0	0	0	(309,387)	(309,387)
Airport	446,171	94,267	133,225	5,718	0	(212,961)	(212,961)
Total business-type activities	83,165,041	78,161,945	772,110	283,738	0	(3,947,248)	(3,947,248)
Total government	\$ 130,191,619	80,005,073	2,673,557	3,205,656	(40,360,085)	(3,947,248)	(44,307,333)
General revenues:							
Gross receipts taxes and excise tax					25,943,927	2,557,319	28,501,246
Property taxes					5,962,093	0	5,962,093
Franchise taxes					491,631	0	491,631
Grants and contributions not restricted to specific programs					821,381	0	821,381
State shared tax revenue not restricted to specific programs					17,172,099	0	17,172,099
Unrestricted investment earnings					2,377,360	2,440,479	4,817,839
Transfers:							
Transfers					(12,078,691)	12,078,691	0
Total general revenues, and transfers					40,689,800	17,076,489	57,766,289
Change in net assets					329,715	13,129,241	13,458,956
Net assets - beginning					288,491,685	162,247,161	450,738,846
Net assets - ending					\$ 288,821,400	175,376,402	464,197,802

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.

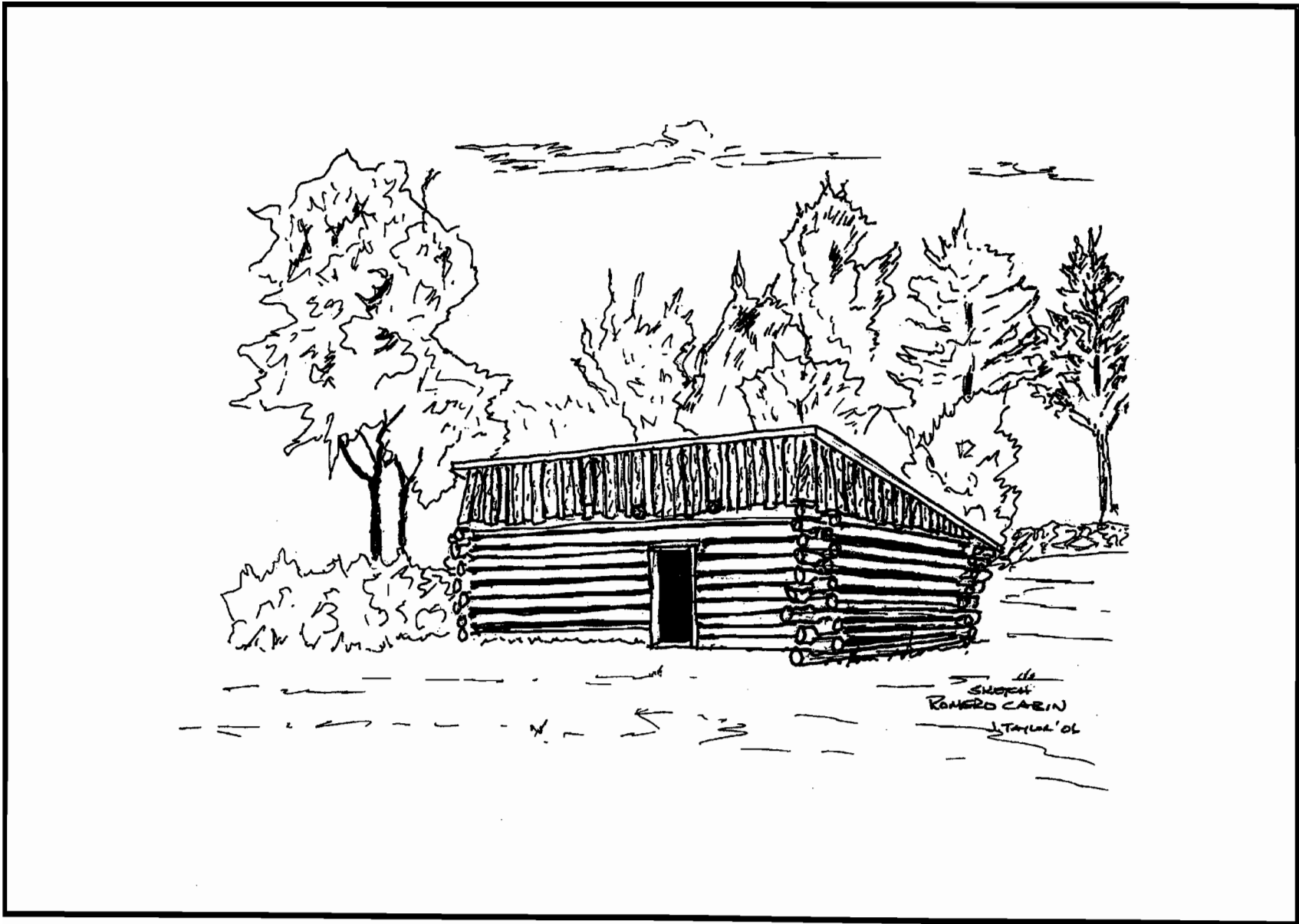
Self-sufficiency Fund 171 - accounts for the receipt, management, investment, and expenditure of the buyout payment received from the U.S. Department of Energy under the Atomic Energy Community Act. This special revenue fund was established by County Council.

Cerro Grande Fire Fund 191 - accounts for damages and expenditures incurred by the County as a result of the Cerro Grande Wildfire which burned over 400 homes in the community during May 2000. Compensation for these expenditures and damages is being recovered from the Federal Emergency Management Agency, National Resource Conservation Service and the Cerro Grande Fire Assistance Act. 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.



Governmental Funds

Balance Sheet

June 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>						
	<u>GENERAL</u>	<u>SELF - SUFFICIENCY</u>	<u>CERRO GRANDE FIRE</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	\$ 25,047,585	1,543,127	1,211,123	49,234,957	778,986	1,827,036	79,642,814
Investments	594,367	9,317,328	0	0	19,062,555	12,301	28,986,551
Receivables, net of allowance for uncollectibles							
Accounts	140,005	0	0	0	0	0	140,005
Interest	2,355,309	19,643	0	0	0	346	2,375,298
Property taxes	200,286	0	0	0	0	0	200,286
Unbilled	0	0	0	0	0	127,202	127,202
Loans receivable, net of discounts/reserve for loan losses	0	1,520,411	0	0	0	0	1,520,411
Due from other governments	6,529,445	0	0	885,699	0	400,224	7,815,368
Due from other funds	1,439,090	1,389,811	0	0	0	0	2,828,901
Inventories and prepayments							
Inventories	362,791	0	0	0	0	0	362,791
Prepayments	7,528	0	0	0	0	0	7,528
Advances to other funds	0	934,440	0	0	0	0	934,440
Restricted assets							
Temporarily Restricted							
Cash and cash equivalents	0	0	0	0	0	754,151	754,151
Debt reserves and debt service	0	0	0	0	0	0	0
TOTAL ASSETS	\$ 36,676,406	14,724,760	1,211,123	50,120,656	19,841,541	3,121,260	125,695,746
LIABILITIES							
Accounts payable	\$ 672,066	6,853	5,616	1,559,894	0	32,829	2,277,258
Accrued salaries and benefits payable	896,346	390	0	22,223	0	3,483	922,442
Customer deposits payable	75,998	0	0	260,000	0	0	335,998
Due to other governments	97	0	0	0	0	10,688	10,785
Due to other funds	99,970	0	0	0	0	26,582	126,552
Deferred revenues	63,117	561,730	292,076	17,500	0	0	934,423
Donations held for recreation programs	34,168	0	0	0	0	0	34,168
TOTAL LIABILITIES	1,841,762	568,973	297,692	1,859,617	0	73,582	4,641,626

FUND BALANCE

Reserved fund balance

Reserved by law or contract								
Clerk records and files	0	0	0	0	0	0	76,733	76,733
Debt service	0	0	0	0	0	0	752,935	752,935
Encumbrances	1,827,393	4,323,585	152,528	24,617,326	0	0	80,882	31,001,714
Grants	0	0	0	0	0	0	207,393	207,393
Library operations	0	0	0	0	0	0	20,684	20,684
Lodgers tax-capital	0	0	0	0	0	0	150,553	150,553
Lodgers tax-promotion	0	0	0	0	0	0	86,330	86,330
Indigent health care	0	0	0	0	0	0	1,248,687	1,248,687
Municipal Court	0	0	0	0	0	0	49,036	49,036
Capital projects	0	0	0	0	19,841,541	0	0	19,841,541
Perpetual care	559,405	0	0	0	0	0	0	559,405
Property tax valuation	0	0	0	0	0	0	266,516	266,516
Recreation	119,675	0	0	0	0	0	55,663	175,338
Cash requirements	3,477,771	0	0	0	0	0	4,699	3,482,470
Reserved and not available for appropriation								
Advances	0	934,440	0	0	0	0	0	934,440
Inventories	362,791	0	0	0	0	0	0	362,791
Petty cash and prepayments	10,663	0	0	0	0	0	0	10,663
Loans receivable	0	958,681	0	0	0	0	0	958,681
Unreserved fund balance								
Designated for special purposes								
Capital improvements - capital projects funds	0	0	0	23,643,713	0	0	0	23,643,713
Cerro grande fire - special revenue fund	0	0	760,903	0	0	0	0	760,903
Continuing appropriations - general fund	782,567	0	0	0	0	0	0	782,567
Continuing appropriations - special revenue funds	0	600,000	0	0	0	0	47,567	647,567
Revenue stabilization - general fund	16,027,868	0	0	0	0	0	0	16,027,868
Fire services - general fund	1,284,632	0	0	0	0	0	0	1,284,632
Self-sufficiency - special revenue fund	0	7,339,081	0	0	0	0	0	7,339,081
Unreserved and undesignated	10,381,879	0	0	0	0	0	0	10,381,879
TOTAL FUND BALANCE	34,834,644	14,155,787	913,431	48,261,039	19,841,541	3,047,678	121,054,120	
TOTAL LIABILITIES AND FUND BALANCE	\$ 36,676,406	14,724,760	1,211,123	50,120,656	19,841,541	3,121,260	125,695,746	

See accompanying notes to financial statements



INCORPORATED COUNTY OF LOS ALAMOS

Governmental Funds

Reconciliation of Balance Sheet to the Statement of Net Assets

June 30, 2008

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

Total fund balance as reported in governmental funds balance sheet:	\$	121,054,120
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		171,158,147
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds.		(4,139,647)
Accrued interest payable on long-term liabilities not recorded in the governmental funds, but included in the government-wide statement of net assets.		(9,778)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.		63,117
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 assets 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.		695,441
Net assets of governmental activities	\$	<u><u>288,821,400</u></u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

34

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2008

	SPECIAL REVENUE FUNDS					OTHER GOVERNMENTAL	TOTAL
	GENERAL	SELF - SUFFICIENCY	CERRO GRANDE FIRE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT		
REVENUES							
Taxes							
Property taxes-current	\$ 5,962,093	0	0	0	0	0	5,962,093
Local units in-lieu taxes	145,675	0	0	0	0	0	145,675
General gross receipts taxes	18,895,090	0	0	0	0	0	18,895,090
Selective gross receipt taxes	0	0	0	5,093,755	0	1,955,082	7,048,837
Franchise tax-privately owned	96,391	0	0	0	0	0	96,391
Franchise tax-County owned	385,121	0	0	0	0	0	385,121
Penalties and interest-taxes	40,927	0	0	0	0	13,790	54,717
	<u>25,525,297</u>	<u>0</u>	<u>0</u>	<u>5,093,755</u>	<u>0</u>	<u>1,968,872</u>	<u>32,587,924</u>
Licenses and permits							
Business	38,891	0	0	0	0	0	38,891
Nonbusiness	184,180	0	0	0	0	0	184,180
	<u>223,071</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>223,071</u>
Intergovernmental							
Federal direct	0	0	263,354	0	0	0	263,354
Federal indirect	422,069	0	0	0	0	0	422,069
Federal shared revenues	5,235	0	0	0	0	0	5,235
Federal in-lieu taxes	267,161	0	0	0	0	0	267,161
State grants-fire	0	0	0	0	0	398,903	398,903
State grants-library	64,274	0	0	0	0	0	64,274
State grants-major street maintenance	172,400	0	472,443	1,319,500	0	0	1,964,343
State grants-police	80,151	0	0	0	0	131,153	211,304
State grants-other	84,740	0	0	0	0	5,000	89,740
State shared revenues	17,172,099	0	0	0	0	550,287	17,722,386
	<u>18,268,129</u>	<u>0</u>	<u>735,797</u>	<u>1,319,500</u>	<u>0</u>	<u>1,085,343</u>	<u>21,408,769</u>
Fines and forfeitures							
Fines	133,492	0	0	0	0	0	133,492
Correction fees	62,516	0	0	0	0	0	62,516
Special fees	11,492	0	0	0	0	0	11,492
Court ordered reimbursements	4,855	0	0	0	0	43,310	48,165
	<u>212,355</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,310</u>	<u>255,665</u>

Charges for services								
Court fees	1,142	0	0	0	0	0	0	1,142
Clerk fees	37,764	0	0	0	0	0	13,643	51,407
Planning fees	73,894	0	0	0	0	0	0	73,894
Finance/treasurer fees	0	0	0	0	0	0	124,164	124,164
Administrative charges for services	29,325	0	0	0	0	0	0	29,325
Sales of food or merchandise	24,702	0	0	0	0	0	0	24,702
Other charges for services	18,900	0	0	54,607	0	0	0	73,507
Sheriff fees	6,000	0	0	0	0	0	0	6,000
Police charges for services	88,432	0	0	0	0	0	0	88,432
Cemetery services	14,974	0	0	0	0	0	0	14,974
Perpetual care services	25,420	0	0	0	0	0	0	25,420
Animal shelter fees	3,945	0	0	0	0	0	0	3,945
Daily fees/passes	61,191	0	0	0	0	0	0	61,191
Annual passes	77,137	0	0	0	0	0	0	77,137
Three-month passes	33,777	0	0	0	0	0	0	33,777
Punch passes	60,615	0	0	0	0	0	0	60,615
Recreation fees	294,827	0	0	0	0	0	0	294,827
Other fees	8,609	0	0	0	0	0	0	8,609
	<u>860,654</u>	<u>0</u>	<u>0</u>	<u>54,607</u>	<u>0</u>	<u>0</u>	<u>137,807</u>	<u>1,053,068</u>
Interfund/interdepartmental charges								
Interdepartmental services	1,852,615	0	0	0	0	0	0	1,852,615
Indirect overhead-LANL fire services contract	1,958,343	0	0	0	0	0	0	1,958,343
Loan interest	0	177,752	0	0	0	0	0	177,752
	<u>3,810,958</u>	<u>177,752</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,988,710</u>
Miscellaneous revenue								
Investment income (loss)	2,574,095	389,365	283,140	0	(963,485)	94,245	0	2,377,360
Interest charges-delinquent accounts	61,480	0	0	0	0	0	0	61,480
Building rental	66,365	0	0	0	0	0	0	66,365
Land rental	129,849	0	0	0	0	0	0	129,849
Other rentals	53,630	0	0	0	0	0	0	53,630
Pension forfeitures	107,761	0	0	0	0	0	0	107,761
Loan interest	0	56,007	0	0	0	0	0	56,007
Donations	8,681	0	0	0	0	0	0	8,681
Other	7,073	0	0	0	0	2,749	0	11,430
	<u>3,008,934</u>	<u>445,372</u>	<u>283,140</u>	<u>0</u>	<u>(963,485)</u>	<u>96,994</u>	<u>0</u>	<u>2,870,955</u>
TOTAL REVENUES	<u>51,909,398</u>	<u>623,124</u>	<u>1,018,937</u>	<u>6,467,862</u>	<u>(963,485)</u>	<u>3,332,326</u>	<u>62,388,162</u>	

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds

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Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year ended June 30, 2008

	SPECIAL REVENUE FUNDS					OTHER GOVERNMENTAL	TOTAL
	GENERAL	SELF - SUFFICIENCY	CERRO GRANDE FIRE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT		
EXPENDITURES							
Current expenditures:							
General government							
Legislative	309,313	0	0	0	0	0	309,313
Judicial	326,887	0	0	0	0	45,598	372,485
County Administrator	2,354,720	0	0	0	0	0	2,354,720
County Administrator-Public Information	534,967	0	0	0	0	0	534,967
County Assessor	402,921	0	0	0	0	138,441	541,362
County Attorney	639,841	0	0	0	0	0	639,841
County Clerk	424,537	0	0	0	0	18,361	442,898
County Sheriff	58,884	0	0	0	0	0	58,884
Administrative Services-Human Resources	1,280,880	0	0	0	0	0	1,280,880
Administrative Services-Information Technologies	3,250,505	0	0	0	0	0	3,250,505
Administrative Services-Office of Management and Budget	1,198,008	0	0	0	0	0	1,198,008
Administrative Services-Procurement and Risk	661,649	0	0	0	0	0	661,649
Public Works	4,923,793	0	0	0	0	0	4,923,793
Cemetery	174,217	0	0	0	0	0	174,217
	<u>16,541,122</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,400</u>	<u>16,743,522</u>
Public safety							
Fire recovery	0	0	4,284,892	0	0	0	4,284,892
Fire marshal	0	0	0	0	0	309,965	309,965
Fire-E.M.S. grant	0	0	0	0	0	3,283	3,283
Police	6,603,840	0	0	0	0	126,225	6,730,065
	<u>6,603,840</u>	<u>0</u>	<u>4,284,892</u>	<u>0</u>	<u>0</u>	<u>439,473</u>	<u>11,328,205</u>
Physical and economic environment							
County Administrator	0	287,468	0	0	0	287,220	574,688
Community Development	1,075,659	0	0	0	0	0	1,075,659
	<u>1,075,659</u>	<u>287,468</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>287,220</u>	<u>1,650,347</u>
Transportation							
Public Works	3,475,413	0	0	0	0	56,062	3,531,475
	<u>3,475,413</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,062</u>	<u>3,531,475</u>
Health and welfare							
Administrative Services-OMB	0	0	0	0	0	1,892,186	1,892,186

Culture and recreation								
Community Services-Administration	1,261,635	0	0	0	0	0	0	1,261,635
Community Services-Library	2,105,347	0	0	0	0	4,871	0	2,110,218
Community Services-Parks	2,082,434	0	0	0	0	0	0	2,082,434
Community Services-Recreation	2,297,259	0	0	0	0	6,776	0	2,304,035
	<u>7,746,675</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,647</u>	<u>0</u>	<u>7,758,322</u>
Capital outlay:								
General government								
Administrative Services-I.T.	0	0	0	96,651	0	0	0	96,651
Public Works	0	0	0	3,147,202	0	0	0	3,147,202
Public safety-Public Works	0	0	0	1,174,349	0	0	0	1,174,349
Environment-Community Services	0	0	0	39,849	0	0	0	39,849
Transportation-Public Works	0	0	0	5,546,117	0	0	0	5,546,117
Health and welfare-Community Services	0	0	0	130,000	0	0	0	130,000
Culture and recreation								
Community Services	0	0	0	134,038	0	0	0	134,038
	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,268,206</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,268,206</u>
Debt service	0	0	0	0	0	693,427	0	693,427
TOTAL EXPENDITURES	<u>35,442,709</u>	<u>287,468</u>	<u>4,284,892</u>	<u>10,268,206</u>	<u>0</u>	<u>3,582,415</u>	<u>0</u>	<u>53,865,690</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	16,466,689	335,656	(3,265,955)	(3,800,344)	(963,485)	(250,089)	8,522,472	
OTHER FINANCING SOURCES (USES)								
Transfers in	5,381,171	3,555,048	545,645	17,609,347	0	672,627	0	27,763,838
Transfers out	(13,486,756)	0	(6,515,106)	(4,546,062)	(471,213)	(545,645)	0	(25,564,782)
	<u>(8,105,585)</u>	<u>3,555,048</u>	<u>(5,969,461)</u>	<u>13,063,285</u>	<u>(471,213)</u>	<u>126,982</u>	<u>0</u>	<u>2,199,056</u>
NET CHANGE IN FUND BALANCE	8,361,104	3,890,704	(9,235,416)	9,262,941	(1,434,698)	(123,107)	10,721,528	
FUND BALANCE - BEGINNING OF FISCAL YEAR								
Beginning of fiscal year	26,473,540	10,265,083	10,148,847	38,998,098	21,276,239	3,170,785	0	110,332,592
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 34,834,644</u>	<u>14,155,787</u>	<u>913,431</u>	<u>48,261,039</u>	<u>19,841,541</u>	<u>3,047,678</u>	<u>10,721,528</u>	<u>121,054,120</u>

See accompanying notes to financial statements



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, 2008

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 excess (deficiency) of revenues and other sources under expenditures and other uses as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance:	\$ 10,721,528
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 capital outlays (\$12,553,894) exceeded depreciation (\$7,145,092) in the current period.	5,408,802
The donation of capital assets is not recorded in governmental funds.	1,410,000
Loss on disposal of capital assets is not recorded in governmental funds.	(3,141,897)
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	(14,277,747)
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	592,494
Change in accrued Interest on bonds payable is not a use of current financial resources, but is an expense on the statement of activities.	4,001
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.	(31,601)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(552,220)
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.	196,355
Change in net assets of governmental activities	<u>\$ 329,715</u>

INCORPORATED COUNTY OF LOS ALAMOS

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GENERAL FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes-current	\$ 5,710,889	5,710,889	5,962,093	251,204
Local units in-lieu taxes	79,997	79,997	145,675	65,678
General gross receipts taxes	20,559,944	20,559,944	18,895,090	(1,664,854)
Franchise tax-privately owned	107,527	107,527	96,391	(11,136)
Franchise tax-County owned	351,412	351,412	385,121	33,709
Penalties and interest-taxes	49,142	49,142	40,927	(8,215)
	26,858,911	26,858,911	25,525,297	(1,333,614)
Licenses and permits				
Business	37,150	37,150	38,891	1,741
Nonbusiness	155,546	155,546	184,180	28,634
	192,696	192,696	223,071	30,375
Intergovernmental				
Federal direct	2,446	0	0	0
Federal indirect	387,819	845,563	422,069	(423,494)
Federal shared revenues	5,264	5,264	5,235	(29)
Federal in-lieu taxes	258,813	258,813	267,161	8,348
State grants-library	2,022	56,602	64,274	7,672
State grants-major street maintenance	0	0	172,400	172,400
State grants-police	10,690	453,430	80,151	(373,279)
State grants-other	52,543	162,891	84,740	(78,151)
State shared revenues	18,691,775	18,691,775	17,172,099	(1,519,676)
	19,411,372	20,474,338	18,268,129	(2,206,209)
Fines and forfeitures				
Fines	169,048	169,048	133,492	(35,556)
Correction fees	58,844	58,844	62,516	3,672
Special fees	14,132	14,132	11,492	(2,640)
Court ordered reimbursements	10,109	10,109	1,900	(8,209)
Noncourt fines and forfeitures	0	0	2,955	2,955
	252,133	252,133	212,355	(39,778)

Charges for services

Court fees	766	766	1,142	376
Clerk fees	59,147	59,147	37,764	(21,383)
Planning fees	106,000	106,000	73,894	(32,106)
Administrative charges for services	15,662	15,662	29,325	13,663
Sales of food or merchandise	27,610	27,610	24,702	(2,908)
Other charges for services	32,346	32,346	18,900	(13,446)
Sheriff fees	7,000	7,000	6,000	(1,000)
Police charges for services	54,282	54,282	88,432	34,150
Cemetery services	13,905	13,905	14,974	1,069
Perpetual care services	31,930	31,930	25,420	(6,510)
Animal shelter fees	2,556	2,556	3,945	1,389
Daily fees/passes	63,079	63,079	61,191	(1,888)
Annual passes	66,958	66,958	77,137	10,179
Three-month passes	26,353	26,353	33,777	7,424
Punch passes	50,269	50,269	60,615	10,346
Recreation fees	344,220	344,220	294,827	(49,393)
Other fees	4,318	8,956	8,609	(347)
	906,401	911,039	860,654	(50,385)

Interfund/interdepartmental charges

Interdepartmental services	1,887,868	1,887,868	1,852,615	(35,253)
Indirect overhead-LANL fire services contract	2,175,907	2,175,907	1,958,343	(217,564)
	4,063,775	4,063,775	3,810,958	(252,817)

Miscellaneous revenue

Interest income	3,000,000	3,000,000	2,574,095	(425,905)
Interest charges-delinquent accounts	0	0	61,480	61,480
Buildings rental	83,603	83,603	66,365	(17,238)
Land rental	96,631	96,631	129,849	33,218
Other rental	43,217	43,217	53,630	10,413
Pension forfeitures	124,440	124,440	107,761	(16,679)
Donations	10,467	17,767	8,681	(9,086)
Other	18,438	18,438	7,073	(11,365)
	3,376,796	3,384,096	3,008,934	(375,162)

TOTAL REVENUES

	55,062,084	56,136,988	51,909,398	(4,227,590)
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See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

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GENERAL FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES AND ENCUMBRANCES				
County Council				
Operations				
Employee salaries and benefits	80,550	80,550	80,842	(292)
Outside services	242,388	278,365	223,702	54,663
Materials and supplies	16,700	16,700	20,749	(4,049)
Intrafund/interfund services	899	899	899	0
	<u>340,537</u>	<u>376,514</u>	<u>326,192</u>	<u>50,322</u>
County Courts				
Employee salaries and benefits	298,413	298,413	270,517	27,896
Outside services	58,000	60,612	34,161	26,451
Materials and supplies	8,000	8,524	20,398	(11,874)
Intrafund/interfund services	2,910	2,910	2,910	0
Capital outlay	6,000	6,000	0	6,000
Debt and fiscal charges	1,000	1,000	950	50
	<u>374,323</u>	<u>377,459</u>	<u>328,936</u>	<u>48,523</u>
Grants				
Municipal Court Automation	0	1,432	1,432	0
	<u>374,323</u>	<u>378,891</u>	<u>330,368</u>	<u>48,523</u>
County Administrator				
Operations				
Employee salaries and benefits	860,616	860,616	779,768	80,848
Outside services	1,791,755	1,810,386	1,869,076	(58,690)
Materials and supplies	26,800	57,832	37,933	19,899
Intrafund/interfund services	10,384	10,384	10,384	0
	<u>2,689,555</u>	<u>2,739,218</u>	<u>2,697,161</u>	<u>42,057</u>

Public Information				
Employee salaries and benefits	484,077	484,077	401,809	82,268
Outside services	154,550	165,235	141,719	23,516
Materials and supplies	12,600	14,411	21,812	(7,401)
Capital outlay	4,000	4,000	0	4,000
	<u>655,227</u>	<u>667,723</u>	<u>565,340</u>	<u>102,383</u>
Total County Administrator	3,344,782	3,406,941	3,262,501	144,440
County Assessor				
Employee salaries and benefits	379,660	379,660	378,866	794
Outside services	22,350	22,350	18,060	4,290
Materials and supplies	71,373	71,373	5,995	65,378
Capital outlay	2,000	4,998	0	4,998
	<u>475,383</u>	<u>478,381</u>	<u>402,921</u>	<u>75,460</u>
County Attorney				
Employee salaries and benefits	546,085	546,085	518,038	28,047
Outside services	159,894	159,894	91,042	68,852
Materials and supplies	22,745	29,677	27,434	2,243
Intrafund/interfund services	4,321	4,321	4,321	0
Capital outlay	9,720	3,453	0	3,453
	<u>742,765</u>	<u>743,430</u>	<u>640,835</u>	<u>102,595</u>
County Clerk				
Employee salaries and benefits	318,133	318,133	328,776	(10,643)
Outside services	110,960	81,340	62,582	18,758
Materials and supplies	17,800	50,653	32,603	18,050
Intrafund/interfund services	2,682	2,682	2,682	0
Capital outlay	37,148	37,148	14,773	22,375
	<u>486,723</u>	<u>489,956</u>	<u>441,416</u>	<u>48,540</u>
County Sheriff				
Employee salaries and benefits	52,199	52,199	49,861	2,338
Outside services	13,920	13,920	6,479	7,441
Materials and supplies	6,100	6,335	2,195	4,140
Intrafund/interfund services	529	529	529	0
Capital outlay	2,500	2,500	0	2,500
	<u>75,248</u>	<u>75,483</u>	<u>59,064</u>	<u>16,419</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND

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STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Community Development				
Employee salaries and benefits	986,146	986,146	932,327	53,819
Outside services	135,300	162,051	113,005	49,046
Materials and supplies	15,400	15,400	17,753	(2,353)
Intrafund/interfund services	26,992	26,992	29,133	(2,141)
Capital outlay	2,000	2,000	0	2,000
Debt and fiscal charges	500	500	0	500
	<u>1,166,338</u>	<u>1,193,089</u>	<u>1,092,218</u>	<u>100,871</u>
Administrative Services				
Human Resources				
Employee salaries and benefits	995,158	995,158	995,390	(232)
Outside services	257,640	308,126	226,175	81,951
Materials and supplies	76,943	147,235	105,284	41,951
Intrafund/interfund services	8,643	8,643	8,643	0
Debt and fiscal charges	0	0	2,882	(2,882)
	<u>1,338,384</u>	<u>1,459,162</u>	<u>1,338,374</u>	<u>120,788</u>
Information Technologies				
Employee salaries and benefits	1,667,212	1,667,212	1,632,322	34,890
Outside services	1,167,782	1,361,434	1,112,106	249,328
Materials and supplies	162,100	205,453	141,846	63,607
Intrafund/interfund services	34,079	36,117	34,079	2,038
Capital outlay	344,121	461,579	244,120	217,459
	<u>3,375,294</u>	<u>3,731,795</u>	<u>3,164,473</u>	<u>567,322</u>
Information Tech.-Graphic Services				
Employee salaries and benefits	104,292	104,292	83,906	20,386
Outside services	178,370	178,370	123,163	55,207
Materials and supplies	25,500	25,500	30,099	(4,599)
Intrafund/interfund services	11,429	11,429	11,429	0
Capital outlay	5,000	5,000	13,194	(8,194)
	<u>324,591</u>	<u>324,591</u>	<u>261,791</u>	<u>62,800</u>

Office of Management and Budget (O.M.B.)				
Employee salaries and benefits	1,012,599	1,012,599	978,218	34,381
Outside services	181,000	182,250	182,432	(182)
Materials and supplies	90,000	90,000	37,938	52,062
Intrafund/interfund services	15,870	15,870	15,870	0
Capital outlay	5,000	5,000	0	5,000
Debt and fiscal charges (bad debt adjustment)	1,000	1,000	(3,842)	4,842
	<u>1,305,469</u>	<u>1,306,719</u>	<u>1,210,616</u>	<u>96,103</u>
Procurement and Risk				
Employee salaries and benefits	600,239	600,239	600,370	(131)
Outside services	39,250	40,120	24,395	15,725
Materials and supplies	21,050	29,090	17,345	11,745
Intrafund/interfund services	22,174	22,174	22,174	0
Capital outlay	0	0	10,000	(10,000)
	<u>682,713</u>	<u>691,623</u>	<u>674,284</u>	<u>17,339</u>
Total Administrative Services	7,026,451	7,513,890	6,649,538	864,352
Community Services-Administration				
Employee salaries and benefits	226,509	226,509	225,413	1,096
Outside services	830,663	1,137,973	941,551	196,422
Materials and supplies	7,100	9,210	21,339	(12,129)
Intrafund/interfund services	39,702	39,702	30,426	9,276
Capital outlay	2,040	2,040	0	2,040
	<u>1,106,014</u>	<u>1,415,434</u>	<u>1,218,729</u>	<u>196,705</u>
Grants				
State Agency on Agency Phone Repairs	0	6,200	6,200	0
State Agency on Aging Compressor Repairs	0	2,204	2,204	0
CYFD Juvenile Justice Continuum	0	135,000	132,246	2,754
	<u>0</u>	<u>143,404</u>	<u>140,650</u>	<u>2,754</u>
Total Community Services-Admin.	1,106,014	1,558,838	1,359,379	199,459

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

46

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Community Services-Library				
Library administration				
Employee salaries and benefits	289,526	289,526	292,820	(3,294)
Outside services	27,050	50,434	27,018	23,416
Materials and supplies	28,144	28,188	27,662	526
Intrafund/interfund services	24,837	24,837	24,837	0
	<u>369,557</u>	<u>392,985</u>	<u>372,337</u>	<u>20,648</u>
Public services				
Employee salaries and benefits	1,137,457	1,137,457	1,116,758	20,699
Outside services	61,114	61,667	59,688	1,979
Materials and supplies	18,004	21,612	21,022	590
Intrafund/interfund services	3,307	3,307	3,307	0
	<u>1,219,882</u>	<u>1,224,043</u>	<u>1,200,775</u>	<u>23,268</u>
Support services				
Employee salaries and benefits	275,487	275,487	268,421	7,066
Outside services	36,070	36,070	30,300	5,770
Materials and supplies	9,918	5,054	10,534	(5,480)
Capital outlay	11,000	11,000	10,197	803
Debt and fiscal charges	0	0	455	(455)
	<u>332,475</u>	<u>327,611</u>	<u>319,907</u>	<u>7,704</u>
Collection development				
Materials and supplies	184,500	144,232	175,293	(31,061)
Outside funding/grants				
Outside Funding	0	65,468	30,995	34,473
Grant-NM State Library	0	49,640	22,712	26,928
Grant-State Library GO Bonds	0	4,939	4,939	0
	<u>0</u>	<u>120,047</u>	<u>58,646</u>	<u>61,401</u>
Total Community Services-Library	2,106,414	2,208,918	2,126,958	81,960

Community Services-Parks

Employee salaries and benefits	1,102,518	1,056,518	1,082,992	(26,474)
Outside services	174,035	464,831	137,119	327,712
Materials and supplies	236,934	285,751	267,675	18,076
Intrafund/interfund services	595,429	595,429	563,461	31,968
Capital outlay	7,500	17,828	19,257	(1,429)

	<u>2,116,416</u>	<u>2,420,357</u>	<u>2,070,504</u>	<u>349,853</u>
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Parks Grants

Stormwater Mangement Plan	0	103,055	28,707	74,348
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Cemetery

Employee salaries and benefits	45,133	91,133	101,438	(10,305)
Outside services	3,063	3,313	298	3,015
Materials and supplies	8,000	8,218	22,921	(14,703)
Intrafund/interfund services	78,000	78,000	53,350	24,650
Debt and fiscal charges	0	2,378	0	2,378

	<u>134,196</u>	<u>183,042</u>	<u>178,007</u>	<u>5,035</u>
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Total Community Svcs.-Parks	2,250,612	2,706,454	2,277,218	429,236
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Community Services-Recreation

Recreation

Employee salaries and benefits	406,470	406,470	339,167	67,303
Outside services	130,105	131,500	114,546	16,954
Materials and supplies	74,896	79,847	108,363	(28,516)
Intrafund/interfund services	22,435	22,435	22,906	(471)
Capital outlay	10,000	15,008	6,225	8,783
Debt and fiscal charges	0	0	1,764	(1,764)

	<u>643,906</u>	<u>655,260</u>	<u>592,971</u>	<u>62,289</u>
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Recreation - Aquatic Center

Employee salaries and benefits	926,665	926,665	945,454	(18,789)
Outside services	76,680	89,639	87,302	2,337
Materials and supplies	42,050	56,609	65,151	(8,542)
Intrafund/interfund services	286,040	286,040	264,190	21,850
Capital outlay	0	6,660	0	6,660
Debt and fiscal charges	0	0	1,761	(1,761)

	<u>1,331,435</u>	<u>1,365,613</u>	<u>1,363,858</u>	<u>1,755</u>
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Recreation - Fair and Rodeo

Employee salaries and benefits	11,149	11,149	11,217	(68)
Outside services	18,200	18,200	11,001	7,199
Materials and supplies	10,660	12,762	7,776	4,986
Intrafund/interfund services	700	700	144	556

	<u>40,709</u>	<u>42,811</u>	<u>30,138</u>	<u>12,673</u>
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See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

48

GENERAL FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Recreation - Ice Rink				
Employee salaries and benefits	224,566	224,566	233,217	(8,651)
Outside services	65,218	93,730	30,892	62,838
Materials and supplies	49,665	75,716	67,050	8,666
Intrafund/interfund services	52,978	52,978	39,680	13,298
Capital outlay	15,000	15,000	0	15,000
Debt and fiscal charges	350	350	684	(334)
	<u>407,777</u>	<u>462,340</u>	<u>371,523</u>	<u>90,817</u>
Total Community Svcs.-Recreation	2,423,827	2,526,024	2,358,490	167,534
Total Community Svcs Department	7,886,867	9,000,234	8,122,045	878,189
Police				
Operations				
Employee salaries and benefits	5,339,936	5,237,865	4,947,514	290,351
Outside services	682,924	828,940	705,698	123,242
Materials and supplies	190,960	191,322	203,326	(12,004)
Intrafund/interfund services	374,777	377,223	377,223	0
Capital outlay	45,250	100,250	30,383	69,867
	<u>6,633,847</u>	<u>6,735,600</u>	<u>6,264,144</u>	<u>471,456</u>
Emergency Management				
Employee salaries and benefits	172,844	172,844	153,196	19,648
Outside services	42,080	43,582	26,132	17,450
Materials and supplies	52,000	54,586	50,781	3,805
Intrafund/interfund services	8,290	8,290	8,290	0
Capital outlay	2,000	2,000	0	2,000
	<u>277,214</u>	<u>281,302</u>	<u>238,399</u>	<u>42,903</u>
Grants				
CYFD-Juvenile Justice	71,911	0	0	0
Community DWI Program	3,690	3,690	3,690	0
DWI/Buckledown/Child Restraint (FY2007)	0	9,679	730	8,949
DWI/Buckledown/Child Restraint (FY2008)	19,000	19,534	1,825	17,709

Office Domestic Preparedness -Equip Program	0	409,324	407,805	1,519
Enhanced 911	0	440,031	77,875	362,156
Bullet Proof Vest	5,000	0	0	0
Bomb Squad Training Grant		92,343	90,898	1,445
CYFD-Enforce Underage Drinking Laws	23,000	20,000	19,680	320
	<u>122,601</u>	<u>994,601</u>	<u>602,503</u>	<u>392,098</u>
Total Police	7,033,662	8,011,503	7,105,046	906,457
Public Works				
Administration				
Employee salaries and benefits	397,864	397,864	396,287	1,577
Outside services	24,690	25,760	21,527	4,233
Materials and supplies	8,505	10,733	13,262	(2,529)
Intrafund/interfund services	43,467	43,467	43,467	0
Capital outlay	1,620	1,620	0	1,620
	<u>476,146</u>	<u>479,444</u>	<u>474,543</u>	<u>4,901</u>
Engineering services				
Employee salaries and benefits	656,919	656,919	556,569	100,350
Outside services	37,280	36,289	33,549	2,740
Materials and supplies	19,610	21,288	37,583	(16,295)
Intrafund/interfund services	19,777	21,218	21,218	0
Capital outlay	5,000	7,878	0	7,878
	<u>738,586</u>	<u>743,592</u>	<u>648,919</u>	<u>94,673</u>
Facilities maintenance				
Employee salaries and benefits	970,663	970,663	893,827	76,836
Outside services	120,097	143,692	114,773	28,919
Materials and supplies	149,626	160,176	172,361	(12,185)
Intrafund/interfund services	586,221	593,341	616,649	(23,308)
Capital outlay	1,200	1,240	13,429	(12,189)
Debt and fiscal charges	0	0	342	(342)
	<u>1,827,807</u>	<u>1,869,112</u>	<u>1,811,381</u>	<u>57,731</u>
Facilities maintenance projects				
Employee salaries and benefits	0	0	76,150	(76,150)
Outside services	561,760	1,643,800	1,137,842	505,958
Materials and supplies	0	6,401	55,498	(49,097)
Intrafund/interfund services	0	0	1,230	(1,230)
Capital outlay	0	73,709	66,565	7,144
	<u>561,760</u>	<u>1,723,910</u>	<u>1,337,285</u>	<u>386,625</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

50

GENERAL FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Facilities custodial				
Employee salaries and benefits	689,450	689,450	668,942	20,508
Outside services	37,911	38,395	32,431	5,964
Materials and supplies	65,690	66,011	67,139	(1,128)
Intrafund/interfund services	33,421	33,421	33,421	0
Capital outlay	4,500	4,500	0	4,500
	<u>830,972</u>	<u>831,777</u>	<u>801,933</u>	<u>29,844</u>
Traffic management				
Employee salaries and benefits	820,990	820,990	776,976	44,014
Outside services	111,330	199,734	190,648	9,086
Materials and supplies	264,972	269,751	347,976	(78,225)
Intrafund/interfund services	187,169	190,870	173,182	17,688
Capital outlay	165,800	314,168	281,402	32,766
	<u>1,550,261</u>	<u>1,795,513</u>	<u>1,770,184</u>	<u>25,329</u>
Pavement management				
Employee salaries and benefits	1,052,956	1,052,956	1,014,455	38,501
Outside services	385,068	649,112	313,858	335,254
Materials and supplies	213,771	278,177	243,802	34,375
Intrafund/interfund services	570,503	609,416	422,741	186,675
Capital outlay	31,930	31,930	0	31,930
	<u>2,254,228</u>	<u>2,621,591</u>	<u>1,994,856</u>	<u>626,735</u>
Total Public Works	8,239,760	10,064,939	8,839,101	1,225,838
TOTAL EXPENDITURES AND ENCUMBRANCES	37,192,839	41,733,251	37,271,245	4,462,006
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	17,869,245	14,403,737	14,638,153	234,416

OTHER FINANCING SOURCES (USES)

Transfers in from:

Capital Improvement Project Fund	0	4,546,062	4,546,062	0
Joint Utility Fund-Electric	400,000	400,000	414,925	14,925
Joint Utility Fund-Gas	400,000	400,000	420,184	20,184
	<u>800,000</u>	<u>5,346,062</u>	<u>5,381,171</u>	<u>35,109</u>

Transfers out to:

Other Special Revenues Fund	(15,000)	(15,000)	0	15,000
Cerro Grande Fire Fund	(2,500,000)	0	0	0
Gross Receipts Tax Revenue Bonds Fund	(904,880)	(904,880)	0	904,880
State Loans Fund	(672,627)	(672,627)	(672,627)	0
Capital Improvement Projects Fund	(9,508,168)	(11,123,028)	(11,123,028)	0
Utility Fund-Electric	0	(21,101)	(21,101)	0
Golf Course Fund	(310,000)	(310,000)	(310,000)	0
Transit Fund	(1,220,000)	(1,220,000)	(1,220,000)	0
Airport Fund	(1,255,000)	(1,255,000)	(140,000)	1,115,000
	<u>(16,385,675)</u>	<u>(15,521,636)</u>	<u>(13,486,756)</u>	<u>2,034,880</u>

TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,585,675)</u>	<u>(10,175,574)</u>	<u>(8,105,585)</u>	<u>2,069,989</u>
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EXCESS REVENUES AND OTHER SOURCES

OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>2,283,570</u>	<u>4,228,163</u>	<u>6,532,568</u>	<u>2,304,405</u>
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ADJUSTMENTS TO GAAP

Encumbrances			1,827,393	
Adjustments to inventory			1,143	
			<u>1,828,536</u>	

GAAP BASIS

8,361,104

FUND BALANCE

Beginning of fiscal year			26,473,540	
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FUND BALANCE - END OF FISCAL YEAR			\$ <u>34,834,644</u>	
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See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

SELF-SUFFICIENCY FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Interfund loan principal	\$ 1,522,248	1,522,248	1,230,797	(291,451)
Interfund loan interest	177,752	177,752	177,752	0
	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,408,549</u>	<u>(291,451)</u>
Miscellaneous revenues				
Investment income	300,000	300,000	389,365	89,365
Economic development loan repayment (principal)	0	0	387,110	387,110
Economic development loan repayment (interest)	0	0	30,831	30,831
	<u>300,000</u>	<u>300,000</u>	<u>807,306</u>	<u>507,306</u>
TOTAL REVENUES	2,000,000	2,000,000	2,215,855	215,855
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	0	0	15,689	(15,689)
Outside services	850,000	964,082	297,373	666,709
Economic development loans	1,500,000	5,006,365	4,404,391	601,974
	<u>2,350,000</u>	<u>5,970,447</u>	<u>4,717,453</u>	<u>1,252,994</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(350,000)	(3,970,447)	(2,501,598)	1,468,849
OTHER FINANCING SOURCES (USES)				
Operating transfers in from:				
Fire - LANL Contract Fund	0	0	3,555,048	3,555,048
	<u>0</u>	<u>0</u>	<u>3,555,048</u>	<u>3,555,048</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (350,000)	(3,970,447)	1,053,450	5,023,897
ADJUSTMENTS TO GAAP				
Encumbrances			4,323,585	
Economic development loan distributions			106,400	
Economic development loan discount activity			25,176	
Principal on interfund loan repayments			(1,230,797)	
Principal on economic development loan repayments			(387,110)	
			<u>2,837,254</u>	
GAAP BASIS			3,890,704	
FUND BALANCE				
Beginning of fiscal year			10,265,083	
FUND BALANCE - END OF FISCAL YEAR			\$ 14,155,787	

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

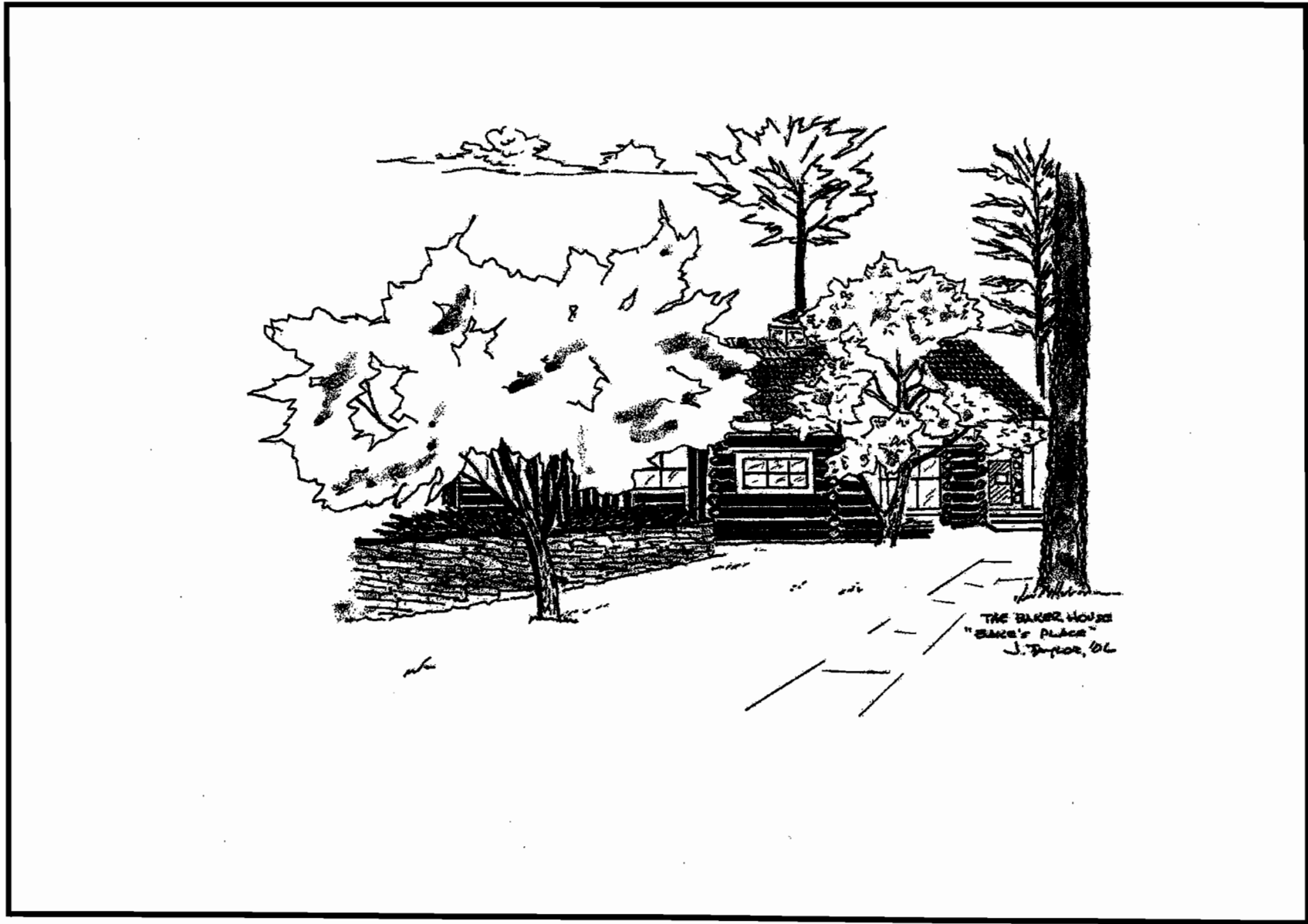
CERRO GRANDE FIRE

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 0	0	263,354	263,354
State grants-major street maintenance	0	0	472,443	472,443
Miscellaneous revenues				
Investment income	400,000	400,000	283,140	(116,860)
	<u>400,000</u>	<u>400,000</u>	<u>1,018,937</u>	<u>618,937</u>
EXPENDITURES AND ENCUMBRANCES				
General Services - O.M.B.				
Employee salaries and benefits	0	0	35,371	(35,371)
Outside services	7,925,694	5,005,509	4,362,427	643,082
Materials and supplies	0	675	36,954	(36,279)
Intrafund/interfund services	0	0	2,668	(2,668)
	<u>7,925,694</u>	<u>5,006,184</u>	<u>4,437,420</u>	<u>568,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
State Shared Revenues	750,000	750,000	545,645	(204,355)
Transfers out to:				
Capital Improvement Project Fund	0	(6,015,106)	(6,015,106)	0
Joint Utilities Fund-Wastewater	(500,000)	(500,000)	(500,000)	0
	<u>(4,775,694)</u>	<u>(10,371,290)</u>	<u>(9,387,944)</u>	<u>983,346</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	<u>\$ (4,775,694)</u>	<u>(10,371,290)</u>	<u>(9,387,944)</u>	<u>983,346</u>
ADJUSTMENTS TO GAAP				
Encumbrances			152,528	
GAAP BASIS				
			<u>(9,235,416)</u>	
FUND BALANCE				
Beginning of fiscal year			10,148,847	
FUND BALANCE - END OF FISCAL YEAR				
			<u>\$ 913,431</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.

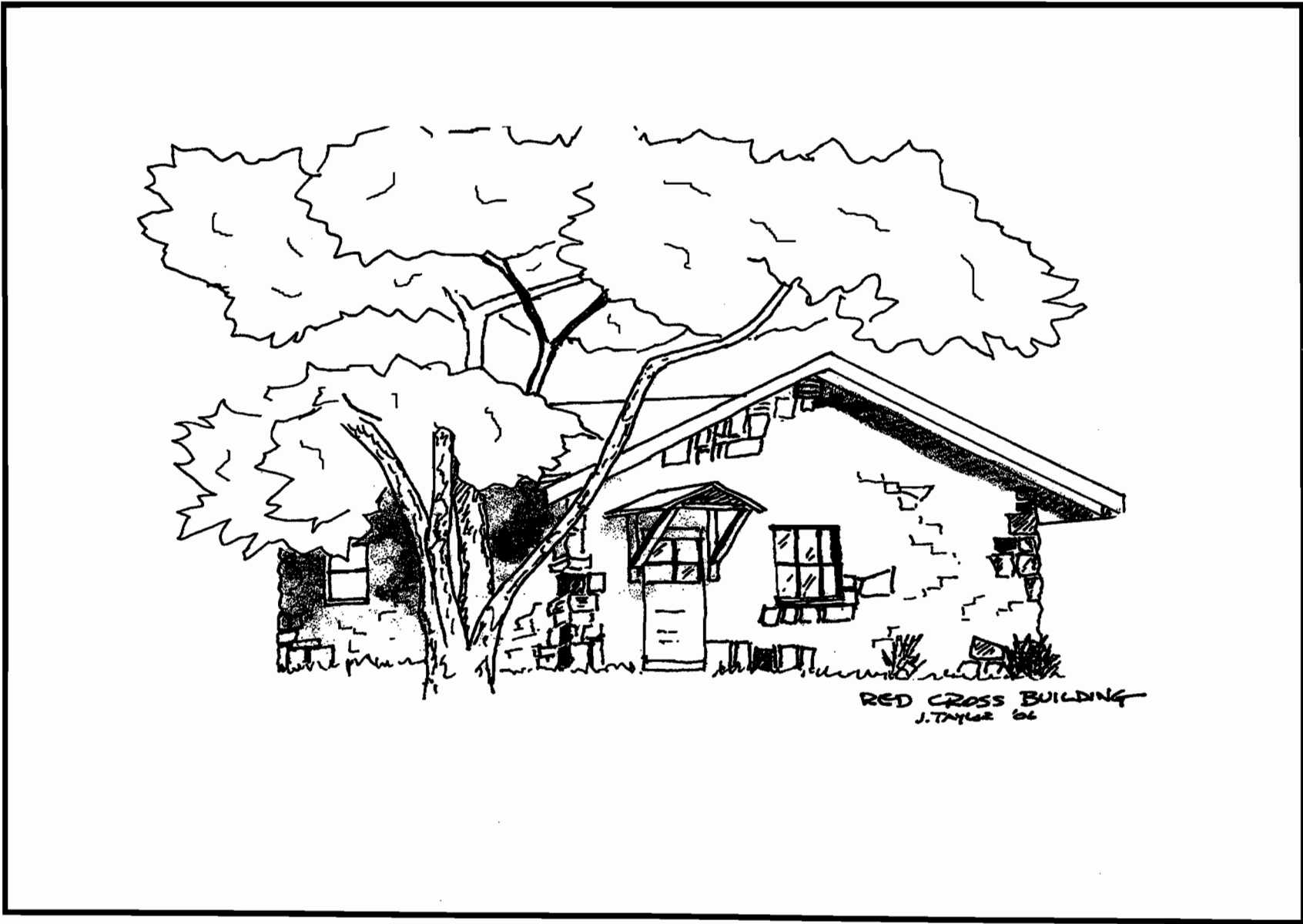
Refuse Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

Golf Course Fund 623 - accounts for the operation and maintenance of the County-owned golf course.

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

Fire - LANL Contract Fund 661 - accounts for fire protection services provided under contract with Los Alamos National Laboratory.

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



Proprietary Funds

Statement of Net Assets

June 30, 2008

	ENTERPRISE FUNDS							BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	REFUSE	GOLF COURSE	TRANSIT	FIRE - LANL CONTRACT	AIRPORT	TOTAL	
ASSETS								
Current Assets:								
Equity in pooled cash and investments	\$ 13,979,823	2,686,182	225,008	0	850	146,509	17,038,372	13,972,454
Investments	1,543,580	0	0	0	0	0	1,543,580	0
Receivables, net of allowance for uncollectibles								
Accounts	6,614,899	228,916	0	0	86,924	0	6,930,739	23,605
Interest	59,465	0	0	0	0	0	59,465	0
Unbilled	1,064,963	107,886	0	0	0	0	1,172,849	0
Due from other governments	48,987	148,406	0	511,576	2,777,736	0	3,486,705	0
Due from other funds	25,366	0	0	0	0	0	25,366	0
Inventories and prepayments								
Inventories	328,706	0	54,296	0	0	0	383,002	0
Power plant inventories	667,925	0	0	0	0	0	667,925	0
Prepayments	197,560	0	0	0	0	0	197,560	111,679
Total Current Assets	24,531,274	3,171,390	279,304	511,576	2,865,510	146,509	31,505,563	14,107,738
Non-current assets:								
Restricted assets								
Temporarily Restricted								
Cash and cash equivalents								
Debt reserves and debt service	20,293	423,881	0	0	0	0	444,174	0
Operations and maintenance	3,073,968	2,252,366	0	0	0	0	5,326,334	0
Capital Projects	907,984	2,535,042	0	0	0	0	3,443,026	0
Investments								
Debt reserves and debt service	8,289,965	0	0	0	0	0	8,289,965	0
Operations and maintenance	13,190,396	0	0	0	0	0	13,190,396	0
Accrued interest	393,734	4,546	0	0	0	0	398,280	0
Capital assets								
Land	2,959,328	0	4,711,478	0	1,263,289	0	8,934,095	0
Utility plant in service	227,648,550	0	0	0	0	0	227,648,550	0
Buildings	0	48,381	616,884	0	15,913,766	0	16,579,031	0
Improvements other than buildings	0	657,915	784,388	0	143,285	580,474	2,166,062	0
Machinery and equipment	4,174,534	223,970	76,128	0	652,749	65,386	5,192,767	13,319,942
Less accumulated depreciation	(81,082,481)	(838,255)	(1,218,376)	0	(1,219,907)	(86,108)	(84,445,127)	(8,503,086)
Construction in progress	7,270,964	5,506,986	0	0	0	0	12,777,950	0
Bond issuance costs, net of amortization	998,235	0	0	0	0	0	998,235	0
Total Non-current Assets	187,845,470	10,814,832	4,970,502	0	16,753,182	559,752	220,943,738	4,816,866
TOTAL ASSETS	212,376,744	13,986,222	5,249,806	511,576	19,618,692	706,261	252,449,301	18,924,604
LIABILITIES								
Current Liabilities:								
Accounts payable	1,983,430	714,443	13,758	22,802	27,300	753	2,762,486	133,665
Accrued salaries and benefits payable	168,468	26,821	19,116	30,908	387,968	3,378	636,659	185,585
Customer deposits payable	138,602	6,000	0	0	0	0	144,602	0
Due to other governments	95,927	9,039	0	0	0	0	104,966	0
Due to other funds	0	0	0	391,830	970,958	0	1,362,788	0
Deferred revenues	0	0	50,436	0	0	0	50,436	0
Contractors retentions payable	26,836	0	0	0	0	0	26,836	0

Current portion of long-term liabilities									
Accrued compensated absences	328,681	86,089	50,845	26,196	841,813	5,968	1,339,592	36,067	
Claims and judgments payable	0	0	0	0	0	0	0	402,469	
Revenue bonds payable	6,270,000	0	0	0	0	0	6,270,000	0	
Contracts and intergovernmental debt payable	6,334	131,899	0	0	0	0	138,233	0	
Due to other funds (current portion of advances)	0	0	0	0	1,389,811	0	1,389,811	0	
Interest payable on revenue bonds and other debt	2,046,193	38,270	0	0	0	0	2,084,463	0	
Total Current Liabilities	11,064,471	1,012,661	134,155	471,736	3,617,850	10,099	16,310,872	757,786	
Noncurrent Liabilities:									
Due in more than one year									
Accrued compensated absences	170,701	44,512	12,249	8,670	342,237	5,030	583,399	21,568	
Claims and judgments payable	0	0	0	0	0	0	0	567,237	
Revenue bonds payable	53,244,641	0	0	0	0	0	53,244,641	0	
Contracts and intergovernmental debt payable	12,340,241	5,608,327	0	0	0	0	17,948,568	0	
Advances from other funds	0	0	0	0	934,440	0	934,440	0	
Special closure costs	2,681,175	2,252,366	0	0	0	0	4,933,541	0	
Total Noncurrent Liabilities	68,436,758	7,905,205	12,249	8,670	1,276,677	5,030	77,644,589	588,805	
TOTAL LIABILITIES	79,501,229	8,917,766	146,404	480,406	4,894,527	15,129	93,955,461	1,346,591	
NET ASSETS									
Invested in capital assets, net of related debt	90,570,099	0	4,970,502	0	14,428,931	559,752	110,529,284	4,816,856	
Restricted, net of related liabilities, for:									
Debt service	20,889,859	423,881	0	0	0	0	21,313,740	0	
Unrestricted	21,415,557	4,644,575	132,900	31,170	295,234	131,380	26,650,816	12,761,147	
TOTAL NET ASSETS	\$ 132,875,515	5,068,456	5,103,402	31,170	14,724,165	691,132	158,493,840	17,578,003	
Net assets of business-type internal service funds							17,578,003		
Net activity of internal service funds							(695,441)		
TOTAL NET ASSETS AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET ASSETS							175,376,402		

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2008

	ENTERPRISE FUNDS							BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	REFUSE	GOLF COURSE	TRANSIT	FIRE - LANL CONTRACT	AIRPORT	TOTAL	
OPERATING REVENUES								
Utility sales and other services	\$ 59,272,752	3,061,510	0	332	438,508	39,911	62,813,013	0
Recreation fees	0	0	394,910	0	0	0	394,910	0
Sales of food or merchandise	0	12,653	146,682	0	0	0	159,335	0
Interfund charges for services	0	0	0	0	0	0	0	3,059,318
Insurance and pension contributions								
County	0	0	0	0	0	0	0	1,801,359
Employees and retirees	0	0	0	0	0	0	0	83,059
Rentals	22,262	0	120,234	0	0	54,356	196,852	0
Intergovernmental	0	0	0	638,865	14,342,136	133,225	15,114,246	0
Miscellaneous operating revenue	178,364	76,585	0	0	750	0	255,699	206,858
	<u>59,473,378</u>	<u>3,150,748</u>	<u>661,826</u>	<u>639,217</u>	<u>14,781,394</u>	<u>227,492</u>	<u>78,934,055</u>	<u>5,150,594</u>
OPERATING EXPENSES								
Employee salaries and benefits	5,898,998	1,063,481	544,046	963,067	11,438,635	134,162	20,042,389	800,274
Contractual services	38,666,039	1,352,866	287,304	421,460	2,554,147	270,198	43,552,014	1,966,174
Materials and supplies	713,717	467,193	165,014	183,741	611,957	17,627	2,159,249	1,231,070
Depreciation and amortization	8,050,366	21,497	48,731	0	164,519	26,033	8,311,146	1,251,908
Special closure costs	267,915	100,988	0	0	0	0	368,903	0
Other	0	0	6,227	0	176,655	0	182,882	3,288
	<u>63,597,035</u>	<u>3,006,025</u>	<u>1,061,322</u>	<u>1,668,268</u>	<u>14,945,913</u>	<u>448,020</u>	<u>74,616,583</u>	<u>5,272,714</u>
OPERATING INCOME (LOSS)	5,876,343	144,723	(389,496)	(929,051)	(164,519)	(220,528)	4,317,472	(122,120)
NONOPERATING REVENUES (EXPENSES)								
Gross receipts taxes for solid waste recycling	0	853,537	0	0	0	0	853,537	0
Fire excise tax	0	0	0	0	1,703,782	0	1,703,782	0
Intergovernmental - grants	62,878	7,542	0	0	0	5,718	76,138	0
Gain (loss) on disposition of capital assets	(5,531,372)	0	0	0	0	0	(5,531,372)	105,704
Investment income	2,036,495	369,691	11,725	13,702	0	6,866	2,440,479	462,519
Interest on long-term debt	(2,900,956)	(175,709)	0	0	(177,752)	0	(3,254,417)	0
Inventory adjustment	(12,417)	0	0	0	0	0	(12,417)	0
	<u>(6,343,372)</u>	<u>1,055,061</u>	<u>11,725</u>	<u>13,702</u>	<u>1,626,030</u>	<u>12,584</u>	<u>(3,724,270)</u>	<u>568,223</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(467,029)	1,199,784	(377,771)	(915,349)	1,361,511	(207,944)	593,202	446,103
TRANSFERS AND CONTRIBUTIONS								
Transfers in	521,101	0	310,000	1,220,000	0	140,000	2,191,101	289,978
Transfers out	(835,109)	(5,060)	0	(273,481)	(3,555,048)	(11,437)	(4,680,135)	0
Contributed capital assets - outside source (L.A. Bus)	0	0	0	0	0	0	0	207,600
Contributed capital assets - governmental activities	2,859,351	0	0	0	11,177,882	0	14,037,233	240,514
	<u>2,545,343</u>	<u>(5,060)</u>	<u>310,000</u>	<u>946,519</u>	<u>7,622,834</u>	<u>128,563</u>	<u>11,548,199</u>	<u>738,092</u>
CHANGE IN NET ASSETS	2,078,314	1,194,724	(67,771)	31,170	8,984,345	(79,381)	12,141,401	1,184,185
NET ASSETS								
Beginning of fiscal year	130,797,201	3,873,732	5,171,173	0	5,739,820	770,513	146,352,439	16,393,808
NET ASSETS - END OF FISCAL YEAR	\$ 132,875,515	5,068,456	5,103,402	31,170	14,724,165	691,132	168,493,840	17,578,003

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Proprietary Funds

Reconciliation of Statement of Revenues, Expenses and Changes in Net Assets to the Statement of Activities Year ended June 30, 2008

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 assets because:

Total change in net assets for enterprise funds as reported in the proprietary funds statement of revenues, expenses, and changes in net assets:	\$	12,141,401
Total change in net assets for business-type internal service funds as reported in the proprietary funds statement of revenues, expenses, and changes in net assets.		1,184,195
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.		(196,355)
Change in net assets of business-type activities	\$	<u>13,129,241</u>

INCORPORATED COUNTY OF LOS ALAMOS

PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2008

	JOINT UTILITY SYSTEM	REFUSE	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS - OPERATING ACTIVITIES								
Cash received from customers and users	\$ 56,389,473	3,101,982	664,882	127,641	14,165,636	292,780	74,742,394	3,232,921
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	1,899,790
Cash paid to suppliers for goods and services	(40,839,455)	(2,068,072)	(447,201)	(398,658)	(3,351,595)	(287,268)	(47,392,249)	(3,453,372)
Cash paid to employees	(5,928,686)	(1,076,842)	(544,155)	(1,081,034)	(11,515,550)	(133,804)	(20,279,871)	(807,224)
Taxes received from customers and users	1,593,906	112,020	0	0	0	0	1,705,926	0
Taxes remitted to State (from customers and users)	(1,596,731)	(112,165)	0	0	0	0	(1,708,896)	0
NET CASH FLOWS - OPERATING ACTIVITIES	9,618,507	(42,877)	(326,474)	(1,352,051)	(701,509)	(128,292)	7,067,304	872,115
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES								
Cash received from grants	622,654	7,542	0	0	0	5,718	635,914	0
Transfers to other funds	(835,109)	0	0	0	0	0	(835,109)	0
Transfers from other funds	521,101	0	310,000	1,220,000	0	140,000	2,191,101	0
Gross receipts taxes received	0	853,655	0	0	1,703,782	0	2,557,437	0
Cash received from short-term interfund loans	0	0	0	391,830	0	0	391,830	0
Cash paid on short-term interfund loans	0	0	0	0	406,276	0	406,276	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	308,646	861,197	310,000	1,611,830	2,110,068	145,718	5,347,449	0
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds received from loans	2,550,700	0	0	0	0	0	2,550,700	0
Principal repaid	(5,865,000)	(120,963)	0	0	(1,230,797)	0	(7,216,760)	0
Interest and other debt service paid	(3,191,427)	(231,998)	0	0	(177,752)	0	(3,601,177)	0
Cash paid for acquisition of capital assets	(11,496,674)	(4,410,997)	0	(273,481)	0	(11,437)	(16,192,589)	(1,035,245)
Proceeds from sale of capital assets	0	0	0	0	0	0	0	123,677
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(18,002,401)	(4,763,958)	0	(273,481)	(1,408,549)	(11,437)	(24,459,826)	(911,568)
CASH FLOWS - INVESTING ACTIVITIES								
Proceeds from sale of investment securities	13,032,411	0	0	0	0	0	13,032,411	0
Interest received on investments	2,058,132	383,690	11,725	13,702	0	6,866	2,474,115	462,519
Purchase of investment securities	(14,172,584)	0	0	0	0	0	(14,172,584)	0
NET CASH FLOWS - INVESTING ACTIVITIES	917,959	383,690	11,725	13,702	0	6,866	1,333,942	462,519
NET INCREASE (DECREASE) IN CASH	(7,157,289)	(3,561,948)	(4,749)	0	0	12,855	(10,711,131)	423,066
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	25,139,357	11,459,419	229,757	0	850	133,654	36,963,037	13,549,388
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 17,982,068	7,897,471	225,008	0	850	146,509	26,251,906	13,972,454

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

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES

OPERATING INCOME(LOSS)	\$ 5,876,343	144,723	(389,496)	(929,051)	(164,519)	(220,528)	4,317,472	(122,120)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
Depreciation and amortization expense	8,050,366	21,497	48,731	0	164,519	26,033	8,311,146	1,251,908
Amortization of special closure costs	267,915	(248,250)	0	0	0	0	19,665	0
Provision for uncollectible accounts receivable	(83,976)	(31,603)	0	0	0	0	(115,579)	0
Bad debt expense	0	0	0	0	0	0	0	2,823
Change in assets and liabilities:								
Accounts and other receivables	(2,975,348)	(16,325)	0	(511,576)	(615,758)	65,288	(4,053,719)	(17,883)

Inventories	(90,545)	0	1,430	0	0	0	(89,115)	0
Prepayments and other	28,465	0	0	0	0	0	28,465	5,922
Accounts payable	(1,397,622)	101,225	9,915	22,802	(8,837)	557	(1,271,960)	(131,826)
Salaries and benefits payable	(29,688)	(13,161)	(110)	65,774	(76,914)	358	(53,741)	(6,950)
Taxes payable	(2,825)	(145)	0	0	0	0	(2,970)	0
Other current liabilities	(24,578)	0	0	0	0	0	(24,578)	0
Deferred revenues and credits	0	(838)	3,056	0	0	0	2,218	0
Claims and judgements payable	0	0	0	0	0	0	0	(105,887)
Group insurance payable	0	0	0	0	0	0	0	(3,872)
Total adjustments	<u>3,742,164</u>	<u>(187,600)</u>	<u>63,022</u>	<u>(423,000)</u>	<u>(636,990)</u>	<u>92,236</u>	<u>2,749,832</u>	<u>984,235</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$ <u>9,618,507</u>	<u>(42,877)</u>	<u>(326,474)</u>	<u>(1,362,051)</u>	<u>(701,509)</u>	<u>(128,292)</u>	<u>7,067,304</u>	<u>872,115</u>

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 0	(5,060)	0	(273,481)	0	(11,437)	(289,978)	289,978
Liabilities transferred to other funds	0	0	0	0	(3,555,048)	0	(3,555,048)	0
Contributed capital assets - governmental activities	2,859,351	0	0	0	11,177,882	0	14,037,233	240,514
Contributed capital assets - outside source (L.A. Bus)	0	0	0	0	0	0	0	207,600
Fair value adjustment for investments	42,383	0	0	0	0	0	42,383	0
TOTAL NON CASH CAPITAL ACQUISITIONS	\$ <u>2,901,734</u>	<u>(5,060)</u>	<u>0</u>	<u>(273,481)</u>	<u>7,622,834</u>	<u>(11,437)</u>	<u>10,234,590</u>	<u>738,092</u>

See accompanying notes to financial statements



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.

INCORPORATED COUNTY OF LOS ALAMOS

FIDUCIARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2008

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	\$ 0	62,961
Investments (participant directed mutual funds), at fair value	28,446,590	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	189,762
Employee loans	1,247,519	0
Other	0	2,618
Due from other funds	132,482	0
TOTAL ASSETS	<u>29,826,591</u>	<u>255,341</u>
LIABILITIES		
LIABILITIES		
Accounts payable	45,656	0
Due to other governments		
Taxes and fees payable to state	0	9,301
Property taxes payable	0	234,372
Due to other funds	107,598	0
Donations held for others	0	11,668
TOTAL LIABILITIES	<u>153,254</u>	<u>255,341</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	29,673,337	0
TOTAL NET ASSETS	<u>\$ 29,673,337</u>	<u>0</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

PENSION TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS

Year ended June 30, 2008

ADDITIONS TO NET ASSETS

Investment income (loss), net of investment expense	\$	(2,714,791)
Contributions		
Employer, net of forfeitures		2,583,203
Employee (plan member)		299,015
		<hr/>
		167,427

DEDUCTIONS FROM NET ASSETS

Benefits and refunds paid to plan members and beneficiaries		<hr/>
		2,647,077

NET INCREASE (DECREASE) IN NET ASSETS (2,479,650)

NET ASSETS

Beginning of fiscal year		<hr/>
		32,152,987

NET ASSETS - END OF YEAR \$ 29,673,337

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INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

(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 Administrator 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 American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (FASB), when applicable. The County has elected not to apply to its enterprise fund activities the FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. This election is allowed in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

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. 39, *The Financial Reporting Entity*, would need to meet all of the following criteria:

- 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

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

The County implemented GASB Statement No. 50 "Pension Disclosures", which more closely aligns the financial reporting requirements for pensions with those for other post employment benefits.

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 assets and the statement of activities and 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 assets 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 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 contribution that are restricted to meeting the operational or capital requirement of 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 governmental-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

D. 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 (56% of interfund revenues) enterprise funds. As such, the net assets of these funds are 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 (60 days at most) 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 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, b) total governmental fund liabilities, 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 and Capital Projects Permanent Funds 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.
- **Self-sufficiency Fund** – The Self-sufficiency 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.
- **Cerro Grande Fire Fund** – The Cerro Grande Fire Fund (Special Revenue Fund) accounts for damages and expenditures incurred by the County as a result of the Cerro Grande Wildfire, which burned over 400 homes in the community during May 2000. Compensation for these expenditures and damages is being recovered from the Federal Emergency Management Agency, National Resource Conservation Service and the Cerro Grande Fire Assistance Act.
- **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/Other Grant, Indigent Health Care, and the Other Special Revenues Fund (formerly operations improvement fund); and, the State Loans Debt Service Fund.

The County has elected to report all enterprise funds as major, although only the Joint Utility and LANL Contract 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.
- **Refuse Fund** – The Refuse Fund accounts for the provision of refuse collection and landfill services to the community.
- **Golf Course Fund** – The Golf Course Fund accounts for the operations and maintenance of the County-owned golf course.

- **Transit Fund** – The Transit Fund accounts for public transportation services provided to the community under the name Atomic City Transit (ACT). This fund was new in FY 2008.
- **Fire-LANL Contract Fund** – The Fire LANL-Contract Fund accounts for fire protection services provided under contract with Los Alamos National Laboratory (LANL).
- **Airport Fund** – The Airport Fund accounts for the operation and maintenance of the Los Alamos Airport, which is leased from the Department of Energy.

The County has the following additional fund types:

- **Internal Service Funds** – The Internal Service Funds are used to account for vehicle maintenance and operation, 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.

E. 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.

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 October when the Department Directors, the County Administrator, and the County Council hold meetings. Following these preliminary meetings, departments begin to prepare plans for maintaining, reducing, or deleting current services, and planning for new services. The Office of Management and Budget provides detailed budget guidelines to the departments in December 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 in May. 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 Assets) - 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 fixed assets.

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

F. 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. In Governmental Fund Types, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances are re-appropriated through a revision of the subsequent year's budget.

G. 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. 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*. There were investments in the Joint Utility Fund, which required a fair value adjustment of \$42,383 at June 30, 2008. Therefore, there is a change in fair value disclosed in the schedule of non-cash activities to the statement of cash flows. The County does not have investments that are reported at amortized cost.

H. 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 K. below for interfund receivables.

I. 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.

J. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in subsequent fiscal years, and a reserve for prepayments has been recognized in governmental funds to signify that a portion of fund balance is not available for other subsequent expenditures.

K. 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 fund balance reserve account 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".

L. Inventories

Inventories in the General Fund consist of expendable supplies held for consumption and are valued at average cost. The average cost is recorded as an expenditure at the time of consumption. Inventories reported in the General Fund financial statement are offset by a fund balance reserve, which indicates that it does not constitute "available expendable resources" even though it is a component of net current assets. Although a reservation of fund balance is not required under the consumption method, this reservation is shown for management purposes only.

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

M. 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 and investment balances are classified as restricted assets in the Refuse Fund because their use is restricted to meet reserve requirements. Certain loan proceeds and related cash equivalents balances are restricted assets in the Refuse Fund because their use is restricted for project expenses and debt reserve requirements. Certain cash balances are classified as restricted assets in the Refuse Fund because they are set aside for estimated landfill closure costs. Certain cash balances are classified as restricted assets in the Debt Service Fund because their use is limited by applicable loan 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.

N. 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 fair market value 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 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 long-term debt which are depreciated by charges to expense approximately equal to the principal payments on the debt (sinking fund method). This is the depreciation method utilized for ratemaking purposes. The difference between this depreciation method and the straight-line method was an increase in depreciation expense of \$1,577,000 in the year ended June 30, 2008, and a cumulative reduction in accumulated depreciation of \$2,112,000 at June 30, 2008.

The County does not report capital assets purchased under the terms of the LANL Fire Contract, because LANL has title to these assets. These assets are maintained on LANL's listing of capital assets.

With the implementation of GASB Statement No. 34 in the fiscal year ended June 30, 2003, the County conducted an extensive inventory of all land, right-of-way land, buildings, other improvements, and infrastructure to obtain a more complete listing than was previously available. The County valued capital assets that were not previously recorded at estimated historical cost, when historical records were not available.

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 assets 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	25 - 50
Improvements other than buildings	10 - 20
Infrastructure	15 - 50
Equipment	3 - 25
Automotive equipment	3 - 20
Utility plant in service:	
Electric	15 - 40
Gas	30 - 40
Water	35 - 60
Wastewater	15 - 80

O. 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.

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 ten years of retiree payment experience and utilizing a composite hourly wage rate. The termination sick leave calculation provided an estimated benefit cost of approximately \$236 per year of service for active Fire Department employees at June 30, 2008, and approximately \$218 for other active County employees.

P. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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.

Q. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available to be appropriated for expenditure or legally segregated for a specific future use in accordance with GASB Statement No. 46. Designations of fund balance represent tentative plans for future use of financial resources.

R. Net Assets

The government-wide and business types fund financial statements utilize a net asset presentation. Net assets are categorized as investment in fixed assets net of related debt, restricted and unrestricted.

S. 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 “Transfer 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 non-operating revenue.

T. 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) LEGAL COMPLIANCE - BUDGETS

During fiscal year 2008, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$149 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Joint Utility Systems, and other funds. The approximately \$149 million of budget revisions include the following reappropriations and carryovers: \$113 million for Capital Improvement Projects Fund projects, \$21 million in encumbrances, and \$4 million in other project and grant re-appropriations. Other major revisions include: over \$7 million in Utilities capital improvement projects, \$2 million for additional Capital Improvement costs, and approximately \$2 million for various other items and projects. For the fiscal year ended June 30, 2008 expenditures did not exceed appropriations at the legal level of budgetary control for any County department, project, or fund.

(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 asset.

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, GNMA 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	\$ 4,733
Carrying amount of deposits	75,518,503
Cash equivalents	4,319,161
Book value of investments	<u>121,298,971</u>
 Total reported in notes to financial statements	 \$ <u>201,141,368</u>
 Government-wide Statement of Net Assets:	
Equity in pooled cash and investments	\$ 110,653,640
Investments	30,530,131
Restricted assets-Cash & Cash Equivalents	9,967,685
Restricted assets-Investments	21,480,361
Fiduciary Funds:	
Equity in pooled cash and investments	62,961
Investments (mutual funds), at fair value	<u>28,446,590</u>
 Total reported in financial statements	 \$ <u>201,141,368</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 of all 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 \$1,000,000,000 and
- (5) Not operating under a letter of agreement or 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, 2008 the County had deposits of \$75,518,503 that were fully insured or collateralized 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's government's rated debt investments as of June 30, 2008 are presented below using the Standard and Poor's rating scale:

<u>Investment Type</u>	Fair Value	Quality Ratings		
		AAA	AA	A
U.S. Government Agencies	\$ 16,079,245	16,079,245	0	0
New Mexico State Local Government Investment Pool (LGIP)	25,924,091	25,924,091	0	0
<u>Unrated investments:</u>				
Repurchase agreements	17,937,863			
New Mexico State Investment Council (NMSIC)	32,911,182			
Exempt from credit rate disclosure:				
LAC Pension	<u>28,446,590</u>			
Total Investments	\$ <u>121,298,971</u>			

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.

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	\$ 16,079,245	2,008,235	14,071,010	0	0
Repurchase Agreements	17,937,863	0	0	17,937,863	0
	<u>34,017,108</u>	<u>2,008,235</u>	<u>14,071,010</u>	<u>17,937,863</u>	<u>0</u>
<u>Other Investments</u>					
NMSIC	32,911,182				
LAC Pension Plan	28,446,590				
LGIP	<u>25,924,091</u>				
Total Investments	\$ <u>121,298,971</u>				

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.

The County maintains a joint powers agreement with the New Mexico State Investment Council (NMSIC) to provide investment services in accordance with guideline 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.

The County voluntarily participates in the New Mexico State Treasurer Local Government (short-term) Investment Pool (LGIP), which is not SEC Registered. Section 6-10-1 I, NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The same investment committee monitors the LGIP investments and the same policies and procedures that apply to all other state investments.

The LGIP does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to contributing entities in amounts directly proportionate to the respective amounts deposited in the LGIP and the length of time the amounts were invested. Participation in the LGIP is voluntary. These investments are stated at fair value.

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, 2008 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, LGIP and NMSIC that represent 5% or more of the total government-wide investments at June 30, 2008 less 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>
Governmental Activities	FHLB	Federal agency securities	\$ 7,970,315	8.3%
Business-type Activities	MBIA	Investment repurchase agreement	17,937,863	18.6%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2008 are as follows:

<u>Funds</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Major Governmental Funds: General (pooled)	FHLB	Federal agency securities	\$ 7,970,315
Major Proprietary Fund: Joint Utility System	MBIA	Investment repurchase agreement	17,937,863

The County's policy is not to have more than 20% of the 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.

(4) ACCOUNTS RECEIVABLE AND OPERATING LEASES

Accounts receivable balances at June 30, 2008, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
Governmental funds:			
General	\$ 227,868	(87,863)	140,005
Capital Improvement Projects	147,329	(147,329)	0
Proprietary funds:			
Joint Utility Fund	6,658,813	(43,914)	6,614,899
Refuse	248,864	(19,948)	228,916
Fire - LANL Contract	736,050	(649,126)	86,924
Internal Service	29,651	(6,046)	23,605
Totals	\$ <u>8,048,575</u>	<u>(954,226)</u>	<u>7,094,349</u>

On the Government-wide Statement of Net Assets an additional \$107,598 due from the Pension Trust Fund is classified as accounts receivable.

The County leases land under non-cancelable operating leases with terms ranging from 30 to 65 years to Sombrillo Nursing and Rehabilitation Center, Aspen Ridge Lodge Retirement and Assisted Living Center, and Los Alamos School of Gymnastics. The following is a schedule of future minimum rentals under these leases at June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 55,050
2010	55,050
2011	55,050
2012	55,050
2013	55,050
Thereafter	<u>1,195,950</u>
	\$ <u>1,471,200</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, 2008 the County had six outstanding loans receivable recorded in the Self-sufficiency Special Revenue Fund.

On March 29, 2000 the County entered into a loan agreement with Los Alamos Commerce and Development Corporation (LACDC) in the amount of \$800,000 as support for the Los Alamos Research Park. The loan bears no interest, unless an installment is in default, in which event the amount of the delinquent installment shall bear interest at the rate of 18% per annum from the date said installment is due until paid. The loan is not secured with collateral. The final loan payment is due June 30, 2016.

Payments are due as follows:

<u>Installment Due Date</u>		<u>Principal Installment</u>
June 30, 2008	(past due at June 30, 2008)	\$ 23,109
June 30, 2009		25,865
June 30, 2010		29,575
June 30, 2011		32,331
June 30, 2012		32,331
June 30, 2013		32,331
June 30, 2014		32,331
June 30, 2015		32,331
June 30, 2016		484,960
LACDC Loan Receivable as of June 30, 2008		<u>\$ 725,164</u>

On May 30, 2002 the County entered into a loan agreement with Veriscape Inc. in the amount of \$527,000. As of June 30, 2008 the County had distributed \$525,716 of the loan amount to Veriscape. As of February 28, 2006, the loan agreement was amended to defer the first repayment to July 1, 2007. The loan bears interest at 5% per annum beginning June 1, 2007. The loan is secured by any and all assets that Veriscape purchases in whole, or in part, with the loan proceeds. Prior to the loan being amended in FY 2006, Veriscape made three "good faith" principal payments totaling \$9,600. Additionally, Veriscape was given credit of \$3,261 for furniture purchased with the loan and given to the County. The loan was further amended in FY 2008 to provide for graduated monthly payments beginning September 1, 2007 through August 1, 2014.

A summary of monthly payments due are as follows:

<u>Total of monthly payments for fiscal year ending</u>	<u>Principal Installment</u>
June 30, 2009	16,927
June 30, 2010	42,350
June 30, 2011	69,075
June 30, 2012	97,166
June 30, 2013	114,417
June 30, 2014	144,828
June 30, 2015	24,392
 Veriscape Loan Receivable as of June 30, 2008	 <u>\$ 509,155</u>

On August 30, 2002 the County entered into a loan agreement with Isotag Technology Inc. (now part of Authetix) in the amount of \$450,000. As of June 30, 2007 the County had distributed the entire \$450,000 loan amount to Isotag Technology Inc. The loan was paid off early and in full during FY 2008. The loan bore interest at 5% per annum beginning September 1, 2005. The loan was secured by any and all assets that Isotag Technology Inc. purchases in whole, or in part, with the loan proceeds. There are no outstanding balances at June 30, 2008 related to this loan.

On November 1, 2002 the County entered into a loan agreement with Frola Inc. in the amount of \$57,000. As of June 30, 2008 the County had distributed the entire \$57,000 loan amount to Frola Inc. The loan bears interest at 5% per annum beginning November 1, 2007. The loan is secured by any and all assets that Frola Inc. purchases in whole, or in part, with the loan proceeds. The loan requires Frola Inc. to make sixty monthly payments of \$1,076 beginning November 1, 2007 through October 1, 2012. During FY 2008, Frola Inc. made only three monthly payments. At June 30, 2008 Frola was delinquent in the amount of \$5,497 including penalties and interest.

On June 20, 2003 the County entered into a loan agreement with Advanced Realtime Technologies, LLC (name changed to Elemetric Instruments, Inc.) in the amount of \$75,000. As of June 30, 2008 the County had distributed \$73,027 of the loan amount to Advanced Realtime Technologies, LLC. The loan bears interest at 5% per annum beginning June 1, 2008. The loan is secured by any and all assets that Advanced Realtime Technologies, LLC purchases in whole, or in part, constructed or installed prior to December 31, 2005. The loan requires Advanced Realtime Technologies, LLC to make sixty monthly payments of \$1,415 beginning July 1, 2008 through June 2013.

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, 2008 the County had distributed the entire \$235,000 loan amount to Avanza Technologies, Inc. The loan bears interest at 5% per annum beginning July 30, 2006. The loan is secured by any and all assets that Avanza Technologies, Inc. purchases in whole or in part with the loan proceeds constructed or installed prior to December 31, 2004. The loan requires Avanza Technologies, Inc. to make eighty-four monthly payments of \$3,321 beginning July 30, 2006 through January 30, 2012. Avanza Technologies, Inc. has made three payments totaling \$7,056. On October 17, 2006, Avanza Technologies Inc. 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 balance due.

On September 21, 2006 the County entered into a loan agreement with Caldera Pharmaceuticals Inc. in the amount of \$2,000,000. As of June 30, 2008 the County had distributed \$302,009 of the loan amount to Caldera. The loan bears interest at 5% per annum beginning September 21, 2009. Caldera will pledge as collateral a security interest in the building it constructs and in equipment purchased in whole or in part with the loan distributions. The loan requires Caldera to make one hundred twenty monthly payments of \$24,793 beginning October 21, 2009 through September 21, 2019.

As of June 30, 2008 the total reserve for loan losses balance was \$710,000. The reserve was established since several of these are loans to start up companies and may not be fully collectible.

As of June 30, 2008 the County has a balance of \$223,093 in discounts on the loans receivables. The discounts were established since one of the loans is interest free, and others had initial interest free periods ranging from two to five years. New loan discounts of \$12,004 and amortization of loan discounts of \$37,180 was recorded for the fiscal year ended June 30, 2008.

On March 14, 2007, the County entered into a loan agreement with HYTEC Inc. in the amount of \$2,400,000. As of June 30, 2008, there have been no loan distributions made to HYTEC Inc. See Notes (16) and (17) for discussion of other loan commitments and subsequent activity.

Mortgage Loans Receivable

During the fiscal year ended June 30, 2006, the County recorded mortgage loans receivable and deferred revenue of \$561,730. The County received the mortgage loans in exchange for clearing restrictive covenants on separate land parcels it had previously deeded to Casa Mesita Inc. and Los Alamos Group Home Inc. Should Casa Mesita Inc. or Los Alamos Group Home Inc sell their respective land parcel, the corresponding mortgage loan amount would be due and payable to the County. Other loan receivable balances not backed by mortgages have been fully reserved for in fund balance.

The detail of loan receivable balances at June 30, 2008, is as follows:

Principal, economic development loans:	
Los Alamos Economic Development Corporation	\$ 725,164
Veriscape Inc.	509,155
Frola Inc.	54,475
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)	73,027
Avanza Technologies, Inc.	227,944
Caldera Pharmaceuticals Inc.	302,009
Subtotal economic development loans	<u>1,891,774</u>
Principal, mortgage loans:	
Casa Mesita Inc.	211,730
Los Alamos Group Home Inc.	350,000
Subtotal mortgage loans	<u>561,730</u>
Less: Discounts on economic development loans	(223,093)
Less: Discounts reserve for loan losses	<u>(710,000)</u>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Self-sufficiency Fund)	<u>\$ 1,520,411</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, 2008 are presented on the following page:

Transfers in (from other funds)	Transfers out (to other funds)										
	General	Cerro Grande Fire	Capital Improvement Projects	Capital Projects Permanent	Joint Utility System	Refuse	Transit	Fire - LANL Contract	Airport	Other Governmental	Total
General	\$ 0	0	4,546,062	0	835,109	0	0	0	0	0	5,381,171
Self-sufficiency	0	0	0	0	0	0	0	3,555,048	0	0	3,555,048
Cerro Grande Fire	0	0	0	0	0	0	0	0	545,645	0	545,645
Capital Imprv. Projects	11,123,028	6,015,106	0	471,213	0	0	0	0	0	0	17,609,347
Joint Utility System	21,101	500,000	0	0	0	0	0	0	0	0	521,101
Golf Course	310,000	0	0	0	0	0	0	0	0	0	310,000
Transit	1,220,000	0	0	0	0	0	0	0	0	0	1,220,000
Airport	140,000	0	0	0	0	0	0	0	0	0	140,000
Internal Service Funds	0	0	0	0	0	5,060	273,481	0	11,437	0	289,978
Other Governmental	672,627	0	0	0	0	0	0	0	0	0	672,627
	<u>\$ 13,486,756</u>	<u>6,515,106</u>	<u>4,546,062</u>	<u>471,213</u>	<u>835,109</u>	<u>5,060</u>	<u>273,481</u>	<u>3,555,048</u>	<u>11,437</u>	<u>545,645</u>	<u>30,244,917</u>

Capital assets were transferred into the following funds from governmental activities:

Joint Utility System	\$ 14,037,233
Internal Service	240,514
Total	<u>\$ 14,277,747</u>

Interfund assets and liabilities:

At June 30, 2008 there was one advance due from the Fire-LANL contract fund to the Self-sufficiency fund for construction costs of the new White Rock Fire Station 3. The amount due to be repaid in more than one year is reported as an advance in both funds in the amount of \$934,440, and the amount due within one year is included as due to/due from other funds in the amount of \$1,389,811. 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 receivables, and the reclassification of negative pooled cash balances.

Due to/due from balances at June 30, 2008 are presented below:

	Due to other funds	Due from other funds				Total
		General	Pension Trust	Self-sufficiency	Joint Utility System	
General	\$ 0	99,970	0	0	99,970	
Fire - LANL Contract	938,446	32,512	1,389,811	0	2,360,769	
Pension Trust	107,598	0	0	0	107,598	
Transit Fund	391,830	0	0	0	391,830	
Other Governmental	1,216	0	0	25,366	26,582	
	\$ <u>1,439,090</u>	<u>132,482</u>	<u>1,389,811</u>	<u>25,366</u>	<u>2,986,749</u>	

(7) CAPITAL ASSETS

Asset Donations

Vehicles with an appraised value of \$207,600 were donated by the Los Alamos Bus Systems Inc., a private party, and recorded as business-type capital assets. Land with an appraised value of \$1,410,000 was donated to the County by the U.S. Department of Energy, and recorded in the governmental activities capital assets. As previously mentioned in Note (6), capital assets valued at \$14,277,747 were transferred from governmental activities capital assets to business-type activities.

Capital asset activity for the year ended June 30, 2008 was as follows:

	June 30, 2007 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2008 Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 38,040,411	0	0	1,410,000	39,450,411
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	438,092	80,658	0	0	518,750
Construction in progress	18,334,291	11,785,950	(9,416,181)	(12,622,137)	8,081,923
Total capital assets, not being depreciated	<u>74,813,908</u>	<u>11,866,608</u>	<u>(9,416,181)</u>	<u>(11,212,137)</u>	<u>66,052,198</u>
Capital assets, being depreciated					
Buildings	26,909,022	506,975	(928,724)	0	26,487,273
Improvements other than buildings	7,080,682	80,466	0	0	7,161,148
Machinery and equipment	14,009,475	859,254	(247,709)	(2,755,567)	11,865,453
Infrastructure	146,468,116	7,904,540	(7,468,138)	0	146,904,518
Capital assets, being depreciated	<u>194,467,295</u>	<u>9,351,235</u>	<u>(8,644,571)</u>	<u>(2,755,567)</u>	<u>192,418,392</u>

Less accumulated depreciation for:					
Buildings	(10,301,252)	(532,493)	731,617	0	(10,102,128)
Improvements other than buildings	(2,738,372)	(392,419)	0	0	(3,130,791)
Machinery and equipment	(9,405,391)	(1,266,265)	238,622	1,099,957	(9,333,077)
Infrastructure	(65,077,199)	(4,953,915)	5,284,667	0	(64,746,447)
Total accumulated depreciation	<u>(87,522,214)</u>	<u>(7,145,092)</u>	<u>6,254,906</u>	<u>1,099,957</u>	<u>(87,312,443)</u>
Total capital assets, being depreciated, net	<u>106,945,081</u>	<u>2,206,143</u>	<u>(2,389,665)</u>	<u>(1,655,610)</u>	<u>105,105,949</u>
Total governmental activities capital assets	\$ <u>181,758,989</u>	<u>15,743,596</u>	<u>(13,476,691)</u>	<u>(12,867,747)</u>	<u>171,158,147</u>
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 8,934,095	0	0	0	8,934,095
Construction in progress	<u>22,866,373</u>	<u>15,852,285</u>	<u>(26,947,691)</u>	<u>1,006,983</u>	<u>12,777,950</u>
Total capital assets, not being depreciated	<u>31,800,468</u>	<u>15,852,285</u>	<u>(26,947,691)</u>	<u>1,006,983</u>	<u>21,712,045</u>
Capital assets, being depreciated					
Buildings	6,053,898	0	0	10,525,133	16,579,031
Improvements other than buildings	2,166,062	0	0	0	2,166,062
Utility plant in service	206,801,772	21,723,955	(2,729,545)	1,852,368	227,648,550
Machinery and equipment	<u>17,878,804</u>	<u>1,438,459</u>	<u>(1,905,417)</u>	<u>1,100,863</u>	<u>18,512,709</u>
Capital assets, being depreciated	<u>232,900,536</u>	<u>23,162,414</u>	<u>(4,634,962)</u>	<u>13,478,364</u>	<u>264,906,352</u>
Less accumulated depreciation for:					
Buildings	(1,543,681)	(172,490)	0	0	(1,716,171)
Improvements other than buildings	(1,315,891)	(47,163)	0	0	(1,363,054)
Utility plant in service	(77,045,544)	(7,172,207)	3,135,271	0	(81,082,480)
Machinery and equipment	<u>(8,163,812)</u>	<u>(1,293,036)</u>	<u>670,340</u>	<u>0</u>	<u>(8,786,508)</u>
Total accumulated depreciation	<u>(88,068,928)</u>	<u>(8,684,896)</u>	<u>3,805,611</u>	<u>0</u>	<u>(92,948,213)</u>
Total capital assets, being depreciated, net	<u>144,831,608</u>	<u>14,477,518</u>	<u>(829,351)</u>	<u>13,478,364</u>	<u>171,958,139</u>
Total business-type activities capital assets	\$ <u>176,632,076</u>	<u>30,329,803</u>	<u>(27,777,042)</u>	<u>14,485,347</u>	<u>193,670,184</u>

Depreciation expense for the year ended June 30, 2008 was as follows:

Depreciation expense was charged to governmental activities as follows:	
General government	\$ 929,571
Public safety	323,677
Physical and economic environment	34,275
Transportation	5,057,005
Culture and recreation	800,564
Total depreciation expense - governmental activities	<u>\$ 7,145,092</u>
Depreciation expense was charged to business-type activities as follows:	
Joint Utility Fund	
Electric	\$ 4,948,980
Gas	178,398
Water	1,564,507
Wastewater	480,323
Refuse	21,497
Golf	48,731
Fire - LANL Contract	164,519
Airport	26,033
Equipment - Internal Service	1,248,432
Risk Management - Internal Service	3,476
Total depreciation expense - business-type activities	<u>\$ 8,684,896</u>

(8) RETIREMENT AND DEFERRED COMPENSATION PLANS

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

Plan description: Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding policy: The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the year ended June 30, 2008, active plan members and the County were each required by statute to contribute at actuarially determined rates of the members' annual covered payroll. These rates are summarized below:

	<u>Statutory Contribution Rate</u>	
	<u>Member</u>	<u>County</u>
Class of employee:		
General County - Plan 3	13.15%	9.15%
Police - Plan 5	16.30%	18.50%
Fire - Plan 5	16.20%	21.25%

The County's contributions to PERA for the years ended June 30, 2008, 2007, and 2006 were \$3,846,995, \$3,671,510, and \$3,357,562 respectively, which were equal to the required contributions for each year.

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 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, 2008 were \$2,882,218 (\$299,015 participant; and \$2,583,203 County, net of forfeitures of \$107,761). 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.

Beginning in July 1998, the Plan authorized 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 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. Administrative expenses of the plan for the year ended June 30, 2008 were \$68,502, which included allocated audit fees of \$6,434, trustee fees of \$57,761, legal fees of \$2,757, and loan origination fees of \$1,550 charged to individual participants.

The following are the plan investments at June 30, 2008, stated at fair value, based on the funds' share price:

Mutual funds at fair value:		
Alliance Growth and Income Fund	\$	3,770,185
American Bond Fund of America		3,059,548
American Balanced Fund		2,133,178
Franklin Small Capital Growth Fund		1,652
Columbia Acorn Trust Fund		3,105,018
Gabelli Small Cap Growth Fund		2,980,435
HB and T Short-term Income Fund		2,908,494
ING International Value Fund		5,786,661
Oppenheimer Capital Appreciation Fund		4,701,419
		<hr/>
Total investments	\$	<u>28,446,590</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 \$20,906 for the fiscal year ended June 30, 2008.

D. New Mexico Retiree Health Care Act

Plan Description: The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the fiscal years ended June 30, 2008, 2007 and 2006 were \$393,000, 369,583, and \$173,186, respectively, which equal the required contributions for each year. The County began participation in the RHCA plan in January, 2006, mid-way through fiscal year 2006.

(9) LONG-TERM OBLIGATIONS

A. 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.

On July 8, 2004 the County issued \$69,445,000 in Utility Revenue bonds (2004 Series A) with an average interest rate of 4.92 percent to retire the outstanding 1994 Series Utility Revenue Bonds, which had an average interest rate of 6 percent and a maturity date of 2017. The net proceeds of \$76,362,372 (including \$4,035,073 in premiums, \$14,245,628 from the 1994 Series sinking fund proceeds, \$403,507 additional funding from the County less \$1,212,708 in underwriting, insurance and issuance costs) were used to retire the outstanding 1994 Series Utility Revenue Bonds plus accrued July interest, provide \$7,348,007 for future debt service payments and \$3,206,121 in rate stabilization funds. As a result, the 1994 Series Utility Revenue Bonds have been removed from the government wide statement of net assets.

B. Intergovernmental Notes Payable

General Government Activities

In May 1994, the County borrowed \$2,557,688 from the New Mexico Environment Department to pay for the construction of an effluent water line from the Bayo Canyon Wastewater Treatment Facility to the Golf Course. The unpaid balance of this note was refinanced in September 2001 from 5% to a more favorable interest rate of 3%. Annual payments decreased from \$195,552 per annum to \$174,124, including interest. Payments are due annually on June 1 through June 2013. The loan is payable solely from pledged gross receipts tax revenue and is not a general obligation of the County. Principal and interest payable as of June 30, 2008 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 150,201	23,923	174,124
2010	154,707	19,417	174,124
2011	159,348	14,776	174,124
2012	164,129	9,995	174,124
2013	169,052	5,072	174,124
	<u>\$ 797,437</u>	<u>73,183</u>	<u>870,620</u>

On July 3, 2000 the County entered into a loan agreement with the New Mexico Finance Authority (NMFA). The proceeds of the loan were used to finance roads and buildings projects. The loan amount is \$3,959,444, for a term of ten years, at a rate of 4.975%. The maximum annual debt service is \$519,419. The loan is payable solely from pledged gross receipts tax revenue and is not a general obligation of the County. Principal and interest that were payable at June 30, 2008 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 469,505	49,854	519,359
2010	493,744	25,675	519,419
	<u>\$ 963,249</u>	<u>75,529</u>	<u>1,038,778</u>

Business-type Activities

In December 2005, the County entered into an agreement to borrow up to \$15,000,000 from the New Mexico Environment Department to partially fund the construction of a new wastewater treatment facility. The loan proceeds will be drawn as they are needed for construction expenses. As of June 30, 2008, the County received \$12,281,495 in loan proceeds, which are recorded in the Joint Utility System Fund. The term of the loan will be 20 years, at an interest rate of 3%. The repayment of the loan will begin one year after the facility is placed in service in an amount to be determined by the actual amount drawn down on the loan. The loan will be payable solely from the net revenues from the operation of only the Wastewater subfund, which is a part of the joint Utility System Fund.

In April 2007 the County entered in to a loan and grant agreement with the Water Trust Board and the New Mexico Finance Authority (NMFA). The agreement includes a \$585,720 grant with a \$65,080 loan for the purpose of constructing 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. During fiscal year 2008 the County received the \$65,080 of loan proceeds under this agreement. The loan is interest free with a term of 15 years. Principal and administration fees that were payable at June 30, 2008 are as follows:

Year ending June 30	Principal	Administration Fee	Total
2009	\$ 6,334	342	6,676
2010	3,195	147	3,342
2011	3,203	139	3,342
2012	3,211	131	3,342
2013	3,219	123	3,342
2014-2018	16,215	493	16,708
2019-2023	16,419	289	16,708
2024-2027	13,284	83	13,367
	<u>\$ 65,080</u>	<u>1,747</u>	<u>66,827</u>

In May 2007 the County entered into a loan agreement with NMFA to borrow \$5,861,189 to construct a solid waste transfer station. The loan term is twenty-seven (27) years with an interest rate of 4.059%. The loan is to be repaid from Municipal Environmental Services Gross Receipts Tax revenues. Principal and interest that were payable at June 30, 2008 are as follows:

Year ending June 30	Principal	Interest	Total
2009	\$ 131,899	229,618	361,517
2010	136,699	224,831	361,530
2011	141,688	219,855	361,543

2012	146,872	214,683	361,555
2013	152,276	209,293	361,569
2014-2018	851,636	956,433	1,808,069
2019-2023	1,031,771	776,749	1,808,520
2024-2028	1,258,843	550,244	1,809,087
2029-2033	1,540,945	268,848	1,809,793
2034	347,597	14,460	362,057
	<u>\$ 5,740,226</u>	<u>3,665,014</u>	<u>9,405,240</u>

C. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, 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	\$ 2,347,360	1,232,858	1,201,257	2,378,961	1,674,927
Contracts and intergovernmental debt	2,353,180	0	592,494	1,760,686	619,706
Total governmental activities	\$ <u>4,700,540</u>	<u>1,232,858</u>	<u>1,793,751</u>	<u>4,139,647</u>	<u>2,294,633</u>
Business-type activities:					
Accrued compensated absences	\$ 2,086,858	1,147,608	1,253,840	1,980,626	1,375,659
Claims and judgments	1,075,593	1,291,834	1,397,721	969,706	402,469
Revenue bonds payable	65,019,205	360,436	5,865,000	59,514,641	6,270,000
Contracts and intergovernmental debt	15,657,064	2,550,700	120,963	18,086,801	138,233
Special closure costs	4,913,876	368,903	349,238	4,933,541	0
	\$ <u>88,752,596</u>	<u>5,719,481</u>	<u>8,986,762</u>	<u>85,485,315</u>	<u>7,781,361</u>

In prior years, resources of 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 \$57,635 and claims and judgments in the amount of \$969,706 from internal service funds are included as part of the business-type activities.

(10) POWER SUPPLY

The Federal Energy Regulatory Commission (FERC) has approved a settlement of PNM's 2005 transmission rate case effective October 1, 2005. The settlement increases PNM's Annual Transmission Revenues (ATRR) by approximately 53%, to \$58,500,000 and maintains the loss percentage at 3%. There is no minimum payment required under this contract; however, the County paid an average monthly cost under the NITSA of \$86,488 inclusive of ancillary services during fiscal year 2008.

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. During the year ended June 30, 2008, the County paid \$2,949,421 under this agreement, which is included in purchased power expense. The energy from LRS is delivered to New Mexico over the WAPA transmission path described below.

The County also has a firm transmission services agreement with the Western Area Power Administration (WAPA) that requires monthly payments of \$21,900 at the current transmission rate.

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 County's contract with NORA has an annual minimum payment of \$32,700 plus gross receipts taxes. The County and Jemez are currently operating under the rate schedule which expired June 30, 2006. The payment to Jemez for FY 2008 was \$59,233.

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 \$150,000 to pay the 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.

(11) RESOURCE POOL

In 1985 the County and the U.S. Department of Energy (DOE) entered into a contract 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 NITSA, and various transmission service agreements. The County received \$29,044,925 in fiscal year 2008 from DOE, which is included in utility sales and services, as a result of this contract.

The contract provides that: if the remaining contract term is less than seven years, then the County must collect over the remaining contract term (which can be no less than seven years), a sum sufficient to retire the Joint Utility revenue bonds which would be outstanding at the end of such term. This contract was renewed on July 5, 2006, and expires on June 30, 2015. The contract term now extends for the full term of the revenue bonds associated with the County's generation assets, eliminating the potential for accelerated debt service payments.

In May 2002, the Grand Canyon Trust and the Sierra Club filed a "citizen suit" against PNM (but not against the co-owners of the San Juan Generating Station (SJGS), such as the County) under the Federal Clean Air Act. The suit alleged two violations of the Federal Clean Air Act: (a) that the SJGS has violated and is currently in violation of the Federal Prevention of Significant Deterioration rules as well as corresponding provisions of the New Mexico Administrative Code; and (b) that the SJGS has "regularly violated" the 20% opacity limit contained in the SJGS operating permit. On March 9, 2005, PNM, the Grand Canyon Trust, the Sierra Club and the New Mexico Environment Department entered into a cooperative agreement in the form of a Consent Decree by which SJGS will significantly reduce air emissions. This agreement resolves the lawsuit. The Consent Decree was approved by the Federal District Court, District of New Mexico on May 10, 2005. The Consent Decree requires SJGS to invest in new technologies to reduce emissions at SJGS. Total environmental project capital costs are estimated to be \$320 million, of which the County's share is estimated to be \$6.0 million. As of June 30, 2008, the County's share of costs has been \$5.9 million. The remaining estimated cost will be recorded in fiscal year 2009. In addition, the County's share of increased O&M expenses associated with the additional environmental control equipment is estimated to be about \$2 million over the next 10 years.

(12) SPECIAL CLOSURE COSTS

A. Landfill (Refuse Fund)

The County operates a landfill site, which is owned by the U.S. Department of Energy (DOE) and located within the County. State and federal laws require that the County close the landfill, monitor and maintain the landfill site for thirty years after it is closed, and provide financial assurance to fund those activities. The County recognizes a portion of the closure and post-closure care costs in each operating period. The amount recognized each year to date is based on the total estimated cost of closure and post closure care, the amount of the liability that has been recognized in previous years and the estimated time that the landfill will remain open.

The landfill closure costs were updated in fiscal year 2007 as part of submitting the final closure plan to the New Mexico Environment Department (NMED) in November 2006. That closure plan was approved by NMED in May 2007. The new closure cost estimate no longer includes the cost for groundwater monitoring or Phase I & II Assessment since NMED granted the County a waiver from groundwater monitoring at the County Landfill. As of June 30, 2008 the total closure and post closure care cost estimate was \$3,366,269. The waste relocation portion of the landfill closure activities was undertaken at a cost of \$1,046,578. Since the landfill will be open for less than one more fiscal year, the liability will be funded at 98% resulting in a closure liability at June 30, 2008 of \$2,252,366 (calculated liability of \$3,298,944 less the expenditures to date of \$1,046,578).

In fiscal year 2007, the County completed design and bid out construction of the new solid waste transfer station that will replace the existing landfill. The transfer station is targeted to be open in the Fall of 2008, with the closure of the current landfill to occur concurrent with the opening of the new facility and within 6 months of acceptance of final waste according to the solid waste regulations.

B. Generating Station (Electric Utility Fund)

The County owns a 7.2% 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 expend its planned useful life by the year 2022, however PNM has engaged a consultant to evaluate extension of the life of Unit four until the year 2037.

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 1992 dollars. Using a factor of 4% for inflation, the County anticipates an actual decommissioning cost of approximately \$9.5 million in the year 2022, and approximately \$13 million in the year 2030. In June 2003, an updated demolition study was conducted on the generating station, which materially agreed to the previous estimate. 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 size of the 2004A refunding bonds. An annual accrual of \$177,600 invested at market rates will result in a future value sufficient to pay the closure costs in the year 2030. In fiscal year 2008, \$177,600 was set-aside for this purpose. As of June 30, 2008 \$2,681,175 was invested for this purpose.

(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. On July 1, 1993, the general liability activities of the County were added to this fund. 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 below 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.

<u>Insurance Coverage</u>	<u>Deductible</u>	<u>Insurance Liability Limits</u>
General and Automotive Liability	\$25,000	\$400,000 per person and \$750,000 per occurrence for bodily injury \$100,000 per occurrence property damage \$300,000 per year for medical expenses
Law Enforcement Liability	\$25,000	\$1,000,000 per occurrence, \$1,000,000 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, \$1,000,000 per year in aggregate
Buildings and Property	\$25,000	Limited by individual property's insured value
Earthquake and Flood	\$50,000	Limited by individual property's insured value
Inland Marine (Large Equipment)	\$25,000	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 Depositor's forgery \$50,000 Theft of money/securities

The claims liability of \$969,706 reported in the Fund at June 30, 2008, 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.

Changes in the fund's claims liability amount in fiscal year 2007 and 2008 are summarized below.

	Group Insurance (Dental)	Unemployment Compensation	Workers Compensation	General Liability	Total
Claims liability, June 30, 2006	\$ 0	0	1,075,301	83,983	1,159,284
Current year claims, insurance, and changes in estimates	319,056	28,257	195,726	797,329	1,340,368
Claims and insurance payments	<u>(319,056)</u>	<u>(28,257)</u>	<u>(281,338)</u>	<u>(795,408)</u>	<u>(1,424,059)</u>
Claims liability, June 30, 2007	\$ 0	0	989,689	85,904	1,075,593
Current year claims, insurance, and changes in estimates	363,260	10,086	296,816	621,672	1,291,834
Claims and insurance payments	<u>(363,260)</u>	<u>(10,086)</u>	<u>(344,102)</u>	<u>(680,273)</u>	<u>(1,397,721)</u>
Claims liability, June 30, 2008	<u>\$ 0</u>	<u>0</u>	<u>942,403</u>	<u>27,303</u>	<u>969,706</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. 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 is neither self-insured nor retaining risk. Therefore, claims liability is \$0 as of June 30, 2008. 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, thus no claims liability is recorded.

Retiree Health Care (Post-employment benefit)

As of June 30, 2006 the County discontinued its post-employment benefit plan, and began participating in the plan administered by the New Mexico Retiree Health Care Authority. Contributions to the County's plan ceased on December 31, 2005. Benefits under the County's plan ceased on June 30, 2006. Please see Note (8) for a discussion of the New Mexico Retiree Health Care plan.

The County retains no self-insurance, nor any risk in connection with its participation in the New Mexico Retiree Health Care plan. Therefore, the County has no claims liability for post-employment benefits as of June 30, 2008.

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 county and federal facilities in the county through a contract funded by the federal government. The Los Alamos National Laboratory administers the contract. For fiscal year 2008, the County recognized revenue of \$14,342,136 under the terms of this contract, which is included in intergovernmental revenue in the Fire-LANL Contract Fund (an enterprise fund). Revenues and expenditures under this contract are subject to audit and adjustment at the end of the contract term. The General Fund has designated a portion of its fund balance as a contingency for the audit of direct and indirect costs by Los Alamos National Laboratory related to the Fire Contract. Such audits could result in a repayment of an amount previously billed and collected.

The County has recorded intergovernmental revenues of \$263,354 within the Cerro Grande Fire Fund, a special revenue fund. These revenues represent amounts received under the Cerro Grande Fire Assistance Act, mitigation program. Intergovernmental operating revenues of \$622,893 were recorded in the Transit Fund for Federal Transit Administration grant funds, which flowed through the New Mexico Department of Transportation.

In addition, the County receives various other financial assistance payments from federal and state grantors. Under these other grants and contracts, the County recognized revenue from federal programs of approximately \$0.8 million and approximately \$2.85 million from state programs in fiscal year 2008. This revenue is included in intergovernmental revenue in the fund in which the County records the related activities.

(15) CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Health Facility Revenue Bonds and Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of health and industrial facilities deemed to be in the public interest. The bonds are secured by resources provided by leases or loans with third parties, on whose behalf the revenue bonds were issued. The bonds do not constitute a debt or pledge of the faith and credit of the County, and accordingly have not been reported in the accompanying financial statements. At June 30, 2008, Health Facility Revenue Bonds outstanding aggregated \$9.05 million.

(16) COMMITMENTS AND CONTINGENCIES

A. Gas Purchases

In November 2006 the County entered into three fixed price contracts with its existing gas supplier for one, two and three-year terms, respectively. Each contract represents approximately 25% of the County's historical gas requirement. The County intends to use the contracted gas, along with additional gas purchased on the spot market to meet its monthly distribution requirements and ensure that adequate capacity is available to gas customers. During fiscal year 2008 the fixed price obligation was \$3,602,550. In fiscal years 2009 and 2010, the amounts are \$1,970,300 and \$490,000, respectively.

B. Fire Contract

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 contract that is substantially funded by the federal government. The U.S. Department of Energy (DOE) directly administered this contract until November 1997, when DOE transferred the contract administration to the University of California (UC) as prime contractor for the Los Alamos National Laboratory (LANL). The activity continues to be funded indirectly by DOE. Beginning in December 1997, these services have been provided through a pre-contract cost agreement while a new contract is negotiated. See Note (17) for subsequent event related to these services.

Final closeout of the pre-contract cost agreement may result in a settlement of any disputed amount. The County believes that substantially all costs incurred under this pre-contract cost agreement will be reimbursed; however, due to this uncertainty a designation of fund balance is recorded in the General Fund to recognize that some costs may be disallowed at closeout. The designation is calculated to equal 1% of contract, life-to-date expenses.

C. Construction Contracts

Contractual commitments under construction contracts are reflected in the financial statements as encumbrances.

D. Litigation

The County is subject to various 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 affect 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, 2008 was \$811,719.

The future minimum lease payments under operating leases as of June 30, 2008, are approximately as follows:

Fiscal Year Ending June 30:	Amount
2009	\$ 632,463
2010	446,704
2011	214,772
2012	113,312
2013	21,911
	\$ 1,429,162

E. Economic Development Loan

During the fiscal year ended June 30, 2008, County Council directed staff to proceed with bringing forth for introduction an Ordinance providing for economic development assistance to New Mexico Consortium and affiliated documents for a grant not to exceed \$1.5 million.

(17) SUBSEQUENT EVENTS**A. Financial market volatility**

Subsequent to the fiscal year end the financial markets have been increasingly volatile. The County is a long-term investor and diversifies its investments to minimize the impact of market fluctuations on its overall portfolio. At this point in time it is not reasonably possible to assess the ongoing market conditions and effectiveness of efforts to bring stability back to the financial markets.

B. Joint Utility System – repurchase agreements

Since, 1994, the Bond Fund and the Rate Stabilization funds associated with the County's outstanding Utility System Revenue Bonds have been invested in repurchase agreements provided by MBIA that have paid interest rates of 7.2% and 6.28%, respectively. In July, 2008 the County's bond insurer, FSA required that, due to the downgrade of MBIA those investments of \$7,495,000 and \$3,206,000, respectively, be repurchased. On July 17, 2008, MBIA repurchased those amounts and the County subsequently directed the trustee to purchase a Federal Home Loan Bank instrument with a term of approximately 3 years, yielding 4.165%.

C. Fire Services Contract with Department of Energy

On September 30, 2008 the County entered into a cooperative agreement with the Department of Energy to provide fire protection services to the Los Alamos National Laboratory (LANL). Under the new agreement with DOE, the County's annual cost for operating the fire department will be in excess of \$3 million. Since 1997 the County has provided protection services to LANL under a pre-contract cost agreement (PCCA) directly with LANL. The County will be working with LANL to close out the old agreement during FY 2009.

D. Gross Receipts Tax Revenue Bond Issuance

Subsequent to the fiscal year end, on October 21, 2008, the County closed on the sale of The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2008. The new bonds, dated October 21, 2008, were issued in the amount of \$75,000,000 with a final maturity date of June 1, 2028. Interest on the bonds is payable semi-annually beginning June 1, 2009 at rates ranging from 3.75% to 6.00%.

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 scheduled annual maturity requirements of the 2008 GRT Bonds are as follows:

Year ending June 30	Principal	Interest	Total
2009	\$ 1,845,000	2,380,545	4,225,545
2010	3,090,000	3,821,638	6,911,638
2011	3,215,000	3,698,038	6,913,038
2012	3,345,000	3,569,438	6,914,438
2013	3,470,000	3,442,225	6,912,225
2014-2018	19,950,000	14,626,812	34,576,812
2019-2023	18,230,000	9,343,645	27,573,645
2024-2028	21,855,000	3,963,036	25,818,036
	<u>\$ 75,000,000</u>	<u>44,845,377</u>	<u>119,845,377</u>

E. Economic Development Loans

Subsequent to June 30, 2008, the County signed a loan agreement with WorldScape Inc. in the amount of \$1,490,500. No amounts have been distributed under the loan agreement. If and when distributed, the loan will bear interest at 5% and be secured with equipment and certain patents.

Subsequent to June 30, 2008 and prior to issuance of this report, \$694,945 has been distributed to Hytec, Inc under its loan agreement with the County.

(18) ECONOMIC DEPENDENCY

The County has significant economic dependence upon LANL. It is the County's largest employer, and it was estimated in an August 2004 POLICOM report "Creating a Sustainable Los Alamos" that LANL's expenditures provide, either directly or indirectly, approximately 97% of the County's economy. As of June 30, 2008, there was approximately \$4.6 million in accounts receivable related to electric utility sales to LANL. For the year ended June 30, 2008, an estimated 65-70% of GRT revenues related directly to LANL operations.

(19) ACCOUNTING STANDARD PRONOUNCEMENTS

GASB has issued Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations" which is effective for the County's fiscal year ending June 30, 2009. The County will continue throughout the next year to assess the impact of this statement, if any, on its financial statements and operations.

GASB has issued Statement No. 51 "Accounting and Financial Reporting for Intangible Assets" which is effective for the County's fiscal year ending June 30, 2010. The County foresees the requirements of this statement to be complicated and time consuming. The County will use the next year to plan for the implementation of this standard for its FY 2010

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. These also include cigarette tax revenues which provide funding for recreation programs. (7-1-6.9 NMSA 1978, 7-12-15 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/Other Grants 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)

Indigent Health Care 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; Bench Warrant funds; Community Service funds; and Alternative Sentencing funds. This special revenue fund was established by County Council.

Gross Receipts Tax Revenue Bonds Fund 230 - this debt service fund will account for amounts accumulated for repayment of gross receipts tax revenue bonds issues in FY2009. This activity was budgeted in FY2008, but the bonds were not actually issued until after June 30, 2008.

State Loans Fund 261 - this debt service fund accounts for amounts accumulated for payment of a loan from the State of New Mexico for the construction of the County's Bayo Canyon effluent water line and a loan from the New Mexico Finance Authority for 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, 2008

	<u>SPECIAL REVENUE FUNDS</u>						
	<u>STATE SHARED REVENUES</u>	<u>LODGERS' TAX</u>	<u>STATE GRANTS / OTHER</u>	<u>INDIGENT HEALTH CARE</u>	<u>OTHER SPECIAL REVENUES</u>	<u>STATE LOANS DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS							
Equity in pooled cash and investments	\$ 4,699	145,651	222,790	965,966	487,930	0	1,827,036
Investments	0	0	0	0	12,301	0	12,301
Receivables, net of allowance for uncollectibles							
Interest	0	0	0	0	346	0	346
Unbilled	0	127,202	0	0	0	0	127,202
Due from other governments	74,182	5,000	25,809	295,233	0	0	400,224
Restricted assets							
Temporarily Restricted							
Cash and cash equivalents							
Debt reserves and debt service	0	0	0	0	0	754,151	754,151
TOTAL ASSETS	\$ 78,881	277,853	248,599	1,281,199	500,577	754,151	3,121,260
LIABILITIES							
Accounts payable	\$ 0	15,404	3,138	9,827	4,460	0	32,829
Accrued salaries and benefits payable	890	0	0	0	2,593	0	3,483
Due to other governments	0	0	10,688	0	0	0	10,688
Due to other funds	25,366	0	0	0	0	1,216	26,582
TOTAL LIABILITIES	26,256	15,404	13,826	9,827	7,053	1,216	73,582
FUND BALANCE							
Reserved fund balance							
Reserved by law or contract							
Clerk records and files	0	0	0	0	76,733	0	76,733
Debt service	0	0	0	0	0	752,935	752,935
Encumbrances	0	25,566	27,380	2,685	25,251	0	80,882
Grants	0	0	207,393	0	0	0	207,393
Library operations	0	0	0	0	20,684	0	20,684
Lodgers tax-capital	0	150,553	0	0	0	0	150,553
Lodgers tax-promotion	0	86,330	0	0	0	0	86,330
Indigent health care	0	0	0	1,248,687	0	0	1,248,687
Municipal court	0	0	0	0	49,036	0	49,036
Property tax valuation	0	0	0	0	266,516	0	266,516
Recreation	359	0	0	0	55,304	0	55,663
Cash requirements	4,699	0	0	0	0	0	4,699
Unreserved fund balance							
Designated for special purposes							
Continuing appropriations	47,567	0	0	0	0	0	47,567
TOTAL FUND BALANCE	52,625	262,449	234,773	1,251,372	493,524	752,935	3,047,678
TOTAL LIABILITIES AND FUND BALANCE	\$ 78,881	277,853	248,599	1,281,199	500,577	754,151	3,121,260

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, 2008

	SPECIAL REVENUE FUNDS						TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	STATE LOANS DEBT SERVICE	
REVENUES							
Taxes							
Selective gross receipt taxes	\$ 0	257,164	0	1,697,918	0	0	1,955,082
Penalties and interest-taxes	0	13,790	0	0	0	0	13,790
	<u>0</u>	<u>270,954</u>	<u>0</u>	<u>1,697,918</u>	<u>0</u>	<u>0</u>	<u>1,968,872</u>
Intergovernmental							
State grants-fire	0	0	398,903	0	0	0	398,903
State grants-police	0	0	131,153	0	0	0	131,153
State grants-other	0	5,000	0	0	0	0	5,000
State shared revenues	550,287	0	0	0	0	0	550,287
	<u>550,287</u>	<u>5,000</u>	<u>530,056</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,085,343</u>
Fines and forfeits							
Court ordered reimbursements	0	0	8,208	0	35,102	0	43,310
Charges for services							
Clerk fee	0	0	0	0	13,643	0	13,643
Finance/treasurer fees	0	0	0	0	124,164	0	124,164
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>137,807</u>	<u>0</u>	<u>137,807</u>
Miscellaneous revenue (includes investment loss)							
Investment income	0	6,792	10,929	34,074	2,838	39,612	94,245
Donations	0	0	0	0	2,749	0	2,749
	<u>0</u>	<u>6,792</u>	<u>10,929</u>	<u>34,074</u>	<u>5,587</u>	<u>39,612</u>	<u>96,994</u>
TOTAL REVENUES	<u>550,287</u>	<u>282,746</u>	<u>549,193</u>	<u>1,731,992</u>	<u>178,496</u>	<u>39,612</u>	<u>3,332,328</u>
EXPENDITURES							
General government							
Judicial	0	0	0	0	45,598	0	45,598
County Assessor	0	0	0	0	138,441	0	138,441
County Clerk	0	0	0	0	18,361	0	18,361
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,400</u>	<u>0</u>	<u>202,400</u>
Public safety							
Fire marshal	0	0	309,965	0	0	0	309,965
Fire-E.M.S. grant	0	0	3,283	0	0	0	3,283
Police	0	0	126,225	0	0	0	126,225
	<u>0</u>	<u>0</u>	<u>439,473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>439,473</u>
Physical and economic environment							
County Administrator	0	287,220	0	0	0	0	287,220
Transportation							
Public Works	56,062	0	0	0	0	0	56,062
Health and welfare							
Administrative Services-OMB	0	0	0	1,892,186	0	0	1,892,186
Culture and recreation							
Community Services-Library	0	0	0	0	4,871	0	4,871
Community Services-Recreation	3,661	0	0	0	3,115	0	6,776
	<u>3,661</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,986</u>	<u>0</u>	<u>11,647</u>

Debt service	0	0	0	0	0	693,427	693,427
TOTAL EXPENDITURES	<u>59,723</u>	<u>287,220</u>	<u>439,473</u>	<u>1,892,186</u>	<u>210,386</u>	<u>693,427</u>	<u>3,582,415</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	490,564	(4,474)	109,720	(160,194)	(31,890)	(653,815)	(250,089)
OTHER FINANCING SOURCES (USES)							
Transfers in	0	0	0	0	0	672,627	672,627
Transfers out	(545,645)	0	0	0	0	0	(545,645)
	<u>(545,645)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>672,627</u>	<u>128,982</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(55,081)	(4,474)	109,720	(160,194)	(31,890)	18,812	(123,107)
FUND BALANCE - BEGINNING OF FISCAL YEAR							
Beginning of fiscal year	107,706	266,923	125,053	1,411,566	525,414	734,123	3,170,785
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 52,625</u>	<u>262,449</u>	<u>234,773</u>	<u>1,251,372</u>	<u>493,524</u>	<u>752,935</u>	<u>3,047,678</u>

**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, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-major street maintenance	\$ 160,000	160,000	0	(160,000)
State shared revenues	578,500	578,500	550,287	(28,213)
TOTAL REVENUES	738,500	738,500	550,287	(188,213)
EXPENDITURES AND ENCUMBRANCES				
Community Services - juvenile recreation				
Employee salaries and benefits	4,231	4,231	3,661	570
Public Works - major street maintenance				
Employee salaries and benefits	0	0	36,078	(36,078)
Outside services	0	56,388	19,984	36,404
	<u>0</u>	<u>56,388</u>	<u>56,062</u>	<u>326</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	4,231	60,619	59,723	896
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	734,269	677,881	490,564	(187,317)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Cerro Grande Fire Fund	(750,000)	(750,000)	(545,645)	204,355
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (15,731)	(72,119)	(55,081)	17,038
FUND BALANCE				
Beginning of fiscal year			107,706	
FUND BALANCE - END OF FISCAL YEAR			\$ 52,625	

See accompanying notes to financial statements

**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, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 230,000	230,000	257,164	27,164
Penalties and interest-taxes	5,000	5,000	13,790	8,790
Intergovernmental				
State grants-other	0	0	5,000	5,000
Miscellaneous revenues				
Investment income	8,000	8,000	6,792	(1,208)
TOTAL REVENUES	<u>243,000</u>	<u>243,000</u>	<u>282,746</u>	<u>39,746</u>
EXPENDITURES AND ENCUMBRANCES				
Community development				
Outside services	240,000	281,383	302,686	(21,303)
Intrafund/interfund services	10,100	10,100	10,100	0
Capital outlay	90,000	90,000	0	90,000
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>340,100</u>	<u>381,483</u>	<u>312,786</u>	<u>68,697</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (97,100)</u>	<u>(138,483)</u>	<u>(30,040)</u>	<u>108,443</u>
ADJUSTMENTS TO GAAP				
Encumbrances			25,566	
GAAP BASIS			<u>(4,474)</u>	
FUND BALANCE				
Beginning of fiscal year			266,923	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 262,449</u>	

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

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	\$ 405,200	398,903	398,903	0
State grants-police	158,792	149,377	131,153	(18,224)
Fines and forfeits				
Court ordered reimbursements	0	0	8,208	8,208
Miscellaneous revenues				
Investment income	20,200	20,200	10,929	(9,271)
TOTAL REVENUES	<u>584,192</u>	<u>568,480</u>	<u>549,193</u>	<u>(19,287)</u>
EXPENDITURES AND ENCUMBRANCES				
Fire				
Grants and contracts				
Fire - fire marshal grant	392,000	481,764	316,867	164,897
Fire - emergency medical services grant	13,200	13,577	13,561	16
	<u>405,200</u>	<u>495,341</u>	<u>330,428</u>	<u>164,913</u>
Police				
Grants and contracts				
Police - law enforcement protection grant	40,000	40,400	36,825	3,575
Police - DWI local grant	118,762	108,977	99,600	9,377
Police - Seizure/Forfeiture	0	670	0	670
	<u>158,762</u>	<u>150,047</u>	<u>136,425</u>	<u>13,622</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>563,962</u>	<u>645,388</u>	<u>466,853</u>	<u>178,535</u>

**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENDITURES AND OTHER USES**

\$ 20,230 (76,908) 82,340 159,248

ADJUSTMENTS TO GAAP

Encumbrances

27,380

GAAP BASIS

109,720

FUND BALANCE

Beginning of fiscal year

125,053

FUND BALANCE - END OF FISCAL YEAR

\$ 234,773



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

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
General gross receipts taxes	\$ 1,847,560	1,847,560	1,697,918	(149,642)
Miscellaneous revenues				
Investment income	37,800	37,800	34,074	(3,726)
TOTAL REVENUES	<u>1,885,360</u>	<u>1,885,360</u>	<u>1,731,992</u>	<u>(153,368)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Outside services	2,133,500	2,133,500	1,842,703	290,797
Materials and supplies	5,000	5,000	2,768	2,232
Intrafund/interfund services	49,400	49,400	49,400	0
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>2,187,900</u>	<u>2,187,900</u>	<u>1,894,871</u>	<u>293,029</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(302,540)</u>	<u>(302,540)</u>	<u>(162,879)</u>	<u>139,661</u>
ADJUSTMENTS TO GAAP				
Encumbrances			2,685	
GAAP BASIS			<u>(160,194)</u>	
FUND BALANCE				
Beginning of fiscal year			1,411,566	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 1,251,372</u>	

**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, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Court fees	\$ 40,000	40,000	35,102	(4,898)
Clerk fee	25,000	25,000	13,643	(11,357)
Finance/treasurer fees	120,000	120,000	124,164	4,164
	<u>185,000</u>	<u>185,000</u>	<u>172,909</u>	<u>(12,091)</u>
Miscellaneous revenues				
Investment income	3,400	3,400	2,838	(562)
Donations	2,000	2,000	2,749	749
	<u>5,400</u>	<u>5,400</u>	<u>5,587</u>	<u>187</u>
TOTAL REVENUES	190,400	190,400	178,496	(11,904)
EXPENDITURES AND ENCUMBRANCES				
Municipal Judge				
Bench Warrant	19,814	19,814	11,409	8,405
Community Service	25,000	25,000	22,071	2,929
Alternative Sentencing	25,000	25,000	14,487	10,513
County Assessor				
Property tax valuation	192,176	194,232	138,441	55,791
County Clerk				
Recording and equipment	45,000	45,000	41,243	3,757
Community services				
Aquatic center gift	3,000	3,000	3,115	(115)
Library gift	3,200	5,066	4,871	195
TOTAL EXPENDITURES AND ENCUMBRANCES	313,190	317,112	235,637	81,475
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(122,790)	(126,712)	(57,141)	69,571

OTHER FINANCING SOURCES (USES)Transfers in from:
General Fund15,00015,0000(15,000)**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENDITURES AND OTHER USES**\$ (107,790)(111,712)(57,141)54,571**ADJUSTMENTS TO GAAP**

Encumbrances

25,251**GAAP BASIS**(31,890)**FUND BALANCE**

Beginning of fiscal year

525,414**FUND BALANCE - END OF FISCAL YEAR**\$ 493,524

**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, 2008

Please note this activity was budgeted in FY2008, but there was no actual activity. Bonds were not issued until October 2008.

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
General gross receipts taxes	\$ 5,542,680	5,542,680	0	(5,542,680)
EXPENDITURES AND ENCUMBRANCES				
General Services - O.M.B.				
Principal and interest payments	6,447,560	6,447,560	0	6,447,560
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(904,880)	(904,880)	0	904,880
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	904,880	904,880	0	(904,880)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	0	0	0
FUND BALANCE				
Beginning of fiscal year			0	
FUND BALANCE - END OF FISCAL YEAR			\$ 0	

**INCORPORATED COUNTY OF LOS ALAMOS
STATE LOANS FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 29,600	29,600	39,612	10,012
EXPENDITURES AND ENCUMBRANCES				
General Services - O.M.B.				
Principal and interest payments	693,427	693,427	693,427	0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(663,827)	(663,827)	(653,815)	10,012
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	672,627	672,627	672,627	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 8,800	8,800	18,812	10,012
FUND BALANCE				
Beginning of fiscal year			734,123	
FUND BALANCE - END OF FISCAL YEAR			\$ 752,935	

**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, 2008**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 1,550,000	1,550,000	(963,485)	(2,513,485)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	<u>(813,630)</u>	<u>(813,630)</u>	<u>(471,213)</u>	<u>342,417</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 736,370</u>	<u>736,370</u>	<u>(1,434,698)</u>	<u>(2,171,068)</u>
FUND BALANCE				
Beginning of fiscal year			<u>21,276,239</u>	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 19,841,541</u>	

INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS
 Fiscal Year Ended June 30, 2008

PROJECT	PROJECT-LENGTH BUDGET APPROPRIATIONS	EXPENDED IN PRIOR YEARS	EXPENDED IN CURRENT YEAR	EXPENDED THROUGH June 30, 2008	UNEXPENDED AS OF June 30, 2008	ENCUMBRANCES AS OF June 30, 2008	REMAINING BALANCE AS OF June 30, 2008
CIP FUND - MAJOR PROJECTS							
Major Network Upgrades	\$ 1,321,163	0	0	0	1,321,163	304,777	1,016,386
Airport Basin Site	65,389,367	2,250,883	1,276,413	3,527,296	61,862,071	17,901,094	43,960,977
Municipal Building Replacement	15,802,875	382,507	574,739	957,246	14,845,629	1,066,607	13,779,022
Jail/Courts Replace and Improvements	11,880,000	107,159	326,709	433,868	11,446,132	200,000	11,246,132
New Fire Station #3 - White Rock	262,178	0	0	0	262,178	19,932	242,246
Municipal Building Demolition (residual)	652,198	0	0	0	652,198	513,398	138,800
Street C. I. P. (residual)	196,725	0	0	0	196,725	117,084	79,641
Canyon Rim Trail	150,000	0	0	0	150,000	0	150,000
West Jemez Bypass Road	11,940,000	356,098	821,856	1,177,954	10,762,046	167,199	10,594,847
DP Road Intersection	870,625	0	0	0	870,625	0	870,625
Grand Canyon Drive (residual)	117,088	0	0	0	117,088	0	117,088
Diamond Drive Phase 2	6,015,106	0	1,920,666	1,920,666	4,094,440	3,625,629	468,811
Central Avenue Streetscape	1,117,000	0	0	0	1,117,000	0	1,117,000
Public Health Office (residual)	16,748	0	0	0	16,748	0	16,748
Public Art (continuing)	928,392	6,669	19,275	25,944	902,448	74,420	828,028
Library Landscape (residual)	131,738	0	0	0	131,738	0	131,738
Los Alamos Skate Park	500,275	0	21,147	21,147	479,128	479,128	0
	<u>117,291,478</u>	<u>3,103,316</u>	<u>4,960,805</u>	<u>8,064,121</u>	<u>109,227,357</u>	<u>24,469,268</u>	<u>84,758,089</u>
CIP FUND - SMALL PROJECTS							
Leisure Pool - Aquatic Center	144,201	17,803	0	17,803	126,398	0	126,398
CIP FUND - MAJOR FACILITIES							
	2,029,397	1,074	15,123	16,197	2,013,200	148,058	1,865,142
CIP FUND - MAJOR PARKS							
	97,154	0	0	0	97,154	0	97,154
	<u>2,126,551</u>	<u>1,074</u>	<u>15,123</u>	<u>16,197</u>	<u>2,110,354</u>	<u>148,058</u>	<u>1,962,296</u>
TOTAL CAPITAL PROJECTS	<u>119,562,230</u>	<u>3,122,193</u>	<u>4,975,928</u>	<u>8,098,121</u>	<u>111,464,109</u>	<u>24,617,326</u>	<u>86,846,783</u>
PROJECTS COMPLETED IN FY 2008							
Major Network Upgrades	96,651	0	96,651	96,651	0	0	0
New Fire Station #3 - White Rock	11,372,002	10,197,653	1,174,349	11,372,002	0	0	0
White Rock Utility Improvements	1,741,515	1,404,406	39,849	1,444,255	297,260	0	297,260
Municipal Building Demolition (done to date)	466,595	0	466,595	466,595	0	0	0
Transit Master Plan	285,101	205,881	8,463	214,344	70,757	0	70,757
Street C. I. P. (done to date)	344,861	13,645	331,216	344,861	0	0	0
Grand Canyon Drive (done to date)	2,463,915	0	2,463,915	2,463,915	0	0	0
Public Health Office (leasehold improvements)	130,000	0	130,000	130,000	0	0	0
Public Art (continuing)	80,658	35,958	44,700	80,658	0	0	0
Ice Rink Improvements (residual)	185	185	0	185	0	0	0
Library Walls and Landscape	550,462	550,408	54	550,462	0	0	0
CIP Fund - Major Facilities	601,338	261,043	340,295	601,338	0	0	0
CIP Fund - Major Parks	48,862	0	48,862	48,862	0	0	0
TOTAL PROJECTS COMPLETED IN FY 2008	<u>18,182,145</u>	<u>12,669,179</u>	<u>5,144,949</u>	<u>17,814,128</u>	<u>368,017</u>	<u>0</u>	<u>368,017</u>
TOTAL	<u>\$ 137,744,375</u>	<u>15,791,372</u>	<u>10,120,877</u>	<u>25,912,249</u>	<u>111,832,126</u>	<u>24,617,326</u>	<u>87,214,800</u>
Bad debt expense			147,329				
Statement of Revenues, Expenditures, and Changes in Fund Balance - Total Expenditures			\$ 10,268,206				



Bridge over Los Alamos Canyon

Joint Utility System Subfunds

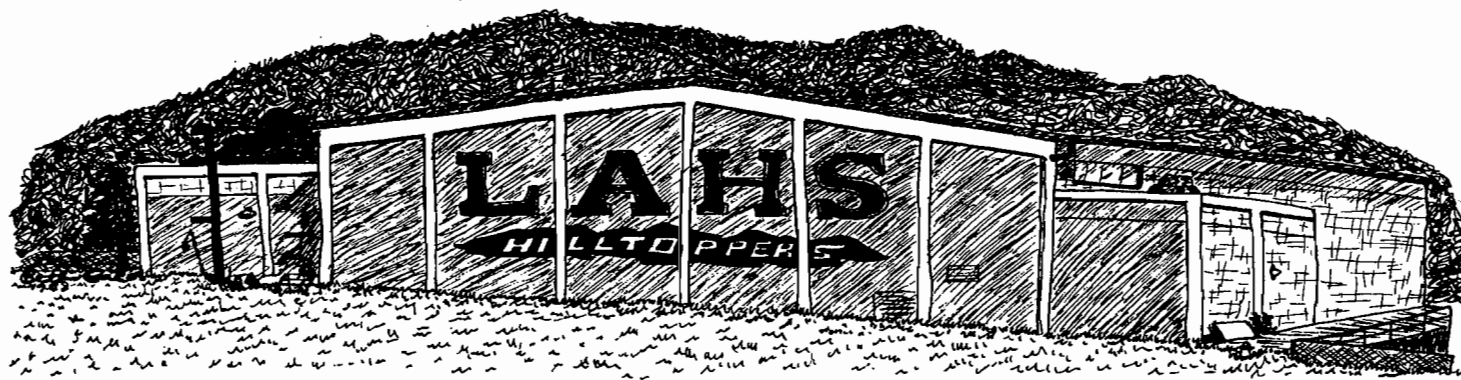
The Joint Utility System is presented as a major fund. This section provides combining schedules for the individual utility subfunds and industry format financial schedules.

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.



Los Alamos High School

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF NET ASSETS
June 30, 2008

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
ASSETS					
CURRENT ASSETS					
Equity in pooled cash and investments	\$ (3,960,544)	3,490,636	13,237,498	1,212,233	13,979,823
Investments	617,432	308,716	617,432	0	1,543,580
Receivables, net of allowance for uncollectibles					
Accounts	5,663,911	292,431	371,023	287,534	6,614,899
Interest	23,786	11,893	23,786	0	59,465
Unbilled	419,172	176,191	292,446	177,154	1,064,963
Due from other governments	48,987	0	0	0	48,987
Due from other funds	0	0	25,366	0	25,366
Inventories and prepayments					
Inventories	93,651	43,952	164,402	26,701	328,706
Power plant inventories	667,925	0	0	0	667,925
Prepayments	118,045	0	79,515	0	197,560
	<u>3,692,365</u>	<u>4,323,819</u>	<u>14,811,468</u>	<u>1,703,622</u>	<u>24,531,274</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	20,293	0	0	0	20,293
Operations and maintenance	3,073,968	0	0	0	3,073,968
Capital projects	907,984	0	0	0	907,984
Investments					
Debt reserves and debt service	8,289,965	0	0	0	8,289,965
Operations and maintenance	12,251,690	444,760	33,302	460,644	13,190,396
Accrued interest	387,773	2,825	211	2,925	393,734
	<u>24,931,673</u>	<u>447,585</u>	<u>33,513</u>	<u>463,569</u>	<u>25,876,340</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	2,959,328	2,959,328
Utility plant in service	121,588,541	8,133,476	64,088,609	33,837,924	227,648,550
Machinery and equipment	2,887,073	214,692	860,743	212,026	4,174,534
Less accumulated depreciation	(61,747,387)	(2,623,428)	(11,499,176)	(5,212,490)	(81,082,481)
Construction in progress	4,992,246	279,068	1,449,856	549,794	7,270,964
	<u>67,720,473</u>	<u>6,003,808</u>	<u>54,900,032</u>	<u>32,346,582</u>	<u>160,970,895</u>
DEFERRED CHARGES AND OTHER ASSETS					
Bond issuance costs, net of amortization	998,235	0	0	0	998,235
TOTAL ASSETS	<u>97,342,746</u>	<u>10,775,212</u>	<u>69,745,013</u>	<u>34,513,773</u>	<u>212,376,744</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	1,253,433	275,308	277,460	177,229	1,983,430
Accrued salaries including benefits payable	84,369	9,848	36,847	37,404	168,468
Accrued compensated absences	185,388	76,015	34,943	32,335	328,681
Contractors retentions payable	0	0	2,040	0	2,040
Customer deposits payable	71,609	35,771	31,222	0	138,602
Due to other governments	41,555	21,278	18,485	14,609	95,927
	<u>1,636,354</u>	<u>418,220</u>	<u>400,997</u>	<u>261,577</u>	<u>2,717,148</u>

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	6,270,000	0	0	0	6,270,000
Contracts and intergovernmental debt payable	0	0	6,334	0	6,334
Contractors retentions payable	24,796	0	0	0	24,796
Interest payable on debt	1,535,314	0	0	510,879	2,046,193
	<u>7,830,110</u>	<u>0</u>	<u>6,334</u>	<u>510,879</u>	<u>8,347,323</u>

NON-CURRENT LIABILITIES

Revenue bonds payable	53,244,641	0	0	0	53,244,641
Special closure costs	2,681,175	0	0	0	2,681,175
Accrued compensated absences	90,816	39,836	30,684	9,365	170,701
Contracts and intergovernmental debt payable	0	0	58,746	12,281,495	12,340,241
	<u>56,016,632</u>	<u>39,836</u>	<u>89,430</u>	<u>12,290,860</u>	<u>68,436,758</u>

TOTAL LIABILITIES

	<u>65,483,096</u>	<u>458,056</u>	<u>496,761</u>	<u>13,063,316</u>	<u>79,501,229</u>
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NET ASSETS

Invested in capital assets, net of related debt	10,112,051	6,003,808	54,900,032	19,554,208	90,570,099
Restricted assets for, net of related liabilities:					
Debt service	20,889,859	0	0	0	20,889,859
Unrestricted	857,740	4,313,348	14,348,220	1,896,249	21,415,557
TOTAL NET ASSETS	<u>\$ 31,859,650</u>	<u>10,317,156</u>	<u>69,248,252</u>	<u>21,450,457</u>	<u>132,875,515</u>



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

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended June 30, 2008

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 42,444,223	8,754,972	4,758,917	3,314,640	59,272,752
Rentals	22,262	0	0	0	22,262
Miscellaneous operating revenue	54,845	81,763	22,356	19,400	178,364
	<u>42,521,330</u>	<u>8,836,735</u>	<u>4,781,273</u>	<u>3,334,040</u>	<u>59,473,378</u>
OPERATING EXPENSES					
Employee salaries and benefits	3,222,332	340,191	1,234,738	1,101,737	5,898,998
Contractual services	27,584,414	7,786,274	2,429,148	866,203	38,666,039
Materials and supplies	316,494	57,821	112,372	227,030	713,717
Depreciation and amortization	5,704,850	235,770	1,629,423	480,323	8,050,366
Special closure costs	267,915	0	0	0	267,915
	<u>37,096,005</u>	<u>8,420,056</u>	<u>5,405,681</u>	<u>2,675,293</u>	<u>53,597,035</u>
OPERATING INCOME (LOSS)	5,425,325	416,679	(624,408)	658,747	5,876,343
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental - grants	0	0	36,934	25,944	62,878
Gain (loss) on disposition of capital assets	(5,251,275)	(22,421)	(31,375)	(226,301)	(5,531,372)
Investment income	1,353,835	151,014	505,348	28,298	2,038,495
Interest on long-term debt	(2,900,956)	0	0	0	(2,900,956)
Inventory adjustment	(4,875)	(728)	(5,860)	(954)	(12,417)
	<u>(6,803,271)</u>	<u>127,865</u>	<u>505,047</u>	<u>(173,013)</u>	<u>(6,343,372)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(1,377,946)	544,544	(119,361)	485,734	(467,029)
TRANSFERS AND CONTRIBUTIONS					
Transfers in	21,101	0	437,272	500,000	958,373
Transfers out	(414,925)	(420,184)	0	(437,272)	(1,272,381)
Contributed capital assets- governmental activities	600,819	73,792	1,702,834	481,906	2,859,351
	<u>186,995</u>	<u>(346,392)</u>	<u>1,702,834</u>	<u>544,634</u>	<u>1,088,071</u>
NET INCOME (LOSS)	(1,170,951)	198,152	2,020,745	1,030,368	2,078,314
NET ASSETS					
Beginning of fiscal year	33,030,601	10,119,004	67,227,507	20,420,089	130,797,201
NET ASSETS - END OF FISCAL YEAR	\$ 31,859,650	10,317,156	69,248,252	21,450,457	132,875,515

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

COMBINING SCHEDULE OF CASH FLOWS
Year ended June 30, 2008

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
CASH FLOWS - OPERATING ACTIVITIES					
Cash received from customers and users	\$ 39,819,208	8,812,322	4,612,362	3,145,581	56,389,473
Cash paid to suppliers for goods and services	(29,147,784)	(7,777,717)	(2,316,014)	(1,597,940)	(40,839,455)
Cash paid to employees	(3,250,333)	(352,222)	(1,234,653)	(1,091,478)	(5,928,686)
Taxes received from customers and users	616,585	581,508	232,196	163,617	1,593,906
Taxes remitted to State (from customers and users)	(617,223)	(584,251)	(235,995)	(159,262)	(1,596,731)
NET CASH FLOWS - OPERATING ACTIVITIES	7,420,453	679,640	1,057,896	460,518	9,618,507
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Cash received from grants	0	0	36,934	585,720	622,654
Transfers to other funds	(414,925)	(420,184)	0	0	(835,109)
Transfers from other funds	21,101	0	0	500,000	521,101
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(393,824)	(420,184)	36,934	1,085,720	308,646
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds received from loans	0	0	65,080	2,485,620	2,550,700
Principal repaid	(5,865,000)	0	0	0	(5,865,000)
Interest and other debt service paid	(3,191,427)	0	0	0	(3,191,427)
Cash paid for acquisition of capital assets	(6,926,243)	(391,793)	(1,604,481)	(2,574,157)	(11,496,674)
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(15,982,670)	(391,793)	(1,539,401)	(88,537)	(18,002,401)
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	11,268,178	713,031	614,680	436,522	13,032,411
Interest received on investments	1,364,261	154,793	508,301	30,777	2,058,132
Purchase of investment securities	(12,307,730)	(753,476)	(650,734)	(460,644)	(14,172,584)
NET CASH FLOWS - INVESTING ACTIVITIES	324,709	114,348	472,247	6,655	917,959
NET INCREASE (DECREASE) IN CASH	(8,631,332)	(17,989)	27,676	1,464,356	(7,157,289)
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	8,673,033	3,508,625	13,209,822	(252,123)	25,139,357
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 41,701	3,490,636	13,237,498	1,212,233	17,982,068

(Electric Sub-fund cash balance is shown in Equity in Pooled Cash and Investments and restricted cash on the Joint Utility System Subfunds Combining Schedule of Net Assets)

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES

OPERATING INCOME(LOSS)	\$	5,425,325	416,679	(624,408)	658,747	5,876,343
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES						
Depreciation and amortization expense		5,704,850	235,770	1,629,423	480,323	8,050,366
Amortization of special closure costs		267,915	0	0	0	267,915
Provision for uncollectible accounts receivable		0	(60,709)	(13,856)	(9,411)	(83,976)
Change in assets and liabilities:						
Accounts and other receivables		(2,680,567)	34,188	(149,921)	(179,048)	(2,975,348)
Inventories		(57,785)	1,299	(31,178)	(2,881)	(90,545)
Prepayments and other		3,355	0	25,110	0	28,465
Accounts and retentions payable		(1,192,449)	65,079	231,574	(501,826)	(1,397,622)
Salaries and benefits payable		(28,001)	(12,031)	85	10,259	(29,688)
Taxes payable		(638)	(2,743)	(3,799)	4,355	(2,825)
Other current liabilities		(21,552)	2,108	(5,134)	0	(24,578)
Total adjustments		<u>1,995,128</u>	<u>262,961</u>	<u>1,682,304</u>	<u>(198,229)</u>	<u>3,742,164</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$	<u>7,420,453</u>	<u>679,640</u>	<u>1,057,896</u>	<u>460,518</u>	<u>9,618,507</u>

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Contributed capital assets - governmental activities	\$	600,819	73,792	1,702,834	481,906	2,859,351
Assets transferred - between joint utility funds		0	0	437,272	(437,272)	0
Fair value adjustment for investments		42,383	0	0	0	42,383
TOTAL NON CASH CAPITAL ACQUISITIONS	\$	<u>643,202</u>	<u>73,792</u>	<u>2,140,106</u>	<u>44,634</u>	<u>2,901,734</u>

INCORPORATED COUNTY OF LOS ALAMOS
ELECTRIC SUBFUND

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Residential	\$ 11,297,107	11,297,107	5,346,566	(5,950,541)
Commercial and industrial	0	0	3,506,293	3,506,293
Public street and highway lighting	0	0	58,060	58,060
Municipal	0	0	1,273,241	1,273,241
Educational	0	0	341,237	341,237
Wholesale	30,514,112	31,314,112	31,496,210	182,098
Rent from utility properties	0	0	22,262	22,262
Miscellaneous services	100,000	100,000	412,354	312,354
	<u>41,911,219</u>	<u>42,711,219</u>	<u>42,456,223</u>	<u>(254,996)</u>
Miscellaneous revenues				
Interest income	1,060,792	1,060,792	1,353,835	293,043
Interest charges-delinquent accounts	0	0	24,048	24,048
	<u>1,060,792</u>	<u>1,060,792</u>	<u>1,377,883</u>	<u>317,091</u>
TOTAL REVENUES	<u>42,972,011</u>	<u>43,772,011</u>	<u>43,834,106</u>	<u>62,095</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric production				
Employee salaries and benefits	613,397	613,397	730,309	(116,912)
Outside services	29,172,665	35,193,327	33,265,818	1,927,509
Materials and supplies	46,112	47,963	47,245	718
Intrafund/interfund services	734,055	737,951	572,622	165,329
Capital outlay	36,275	36,275	94,364	(58,089)
Debt and fiscal charges	8,812,033	8,812,033	8,229,514	582,519
	<u>39,414,537</u>	<u>45,440,946</u>	<u>42,939,872</u>	<u>2,501,074</u>
Electric distribution				
Employee salaries and benefits	907,369	907,369	923,086	(15,717)
Outside services	1,204,334	1,815,491	1,480,295	335,196
Materials and supplies	151,851	152,864	583,705	(430,841)

Intrafund/interfund services	1,120,802	1,125,957	1,076,523	49,434
Capital outlay	260,500	260,500	13,517	246,983
Debt and fiscal charges	528,594	528,594	536,442	(7,848)
	<u>4,173,450</u>	<u>4,790,775</u>	<u>4,613,568</u>	<u>177,207</u>
General and administrative				
Employee salaries and benefits	2,278,697	2,278,697	1,813,055	465,642
Outside services	914,666	1,246,567	596,919	649,648
Materials and supplies	60,557	61,264	96,266	(35,002)
Intrafund/interfund services	(3,270,220)	(3,265,969)	(2,479,257)	(786,712)
Capital outlay	16,300	16,300	0	16,300
	<u>0</u>	<u>336,859</u>	<u>26,983</u>	<u>309,876</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>43,587,987</u>	<u>50,568,580</u>	<u>47,580,423</u>	<u>2,988,157</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(615,976)	(6,796,569)	(3,746,317)	3,050,252
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	21,101	21,101	0
Transfers out to:				
General Fund	(400,000)	(400,000)	(414,925)	(14,925)
Proceeds from revenue bonds				
Debt proceeds	0	5,200,000	0	(5,200,000)
	<u>(400,000)</u>	<u>4,821,101</u>	<u>(393,824)</u>	<u>(5,214,925)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (1,015,976)</u>	<u>(1,975,468)</u>	<u>(4,140,141)</u>	<u>(2,164,673)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			807,793	
Changes in compensated absences			15,682	
Bad debt adjustment			41,059	
Depreciation and amortization			(5,704,850)	
Adjustments to inventory			(4,875)	
Special closure costs			(267,915)	
Gain(loss) on disposition of fixed assets			(5,251,275)	
Contributed capital assets - governmental activities			600,819	
Capital outlay capitalized			107,881	
Capital projects capitalized (budgeted by line item)			6,759,871	
Principal on debt service			5,865,000	
			<u>2,969,190</u>	
GAAP BASIS			<u>(1,170,951)</u>	
NET ASSETS				
Beginning of fiscal year			33,030,601	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 31,859,650</u>	

INCORPORATED COUNTY OF LOS ALAMOS
GAS SUBFUND

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Residential	\$ 9,206,219	9,206,219	6,634,477	(2,571,742)
Commercial and industrial	0	0	1,412,365	1,412,365
Municipal	0	0	378,729	378,729
Educational	0	0	305,086	305,086
Miscellaneous services	30,000	30,000	24,315	(5,685)
	<u>9,236,219</u>	<u>9,236,219</u>	<u>8,754,972</u>	<u>(481,247)</u>
Miscellaneous revenues				
Interest income	130,000	130,000	151,014	21,014
Interest charges-delinquent accounts	0	0	21,054	21,054
	<u>130,000</u>	<u>130,000</u>	<u>172,068</u>	<u>42,068</u>
TOTAL REVENUES	<u>9,366,219</u>	<u>9,366,219</u>	<u>8,927,040</u>	<u>(439,179)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Gas				
Employee salaries and benefits	442,167	442,167	397,399	44,768
Outside services	8,588,696	8,602,151	7,605,624	996,527
Materials and supplies	93,000	96,356	78,053	18,303
Intrafund/interfund services	986,339	1,002,787	823,160	179,627
Capital outlay	27,000	27,000	25,000	2,000
TOTAL EXPENSES AND ENCUMBRANCES	<u>10,137,202</u>	<u>10,170,461</u>	<u>8,929,236</u>	<u>1,241,225</u>

EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(770,983)	(804,242)	(2,196)	802,046
OTHER FINANCING SOURCES (USES)				
Transfer out to:				
General Fund	<u>(400,000)</u>	<u>(400,000)</u>	<u>(420,184)</u>	<u>(20,184)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (1,170,983)</u>	<u>(1,204,242)</u>	<u>(422,380)</u>	<u>781,862</u>
ADJUSTMENTS TO GAAP				
Encumbrances			362,621	
Changes in compensated absenses			9,211	
Bad debt adjustment			60,709	
Depreciation and amortization			(235,770)	
Adjustments to inventory			(728)	
Gain(loss) on disposition of capital assets			(22,421)	
Contributed capital assets - governmental activities			73,792	
Capital projects capitalized (budgeted by line item)			373,118	
			<u>620,532</u>	
			<u>198,152</u>	
GAAP BASIS				
NET ASSETS				
Beginning of fiscal year			10,119,004	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 10,317,156</u>	

INCORPORATED COUNTY OF LOS ALAMOS
WATER SUBFUND

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-other	\$ 0	900,000	36,934	(863,066)
Charges for services				
Residential	3,927,975	3,927,975	2,948,789	(979,186)
Commercial and industrial	0	0	453,342	453,342
Municipal	0	0	371,081	371,081
Educational	0	0	135,963	135,963
Wholesale	916,993	916,993	806,247	(110,746)
Miscellaneous services	60,000	60,000	43,495	(16,505)
	<u>4,904,968</u>	<u>4,904,968</u>	<u>4,758,917</u>	<u>(146,051)</u>
Miscellaneous revenues				
Interest income	530,000	530,000	505,348	(24,652)
Interest charges-delinquent accounts	0	0	8,500	8,500
	<u>530,000</u>	<u>530,000</u>	<u>513,848</u>	<u>(16,152)</u>
TOTAL REVENUES	<u>5,434,968</u>	<u>6,334,968</u>	<u>5,309,699</u>	<u>(1,025,269)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Water distribution				
Employee salaries and benefits	501,760	501,760	637,408	(135,648)
Outside services	2,197,854	3,288,097	1,306,271	1,981,826
Materials and supplies	90,300	91,967	212,053	(120,086)
Intrafund/interfund services	600,113	609,384	587,883	21,501
Capital outlay	29,000	34,231	30,289	3,942
	<u>3,419,027</u>	<u>4,525,439</u>	<u>2,773,904</u>	<u>1,751,535</u>
Water production				
Employee salaries and benefits	853,048	853,048	850,736	2,312
Outside services	3,009,794	3,181,316	919,524	2,261,792
Materials and supplies	250,103	252,397	117,583	134,814
Intrafund/interfund services	1,288,058	1,290,842	1,355,314	(64,472)
Capital outlay	101,050	101,050	108,123	(7,073)
	<u>5,502,053</u>	<u>5,678,653</u>	<u>3,351,280</u>	<u>2,327,373</u>

TOTAL EXPENSES AND ENCUMBRANCES	<u>8,921,080</u>	<u>10,204,092</u>	<u>6,125,184</u>	<u>4,078,908</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt				
Intergovernmental loans	<u>0</u>	<u>0</u>	<u>65,080</u>	<u>65,080</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (3,486,112)</u>	<u>(3,869,124)</u>	<u>(750,405)</u>	<u>3,118,719</u>
ADJUSTMENTS TO GAAP				
Encumbrances			752,343	
Changes in compensated absences			8,948	
Bad debt adjustment			13,856	
Depreciation and amortization			(1,629,423)	
Adjustments to inventory			(5,860)	
Gain(loss) on disposition of fixed assets			(31,375)	
Proceeds from intergovernmental loans			(65,080)	
Assets transferred - proprietary funds			437,272	
Contributed capital assets - governmental activities			1,702,834	
Capital outlay capitalized			113,353	
Capital projects capitalized (budgeted by line item)			<u>1,474,282</u>	
			<u>2,771,150</u>	
GAAP BASIS			<u>2,020,745</u>	
NET ASSETS				
Beginning of fiscal year			<u>67,227,507</u>	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 69,248,252</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
WASTEWATER SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-other	\$ 0	25,944	25,944	0
Charges for services				
Wastewater collection	3,315,247	3,315,247	3,311,657	(3,590)
Non-potable water	65,000	65,000	0	(65,000)
Miscellaneous services	6,000	6,000	2,983	(3,017)
	<u>3,386,247</u>	<u>3,386,247</u>	<u>3,314,640</u>	<u>(71,607)</u>
Miscellaneous revenues				
Interest income	25,000	25,000	28,298	3,298
Interest charges-delinquent accounts	0	0	8,621	8,621
Other	0	0	1,367	1,367
	<u>25,000</u>	<u>25,000</u>	<u>38,286</u>	<u>13,286</u>
TOTAL REVENUES	<u>3,411,247</u>	<u>3,437,191</u>	<u>3,378,870</u>	<u>(58,321)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Wastewater				
Employee salaries and benefits	1,189,790	1,189,790	1,135,886	53,904
Outside services	931,401	3,002,712	1,886,780	1,115,932
Materials and supplies	224,675	249,824	234,506	15,318
Intrafund/interfund services	1,327,046	1,331,846	939,271	392,575
Capital outlay	58,050	63,632	7,198	56,434
Debt and fiscal charges	772,586	772,586	0	772,586
	<u>4,503,548</u>	<u>6,610,390</u>	<u>4,203,641</u>	<u>2,406,749</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,503,548</u>	<u>6,610,390</u>	<u>4,203,641</u>	<u>2,406,749</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(1,092,301)</u>	<u>(3,173,199)</u>	<u>(824,771)</u>	<u>2,348,428</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Cerro Grande Fire Fund	500,000	500,000	500,000	0
Proceeds from long-term debt				
Intergovernmental loans	0	65,080	2,485,620	2,420,540
	<u>0</u>	<u>65,080</u>	<u>2,485,620</u>	<u>2,420,540</u>

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$	<u>(592,301)</u>	<u>(2,608,119)</u>	2,160,849	<u>4,768,968</u>
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ADJUSTMENTS TO GAAP

Encumbrances	225,362
Changes in compensated absences	771
Bad debt adjustment	9,411
Depreciation and amortization	(480,323)
Adjustments to inventory	(954)
Gain(loss) on disposition of fixed assets	(226,301)
Proceeds from intergovernmental loans	(2,485,620)
Assets transferred - proprietary funds	(437,272)
Contributed capital assets - governmental activities	481,906
Capital projects capitalized (budgeted by line item)	1,782,539
	<u>(1,130,481)</u>
	<u>1,030,368</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year	20,420,089
NET ASSETS - END OF FISCAL YEAR	\$ <u><u>21,450,457</u></u>



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:

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

Golf Course Fund 623 - accounts for the operation and maintenance of the County-owned golf course.

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

Fire - LANL Contract Fund 661 - accounts for fire protection services provided under contract with Los Alamos National Laboratory.

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



Bridge over Los Alamos Canyon

**INCORPORATED COUNTY OF LOS ALAMOS
REFUSE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 928,720	928,720	853,537	(75,183)
Intergovernmental				
State grants-other	0	84,494	7,542	(76,952)
Charges for services				
Sales of food or merchandise	11,187	11,187	12,653	1,466
Residential	1,491,930	1,491,930	1,567,114	75,184
Commercial and industrial	560,000	560,000	629,383	69,383
Other charges for services	850,000	850,000	865,013	15,013
	<u>2,913,117</u>	<u>2,913,117</u>	<u>3,074,163</u>	<u>161,046</u>
Miscellaneous revenues				
Interest income	180,000	180,000	369,691	189,691
Interest charges-delinquent accounts	0	0	7,181	7,181
Other	25,000	25,000	37,801	12,801
	<u>205,000</u>	<u>205,000</u>	<u>414,673</u>	<u>209,673</u>
TOTAL REVENUES	<u>4,046,837</u>	<u>4,131,331</u>	<u>4,349,915</u>	<u>218,584</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Refuse/landfill operations				
Employee salaries and benefits	1,163,836	1,163,836	1,119,748	44,088
Outside services	338,506	9,020,181	9,185,318	(165,137)
Materials and supplies	226,930	560,919	521,876	39,043
Intrafund/interfund services	1,132,889	1,161,516	1,178,994	(17,478)
Capital outlay	137,000	43,150	29,491	13,659
Debt and fiscal charges	361,356	361,356	296,672	64,684
	<u>3,360,517</u>	<u>12,310,958</u>	<u>12,332,099</u>	<u>(21,141)</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,360,517</u>	<u>12,310,958</u>	<u>12,332,099</u>	<u>(21,141)</u>

**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENSES AND OTHER USES**

\$ 686,320 (8,179,627) (7,982,184) 197,443

ADJUSTMENTS TO GAAP

Encumbrances	4,376,913
Changes in compensated absences	14,739
Bad debt adjustment	31,603
Depreciation and amortization	(21,497)
Special closure costs	248,250
Capital outlay capitalized	5,060
Capital projects capitalized (budgeted by line item)	4,405,937
Assets transferred from (to) other funds	(5,060)
Principal on debt service	120,963

9,176,908
1,194,724

GAAP BASIS

NET ASSETS

Beginning of fiscal year 3,873,732

NET ASSETS - END OF FISCAL YEAR \$ 5,068,456

**INCORPORATED COUNTY OF LOS ALAMOS
GOLF COURSE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Sales of food or merchandise	\$ 175,100	175,100	146,682	(28,418)
Daily fees/passes	0	0	172,852	172,852
Annual passes	0	0	97,816	97,816
Monthly passes	0	0	26,940	26,940
Punch passes	0	0	44,480	44,480
Recreation fees	450,950	450,950	51,593	(399,357)
Other fees	0	0	1,229	1,229
	<u>626,050</u>	<u>626,050</u>	<u>541,592</u>	<u>(84,458)</u>
Miscellaneous revenues				
Interest income	2,000	2,000	11,725	9,725
Buildings rental	0	0	15,050	15,050
Concessions rental	112,000	112,000	2,269	(109,731)
Miscellaneous rental	0	0	102,915	102,915
	<u>114,000</u>	<u>114,000</u>	<u>131,959</u>	<u>17,959</u>
TOTAL REVENUES	<u>740,050</u>	<u>740,050</u>	<u>673,551</u>	<u>(66,499)</u>
EXPENSES AND ENCUMBRANCES				
Parks and Recreation				
Parks				
Employee salaries and benefits	553,925	553,925	544,483	9,442
Outside services	63,866	64,215	54,307	9,908
Materials and supplies	178,261	197,251	173,402	23,849
Intrafund/interfund services	235,226	235,226	235,286	(60)
Capital outlay	2,000	2,000	0	2,000
Debt and fiscal charges	5,000	5,000	6,227	(1,227)
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,038,278</u>	<u>1,057,617</u>	<u>1,013,705</u>	<u>43,912</u>

OTHER FINANCING SOURCES (USES)

Transfers in from:				
General Fund	310,000	310,000	310,000	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 11,772	(7,567)	(30,154)	(22,587)
ADJUSTMENTS TO GAAP				
Encumbrances			10,677	
Changes in compensated absences			437	
Depreciation and amortization			(48,731)	
			<u>(37,617)</u>	
GAAP BASIS			<u>(67,771)</u>	
NET ASSETS				
Beginning of fiscal year			5,171,173	
NET ASSETS - END OF FISCAL YEAR			<u>5,103,402</u>	



**INCORPORATED COUNTY OF LOS ALAMOS
TRANSIT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 1,485,000	911,212	638,885	(272,327)
Charges for services				
Transportation	410,000	410,000	332	(409,668)
Miscellaneous revenues				
Interest income	10,000	10,000	13,702	3,702
TOTAL REVENUES	<u>1,905,000</u>	<u>1,331,212</u>	<u>652,919</u>	<u>(678,293)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit				
Employee salaries and benefits	1,311,826	1,311,826	926,867	384,959
Outside services	204,565	204,565	163,295	41,270
Materials and supplies	52,105	52,105	188,592	(136,487)
Intrafund/interfund services	544,733	544,733	292,580	252,153
Capital outlay	522,500	522,500	592,777	(70,277)
TOTAL EXPENSES AND ENCUMBRANCES	<u>2,635,729</u>	<u>2,635,729</u>	<u>2,164,111</u>	<u>471,618</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	1,220,000	1,220,000	1,220,000	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ 489,271</u>	<u>(84,517)</u>	<u>(291,192)</u>	<u>(206,675)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			358,562	
Changes in compensated absenses			(36,200)	
Capital outlay capitalized			273,481	
Assets transferred - proprietary funds			(273,481)	
			<u>322,362</u>	
GAAP BASIS			<u>31,170</u>	
NET ASSETS				
Beginning of fiscal year			0	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 31,170</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
FIRE - LANL CONTRACT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	1,847,560	1,847,560	1,703,782	(143,778)
Intergovernmental revenue				
Federal indirect - fire contract services	17,562,456	18,195,747	14,342,136	(3,853,611)
Charges for services				
Ambulance services	450,000	450,000	438,508	(11,492)
Other	0	0	750	750
TOTAL REVENUES	<u>19,860,016</u>	<u>20,493,307</u>	<u>16,485,176</u>	<u>(4,008,131)</u>
EXPENSES AND ENCUMBRANCES				
Fire - LANL contract				
Operations				
Employee salaries and benefits	11,342,048	11,342,048	10,219,652	1,122,396
Outside services	104,710	133,319	63,596	69,723
Materials and supplies	606,088	782,433	423,984	358,449
Capital outlay	122,000	145,555	74,391	71,164
	<u>12,174,846</u>	<u>12,403,355</u>	<u>10,781,623</u>	<u>1,621,732</u>
Life Safety				
Employee salaries and benefits	365,388	365,388	270,565	94,823
Outside services	61,205	62,192	26,532	35,660
Materials and supplies	48,351	51,267	54,868	(3,601)
Capital outlay	13,000	14,527	18,940	(4,413)
	<u>487,944</u>	<u>493,374</u>	<u>370,905</u>	<u>122,469</u>
Training				
Employee salaries and benefits	176,129	176,129	201,407	(25,278)
Outside services	219,140	221,390	48,858	172,532
Materials and supplies	80,877	85,264	21,038	64,226
Capital outlay	240,180	240,180	0	240,180
	<u>716,326</u>	<u>722,963</u>	<u>271,303</u>	<u>451,660</u>

Emergency Medical Services				
Employee salaries and benefits	208,172	208,172	209,196	(1,024)
Outside services	142,651	169,241	72,244	96,997
Materials and supplies	154,664	172,382	91,904	80,478
Capital outlay	35,050	38,750	33,401	5,349
	<u>540,537</u>	<u>588,545</u>	<u>406,745</u>	<u>181,800</u>
Non contract-administration				
Interfund loan principal	1,522,248	1,522,248	1,230,797	291,451
Interfund loan interest	177,752	177,752	177,752	0
	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,408,549</u>	<u>291,451</u>
Administration				
Employee salaries and benefits	707,717	707,717	618,845	88,872
Outside services	611,749	956,348	311,427	644,921
Materials and supplies	117,005	117,113	44,002	73,111
Intrafund/interfund services	2,310,026	2,310,026	2,092,462	217,564
Capital outlay	239,635	239,635	49,924	189,711
	<u>3,986,132</u>	<u>4,330,839</u>	<u>3,116,660</u>	<u>1,214,179</u>
Total Fire - LANL contract	<u>19,605,785</u>	<u>20,239,076</u>	<u>16,355,785</u>	<u>3,883,291</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>19,605,785</u>	<u>20,239,076</u>	<u>16,355,785</u>	<u>3,883,291</u>
Transfers out				
Self-sufficiency Fund	0	0	(3,555,048)	3,555,048
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>254,231</u>	<u>254,231</u>	<u>(3,425,657)</u>	<u>3,430,208</u>
ADJUSTMENTS TO GAAP				
Encumbrances			84,811	
Changes in compensated absences			81,031	
Depreciation and amortization			(164,519)	
Contributed capital assets - governmental activities			11,177,882	
Principal on debt service			1,230,797	
			<u>12,410,002</u>	
GAAP BASIS			<u>8,984,345</u>	
NET ASSETS				
Beginning of fiscal year			5,739,820	
NET ASSETS - END OF FISCAL YEAR			\$ <u>14,724,165</u>	

INCORPORATED COUNTY OF LOS ALAMOS

AIRPORT FUND

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

Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 2,000	86,474	84,453	(2,021)
State grants-other	46,000	54,986	54,490	(496)
	<u>48,000</u>	<u>141,460</u>	<u>138,943</u>	<u>(2,517)</u>
Charges for services				
Airport fees	66,000	66,000	39,911	(26,089)
Miscellaneous revenues				
Interest income	5,000	5,000	6,866	1,866
Tie down rental	41,200	41,200	52,556	11,356
Facilities rental	11,000	11,000	1,800	(9,200)
	<u>57,200</u>	<u>57,200</u>	<u>61,222</u>	<u>4,022</u>
TOTAL REVENUES	<u>171,200</u>	<u>264,660</u>	<u>240,076</u>	<u>(24,584)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	142,280	142,280	134,007	8,273
Outside services	1,233,880	1,422,838	195,417	1,227,421
Materials and supplies	12,450	12,450	17,627	(5,177)
Intrafund/interfund services	74,498	74,498	74,781	(283)
Capital outlay	12,000	12,000	11,437	563
	<u>1,475,108</u>	<u>1,664,066</u>	<u>433,269</u>	<u>1,230,797</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,475,108</u>	<u>1,664,066</u>	<u>433,269</u>	<u>1,230,797</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(1,303,908)</u>	<u>(1,399,406)</u>	<u>(193,193)</u>	<u>1,206,213</u>
OTHER FINANCING SOURCES (USES)				
Transfers In from:				
General Fund	<u>1,255,000</u>	<u>1,255,000</u>	<u>140,000</u>	<u>(1,115,000)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (48,908)</u>	<u>(144,406)</u>	<u>(53,193)</u>	<u>91,213</u>
ADJUSTMENTS TO GAAP				
Changes in compensated absences			(155)	
Depreciation and amortization			(26,033)	
Capital projects capitalized (budgeted by line item)			11,437	
Assets transferred - proprietary funds			(11,437)	
			<u>(26,188)</u>	
GAAP BASIS			<u>(79,381)</u>	
NET ASSETS				
Beginning of fiscal year			770,513	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 691,132</u>	

See accompanying notes to financial statements

Internal Service Funds

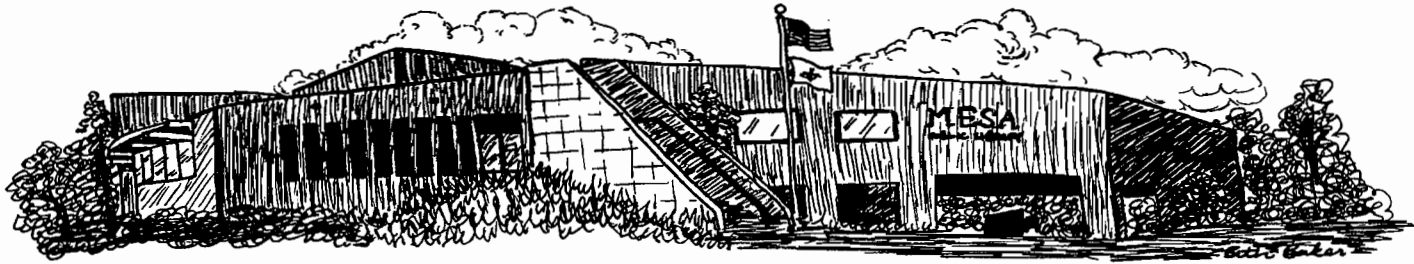
Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis. The County's internal service funds primarily serve the business-type activities of the County.

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.



Mesa Public Library

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2008

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Equity in pooled cash and investments	\$ 5,748,430	8,224,024	13,972,454
Receivables, net of allowance for uncollectibles			
Accounts	20,330	3,275	23,605
Inventories and prepayments			
Prepayments	0	111,679	111,679
	<u>5,768,760</u>	<u>8,338,978</u>	<u>14,107,738</u>
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	13,306,322	13,620	13,319,942
Less accumulated depreciation	(8,489,466)	(13,620)	(8,503,086)
	<u>4,816,856</u>	<u>0</u>	<u>4,816,856</u>
TOTAL ASSETS	<u>10,585,616</u>	<u>8,338,978</u>	<u>18,924,594</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	50,209	83,456	133,665
Claims and judgments payable	0	402,469	402,469
Accrued salaries including benefits payable	16,370	169,215	185,585
Accrued compensated absences	24,917	11,150	36,067
	<u>91,496</u>	<u>666,290</u>	<u>757,786</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	16,658	4,910	21,568
Claims and judgments payable	0	567,237	567,237
	<u>16,658</u>	<u>572,147</u>	<u>588,805</u>
TOTAL LIABILITIES	<u>108,154</u>	<u>1,238,437</u>	<u>1,346,591</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,816,856	0	4,816,856
Unrestricted	5,660,606	7,100,541	12,761,147
TOTAL NET ASSETS	<u>\$ 10,477,462</u>	<u>7,100,541</u>	<u>17,578,003</u>

See accompanying notes to financial statements

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

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended June 30, 2008**

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,059,318	0	3,059,318
Insurance and pension contributions			
County	0	1,801,359	1,801,359
Employees and retirees	0	83,059	83,059
Miscellaneous operating revenue	193,933	12,925	206,858
	<u>3,253,251</u>	<u>1,897,343</u>	<u>5,150,594</u>
OPERATING EXPENSES			
Employee salaries and benefits	576,067	224,207	800,274
Contractual services	406,224	1,579,950	1,986,174
Materials and supplies	1,180,128	50,942	1,231,070
Depreciation and amortization	1,248,432	3,476	1,251,908
Other	0	3,288	3,288
	<u>3,410,851</u>	<u>1,861,863</u>	<u>5,272,714</u>
OPERATING INCOME (LOSS)	(157,600)	35,480	(122,120)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	105,704	0	105,704
Investment income	196,530	265,989	462,519
	<u>302,234</u>	<u>265,989</u>	<u>568,223</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	144,634	301,469	446,103
TRANSFERS AND CONTRIBUTIONS			
Transfers in	289,978	0	289,978
Contributed capital assets - outside source (L.A. Bus)	207,600	0	207,600
Contributed capital assets - governmental activities	240,514	0	240,514
	<u>738,092</u>	<u>0</u>	<u>738,092</u>
NET INCOME (LOSS)	882,726	301,469	1,184,195
NET ASSETS			
Beginning of fiscal year	9,594,736	6,799,072	16,393,808
NET ASSETS - END OF FISCAL YEAR	\$ 10,477,462	7,100,541	17,578,003

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

COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2008

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,232,921	0	3,232,921
Cash received from contributions-employer and employees	0	1,899,790	1,899,790
Cash paid to suppliers for goods and services	(1,674,003)	(1,779,369)	(3,453,372)
Cash paid to employees	(572,790)	(234,434)	(807,224)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>986,128</u>	<u>(114,013)</u>	<u>872,115</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid for acquisition of capital assets	(1,035,245)	0	(1,035,245)
Proceeds from sale of capital assets	123,677	0	123,677
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(911,568)</u>	<u>0</u>	<u>(911,568)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	<u>196,530</u>	<u>265,989</u>	<u>462,519</u>
NET INCREASE (DECREASE) IN CASH	271,090	151,976	423,066
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	5,477,340	8,072,048	13,549,388
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>\$ 5,748,430</u>	<u>8,224,024</u>	<u>13,972,454</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
OPERATING INCOME(LOSS)	\$ (157,600)	35,480	(122,120)

**ADJUSTMENTS TO RECONCILE OPERATING INCOME TO
NET CASH FLOWS - OPERATING ACTIVITIES**

Depreciation and amortization expense	1,248,432	3,476	1,251,908
Bad debt expense	0	2,823	2,823
Change in assets and liabilities:			
Accounts and other receivables	(20,330)	2,447	(17,883)
Prepayments and other	0	5,922	5,922
Accounts payable	(87,651)	(44,175)	(131,826)
Salaries and benefits payable	3,277	(10,227)	(6,950)
Claims and judgments payable	0	(105,887)	(105,887)
Group insurance payable	0	(3,872)	(3,872)
Total adjustments	<u>1,143,728</u>	<u>(149,493)</u>	<u>994,235</u>
NET CASH FLOWS - OPERATING ACTIVITIES	<u>\$ 986,128</u>	<u>(114,013)</u>	<u>872,115</u>

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

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 289,978	0	289,978
Contributed capital assets - outside source (L.A. Bus)	207,600	0	207,600
Contributed capital assets - governmental activities	240,514	0	240,514
TOTAL NON CASH CAPITAL ACQUISITIONS	<u>\$ 738,092</u>	<u>0</u>	<u>738,092</u>

**INCORPORATED COUNTY OF LOS ALAMOS
EQUIPMENT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2008

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Charges for special services	\$ 3,337,770	3,689,895	3,059,318	(630,577)
Miscellaneous revenues				
Investment income	203,000	203,000	196,530	(6,470)
Other judgments and settlements	0	0	7,064	7,064
Other	65,000	65,000	186,869	121,869
	<u>268,000</u>	<u>268,000</u>	<u>390,463</u>	<u>122,463</u>
TOTAL REVENUES	<u>3,605,770</u>	<u>3,957,895</u>	<u>3,449,781</u>	<u>(508,114)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	578,148	617,176	575,931	41,245
Outside services	126,970	135,883	115,884	19,999
Materials and supplies	854,592	1,206,865	1,208,515	(1,650)
Intrafund/interfund services	289,789	289,789	293,886	(4,097)
Capital outlay	2,500	2,500	0	2,500
	<u>1,851,999</u>	<u>2,252,213</u>	<u>2,194,216</u>	<u>57,997</u>
Fleet management-equipment replacement				
Employee salaries and benefits	39,028	0	0	0
Materials and supplies	0	0	3,149	(3,149)
Capital outlay	882,726	1,394,017	1,107,812	286,205
	<u>921,754</u>	<u>1,394,017</u>	<u>1,110,961</u>	<u>283,056</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>2,773,753</u>	<u>3,646,230</u>	<u>3,305,177</u>	<u>341,053</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	832,017	311,665	144,604	(167,061)

OTHER FINANCING SOURCES (USES)

Gain (loss) on disposition of fixed assets	138,000	138,000	105,704	(32,296)
	<u>138,000</u>	<u>138,000</u>	<u>105,704</u>	<u>(32,296)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 970,017	449,665	250,308	(199,357)
	<u><u>970,017</u></u>	<u><u>449,665</u></u>	<u><u>250,308</u></u>	<u><u>(199,357)</u></u>

ADJUSTMENTS TO GAAP

Encumbrances	107,648
Changes in compensated absenses	(135)
Depreciation and amortization	(1,248,432)
Capital outlay capitalized	1,035,245
Asset transfers - proprietary funds	289,978
Contributed capital assets - outside source (L.A Bus)	207,600
Contributed capital assets - governmental activities	240,514
	<u>632,418</u>
GAAP BASIS	882,726

NET ASSETS

Beginning of fiscal year	9,594,736
NET ASSETS - END OF FISCAL YEAR	\$ <u><u>10,477,462</u></u>

INCORPORATED COUNTY OF LOS ALAMOS
RISK MANAGEMENT FUND

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

Year ended June 30, 2008

	<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	689	689
Interfund/interdepartmental charges				
County insurance contributions	1,824,003	1,824,003	1,801,359	(22,644)
Miscellaneous revenues				
Investment income	334,000	334,000	265,989	(68,011)
Group insurance contributions				
Employees	84,295	84,295	80,001	(4,294)
Retirees	0	0	3,058	3,058
Other judgments and settlements	0	0	12,236	12,236
	<u>418,295</u>	<u>418,295</u>	<u>361,284</u>	<u>(57,011)</u>
TOTAL REVENUES	2,242,298	2,242,298	2,163,332	(78,966)
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	440,675	453,577	623,051	(169,474)
Intrafund/interfund services	(90,675)	(90,675)	(90,670)	(5)
	<u>350,000</u>	<u>362,902</u>	<u>532,381</u>	<u>(169,479)</u>
Unemployment insurance				
Outside services	40,000	40,000	9,621	30,379
Other fiscal charges	0	0	465	(465)
	<u>40,000</u>	<u>40,000</u>	<u>10,086</u>	<u>29,914</u>
Workers' compensation insurance				
Outside services	395,000	395,000	296,816	98,184
Administration and other insurance				
Employee salaries and benefits	215,162	215,162	236,700	(21,538)
Outside services	775,360	806,839	652,665	154,174
Materials and supplies	66,000	70,703	68,369	2,334
Intrafund/interfund services	100,581	100,581	100,576	5
	<u>1,157,103</u>	<u>1,193,285</u>	<u>1,058,310</u>	<u>134,975</u>
TOTAL EXPENSES AND ENCUMBRANCES	1,942,103	1,991,187	1,897,593	93,594

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$	<u>300,195</u>	<u>251,111</u>	<u>265,739</u>	<u>14,628</u>
ADJUSTMENTS TO GAAP					
Encumbrances				29,537	
Changes in compensated absences				12,492	
Bad debt expense				(2,823)	
Depreciation and amortization				(3,476)	
				<u>35,730</u>	
GAAP BASIS				<u>301,469</u>	
NET ASSETS					
Beginning of fiscal year				<u>6,799,072</u>	
NET ASSETS - END OF FISCAL YEAR	\$			<u>7,100,541</u>	

**INCORPORATED COUNTY OF LOS ALAMOS
AGENCY FUND**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2008

	<u>BALANCE JUNE 30, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2008</u>
ASSETS				
Equity in pooled cash and investments	\$ 54,339	12,639,975	12,631,353	62,961
Receivables				
Property taxes	178,863	12,446,784	12,435,885	189,762
Other	0	234,351	231,733	2,618
TOTAL ASSETS	<u>\$ 233,202</u>	<u>25,321,110</u>	<u>25,298,971</u>	<u>255,341</u>
LIABILITIES				
Due to other governments	\$ 227,168	12,554,010	12,537,505	243,673
Donations held in trust	6,034	19,809	14,175	11,668
TOTAL LIABILITIES	<u>\$ 233,202</u>	<u>12,573,819</u>	<u>12,551,680</u>	<u>255,341</u>

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 ASSETS BY COMPONENT (ACCRUAL BASIS OF ACCOUNTING)**

Table 1

FISCAL YEARS SINCE IMPLEMENTATION OF GASB STATEMENT NUMBER 34 [a]

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 160,898,918	174,409,024	164,003,992	170,030,313	179,392,030	169,397,461
Restricted	36,469,587	23,823,524	23,351,168	23,546,640	25,953,706	26,998,503
Unrestricted	85,568,931	80,405,017	70,051,187	68,980,912	83,145,949	92,425,436
Total governmental activities net assets	\$ <u>282,937,436</u>	<u>278,637,565</u>	<u>257,406,347</u>	<u>262,557,865</u>	<u>288,491,685</u>	<u>288,821,400</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 69,319,205	74,214,139	94,580,932	99,265,533	104,619,109	115,346,140
Restricted	21,357,828	21,521,740	19,323,330	17,563,718	18,171,112	21,313,740
Unrestricted	31,914,793	36,005,593	37,573,328	37,834,350	39,456,940	38,716,522
Total governmental activities net assets	\$ <u>122,591,826</u>	<u>131,741,472</u>	<u>151,477,590</u>	<u>154,663,601</u>	<u>162,247,161</u>	<u>175,376,402</u>
Primary government						
Invested in capital assets, net of related debt	\$ 230,218,123	248,623,163	258,584,924	269,295,846	284,011,139	284,743,601
Restricted	57,827,415	45,345,264	42,674,498	41,110,358	44,124,818	48,312,243
Unrestricted	117,483,724	116,410,610	107,624,515	106,815,262	122,602,889	131,141,958
Total primary government net assets	\$ <u>405,529,262</u>	<u>410,379,037</u>	<u>408,883,937</u>	<u>417,221,466</u>	<u>450,738,846</u>	<u>464,197,802</u>

Source: Los Alamos County CAFRs

Notes:

[a] All available data is presented. FY2003 was the first year financial statements were presented in net asset format pursuant to GASB Statement No. 34.

INCORPORATED COUNTY OF LOS ALAMOS
CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)

Table 2

FISCAL YEARS SINCE IMPLEMENTATION OF GASB STATEMENT NUMBER 34 [a]

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Expenses						
Governmental activities:						
General government	\$ 8,689,623	10,355,749	12,331,714	11,957,875	11,783,696	14,426,791
Public safety	4,694,677	5,763,085	5,725,993	6,797,301	7,393,321	7,029,949
Cerro Grande fire recovery	6,255,925	8,042,519	4,627,860	314,745	814,144	365,197
Physical and economic environment	1,930,620	1,756,374	1,976,859	1,707,996	1,524,858	1,685,895
Transportation	6,872,900	8,076,220	8,215,650	9,710,036	9,637,503	12,409,532
Health and welfare	973,258	1,266,433	895,551	690,980	993,076	1,892,186
Culture and recreation	6,769,717	7,301,110	7,451,803	7,666,314	7,586,802	9,120,096
Interest on long-term debt	210,800	190,167	169,483	146,837	122,631	96,932
Total governmental activities expenses	<u>36,397,520</u>	<u>42,751,657</u>	<u>41,394,913</u>	<u>38,992,084</u>	<u>39,856,031</u>	<u>47,026,578</u>
Business-type activities:						
Joint Utilities						
Electric	35,686,248	40,510,634	33,845,511	35,973,561	37,942,732	45,217,104
Gas	5,942,922	6,288,433	7,679,064	8,669,395	7,731,388	8,434,435
Water	4,224,006	4,591,299	4,714,635	4,924,965	4,756,917	5,419,693
Wastewater	1,968,097	2,271,696	2,363,921	2,629,412	3,016,061	2,870,251
Refuse	2,638,197	2,830,466	3,307,436	3,094,809	2,654,126	3,097,723
Golf	899,974	976,790	990,120	992,338	1,014,099	1,044,012
Transit (Atomic City Transit)	0	0	0	0	0	1,544,871 [b]
Fire - LANL contract	12,434,375	13,352,373	13,930,128	14,847,675	14,980,238	15,090,781
Airport	263,640	238,865	297,677	283,148	222,398	446,171
Total business-type activities expenses	<u>64,057,459</u>	<u>71,060,556</u>	<u>67,128,492</u>	<u>71,415,303</u>	<u>72,317,959</u>	<u>83,165,041</u>
Total primary government expenses	<u>\$ 100,454,979</u>	<u>113,812,213</u>	<u>108,523,405</u>	<u>110,407,387</u>	<u>112,173,990</u>	<u>130,191,619</u>
Program Revenues						
Governmental activities:						
Charges for Services:						
General government	\$ 769,175	821,448	767,369	1,013,965	1,145,736	879,593
Public safety	129,515	65,726	60,922	37,917	100,100	92,377
Physical and economic environment	704,632	651,785	399,885	379,018	327,333	296,965
Culture and recreation	394,282	474,911	470,866	604,924	538,676	574,193
Operating grants and contributions	24,805,099	7,979,137	3,760,244	2,830,061	1,964,532	1,901,447
Capital grants and contributions	495,718	2,213,458	4,695,476	2,963,466	1,517,988	2,921,918
Total governmental activities program revenues	<u>27,298,421</u>	<u>12,206,465</u>	<u>10,154,762</u>	<u>7,829,351</u>	<u>5,594,365</u>	<u>6,666,493</u>

Business-type activities:

Charges for services:						
Joint Utilities						
Electric	35,088,048	40,498,428	34,627,323	35,557,701	36,475,970	42,521,330
Gas	4,744,467	8,444,036	8,653,166	8,923,993	9,163,927	8,836,735
Water	5,007,856	5,541,930	4,831,546	5,103,574	4,190,068	4,781,273
Wastewater	2,001,641	2,053,570	2,016,944	2,373,508	2,464,387	3,334,040
Refuse	2,313,549	2,777,937	2,541,365	2,789,885	3,017,966	3,150,748
Golf	702,223	692,258	680,747	673,410	633,094	661,826
Transit (Atomic City Transit)	0	0	0	0	0	332 [b]
Fire - LANL contract	12,297,889	13,256,884	14,008,238	14,675,641	14,879,607	14,781,394
Airport	89,918	118,373	81,839	107,352	103,325	94,267
Operating grants and contributions	60,000	71,296	20,283	26,578	170,925	772,110
Capital grants and contributions	0	175,000	60,000	653,120	819,731	283,738
Total business-type activities program revenues	62,305,591	73,629,712	67,521,451	70,884,762	71,919,000	79,217,793
Total primary government program revenues	\$ 89,604,012	85,836,177	77,676,213	78,714,113	77,513,365	85,884,286

Net (Expenses)/Revenues

Governmental activities	\$ (9,099,099)	(30,545,192)	(31,240,151)	(31,162,733)	(34,261,666)	(40,360,085)
Business-type activities	(1,751,868)	2,569,156	392,959	(530,541)	(398,959)	(3,947,248)
Total primary government net expense	\$ (10,850,967)	(27,976,036)	(30,847,192)	(31,693,274)	(34,660,625)	(44,307,333)

General Revenues and Other Changes in Net Assets

Governmental activities:						
Taxes						
Gross receipts taxes	\$ 11,467,200	11,985,528	10,592,546	13,315,414	29,397,771	25,943,927
Property taxes	4,300,199	4,554,559	4,937,898	5,198,224	5,598,052	5,962,093
Franchise taxes	373,370	492,603	457,501	465,821	473,599	491,631
Grants and contribution not restricted to specific programs	167,709	276,083	246,304	389,008	837,047	821,381
State shared tax revenue not restricted to specific programs	9,752,413	10,293,141	8,987,334	10,797,698	19,465,338	17,172,099
Unrestricted investment earnings	3,012,657	4,416,317	4,087,721	4,258,030	8,328,587	2,377,360
Special items	18,261,789	0	0	3,171,874	0	0
Transfers	(15,506,643)	(4,388,121)	(17,218,085)	(1,345,890)	(3,904,908)	(12,078,691)
Total governmental activities	31,828,694	27,630,110	12,091,219	36,250,179	60,195,486	40,689,800

Business-type activities:

Gross receipts taxes	462,208	483,502	426,193	513,684	956,397	2,557,319
Unrestricted investment earnings	1,936,231	1,974,231	1,815,387	2,388,280	3,121,214	2,440,479
Special items	552,776	0	0	1,025,000	0	0
Transfers	15,506,643	4,388,121	17,218,085	1,345,890	3,904,908	12,078,691
Total business-type activities	18,457,858	6,845,854	19,459,665	5,272,854	7,982,519	17,076,489
Total primary government	\$ 50,286,552	34,475,964	31,550,884	41,523,033	68,178,005	57,766,289

Change in Net Assets

Governmental activities	\$ 22,729,595	(2,915,082)	(19,148,932)	5,087,446	25,933,820	329,715
Business-type activities	16,705,990	9,415,010	19,852,624	4,742,313	7,583,560	13,129,241
Total primary government net expense	\$ 39,435,585	6,499,928	703,692	9,829,759	33,517,380	13,458,956

Source: Los Alamos County CAFRs

Notes:

[a] All available data is presented. FY2003 was the first year financial statements were presented in net asset format pursuant to GASB Statement No. 34.

[b] The County began operating the Atomic City Transit operation in FY2008. This activity is recorded in an enterprise fund.

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

Table 3

LAST TEN FISCAL YEARS

	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
General Fund										
Reserved	\$ 1,319,163	1,486,870	2,354,762	1,961,431	5,053,757	5,964,270	5,894,466	5,133,693	6,163,307	6,357,698
Unreserved	11,833,111	15,041,021	14,062,278	15,435,945	13,603,692	12,212,488	10,567,341	15,046,741	20,310,233	28,476,946
Total General Fund	<u>\$ 13,152,274</u>	<u>16,527,891</u>	<u>16,417,040</u>	<u>17,397,376</u>	<u>18,657,449</u>	<u>18,176,758</u>	<u>16,461,807</u>	<u>20,180,434</u>	<u>26,473,540</u>	<u>34,834,644</u>
All Other Governmental Funds										
Reserved	\$ 2,957,341	3,340,604	6,669,841	12,070,553	37,933,535	42,897,939	29,032,956	31,529,075	36,097,731	53,828,212
Unreserved, reported in:										
Special revenue funds	24,551,513	20,357,212	48,523,149	73,428,899	61,232,884	36,587,906	42,658,411	30,552,033	13,161,264	8,747,551
Capital projects funds	20,529,982	21,723,232	23,790,578	19,974,948	5,887,212	8,269,079	5,836,478	9,983,649	32,198,705	23,643,713
Permanent funds [a]	0	0	0	0	0	0	1,224,389	1,052,257	2,401,352	0
Total All Other Governmental Funds	<u>\$ 48,038,836</u>	<u>45,421,048</u>	<u>78,983,568</u>	<u>105,474,400</u>	<u>105,053,631</u>	<u>87,754,924</u>	<u>78,752,234</u>	<u>73,117,014</u>	<u>83,859,052</u>	<u>86,219,476</u>

Source: Los Alamos County CAFRs

Notes:

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

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

Table 4

LAST TEN FISCAL YEARS

	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Revenues:										
Taxes and special assessments	\$ 12,068,950	12,390,780	13,489,804	14,119,878	16,195,447	17,121,101	16,071,052	19,097,149	35,666,249 [c]	32,587,924
Licenses and permits	221,609	290,512	468,958	505,242	483,596	453,696	292,515	265,649	243,071	223,071
Intergovernmental	10,303,581	8,470,873	45,703,846 [b]	56,971,109	34,642,813	20,036,821	17,975,784	15,529,217	23,017,584 [c]	21,408,769
Fines forfeitures and penalties	213,731	224,746	176,009	174,113	154,147	202,661	243,866	278,157	302,516	255,665
Charges for services	662,678	616,703	833,671	843,091	1,147,948	1,095,939	973,796	1,191,624	1,259,022	1,053,068
Interfund/interdepartmental charges	2,160,310	2,279,585	2,304,457	2,611,977	3,096,692	3,311,289	3,511,448	3,809,053	3,746,485	3,988,710
Investment income	2,828,833	3,175,344	3,785,153	3,132,643	3,441,069	4,416,317	4,087,721	4,258,030	8,328,587 [d]	2,377,360 [e]
Other revenues	445,734	308,782	331,518	497,030	290,785	623,528	315,274	380,948	711,931	493,595
Total revenues	<u>28,905,426</u>	<u>27,757,325</u>	<u>67,093,416</u>	<u>78,855,083</u>	<u>59,452,497</u>	<u>47,261,352</u>	<u>43,471,456</u>	<u>44,809,827</u>	<u>73,275,445</u>	<u>62,388,162</u>
Expenditures										
General government	7,068,310	8,267,631	10,093,431	10,805,991	11,317,953	12,168,257	13,569,671	13,478,990	16,088,626	16,743,522
Public safety	3,907,286	3,958,188	3,839,525	4,427,598	4,786,024	5,785,615	5,754,403	6,849,654	7,499,938	7,043,313
Cerro Grande fire recovery	0	3,535,698 [a]	10,125,301	16,795,007	25,131,793	30,886,106	17,877,540	6,455,294	4,723,030	4,284,892
Physical and economic environment	1,177,148	918,573	1,364,180	1,285,960	2,329,142	1,767,423	1,943,028	1,677,129	1,521,304	1,650,347
Transportation	2,465,671	2,445,180	3,519,503	4,448,325	4,615,906	4,724,956	4,862,784	4,012,760	3,530,925	3,531,475
Health and welfare	974,747	546,388	707,673	774,927	973,258	1,266,433	895,551	690,980	993,076	1,892,186 [f]
Culture and recreation	3,944,006	4,450,929	4,733,503	5,561,016	6,254,695	6,715,453	6,816,082	6,960,304	6,850,489	7,758,322
Capital Projects	1,218,563	2,725,848	2,733,410	7,275,232	3,386,089	1,064,796	2,604,819	6,382,973	11,879,387	10,268,206
Debt service										
Principal	594,064	628,767	948,149	461,148	479,426	499,154	520,269	542,887	566,926	592,494
Interest	193,295	152,960	259,349	273,394	213,767	194,080	172,965	150,480	126,447	100,933
Total expenditures	<u>21,543,090</u>	<u>27,630,162</u>	<u>38,324,024</u>	<u>52,108,598</u>	<u>59,488,053</u>	<u>65,072,273</u>	<u>55,017,112</u>	<u>47,201,451</u>	<u>53,780,148</u>	<u>53,865,690</u>
Excess of revenues over (under) expenditures	7,362,336	127,163	28,769,392	26,746,485	(35,556)	(17,810,921)	(11,545,656)	(2,391,624)	19,495,297	8,522,472
Other Financial Sources (Uses)										
Transfers in	9,682,242	4,469,689	5,599,034	4,512,942	4,254,204	5,485,701	6,146,098	18,971,878	27,571,970	27,763,838
Transfers out	(11,586,880)	(3,914,564)	(5,531,916)	(4,320,485)	(3,802,675)	(5,128,911)	(5,318,083)	(18,348,661)	(30,032,123)	(25,564,782)
Proceeds from long-term debt	0	0	3,959,444	0	0	0	0	0	0	0
Total other financial sources (uses)	<u>(1,904,638)</u>	<u>555,125</u>	<u>4,026,562</u>	<u>192,457</u>	<u>451,529</u>	<u>356,790</u>	<u>828,015</u>	<u>623,217</u>	<u>(2,460,153)</u>	<u>2,199,056</u>
Net change in fund balance	<u>\$ 5,457,698</u>	<u>682,288</u>	<u>32,795,954</u>	<u>26,938,942</u>	<u>415,973</u>	<u>(17,454,131)</u>	<u>(10,717,641)</u>	<u>(1,768,407)</u>	<u>17,035,144</u>	<u>10,721,528</u>
Debt service as a percentage of non-capital expenditures	4.11%	3.35%	3.68%	1.74%	2.07%	1.82%	1.93%	2.46%	1.89%	1.71%

Source: Los Alamos County CAFRs

Notes:

[a] First year of expenditures related to Cerro Grande Fire recovery.

[b] First year of revenue recognition related to Cerro Grande Fire recovery.

[c] The increase is primarily the result of the change in taxable status of the management contract for Los Alamos National Laboratory on gross receipts taxes collected, and the imposition of new GRT increments.

[d] The increase in investment income reflects higher cash and investment balances resulting from increased gross receipts taxes.

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

[f] The amount of State supported medicaid payments effectively doubled as the calculation is based on prior year GRT receipts.

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

Table 5

<u>Fiscal Year</u>	<u>Number of customer accounts</u>			
	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>
1999	8,253	7,169	6,744	6,540
2000	8,660	7,380	7,027	6,443
2001	8,763	7,454	7,099	6,443
2002	8,370	7,200	6,779	6,444
2003	8,619	7,476	6,912	6,606
2004	8,467	7,369	6,838	6,217
2005	8,908	7,701	7,166	6,990
2006	8,767	7,586	7,046	7,074
2007	8,891	7,682	7,150	6,959
2008	8,877	7,675	7,185	6,945

Source: Utility Department operating records

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]		
1999	\$ 31,509,326	485,237,570	\$ 4,062,481	8,919,322	\$ 4,791,644	1,181,399	\$ 1,540,554	\$ 41,904,005
2000	34,814,683	501,121,874	3,849,054	8,704,019	5,322,257	1,297,753	1,951,068	45,937,062
2001	38,594,674	481,566,821	7,318,191	9,276,535	4,683,455	1,262,539	1,836,028	52,432,348
2002	34,962,053	494,527,868	5,086,748	8,715,659	5,163,999	1,349,970	1,758,482	46,971,282
2003	35,088,048	529,464,200	4,744,467	9,334,391	5,007,856	1,311,757	2,001,641	46,842,012
2004	40,498,428	576,352,773	8,444,036	9,319,399	5,541,930	1,448,528	2,053,570	56,537,964
2005	34,627,323	505,351,158	8,653,166	9,435,586	4,831,546	1,222,873	2,016,944	50,128,979
2006	35,557,701	554,696,686	8,923,993	8,198,081	5,103,574	1,352,376	2,373,508	51,958,776
2007	36,475,970	556,125,402	9,163,927	9,374,019	4,190,068	1,061,988	2,464,387	52,294,352
2008	42,521,330	536,548,803	8,836,735	8,726,004	4,781,273	800,273	3,334,040	59,473,378

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 revenue and Mgal sales.

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

Table 7

	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Type of Customer:										
Electric Utility	\$									
Residential	4,395,262	4,414,776	4,484,790	4,415,270	4,591,838	4,973,983	4,918,309	4,941,511	5,069,467	5,346,566
Commercial and industrial	2,972,274	3,053,811	2,967,669	3,100,030	3,180,303	3,496,823	3,355,875	3,325,037	3,229,023	3,506,293
Public street and highway lighting	87,567	89,449	88,181	92,916	78,504	60,956	61,151	55,457	60,342	58,060
Municipal	796,254	974,654	881,256	1,094,603	929,253	1,009,142	957,388	1,133,598	976,043	1,273,241
Educational	295,961	316,692	341,815	337,041	341,780	353,960	366,612	315,804	313,724	341,237
Wholesale	22,739,112	25,625,803	29,624,897	25,742,719	25,727,081	30,314,252	24,776,754	25,612,623	26,627,645	31,496,210
Miscellaneous	222,896	339,498	206,066	179,474	239,289	289,312	191,234	173,671	199,726	499,723
Total electric utility	<u>31,509,326</u>	<u>34,814,683</u>	<u>38,594,674</u>	<u>34,962,053</u>	<u>35,088,048</u>	<u>40,498,428</u>	<u>34,627,323</u>	<u>35,557,701</u>	<u>36,475,970</u>	<u>42,521,330</u>
Gas Utility										
Residential	2,918,632	2,728,677	5,078,081	3,357,847	3,325,916	5,947,128	6,095,896	6,284,862	6,452,335	6,634,477
Commercial and industrial	856,324	752,787	1,581,009	1,327,432	957,747	1,758,956	1,794,266	1,863,946	1,951,352	1,412,365
Municipal	131,853	190,758	356,960	189,918	246,451	415,971	361,697	380,777	370,165	378,729
Educational	120,263	95,737	219,304	116,939	117,828	215,310	330,276	327,746	339,136	305,086
Miscellaneous	35,409	81,095	82,837	94,612	96,525	106,671	71,031	66,662	50,939	106,078
Total gas utility	<u>4,062,481</u>	<u>3,849,054</u>	<u>7,318,191</u>	<u>5,086,748</u>	<u>4,744,467</u>	<u>8,444,036</u>	<u>8,653,166</u>	<u>8,923,993</u>	<u>9,163,927</u>	<u>8,836,735</u>
Water Utility										
Residential	2,935,308	2,883,244	2,724,511	3,037,363	2,918,447	3,331,753	2,752,681	3,021,546	2,418,937	2,948,789
Commercial and industrial	759,256	693,804	742,196	741,931	796,760	833,388	773,239	818,856	692,244	453,342
Municipal	200,374	222,228	253,594	287,964	262,916	265,750	235,691	264,234	166,737	371,081 [a]
Educational	73,840	99,145	98,001	168,294	160,311	143,418	119,937	111,849	70,453	135,963
Wholesale	755,037	1,129,805	813,194	869,098	756,345	848,908	854,417	816,880	780,414	806,247
Miscellaneous	67,829	304,031	51,959	59,349	113,077	118,713	95,581	70,209	61,283	65,851
Total water utility	<u>4,791,644</u>	<u>5,332,257</u>	<u>4,683,455</u>	<u>5,163,999</u>	<u>5,007,856</u>	<u>5,541,930</u>	<u>4,831,546</u>	<u>5,103,574</u>	<u>4,190,068</u>	<u>4,781,273</u>
Wastewater Utility										
Wastewater collection	1,483,950	1,775,737	1,707,846	1,681,175	1,921,165	1,982,692	1,954,040	2,299,109	2,411,602	3,311,657
Municipal (non-potable water)	42,790	74,730	44,744	58,784	55,932	64,153	51,196	65,172	45,073	0 [a]
Miscellaneous	13,814	100,601	83,438	18,523	24,544	6,725	11,708	9,227	7,712	22,383
Total wastewater utility	<u>1,540,554</u>	<u>1,951,068</u>	<u>1,836,028</u>	<u>1,758,482</u>	<u>2,001,641</u>	<u>2,053,570</u>	<u>2,016,944</u>	<u>2,373,508</u>	<u>2,464,387</u>	<u>3,334,040</u>
Total operating revenues- Joint Utility System	\$ <u>41,904,005</u>	<u>45,947,062</u>	<u>52,432,348</u>	<u>46,971,282</u>	<u>46,842,012</u>	<u>56,537,964</u>	<u>50,128,979</u>	<u>51,958,776</u>	<u>52,294,352</u>	<u>59,473,378</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>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815
Monthly flat service fee	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67
Commercial										
Rate per kilowatt hour	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772	\$0.0553 - .0772
Monthly flat service fee	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00	\$15.20 -16.00
Demand Rate	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00	\$7.60 - 8.00
Gas Utility										
Residential										
Rate per therm	\$0.36	\$0.36	\$1.00	\$0.42	\$0.55	\$0.85	\$0.85	\$1.05	\$0.92	\$0.92
Monthly flat service fee	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43
Commercial										
Rate per therm	\$0.36	\$0.36	\$1.00	\$0.42	\$0.55	\$0.85	\$0.85	\$1.00 - 1.05	0.92	0.92
Monthly flat service fee	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46	\$6.43 - 19.46
Water Utility										
Residential										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72
Monthly flat service fee	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72
Monthly flat service fee	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81	\$7.02 - \$41.81
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$1.95	\$1.95	\$1.95	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85
Monthly flat service fee	\$10.00	\$10.00	\$10.00	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00
Commercial										
Rate per 1000 Gallons	\$1.95	\$1.95	\$1.95	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85
Monthly flat service fee	\$10.00	\$10.00	\$10.00	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00

Source: Utility rates approved by County Council

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>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Service	\$ 312,336	325,752	321,079	351,262	257,957	356,300	311,521	338,489	1,255,824 [b]	1,190,803
Construction	49,136	71,559	124,801	124,816	211,612	283,085	210,750	223,999	165,717	97,351
Retail	76,578	74,648	85,256	83,017	79,363	90,918	79,509	68,867	59,019	57,987
Telecommunications	16,969	15,200	14,670	10,542	3,018	8,925	8,793	9,995	10,693	10,865
Manufacturing	4,845	3,124	3,345	2,949	2,759	2,186	2,800	2,636	2,696	3,939
Wholesale	7,603	8,756	13,408	13,962	18,382	26,059	25,682	18,535	14,736	7,165
Finance	11,516	9,957	11,600	15,471	16,212	10,305	8,268	10,247	10,360	8,808
Agricultural	291	252	913	312	677	4,901	1,568	35	9	29
Mining	292	0	0	0	0	0	0	0	0	105
Government	0	0	823	0	0	4,350	1,343	0	(5) [c]	0
Other	11,166	13,049	15,362	11,085	180,423 [a]	26,457	29,490	31,657	25,280	20,477
Totals	\$ 490,732	522,297	591,257	613,416	770,403	813,486	679,724	704,460	1,544,329	1,397,529

Source: Taxable Gross Receipts from State of New Mexico Taxation and Revenue Department (NMTRD)- monthly report NM_FR003-500 Local Government Distribution - in \$1,000s

Source Note: The NMTRD will not provide data by individual taxpayer, thus the County is presenting this information by business sector.

Notes:

[a] The State's reporting system provided larger than usual "Unclassified Establishments" activity in order to protect the confidentiality of a small number of filers.

[b] The marked increase in activity is estimated to be largely due to the new taxable status of the largest employer, Los Alamos National Laboratory. In prior years, the laboratory was a non-profit.

[c] The State's reporting system corrected a prior period filing error in the "Public Administration" sector.

**INCORPORATED COUNTY OF LOS ALAMOS
GROSS RECEIPTS TAX (GRT) REVENUES AND RATES**

Table 10

LAST TEN FISCAL YEARS

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
GRT Revenues										
General Fund - Local - Municipal	\$ 6,578,754	6,722,856	7,382,782	7,797,136	9,357,618	9,788,714	8,628,880	10,405,815	19,499,692	17,197,172
General Fund - Local - County	643,783	659,025	729,327	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918
General Fund - State Shared	6,645,505	6,776,428	7,369,521	7,783,131	9,340,810	9,771,132	8,402,324	10,765,141	19,458,921	17,172,099
General Fund - subtotal	13,868,042	14,158,309	15,481,630	16,350,527	19,622,845	20,526,850	17,883,590	22,198,831	40,886,283	36,067,169
Fire Protection Excise Tax	0	0	0	0	0	0	0	0	0	1,703,782 [e]
Indigent Health Care (IHC) Fund	643,783	659,025	729,327	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918
Capital Improvement Projects (CIP) Fund	0	0	0	0	0	0	0	572,786	5,787,044	5,093,755
Refuse Fund	321,892	329,512	364,664	385,130	462,208	483,502	426,193	513,684	958,397	853,537
Total GRT Revenues	\$ 14,833,717	15,146,846	16,575,621	17,505,917	21,009,470	21,977,358	19,162,169	24,313,176	49,557,394	45,416,181
Total GRT Revenues - Own source (excludes State Shared)	\$ 8,188,212	8,370,418	9,206,100	9,722,786	11,668,660	12,206,224	10,759,845	13,548,035	30,098,473	28,244,082
GRT Rates by Imposing Authority										
State Imposed Rate	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	5.0000% [a]	5.0000%	5.0000%	5.0000%
Locally Imposed Options:										
Municipal:										
Municipal - General	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%
Municipal - Environmental - Refuse	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	0.0625%
County:										
County - General - 1st 1/8th	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%
County - IHC - 2nd 1/8th	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%
County - General - 3rd 1/8th - CIP									0.1250% [c]	0.1250%
County - Correctional - CIP									0.0625% [d]	0.0625%
County - Correctional - CIP									0.0625% [d]	0.0625%
County - Fire Protection Excise Tax										0.1250% [e]
Subtotal - Local options:	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%
GRT Rates by Recipient										
State Revenue	3.2750%	3.2750%	3.2750%	3.2750%	3.2750%	3.2750%	3.7750%	3.7750%	3.7750%	3.7750%
County Revenue - State Shared	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%
County Revenue - Own Source, locally imposed	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%
Total County Revenue	2.7875%	2.7875%	2.7875%	2.7875%	2.7875%	2.7875%	2.7875%	2.9125%	3.1625%	3.2875%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%

Sources: Los Alamos County CAFRs and Adopted Budgets

Notes:

[a] State Rate Changes January 1, 2005, (middle of FY2005)

[b] Municipal Infrastructure GRT (MIGRT) effective January 1, 2006 (middle of FY2006)

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

[d] County Correctional effective July 1, 2006.

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

**INCORPORATED COUNTY OF LOS ALAMOS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS**

Table 11

TAX YEAR	[a]	TOTAL ADJUSTED TAX LEVY	AS OF	PERCENT OF CURRENT TAXES COLLECTED	AS OF	TOTAL TAX COLLECTIONS	RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY	OUTSTANDING DELINQUENT TAXES	RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY
			MAY 31, 2008		JUNE 30, 2008				
			CURRENT TAX COLLECTIONS		DELINQUENT TAX COLLECTIONS				
1998	\$	7,868,621	\$ 7,671,114	97.49%	\$ 197,256	\$ 7,868,370	100.00%	\$ 251	0.00%
1999		8,027,430	7,937,490	98.88%	89,725	8,027,215	100.00%	215	0.00%
2000		8,470,208	8,152,191	96.25%	316,831	8,469,022	99.99%	1,186	0.01%
2001		9,319,074	9,133,954	98.01%	183,304	9,317,258	99.98%	1,816	0.02%
2002		9,509,176	9,213,200	96.89%	294,055	9,507,255	99.98%	1,921	0.02%
2003		10,262,938	10,001,739	97.45%	258,410	10,260,149	99.97%	2,789	0.03%
2004		10,554,529	10,225,444	96.88%	326,546	10,551,990	99.98%	2,539	0.02%
2005		11,300,097	10,994,524	97.30%	276,306	11,270,830	99.74%	29,267	0.26%
2006		12,105,820	11,805,510	97.52%	239,587	12,045,097	99.50%	60,723	0.50%
2007		12,452,506	12,116,160	97.30%	47,749	12,163,909	97.68%	288,597	2.32%

Sources: Tax rolls, collection reports

Notes:

[a] Tax year refers to corresponding fiscal year (i.e., the 2007 tax year corresponds to the 2007-2008 fiscal year).

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
	REAL PROPERTY	PERSONAL PROPERTY [c]	CENTRALLY ASSESSED PROPERTY [d]	EXEMPTIONS		
1998	\$ 351,171,025	\$ 11,444,647	\$ 7,060,288	\$ (7,111,642)	\$ 362,564,318	\$ 1,109,027,880
1999	397,165,356	11,469,001	6,054,549	(7,123,381)	407,565,525	1,244,066,718
2000	411,587,651	11,898,033	7,053,830	(7,172,763)	423,366,751	1,291,618,542
2001	461,505,161	12,119,420	7,281,630	(6,735,890)	474,170,321	1,442,718,633
2002	498,749,101	12,139,233	7,124,610	(6,658,240)	511,354,704	1,554,038,832
2003	543,532,823	10,763,890	7,712,120	(6,954,610)	555,054,223	1,686,026,499
2004	600,656,370	10,672,460	7,367,200	(7,068,500)	611,627,530	1,856,088,090
2005	643,892,960	10,670,160	7,359,620	(7,584,420)	654,338,320	1,985,768,220
2006	681,136,700	11,046,990	7,688,420	(7,980,370)	691,891,740	2,099,616,330
2007	715,440,480	12,183,030	7,556,300	(8,151,920)	727,027,890	2,205,539,430

Source: Tax rolls

Notes:

[a] Assessed valuation is calculated at 33 1/3% of estimated actual value for all ten years.

[b] Tax year refers to corresponding fiscal year (i.e., the 2007 tax year corresponds to fiscal year 2008).

[c] Includes mobile homes and personal property (w/ 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 Department. A breakdown of real and personal property is not available.

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

Table 13

LAST TEN TAX YEARS

<u>TAX YEAR</u>		<u>STATE OF NEW MEXICO</u>	<u>CITY AND COUNTY OF LOS ALAMOS</u>	<u>LOS ALAMOS SCHOOL DISTRICT</u>	<u>UNIVERSITY OF NEW MEXICO LOS ALAMOS</u>	<u>TOTAL</u>
<u>Tax Rates per \$1000 of Assessed Valuation</u>						
1998	Residential	1.438	9.328	8.829	1.331	20.926
	Non-Residential	1.438	13.674	9.025	1.412	25.549
1999	Residential	1.482	8.619	7.843	1.200	19.144
	Non-Residential	1.482	12.122	7.856	1.237	22.697
2000	Residential	1.529	8.829	7.832	1.307	19.497
	Non-Residential	1.529	12.417	7.999	1.345	23.290
2001	Residential	1.765	8.330	7.789	1.467	19.351
	Non-Residential	1.765	10.529	7.542	1.415	21.251
2002	Residential	1.123	8.205	7.726	1.200	18.254
	Non-Residential	1.123	10.616	7.565	1.166	20.470
2003	Residential	1.520	7.879	7.508	1.203	18.110
	Non-Residential	1.520	10.479	7.451	1.192	20.642
2004	Residential	1.028	7.634	7.047	1.174	16.883
	Non-Residential	1.028	10.306	7.044	1.175	19.553
2005	Residential	1.234	7.599	6.775	1.180	16.788
	Non-Residential	1.234	10.792	6.925	1.199	20.150
2006	Residential	1.291	7.658	6.756	1.212	16.917
	Non-Residential	1.291	11.312	6.923	1.263	20.789
2007	Residential	1.221	7.721	6.760	0.788	16.490
	Non-Residential	1.221	11.856	6.945	0.873	20.895

Source: Adopted rates

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

Table 14

June 30, 2008

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>TAX YEAR 2007 ASSESSED VALUATION</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
PHC-Los Alamos Inc.	Medical Services	\$ 10,300,490	1.42%
Qwest Corp.	Telephone Utility	6,079,990	0.84%
Los Alamos National Bank	Banking	5,204,450	0.72%
Los Alamos Commerce and Development	Real Estate	4,500,000	0.62%
Netuschil Development Corporation	Real Estate	4,362,880	0.60%
Housing Solutions LLC	Real Estate	4,080,670	0.56%
Oppenheimer Place Condo Association Inc.	Real Estate	3,692,660	0.51%
Los Alamos Medical Center C/O PVS	Medical Equipment	2,399,610	0.33%
Shannon Corporation	Real Estate	2,201,690	0.30%
CC&F Los Alamos Investment Co.	Real Estate	2,176,070	0.30%
Total assessed valuation of ten principal taxpayers		44,998,510	6.19%
Total assessed valuation of other taxpayers		682,029,380	93.81%
Total 2007 assessed valuation		<u>\$ 727,027,890</u>	<u>100.00%</u>

Sources: Tax rolls

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			
1999	\$0	\$1,095,000 [a]	\$1,964,983 [b]	\$91,347,324	\$0	\$94,407,307	14%	\$5,146
2000	0	565,000	1,856,456	88,566,127	0	90,987,583	13%	4,960
2001	0	0	5,432,750 [c]	85,378,981	0	90,811,731	12%	4,965
2002	0	0	4,961,842	81,977,188	0	86,939,030	12%	4,903
2003	0	0	4,482,416	78,430,411	0	82,912,827	10%	4,530
2004	0	0	3,983,262	74,641,455	0	78,624,717	9%	4,181
2005	0	0	3,462,993	67,294,605	0	70,757,598	8%	3,765
2006	0	0	2,920,105	62,347,149	1,064,890 [d]	66,332,144	7%	3,524
2007	0	0	2,353,180	65,019,205 [e]	15,657,064 [f]	83,029,449	8%	4,386
2008	0	0	1,760,686	59,514,641	18,086,801 [f]	79,362,128	7%	4,172

[a] Gross receipts tax bonds issued for the construction of Mesa Public Library.

[b] New Mexico Environment Department loan for Bayo Canyon effluent water line.

[c] Addition of \$3,959,444 loan from New Mexico Finance Authority for deferred maintenance projects.

[d] Draws on New Mexico Environment Department (NMED) loan for Wastewater Treatment Facility. Total loan amount is not to exceed \$15,000,000.

[e] Addition of \$7,695,000 Series 2006 Revenue Bonds.

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

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</u> [a]	<u>ASSESSED VALUE</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>
1999	18,344	\$ 362,564,318	\$ 0	\$ 0	\$ 0	0.00%	\$ 0
2000	18,281	407,565,525	0	0	0	0.00%	0
2001	18,343	423,366,751	0	0	0	0.00%	0
2002	18,500	474,170,321	0	0	0	0.00%	0
2003	18,305	511,354,704	0	0	0	0.00%	0
2004	18,805	555,054,223	0	0	0	0.00%	0
2005	18,796	611,627,530	0	0	0	0.00%	0
2006	18,822	654,338,320	0	0	0	0.00%	0
2007	18,931	691,891,740	0	0	0	0.00%	0
2008	19,022	727,027,890	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 2007 tax year corresponds to FY2008)

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

Table 17

June 30, 2008

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>2007 CALENDAR YEAR ASSESSED VALUATION</u>	<u>G.O. DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO GOVERNMENT</u>	<u>COUNTY OF LOS ALAMOS SHARE OF DEBT</u>
Direct G.O. Debt				
City and County of Los Alamos	\$ 727,027,890	\$ 0	100.00%	\$ 0
Overlapping Debt				
State of New Mexico	47,288,631,024	309,865,000	1.54%	4,763,946
Los Alamos School District	727,027,890	11,210,000	100.00%	11,210,000
University of New Mexico - Los Alamos	727,027,890	0	100.00%	0
Total overlapping debt				<u>15,973,946</u>
Total direct and overlapping debt				<u>\$ 15,973,946</u>

Ratio of estimated direct and overlapping debt to 2007 assessed valuation: 2.20%

Ratio of direct general obligation debt to 2007 assessed valuation: .00%

Per capita direct and overlapping debt: \$839.76

Per capita direct debt: \$0

County population - 2008 estimate: 19,022

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

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

Table 18

June 30, 2008

Assessed valuation, tax year 2007 (One third of full valuation)	<u>\$ 727,027,890</u>
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	29,081,116
Less: Debt applicable to limitation (general obligation debt)	<u>0</u>
Legal debt margin	<u><u>\$ 29,081,116</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			DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	TOTAL	
ELECTRIC UTILITY							
1999	\$ 33,029,943	\$ 22,475,542	\$ 10,554,401	\$ 3,511,524	\$ 5,793,253	\$ 9,304,777	1.13
2000	36,317,383	24,730,874	11,586,509	3,676,828	5,609,436	9,286,264	1.25
2001	40,242,159	28,853,050	11,389,109	3,852,145	5,412,048	9,264,193	1.23
2002	36,514,771	25,870,175	10,644,596	4,037,477	5,198,110	9,235,587	1.15
2003	36,528,036	26,257,321	10,270,715	4,230,000	4,969,690	9,199,690	1.12
2004	41,881,898	30,823,844	11,058,054	4,450,000	4,724,940	9,174,940	1.21
2005	35,652,533	26,474,671	9,177,862	4,685,000	3,299,251	7,984,251	1.15
2006	36,921,888	27,730,207	9,191,681	5,310,000	3,205,750	8,515,750	1.08
2007	38,074,522	28,553,817	9,520,705	5,415,000	3,124,113	8,539,113	1.11
2008	43,875,165	31,806,080	12,069,085	5,865,000	3,070,628	8,935,628	1.35
WATER UTILITY							
1999	7,401,854	2,584,993	4,816,861	47,379	7,549	54,928	87.69
2000	9,485,541	3,087,002	6,398,539	47,141	5,162	52,303	122.34
2001	4,983,010	2,741,242	2,241,768	50,642	2,720	53,362	42.01
2002 - 2008	0	0	0	0	0	0	N/A
WASTEWATER UTILITY							
1999	1,640,709	1,186,670	454,039	15,793	2,516	18,309	24.80
2000	2,066,346	1,358,028	708,318	15,714	1,721	17,435	40.63
2001	1,981,425	1,341,857	639,568	16,881	907	17,788	35.96
2002 - 2008	0	0	0	0	0	0	N/A

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

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>
1999	18,344	\$ 679,792	\$ 37,058	3,694	1.60%
2000	18,343	727,373	39,654	3,519	3.00%
2001	18,292	744,265	40,688	3,624	2.50%
2002	17,733	739,236	41,687	3,572	2.30%
2003	18,305	833,701	45,545	3,649	2.60%
2004	18,805	881,729	46,888	3,536	2.70%
2005	18,796	912,377	48,541	3,625	2.60%
2006	18,822	960,430	51,027	3,635	2.50%
2007	18,931	1,024,811	54,134	3,515	2.00%
2008	19,022	1,082,884	56,928	3,470	2.60%

Sources: School Enrollment provided by Los Alamos Public Schools. All other data provided by the New Mexico Economic Development Department.

**INCORPORATED COUNTY OF LOS ALAMOS
TEN LARGEST EMPLOYERS**

Table 21

June 30, 2008

EMPLOYER	TYPE OF BUSINESS	FY2008			FY1999		
		NUMBER OF EMPLOYEES [a]	RANK	% of Total County Employment	NUMBER OF EMPLOYEES	RANK	% of Total County Employment
Los Alamos National Laboratory	Research and Development	9,280	1	47.58%	6679	1	34.23%
KSL Services, Inc.	Maintenance and Operations Services	1,633	2	8.37%	----	----	
Los Alamos Public Schools	Education	700	3	3.59%	700	3	3.59%
Los Alamos County	Government	650	4	3.33%	506	4	2.59%
Protection Technology Los Alamos	Security	606	5	3.11%	470	5	2.41%
Los Alamos Medical Center	Medical Services	305	6	1.56%	300	6	1.54%
Los Alamos National Bank	Banking	271	7	1.39%	177	7	0.91%
Plus Group	Business Services	255	8	1.31%	----	----	
Comforce Technical Services, Inc.	Technical Services	165	9	0.85%	----	----	
Butler Technical Group	Technical Services	165	9	0.85%	----	----	
WA (Weirich) Technical Services	Engineering	140	10	0.72%	----	----	
Johnson Control World Services	Maintenance and Operations Services	----	----	----	1186	2	6.08%
ICF Kaiser	Engineering	----	----	----	90	9	0.46%
Los Alamos Inn Associates	Hotel & Restaurant	----	----	----	97	8	0.50%
Los Alamos Technical Associates	Engineering & Analysis Studies	----	----	----	83	10	0.43%
Total workforce [b]		<u>14,170</u>		<u>72.66%</u>	<u>10,288</u>		<u>52.72%</u>

Sources: Individual Employers, New Mexico Department of Labor

Notes:

[a] As of June 30, 2008

[b] Work force total based on estimates from New Mexico Department of Labor and Los Alamos National Laboratory

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

Table 22

AGE BRACKET	1960		1970		1980		1990		2000	
	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%	1,102	6.0%
5-19 years	4,226	32.4%	5414	35.6%	4,874	27.7%	4,032	22.3%	4,026	21.9%
20-24 years	375	2.9%	567	3.7%	805	4.6%	565	3.1%	602	3.3%
25-34 years	2,260	17.3%	2061	13.6%	2,608	14.8%	3,126	17.3%	3,019	16.5%
35-44 years	2,653	20.3%	2432	16.0%	3,155	17.9%	3,718	20.5%	3,812	20.8%
45-54 years	1,107	8.5%	2269	14.9%	2,491	14.2%	3,171	17.5%	3,256	17.8%
55-64 years	373	2.9%	839	5.5%	1,829	10.4%	1,909	10.5%	2,012	11.0%
65 and over	142	1.1%	314	2.1%	722	4.1%	504	2.8%	514	2.8%
Totals	13,037	100.0%	15,198	100.0%	17,599	100.0%	18,115	100.0%	18,343	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>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Governmental activities										
General government										
Legislative	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Judicial	4.50	4.62	4.62	4.62	4.58	4.58	4.56	4.56	4.80	4.80
County Administrator	9.00	5.62	6.14	7.14	8.04	10.54	11.56	13.00	13.50	13.50
County Assessor	4.43	4.30	5.42	5.42	5.88	5.72	6.59	6.59	7.00	7.00
County Attorney	5.00	5.00	5.00	5.00	5.04	4.04	5.00	5.00	5.00	5.00
County Clerk	5.50	6.20	6.66	6.65	6.72	6.72	7.33	6.97	6.75	6.72
County Sheriff	1.75	1.95	1.75	1.91	2.23	2.19	2.03	2.03	1.97	2.02
Administrative Services	43.06	49.63	50.46	49.90	50.77	51.15	52.11	50.50	53.86	54.75
Public Works (1)	46.25	46.25	46.50	48.50	44.75	44.75	43.81	44.63	46.15	47.17
Cemetery	1.48	1.29	1.27	1.27	0.00	0.00	0.00	0.00	0.00	0.00
Public Safety										
Police	60.25	59.60	59.56	59.56	59.97	59.97	60.13	60.13	75.55	75.57
Cerro Grande fire recovery	0.00	0.00	0.00	0.00	2.00	1.00	1.00	0.00	0.00	0.00
Physical and economic environment	7.67	11.21	12.10	13.00	15.00	14.00	14.00	13.00	13.00	13.00
Transportation (2)	22.64	21.00	22.00	22.00	24.50	25.50	27.40	25.52	25.53	27.53
Culture and recreation	78.01	82.53	82.59	83.32	92.53	91.34	88.06	86.44	85.43	86.31
Business-type activities										
Joint Utilities										
Electric	39.00	36.30	39.00	39.50	40.00	40.00	44.00	44.00	45.00	45.00
Gas	28.00	33.53	34.46	35.32	28.04	26.64	27.13	27.22	25.74	25.37
Water	12.00	10.75	12.00	12.00	12.00	12.00	12.00	12.00	10.25	10.25
Wastewater	0.00	0.00	0.00	0.00	9.00	10.00	10.00	10.00	10.13	10.13
Refuse	17.00	17.00	18.21	18.36	18.32	19.82	20.04	19.26	19.26	19.26
Golf	14.43	14.13	13.37	13.37	13.37	11.96	12.96	12.82	12.73	12.79
Fire-LANL contract	126.00	137.00	128.00	130.00	130.00	135.00	135.00	135.00	141.00	141.00
Airport	1.25	1.25	0.50	0.50	0.50	0.50	1.50	1.50	1.50	1.50
Transit (3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.00
Equipment-internal service	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00
Risk-internal service	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50
Totals	<u>546.22</u>	<u>568.16</u>	<u>568.61</u>	<u>576.34</u>	<u>593.24</u>	<u>597.42</u>	<u>606.21</u>	<u>599.67</u>	<u>623.65</u>	<u>650.17</u>

Source: Administrative Services Department - Office of Management and Budget

Notes:

- (1) Increase in FTEs in Engineering Division
(2) Increase in FTEs in Pavement Division.
(3) New function beginning in FY 2008.

**INCORPORATED COUNTY OF LOS ALAMOS
OPERATING INDICATORS BY FUNCTION/PROGRAM**

Table 24

LAST FIVE FISCAL YEARS

	FY2004	FY2005	FY2006	FY2007	FY2008
General Government					
Assessor-number of parcels by tax year	8,845	8,908	8,972	8,972	8,988
Clerk-number of elections managed*	2	3	3	4	1
Sheriff-number of processes administered	278	271	290	245	276
ASD-Number of IHC claims processed	7,555	3,321	5,177	2,811	3,300
IT-Number of networked devices supported	not available	not available	not available	1,452	1,535
Public Safety					
Police-UCR Crime Rate	308	378	350	431	386
Police-number of service call responses*	16,403	16,751	14,535	13,773	13,883
Police-number of reported traffic accidents	309	300	293	471	260
Police-number animal control cases	234	297	358	354	355
Physical & Economic Development					
Number of construction permits issued*	243	235	180	191	103
Transportation					
Pvmt-Sq ft of sidewalk replaced or added	not available	3,592	3,727	1,701	6,802
Pvmt-linear ft curb & gutter replacement	not available	5,332	2,295	664	1,170
Traffic-miles of lane lines striped	53	66	50	46	58
Culture and Recreation					
Library-Number of circulations	304,803	320,596	328,098	339,895	358,216
Number of park acres maintained	581	587	590	599	599
Number of aquatic center visits	84,650	89,021	89,748	87,457	86,843
Number of rink visits	12,136	12,051	10,294	20,130	23,451
Sr. Center-number of seniors served	not available	not available	not available	2,263	2,348
Joint Utility System					
EP-Number of megawatt hrs supplied	583,997	512,387	562,015	590,117	550,623
ED-Number of electric utility customers	8,467	8,908	8,767	8,892	8,877
Gas-Number of therms delivered	9,319,399	9,435,586	8,198,081	9,374,019	9,389,368
WP-M gallons water produced	1,542,085	1,317,241	1,468,907	1,245,586	1,458,459
WD-M gallons of water sold	1,076,989	876,445	999,920	720,433	800,273
WW-K gallons sewage conveyed	not available	not available	530,375	363,182	441,351
Refuse					
Tons waste processed	67,190	42,592	42,653	39,633	46,541
Tons waste recycled	4,921	4,771	14,960	15,533	21,209
Golf Course					
Number of golf rounds provided	not available	not available	not available	31,374	29,221
Fire-LANL Contract					
Number of responses	1,655	1,606	1,965	1,873	2,022
Airport					
Number of takeoffs & landings	not available	not available	not available	11,199	13,255

Sources: County departments.

Note: Accurate indicators are not available before FY2004.

* Only calendar year data available

**INCORPORATED COUNTY OF LOS ALAMOS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Table 25

LAST SIX FISCAL YEARS

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Public Safety						
Police stations (includes WR substation)	2	2	2	2	2	2
Police vehicles	32	36	39	41	46	48
County owned fire stations	3	3	3	4	4	5
Dept. of Energy owned fire stations	3	3	3	2	2	2
Transportation						
Streets, miles	102.7	102.7	105.0	105.7	106.0	106.0
Sidewalk, square yards	223,599	221,377	223,207	227,407	229,048	231,099
Street lights, county owned	1,051	1,057	1,150	1,153	1,156	1,167
Traffic signals	11	11	11	11	11	11
School and station flashers	9	9	9	9	9	10
Public Parking Lots	28	28	28	28	30	31
Culture and Recreation						
Senior centers	2	2	2	2	2	2
Public libraries	2	2	2	2	2	2
Aquatic centers	1	1	1	1	1	1
Rinks	1	1	1	1	1	1
Parks and play lots	31	32	33	33	33	34
Baseball/softball diamonds	14	14	14	14	14	14
Soccer fields	7	7	7	7	7	7
Tennis courts	9	9	9	9	9	9
Joint Utility System						
Electric generating capacity, owned resources, MW	60	60	60	60	60	60
Electric distribution line miles	140.0	140.0	142.0	142.0	142.0	142.0
Water production wells	12.0	12.0	12.0	12.0	12.0	12.0
Water distribution line miles	145.0	145.0	147.0	147.0	147.0	147.0
Gas distribution line miles	118.0	118.0	120.0	120.0	120.0	120.0
Wastewater collection line miles	115.0	115.0	117.0	117.0	117.0	117.0
Refuse						
Collection trucks	6	7	8	8	9	10
Golf Course						
Holes	18	18	18	18	18	18
Airport						
Tie down spaces	77	77	83	83	83	98

Sources: County departments

Note: Data prior to FY2003 was not complete enough for adequate presentation.

Other Information

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

Year ended June 30, 2008

PROPERTY TAX RECEIVABLE, JUNE 30, 2007	\$ 353,930
Net taxes charged to treasurer	12,446,784
Collections	(12,416,389)
Adjustments	5,722
PROPERTY TAX RECEIVABLE, JUNE 30, 2008	<u>\$ 390,048</u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2008, 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>
1993-98	\$ 993	588	63	66	276
1999	215	97	16	13	89
2000	1,186	586	85	74	441
2001	1,816	821	160	132	703
2002	1,921	912	113	120	776
2003	2,789	1,332	217	171	1,069
2004	2,540	1,224	146	167	1,003
2005	29,268	15,358	1,839	1,783	10,288
2006	60,723	31,066	4,078	3,924	21,655
2007	288,597	148,302	19,296	12,993	108,006
	<u>\$ 390,048</u>	<u>200,286</u>	<u>26,013</u>	<u>19,443</u>	<u>144,306</u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:

Incorporated County of Los Alamos	\$ 6,019,768
State of New Mexico	887,750
University of New Mexico	585,929
Los Alamos Schools	4,922,942
	<u>\$ 12,416,389</u>

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

Year ended June 30, 2008

Agency	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Current Amount Uncollectible	Amount Uncollectible to Date	Undistributed at Year End	Receivable at Year End
Incorporated County of Los Alamos:									
1993-8	\$ 17,979,154	0	17,978,566	0	17,978,566	0	588	0	588
1999	3,692,258	0	3,692,161	0	3,692,161	0	97	0	97
2000	3,941,789	0	3,941,203	0	3,941,203	0	586	0	586
2001	4,115,351	169	4,114,530	169	4,114,530	0	821	0	821
2002	4,385,907	0	4,384,995	0	4,384,995	0	912	0	912
2003	4,548,497	118	4,547,165	118	4,547,165	0	1,332	0	1,332
2004	4,905,502	4,440	4,904,278	4,440	4,904,278	0	1,224	0	1,224
2005	5,273,047	19,930	5,257,689	19,930	5,257,689	0	15,358	0	15,358
2006	5,672,009	98,317	5,640,943	98,317	5,640,943	0	31,066	0	31,066
2007	6,044,797	5,896,794	5,896,794	5,896,794	5,896,495	0	148,302	0	148,302
	60,558,311	6,019,768	60,358,324	6,019,768	60,358,025	0	200,286	0	200,286
State of New Mexico:									
1993-8	2,585,342	0	2,585,279	0	2,585,279	0	63	0	63
1999	604,108	0	604,092	0	604,092	0	16	0	16
2000	647,720	0	647,635	0	647,635	0	85	0	85
2001	837,300	28	837,140	28	837,140	0	160	0	160
2002	574,251	0	574,138	0	574,138	0	113	0	113
2003	836,247	23	836,030	23	836,030	0	217	0	217
2004	628,729	530	628,583	530	628,583	0	146	0	146
2005	808,324	2,720	806,485	2,720	806,485	0	1,839	0	1,839
2006	895,024	14,580	890,946	14,580	890,946	0	4,078	0	4,078
2007	889,490	869,869	869,869	869,869	870,194	0	19,296	0	19,296
	9,306,537	887,750	9,280,199	887,750	9,280,524	0	26,013	0	26,013

University of New Mexico:

1993-8	2,487,537	0	2,487,471	0	2,487,471	0	66	0	66
1999	491,013	0	491,000	0	491,000	0	13	0	13
2000	555,500	0	555,426	0	555,426	0	74	0	74
2001	691,695	23	691,563	23	691,563	0	132	0	132
2002	610,952	0	610,832	0	610,832	0	120	0	120
2003	654,986	18	654,815	18	654,815	0	171	0	171
2004	717,041	593	716,874	593	716,874	0	167	0	167
2005	773,536	2,607	771,753	2,607	771,753	0	1,783	0	1,783
2006	844,251	13,689	840,327	13,689	840,327	0	3,924	0	3,924
2007	581,984	568,999	568,999	568,999	568,991	0	12,993	0	12,993
	8,408,495	585,929	7,820,061	585,929	7,820,061	0	19,443	0	19,443

Los Alamos Public Schools:

1993-8	9,484,011	0	9,483,735	0	9,483,735	0	276	0	276
1999	3,197,476	0	3,197,387	0	3,197,387	0	89	0	89
2000	3,325,299	0	3,324,858	0	3,324,858	0	441	0	441
2001	3,674,728	121	3,674,025	121	3,674,025	0	703	0	703
2002	3,938,066	0	3,937,290	0	3,937,290	0	776	0	776
2003	4,088,762	112	4,087,693	112	4,087,693	0	1,069	0	1,069
2004	4,303,257	3,559	4,302,254	3,559	4,302,254	0	1,003	0	1,003
2005	4,445,190	15,010	4,434,902	15,010	4,434,902	0	10,288	0	10,288
2006	4,694,536	75,891	4,672,881	75,891	4,672,881	0	21,655	0	21,655
2007	4,936,235	4,828,249	4,828,229	4,828,249	4,828,229	0	108,006	0	108,006
	46,087,559	4,922,942	45,943,253	4,922,942	45,943,253	0	144,306	0	144,306

Grand Total	\$ 124,360,902	12,416,389	123,401,837	12,416,389	123,401,863	0	390,048	0	390,048
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2008

	<u>LOS ALAMOS NATIONAL BANK</u>	<u>COMMUNITY BANK</u>	<u>WELLS FARGO BANK MINNESOTA</u>	<u>TOTAL</u>
TOTAL AMOUNT OF DEPOSITS (bank balances)	\$ 72,428,140	4,000,000	150,020	76,578,159
TOTAL AMOUNT OF REPURCHASE AGREEMENTS	0	0	17,937,863	17,937,863
Less: FDIC coverage	100,000	100,000	100,000	300,000
TOTAL UNINSURED PUBLIC FUNDS	<u>72,328,140</u>	<u>3,900,000</u>	<u>17,987,883</u>	<u>94,216,022</u>
COLLATERAL REQUIRED				
Deposits	36,164,070 [a]	1,950,000 [a]	0	38,114,070
Repurchase agreement	0	0	18,992,277 [b]	18,992,277
COLLATERAL				
Letters of Credit	75,000,000 [c]	4,000,000 [c]	0	79,000,000
Pledged securities-repurchase agreement	0	0	19,986,600 [d]	19,986,600
OVER(UNDER) SECURED	<u>\$ 38,835,930</u>	<u>2,050,000</u>	<u>994,323</u>	<u>39,830,253</u>

[a] Collateral requirement is 50% per New Mexico state law. County requirement is 100%.

[b] Collateral requirement is 105% per official statement for Utility Revenue Bond issue of 2006

[c] Letter of Credit - Federal Home Loan Bank of Dallas

[d] Collateral is valued at market value.

INCORPORATED COUNTY OF LOS ALAMOS
DETAIL OF PLEDGED COLLATERAL BY FINANCIAL INSTITUTION

June 30, 2008

	<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						
Letters of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
	02/19/08	02/19/09			\$ 24,000,000	24,000,000
	04/11/08	04/13/09			51,000,000	51,000,000
					<u>75,000,000</u>	<u>75,000,000</u>
COMMUNITY BANK						
Letter of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
	02/19/08	02/19/09			4,000,000	4,000,000
WELLS FARGO BANK MINNESOTA						
Custodians: MBIA, New York, NY and						
AIG Inc., New York, NY						
	11/10/05	11/25/10	31358S6X4	FNMA	340,000	354,602
	03/26/07	02/01/11	31359MGT4	FNMA	5,000,000	5,372,408
	04/14/04	01/15/14	31359YBT3	FNMA STRIP	1,600,000	1,290,320
	06/24/08	06/18/14	3133X7FK5	FHLB	430,000	452,049
	12/06/05	08/15/16	3133MJQF0	FHLB	450,000	486,211
	03/12/02	05/11/17	31771JXJ4	FICO zero cpn, strips	750,000	498,757
	11/02/05	07/15/18	3134A4MR2	FHLMC mortgage pool	600,000	374,148
	11/13/06	12/01/25	31375DVC4	FNMA mortgage pool	2,448	2,613
	11/06/02	10/01/26	31292GRA6	FHLMC mortgage pool	79,488	88,501
	11/13/06	09/01/30	31298AAF0	FHLMC Gold	15,805	17,225
	11/13/06	04/12/35	31331VWG7	FFCB	170,000	177,942
	01/03/08	09/14/35	3133XD4N8	FHLB	520,000	491,103
	03/12/08	07/15/08	3133XGAY0	FHLB	2,400,000	2,551,611
	03/06/08	01/15/09	31359MEK5	FNMA	800,000	829,871
	04/04/08	02/17/09	3137EAAA7	FHLMC	500,000	515,478
	02/07/08	11/13/09	3133MTRK6	FHLB	700,000	713,203
	11/30/07	08/01/12	31359MNU3	FNMA	1,050,000	1,085,443
	04/04/08	06/12/13	3128X1KG1	FHLMC	200,000	199,110
	06/27/08	07/18/16	3137EAAG4	FHLMC	200,000	215,418
	06/27/08	01/05/27	3128X5NQ7	FHLMC	200,000	207,970
	10/12/07	05/15/29	31359MEU3	FNMA	200,000	227,847
	10/12/07	01/15/30	31359MFJ7	FNMA	700,000	895,814
	12/18/07	03/15/31	3134A4AA2	FHLMC	2,400,000	2,938,956
					<u>19,307,741</u>	<u>19,986,600</u>
TOTAL PLEDGED COLLATERAL					<u>\$ 98,307,741</u>	<u>98,986,600</u>

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF DEPOSITORY ACCOUNTS**

June 30, 2008

<u>NAME OF DEPOSITORY</u>	<u>ACCOUNT NAME</u>	<u>TYPE OF ACCOUNT</u>	<u>TOTAL DEPOSITORY BALANCES</u>
Los Alamos National Bank	Municipal Court Bond	Checking	\$ 20,562
Los Alamos National Bank	Library Gift Fund	Checking	1
Los Alamos National Bank	Library Gift Fund	C.D.	12,300
Los Alamos National Bank	Los Alamos County	C.D.	40,570,713
Community Bank	Los Alamos County	C.D.	4,000,000
Los Alamos National Bank	Employee Fund	Checking	11,668
Los Alamos National Bank	General County	Checking	25,364,010
Los Alamos National Bank	Fire - LANL Contract	Checking	1,404
Los Alamos National Bank	Small Purchase	Checking	13,931
Los Alamos National Bank	General County Reserve	Checking	1
Los Alamos National Bank	Utility Resource Pool	Checking	387,103
Los Alamos National Bank	Landfill Closure	Checking	2,796,584
Los Alamos National Bank	Police Operations	Checking	3,725
Los Alamos National Bank	Utilities	Checking	2,338,155
Wells Fargo Bank Minnesota	Utilities	Deposit	150,019
Los Alamos National Bank	Utilities	Checking	907,984
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	754,151
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	61,706
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	362,174
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	2,535,042
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	714
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	585,081
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	20,293
State Treasurer's Pool	Self-sufficiency Fund	Pool	9,317,328
State Treasurer's Pool	General County	Pool	3,771,208
State Treasurer's Pool	General County	Pool	12,835,555
Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	7,236,180
Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	10,701,683
Bank of Albuquerque	Los Alamos County	FFCB	1,013,905
Bank of Albuquerque	Los Alamos County	FNMA	2,026,570

Bank of Albuquerque	Los Alamos County	FHLMC	3,920,741
Bank of Albuquerque	Los Alamos County	FHLB	8,102,665
Wells Fargo Bank Minnesota	Utility Bond 2006	FHLB	1,015,364
State Investment Council	Permanent Fund	Pool	19,062,555
State Investment Council	General Fund	Pool	13,254,260
State Investment Council	Cemetery Perpetual Care	Pool	594,367
American Industries Trust Co.	L.A.C. Employee Pension Plan	Participant Investment	28,446,590
Total Depository Balances			<u>202,196,292</u>
Reconciling items to Bank Reconciliation			(1,059,657)
Petty Cash and Change Funds			4,733
Total Deposits and Investments reported in financial statements			<u>\$ 201,141,368</u>

**INCORPORATED COUNTY OF LOS ALAMOS
SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS**

June 30, 2008

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 will act as the investment manager for County funds deposited with the SIC, and invest County funds in accordance with the guidelines provided in the County 's Investment Policy; providing 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 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, 2008, the County had approximately \$32.9 million invested with the SIC. The County paid approximately \$54,000 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 State Environment Department (NMED)

The parties entered into this agreement to develop comprehensive storm water management plan for Los Alamos County in order to improve water quality in the Pueblo Watershed. Under this agreement the County work with the Pajarito Plateau Watershed Partnership to characterize current conditions, prioritize areas where effective treatments are critical and implement control measures in the Pueblo Canyon Watershed to help Los Alamos County meet water quality standards. NMED will transfer funds of the United State Environmental Protection Agency (Storm water 319 grant) in an amount not to exceed \$148,0000 to the County for costs actually incurred developing the plan.

This agreement was entered into July 1, 2005 and has been extended through June 30, 2008. Either party may terminate the agreement with thirty (30) days written notice to the other party.

Incorporated County of Los Alamos (the County) and the Los Alamos Public Schools (Schools)

The parties entered into this agreement to develop a project plan to relocate the current facilities from the Trinity Site. The Trinity Site is defined as the adjacent 9.727 acres owned by the County (901 Trinity) and the 5.537 acres owned by the Schools (751 Trinity), which is currently being used by the Schools and the County for administrative office, maintenance shops and warehouse space. Under this agreement the County will procure services on behalf of the Schools and County for a space study, site planning and engineering, a construction cost estimate and conceptual design for relocation of the Trinity Site to allow for future development at that site.

The expenditures will be shared on a percentage of ownership basis. The current ownership percent is 63.7% County and 36.27% Schools. The County will be responsible for procuring the services and payment of invoices. Expenditures and subsequent reimbursements from the schools will be recorded in the Trinity Site Capital Project in the Capital Improvements Project Fund. The current project budget is \$742,500 related to this work and is included on the Project-length Schedule of Construction Projects.

This agreement was entered into on December 15, 2004. The agreement is effective for 12 months or until the expiration of the site planning and engineering contract.

Incorporated County of Los Alamos (the County) and the Los Alamos Public School (Schools)

The parties entered into this agreement to fulfill the federal government's requirement for a use agreement between the County and the Schools. The parties intend to jointly exercise their powers to acquire, utilize and dispose of real property with regards to the Trinity Site relocation project. The agreement will facilitate a shared development of the selected relocation site and the redevelopment of the Trinity Site for the mutual benefit of the parties. The Trinity site will be redeveloped for private use, not public. The revenues and expenses will be shared on a percentage of ownership basis. The current ownership percent is 63.7% County and 36.27% Schools. Under this agreement the County will be the lead agency and fiscal agent for purposes of procurement, sales, leases and all other transactions necessary to implement joint use, vacation of the Trinity Site and the redevelopment of the Trinity Site.

This agreement was entered into June of 2005 and runs until terminated by the parties. The agreement may only be terminated by a subsequent written agreement between the parties, which agreement may provide for one party's purchase from the other party of all interest in the Trinity Site.

The current estimated project budget for this project is approximately \$66.25 million.

Incorporated County of Los Alamos (the County) and the New Mexico Law Enforcement Information Exchange (NM LInX)

The parties entered into this agreement to allow the County to participate in the pilot implementation of the New Mexico law enforcement information exchange. The NM LInX is a federal initiative sponsored by the U.S. Attorney for the District of New Mexico and the Naval Criminal Investigative Service (NCIS) to allow the electronic sharing of public police records with other participating law enforcement agencies. Under this agreement the NCIS will provide the equipment and installation costs associated with the LInX system. The County will use the existing manpower to populate the database and maintain the information resulting in no additional fiscal impact.

This agreement was entered into February 28, 2006 and maybe terminated at any time the participants.

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

June 30, 2008

<u>STATE GRANTOR /PROGRAM TITLE</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2007</u>	<u>CASH RECEIVED</u>	<u>OTHER (SEE NOTES)</u>	<u>STATE PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2008</u>
STATE OF NEW MEXICO:					
Administrative Office of the Courts					
Municipal Court Automation Project, Fund #126	\$ 9,690	9,690	0	1,432	1,432
Agency on Aging					
Senior Center - Emergency Phone System Repairs	0	0	0	6,200	6,200
Senior Center - Emergency Compressor Repairs	0	0	0	2,204	2,204
	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,404</u>	<u>8,404</u>
Fire Marshal's Office:					
Fire Protection Fund Distribution (FY 2008)	(94,860)	386,903	10,906 [1]	309,965	(182,704)
Children, Youth and Families Department					
Juvenile Justice Continuum (07-690-3052)	0	54,184	68,356 [2]	68,356	14,172
Department of Finance and Administration:					
DWI- Local Distribution (04-D-J-D-16)	(38)	0	0	38	0
DWI- Local Distribution (07-D-J-D-16)	(4,101)	0	(4,101) [3]	0	0
DWI- Local Reimbursement (07-D-J-G-16)	12,272	12,272	0	0	0
DWI- Local Distribution (08-D-J-D-16)	0	59,018	0	48,330	(10,688)
DWI- Local Reimbursement (08-D-J-G-16)	0	16,615	8,207 [4]	50,631	25,809
Enhanced E911	0	1,712	75,613 [5]	77,875	550
Law Enforcement Protection Fund Distribution	2	40,400	0	26,625	(13,773)
Total Department of Finance and Administration	<u>8,135</u>	<u>130,017</u>	<u>79,719</u>	<u>203,499</u>	<u>1,898</u>
Energy, Minerals, and Natural Resources Department					
Clean Energy Grant (06-521-2446-0210)	838	7,542	0	6,704	0
Health Department					
Public Health Division Primary Care and EMS Grant - Fire	(1,630)	12,000	0	3,283	(10,347)
State of New Mexico Legislature-Special Appropriation					
Rodeo Initiative Laws of 2006, Chapter 111, Section 52 Item 653	29,617	29,617	0	0	0
Camp May Road Fire Hydrants (SAP 07-3232-GF)	0	36,934	0	36,934	0
	<u>29,617</u>	<u>66,551</u>	<u>0</u>	<u>36,934</u>	<u>0</u>
Tourism Department					
Cooperative Marketing Award Grant	6,000	6,000	0	5,000	5,000

Transportation Department

Buckledown/Child Restraint Grants (07-RF-01-055)	1,971	[6]	1,971	0	0	0
Buckledown/Child Restraint Grants (08-OP-RF-055)	0		0	0	365	365
Community DWI Program(908-CD-05-055)	0		2,276	0	3,690	1,414
Cooperative Agreement, SP-5-07 (016)	0		62,358	0	0	(62,358)
Cooperative Agreement, SP-5-08 (047)	0		63,989	0	63,989	0
Cooperative Agreement, SB-7768 (955)	0		84,296	0	84,296	0
Cooperative Agreement, SB-7768 (961)	0		83,170	0	0	(83,170)
Cooperative Agreement, CAP-5-07-(431)	0		26,915	0	0	(26,915)
Cooperative Agreement, CAP-5-08-(437)	0		24,115	0	24,115	0
Cooperative Agreement, MAP-501(901)	0		300,000	0	0	(300,000)
GRIP Project ST-5908(200)	0		1,319,500	0	1,319,500	0
Airport Drainage Study LAM-07-001	0		2,222	0	2,222	0
Airport Maintenance-Mower LAM-08-001	0		5,718	0	5,718	0
Airport Maintenance-Runway LAM-08-002	0		46,550	0	46,550	0
Total Transportation Department	1,971		2,023,080	0	1,550,445	(470,664)
State Engineer						
Water Trust Board	559,776		585,720	0	25,944	0
Office of Cultural Affairs:						
GO Bonds for Public Library Resources	39,335		59,335	0	20,000	0
GO Bonds for Public Library Resources	0		0	0	2,712	2,712
New Mexico State Library Grant - Operations	0		4,939	0	4,939	0
Total Office of Cultural Affairs	39,335		64,274	0	27,651	2,712
TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE	\$ 558,872		3,345,961	158,981	2,247,617	(630,097)

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

State-shared Revenues	17,722,386
Change in Reserved Balances	110,298
Change in Deferred Revenue	514,672
DWI Program Revenue	(8,207)
Interest Earned on Reserved Balance	(10,906)

TOTAL INTERGOVERNMENTAL REVENUES - STATE

\$ 20,575,860

NOTES:

- [1] Interest on reserved fund balance
- [2] County's cash match
- [3] Unexpended grant funds returned to grantee
- [4] DWI program revenue
- [5] Grant expenditures made by State on County's behalf
- [6] Beginning balance as restated



INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2008

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2007	CASH RECEIVED	OTHER	FEDERAL PARTICIPATING EXPENDITURES	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2008
MAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Energy: Los Alamos National Laboratory Fire protection, emergency medical and rescue services subcontract (since Dec 97)	81.XXX 81.2446L0018-K1	\$ 2,137,958	14,118,000	318,850 [1]	14,781,394	2,482,502
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Nonurbanized Area Formula Grant Program Section 5311	20.509	0	118,620	0	374,350	255,730
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		2,137,958	14,236,620	318,850	15,155,744	2,738,232
NONMAJOR FEDERAL FINANCIAL ASSISTANCE						
Cerro Grande Fire Assistance Act CGFAA - Compensation Projects CGFAA - Mitigation Projects	97.XXX Public Law 106-246 Public Law 106-246	(5,486,270) (555,430)	0 0	1,556,547 [2] 0	3,929,723 263,354	0 (292,076)
United States Department of Agriculture: United States Federal Forest Reserve	Public Law 106-393	0	5,235	0	5,235	0
United States Department of Homeland Security Federal Emergency Management Agency State and Local Assistance Program State and Local Assistance Program	97.036 2007-EM-E7-0035 2008-EMPG-Los Alamos County	34,209 0	74,607 0	0 0	40,398 40,846	0 40,846
Office of Domestic Preparedness Equipment program Equipment program Equipment program Bomb Squad Training Grant	97.067 2004-GE-T4-0005 2005-GE-T5-0012 2006-GE-T6-0064 2007-GE-T7-0023	9,388 44,294 0 0	146,710 59,771 19,406 75,744	0 0 0 0	137,322 15,477 19,406 75,647	0 0 0 (97)
United States Department of Interior, Bureau of Land Management: Section 1 payment for Federal owned entitlement land	15.226	0	48,792	0	48,792	0
United States Department of Justice: Drug Enforcement Administration-Asset Forfeiture	16.xxx	(585)	0	23 [3]	0	(608)

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2008

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2007	CASH RECEIVED	OTHER	FEDERAL PARTICIPATING EXPENDITURES	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2008
Office of Juvenile Justice & Delinquency Prevention Flow through State of New Mexico Children, Youth & Families Department Juvenile Accountability Incentive Block Grants	16.523 04-JB-BX-0030	5,493	17,739	12,246 [4]	12,246	0
Flow through State of New Mexico Children, Youth & Families Department Enforcing the Underage Drinking Laws Block Grant	16.727 2006-AH-FX-0042	0	14,707	0	19,680	4,973
United States National Nuclear Security Administration Department of Energy	81.XXX	0	218,369	0	218,369	0
United States Department of Transportation-Federal Highway Administration Flow through New Mexico State Transportation Department Operation DWI (07-AL-K8-055)	20.608	5,548	6,278	0	730	0
Operation DWI (08-AL-64-055)	20.608	0	0	0	1,460	1,460
LA Walks		0	17,500	0	0	(17,500)
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Job Access & Reverse Commute Section 5316	20.516	0	8,690	0	248,543	239,853
Flow through the Regional Transit District-North Central New Mexico Federal Transit Capital Investment Grants Section 5309	20.500				15,992	15,992
United States Department of Transportation-Federal Aviation Administration Flow through New Mexico State Transportation Department Airport Lighting Replacement/Drainage Study (AIP 3-35-0054-003-2007)	20.106	0	84,453	0	84,453	0
United States Environmental Protection Agency Flow through State of New Mexico Environment Department Stormwater Management Plan for Los Alamos County	66.460	21,151	22,326	16,687 [4]	11,812	10,637
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>(5,922,202)</u>	<u>820,327</u>	<u>1,585,503</u>	<u>5,189,485</u>	<u>3,480</u>
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>\$ (3,784,244)</u>	<u>15,056,947</u>	<u>1,904,353</u>	<u>20,345,229</u>	<u>2,741,712</u>

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

Federal Emergency Management Agency	47,045
State and Local Assistance-Change in Deferred Revenue	(3,929,723)
Cerro Grande Fund - Decrease Fund Balance/Change in Deferred Revenue	(439,258)
LANL Fire Contract - Ambulance billing activity and revenues from other sources	

INTERGOVERNMENTAL REVENUES - FEDERAL 16,023,293

INTERGOVERNMENTAL REVENUES - STATE 20,575,860

TOTAL INTERGOVERNMENTAL REVENUES \$ 36,599,153

INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:

Governmental funds	\$ 21,408,769
Proprietary funds	
Operating revenues - intergovernmental	15,114,246
Nonoperating revenues - intergovernmental	<u>76,138</u>

TOTAL INTERGOVERNMENTAL REVENUES \$ 36,599,153

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] Receipts from ambulance billing and other sources
- [2] Budgeted transfer in from MSM fund (\$545,645) and transfer out to Capital Projects fund (\$2,102,192)
- [3] Interest earned on reserved fund balance
- [4] County's cash match

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT
 June 30, 2008

Exhibit 8

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
ASSETS AND OTHER DEBITS					
UTILITY PLANT					
Utility plant and adjustments	\$ 124,475,614	8,348,168	64,949,352	37,009,278	234,782,412
Construction work in progress	4,992,246	279,068	1,449,856	549,794	7,270,964
Less provision for accumulated depreciation	<u>(61,747,387)</u>	<u>(2,623,428)</u>	<u>(11,499,176)</u>	<u>(5,212,490)</u>	<u>(81,082,481)</u>
	67,720,473	6,003,808	54,900,032	32,346,582	160,970,895
OTHER PROPERTY AND INVESTMENTS					
Investments and special funds	24,931,673	447,585	33,513	463,569	25,876,340
CURRENT AND ACCRUED ASSETS					
Cash, working funds and investments	(3,343,112)	3,799,352	13,854,930	1,212,233	15,523,403
Customer accounts receivable	5,677,983	298,980	387,182	294,668	6,658,813
Less provision for uncollectible accounts	(14,072)	(6,549)	(16,159)	(7,134)	(43,914)
Other receivables	48,987	0	25,366	0	74,353
Fuel stock	451,291	0	0	0	451,291
Materials and supplies	310,285	43,952	164,402	26,701	545,340
Prepayments	118,045	0	79,515	0	197,560
Accrued utility revenues	419,172	176,191	292,446	177,154	1,064,963
Miscellaneous current and accrued assets	<u>23,786</u>	<u>11,893</u>	<u>23,786</u>	<u>0</u>	<u>59,465</u>
	3,692,365	4,323,819	14,811,468	1,703,622	24,531,274
DEFERRED DEBITS					
Unamortized debt expenses	998,235	0	0	0	998,235
Unamortized deferral on refunding	<u>5,105,891</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,105,891</u>
	6,104,126	0	0	0	6,104,126
ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING	(5,105,891)	0	0	0	(5,105,891)
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 97,342,746</u>	<u>10,775,212</u>	<u>69,745,013</u>	<u>34,513,773</u>	<u>212,376,744</u>

LIABILITIES AND OTHER CREDITS

PROPRIETARY CAPITAL

Retained earnings	\$ 31,859,650	10,317,156	69,248,252	21,450,457	132,875,515
	<u>31,859,650</u>	<u>10,317,156</u>	<u>69,248,252</u>	<u>21,450,457</u>	<u>132,875,515</u>

LONG-TERM DEBT

Bonds and notes	62,025,000	0	0	0	62,025,000
Other long term debt	0	0	58,746	12,281,495	12,340,241
Plus unamortized premium on long-term debt	2,595,532	0	0	0	2,595,532
	<u>64,620,532</u>	<u>0</u>	<u>58,746</u>	<u>12,281,495</u>	<u>76,960,773</u>

CURRENT AND ACCRUED LIABILITIES

Accounts payable	1,278,229	275,308	279,500	177,229	2,010,266
Customer deposits	71,609	35,771	31,222	0	138,602
Taxes accrued	41,555	21,278	18,485	14,609	95,927
Interest accrued	1,535,314	0	0	510,879	2,046,193
Miscellaneous current and accrued liabilities	360,573	125,699	108,808	79,104	674,184
	<u>3,287,280</u>	<u>458,056</u>	<u>438,015</u>	<u>781,821</u>	<u>4,965,172</u>

DEFERRED CREDITS

Other deferred credits	2,681,175	0	0	0	2,681,175
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ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING

	(5,105,891)	0	0	0	(5,105,891)
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TOTAL LIABILITIES AND OTHER CREDITS

	<u>\$ 97,342,746</u>	<u>10,775,212</u>	<u>69,745,013</u>	<u>34,513,773</u>	<u>212,376,744</u>
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**INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS**

Exhibit 9

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY CAPITAL - INDUSTRY FORMAT
Year ended June 30, 2008

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
UTILITY OPERATING REVENUES					
Sales for resale	\$ 31,496,210	0	0	0	31,496,210
Residential	5,346,566	6,634,477	2,948,789	3,311,657	18,241,489
Commercial and industrial	3,506,292	1,412,365	1,259,589	0	6,178,246
Sales to public authorities	1,614,478	683,815	507,043	0	2,805,336
Street lighting	58,060	0	0	0	58,060
Other operating revenues	499,724	106,078	65,852	22,383	694,037
TOTAL OPERATING REVENUES	42,521,330	8,836,735	4,781,273	3,334,040	59,473,378
OPERATING EXPENSES					
Purchased power, natural gas or water	15,872,716	6,701,015	0	0	22,573,731
Distribution	5,631,461	335,893	912,590	871,172	7,751,116
Administrative and general	124,880	772,424	867,956	659,890	2,425,150
Steam power generation	3,078,688	0	0	0	3,078,688
Transmission	1,680,276	0	0	0	1,680,276
Other production expenses	531,563	0	0	0	531,563
Hydraulic power generation	436,491	0	0	0	436,491
	27,356,075	7,809,332	1,780,546	1,531,062	38,477,015
MAINTENANCE EXPENSES					
Distribution	1,244,562	168,978	1,951,957	663,908	4,029,405
Steam power generation	1,500,678	0	0	0	1,500,678
Hydraulic power generation	245,385	0	0	0	245,385
Transmission	116,990	0	0	0	116,990
	3,107,615	168,978	1,951,957	663,908	5,892,458
DEPRECIATION EXPENSE					
	6,038,805	235,770	1,629,423	480,323	8,384,321
TAXES					
	593,510	205,976	43,755	0	843,241
TOTAL OPERATING EXPENSES	37,096,005	8,420,056	5,405,681	2,675,293	53,597,035
UTILITY OPERATING INCOME	5,425,325	416,679	(624,408)	658,747	5,876,343

**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**

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as other supplementary information of the Incorporated County of Los Alamos, New Mexico (County) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 20, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards July 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 07-01 and 07-03.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the County Council, others within the County, the audit committee, the State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
November 20, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

Compliance

We have audited the compliance of the Incorporated County of Los Alamos, New Mexico (County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-01.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

Jim Hall, Chair, County Council
Members of the Council, and Max Baker, County Administrator
State of New Mexico – Incorporated County of Los Alamos
Los Alamos, New Mexico 87544, and
Hector H. Balderas, State Auditor

purpose of expressing an opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the County Council, others within the County, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Albuquerque, New Mexico
November 20, 2008

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Programs:

CFDA Number
81.2446L0018-K1

Name of Federal Program or Cluster
Los Alamos National Laboratory: Fire Protection, emergency medical and rescue services

20.509

Non-urbanized Area Formula Grant Program Section 5311

Dollar threshold used to distinguish between type A
and type B programs

\$ 610,357

Auditee qualified as low-risk auditee?

X Yes No

B. FINDINGS – AUDIT OF FINANCIAL STATEMENTS

None.

C. FINDINGS – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

08-01 Reporting

Federal Agency: Department of Transportation
CFDA 20.509, Formula Grants for Other than Urbanized Areas (Section 5311)

Statement of Condition

During our single audit test-work of reporting requirements for the Section 5311 Transit Grant, we noted that the required monthly reporting to CRAFFT was not completed within 25 days of the end of the month for any of the 9 months tested.

Criteria

Per the award document, "a monthly report shall be submitted electronically by the sub-grantee to include financial expenditures and ridership. This monthly report shall be generated through the Client Ridership Referral Financial Tracking (CRAFFT) system, and submitted to the Department by the 25th of the following month."

Effect

The grantor agency was not kept informed on the status of the grant, financially or operationally, in a timely manner.

Cause

The Transit Program did not begin the required reporting process in a timely manner after the start of the grant period.

Recommendation

The Transit Program should ensure procedures are in place to meet reporting requirements for its grants. We recommend that the County implement a system that will alert them of reporting due dates and relative requirements.

Management's Response

The County will be revising its internal review and reporting procedures and working with the State to improve timeliness of these reports.

D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978**07-01 Internal Control****Statement of Condition**

During our internal control walkthrough procedures we noted the following control weaknesses:

- No independent verification of the direct deposit file by someone other than the preparer prior to distribution.
- Lack of segregation of duties at the golf course pro shop in relation to inventory and sales functions.
- Lack of segregation of duties over processing of journal vouchers where four individuals have access to post to the general ledger, initiate purchase requisition and initiate and approve journal vouchers.
- Authorized signers on small purchase checks have access to check stock.

Criteria

Good accounting practices and strong internal controls include safeguarding of assets and adequate segregation of duties.

Effect

The risk of theft, misuse of funds and inaccurate financial reporting is increased with the lack of strong internal controls.

Cause

Due to inadequate segregation of duties and various procedures not having been implemented these conditions exist.

Recommendation

The above areas should be considered by management and changes made to policies and procedures to address the identified risks.

Management's Response

The County agrees in general terms with the comments listed above. Although the County believes it has adequate compensating controls which mitigate the weaknesses noted, it will continue to examine its control system to identify areas for improvement.

07-03 Travel and Per Diem**Statement of Condition**

Out of a sample of five travel and per diem reimbursements we noted the following:

- One employee was reimbursed \$12.50 in excess of the correct amount
- One employee is owed \$112.68 and has not yet been reimbursed.

Criteria

The County's travel reimbursement policies and procedures require that all reimbursements be accurate.

Effect

The two items described above are not in compliance with the County's travel policies and procedures.

Cause

There does not exist a system to appropriately ensure the mathematical accuracy of reimbursement requests prior to reimbursement.

Recommendation

We recommend the County establish additional review procedures to ensure the mathematical accuracy of reimbursement requests submitted by employees.

Management's Response

The County is in the process of re-writing its travel policy and procedures, which should address this deficiency.

E. PRIOR YEAR COMMENTS

State Auditor Rule 2 NMAC 2.2 requires that the Independent Auditors' Findings include an update regarding the status of prior year auditors' findings.

<u>Financial Audit Findings</u>	<u>Status</u>
07-01 Internal Control	Repeated and Revised
07-02 Information Technology	Resolved
07-03 Travel and Per Diem	Repeated and Revised

An exit conference was held on November 19, 2008 to discuss the current audit report and current and auditors' findings. The following attended:

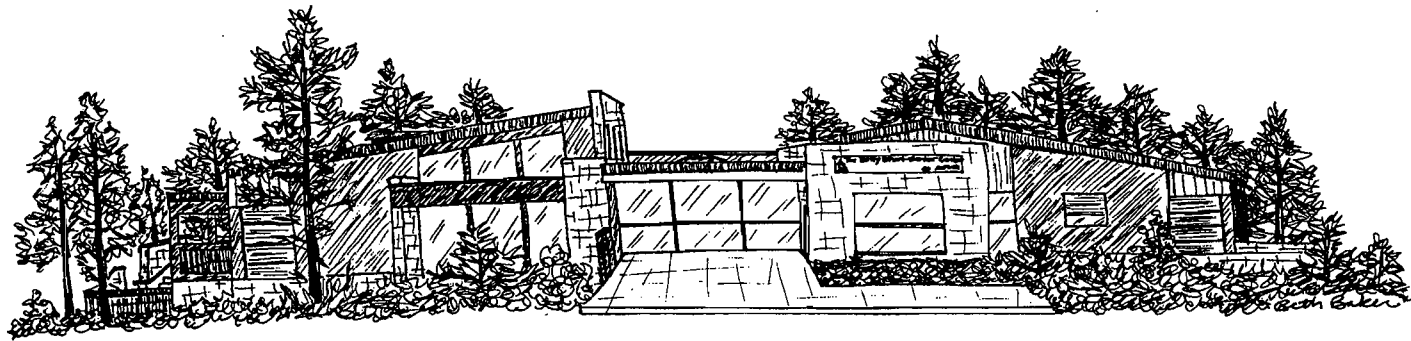
Incorporated County of Los Alamos:

Audit Committee:

- Robert Gibson, Council Vice-chair
- Frances Berting, Councilor
- Chris Ortega, Utility Board Member
- Max Baker, County Administrator
- John Arrowsmith, Assistant Utilities Manager
- Steven Lynne, Chief Financial Officer

County Staff: Diana Stepan, Assistant County Administrator
Joseph D'Anna, Accounting Manager
Roger Beaty, Accounting Operations Manager

Moss Adams LLP: Jim Thompson, Partner
Amy Myer, Manager
Ashley Douglass, Senior
Jennifer Hoobler, Staff



Betty Ehart Senior Center