

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



**Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2010**

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 22, 2010

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the Incorporated County of Los Alamos (the County) for fiscal year 2010. 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, 2010, 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.

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

INTERNAL CONTROL AND MANAGEMENT'S RESPONSIBILITY

County management is responsible for the accuracy of the County's financial statements and the completeness and fairness of their presentation. The County maintains a system of internal accounting controls that is intended to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements according to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits to be derived. The County plans to take positive actions to carry out the independent auditors' recommendations described in their Schedule of Findings and Questioned Costs, dated November 19, 2010, 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, including the following: police services including dispatch of all emergency services; fire protection and prevention services; emergency medical services; maintenance of parks, streets and roads in the County; public transit services; residential and commercial refuse collection and disposal and transfer station operation; electric, water, gas, and wastewater utilities; public library operation; airport facilities; recreation facilities and programs; community planning and development; and certain health and social services.

ECONOMIC CONDITION AND OUTLOOK

The 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 2011 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues decreased in fiscal year 2010, that change is primarily related to the timing of spending at LANL. It is expected that future LANL spending and related County GRT revenue levels will stabilize at a level that is slightly higher than the historical trend. 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 75-80% 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 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 changes in the national nuclear posture policy, changes in the New Mexico federal congressional delegation, as well as Department of Energy/National Nuclear Security Administration (DOE/NNSA) plans for its long-term overall Complex Transformation and significant construction projects such as the Chemistry Metallurgy Research Replacement (CMRR) project.

As originally adopted, the FY 2011 Budget projects combined ending fund balance / working capital of \$121.7 million, an increase of \$8.2 million from the FY 2010 projected ending balance. The largest planned increases of Fund Balance were within the General Fund and the Joint Utilities System Fund.

The County is a net investor and diversifies its portfolio to minimize the impact of market risk. Within the context of the national economic decline, related volatility and slight market recovery in FY 2010, the value of the County's longer-term investments gained back some of the value lost in the previous fiscal year. The much larger majority of the County's investment portfolio performed slightly worse due to using a limited number of investment vehicles that focus on principal preservation, with shorter duration and lower market risk. Projected investment revenue in FY 2011 is a little lower than FY 2010 and still below historically normal average returns as the overall economy is still recovering quite slowly.

Property tax revenues are projected to make up approximately 7.2 % of the County's General Fund revenue in FY 2011. As part of the FY 2011 budget, the County reduced property tax revenues by \$1.5 million. This was part of an initiative to reduce spending and property taxes by \$1.5 million in FY 2011.

The County is currently re-examining its revenue forecasts and its capital financing plans in light of current circumstance 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 2010 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 2010 includes the following:

- **Maintain Quality Routine Essential Services** – the County completed two major facility replacement projects - the Pajarito Cliffs Site (formerly the Airport Basin Site) Project and the Justice Center (formerly Judicial / Police / Jail Complex) project. In October 2008, the County issued \$75 million in GRT Revenue Improvement Bonds. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. The purpose of the bonds was to provide funding for the County's capital improvement program.
- **Improve Intergovernmental Relations** – under a regional development initiative supported by the County's Progress Through Partnering program, a regional coalition of local and tribal governments became a finalist for a \$10 million federal grant to build a regional middle-mile broadband network.
- **Diversify the Economy / Revitalize White Rock and Los Alamos Downtowns** – the Trinity site clearing began. When completed, it will be available for development in partnership with the Los Alamos Public Schools. Implementation has begun on the White Rock master plan / economic development strategy;

- Maintain Environmental Quality – began construction of an additional new low flow hydroelectric turbine at the County’s existing electric production facilities; the County continued implementation of its new sustainability initiatives; 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 3 was completed and Phase 4 was started as planned which includes pedestrian and bicycle upgrades; and the County expanded operation of Atomic City Transit.

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

- Clearing the Trinity site and making it available for redevelopment remains a top priority;
- Beginning design for the replacement of the Municipal Building;
- Completing design and beginning construction of the following significant projects: the White Rock Visitor Center Complex, the Golf Course Community Building, and the NM4 alignment and related White Rock trails and pathways improvement projects.
- Construction and substantial completion of Phase 4 and start of Phase 5 of the Diamond Drive project;
- Completion of construction of the new low flow hydroelectric turbine at the County’s existing electric production facilities;
- 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, 2009. 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 nineteen consecutive years (fiscal years 1991 through 2009). 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 2010. This was the eighteenth 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,



Anthony J. Mortillaro
County Administrator



Steven Lynne
Administrative Services Director / 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, 2009

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.



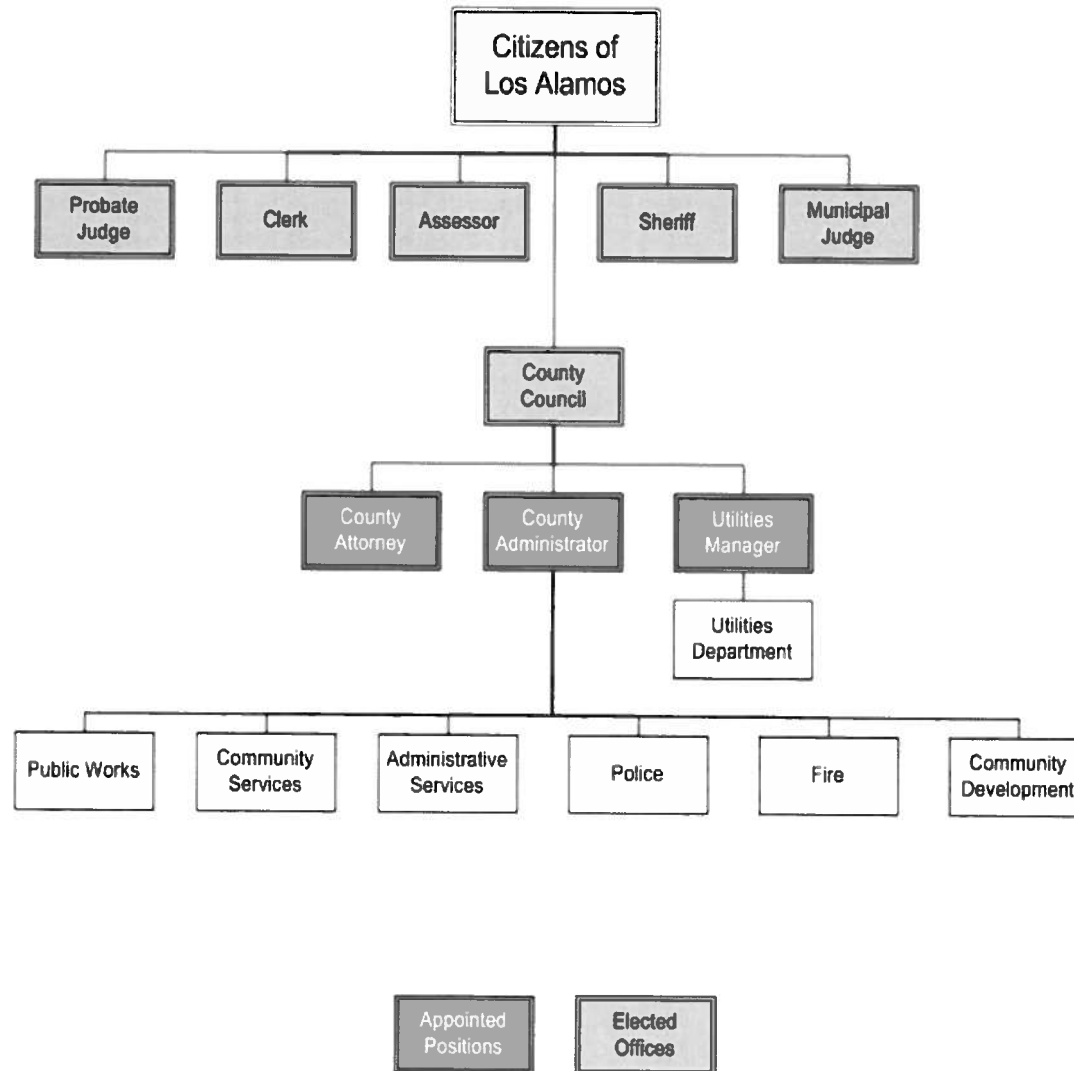
A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

INCORPORATED COUNTY OF LOS ALAMOS ORGANIZATIONAL CHART



INCORPORATED COUNTY OF LOS ALAMOS ELECTED AND APPOINTED OFFICIALS

As of June 30, 2010

Elected:

Council

Michael Wismer, Chair
Sharon Stover, Vice-chair
Nona B. Bowman
Vincent Chiravalle
Robert B. Gibson
Ralph L. Phelps
Michael Wheeler

Clerk

Janet Foster

Assessor

JoAnn Johnson

Sheriff

Bruce E. Takala

Probate Judge

Ellen Hong

Municipal Judge

Alan Kirk

Appointed:

County Administrator

Anthony Mortillaro

Assistant County Administrator

Diana Stepan

County Attorney

Randy M. Autio

Utilities Manager

John Arrowsmith

Community Development Director

Rick Bohn

Community Services Director

Stephani Johnson

Public Works

Kyle Zimmerman

Fire Chief

Douglas Tucker

Police Chief

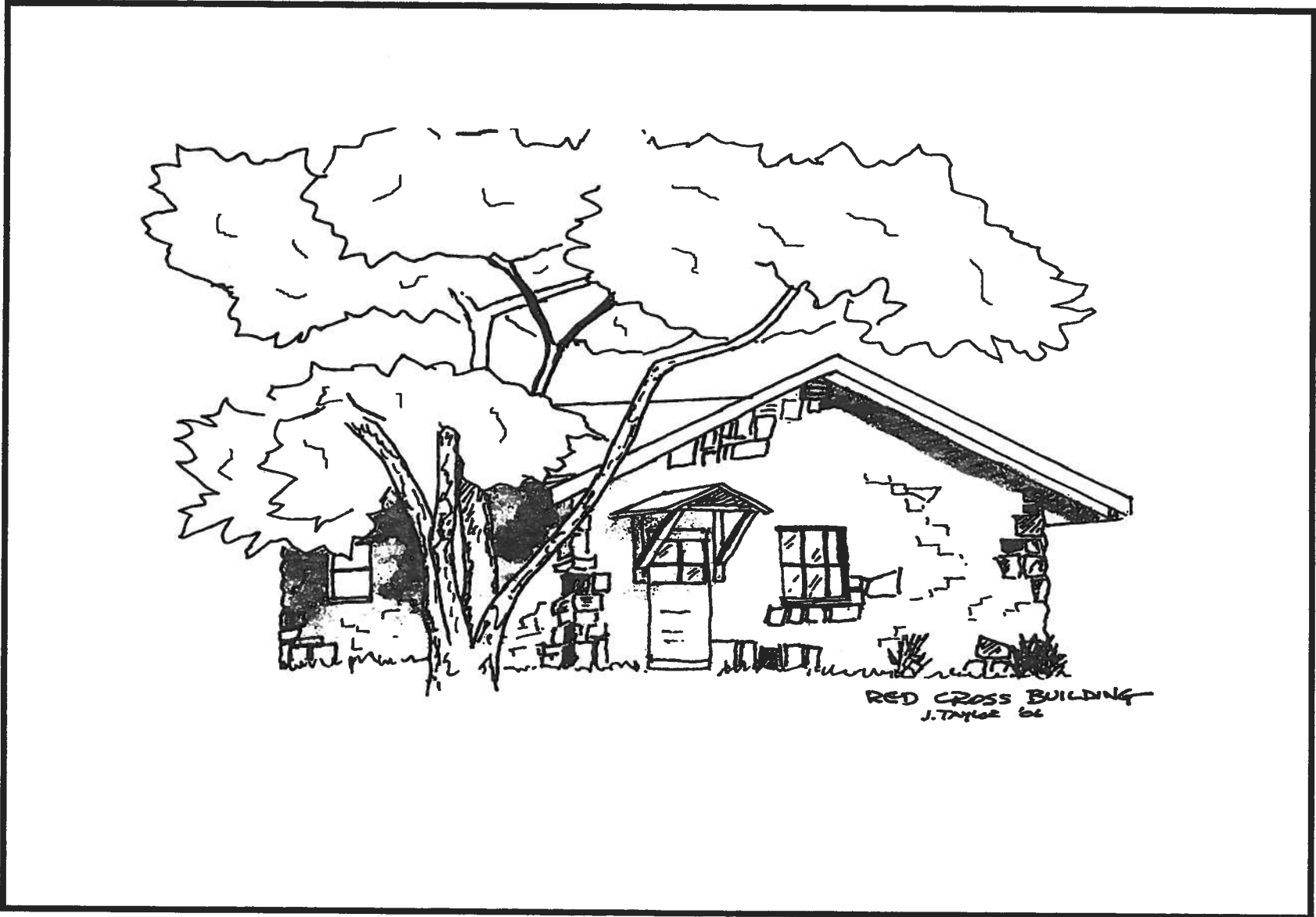
Wayne Torpy

Deputy County Assessor

Joaquin Valdez

Deputy County Clerk

Sheryl Nichols



INDEPENDENT AUDITORS' REPORT

Michael E. Wismer, Chair, County Council
 Members of the Council, and Anthony J. Mortillaro, 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, 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, 2010, 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 non-major governmental, non-major enterprise, internal service and fiduciary funds and the budgetary comparisons for the major capital project funds, debt service funds and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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, 2010, 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 non-major governmental, non-major enterprise, internal service and fiduciary funds of the County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all non-major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

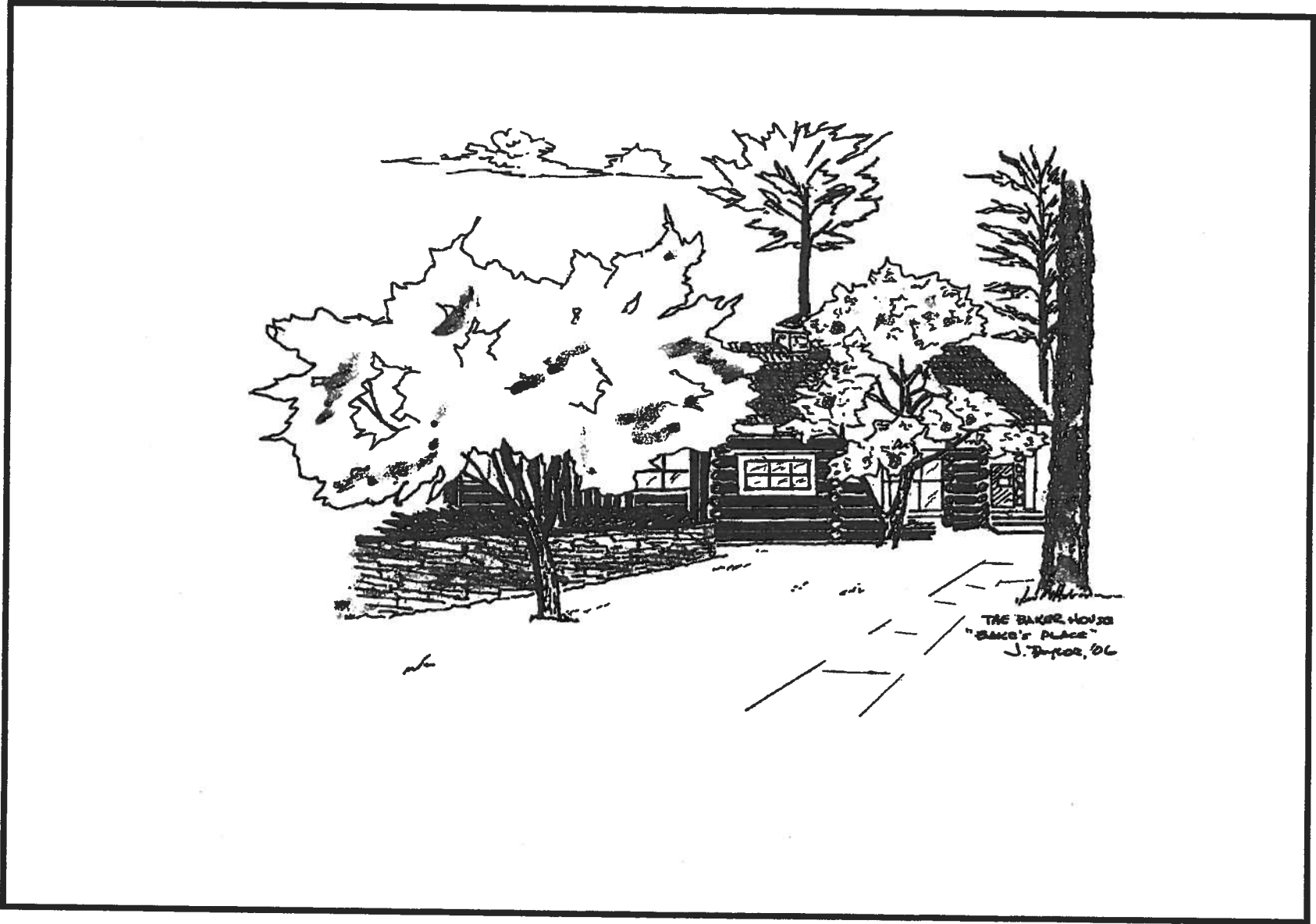
In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 24 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 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 supplemental 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 it.

Meyers + Company, LLC

November 19, 2010



THE BAKER HOUSE
"BAKER'S PLACE"
J. P. ROSS, D.C.

Management's Discussion and Analysis

INCORPORATED COUNTY OF LOS ALAMOS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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, 2010. 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 63, and the *Letter of Transmittal* on page i. Additional data about the County is provided in the Statistical Section, beginning on page 159.

FINANCIAL HIGHLIGHTS

- The County's total net assets, the amount of assets after subtracting related liabilities, were \$521.8 million at fiscal year ended June 30, 2010. This is an increase of \$19.4 million in net assets, or 3.9%, as compared to the prior fiscal year end. The largest factors contributing to the increase in net assets were the relatively large change in investment earnings of \$8.6 million (there was a loss of \$1.1 million in FY 2009 compared to positive earnings of \$7.5 million in FY 2010), and the \$7.9 million reduction in long-term liabilities associated with regular debt service payments. Of the total net assets, \$137.9 million (26.4% of total) is unrestricted. This compares to \$130.4 million for the prior year-end.
- Business-type activities increased the County's net assets by \$10.0 million to \$211.6 million for the fiscal year ended June 30, 2010. This compares to a \$26.2 million increase during the previous fiscal year. Total revenue from business-type activities was \$92.1 million for fiscal year 2010, approximately \$7.3 million lower than the previous year. The most significant reason for the decrease was the donation of the Airport, valued at \$14.4 million, to the County from DOE that occurred in the prior fiscal year. Offsetting this decrease were increases in operating and capital grants.
- For the fiscal year ended June 30, 2010, the County's Governmental Funds reported combined ending fund balance of approximately \$132.6 million. Overall, this was \$22.9 million less than the prior year ended. This change is almost entirely the result of unspent bond proceeds from the new GRT Improvement Revenue bonds that were issued during FY 2009 being spent in FY 2010 on capital projects.
- General Fund Expenditures increased by approximately \$2.2 million over the prior year. This single largest reason for the increase is a requirement in the new cooperative agreement for enhanced fire services with DOE that requires the County to share those costs. This new expenditure was \$2.4 million in fiscal year 2009, for nine months of activity and \$3.3 million in FY 2010, an increase of \$0.9 million. Other increase occurred in public safety and general government categories.
- General Fund resources available for spending on budgeted needs were \$3.7 million less than the final revised budget of \$68.0 million. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue was \$5.2 million less than anticipated due to the timing of spending at LANL. This was offset by investment earnings exceeding projections by \$2.1 million due to better than expected market recovery associated with longer-term investments.

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), Environmental Services, Golf Course, Transit, Fire, and Airport. Unlike governmental services, these services are generally supported by charges paid by users based on the amount of service they use.

Government-wide Financial Statements are prepared on the accrual basis of accounting that means they include all economic resources of the County as a whole. The Government-wide financial statement can be found on pages 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 30-52 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 Environmental Services, Golf Course, Transit, Fire, and Airport funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the maintenance and replacement of the County's central equipment pool and for the County's insurance for health, workers compensation, unemployment, retiree health care, and property and general liability. The proprietary funds financial statements can be found on pages 54-59 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 61-62 of this report.

Notes to Financial Statements are provided on pages 63-106 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		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire County government (except fiduciary funds)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private sector businesses	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net 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 \$521.8 million at fiscal year ended June 30, 2010. This is an increase of \$19.4 million in net assets, or 3.9%, as 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 2010 compared to fiscal year 2009.

	Governmental Activities		Business-type Activities		Totals	
	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>
Assets:						
Current and other assets	\$ 140.5	168.3	69.3	74.1	209.8	242.4
Capital assets	<u>248.3</u>	<u>220.3</u>	<u>225.1</u>	<u>214.7</u>	<u>473.4</u>	<u>435.0</u>
Total assets	<u>388.8</u>	<u>388.6</u>	<u>294.4</u>	<u>288.8</u>	<u>683.2</u>	<u>677.4</u>
Liabilities:						
Current and other liabilities	5.0	11.2	4.6	4.1	9.6	15.3
Long-term liabilities	<u>73.6</u>	<u>76.6</u>	<u>78.2</u>	<u>83.1</u>	<u>151.8</u>	<u>159.7</u>
Total liabilities	<u>78.6</u>	<u>87.8</u>	<u>82.8</u>	<u>87.2</u>	<u>161.4</u>	<u>175.0</u>
Net assets:						
Invested in capital assets, net of related debt	178.3	183.0	158.5	142.6	336.8	325.6
Restricted net assets	28.4	28.0	18.7	18.4	47.1	46.4
Unrestricted net assets	<u>103.5</u>	<u>89.8</u>	<u>34.4</u>	<u>40.6</u>	<u>137.9</u>	<u>130.4</u>
Total net assets	<u>\$ 310.2</u>	<u>300.8</u>	<u>211.6</u>	<u>201.6</u>	<u>521.8</u>	<u>502.4</u>

The largest portion of the County's net assets is invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debts. As of June 30, 2010 this amount was \$336.8 million (64.5% of total net assets). This compares to \$325.6 million (64.8% of total) invested in capital assets net of related debts for the previous year-end for a net increase of \$11.2 million or 3.4%. The primary reasons for this increase are significant investments into replacement of governmental facilities and infrastructure (e.g. shops and warehouses at the Pajarito Cliffs Site Project, the Justice Center Complex, and Diamond Drive road replacement), and ongoing replacement and upgrade of business capital assets (e.g. additions to Joint Utility plant in service). 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 \$47.1 million (9.0% of total) for fiscal year end 2010, a \$0.7 million increase as compared to the prior year. This is a 1.5% change and includes no significant changes.

The remaining balance of net assets is \$137.9 million (26.4% 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 \$130.4 million for the prior year-end. This \$7.5 million increase is primarily the result of higher levels of investment earnings.

Changes in Net Assets

Table 3 shows changes in net assets as a 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, 2010						
(in millions of \$)						
	Governmental Activities		Business-type Activities		Total	
	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.5	1.9	64.7	68.0	67.3	70.0
Operating grants and contributions	1.9	3.3	16.5	11.2	18.4	14.5
Capital grants and contributions	<u>2.6</u>	<u>0.6</u>	<u>7.2</u>	<u>15.5</u>	<u>9.8</u>	<u>16.1</u>
Total program revenues	<u>7.0</u>	<u>5.8</u>	<u>88.4</u>	<u>94.7</u>	<u>95.5</u>	<u>100.6</u>
General revenues:						
Gross Receipts taxes	28.9	32.9	2.8	3.2	31.7	36.1
Property taxes	6.6	6.2	0.0	0.0	6.6	6.2
Franchise taxes	0.5	0.5	0.0	0.0	0.5	0.5
Grants and contributions not restricted to specific programs	0.8	0.9	0.0	0.0	0.8	0.9
State shared revenue	19.3	22.2	0.0	0.0	19.3	22.2
Unrestricted interest and investment earnings (loss)	6.6	(2.6)	0.9	1.5	7.5	(1.1)
Total general revenues	<u>62.7</u>	<u>60.1</u>	<u>3.7</u>	<u>4.7</u>	<u>66.4</u>	<u>64.8</u>
Total Revenues	<u>69.7</u>	<u>65.9</u>	<u>92.1</u>	<u>99.4</u>	<u>161.9</u>	<u>165.4</u>
Program expenses:						
General government	19.0	15.4	0.0	0.0	19.0	15.4
Public Safety	11.3	9.6	0.0	0.0	11.3	9.6
Cerro Grande Fire Recovery	0.0	0.1	0.0	0.0	0.0	0.1
Physical and economic environment	1.5	2.0	0.0	0.0	1.5	2.0
Transportation	10.1	11.2	0.0	0.0	10.1	11.2
Health and welfare	2.1	1.9	0.0	0.0	2.1	1.9
Culture and recreation	8.9	8.7	0.0	0.0	8.9	8.7
Interest on long-term debt	3.7	2.7	0.0	0.0	3.7	2.7

Electric	0.0	0.0	41.2	34.4	41.2	34.4
Gas	0.0	0.0	6.9	6.4	6.9	6.4
Water	0.0	0.0	5.9	5.4	5.9	5.4
Wastewater	0.0	0.0	3.1	3.6	3.1	3.6
Environmental Services	0.0	0.0	4.4	3.2	4.4	3.2
Golf	0.0	0.0	1.1	1.2	1.1	1.2
Transit (Atomic City Transit)	0.0	0.0	3.2	2.1	3.2	2.1
Fire	0.0	0.0	19.1	18.4	19.1	18.4
Airport	<u>0.0</u>	<u>0.0</u>	<u>0.9</u>	<u>0.8</u>	<u>0.9</u>	<u>0.8</u>
Total expenses	<u>56.6</u>	<u>51.6</u>	<u>85.8</u>	<u>75.5</u>	<u>142.4</u>	<u>127.1</u>
Change in net assets before transfers	13.1	14.3	6.3	23.9	19.4	38.2
Transfers	<u>(3.7)</u>	<u>(2.3)</u>	<u>3.7</u>	<u>2.3</u>	<u>0.0</u>	<u>0.0</u>
Total Change in net assets	9.4	12.0	10.0	26.2	19.4	38.2
Beginning net assets	<u>300.8</u>	<u>288.8</u>	<u>201.6</u>	<u>175.4</u>	<u>502.4</u>	<u>464.2</u>
Ending net assets	\$ <u>310.2</u>	<u>300.8</u>	<u>211.6</u>	<u>201.6</u>	<u>521.8</u>	<u>502.4</u>

Governmental Activities

Governmental activities increased the County's net assets by \$9.4 million for fiscal year 2010 as compared to the prior year. This section compares results of governmental activities for fiscal year 2010 to fiscal year 2009 as summarized in Table 3.

Total revenues were \$69.7 million in fiscal year 2010, approximately \$3.8 million more than the previous year. Key variances include:

- A decrease of \$4 million in GRT revenue and a decrease of \$1.2 million of state shared GRT revenues (reported as intergovernmental revenues). These variances are a result of changes in the timing of spending at LANL; and,
- An increase of \$9.2 million in unrestricted interest and investment earnings, which was a result of better than expected recovery of value lost in the previous fiscal year.

Total expenses for governmental activities were \$56.6 million in fiscal year 2010 or \$5.0 million more than the previous year end primarily due to increased spending in the following programs:

- \$3.6 million increase in General Government expenses which is primarily the result of a significant increase in demolition work;
- \$1.7 million increase in Public Safety expenses associated with a) the County share of costs required by the new cooperative agreement with DOE regarding fire protection (FY 2009 was the first year and only included 9 months of shared cost), and b) higher cost in the police department resulting from being more fully staffed than in the prior year;
- \$1.0 million increase in interest payments on long-term debt related to the new GRT revenue bond issue which was only outstanding a partial year in FY 2009.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year ended 2010. 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 \$49.6 million in general

revenues from governmental activities. The proportion of governmental program expenses covered by program revenues was approximately 12.4% at the end of fiscal year 2010, which is similar to the 11.2% ratio for the prior fiscal year.

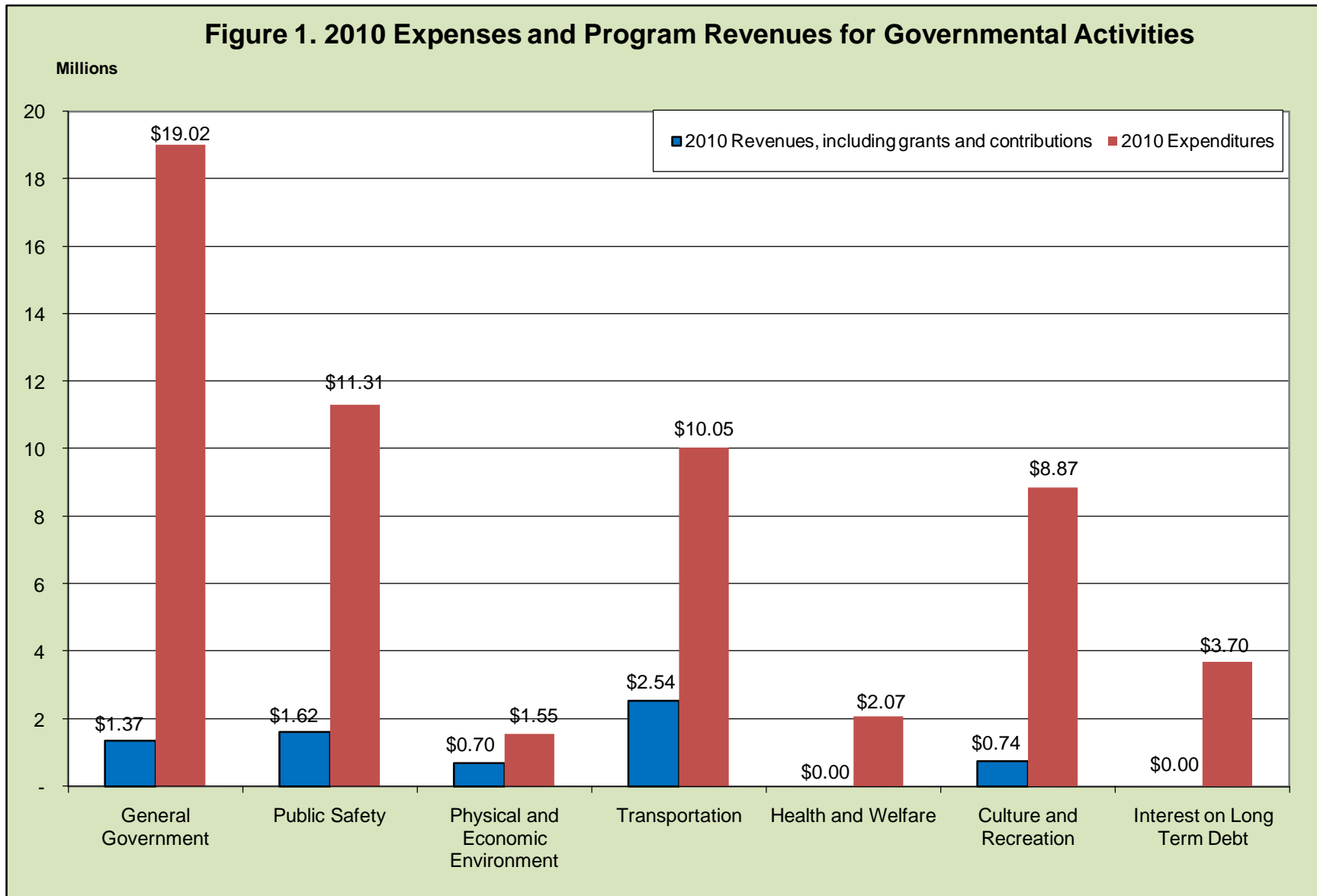
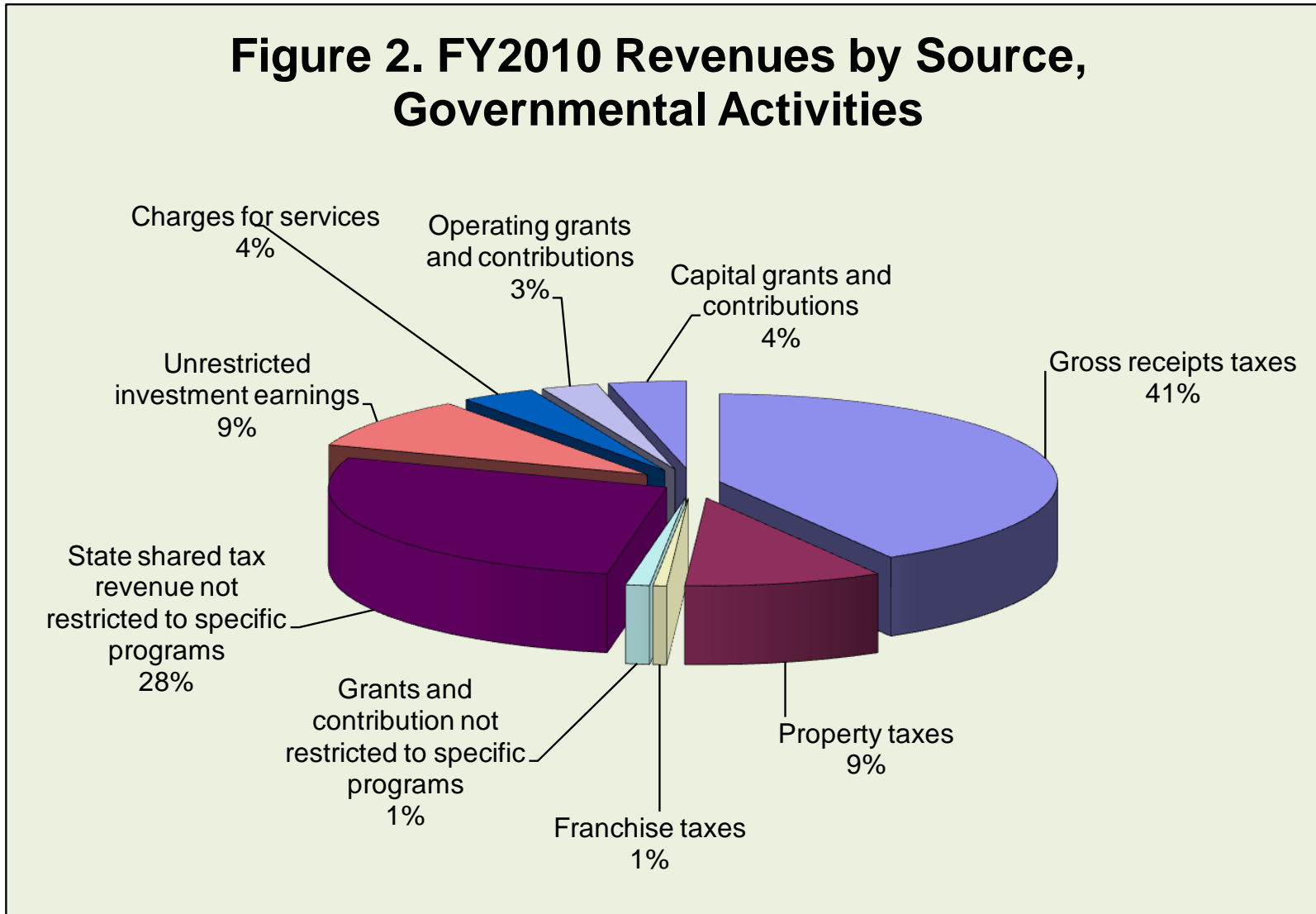


Figure 2 shows the mix of revenue by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue as well as the significance of operating and capital grants and contributions in 2010. It should be noted that the Stated 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 69% of Governmental Activities revenues.



Business-type Activities

Business-type activities increased the County's net assets by \$10.0 for the fiscal year ended June 30, 2010. This compares to a \$26.2 million increase during the previous fiscal year. This section compares results of Business-type Activities for fiscal year 2010 to fiscal year 2009 as summarized in Table 3.

Total revenues and contributions were \$92.1 million in fiscal year 2010, approximately \$7.3 million lower than the previous year. This includes a decrease of \$3.0 million of operating and capital grants and contributions and a decrease of \$3.3 million in charges for services. The decrease in charges for services and increase in operating grants is mostly attributable to the change in the Fire Fund from a contract to a financial award (cooperative agreement). The decreased contribution is a result of DOE transferring the Airport to the County in FY 2009.

Total expenses were \$85.8 million in fiscal year 2010, approximately \$10.3 million more than the previous year. The largest components of this change were an increase in Electric utility expense associated with the prior year change in the electric generating station salvage expense, an increase in environmental services due to higher operating costs for the new transfer station, and an increase in transit resulting from an expansion of services.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2010. This chart demonstrates by type of activity to what degree revenues covered expenses for each program. Overall, total business-type program revenues exceeded total program expenditures by an approximately \$2.5 million surplus in fiscal year 2010 as compared to a \$19.2 million surplus in fiscal year 2009. Notably, Airport revenues exceeded expenses by \$13.8 million associated with the contribution of the Airport to the County from the DOE in fiscal year 2009. All utilities program revenues exceeded expenditures by approximately \$4.3 million in FY 2010 while all other proprietary program revenues were below expenditures by approximately \$1.7 million in FY 2010.

Figure 3. 2010 Expenses and Program Revenues for Business Type Activities

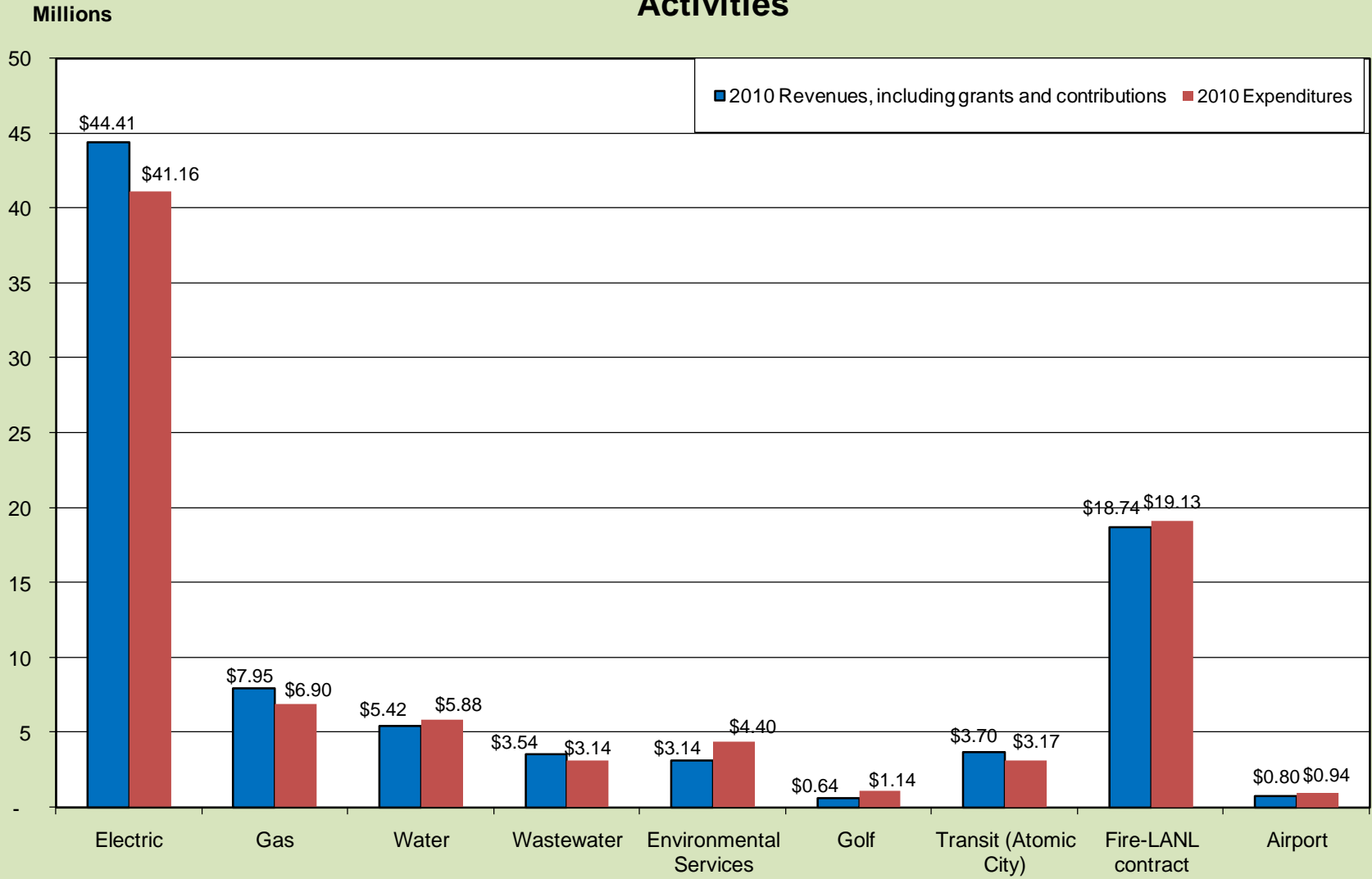
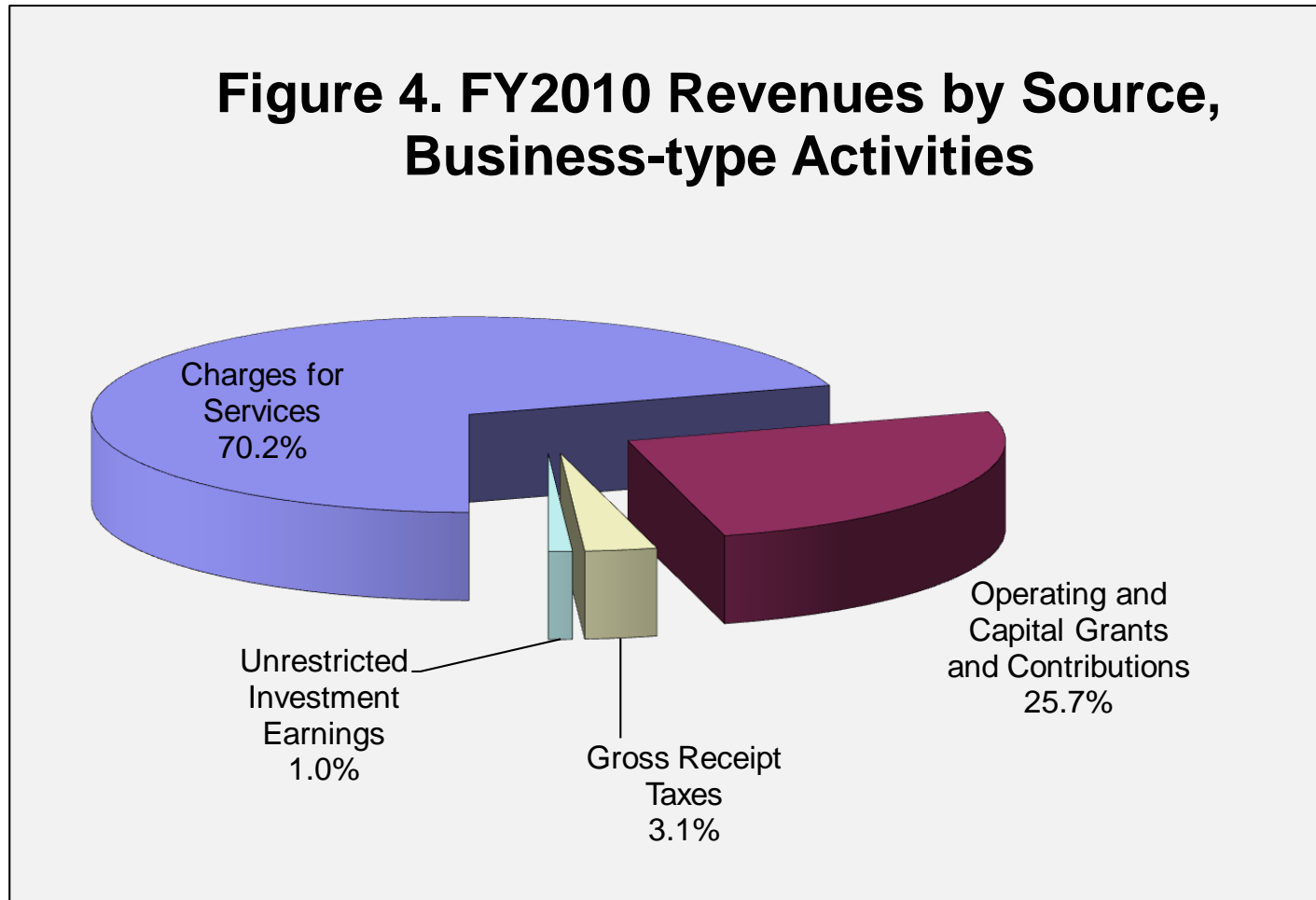


Figure 4 demonstrates that approximately 70.2% of business-type activities daily operations were financed by charges for services in fiscal year 2010. This is similar to fiscal year 2009 when approximately 68.4% of revenue was generated by charges for services. In fiscal year 2009, operating and capital grants combined amounted to \$26.6 million. This compares to \$23.7 million in FY 2010.



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, 2010, the County's Governmental Funds reported combined ending fund balance of approximately \$132.7 million. Overall, this was \$22.9 million less than the prior year. Almost all of this change is associated with unspent bond proceeds being spent in FY 2010 on capital projects. Fund balances are comprised of three major categories:

- \$46.4 million was reserved; an amount not available for current spending because it has already been committed or its use is legally restricted. This amount is \$61.1 million less than the prior year ended primarily due to \$33.6 million of unspent bond proceeds being used in FY 2010 and encumbrances decrease by \$29.1 million which is a result of a much lower level of larger ongoing capital projects at the end of FY 2010.;
- \$73.4 million was designated, indicating intended uses of these balances. This is \$38.8 million more than the prior year primarily due to a decrease in reserved CIP Fund balance resulting from the use of resources for capital projects.
- \$12.9 million was unreserved and undesignated, available for current uses, a \$0.4 million decrease over the prior year. This balance is based upon the County Council financial policy of targeting an unreserved and undesignated fund balance of 20% of General Fund revenues. As those revenues have decreased, so has this balance.

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, 2010 was approximately \$39.1 million as compared to \$41.7 million at the prior year end. Of this total, the unreserved portion (designated and undesignated) was approximately \$31.7 million, as compared to \$34.4 million at the prior year end. The primary reasons for the overall fund balance decrease were lower than anticipated GRT revenues offset by higher than expected investment earnings and lower than anticipated expenditures. See page 22 for a more detailed explanation of General Fund Budgetary Highlights. Two measures of the General Fund's liquidity are: (1) the percent of total fund balance as a percent of expenditures and (2) the unreserved fund balance as a percent of expenditures. The total fund balance was 91.5% of expenditures and the unreserved component was 74.17% of expenditures. Significant account balances and transactions in the General Fund included:

- \$26.6 million transferred out to other funds from the General Fund, notably \$18 million of this was transferred to the CIP Fund (for capital projects), \$6.3 million to the Gross Receipts Tax Revenue Bond Debt Service Fund (for debt service), and \$1.5 million to the Transit Fund (to support operations);
- \$14.5 million designated for revenue stabilization represents surpluses that have accumulated in recent years associated with higher than anticipated GRT revenue levels. As part of the FY 2010 Budget, the County Council approved a new financial policy that sets a minimum target level for this balance of 5% of General Fund actual revenues. In fiscal year 2010, that amount would have been \$3.2 million.
- \$7.9 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. The decrease in this balance is a result of lower GRT revenue levels;
- \$4.2 million reserved for cash requirements. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve;
- \$1.9 million reserved for encumbrances, representing commitments of the County under existing contracts, and unavailable for future use;

- 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 \$12.9 million at June 30, 2010;
- General Fund Expenditures increased by approximately \$2.2 million over the prior year. The largest portion of the increase was an additional \$0.9 million for the County share of Fire Department costs. In FY 2009, there were only nine months of this costs compared to a full year and inflation in FY 2010. Police expenditures also increased as a result of being more fully staffed than in the previous year; and
- General Fund Revenues decreased by \$2.2 million from the prior year. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue was \$5.8 million less than FY 2009 due to the timing of spending at LANL. This was offset by investment earnings exceeding the prior year by \$3.3 million due to better than expected market recovery associated with longer-term investments.

Economic Development - The Economic Development Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act. The designation of \$8.3 million of fund balance recognizes that this is a one-time resource for the County to use to help develop the local economy so that it is less dependent upon the Los Alamos National Laboratory (LANL). The total fund balance at the end of FY 2010 was \$13.6 million, compared to the fund balance of \$13.3 million at the prior fiscal year end. There were no significant transactions in this fund in FY 2010.

Gross Receipts Tax Revenue Bond Debt Service Fund - In October 2008 the County issued \$75 million in GRT Revenue Improvement Bonds for the purpose of funding the County's Capital Improvement Program. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. This fund was established for the purpose of paying principal and interest payments as part of debt service on this bond issue. The fund balance at the year-end was \$6.4 million. Transfers in equaled \$6.3 million, and debt service expenditures equaled \$6.9 million. \$6.4 million of the fund balance has been designated for debt service, by the County Council, as an additional reserve above the amount required in the bond agreement.

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 was approximately \$48.5 million, which represented the unspent portion of previously approved and funded capital projects, including approximately \$3.2 million in unspent bond proceeds classified as restricted assets. The largest remaining project is the Municipal Building replacement project.

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 \$20.0 million. The minimum principal requirement of approximately \$20.8 million, as of June 30, 2010, 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 2010, \$0.9 million was transferred out to the CIP fund. There was investment earnings of 3.2 million which related to the longer-term nature of the investment and better than expected market recovery. The balance in this fund is invested in long-term pooled funds with the New Mexico State Investment Council. Total ending fund balance at June 30, 2010 was \$22.3 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:

- \$174.5 million in Capital assets (net of accumulated depreciation of \$95.7 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets and wastewater collection and processing assets. This balance increased by approximately \$8.4 million in fiscal year 2010. The largest component of this change relates to construction in progress balance. There were several significant projects in progress at year end;
- \$61.9 million in debt related to the Utility plant in service, which is lower than the prior year as a result of regularly scheduled debt service payments;

Environmental Services Fund – The Environmental Services Fund has a liability balance of \$8.1 million. Of this, \$2.3 million was for landfill closure and \$5.5 million was for intergovernmental debt payable that is a loan from the New Mexico Finance Authority that was used to fund the construction of a Solid Waste Transfer Station (EcoStation). Significant landfill closure activities began in fiscal year 2006 and are ongoing.

Golf Course Fund – The Golf Course Fund’s largest balance is land of \$4.7 million. A new Golf Course Community Building is being planned. Design work in process at year end is reflected in the construction in progress balance.

Transit Fund – The Transit Fund accounts for public transportation services provided to the community, with no additional user fees or charges, under the name Atomic City Transit (ACT). This fund was first established in FY 2008 and operations began on October 1, 2007. New buses funded partially through federal grants of \$1.9 million were added during fiscal year 2010. Those assets were then transferred to the Equipment Fund (internal service) for maintenance purposes. Operating revenues and expenses are both significantly higher than the previous year as operations have been expanded.

Fire Fund – On October 1, 2008 the County was awarded a cooperative agreement with the Department of Energy to provide enhanced fire protection services to the Los Alamos National Laboratory (LANL). Under the new agreement with DOE, the County’s annual cost share for operating the fire department will be in excess of \$3 million. The decrease in the balance of due from other governments from \$5.6 million in FY 2009 to \$4.7 million in FY 2010 is associated with the transition from the PCCA to the new cooperative agreement and payment of the final invoice outstanding under the PCCA. The intergovernmental revenue of \$14.7 million in the Fire Fund includes approximately all operating grant revenue under the new cooperative agreement, whereas in 2009 approximately \$3.3 million was charges for services under the prior PCCA.

Airport Fund – During fiscal year 2009, the DOE transferred the Airport to the County. The estimated fair value of the assets transferred was \$14.4 million. Those assets included land, buildings, and improvements other than building (runways, taxiways, etc.). There are no such significant transactions in fiscal year 2010. Associated with the new assets, there was a significant increase in depreciation expense when compared to the prior year since this will be the first full year of depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$3.7 million less than the final revised budget of \$68.0 million. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue was \$5.2 million less than anticipated due to the timing of spending at LANL. This was offset by investment earnings exceeding projections by \$2.1 million due to better than expected market recovery associated with longer-term investments.

Actual General Fund expenditures were approximately \$5.8 million less than the final revised fiscal year 2010 budget. The primary reasons for this variance are position vacancies, delays in certain projects, and the timing of grant expenditures. As permitted by individual grant's governing agreements, unused grant appropriations will be carried over into the next fiscal year.

Actual transfers from the General Fund to the Capital Projects Permanent Fund were \$2 million less than the revised budget. This variance resulted from the transfer being unnecessary to maintain the principal balance within the Capital Projects Permanent Fund.

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, 2009 amounted to \$473.4 million, net of \$203.8 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 \$38.4 million from 2010 to 2009 or 8.8%. Capital assets associated with business-type activities increased by \$10.4 million. The largest components of the increase were investments in a new low-flow electric generation turbine at the Abiqui plant and replacement of underground utilities in conjunction with the Diamond Drive road replacement. Capital assets associated with governmental activities increased by \$28 million. The change includes the completion of roadway infrastructure (Diamond Drive Phase 3) and a significant replacement of shops and warehouse facilities built as part of the Pajarito Cliffs Site, and the replacement and expansion of the Justice Center. 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, 2010 and 2009
(in millions of \$)

	Governmental Activities		Business-type Activities		Total	
	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>
Land	\$ 38.4	38.6	13.3	13.3	51.7	51.9
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	243.6	239.5	243.6	239.5
Buildings	93.5	26.5	23.1	23.1	116.6	49.6
Improvements other than buildings	13.5	8.0	13.3	13.0	26.8	21.0
Machinery and Equipment, Art and Historic Treasures	16.3	12.2	22.6	19.7	38.9	31.9
Infrastructure	156.6	151.0	0.0	0.0	156.6	151.0
Less Accumulated Depreciation	(93.1)	(91.3)	(110.7)	(100.8)	(203.8)	(192.1)
Construction in Progress	5.1	57.3	19.9	6.9	25.0	64.2
Total	\$ 248.3	220.3	225.1	214.7	473.4	435.0

Administration of Debt - From fiscal year 2010 to 2009, the County's total non-current liabilities due in more than one year for governmental and business-type activities combined decreased by \$7.8 million or 5.4% primarily due to regularly scheduled debt service payments. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 92.

ECONOMIC FACTORS AND THE FISCAL YEAR 2011 ADOPTED BUDGET

In the fiscal year 2011 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues decreased in fiscal year 2010, that change is primarily related to the timing of spending at LANL. It is expected that future LANL spending and related County GRT revenue levels will stabilize at a level that is slightly higher than the historical trend. 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 75-80% 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 changes in the national nuclear posture policy, changes in the New Mexico federal congressional delegation, as well as DOE plans for its long-term overall Complex Transformation and significant construction projects such as the CMRR project.

As originally adopted, the FY 2011 Budget projects combined ending fund balance / working capital of \$121.7 million, an increase of \$8.2 million from the FY 2010 projected ending balance. The largest planned increases of Fund Balance were within the General Fund and the Joint Utilities System Fund.

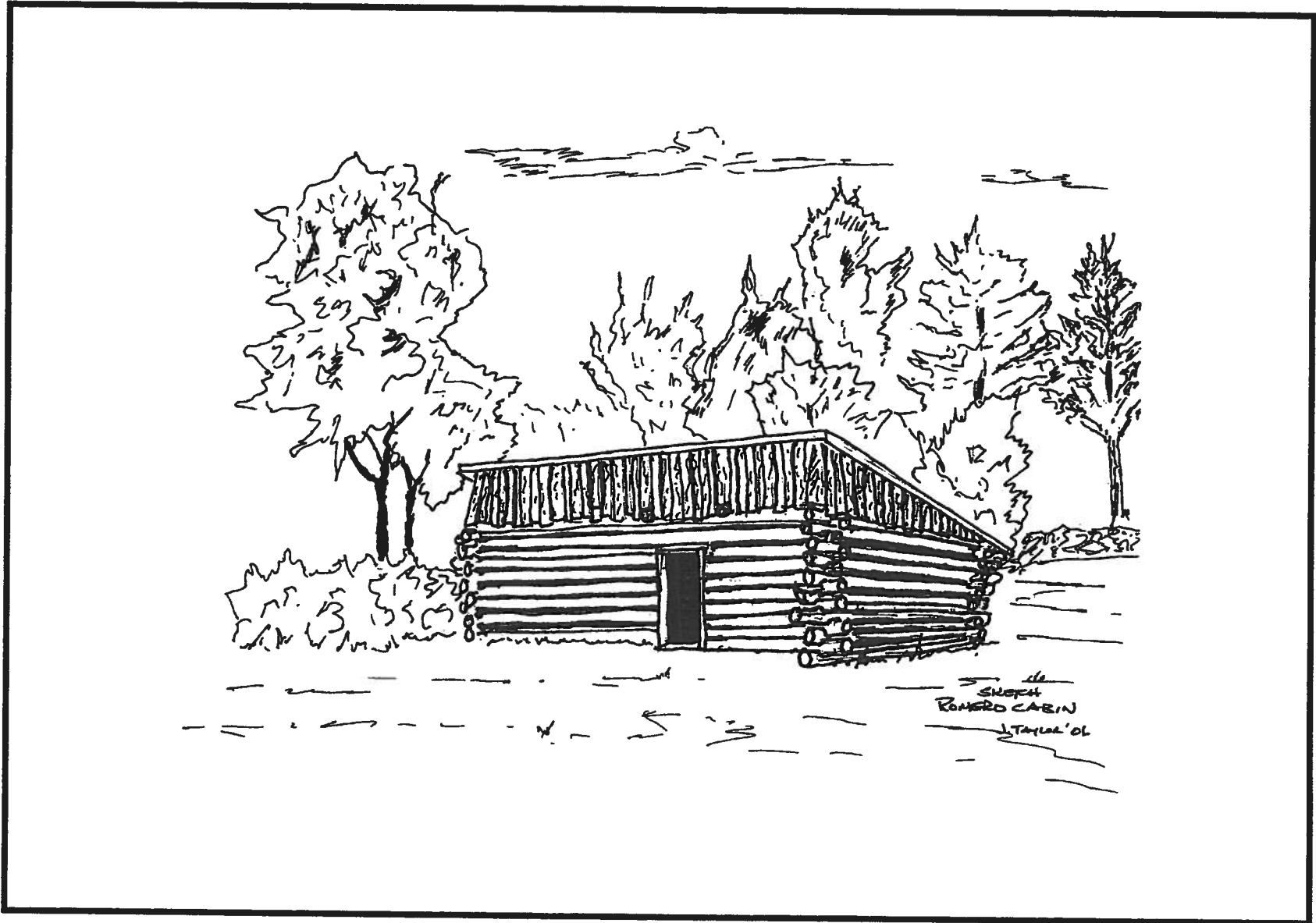
The County is a net investor and diversifies its portfolio to minimize the impact of market risk. Within the context the national economic decline, related volatility and slight market recovery in FY 2010, the value of the County's longer-term investments gained back some of the value lost in the previous fiscal year. The much larger majority of the County's investment portfolio performed slightly worse due to using a limited number of investment vehicles that focus on principal preservation, with shorter duration and lower market risk. Projected investment revenue in FY 2011 is a little lower than FY 2010 and still below historically normal average returns as the overall economy is still recovering quite slowly.

Property tax revenues are projected to make up approximately 7.2 % of the County's General Fund revenue in FY 2011. As part of the FY 2011 budget, the County reduced property tax revenues by \$1.5 million. This was part of an initiative to reduce spending and property taxes by \$1.5 million in FY 2011.

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, Administrative Services Director / Chief Financial Officer, Office of Management and Budget, P.O. Box 30, Los Alamos, New Mexico 87544.

Government-wide Financial Statements



INCORPORATED COUNTY OF LOS ALAMOS

Government-wide

Statement of Net Assets

June 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash and investments	\$ 87,069,631	28,120,795	115,190,426
Investments	27,926,732	5,794,455	33,721,187
Receivables, net of allowance for uncollectibles			
Accounts	228,106	5,517,412	5,745,518
Interest	2,047,982	13,076	2,061,058
Pension forfeitures	6,854	0	6,854
Property taxes	234,413	0	234,413
Unbilled	35,314	1,066,963	1,102,277
Loans receivable, net of discounts/reserve for loan losses	3,711,714	0	3,711,714
Due from other governments	10,006,927	5,125,639	15,132,566
Internal balances	3,880,049	(3,880,049)	0
Inventories and prepayments			
Inventories	418,307	607,456	1,025,763
Power plant inventories	0	678,320	678,320
Prepayments	15,423	170,442	185,865
Restricted assets			
Temporarily Restricted			
Cash and cash equivalents			
Debt reserves and debt service	21,160	1,023,281	1,044,441
Operations and maintenance	0	5,005,979	5,005,979
Capital projects	3,200,463	69,509	3,269,972
Investments			
Debt reserves and debt service	0	15,760,168	15,760,168
Operations and maintenance	0	3,420,621	3,420,621
Accrued interest	0	27,808	27,808
Asset held for resale	1,194,804	0	1,194,804
Capital assets			
Land	38,390,477	13,321,135	51,711,612
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	243,587,160	243,587,160
Buildings	93,593,548	23,161,618	116,755,166
Improvements other than buildings	13,547,899	13,331,609	26,879,508
Machinery, equipment, art and historic treasures	16,170,443	22,488,976	38,659,419
Infrastructure	156,580,899	0	156,580,899
Less accumulated depreciation	(93,102,621)	(110,740,719)	(203,843,340)
Construction in progress	5,106,759	19,946,853	25,053,612
Bond issuance costs, net of amortization	578,855	743,805	1,322,660
TOTAL ASSETS	388,865,252	294,362,312	683,227,564

LIABILITIES

Accounts payable	3,167,880	3,717,664	6,885,544
Accrued salaries and benefits payable	1,247,262	508,203	1,755,465
Customer deposits payable	84,338	174,090	258,428
Due to other governments	18,504	122,909	141,413
Donations held in trust	0	23,529	23,529
Unearned revenue	561,730	43,012	604,742
Contractors retentions payable	0	8,976	8,976
Donations held in trust	44,526	0	44,526
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,860,831	1,614,968	3,475,799
Claims and judgments payable	0	801,018	801,018
Revenue bonds payable	3,215,000	6,865,000	10,080,000
Contracts and intergovernmental debt payable	0	148,897	148,897
Interest payable on non-current liabilities	308,170	1,258,527	1,566,697
Due in more than one year			
Accrued compensated absences	872,510	781,071	1,653,581
Claims and judgments payable	0	1,002,566	1,002,566
Revenue bonds payable	67,318,228	40,540,513	107,858,741
Contracts and intergovernmental debt payable	0	19,807,045	19,807,045
Special closure costs	0	5,349,000	5,349,000
TOTAL LIABILITIES	<u>78,698,979</u>	<u>82,766,988</u>	<u>161,465,967</u>

NET ASSETS

Invested in capital assets, net of related debt	178,334,145	158,548,491	336,882,636
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	20,841,330	0	20,841,330
Debt service (Bond and loan agreements)	21,160	18,666,972	18,688,132
Perpetual care (County code)	592,957	0	592,957
Lodgers' tax (State law)	306,072	0	306,072
Clerk records and files (State law)	67,816	0	67,816
Indigent health care (State law)	1,420,463	0	1,420,463
Property tax valuation (State law)	347,920	0	347,920
Grants (Granting entities)	316,869	0	316,869
Cash requirements (State law)	4,205,640	0	4,205,640
Recreation (County code and contributors)	184,912	0	184,912
Library operations (Contributors)	16,998	0	16,998
Municipal court (County code)	3,354	0	3,354
Unrestricted	103,506,637	34,379,861	137,886,498
TOTAL NET ASSETS	\$ <u>310,166,273</u>	<u>211,595,324</u>	<u>521,761,597</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
Government-wide
Statement of Activities
Year ended June 30, 2010

	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	\$ 19,020,307	1,096,043	270,442	0	(17,653,822)	0	(17,653,822)
Public safety	11,307,944	84,106	1,005,601	531,822	(9,686,415)	0	(9,686,415)
Physical and economic environment	1,545,719	696,216	0	0	(849,503)	0	(849,503)
Transportation	10,050,217	0	492,201	2,050,674	(7,507,342)	0	(7,507,342)
Health and welfare	2,068,607	0	0	0	(2,068,607)	0	(2,068,607)
Culture and recreation	8,865,528	608,966	128,661	0	(8,127,901)	0	(8,127,901)
Interest on long-term debt	3,699,791	0	0	0	(3,699,791)	0	(3,699,791)
Total governmental activities	56,558,113	2,485,331	1,896,905	2,582,496	(49,593,381)	0	(49,593,381)
Business-type activities							
Joint Utilities							
Electric	41,164,227	40,668,122	0	3,745,087	0	3,248,982	3,248,982
Gas	6,896,901	7,954,116	0	0	0	1,057,215	1,057,215
Water	5,877,689	4,816,679	0	603,406	0	(457,604)	(457,604)
Wastewater	3,137,595	3,542,805	0	0	0	405,210	405,210
Environmental Services	4,399,102	3,126,334	0	13,845	0	(1,258,923)	(1,258,923)
Golf	1,140,056	641,433	0	0	0	(498,623)	(498,623)
Transit (Atomic City Transit)	3,165,043	18,548	1,761,272	1,918,911	0	533,688	533,688
Fire	19,127,418	3,813,047	14,695,408	234,523	0	(384,440)	(384,440)
Airport	944,379	82,883	0	714,428	0	(147,068)	(147,068)
Total business-type activities	85,852,410	64,663,967	16,456,680	7,230,200	0	2,498,437	2,498,437
Total government	\$ 142,410,523	67,149,298	18,353,585	9,812,696	(49,593,381)	2,498,437	(47,094,944)
General revenues:							
Gross receipts taxes and excise tax					28,948,180	2,841,265	31,789,445
Property taxes					6,585,887	0	6,585,887
Franchise taxes					451,423	0	451,423
Grants and contributions not restricted to specific programs					797,199	0	797,199
State shared tax revenue not restricted to specific programs					19,284,774	0	19,284,774
Unrestricted investment earnings					6,619,681	944,882	7,564,563
Transfers:							
Transfers					(3,711,426)	3,711,426	0
Total general revenues, and transfers					58,975,718	7,497,573	66,473,291
Change in net assets					9,382,337	9,996,010	19,378,347
Net assets - beginning					300,783,936	201,599,314	502,383,250
Net assets - ending					\$ 310,166,273	211,595,324	521,761,597

See accompanying notes to financial statements

Major Governmental Funds

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

Economic Development Fund 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.

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

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.



Betty Ehart Senior Center

INCORPORATED COUNTY OF LOS ALAMOS

Governmental Funds

Balance Sheet

June 30, 2010

	GENERAL	ECONOMIC DEVELOPMENT SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
ASSETS							
Equity in pooled cash and investments	\$ 28,218,609	3,081,657	6,424,030	47,059,029	0	2,288,306	87,069,631
Investments	553,289	4,976,806	0	0	22,384,336	12,301	27,926,732
Receivables, net of allowance for uncollectibles							
Accounts	133,069	0	0	95,037	0	0	228,106
Interest	2,041,269	6,596	0	0	0	117	2,047,982
Property taxes	234,413	0	0	0	0	0	234,413
Unbilled	0	0	0	0	0	0	0
Loans receivable, net of discounts/reserve for loan losses	0	3,711,714	0	0	0	35,314	3,711,714
Due from other governments	7,850,830	0	0	1,776,508	0	0	3,711,714
Due from other funds	2,411,685	813,561	0	0	0	379,589	10,006,927
Inventories and prepayments						0	3,025,248
Inventories	418,307	0	0	0	0	0	418,307
Prepayments	15,423	0	0	0	0	0	15,423
Advances to other funds	146,799	635,226	0	0	0	0	782,025
Restricted assets							
Temporarily Restricted							
Cash and cash equivalents							
Debt reserves and debt service	0	0	21,160	0	0	0	21,160
Capital projects	0	0	0	3,200,463	0	0	3,200,463
Asset held for resale (LA Apartments Land)	0	1,194,804	0	0	0	0	1,194,804
TOTAL ASSETS	\$ 42,023,693	14,220,364	6,445,190	52,131,037	22,384,336	2,713,627	139,918,247
LIABILITIES							
Accounts payable	\$ 1,224,818	30,575	0	1,826,608	0	85,881	3,167,880
Accrued salaries and benefits payable	1,066,590	0	0	4,933	0	599	1,072,122
Customer deposits payable	64,048	10,290	0	10,000	0	0	84,338
Due to other governments	0	0	0	0	0	18,504	18,504
Due to other funds	175,140	0	0	0	44,517	0	219,657
Deferred revenues	315,950	581,730	0	1,775,142	0	0	2,652,822
Donations held in trust	44,528	0	0	0	0	0	44,526
TOTAL LIABILITIES	2,891,070	602,595	0	3,616,683	44,517	104,984	7,259,849

FUND BALANCE

Reserved fund balance

Reserved by law or contract								
Clerk records and files	0	0	0	0	0	87,816	67,816	
Debt service	0	0	21,160	0	0	0	21,160	
Encumbrances	1,938,663	314,248	0	7,037,496	0	299,231	9,589,638	
Grants	0	0	0	0	0	16,998	16,998	
Library operations	0	0	0	0	0	63,638	63,638	
Lodgers' tax-capital	0	0	0	0	0	156,031	156,031	
Lodgers' tax-promotion	0	0	0	0	0	150,041	150,041	
Indigent health care	0	0	0	0	0	1,420,483	1,420,483	
Municipal Court	0	0	0	0	0	3,354	3,354	
Capital projects	0	0	0	3,200,463	20,841,330	0	24,041,793	
Perpetual care	592,957	0	0	0	0	0	592,957	
Property tax valuation	0	0	0	0	0	301,920	301,920	
Recreation	132,824	0	0	0	0	52,288	184,912	
Cash requirements	4,205,640	0	0	0	0	0	4,205,640	
Reserved and not available for appropriation								
Advances	146,799	635,226	0	0	0	0	782,025	
Inventories	418,307	0	0	0	0	0	418,307	
Petty cash and prepayments	19,208	0	0	0	0	0	19,208	
Loans receivable	0	3,149,984	0	0	0	0	3,149,984	
Asset held for resale	0	1,194,804	0	0	0	0	1,194,804	
Unreserved fund balance								
Designated for special purposes								
Capital improvements - capital projects funds	0	0	0	38,276,395	0	0	38,276,395	
Debt service	0	0	6,424,030	0	0	0	6,424,030	
Continuing appropriations - general fund	4,109,736	0	0	0	0	0	4,109,736	
Revenue stabilization - general fund	14,514,109	0	0	0	0	0	14,514,109	
Fire services - general fund	184,556	0	0	0	0	0	184,556	
Income stabilization - permanent fund	0	0	0	0	1,498,489	0	1,498,489	
Major street maintenance	0	0	0	0	0	76,863	76,863	
Economic Development - special revenue fund	0	8,323,507	0	0	0	0	8,323,507	
Unreserved and undesignated	12,870,024	0	0	0	0	0	12,870,024	
TOTAL FUND BALANCE	39,132,823	13,817,769	6,445,190	48,514,354	22,339,819	2,608,643	132,658,398	
TOTAL LIABILITIES AND FUND BALANCE	\$ 42,023,693	14,220,364	6,445,190	52,131,037	22,384,336	2,713,627	139,918,247	

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, 2010

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:	\$ 132,658,398
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	248,288,518
Long-term liabilities, including bonds payable, bond issuance costs, and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds.	(72,687,714)
Accrued interest payable on long-term liabilities not recorded in the governmental funds, but included in the government-wide statement of net assets.	(308,170)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.	2,091,092
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.	124,149
Net assets of governmental activities	\$ <u><u>310,166,273</u></u>

See accompanying notes to financial statements

Cemetery services	13,260	0	0	0	0	0	13,260
Perpetual care services	35,780	0	0	0	0	0	35,780
Animal shelter fees	737	0	0	0	0	0	737
Activity fees	1,571	0	0	0	0	0	1,571
Daily fees/passes	62,713	0	0	0	0	0	62,713
Annual passes	73,677	0	0	0	0	0	73,677
Three-month passes	35,355	0	0	0	0	0	35,355
Punch passes	61,920	0	0	0	0	0	61,920
Recreation fees	313,569	0	0	0	0	0	313,569
Other fees	10,290	0	0	0	0	0	10,290
	<u>1,020,520</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,503</u>	<u>1,201,023</u>
Interfund/interdepartmental charges							
Interdepartmental services	2,111,778	0	0	0	0	0	2,111,778
Indirect overhead-LANL fire services contract	2,320,595	0	0	0	0	0	2,320,595
Loan interest	0	94,323	0	0	0	0	94,323
	<u>4,432,373</u>	<u>94,323</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,526,696</u>
Miscellaneous revenue							
Investment income (loss)	3,166,227	137,365	9,867	58,557	3,178,832	68,833	6,619,681
Interest charges-delinquent accounts	13,895	0	0	0	0	0	13,895
Building rental	63,808	121,342	0	0	0	0	185,150
Land rental	188,807	0	0	0	0	0	188,807
Miscellaneous rentals	42,801	0	0	0	0	0	42,801
Development agreement forfeitures	0	0	0	250,000	0	0	250,000
Pension forfeitures	101,311	0	0	0	0	0	101,311
Loan interest	0	43,894	0	0	0	0	43,894
Proceeds from sale of assets	0	0	0	88,154	0	0	88,154
Donations	60,145	0	0	0	0	2,344	62,489
Other judgments and settlements	3,822	0	0	0	0	0	3,822
Other	60,376	25,728	0	95,037	0	0	181,141
	<u>3,701,192</u>	<u>328,329</u>	<u>9,867</u>	<u>491,748</u>	<u>3,178,832</u>	<u>71,177</u>	<u>7,781,145</u>
TOTAL REVENUES	<u>64,350,113</u>	<u>422,652</u>	<u>9,867</u>	<u>1,048,631</u>	<u>3,178,832</u>	<u>3,535,499</u>	<u>72,545,594</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Governmental Funds

Statement of Revenues, Expenditures, and Changes In Fund Balance
Year ended June 30, 2010

	GENERAL	ECONOMIC DEVELOPMENT SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
EXPENDITURES							
Current expenditures:							
General government							
County Council	354,688	0	0	0	0	0	354,688
Municipal Court	451,828	0	0	0	0	58,993	510,821
County Administrator	2,571,785	0	0	0	0	0	2,571,785
County Administrator-Comm. and Public Relations	677,275	0	0	0	0	0	677,275
County Assessor	383,991	0	0	0	0	104,086	488,077
County Attorney	772,638	0	0	0	0	0	772,638
County Clerk	481,063	0	0	0	0	17,625	498,688
County Sheriff	62,335	0	0	0	0	0	62,335
Administrative Services-Human Resources	1,353,128	0	0	0	0	0	1,353,128
Administrative Services-Information Technologies	3,719,097	0	0	0	0	0	3,719,097
Administrative Services-Office of Management and Budget	1,293,456	0	0	0	0	0	1,293,456
Administrative Services-Procurement and Risk	908,840	0	0	0	0	0	908,840
Public Works	920,866	0	0	0	0	0	920,866
Capital Projects and Facilities	4,068,030	0	0	0	0	0	4,068,030
Cemetery	144,771	0	0	0	0	0	144,771
	<u>18,163,791</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,704</u>	<u>18,344,495</u>
Public safety							
Fire Department-County share	3,315,198	0	0	0	0	0	3,315,198
Fire Marshal	0	0	0	0	0	538,627	538,627
Fire-E.M.S. grant	0	0	0	0	0	1,486	1,486
Police	7,595,962	0	0	0	0	77,003	7,672,965
	<u>10,911,160</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>615,116</u>	<u>11,526,276</u>
Physical and economic environment							
County Administrator	0	131,695	0	0	0	279,352	411,047
Community Development	1,010,710	0	0	0	0	0	1,010,710
	<u>1,010,710</u>	<u>131,695</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>279,352</u>	<u>1,421,757</u>
Transportation							
Public Works	4,478,447	0	0	0	0	0	4,478,447
	<u>4,478,447</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,478,447</u>
Health and welfare							
Administrative Services-OMB	0	0	0	0	0	2,068,607	2,068,607
Culture and recreation							
Community Services-Administration	1,445,399	0	0	0	0	0	1,445,399
Community Services-Library	2,348,952	0	0	0	0	5,427	2,352,379
Community Services-Parks	2,025,332	0	0	0	0	0	2,025,332
Community Services-Recreation	2,388,168	0	0	0	0	5,549	2,393,717
	<u>8,205,851</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,976</u>	<u>8,216,827</u>

Capital outlay:							
General government							
Administrative Services	0	0	0	135,495	0	0	135,495
Capital Projects and Facilities	0	0	0	34,787,093	0	0	34,787,093
Transportation-Public Works							
Community Services	0	0	0	619,001	0	0	619,001
Public Works	0	0	0	6,384,307	0	0	6,384,307
Culture and recreation							
Community Services	0	0	0	411,991	0	0	411,991
	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,337,887</u>	<u>0</u>	<u>0</u>	<u>42,337,887</u>
Debt service	0	0	6,911,638	0	0	0	6,911,638
TOTAL EXPENDITURES	<u>42,769,959</u>	<u>131,695</u>	<u>6,911,638</u>	<u>42,337,887</u>	<u>0</u>	<u>3,154,755</u>	<u>95,305,934</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	21,580,154	290,957	(6,901,771)	(41,289,258)	3,178,832	380,744	(22,760,340)
OTHER FINANCING SOURCES (USES)							
Transfers in	2,490,091	0	6,335,668	19,319,036	0	13,861	28,158,656
Transfers out	(26,634,172)	0	0	(277,796)	(863,466)	(500,000)	(28,275,434)
	<u>(24,144,081)</u>	<u>0</u>	<u>6,335,668</u>	<u>19,041,240</u>	<u>(863,466)</u>	<u>(486,139)</u>	<u>(116,778)</u>
NET CHANGE IN FUND BALANCE	(2,563,927)	290,957	(566,103)	(22,248,016)	2,315,366	(105,395)	(22,877,118)
FUND BALANCE							
Beginning of fiscal year	41,696,550	13,326,812	7,011,293	70,762,370	20,024,453	2,714,038	155,535,516
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 39,132,623</u>	<u>13,617,769</u>	<u>6,445,190</u>	<u>48,514,354</u>	<u>22,339,819</u>	<u>2,608,643</u>	<u>132,658,398</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, 2010

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

Total net change in fund balance as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance:	\$ (22,877,118)
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 (\$40,482,410) exceeded depreciation (\$7,745,439) in the current period.	32,736,971
Loss on disposal of capital assets is not recorded in governmental funds.	(1,145,992)
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	(3,594,648)
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	3,090,000
The amortization of debt premiums, discounts and issuance costs does not use current financial resources, and therefore is not reported in the governmental funds.	86,018
The change in interest payable on long-term liabilities is not recorded in the governmental funds, but is included in the government-wide statement of net assets.	10,300
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.	(151,663)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,636,414
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.	(407,945)
Change in net assets of governmental activities	<u>\$ 9,382,337</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes-current	\$ 6,481,790	6,481,790	6,585,887	104,097
Local units in-lieu taxes	103,156	103,156	256,461	153,305
General gross receipts taxes	30,118,000	30,118,000	26,761,576	(3,356,424)
Franchise tax-privately owned	89,177	89,177	81,380	(7,797)
Franchise tax-County owned	388,434	388,434	379,455	(8,979)
Penalties and interest-taxes	47,445	47,445	37,653	(9,792)
	37,228,002	37,228,002	34,102,412	(3,125,590)
Licenses and permits				
Business	43,222	43,222	38,511	(4,711)
Nonbusiness	220,544	220,544	370,612	150,068
	263,766	263,766	409,123	145,357
Intergovernmental				
Federal direct	0	14,835	8,970	(5,865)
Federal indirect	116,000	483,393	370,313	(113,080)
Federal shared revenues	5,200	5,200	5,857	657
Federal in-lieu taxes	276,000	276,000	82,042	(193,958)
State grants-library	33,991	52,101	22,081	(30,020)
State grants-police	3,690	291,978	158,181	(133,797)
State grants-other	98,000	153,571	149,623	(3,948)
State shared revenues	21,551,333	21,551,333	19,730,232	(1,821,101)
	22,084,214	22,828,411	20,527,299	(2,301,112)
Fines and forfeitures				
Fines	142,182	142,182	99,000	(43,182)
Correction fees	49,470	49,470	41,115	(8,355)
Special fees	13,307	13,307	8,378	(4,929)
Court ordered reimbursements	3,938	3,938	7,509	3,571
Noncourt fines and forfeitures	0	0	1,192	1,192
	208,897	208,897	157,194	(51,703)

Charges for services				
Court fees	908	908	667	(241)
Clerk fees	40,180	40,180	46,311	6,131
Planning fees	76,514	76,514	37,093	(39,421)
Administrative charges for services	25,770	25,770	36,512	10,742
Sales of food or merchandise	24,340	24,340	35,196	10,856
Other charges for services	300,110	332,110	163,700	(168,410)
Sheriff fees	6,392	6,392	8,800	2,408
Police charges for services	75,389	75,389	83,369	7,980
Cemetery services	12,893	12,893	13,260	367
Perpetual care services	23,262	23,262	35,780	12,518
Animal shelter fees	4,005	4,005	737	(3,268)
Activity fees	0	0	1,571	1,571
Daily fees/passes	88,060	88,060	62,713	(25,347)
Annual passes	77,401	77,401	73,677	(3,724)
Three-month passes	38,163	38,163	35,355	(2,808)
Punch passes	63,259	63,259	61,920	(1,339)
Recreation fees	442,044	442,044	313,569	(128,475)
Other fees	3,950	10,763	10,290	(473)
	1,302,640	1,341,453	1,020,520	(320,933)
Interfund/interdepartmental charges				
Interdepartmental services	2,128,615	2,128,615	2,111,778	(16,837)
Indirect overhead-fire services	2,380,024	2,380,024	2,320,595	(59,429)
	4,508,639	4,508,639	4,432,373	(76,266)
Miscellaneous revenue				
Interest income	1,113,000	1,113,000	3,166,227	2,053,227
Interest charges-delinquent accounts	0	0	13,895	13,895
Buildings rental	124,525	124,525	63,808	(60,717)
Land rental	155,084	155,084	188,807	33,723
Other rental	25,389	25,389	42,801	17,412
Pension forfeitures	119,845	119,845	101,311	(18,534)
Donations	30,977	70,577	60,145	(10,432)
Other judgments and settlements	0	0	3,822	3,822
Other	15,396	15,396	60,376	44,980
	1,584,216	1,623,816	3,701,192	2,077,376
TOTAL REVENUES	67,180,374	68,002,984	64,350,113	(3,652,871)

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES AND ENCUMBRANCES				
County Council				
Employee salaries and benefits	81,727	81,727	84,714	(2,987)
Outside services	271,552	280,302	272,628	7,674
Materials and supplies	21,500	21,500	20,207	1,293
Intrafund/interfund services	710	710	710	0
	<u>375,489</u>	<u>384,239</u>	<u>378,259</u>	<u>5,980</u>
County Courts				
Employee salaries and benefits	323,059	369,359	345,164	24,195
Outside services	57,700	70,711	50,401	20,310
Materials and supplies	15,000	48,843	57,927	(9,084)
Intrafund/interfund services	2,361	2,361	2,361	0
Capital outlay	5,000	5,000	0	5,000
Debt and fiscal charges	1,000	1,000	850	150
	<u>404,120</u>	<u>497,274</u>	<u>456,703</u>	<u>40,571</u>
	<u>404,120</u>	<u>497,274</u>	<u>456,703</u>	<u>40,571</u>
County Administrator				
Operations				
Employee salaries and benefits	974,918	974,918	1,023,062	(48,144)
Outside services	1,796,460	2,285,363	1,737,421	547,942
Materials and supplies	36,900	36,900	69,428	(32,528)
Intrafund/interfund services	10,373	10,373	10,843	(470)
Capital outlay	0	0	12,874	(12,874)
	<u>2,818,651</u>	<u>3,307,554</u>	<u>2,853,628</u>	<u>453,926</u>

Communications and Public Relations				
Employee salaries and benefits	372,215	372,215	370,563	1,652
Outside services	295,774	314,582	280,909	33,673
Materials and supplies	30,350	35,781	38,073	(2,292)
Intrafund/interfund services	5,536	5,536	5,536	0
	<u>703,875</u>	<u>728,114</u>	<u>695,081</u>	<u>33,033</u>
Total County Administrator	3,522,526	4,035,668	3,548,709	486,959
County Assessor				
Employee salaries and benefits	371,600	371,600	350,872	20,728
Outside services	23,350	23,350	16,350	7,000
Materials and supplies	83,750	83,750	83,676	74
Capital outlay	5,934	5,934	5,934	0
	<u>484,634</u>	<u>484,634</u>	<u>456,832</u>	<u>27,802</u>
County Attorney				
Employee salaries and benefits	585,367	576,867	576,475	392
Outside services	112,430	180,930	172,284	8,646
Materials and supplies	21,600	21,600	19,935	1,665
Intrafund/interfund services	3,944	3,944	3,944	0
	<u>723,341</u>	<u>783,341</u>	<u>772,638</u>	<u>10,703</u>
County Clerk				
Employee salaries and benefits	355,637	355,637	357,150	(1,513)
Outside services	104,100	139,100	97,464	41,636
Materials and supplies	24,100	26,060	30,116	(4,056)
Intrafund/interfund services	6,390	6,390	9,061	(2,671)
Capital outlay	5,000	5,000	0	5,000
	<u>495,227</u>	<u>532,187</u>	<u>493,791</u>	<u>38,396</u>
County Sheriff				
Employee salaries and benefits	53,098	53,098	53,285	(187)
Outside services	10,800	10,800	5,103	5,697
Materials and supplies	6,768	6,896	8,023	(1,127)
Intrafund/interfund services	429	429	429	0
	<u>71,095</u>	<u>71,223</u>	<u>66,840</u>	<u>4,383</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Community Development				
Employee salaries and benefits	1,016,785	1,016,785	855,650	161,135
Outside services	157,300	172,103	111,097	61,006
Materials and supplies	20,100	20,100	28,415	(8,315)
Intrafund/interfund services	25,594	25,594	25,594	0
Capital outlay	0	0	19,575	(19,575)
Debt and fiscal charges	500	500	0	500
	<u>1,220,279</u>	<u>1,235,082</u>	<u>1,040,331</u>	<u>194,751</u>
Administrative Services				
Human Resources				
Employee salaries and benefits	1,078,592	1,078,592	998,584	80,008
Outside services	370,189	488,780	338,474	150,306
Materials and supplies	80,719	80,719	55,431	25,288
Intrafund/interfund services	7,558	7,558	7,558	0
Capital outlay	0	0	9,799	(9,799)
Debt and fiscal charges	0	0	2,369	(2,369)
	<u>1,537,058</u>	<u>1,655,649</u>	<u>1,412,215</u>	<u>243,434</u>
Information Technologies				
Employee salaries and benefits	1,992,517	1,992,517	1,947,338	45,179
Outside services	1,550,387	1,651,742	1,553,328	98,414
Materials and supplies	201,265	240,673	178,535	62,138
Intrafund/interfund services	39,004	39,004	39,004	0
Capital outlay	237,221	466,429	406,213	60,216
	<u>4,020,394</u>	<u>4,390,365</u>	<u>4,124,418</u>	<u>265,947</u>
Office of Management and Budget (O.M.B.)				
Employee salaries and benefits	1,086,754	1,086,754	1,047,831	38,923
Outside services	198,500	263,381	115,544	147,837
Materials and supplies	112,000	52,000	46,155	5,845
Intrafund/interfund services	15,298	15,298	15,298	0
Debt and fiscal charges (bad debt adjustment)	2,000	2,000	72,128	(70,128)
	<u>1,414,552</u>	<u>1,419,433</u>	<u>1,296,956</u>	<u>122,477</u>

Procurement and Risk				
Employee salaries and benefits	774,623	774,623	700,472	74,151
Outside services	66,100	66,100	28,859	37,241
Materials and supplies	120,100	150,948	115,587	35,361
Intrafund/interfund services	21,095	21,095	21,371	(276)
Capital outlay	0	0	63,845	(63,845)
	<u>981,918</u>	<u>1,012,766</u>	<u>930,134</u>	<u>82,632</u>
Total Administrative Services	7,953,922	8,478,213	7,763,723	714,490
Fire - County Shared Cost				
Intrafund/interfund services	3,315,198	3,315,198	3,315,198	0
Community Services-Administration				
Operations				
Employee salaries and benefits	240,752	240,752	232,875	7,877
Outside services	1,130,302	1,282,122	1,244,789	37,333
Materials and supplies	7,600	7,600	6,797	803
Intrafund/interfund services	34,476	34,476	30,787	3,689
Capital outlay	0	45,112	44,454	658
	<u>1,413,130</u>	<u>1,610,062</u>	<u>1,559,702</u>	<u>50,360</u>
Total Community Services-Admin.	1,413,130	1,610,062	1,559,702	50,360
Community Services-Library				
Library administration				
Employee salaries and benefits	315,856	315,856	304,697	11,159
Outside services	33,716	33,716	33,064	652
Materials and supplies	23,258	23,258	23,152	106
Intrafund/interfund services	22,062	22,062	22,093	(31)
	<u>394,892</u>	<u>394,892</u>	<u>383,006</u>	<u>11,886</u>
Public services				
Employee salaries and benefits	1,183,199	1,192,179	1,170,313	21,866
Outside services	92,024	92,024	93,596	(1,572)
Materials and supplies	19,356	19,437	28,415	(8,978)
Intrafund/interfund services	1,959	1,959	1,959	0
	<u>1,296,538</u>	<u>1,305,599</u>	<u>1,294,283</u>	<u>11,316</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Support services				
Employee salaries and benefits	295,000	295,000	292,337	2,663
Outside services	45,427	45,427	44,373	1,054
Materials and supplies	23,226	23,226	18,160	5,066
Capital outlay	0	13,020	25,065	(12,045)
Debt and fiscal charges	0	0	11	(11)
	<u>363,653</u>	<u>376,673</u>	<u>379,946</u>	<u>(3,273)</u>
Collection development				
Materials and supplies	233,881	255,466	251,332	4,134
Outside funding/grants				
Employee salaries and benefits	0	5,839	748	5,091
Outside services	0	890	890	0
Materials and supplies	0	110,396	49,816	60,580
	<u>0</u>	<u>117,125</u>	<u>51,454</u>	<u>65,671</u>
Total Community Services-Library	2,288,964	2,449,755	2,360,021	89,734
Community Services-Parks				
Parks Maintenance				
Employee salaries and benefits	1,164,074	1,195,887	1,171,539	24,348
Outside services	178,650	517,989	134,822	383,167
Materials and supplies	248,000	257,567	267,425	(9,858)
Intrafund/interfund services	572,712	572,712	486,170	86,542
Capital outlay	14,000	14,000	20,390	(6,390)
	<u>2,177,436</u>	<u>2,558,155</u>	<u>2,080,346</u>	<u>477,809</u>
Parks Maintenance Projects				
Outside services	0	64,944	62,137	2,807
Materials and supplies	0	0	903	(903)
Intrafund/interfund services	0	0	34	(34)
	<u>0</u>	<u>64,944</u>	<u>63,074</u>	<u>1,870</u>

Cemetery				
Employee salaries and benefits	88,551	88,551	68,243	20,308
Outside services	1,000	1,000	4	996
Materials and supplies	11,000	11,000	10,842	158
Intrafund/interfund services	65,000	65,000	67,096	(2,096)
Capital outlay	5,000	5,000	0	5,000
	<u>170,551</u>	<u>170,551</u>	<u>146,185</u>	<u>24,366</u>
Total Community Svcs.-Parks	2,347,987	2,793,650	2,289,605	504,045
Community Services-Recreation				
Recreation				
Employee salaries and benefits	619,384	587,571	492,789	94,782
Outside services	160,590	160,637	141,618	19,019
Materials and supplies	99,697	131,985	139,476	(7,491)
Intrafund/interfund services	39,366	39,366	34,200	5,166
Capital outlay	0	0	12,080	(12,080)
Debt and fiscal charges	0	0	2,393	(2,393)
	<u>919,037</u>	<u>919,559</u>	<u>822,556</u>	<u>97,003</u>
Recreation - Aquatic Center				
Employee salaries and benefits	1,019,766	1,019,766	1,049,086	(29,320)
Outside services	101,304	103,236	118,776	(15,540)
Materials and supplies	68,029	94,801	81,408	13,393
Intrafund/interfund services	250,984	250,984	211,928	39,056
Capital outlay	8,612	8,612	0	8,612
Debt and fiscal charges	1,614	1,614	2,393	(779)
	<u>1,450,309</u>	<u>1,479,013</u>	<u>1,463,591</u>	<u>15,422</u>
Recreation - Ice Rink				
Employee salaries and benefits	149,925	149,925	119,956	29,969
Outside services	32,650	32,650	5,343	27,307
Materials and supplies	36,630	78,104	72,036	6,068
Intrafund/interfund services	11,036	11,036	11,410	(374)
Capital outlay	0	6,500	42,096	(35,596)
Debt and fiscal charges	350	350	1,005	(655)
	<u>230,591</u>	<u>278,565</u>	<u>251,846</u>	<u>26,719</u>
Total Community Svcs.-Recreation	2,599,937	2,677,137	2,537,993	139,144
Total Community Svcs Department	8,650,018	9,530,604	8,747,321	783,283

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Police				
Operations				
Employee salaries and benefits	5,862,268	5,692,268	5,587,189	105,079
Outside services	501,880	717,645	429,386	288,259
Materials and supplies	199,865	279,262	506,435	(227,173)
Intrafund/interfund services	395,501	395,501	395,575	(74)
Capital outlay	70,000	170,000	145,071	24,929
	<u>7,029,514</u>	<u>7,254,676</u>	<u>7,063,656</u>	<u>191,020</u>
Emergency Management				
Employee salaries and benefits	168,904	168,904	166,088	2,816
Outside services	42,080	62,080	35,958	26,122
Materials and supplies	2,900	9,798	77,287	(67,489)
Intrafund/interfund services	7,019	7,019	7,019	0
Capital outlay	0	292,113	226,620	65,493
	<u>220,903</u>	<u>539,914</u>	<u>512,972</u>	<u>26,942</u>
Police Grants				
Employee salaries and benefits	22,200	36,751	15,632	21,119
Outside services	13,490	299,510	92,572	206,938
Materials and supplies	4,000	14,835	9,270	5,565
Capital outlay	0	0	66,341	(66,341)
	<u>39,690</u>	<u>351,096</u>	<u>183,815</u>	<u>167,281</u>
Total Police	7,290,107	8,145,686	7,760,443	385,243
Public Works				
Administration				
Employee salaries and benefits	305,504	295,504	290,703	4,801
Outside services	21,158	21,650	7,895	13,755
Materials and supplies	5,700	5,918	11,183	(5,265)
Intrafund/interfund services	6,599	6,599	5,380	1,219
Capital outlay	0	0	6,599	(6,599)
	<u>338,961</u>	<u>329,671</u>	<u>321,760</u>	<u>7,911</u>
Engineering services				
Employee salaries and benefits	545,101	545,101	514,075	31,026
Outside services	29,882	25,882	24,930	952
Materials and supplies	15,415	15,415	15,555	(140)
Intrafund/interfund services	29,014	29,014	29,014	0
Capital outlay	18,300	18,300	18,104	196
	<u>637,712</u>	<u>633,712</u>	<u>601,678</u>	<u>32,034</u>

Traffic management				
Employee salaries and benefits	880,797	817,797	773,136	44,661
Outside services	140,055	212,352	198,184	14,168
Materials and supplies	315,827	385,509	409,064	(23,555)
Intrafund/interfund services	215,222	215,222	221,411	(6,189)
Capital outlay	120,000	179,964	167,470	12,494
	<u>1,671,901</u>	<u>1,810,844</u>	<u>1,769,265</u>	<u>41,579</u>
Pavement management				
Employee salaries and benefits	1,132,435	1,132,435	1,198,533	(66,098)
Outside services	1,050,471	1,587,993	793,455	794,538
Materials and supplies	271,873	272,267	366,731	(94,464)
Intrafund/interfund services	618,877	618,877	582,620	36,257
Capital outlay	11,220	23,520	12,300	11,220
	<u>3,084,876</u>	<u>3,635,092</u>	<u>2,953,639</u>	<u>681,453</u>
Total Public Works	5,733,450	6,409,319	5,646,342	762,977
Capital Projects & Facilities (CPFD)				
CPFD - Administration				
Employee salaries and benefits	343,919	293,919	281,248	12,671
Outside services	20,398	20,890	12,136	8,754
Materials and supplies	3,070	3,070	7,578	(4,508)
Intrafund/interfund services	1,941	1,941	1,941	0
	<u>369,328</u>	<u>319,820</u>	<u>302,903</u>	<u>16,917</u>
CPFD - Facilities maintenance projects				
Employee salaries and benefits	0	0	8,110	(8,110)
Outside services	700,000	2,502,217	561,387	1,940,830
Materials and supplies	0	0	13,116	(13,116)
	<u>700,000</u>	<u>2,502,217</u>	<u>582,613</u>	<u>1,919,604</u>
CPFD - Facilities maintenance				
Employee salaries and benefits	1,053,474	973,474	976,166	(2,692)
Outside services	433,787	648,257	456,065	192,192
Materials and supplies	185,559	211,673	260,949	(49,276)
Intrafund/interfund services	698,315	698,315	629,999	68,316
Capital outlay	25,836	25,836	0	25,836
Debt and fiscal charges	0	0	913	(913)
	<u>2,396,971</u>	<u>2,557,555</u>	<u>2,324,092</u>	<u>233,463</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
CPFD - Project Management				
Employee salaries and benefits	25,061	185,061	76,611	108,450
Outside services	24,090	24,090	12,197	11,893
Materials and supplies	12,200	15,069	10,444	4,625
Capital outlay	24,402	24,402	24,438	(36)
	<u>104,635</u>	<u>267,504</u>	<u>142,572</u>	<u>124,932</u>
CPFD - Custodial				
Employee salaries and benefits	733,916	703,916	707,765	(3,849)
Outside services	83,661	84,008	71,063	12,945
Materials and supplies	67,610	69,694	76,154	(6,460)
Intrafund/interfund services	30,800	30,800	30,830	(30)
Capital outlay	29,500	29,500	24,690	4,810
	<u>945,487</u>	<u>917,918</u>	<u>910,502</u>	<u>7,416</u>
Total Capital Projects and Facilities	4,516,421	6,565,014	4,262,682	2,302,332
TOTAL EXPENDITURES AND ENCUMBRANCES	44,755,827	50,467,682	44,709,812	5,757,870
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	22,424,547	17,535,302	19,640,301	2,104,999
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Capital Improvement Project Fund	0	277,796	277,796	0
Joint Utility System Fund-Electric	435,000	435,000	437,711	2,711
Joint Utility System Fund-Gas	430,000	430,000	374,584	(55,416)
Fire Fund	1,400,000	1,400,000	1,400,000	0
	<u>2,265,000</u>	<u>2,542,796</u>	<u>2,490,091</u>	<u>(52,705)</u>
Transfers out to:				
Other Special Revenues Fund	(25,000)	(25,000)	(13,861)	11,139
Gross Receipts Tax Revenue Bonds Fund	(7,076,638)	(7,076,755)	(6,335,668)	741,087
Capital Improvement Projects Fund	(17,885,570)	(17,955,570)	(17,955,570)	0
Capital Projects Permanent Fund	(2,000,000)	(2,000,000)	0	2,000,000
Joint Utility System Fund-Water	(271,000)	(271,000)	(271,000)	0
Golf Course Fund	(360,000)	(360,000)	(360,000)	0
Transit Fund	(1,458,448)	(1,458,448)	(1,458,448)	0
Airport Fund	(1,277,625)	(1,277,625)	(162,625)	1,115,000
Equipment Fund	0	(77,000)	(77,000)	0
	<u>(30,354,281)</u>	<u>(30,501,398)</u>	<u>(26,634,172)</u>	<u>3,867,226</u>
TOTAL OTHER FINANCING SOURCES (USES)	(28,089,281)	(27,958,602)	(24,144,081)	3,814,521

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$	<u>(5,664,734)</u>	<u>(10,423,300)</u>	<u>(4,503,780)</u>	<u>5,919,520</u>
ADJUSTMENTS TO GAAP					
Encumbrances				1,938,663	
Adjustments to inventory				1,190	
				<u>1,939,853</u>	
GAAP BASIS				<u>(2,563,927)</u>	
FUND BALANCE					
Beginning of fiscal year				41,696,550	
FUND BALANCE - END OF FISCAL YEAR	\$			<u>39,132,623</u>	

See accompanying notes to financial statements

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

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Interfund loan principal	\$ 637,677	637,677	637,677	0
Interfund loan interest	94,323	94,323	94,323	0
	<u>732,000</u>	<u>732,000</u>	<u>732,000</u>	<u>0</u>
Miscellaneous revenues				
Investment income	160,000	160,000	137,365	(22,635)
Other	201,834	201,834	0	(201,834)
Buildings rental	0	0	121,342	121,342
Economic development loan repayment (principal)	0	0	109,552	109,552
Economic development loan repayment (interest)	0	0	43,894	43,894
	<u>361,834</u>	<u>361,834</u>	<u>412,153</u>	<u>50,319</u>
TOTAL REVENUES	1,093,834	1,093,834	1,144,153	50,319
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	0	0	2,560	(2,560)
Outside services	1,335,000	1,348,427	1,005,428	342,999
Materials and supplies	0	0	49	(49)
Intrafund/interfund services	0	0	27,474	(27,474)
Economic development loans	2,000,000	6,054,824	321,308	5,733,516
	<u>3,335,000</u>	<u>7,403,251</u>	<u>1,356,819</u>	<u>6,046,432</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	3,335,000	7,403,251	1,356,819	6,046,432
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (2,241,166)	(6,309,417)	(212,666)	6,096,751
ADJUSTMENTS TO GAAP				
Encumbrances			314,248	
Economic development loan distributions			321,308	
Economic development loan discount activity			25,728	
Principal on interfund loan repayments			(637,677)	
Principal on economic development loan repayments			(109,552)	
Interest added to principal of loans receivable			109,568	
Bad debt expense (reserve for loan losses)			480,000	
			<u>503,623</u>	
GAAP BASIS			290,957	
FUND BALANCE				
Beginning of fiscal year			13,326,812	
FUND BALANCE - END OF FISCAL YEAR			\$ 13,617,769	

See accompanying notes to financial statements

Major Proprietary Funds

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

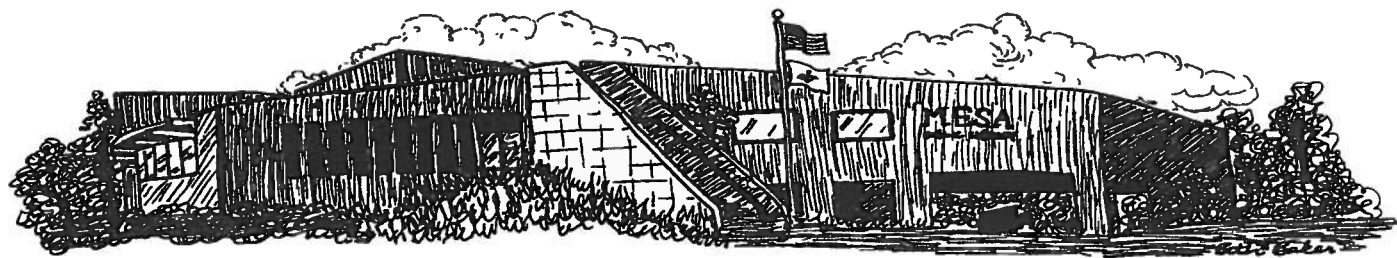
Environmental Services Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

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

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



Mesa Public Library

INCORPORATED COUNTY OF LOS ALAMOS
Proprietary Funds
Statement of Net Assets
June 30, 2010

	ENTERPRISE FUNDS						TOTAL	BUSINESS- TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT		
ASSETS								
Current Assets:								
Equity in pooled cash and investments	\$ 9,642,792	3,470,280	98,953	0	0	243,783	13,455,808	14,664,987
Investments	5,794,455	0	0	0	0	0	5,794,455	0
Receivables, net of allowance for uncollectibles								
Accounts	5,086,409	288,785	0	0	99,358	0	5,474,552	42,860
Interest	13,076	0	0	0	0	0	13,076	0
Unbilled	976,966	89,997	0	0	0	0	1,066,963	0
Due from other governments	0	155,390	0	130,094	4,726,054	114,101	5,125,639	0
Inventories and prepayments								
Inventories	549,042	0	58,414	0	0	0	607,456	0
Power plant inventories	678,320	0	0	0	0	0	678,320	0
Prepayments	101,818	0	0	0	0	0	101,818	68,624
Total Current Assets	22,842,878	4,004,452	157,367	130,094	4,925,412	357,884	32,318,087	14,776,471
Non-current assets:								
Restricted assets								
Temporarily Restricted								
Cash and cash equivalents								
Debt reserves and debt service	591,779	431,502	0	0	0	0	1,023,281	0
Operations and maintenance	2,739,112	2,266,867	0	0	0	0	5,005,979	0
Capital Projects	0	89,509	0	0	0	0	69,509	0
Investments								
Debt reserves and debt service	15,760,168	0	0	0	0	0	15,760,168	0
Operations and maintenance	3,420,621	0	0	0	0	0	3,420,621	0
Accrued interest	27,808	0	0	0	0	0	27,808	0
Capital assets								
Land	2,959,328	0	4,711,478	0	1,263,289	4,387,040	13,321,135	0
Utility plant in service	243,587,160	0	0	0	0	0	243,587,160	0
Buildings	0	6,106,715	616,884	0	15,338,019	1,100,000	23,161,618	0
Improvements other than buildings	0	2,162,706	1,013,911	552,737	143,285	9,458,970	13,331,609	0
Machinery and equipment	4,592,883	363,980	58,027	0	821,794	65,386	5,902,070	16,586,906
Less accumulated depreciation	(95,700,074)	(1,108,210)	(1,308,749)	(32,875)	(1,882,094)	(1,371,689)	(101,403,691)	(9,337,028)
Construction in progress	19,079,873	0	28,712	0	44,647	793,621	19,946,853	0
Bond issuance costs, net of amortization	743,805	0	0	0	0	0	743,805	0
Total Non-current Assets	197,802,463	10,293,069	5,120,263	519,862	15,728,940	14,433,328	243,897,925	7,249,878
TOTAL ASSETS	220,645,341	14,297,521	5,277,630	649,956	20,554,352	14,791,212	276,216,012	22,026,349
LIABILITIES								
Current Liabilities:								
Accounts payable	2,896,986	164,991	17,293	10,210	167,067	104,830	3,361,377	356,287
Accrued salaries and benefits payable	65,681	7,980	8,489	15,291	156,113	1,174	254,908	253,295
Customer deposits payable	164,090	10,000	0	0	0	0	174,090	0
Due to other governments	113,070	9,839	0	0	0	0	122,909	0
Due to other funds	0	0	0	19,175	2,341,139	0	2,360,314	0
Donations held in trust	23,529	0	0	0	0	0	23,529	0
Deferred revenues	0	0	43,012	0	0	0	43,012	0
Contractors retentions payable	8,978	0	0	0	0	0	8,976	0

Current portion of long-term liabilities								
Accrued compensated absences	425,804	72,778	34,087	69,953	959,850	640	1,583,112	51,856
Claims and judgments payable	0	0	0	0	0	0	0	801,018
Revenue bonds payable	6,865,000	0	0	0	0	0	6,865,000	0
Contracts and intergovernmental debt payable	7,209	141,888	0	0	0	0	148,897	0
Due to other funds (current portion of advances)	0	0	0	0	613,561	0	613,561	0
Interest payable on revenue bonds and other debt	1,221,885	36,642	0	0	0	0	1,258,527	0
Total Current Liabilities	11,792,410	443,918	102,881	114,629	4,237,730	106,644	16,798,212	1,482,466
Noncurrent Liabilities:								
Due in more than one year								
Accrued compensated absences	212,488	43,719	8,960	17,991	471,418	1,421	755,997	25,074
Claims and judgments payable	0	0	0	0	0	0	0	1,002,566
Revenue bonds payable	40,540,513	0	0	0	0	0	40,540,513	0
Contracts and intergovernmental debt payable	14,477,105	5,329,940	0	0	0	0	19,807,045	0
Advances from other funds	0	0	0	0	635,226	146,799	782,025	0
Special closure costs	3,082,133	2,266,867	0	0	0	0	5,349,000	0
Total Noncurrent Liabilities	58,312,239	7,640,526	8,960	17,991	1,106,644	148,220	67,234,580	1,027,640
TOTAL LIABILITIES	70,104,649	8,084,444	111,841	132,620	5,344,374	254,864	84,032,792	2,490,096
NET ASSETS								
Invested in capital assets, net of related debt	113,373,148	2,123,072	5,120,263	519,862	15,728,940	14,433,328	151,298,613	7,249,878
Restricted, net of related liabilities, for:								
Debt service	18,235,470	431,502	0	0	0	0	18,666,972	0
Unrestricted	18,932,074	3,658,503	45,526	(2,526)	(518,962)	103,020	22,217,635	12,286,375
TOTAL NET ASSETS	\$ 150,540,692	6,213,077	5,165,789	517,336	15,209,978	14,536,348	192,183,220	19,536,253
Net assets of business-type internal service funds							19,536,253	
Net activity of internal service funds							(124,149)	
TOTAL NET ASSETS AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET ASSETS							\$ 211,595,324	

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, 2010

	ENTERPRISE FUNDS						TOTAL	BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT		
OPERATING REVENUES								
Utility sales and other services	\$ 56,910,160	2,911,037	0	3,396	493,576	48,030	60,366,199	0
Recreation fees	0	0	378,333	0	0	0	378,333	0
Sales of food or merchandise	0	9,056	141,923	0	0	0	150,979	0
Interfund charges for services	0	83,548	0	15,152	3,315,198	0	3,413,898	3,583,933
Insurance and pension contributions								
County	0	0	0	0	0	0	0	1,871,611
Employees and retirees	0	0	0	0	0	0	0	92,522
Rentals	22,262	0	121,177	0	0	34,853	178,292	0
Intergovernmental	0	0	0	1,761,272	14,695,408	0	16,456,680	0
Miscellaneous operating revenue	49,300	122,693	0	0	4,273	0	176,266	92,685
	<u>56,981,722</u>	<u>3,126,334</u>	<u>641,433</u>	<u>1,779,820</u>	<u>18,508,455</u>	<u>82,883</u>	<u>81,120,647</u>	<u>5,640,751</u>
OPERATING EXPENSES								
Employee salaries and benefits	7,316,457	1,142,070	543,943	1,775,958	13,689,738	107,158	24,575,324	1,016,066
Contractual services	36,999,665	2,518,973	308,224	1,046,206	3,527,589	93,152	44,493,809	3,421,226
Materials and supplies	755,520	107,487	210,094	162,849	1,036,201	9,899	2,282,050	1,308,834
Depreciation and amortization	8,539,938	211,431	60,683	26,359	443,068	730,914	10,012,393	1,352,336
Special closure costs	190,011	60,476	0	0	0	0	250,487	0
Other	31,014	3,035	6,549	0	265,005	0	305,603	1,667
	<u>53,832,608</u>	<u>4,043,472</u>	<u>1,129,493</u>	<u>3,011,372</u>	<u>18,961,601</u>	<u>941,123</u>	<u>81,919,666</u>	<u>7,100,129</u>
OPERATING INCOME (LOSS)	3,149,117	(917,138) (1,013,607)	(488,060)	(1,231,552)	(463,146)	(858,240)	(799,019)	(1,459,378)
NONOPERATING REVENUES (EXPENSES)								
Gross receipts taxes for solid waste recycling	0	947,088	0	0	0	0	947,088	0
Fire excise tax	0	0	0	0	1,894,177	0	1,894,177	0
Gain (loss) on disposition of capital assets	(277,727)	0	0	0	0	0	(277,727)	43,616
Investment income	815,924	109,882	9,629	3,108	0	6,339	944,882	468,473
Interest on long-term debt	(2,804,206)	(224,001)	0	0	(94,323)	0	(3,122,530)	0
Inventory adjustment	6,857	0	0	0	0	0	6,857	0
	<u>(2,259,152)</u>	<u>832,969</u>	<u>9,629</u>	<u>3,108</u>	<u>1,799,854</u>	<u>6,339</u>	<u>392,747</u>	<u>512,089</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	889,965	(84,169)	(478,431)	(1,228,444)	1,346,708	(851,901)	(406,272)	(947,289)
TRANSFERS AND CONTRIBUTIONS								
Transfers in	418,044	0	360,000	1,458,448	0	162,625	2,399,117	2,136,338
Transfers out	(819,195)	0	0	(2,031,026)	(1,414,392)	(154,064)	(4,418,677)	0
Intergovernmental - capital grants	4,348,493	13,845	0	1,918,911	234,523	714,428	7,230,200	0
Contributed capital assets - governmental activities	3,146,359	0	0	62,338	(16,339)	0	3,192,358	402,290
	<u>7,093,701</u>	<u>13,845</u>	<u>360,000</u>	<u>1,408,671</u>	<u>(1,196,208)</u>	<u>722,989</u>	<u>6,402,998</u>	<u>2,538,628</u>
CHANGE IN NET ASSETS	7,983,666	(70,324)	(118,431)	180,227	150,500	(128,912)	7,996,726	1,591,339
NET ASSETS								
Beginning of fiscal year	142,557,026	6,283,401	5,284,220	337,109	15,059,478	14,665,260	184,186,494	17,944,914
NET ASSETS - END OF FISCAL YEAR	\$ 150,540,692	6,213,077	5,165,789	517,336	15,209,978	14,536,348	192,183,220	19,536,253

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, 2010

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:	\$	7,996,726
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.		1,591,339
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.		407,945
Change in net assets of business-type activities	\$	<u>9,996,010</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2010**

	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS - OPERATING ACTIVITIES								
Cash received from customers and users	\$ 56,767,151	3,083,328	636,455	18,548	5,209,228	119,673	65,814,383	3,629,138
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	1,970,342
Cash paid to suppliers for goods and services	(37,391,257)	(2,531,699)	(524,014)	(1,216,879)	(4,482,630)	(103,051)	(46,229,530)	(4,078,370)
Cash paid to employees	(7,371,254)	(1,179,438)	(570,823)	(1,757,929)	(13,796,294)	(117,376)	(24,793,114)	(1,002,754)
Taxes received from customers and users	1,883,923	128,623	0	0	0	0	2,012,546	0
Taxes remitted to State (from customers and users)	(1,869,100)	(128,069)	0	0	0	0	(1,997,169)	0
NET CASH FLOWS - OPERATING ACTIVITIES	12,019,463	(647,255)	(458,382)	(2,956,260)	(13,049,696)	(100,754)	(5,192,884)	518,356
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES								
Cash received from grants	0	0	0	1,688,923	13,853,514	0	15,522,437	0
Transfers to other funds	(812,295)	0	0	0	(1,400,000)	0	(2,212,295)	0
Transfers from other funds	271,000	0	360,000	1,459,448	0	162,625	2,252,073	77,000
Gross receipts taxes received	0	967,818	0	0	1,918,407	0	2,886,225	0
Cash received from short-term interfund loans	5,090,532	0	0	19,175	0	0	5,109,707	0
Cash paid on short-term interfund loans	(5,090,532)	0	0	0	(590,225)	0	(5,680,757)	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(641,295)	967,818	360,000	3,146,546	13,781,696	162,625	17,877,390	77,000
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES								
Cash received from capital grants	4,397,480	13,845	0	2,063,779	234,523	600,327	7,309,954	0
Proceeds received from loans	366,263	0	0	0	0	146,799	513,062	0
Principal repaid	(6,567,191)	(136,699)	0	0	(637,677)	0	(7,341,567)	0
Special closure costs paid	0	(96,469)	0	0	0	0	(96,469)	0
Interest and other debt service paid	(2,443,770)	(224,831)	0	0	0	0	(2,768,924)	0
Cash paid for acquisition of capital assets	(13,313,470)	(30,480)	(28,712)	(2,329,645)	(234,523)	(782,877)	(16,719,707)	(1,059,981)
Proceeds from sale of capital assets	0	0	0	0	0	0	0	88,359
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(17,560,698)	(474,634)	(28,712)	(265,866)	(732,000)	(35,751)	(19,097,651)	(971,622)
CASH FLOWS - INVESTING ACTIVITIES								
Proceeds from sale of investment securities	13,758,543	0	0	0	0	0	13,758,543	0
Interest received on investments	828,778	109,975	9,629	3,108	0	6,339	957,829	468,473
Purchase of investment securities	(14,773,459)	0	0	0	0	0	(14,773,459)	0
NET CASH FLOWS - INVESTING ACTIVITIES	(166,138)	109,975	9,629	3,108	0	6,339	(57,087)	468,473
NET INCREASE (DECREASE) IN CASH	(6,268,658)	(44,096)	(117,465)	(72,472)	0	32,459	(6,470,232)	92,207
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	19,242,341	6,282,254	216,418	72,472	0	211,324	26,024,809	14,572,780
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 12,973,683	6,238,158	98,953	0	0	243,783	19,554,577	14,664,987

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

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
OPERATING INCOME(LOSS)	\$ 3,149,117	(917,138)	(488,060)	(1,231,552)	(453,146)	(858,240)	(799,019)	(1,459,378)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
Depreciation and amortization expense	8,539,938	211,431	60,683	26,359	443,068	730,914	10,012,393	1,352,336
Operating grants included in operating revenues	0	0	0	(1,761,272)	(14,695,408)	0	(16,456,680)	0
Amortization of special closure costs	190,011	80,478	0	0	0	0	250,487	0
Provision for uncollectible accounts receivable	31,014	3,035	0	0	265,005	0	299,054	0
Change in assets and liabilities:								
Accounts and other receivables	(236,355)	(67,006)	0	0	1,396,182	36,790	1,129,611	(41,271)
Inventories	(121,626)	0	4,629	0	0	0	(116,987)	0
Prepayments and other	14,724	0	0	0	0	0	14,724	10,921
Accounts and retentions payable	471,850	94,761	(3,776)	(7,824)	101,160	0	656,171	31,108
Salaries and benefits payable	(54,795)	(37,369)	(26,880)	18,029	(106,557)	(10,218)	(217,789)	13,312
Taxes payable	14,823	554	0	0	0	0	15,377	0

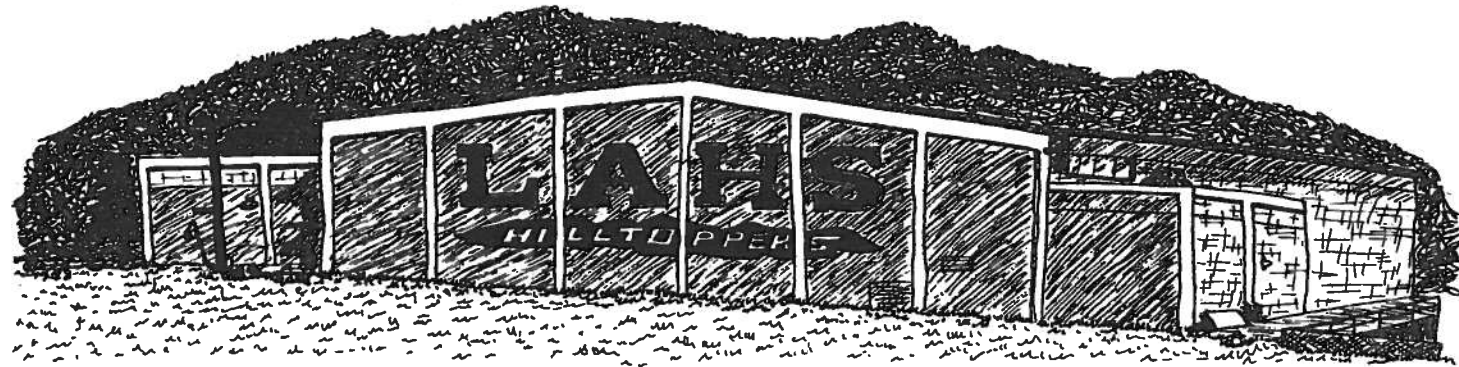
Other current liabilities	20,762	4,000	0	0	0	0	24,762	0
Deferred revenues and credits	0	0	(4,978)	0	0	0	(4,978)	0
Claims and judgements payable	0	0	0	0	0	0	0	615,644
Group insurance payable	0	0	0	0	0	0	0	(4,314)
Total adjustments	<u>8,670,346</u>	<u>269,883</u>	<u>29,678</u>	<u>(1,724,708)</u>	<u>(12,696,550)</u>	<u>757,486</u>	<u>(4,393,865)</u>	<u>1,977,734</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$ <u>12,018,483</u>	<u>(647,255)</u>	<u>(458,382)</u>	<u>(2,956,280)</u>	<u>(13,049,696)</u>	<u>(100,754)</u>	<u>(6,192,884)</u>	<u>518,356</u>

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 140,144	0	0	(2,031,026)	(14,392)	(154,064)	(2,059,338)	2,059,338
Contributed capital assets from governmental activities	3,146,359	0	0	62,338	0	0	3,208,697	402,290
Contributed capital assets to governmental activities	0	0	0	0	(16,339)	0	(16,339)	0
Fair value adjustment for investments	(178,302)	0	0	0	0	0	(178,302)	0
TOTAL NON CASH TRANSACTIONS	\$ <u>3,108,201</u>	<u>0</u>	<u>0</u>	<u>(1,968,688)</u>	<u>(30,731)</u>	<u>(154,064)</u>	<u>954,718</u>	<u>2,461,628</u>

See accompanying notes to financial statements



Los Alamos High School

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, 2010

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	\$ 11,435	77,693
Investments (participant directed mutual funds), at fair value	26,038,980	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	297,273
Employee loans	1,110,182	0
Other	0	2,739
Due from other funds	175,140	0
TOTAL ASSETS	<u>27,335,737</u>	<u>377,705</u>
LIABILITIES		
LIABILITIES		
Accounts payable	126,652	0
Due to other governments		
Taxes and fees payable to state	0	10,181
Property taxes payable	0	351,125
Due to other funds	6,854	0
Donations held for others	0	16,399
TOTAL LIABILITIES	<u>133,506</u>	<u>377,705</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	27,202,231	0
TOTAL NET ASSETS	<u>\$ 27,202,231</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, 2010

ADDITIONS TO NET ASSETS

Investment income (loss), net of investment expense	\$	2,141,590
Contributions		
Employer, net of forfeitures		2,995,877
Employee (plan member)		332,876
		<u>6,470,343</u>

DEDUCTIONS FROM NET ASSETS

Benefits and refunds paid to plan members and beneficiaries		<u>3,467,273</u>
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NET INCREASE (DECREASE) IN NET ASSETS

2,003,070

NET ASSETS

Beginning of fiscal year		<u>25,199,161</u>
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NET ASSETS - END OF YEAR

	\$	<u><u>27,202,231</u></u>
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INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

(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

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* ("GASB 51"), establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. GASB 51 was effective for FY2010, but did not have an impact on the County. The County's intangible assets (water rights and major software) were already capitalized. Water rights are included in Utility Plant in Service in the Water Sub-fund of the Joint Utility. Major software assets are recorded in Machinery, Equipment, Art and Historic Treasures asset category throughout the County's activities/funds.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 53 was effective for FY2010, but did not have an impact on the County, as there was determined to be no derivative instruments.

GASB Statement 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies* ("GASB 58"), establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB 58 was effective for FY2010, but did not impact the County's accounting or financial disclosures.

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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment are also included.

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

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

Measurement Focus and Basis of Accounting

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

It is important to note that the Internal Service Funds of the County are unusual in nature, since they predominantly serve (57% 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 and Capital Improvements Project 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.
- **Economic Development Fund** – The Economic Development Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act.
- **GRT Revenue Bonds Debt Service Fund** – The GRT Revenue Bond Debt Service Fund accounts for amounts to be accumulated for payment of principal and interest on gross receipts tax revenue bonds issued for the construction of specific capital projects. Debt service is financed by a portion of the gross receipts tax imposed and collected by the State and distributed to the County.
- **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 Other Special Revenues Fund.

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

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

The County has the following additional fund types:

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

F. Budgetary Control

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

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 capital assets.

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

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in all funds. 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.

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

Most cash belonging to all funds (excluding certain segregated and restricted cash and investment balances) is pooled into one common account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated to substantially all of the County's funds based upon relative equity at month-end. An individual fund's equity in pooled cash and investments is available upon demand and is considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific fund and that are purchased with an average maturity of ninety days or less also are considered to be "cash equivalents." Significant negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund, except where the deficit fund has liquid investments to offset the deficit in pooled cash. In such cases, the investments are shown net of the pooled cash deficit.

The County invests in securities authorized by State statutes and in accordance with County ordinances. See Note (3) for a comprehensive listing of allowable investments. 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 to reduce the value of investments by \$178,302 at June 30, 2010. 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.

I. Accounts and Loans Receivable – Allowance for Doubtful Accounts

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

J. Property Taxes Receivable

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

K. Prepaid Items

Prepaid balances are for payments made by the County in 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.

L. Interfund Receivables and Payables

Current amounts owed between funds are classified as "Due from/to other funds" in the governmental fund financial statements. Any non-current balance of interfund loans would be reported in the fund financial statements, classified as "Advances to/from other funds" and offset by a 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".

M. 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.

N. Restricted Assets

Certain proceeds of Joint Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Certain loan proceeds and related cash and investment balances are classified as restricted assets in the Environmental Services Fund because their use is restricted to meet reserve requirements. Certain loan proceeds and related cash equivalents balances are restricted assets in the Environmental Services Fund because their use is restricted for project expenses and debt reserve requirements. Certain cash balances are classified as restricted assets in the Environmental Services Fund because they are set aside for estimated landfill closure costs. Certain cash balances are classified as restricted assets in the GRT Revenue Bonds Debt Service Fund because their use is limited by applicable bond covenants. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then use unrestricted resources as they are needed.

O. Capital Assets

Capital assets, which include property, plant, equipment (includes externally developed software), and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements. County policy requires capitalization of assets with an initial, individual cost of \$5,000 or more. All capital assets are recorded at cost or, if contributed property, at their estimated 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 internally developing computer software, which would require capitalization or depreciation.

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

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

Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, except for Electric Utility Fund assets financed by 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 \$1,899,000 in the year ended June 30, 2010, and a cumulative increase in accumulated depreciation of \$1,529,000 at June 30, 2010.

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

P. 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 \$356 per year of service for active Fire Department employees at June 30, 2010, and approximately \$247 for other active County employees.

Q. 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 accordance with GASB Statement No. 23, an unamortized charge, the difference between the reacquisition price and the net carrying amount of old debt, on refunding of debt is deferred and amortized to interest expense using the straight-line method in business-type activities. The unamortized charge is reported as a deduction from long-term 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.

R. 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.

S. Net Assets

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

T. 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 as non-operating revenue.

U. 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 2010, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$145.5 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Joint Utility System Fund, and other funds. The approximately \$145.5 million of budget revisions include the following re-appropriations and carryovers: \$90 million for Capital Improvement Projects Fund projects, \$45 million in encumbrances, and \$4.5 million in other project and grant re-appropriations. Other major revisions include: approximately \$1.7 million for additional Capital Improvement costs, and approximately \$4.3 million for various other items and projects. For the fiscal year ended June 30, 2010 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	\$	5,085
Carrying amount of deposits		74,917,340
Cash equivalents		1,340,483
Book value of investments		<u>127,277,994</u>
Total reported in notes to financial statements	\$	<u>203,540,902</u>
Government-wide Statement of Net Assets:		
Equity in pooled cash and investments	\$	115,190,426
Investments		33,721,187
Restricted assets-Cash & Cash Equivalents		9,320,392
Restricted assets-Investments		19,180,789
Fiduciary Funds:		
Equity in pooled cash and investments		89,128
Investments (mutual funds), at fair value		<u>26,038,980</u>
Total reported in financial statements	\$	<u>203,540,902</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, 2010 the County had bank balance of deposits of \$76,335,273 that were fully insured or collateralized with securities held by the pledging financial institution in the County's name and therefore not exposed to custodial credit risk under New Mexico law.

B. Investments

Credit Risk

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

The County's government's rated debt investments as of June 30, 2010 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	\$ 47,120,995	47,120,995	0	0
New Mexico State Local Government Investment Pool (LGIP)	11,237,046	11,237,046		
<u>Unrated investments:</u>				
Repurchase agreements	7,495,277			
New Mexico State Investment Council	35,285,146			
New Mexico State Local Government Investment Pool (LGIP) non performing reserve pool	100,550			
<u>Exempt from credit risk disclosure:</u>				
LAC Pension	26,038,980			
Total Investments	\$ <u>127,277,994</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.

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

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
<u>Debt Securities</u>					
U.S. Agencies	\$ 47,120,995	10,790,416	36,330,579	0	0
Repurchase Agreements	7,495,277	0	7,495,277	0	0
	<u>54,616,272</u>	<u>10,790,416</u>	<u>43,825,855</u>	<u>0</u>	<u>0</u>
<u>Other Investments</u>					
New Mexico State Investment Council	35,285,146				
LAC Pension Plan	26,038,980				
New Mexico State Local Government Investment Pool	<u>11,337,596</u>				
Total Investments	\$ <u>127,277,994</u>				

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. The LGIP had investments in The Reserve Primary Fund, a money market fund whose value fell below one dollar on September 15, 2008. The Reserve Fund's assets were frozen at that point. The LGIP transferred the value of each entities investment in the Reserve into separate Reserve Contingency Fund accounts on March 6, 2009. The County's balance was \$893,336 at that time. At June 30, 2010 the balance was \$100,643. Several lawsuits have been filed against The Reserve Primary Fund with the outcome undetermined at this point. The LGIP is therefore unable to anticipate the actual amount of the loss or when the actual loss may be realized. No actual loss has been realized to date. For more information regarding the LGIP's investment status in The Reserve Fund go to the LGIP website at <http://www.stonm.org/NewMexiGROWLGIP>.

The LGIP uses the weighted average maturity (WAM) to report interest rate risk. As of June 30, 2010 the LGIP WAM was 50 days.

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, 2010 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, 2010 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	\$ 3,009,855	2.9%
	FHLMC	Federal agency securities	13,116,164	12.7%
	FNMA	Federal agency securities	19,153,915	18.5%
Business-type Activities	FHLB	Federal agency securities	11,841,060	11.5%
	AIG	Investment repurchase agreement	7,495,277	7.3%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2010 are as follows:

<u>Funds</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Major Governmental Funds:			
General (pooled)	FHLMC	Federal agency securities	\$ 13,116,164
General (pooled)	FHLB	Federal agency securities	3,009,855
General (pooled)	FNMA	Federal agency securities	19,153,915
Major Proprietary Fund:			
Joint Utility System	FHLB	Federal agency securities	11,841,060
Joint Utility System	AIG	Investment repurchase agreement	7,495,277

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, 2010, 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	\$ 186,720	(53,651)	133,069
Capital Improvement Projects	242,366	(147,329)	95,037
Other Governmental	0	0	0
Proprietary funds:			
Joint Utility Fund	5,117,206	(30,796)	5,086,410
Environmental Services	295,797	(7,012)	288,785
Fire	1,077,966	(978,608)	99,358
Airport	0	0	0
Internal Service	47,650	(4,790)	42,860
Totals	\$ <u>6,967,705</u>	<u>(1,222,186)</u>	<u>5,745,519</u>

On the Government-wide Statement of Net Assets an additional \$6,854 due from the Pension Trust Fund is classified as pension forfeitures receivable.

The County leases land under non-cancelable operating leases with terms ranging from 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, 2010:

Fiscal Year Ending June 30,	Amount
2011	\$ 55,050
2012	55,050
2013	55,050

2014	55,050
2015	55,050
Thereafter	<u>1,085,850</u>
	<u>\$ 1,361,100</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, 2010 the County had six outstanding loans receivable recorded in the Economic Development 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 on the LACDC loan:

<u>Installment Due Date</u>	<u>Principal Installment</u>
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, 2010	<u>\$ 646,615</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, 2010 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. As of June 30, 2010 the loan was current and there was no delinquent balance.

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, 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, 2010	<u>\$ 449,878</u>

On November 1, 2002 the County entered into a loan agreement with Frola Inc. in the amount of \$57,000. As of June 30, 2010 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. During FY2009, Frola, Inc. made \$5,800 of payments including interest and penalties. During FY2010 Frola entered into a settlement agreement to repay the outstanding loan balance, which was \$41,644 at fiscal year end.

On June 20, 2003 the County entered into a loan agreement with Advanced Realtime Technologies, LLC (name since changed to Elemetric Instruments, Inc.) in the amount of \$75,000. As of June 30, 2010 the County had distributed \$73,027 of the loan amount to Elemetric Instruments, Inc.. The loan bears interest at 5% per annum beginning June 1, 2008. The loan is secured by any and all assets that Elemetric Instruments, Inc. purchases in whole, or in part, constructed or installed prior to December 31, 2005. The loan requires Elemetric Instruments, Inc. to make sixty monthly payments of \$1,415 beginning July 1, 2008 through June 2013. During FY2010, Elemetric Instruments Inc. made \$14,303 of payments including interest. At June 30, 2010 Elemetric Instruments, Inc. was in default of the loan agreement and delinquent in the amount of \$7,445 including penalties and interest. The County is pursuing legal measures to collect the loan balance due of \$51,170.

On July 30, 2003 the County entered into a loan agreement with Avanza Technologies, Inc. in the amount of \$235,000. As of June 30, 2010 the County had distributed the entire \$235,000 loan amount to Avanza 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. Over the life of this loan, Avanza Technologies, Inc. has only 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 loan balance due of \$227,944.

On September 21, 2006 the County entered into a loan agreement with Caldera Pharmaceuticals Inc. (Caldera) in the amount of \$2,000,000. As of June 30, 2010 the County had distributed \$302,009 of the loan amount to Caldera and an additional \$32,395 of accrued interest was added to principal. The loan bears interest at 5% per annum beginning September 21, 2010. 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 original loan requires Caldera to make one hundred twenty monthly payments of \$24,793 beginning October 21, 2009 through September 21, 2019 based on the \$2,000,000 commitment. However, the loan amortization schedule was amended in FY2010 to reflect the repayment of the actual amount drawn. The amended loan amortization schedule calls for Caldera to make one hundred twenty monthly payments of \$3,547 beginning September 21, 2009 through August 21, 2019. During FY2010, Caldera made 9 loan payments totaling \$31,922. The outstanding principal balance at June 30, 2010 was \$314,696.

On March 14, 2007, the County entered into a loan agreement with HYTEC Inc. (subsequently acquired by 3M Corporation and name changed to 3M IMTEC Corporation) in the amount of \$2,400,000. As of June 30, 2010 the County had distributed \$2,014,475 of the loan amount to IMTEC Inc. and an additional \$161,157 of accrued interest was added to principal. The loan bears interest at 5.5% per annum. The loan is secured by land and the building being constructed with the proceeds of the loan. The original loan required Caldera to make one hundred twenty monthly payments of \$31,806 beginning November 1, 2011 based on the \$2,400,000 commitment. In March 2010, 3M announced it would close operations in Los Alamos and eliminate all jobs. This action put IMTEC Corporation in default of the participation agreement and loan agreement. Subsequent to June 30, 2010, but prior to the issuance of these financial statements, IMTEC Corporation concluded negotiations with the County and repaid the outstanding loan balance of \$2,175,632, plus accrued interest.

As of June 30, 2010 the total reserve for loan losses balance was \$610,000. The reserve was established since several of these loans are to start up companies and may not prove to be fully collectible.

As of June 30, 2010 the County has a balance of \$147,595 in discounts on loans receivables. The discount was established since one of the loans is interest free, and others had initial interest free periods ranging from two to five years. Amortization of loan discounts of \$25,728 was recorded for the fiscal year ended June 30, 2010.

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 the loan receivable balances at June 30, 2010, is as follows:

Principal, economic development loans:	
Los Alamos Commerce and Development Corporation	\$ 646,615
Veriscape Inc.	449,878
Frola Inc.	41,644
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)	51,170
Avanza Technologies, Inc.	227,944
Caldera Pharmaceuticals Inc.	314,696
Hytex Inc.	2,175,632
Subtotal economic development loans	<u>3,907,579</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	(147,595)
Less: Discounts reserve for loan losses	<u>(610,000)</u>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Economic Development Fund)	<u>\$ 3,711,714</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, 2010 are presented on the facing page:

Transfers in (from other funds)	Transfers out (to other funds)								Total
	General	Capital Improvement Projects	Capital Projects Permanent	Joint Utility System	Fire	Transit	Airport	Other Governmental	
General	\$ 0	277,796	0	812,295	1,400,000	0	0	0	2,490,091
GRT Revenue Bond	6,335,668	0	0	0	0	0	0	0	6,335,668
Capital Improvement Projects	17,955,570	0	863,466	0	0	0	0	500,000	19,319,036
Capital Projects Permanent	0	0	0	0	0	0	0	0	0
Joint Utility System	271,000	0	0	0	0	0	147,044	0	418,044
Golf Course	360,000	0	0	0	0	0	0	0	360,000
Transit	1,458,448	0	0	0	0	0	0	0	1,458,448
Airport	162,625	0	0	0	0	0	0	0	162,625
Internal Service Funds	77,000	0	0	6,900	14,392	2,031,026	7,020	0	2,136,338
Other Governmental	13,861	0	0	0	0	0	0	0	13,861
	<u>\$ 26,634,172</u>	<u>277,796</u>	<u>863,466</u>	<u>819,195</u>	<u>1,414,392</u>	<u>2,031,026</u>	<u>154,064</u>	<u>500,000</u>	<u>32,694,111</u>

Capital assets were transferred into (out of) the following funds from (to) governmental activities:

Joint Utility System	\$ 3,146,359
Fire	(16,339)
Transit	62,338
Internal Service	402,290
Total	<u>\$ 3,594,648</u>

Interfund assets and liabilities:

At June 30, 2010 there was an advance due from the Fire Fund to the Economic Development 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 \$635,226, and the amount due within one year is included as due to/due from other funds in the amount of \$613,561. An advance from the General Fund to the Airport Fund for construction projects was recorded in FY2010 in the amount of \$146,799. Since additional advances are expected for other Airport projects, no repayment schedule has been set and the entire balance is considered long-term.

Advances from/to balances at June 30, 2010 are presented below:

	Advances from other funds		Advances to other funds	
	General	Economic Development	Total	
Fire	\$ 0	635,226	635,226	
Airport	146,799	0	146,799	
	<u>\$ 146,799</u>	<u>635,226</u>	<u>782,025</u>	

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

Due to/due from balances at June 30, 2010 are presented below:

	Due to other funds	Due from other funds			
		General	Economic Development	Pension Trust	Total
General	\$ 0	0	0	175,140	175,140
Capital Projects Permanent	44,517	0	0	0	44,517
Transit	19,175	0	0	0	19,175
Fire	2,341,139	613,561	0	0	2,954,700
Pension Trust	6,854	0	0	0	6,854
	<u>\$ 2,411,685</u>	<u>613,561</u>	<u>175,140</u>	<u>175,140</u>	<u>3,200,386</u>

(7) CAPITAL ASSETS

As part of the Entrada Development, the County sold land which had been recorded in the governmental activities capital assets at a historical value of \$225,365. Joint Utility System Fund assets and Equipment Funds assets created as part of the governmental activities capital construction activities were transferred out of governmental activities capital assets to business-type activities in the amount of \$3,146,359 and \$189,369, respectively. Bus shelters created as part of the governmental activities capital construction activities were also transferred out of governmental activities capital assets to business-type activities in the amount of \$62,338.

Machinery and equipment in the amount of \$212,921 was transferred from governmental activities to business-type activities. Additionally, machinery and equipment in the amount of \$16,339 was transferred from business-type activities to general government activities.

Capital asset activity for the year ended June 30, 2010 was as follows:

	June 30, 2009 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2010 Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 38,615,842	0	(225,365)	0	38,390,477
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	581,403	109,609	0	0	691,012
Construction in progress	57,321,056	39,494,245	(88,310,476)	(3,398,066)	5,106,759
Total capital assets, not being depreciated	<u>114,519,415</u>	<u>39,603,854</u>	<u>(88,535,841)</u>	<u>(3,398,066)</u>	<u>62,189,362</u>
Capital assets, being depreciated					
Buildings	26,499,968	69,955,311	(2,861,731)	0	93,593,548
Improvements other than buildings	7,981,364	5,678,869	(112,334)	0	13,547,899
Machinery and equipment	11,664,226	4,659,840	(648,053)	(196,582)	15,479,431
Infrastructure	150,972,556	8,895,012	(3,286,669)		156,580,899
Capital assets, being depreciated	<u>197,118,114</u>	<u>89,189,032</u>	<u>(6,908,787)</u>	<u>(196,582)</u>	<u>279,201,777</u>
Less accumulated depreciation for:					
Buildings	(10,702,416)	(1,142,401)	2,353,375	0	(9,491,442)
Improvements other than buildings	(3,527,442)	(485,325)	85,600	0	(3,927,167)
Machinery and equipment	(8,991,385)	(1,027,845)	622,340	0	(9,396,890)
Infrastructure	(68,124,099)	(5,089,868)	2,926,845	0	(70,287,122)
Total accumulated depreciation	<u>(91,345,342)</u>	<u>(7,745,439)</u>	<u>5,988,160</u>	<u>0</u>	<u>(93,102,621)</u>
Total capital assets, being depreciated, net	<u>105,772,772</u>	<u>81,443,593</u>	<u>(920,627)</u>	<u>(196,582)</u>	<u>186,099,156</u>
Total governmental activities capital assets	<u>\$ 220,292,187</u>	<u>121,047,447</u>	<u>(89,456,468)</u>	<u>(3,594,648)</u>	<u>248,288,518</u>

Business-type activities capital assets:

Capital assets, not being depreciated:

Land	\$ 13,321,135	0	0	0	13,321,135
Construction in progress	6,922,311	14,745,784	(4,860,702)	3,139,459	19,946,853
Total capital assets, not being depreciated	<u>20,243,446</u>	<u>14,745,784</u>	<u>(4,860,702)</u>	<u>3,139,459</u>	<u>33,267,988</u>

Capital assets, being depreciated

Buildings	23,131,138	30,480	0	0	23,161,618
Improvements other than buildings	12,970,652	298,619	0	62,338	13,331,609
Utility plant in service	239,450,451	4,593,614	(456,905)	0	243,587,160
Machinery and equipment	19,650,372	3,330,570	(884,817)	392,851	22,488,976
Capital assets, being depreciated	<u>295,202,613</u>	<u>8,253,283</u>	<u>(1,341,722)</u>	<u>455,189</u>	<u>302,569,363</u>

Less accumulated depreciation for:

Buildings	(1,987,499)	(568,234)	0	0	(2,555,733)
Improvements other than buildings	(1,971,093)	(844,753)	0	0	(2,815,846)
Utility plant in service	(87,849,810)	(8,087,134)	236,870	0	(95,700,074)
Machinery and equipment	(8,972,882)	(1,411,804)	715,620	0	(9,669,066)
Total accumulated depreciation	<u>(100,781,284)</u>	<u>(10,911,925)</u>	<u>952,490</u>	<u>0</u>	<u>(110,740,719)</u>

Total capital assets, being depreciated, net

	<u>194,421,329</u>	<u>(2,658,642)</u>	<u>(389,232)</u>	<u>455,189</u>	<u>191,828,644</u>
Total business-type activities capital assets	\$ <u>214,664,775</u>	<u>12,087,142</u>	<u>(5,249,934)</u>	<u>3,594,648</u>	<u>225,096,632</u>

Depreciation expense for the year ended June 30, 2010 was as follows:

Depreciation expense was charged to governmental activities as follows:	
General government	\$ 1,598,781
Public safety	214,932
Physical and economic environment	1,186
Transportation	5,209,579
Culture and recreation	720,961
Total depreciation expense - governmental activities	<u>\$ 7,745,439</u>
Depreciation expense was charged to business-type activities as follows:	
Joint Utility Fund	
Electric	\$ 5,518,234
Gas	212,314
Water	1,659,508
Wastewater	697,078
Environmental Services	211,431
Golf Course	60,683
Transit	26,359
Fire	443,068
Airport	730,914
Equipment - Internal Service	1,352,336
Total depreciation expense - business-type activities	<u>\$ 10,911,925</u>

In FY2009, the County acquired the Los Alamos Apartment's land and buildings in a U.S. Department of Housing and Urban Development foreclosure sale for \$1,194,804. Since the intent when purchasing the land was to clear the property and make it available for future resale for private development, this asset was not added to the capital assets of the County. Instead, the asset is recorded in the Economic Development Fund as an "Asset held for resale." The sale or other development of this property has yet to be officially determined through Council action.

(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, 2010, 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, 2010, 2009, and 2008 were \$4,285,807, \$4,118,372, and \$3,846,995 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 County does not prepare a separate report for the Plan. The Plan Agreement requires the County to contribute bi-weekly an amount equal to 9.0 percent of the compensation paid to all participating employees. Participants are required to contribute bi-weekly an amount equal to 1.0 percent of their individual compensation. The amount contributed by the participant, and four ninths of the amount contributed by the County, are vested immediately. Five ninths of the amount contributed by the County is subject to a seven-year step-vesting schedule. Participants are not allowed to make voluntary contributions to the Plan. Changes to plan provisions require approval by the County Council.

Total contributions for the year ended June 30, 2010 were \$3,328,752 (\$332,875 participant; and \$2,995,877 County, net of forfeitures of \$96,017). 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.

Notes to Financial Statements

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 \$50 loan origination fee is charged to the participant at the inception of the loan. An ongoing maintenance fee of \$25 is charged to the participant for each year that a loan is outstanding.

Financial statements for the Plan are prepared using the accrual basis of accounting. Employer and participant contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the Plan. Administrative expenses of the plan for the year ended June 30, 2010 were \$53,206, which included allocated audit fees of \$6,211, trustee fees of \$37,892, and legal fees of \$1,125.

The following are the plan investments at June 30, 2010, stated at fair value, based on the funds' share price:

Mutual funds at fair value:	
Alliance Growth and Income Fund	\$ 3,514,442
American Bond Fund of America	2,873,197
American Balanced Fund	1,805,978
Franklin Small Capital Growth Fund	3,359
Columbia Acorn Trust Fund	2,888,268
Gabelli Small Cap Growth Fund	3,077,505
HB and T Short-term Income Fund	3,123,277
ING International Value Fund	4,483,794
Oppenheimer Capital Appreciation Fund	4,269,160
	<hr/>
Total investments	\$ 26,038,980
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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 \$41,125 for the fiscal year ended June 30, 2010.

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 was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

1. For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Year ending June 30</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2011	1.666%	0.833%
2012	1.834%	9.170%
2013	2.000%	1.000%

2. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Year ending June 30</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2011	2.084%	1.042%
2012	2.292%	1.146%
2013	2.500%	1.250%

Also, 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 began participation in the RHCA plan in January, 2006.

The County's contributions to the RHCA for the fiscal years ended June 30, 2010, 2009, and 2008 were \$434,306, \$421,859, and \$393,300 respectively, which equal the required contributions for each year.

(9) LONG-TERM OBLIGATIONS

A. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, 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	\$ 2,581,678	1,604,236	1,452,573	2,733,341	1,860,831
Revenue bonds payable	73,734,775	0	3,201,547	70,533,228	3,215,000
Total governmental activities	\$ 4,139,647	1,604,236	4,654,120	73,266,569	5,075,831
Business-type activities:					
Accrued compensated absences	\$ 2,266,105	1,602,918	1,472,984	2,396,039	1,614,968
Claims and judgments	1,187,940	2,800,579	2,184,935	1,803,584	801,018
Revenue bonds payable	53,605,077	0	6,199,564	47,405,513	6,865,000
Contracts and intergovernmental debt	18,486,512	1,613,320	143,890	19,955,942	148,897
Special closure costs	5,194,982	154,018	0	5,349,000	0
	\$ 85,485,315	6,170,835	10,001,373	76,910,078	9,429,883

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 \$76,930 and claims and judgments in the amount of \$1,803,584 from internal service funds are included as part of the business-type activities.

B. 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.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$8,023,543. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the straight-line method. The County completed the advance refunding in order to reduce its total debt service payments over the next 19 years by \$2,769,413 and to recognize an economic gain (difference between the present values of the old and new debt service payments) of \$4,647,598

C. Gross Receipts Tax Improvement Revenue Bonds

On October 21, 2008, the County closed on the sale of The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax (GRT) Improvement Revenue Bonds, Series 2008. The new bonds 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 at rates ranging from 3.75% to 6.00%, with an average coupon rate of 5.52%.

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

Revenues pledged to cover debt service include (1) the County's State-Shared Gross Receipts Tax Revenues, at the rate authorized (currently 1.225%), (2) the Municipal Gross Receipts Tax Revenues, which equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, in an amount of one-eighth of one percent (0.125%), and (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues. The schedules of current year activity and annual maturity requirements of the 2008 GRT Bonds are as follows:

	<u>Principal</u>	<u>Principal repayment, premium and discount amortization</u>	<u>Total</u>
Original par amount	\$ 73,155,000	(3,090,000)	70,065,000
Bond premium	904,511	(143,086)	761,425
Bond discount	<u>(324,736)</u>	<u>31,539</u>	<u>(293,197)</u>
	<u>\$ 73,734,775</u>	<u>(3,201,547)</u>	<u>70,533,228</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,615,000	3,303,425	6,918,425
2015	3,795,000	3,121,806	6,916,806
2016-2020	20,280,000	12,539,519	32,819,519
2021-2025	18,505,000	7,317,144	25,822,144
2026-2028	<u>13,840,000</u>	<u>1,651,599</u>	<u>15,491,599</u>
	<u>\$ 70,065,000</u>	<u>38,643,194</u>	<u>108,708,194</u>

D. Intergovernmental Notes Payable**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, 2010, the County received \$14,355,105 in loan proceeds and capitalized interest, which are recorded in the Joint Utility System Fund. The term of the loan is 20 years, at an interest rate of 3%. The loan is payable solely from the net revenues from the operation of only the Wastewater subfund, which is a part of the joint Utility System Fund. Principal and interest/finance fees that were payable at June 30, 2010 are as follows:

Year ending June 30	Principal	Interest/ Finance	Total
2011	\$ 534,236	430,653	964,889
2012	550,263	414,626	964,889
2013	566,771	398,118	964,889
2014	583,774	381,115	964,889
2015	601,287	363,602	964,889
2016-2020	3,288,086	1,536,359	4,824,445
2021-2025	3,811,791	1,012,654	4,824,445
2026-2030	4,418,902	405,533	4,824,435
	<u>\$ 14,355,110</u>	<u>4,942,660</u>	<u>19,297,770</u>

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 administrative fees that were payable at June 30, 2010 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
2011	\$ 3,203	139	3,342
2012	3,211	131	3,342
2013	3,219	123	3,342
2014	3,227	115	3,342
2015	3,235	107	3,342

2016-2020	16,296	412	16,708
2021-2025	16,502	207	16,709
2026-2027	<u>6,658</u>	<u>25</u>	<u>6,683</u>
\$	<u>55,551</u>	<u>1,259</u>	<u>56,810</u>

In November 2008 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 \$319,648 grant with a \$79,912 loan for the purpose of financing the costs of Phase II of the effluent reuse infrastructure project. The loan is to be repaid from existing Utility water system revenues. During fiscal year 2009 the County received \$79,912 of loan proceeds under this agreement. The loan is interest free with a term of 20 years. Principal and administrative fees that were payable at June 30, 2010 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
2011	\$ 4,006	184	4,190
2012	4,016	174	4,190
2013	4,026	164	4,190
2014	4,036	154	4,190
2015	4,046	144	4,190
2016-2020	20,382	567	20,949
2021-2025	20,638	311	20,949
2026-2027	<u>12,508</u>	<u>63</u>	<u>12,571</u>
\$	<u>73,658</u>	<u>1,761</u>	<u>75,419</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, 2010 are as follows:

Year ending June 30	Principal	Interest	Total
2011	\$ 141,688	219,855	361,543
2012	146,872	214,683	361,555
2013	152,276	209,293	361,569
2014	157,924	203,659	361,583
2015	163,830	197,768	361,598
2016-2020	918,493	889,743	1,808,236
2021-2025	1,116,562	692,169	1,808,731
2026-2030	1,364,582	444,770	1,809,352
2031-2034	1,309,401	138,625	1,448,026
	<u>\$ 5,471,628</u>	<u>3,210,565</u>	<u>8,682,193</u>

(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 \$90,010 inclusive of ancillary services during fiscal year 2010.

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, 2010, the County paid \$3,009,958 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 \$14,800 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 2010 was \$49,431.

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 \$21,139,162 in fiscal year 2010 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, 2009, the County's share of costs has been \$5.9 million. 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, 2010 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 and is taking limited types of waste, the liability will be funded at 99.8% resulting in a closure liability at June 30, 2010 of \$2,363,336 (calculated liability of \$3,409,914 less the expenditures to date of \$1,143,047). It should also be noted that the total cost of landfill closure is based on an estimate, which is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. There are restricted assets in the Environmental Services equal to the closure liability of \$2,266,867.

In fiscal year 2009, the construction of the new solid waste transfer station was completed and operations began in April 2009. The closure of the current landfill will occur within six months of acceptance of final waste according to the solid waste regulations. The final acceptance of waste is projected to occur in April 2011 with closure completion estimated in October 2011.

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 2010, \$177,600 was set-aside for this purpose. As of June 30, 2010 \$2,739,112 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, and Medical Malpractice	\$25,000	\$400,000 per person and \$750,000 per occurrence for bodily injury \$100,000 per occurrence, fire legal liability damage \$300,000 per occurrence for medical expenses \$200,000 per property and \$750,000 per occurrence for physical property damage \$4,000,000 per year aggregate
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)	\$5,000	Limited by individual property's insured value
Boiler Machinery	\$2,500	Limited by individual property's insured value
Crime and Fraud	\$10,000	\$500,000 Employee dishonesty blanket coverage \$50,000 Depositors' forgery \$50,000 Theft of money/securities

The claims liability of \$1,803,584 reported in the Fund at June 30, 2010 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 2009 and 2010 are summarized below.

	Group Insurance (Dental)	Unemployment Compensation	Workers Compensation	General Liability	Total
Claims liability, June 30, 2008	\$ 0	0	942,403	27,303	969,706
Current year claims, insurance, and changes in estimates	377,031	8,498	550,298	864,517	1,800,344
Claims and insurance payments	<u>(377,031)</u>	<u>(8,498)</u>	<u>(386,317)</u>	<u>(810,264)</u>	<u>(1,582,110)</u>
Claims liability, June 30, 2009	0	0	1,106,384	81,556	1,187,940
Current year claims, insurance, and changes in estimates	505,378	39,609	1,279,097	976,495	2,800,579
Claims and insurance payments	<u>(505,378)</u>	<u>(39,609)</u>	<u>(649,577)</u>	<u>(990,371)</u>	<u>(2,184,935)</u>
Claims liability, June 30, 2010	<u>\$ 0</u>	<u>0</u>	<u>1,735,904</u>	<u>67,680</u>	<u>1,803,584</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, 2010. 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, 2010.

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

Beginning October 1, 2008, the County provides fire protection, emergency medical, and rescue services to all citizens and property located within the County, including federal facilities and employees, through a cooperative agreement with the National Nuclear Security Administration (NNSA), an agency of the U.S. Department of Energy (DOE). During FY2010, the County recognized intergovernmental revenue of approximately \$14.9 million under the terms of this cooperative agreement.

Approximately \$3.7 million was received and recorded as revenue in the Joint Utility Fund from the American Reinvestment and Recovery Act of 2009 (ARRA) for the construction of a low-flow turbine at the Abiquiu Hydroelectric Plant. Intergovernmental revenues of approximately \$1.2 million were recorded in the Transit Fund for Federal Transit Administration grant funds. Approximately \$1.1 million was received in the Transit Fund through ARRA for the purchase of buses. Additionally, intergovernmental revenue of approximately \$0.7 million was recorded in the Airport Fund from the Federal Aviation Administration for Airport Improvements.

The County receives numerous other financial assistance payments from federal and state grantors as detailed in the Schedule of Expenditures of State Awards and the Schedule of Expenditures of Federal Awards, Exhibits 6 and 7 in the Other Information section of this report.

(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, 2010, the balance of Health Facility Revenue Bonds outstanding was \$8,534,437.

(16) COMMITMENTS AND CONTINGENCIES

A. Joint Utility System – Natural Gas Purchase Agreement

In November, 2009 the County entered into a 30 year natural gas purchase arrangement with the New Mexico Municipal Energy Acquisition Authority (NMMEAA) for approximately 80% of its historical requirements. Under this arrangement the County will purchase gas at the index price less a discount. The discount is derived from a prepaid gas arrangement between NMMEAA and the Royal Bank of Canada (RBC). The variable discount is derived from the differential between taxable and non-taxable interest rate indices. The County's only obligation is to purchase gas from NMMEAA. The County has no

Notes to Financial Statements

obligation to purchase gas that is not needed, no exposure to any bond risk associated with the transaction between NMMEAA and RBC, and no exposure to paying greater than index price for gas.

B. Fire Cooperative Agreement with NNSA

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

The County's share of costs under the cooperative agreement is fixed on a federal fiscal year basis with the remainder paid by NNSA. The County believes that substantially all of the costs billed to NNSA under this cooperative 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 cooperative agreement, 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, 2010 was \$966,664.

The future minimum lease payments under operating leases as of June 30, 2010, are approximately as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2011	\$ 718,707
2012	540,358
2013	317,671
2014	116,636
2015	6,491
	<u>\$ 1,699,863</u>

(17) SUBSEQUENT EVENTS

In August 2010, the County issued \$13,085,000 in Joint Utility System Revenue Bonds. This is a complex debt issue with a varied rate and repayment structure: Series A are tax exempt bonds, Series B are Build America Bonds, Series C are Recovery Zone bonds and Series D are taxable bonds. The bond proceeds will be used primarily for Electric Distribution, Electric Production, and Water Production capital improvements.

In July 2010, the New Mexico Water Trust Board provided a \$200,000 grant and a \$50,000 loan to the County (Joint Utility System Fund) for the San Juan/Chama Diversion Project. The New Mexico Water Trust Board also provided a \$590,000 grant and a \$147,500 loan to the County (Joint Utility System Fund) for the Phase III Water Conservation, Treatment and Reuse Project.

(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. For the year ended June 30, 2009, an estimated 65-70% of GRT revenues related directly to LANL operations.

(19) ACCOUNTING STANDARD PRONOUNCEMENTS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 will be implemented by the County in fiscal year 2012 and the impact has not yet been determined.

GASB Statement 59, *Financial Instruments Omnibus* ("GASB 59"), updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. GASB 59 will be implemented by the County in fiscal year 2012 and the impact has not yet been determined.



Bridge over Los Alamos Canyon

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.

INCORPORATED COUNTY OF LOS ALAMOS

Other Governmental Funds

Combining Balance Sheet

June 30, 2010

	SPECIAL REVENUE FUNDS					
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	TOTAL
ASSETS						
Equity in pooled cash and investments	\$ 8,709	284,508	375,364	1,136,990	480,735	2,286,306
Investments	0	0	0	0	12,301	12,301
Receivables, net of allowance for uncollectibles						
Interest	0	0	0	0	117	117
Unbilled	0	35,314	0	0	0	35,314
Due from other governments	70,462	0	0	309,127	0	379,589
TOTAL ASSETS	\$ 79,171	319,822	375,364	1,446,117	493,153	2,713,627
LIABILITIES						
Accounts payable	\$ 0	13,750	39,991	25,654	6,486	85,881
Accrued salaries and benefits payable	0	0	0	0	599	599
Due to other governments	0	0	18,504	0	0	18,504
TOTAL LIABILITIES	0	13,750	58,495	25,654	7,085	104,984
FUND BALANCE						
Reserved fund balance						
Reserved by law or contract						
Clerk records and files	0	0	0	0	67,816	67,816
Encumbrances	0	0	253,231	0	46,000	299,231
Grants	0	0	63,638	0	0	63,638
Library operations	0	0	0	0	16,998	16,998
Lodgers tax-capital	0	156,031	0	0	0	156,031
Lodgers tax-promotion	0	150,041	0	0	0	150,041
Indigent health care	0	0	0	1,420,463	0	1,420,463
Municipal court	0	0	0	0	3,354	3,354
Property tax valuation	0	0	0	0	301,920	301,920
Recreation	2,308	0	0	0	49,980	52,288
Unreserved fund balance						
Designated for special purposes						
Major street maintenance	76,863	0	0	0	0	76,863
TOTAL FUND BALANCE	79,171	306,072	316,869	1,420,463	486,068	2,608,643
TOTAL LIABILITIES AND FUND BALANCE	\$ 79,171	319,822	375,364	1,446,117	493,153	2,713,627

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, 2010

	SPECIAL REVENUE FUNDS					TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	
REVENUES						
Taxes						
Gross receipts taxes	0	0	0	1,894,177	0	1,894,177
Lodgers' tax	\$ 0	292,427	0	0	0	292,427
Penalties and interest-taxes	0	300	0	0	0	300
	<u>0</u>	<u>292,727</u>	<u>0</u>	<u>1,894,177</u>	<u>0</u>	<u>2,186,904</u>
Intergovernmental						
State grants-fire	0	0	470,380	0	0	470,380
State grants-police	0	0	93,806	0	0	93,806
State shared revenues	495,391	0	0	0	0	495,391
	<u>495,391</u>	<u>0</u>	<u>564,186</u>	<u>0</u>	<u>0</u>	<u>1,059,577</u>
Fines and forfeits						
Court ordered reimbursements	0	0	7,489	0	29,849	37,338
Charges for services						
Clerk fee	0	0	0	0	13,633	13,633
Finance/treasurer fees	0	0	0	0	166,870	166,870
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,503</u>	<u>180,503</u>
Miscellaneous revenue (includes investment loss)						
Investment income	0	9,760	16,595	40,330	2,148	68,833
Donations	0	0	0	0	2,344	2,344
	<u>0</u>	<u>9,760</u>	<u>16,595</u>	<u>40,330</u>	<u>4,492</u>	<u>71,177</u>
TOTAL REVENUES	<u>495,391</u>	<u>302,487</u>	<u>588,270</u>	<u>1,934,507</u>	<u>214,844</u>	<u>3,535,499</u>
EXPENDITURES						
General government						
Municipal Court	0	0	0	0	58,993	58,993
County Assessor	0	0	0	0	104,086	104,086
County Clerk	0	0	0	0	17,625	17,625
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,704</u>	<u>180,704</u>
Public safety						
Fire marshal	0	0	536,627	0	0	536,627
Fire-E.M.S. grant	0	0	1,486	0	0	1,486
Police	0	0	77,003	0	0	77,003
	<u>0</u>	<u>0</u>	<u>615,116</u>	<u>0</u>	<u>0</u>	<u>615,116</u>
Physical and economic environment						
County Administrator	0	279,352	0	0	0	279,352
Transportation						
Health and welfare						
Administrative Services-OMB	0	0	0	2,068,607	0	2,068,607

Culture and recreation						
Community Services-Library	0	0	0	0	5,427	5,427
Community Services-Recreation	1,251	0	0	0	4,298	5,549
	<u>1,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,725</u>	<u>10,976</u>
TOTAL EXPENDITURES	<u>1,251</u>	<u>279,352</u>	<u>615,116</u>	<u>2,068,607</u>	<u>190,429</u>	<u>3,154,755</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	494,140	23,135	(26,846)	(134,100)	24,415	380,744
OTHER FINANCING SOURCES (USES)						
Transfers in	0	0	0	0	13,861	13,861
Transfers out	(500,000)	0	0	0	0	(500,000)
	<u>(500,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,861</u>	<u>(486,139)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,860)	23,135	(26,846)	(134,100)	38,276	(105,395)
FUND BALANCE						
Beginning of fiscal year	85,031	282,937	343,715	1,554,563	447,792	2,714,038
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 79,171</u>	<u>306,072</u>	<u>316,869</u>	<u>1,420,463</u>	<u>486,068</u>	<u>2,608,643</u>

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State shared revenues	\$ 533,000	533,000	495,391	(37,609)
EXPENDITURES AND ENCUMBRANCES				
Community Services - juvenile recreation				
Employee salaries and benefits	<u>3,000</u>	<u>3,000</u>	<u>1,251</u>	<u>1,749</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	530,000	530,000	494,140	(35,860)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>30,000</u>	<u>30,000</u>	(5,860)	<u>(35,860)</u>
FUND BALANCE				
Beginning of fiscal year			<u>85,031</u>	
FUND BALANCE - END OF FISCAL YEAR			\$ <u><u>79,171</u></u>	

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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 250,000	250,000	292,427	42,427
Penalties and interest-taxes	10,000	5,000	300	(4,700)
Intergovernmental				
State grants-other	4,219	4,219	0	(4,219)
Miscellaneous revenues				
Investment income	8,000	8,000	9,760	1,760
TOTAL REVENUES	<u>272,219</u>	<u>267,219</u>	<u>302,487</u>	<u>35,268</u>
EXPENDITURES AND ENCUMBRANCES				
County Administrator				
Outside services	279,000	295,060	265,115	29,945
Intrafund/interfund services	14,237	14,237	14,237	0
Capital outlay	90,000	90,000	0	90,000
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>383,237</u>	<u>399,297</u>	<u>279,352</u>	<u>119,945</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(111,018)</u>	<u>(132,078)</u>	23,135	<u>155,213</u>
FUND BALANCE				
Beginning of fiscal year			282,937	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 306,072</u>	

See accompanying notes to financial statements

**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, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	\$ 393,720	470,380	470,380	0
State grants-police	99,800	109,849	93,806	(16,043)
Fines and forfeits				
Court ordered reimbursements	0	0	7,489	7,489
Miscellaneous revenues				
Investment income	5,000	5,000	16,595	11,595
TOTAL REVENUES	498,520	585,229	588,270	3,041
EXPENDITURES AND ENCUMBRANCES				
Fire				
Grants and contracts				
Fire - fire marshal grant	378,720	758,396	748,423	9,973
Fire - emergency medical services grant	15,000	12,455	7,007	5,448
	393,720	770,851	755,430	15,421
Police				
Grants and contracts				
Police - law enforcement protection grant	39,800	64,003	60,470	3,533
Police - DWI local grant	60,000	61,000	52,447	8,553
Police - Seizure/Forfeiture	0	695	0	695
	99,800	125,698	112,917	12,781
TOTAL EXPENDITURES AND ENCUMBRANCES	493,520	896,549	868,347	28,202
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 5,000	(311,320)	(280,077)	31,243
ADJUSTMENTS TO GAAP				
Encumbrances			253,231	
GAAP BASIS			(26,846)	
FUND BALANCE				
Beginning of fiscal year			343,715	
FUND BALANCE - END OF FISCAL YEAR			\$ 316,869	

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
General gross receipts taxes	\$ 2,132,000	2,132,000	1,894,177	(237,823)
Miscellaneous revenues				
Investment income	59,000	59,000	40,330	(18,670)
Other judgments and settlements	0	0	0	0
TOTAL REVENUES	<u>2,191,000</u>	<u>2,191,000</u>	<u>1,934,507</u>	<u>(256,493)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Outside services	2,121,907	2,121,907	1,978,894	143,013
Materials and supplies	1,000	1,000	7,300	(6,300)
Intrafund/interfund services	82,413	82,413	82,413	0
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>2,205,320</u>	<u>2,205,320</u>	<u>2,068,607</u>	<u>136,713</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(14,320)</u>	<u>(14,320)</u>	<u>(134,100)</u>	<u>(119,780)</u>
FUND BALANCE				
Beginning of fiscal year			1,554,563	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 1,420,463</u>	

See accompanying notes to financial statements

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

**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Court fees	\$ 37,000	37,000	29,849	(7,151)
Clerk fee	20,600	20,600	13,633	(6,967)
Finance/treasurer fees	135,000	135,000	166,870	31,870
	<u>192,600</u>	<u>192,600</u>	<u>210,352</u>	<u>17,752</u>
Miscellaneous revenues				
Investment income	800	800	2,148	1,348
Donations	3,000	4,000	2,344	(1,656)
	<u>3,800</u>	<u>4,800</u>	<u>4,492</u>	<u>(308)</u>
TOTAL REVENUES	196,400	197,400	214,844	17,444
EXPENDITURES AND ENCUMBRANCES				
Municipal Court				
Bench Warrant	20,187	20,187	12,941	7,246
Community Service	25,000	25,000	22,903	2,097
Alternative Sentencing	25,000	27,370	23,149	4,221
County Assessor				
Property tax valuation	168,307	173,379	150,086	23,293
County Clerk				
Recording and equipment	23,000	23,000	17,625	5,375
Community Services				
Aquatic center gift	3,000	3,000	4,298	(1,298)
Library gift	3,200	6,700	5,427	1,273
TOTAL EXPENDITURES AND ENCUMBRANCES	267,694	278,636	236,429	42,207
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(71,294)	(81,236)	(21,585)	59,651

OTHER FINANCING SOURCES (USES)

Transfers in from:
General Fund

25,000	25,000	13,861	(11,139)
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**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENDITURES AND OTHER USES**

\$ (46,294)	(56,236)	(7,724)	48,512
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ADJUSTMENTS TO GAAP

Encumbrances

46,000

GAAP BASIS

38,276

FUND BALANCE

Beginning of fiscal year

447,792

FUND BALANCE - END OF FISCAL YEAR

\$ 486,068

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 0	0	9,867	9,867
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Principal payment on debt	3,090,000	3,090,000	3,090,000	0
Interest payment on debt	3,821,638	3,821,755	3,821,638	117
	<u>6,911,638</u>	<u>6,911,755</u>	<u>6,911,638</u>	<u>117</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(4,148,092)	(6,911,755)	(6,901,771)	9,984
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	6,911,638	6,911,755	6,335,668	(576,087)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 2,763,546	0	(566,103)	(566,103)
FUND BALANCE				
Beginning of fiscal year			7,011,293	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 6,445,190</u>	

See accompanying notes to financial statements

**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, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 1,798,398	1,798,398	3,178,832	1,380,434
OTHER FINANCING SOURCES (USES)				
Transfers In from:				
General Fund	2,000,000	2,000,000	0	(2,000,000)
Transfers out to:				
Capital Improvement Project Fund	<u>0</u>	<u>(1,100,000)</u>	<u>(863,466)</u>	<u>236,534</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 3,798,398</u>	<u>2,698,398</u>	<u>2,315,366</u>	<u>(383,032)</u>
FUND BALANCE				
Beginning of fiscal year			<u>20,024,453</u>	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 22,339,819</u>	

See accompanying notes to financial statements

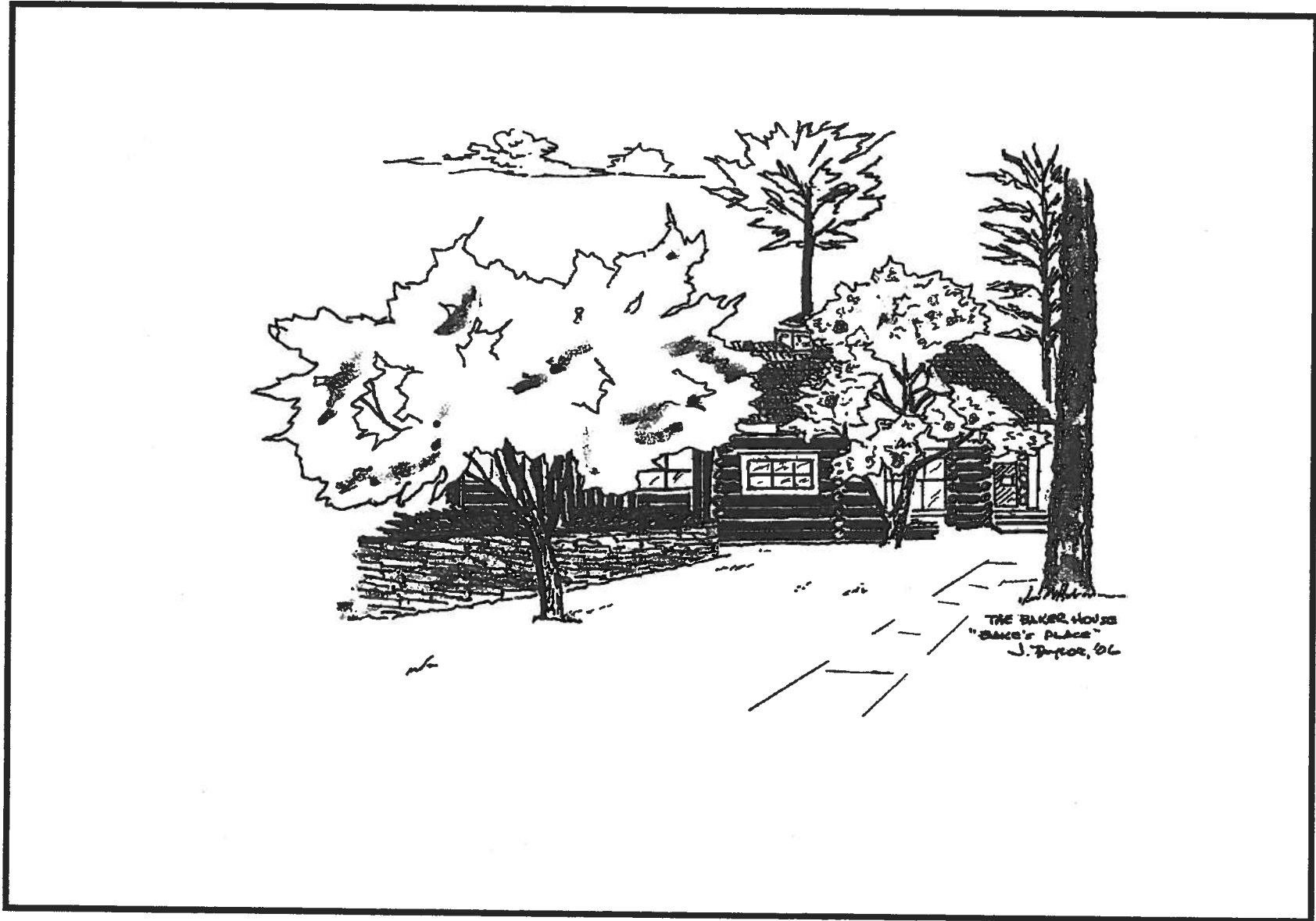
INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS

Fiscal Year Ended June 30, 2010

<u>PROJECT</u>	<u>PROJECT-LENGTH BUDGET APPROPRIATIONS</u>	<u>EXPENDED IN PRIOR YEARS</u>	<u>EXPENDED IN CURRENT YEAR</u>	<u>EXPENDED THROUGH JUNE 30, 2010</u>	<u>UNEXPENDED AS OF JUNE 30, 2010</u>	<u>ENCUMBRANCES AS OF JUNE 30, 2010</u>	<u>REMAINING BALANCE AS OF JUNE 30, 2010</u>
CIP FUND - MAJOR PROJECTS							
Major Network Upgrades	\$ 1,535,852	0	0	0	1,535,852	4,109	1,531,743
Network Expansion (Broadband design)	550,001	225,539	48,257	273,796	276,205	0	276,205
Other Potential Projects	1,320,000	0	0	0	1,320,000	0	1,320,000
Airport Basin Site (Pajarito Cliffs)	649,530	0	0	0	649,530	373,400	276,130
Municipal Building Replacement	15,802,877	978,317	127,653	1,105,970	14,696,907	18,890	14,678,017
Jail/Courts Replace (Justice Center)	1,071,424	0	0	0	1,071,424	530,917	540,507
Animal Shelter	43,735	0	0	0	43,735	1,132	42,603
Trinity Site Demolition	3,151,532	0	0	0	3,151,532	200,327	2,951,205
White Rock Economic Development	5,000,000	0	0	0	5,000,000	0	5,000,000
Historical Archives/Records (design)	200,000	0	58,201	58,201	141,799	19,545	122,254
LA Apartments Demolition	269,160	0	0	0	269,160	55,206	213,954
Old Fire Station #3 Demolition	10,000	0	0	0	10,000	0	10,000
Demolition of 2 Trinity Houses	10,000	0	0	0	10,000	0	10,000
Tenant Improvements	135,433	0	0	0	135,433	44,821	90,612
Solar Panels - Animal Shelter/Justice Center	103,000	0	1,367	1,367	101,633	0	101,633
New Fire Station #3 - White Rock (residual)	253,905	0	41,803	41,803	212,102	0	212,102
Canyon Rim Trail	1,525,160	0	557,237	557,237	967,923	22,781	945,142
DP Road Intersection	870,625	0	0	0	870,625	0	870,625
Diamond Drive Phase 3	559,804	0	0	0	559,804	73,028	486,776
Diamond Drive Phase 4	9,294,973	0	2,502,322	2,502,322	6,792,651	5,548,416	1,244,235
Central Avenue Streetscape	14,651	0	0	0	14,651	5,000	9,651
Western Area Road Replacement	80,073	0	0	0	80,073	6,741	73,332
State Road 4 Improvements (Study)	500,000	0	319,541	319,541	180,459	47,600	132,859
Trinity DR/East Road Corridor (Study)	200,000	0	14,348	14,348	185,652	0	185,652
White Rock Arroyo Trail (Study)	100,000	0	61,764	61,764	38,236	0	38,236
Barranca Road Improvements	57,288	0	0	0	57,288	0	57,288
Public Art (continuing)	813,525	0	39,418	39,418	774,107	85,582	688,525
Parks Small Capital Projects	114,430	0	0	0	114,430	0	114,430
White Rock Visitor Center /RV Lot (design)	200,000	0	60,848	60,848	139,152	0	139,152
White Rock Gateway Structure (design)	50,000	0	32,941	32,941	17,059	0	17,059
Art Center Safety Improvements (design)	50,000	0	0	0	50,000	0	50,000
Aquatic Center Leisure Pool Study (design)	50,000	0	357	357	49,643	0	49,643
North Mesa Ballfield Lights (design)	80,000	0	18,810	18,810	61,190	0	61,190
Stables Area Covered Arena (design)	20,000	0	233	233	19,767	0	19,767
	<u>44,686,978</u>	<u>1,203,856</u>	<u>3,885,100</u>	<u>5,088,956</u>	<u>39,598,022</u>	<u>7,037,495</u>	<u>32,560,527</u>
CIP FUND - SMALL PROJECTS							
Leisure Pool - Aquatic Center	144,201	17,803	0	17,803	126,398	0	126,398
TOTAL CAPITAL PROJECTS	<u>44,831,179</u>	<u>1,221,659</u>	<u>3,885,100</u>	<u>5,106,759</u>	<u>39,724,420</u>	<u>7,037,495</u>	<u>32,686,925</u>

INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS
 Fiscal Year Ended June 30, 2010

<u>PROJECT</u>	<u>PROJECT-LENGTH BUDGET APPROPRIATIONS</u>	<u>EXPENDED IN PRIOR YEARS</u>	<u>EXPENDED IN CURRENT YEAR</u>	<u>EXPENDED THROUGH JUNE 30, 2010</u>	<u>UNEXPENDED AS OF JUNE 30, 2010</u>	<u>ENCUMBRANCES AS OF JUNE 30, 2010</u>	<u>REMAINING BALANCE AS OF JUNE 30, 2010</u>
PROJECTS COMPLETED IN FY 2010							
Major Network Upgrades	\$ 87,238	0	87,238	87,238	0	0	0
Airport Basin Site	64,739,839	43,905,087	20,834,752	64,739,839	0	0	0
Jail/Courts Replace and Improvements	19,463,756	10,059,890	9,403,866	19,463,756	0	0	0
Animal Shelter	1,453,645	313,252	1,140,393	1,453,645	0	0	0
Trinity Site Demolition	1,486,275	0	1,486,275	1,486,275	0	0	0
LA Apartments Demolition	1,187,746	0	1,187,746	1,187,746	0	0	0
Old Fire Station #3 Demolition	178,042	0	102,977	102,977	75,065	0	75,065
Demolition of 2 Trinity Houses	66,956	0	42,801	42,801	24,155	0	24,155
Tenant Improvements	359,259	0	359,259	359,259	0	0	0
Street C. I. P. (residual)	21,734	0	21,734	21,734	0	0	0
West Jemez Bypass Road (residual)	26,423	0	582	582	25,841	0	25,841
Diamond Drive Phase 2	3,052	0	2,157	2,157	895	0	895
Diamond Drive Phase 3	4,083,682	702,209	3,381,473	4,083,682	0	0	0
Central Avenue Streetscape	94,251	0	94,251	94,251	0	0	0
Western Area Road Replacement	39,541	34,354	5,187	39,541	0	0	0
Barranca Road Improvements	42,712	0	42,712	42,712	0	0	0
Public Art (continuing)	107,914	44,159	63,755	107,914	0	0	0
Library Landscape (residual)	94,339	0	0	0	94,339	0	94,339
Parks Small Capital Projects	215,571	19,942	195,629	215,571	0	0	0
TOTAL PROJECTS COMPLETED IN FY 2010	<u>93,751,975</u>	<u>55,078,893</u>	<u>38,452,787</u>	<u>93,531,680</u>	<u>220,295</u>	<u>0</u>	<u>220,295</u>
TOTAL	<u>\$ 138,583,154</u>	<u>56,300,552</u>	<u>42,337,887</u>	<u>98,638,439</u>	<u>39,944,715</u>	<u>7,037,495</u>	<u>32,907,220</u>



THE BAKER HOUSE
"BAKER'S PLACE"
J. Taylor, 06

Joint Utility System Subfunds

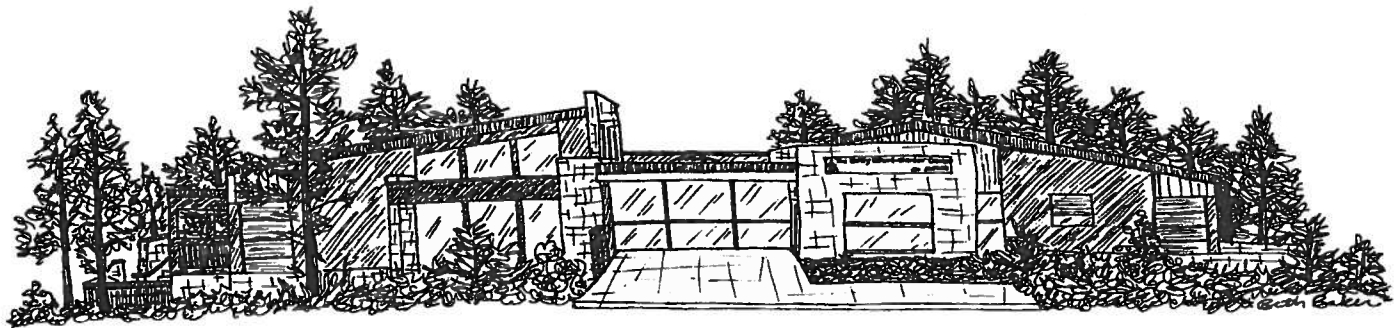
The Joint Utility System is presented as a major fund. This section provides combining schedules for the individual utility subfunds and industry format financial schedules.

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.



Betty Ehart Senior Center

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 COMBINING SCHEDULE OF NET ASSETS
 June 30, 2010

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
ASSETS					
CURRENT ASSETS					
Equity (deficit) in pooled cash and investments	\$ (4,424,330)	4,982,010	7,467,427	1,617,685	9,642,792
Investments	3,803,743	802,758	701,705	486,249	5,794,455
Receivables, net of allowance for uncollectibles					
Accounts	4,282,529	164,041	398,783	241,056	5,086,409
Interest	5,356	2,602	5,018	100	13,076
Unbilled	439,274	114,163	270,014	153,515	976,966
Due from other funds	0	0	5,090,532	0	5,090,532
Inventories and prepayments					
Inventories	314,212	40,802	164,820	29,208	549,042
Power plant inventories	678,320	0	0	0	678,320
Prepayments	72,523	0	29,295	0	101,818
	<u>5,171,627</u>	<u>6,106,376</u>	<u>14,127,594</u>	<u>2,527,813</u>	<u>27,933,410</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	591,779	0	0	0	591,779
Operations and maintenance	2,739,112	0	0	0	2,739,112
Investments					
Debt reserves and debt service	15,760,168	0	0	0	15,760,168
Operations and maintenance	3,420,621	0	0	0	3,420,621
Accrued interest	27,808	0	0	0	27,808
	<u>22,539,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,539,488</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	2,959,328	2,959,328
Utility plant in service	130,985,225	9,102,978	67,161,828	36,337,129	243,587,160
Machinery and equipment	3,245,998	219,709	871,433	255,743	4,592,883
Less accumulated depreciation	(71,433,179)	(3,005,533)	(14,781,987)	(6,479,375)	(95,700,074)
Construction in progress	12,060,825	1,547,704	4,178,970	1,292,374	19,079,873
	<u>74,858,869</u>	<u>7,864,858</u>	<u>57,430,244</u>	<u>34,365,199</u>	<u>174,519,170</u>
DEFERRED CHARGES AND OTHER ASSETS					
Bond issuance costs, net of amortization	743,805	0	0	0	743,805
TOTAL ASSETS	<u>103,313,789</u>	<u>13,971,234</u>	<u>71,557,838</u>	<u>36,893,012</u>	<u>225,735,873</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,401,724	134,688	347,477	13,097	2,896,986
Accrued salaries including benefits payable	39,025	4,852	10,985	10,999	65,861
Accrued compensated absences	255,956	85,462	37,568	46,818	425,804
Contractors retentions payable	8,976	0	0	0	8,976
Customer deposits payable	68,167	49,750	46,173	0	164,090
Due to other governments	50,844	21,705	23,759	16,762	113,070
Due to other funds	5,090,532	0	0	0	5,090,532
Donations held in trust	23,529	0	0	0	23,529

	7,938,753	296,457	465,962	87,676	8,788,848
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LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	6,865,000	0	0	0	6,865,000
Contracts and intergovernmental debt payable	0	0	7,209	0	7,209
Interest payable on debt	1,221,885	0	0	0	1,221,885

	8,086,885	0	7,209	0	8,094,094
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NON-CURRENT LIABILITIES

Revenue bonds payable	40,540,513	0	0	0	40,540,513
Special closure costs	3,082,133	0	0	0	3,082,133
Accrued compensated absences	113,421	50,794	31,912	16,361	212,488
Contracts and intergovernmental debt payable	0	0	122,000	14,355,105	14,477,105

	43,736,067	50,794	153,912	14,371,466	58,312,239
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TOTAL LIABILITIES

	59,761,705	347,251	627,083	14,459,142	75,195,181
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NET ASSETS

Invested in capital assets, net of related debt	28,197,161	7,864,858	57,301,035	20,010,094	113,373,148
Restricted assets for, net of related liabilities:					
Debt service	18,235,470	0	0	0	18,235,470
Unrestricted	(2,880,547)	5,759,125	13,629,720	2,423,776	18,932,074

TOTAL NET ASSETS

\$	43,552,084	13,623,983	70,930,755	22,433,870	150,540,692
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See accompanying notes to financial statements



INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year ended June 30, 2010

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 40,628,490	7,937,910	4,809,651	3,534,109	56,910,160
Rentals	22,262	0	0	0	22,262
Miscellaneous operating revenue	17,370	16,206	7,028	8,696	49,300
	<u>40,668,122</u>	<u>7,954,116</u>	<u>4,816,679</u>	<u>3,542,805</u>	<u>56,981,722</u>
OPERATING EXPENSES					
Employee salaries and benefits	4,390,991	512,103	1,266,316	1,147,047	7,316,457
Contractual services	27,275,246	5,987,975	2,678,075	1,058,369	36,999,665
Materials and supplies	264,852	90,167	220,238	180,263	755,520
Depreciation and amortization	5,913,668	269,685	1,659,508	697,077	8,539,938
Special closure costs	190,011	0	0	0	190,011
Other	4,427	14,691	8,804	3,092	31,014
	<u>38,039,195</u>	<u>6,874,621</u>	<u>5,832,941</u>	<u>3,085,848</u>	<u>53,832,605</u>
OPERATING INCOME (LOSS)	2,628,927	1,079,495	(1,016,262)	456,957	3,149,117
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of capital assets	(274,375)	(1,869)	(1,483)	0	(277,727)
Investment income	193,153	162,436	418,391	41,944	815,924
Interest on long-term debt	(2,804,206)	0	0	0	(2,804,206)
Inventory adjustment	7,537	(713)	113	(80)	6,857
	<u>(2,877,891)</u>	<u>159,854</u>	<u>417,021</u>	<u>41,864</u>	<u>(2,259,152)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(248,964)	1,239,349	(599,241)	498,821	889,965
TRANSFERS AND CONTRIBUTIONS					
Transfers in	0	0	418,044	0	418,044
Transfers out	(437,711)	(378,034)	(3,450)	0	(819,195)
Intergovernmental - capital grants	3,745,087	0	603,406	0	4,348,493
Contributed capital assets- governmental activities	1,013,507	880,990	633,715	618,147	3,146,359
NET INCOME (LOSS)	4,071,919	1,742,305	1,052,474	1,116,968	7,983,666
NET ASSETS					
Beginning of fiscal year	39,480,165	11,881,678	69,878,281	21,316,902	142,557,026
NET ASSETS - END OF FISCAL YEAR	\$ <u>43,552,084</u>	<u>13,623,983</u>	<u>70,930,755</u>	<u>22,433,870</u>	<u>150,540,692</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF CASH FLOWS
Year ended June 30, 2010

	<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	\$ 40,548,980	8,059,542	4,660,880	3,497,749	56,767,151
Cash paid to suppliers for goods and services	(27,084,396)	(6,184,853)	(2,839,089)	(1,282,919)	(37,391,257)
Cash paid to employees	(4,412,524)	(521,583)	(1,290,864)	(1,146,283)	(7,371,254)
Taxes received from customers and users	796,958	654,188	233,918	198,859	1,883,923
Taxes remitted to State (from customers and users)	(790,941)	(652,980)	(228,361)	(196,818)	(1,869,100)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>9,058,077</u>	<u>1,354,314</u>	<u>536,484</u>	<u>1,070,588</u>	<u>12,019,463</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(437,711)	(374,584)	0	0	(812,295)
Transfers from other funds	0	0	271,000	0	271,000
Cash received from short-term interfund loans	5,090,532	0	0	0	5,090,532
Cash paid on short-term interfund loans	0	0	(5,090,532)	0	(5,090,532)
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	<u>4,652,821</u>	<u>(374,584)</u>	<u>(4,819,532)</u>	<u>0</u>	<u>(541,295)</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from capital grants	3,794,074	0	603,406	0	4,397,480
Proceeds received from loans	0	0	0	366,263	366,263
Principal repaid	(6,560,000)	0	(7,191)	0	(6,567,191)
Interest and other debt service paid	(2,443,770)	0	0	0	(2,443,770)
Cash paid for acquisition of capital assets	(9,183,010)	(761,409)	(2,721,759)	(647,292)	(13,313,470)
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,392,706)</u>	<u>(761,409)</u>	<u>(2,125,544)</u>	<u>(281,029)</u>	<u>(17,560,688)</u>
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	11,813,113	785,113	682,981	477,336	13,758,543
Interest received on investments	198,624	164,972	422,975	42,207	828,778
Purchase of investment securities	(12,782,747)	(802,758)	(701,705)	(486,249)	(14,773,459)
NET CASH FLOWS - INVESTING ACTIVITIES	<u>(771,010)</u>	<u>147,327</u>	<u>404,251</u>	<u>33,294</u>	<u>(186,138)</u>
NET INCREASE (DECREASE) IN CASH	<u>(1,452,818)</u>	<u>365,648</u>	<u>(6,004,341)</u>	<u>822,853</u>	<u>(6,268,658)</u>
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	<u>359,379</u>	<u>4,616,362</u>	<u>13,471,768</u>	<u>794,832</u>	<u>19,242,341</u>
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>\$ (1,093,439)</u>	<u>4,982,010</u>	<u>7,467,427</u>	<u>1,617,685</u>	<u>12,973,683</u>

(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)	\$	2,628,927	1,079,495	(1,016,262)	456,957	3,149,117
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES						
Depreciation and amortization expense		5,913,668	269,685	1,659,508	697,077	8,539,938
Amortization of special closure costs		190,011	0	0	0	190,011
Provision for uncollectible accounts receivable		4,427	14,691	8,804	3,092	31,014
Change in assets and liabilities:						
Accounts and other receivables		(127,289)	96,334	(160,344)	(45,056)	(236,355)
Inventories		(128,666)	4,111	3,977	(1,048)	(121,626)
Prepayments and other		(10,386)	0	25,110	0	14,724
Accounts and retentions payable		594,754	(109,800)	30,137	(43,241)	471,850
Salaries and benefits payable		(21,533)	(9,480)	(24,548)	766	(54,795)
Taxes payable		6,017	1,208	5,557	2,041	14,823
Other current liabilities		8,147	8,070	4,545	0	20,762
Total adjustments		6,429,150	274,819	1,552,746	613,631	8,870,346
NET CASH FLOWS - OPERATING ACTIVITIES	\$	9,058,077	1,354,314	536,484	1,070,588	12,019,463

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

NON CASH TRANSACTIONS:						
Assets transferred - proprietary funds	\$	0	(3,450)	143,594	0	140,144
Contributed capital assets - governmental activities		1,013,507	880,990	633,715	618,147	3,146,359
Fair value adjustment for investments		(178,302)	0	0	0	(178,302)
TOTAL NON CASH CAPITAL ACQUISITIONS	\$	835,205	877,540	777,309	618,147	3,108,201

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 0	4,558,344	3,745,087	(813,257)
Charges for services				
Residential	11,898,043	11,898,043	5,730,319	(6,167,724)
Commercial and industrial	0	0	3,606,847	3,606,847
Public street and highway lighting	0	0	65,567	65,567
Municipal	0	0	1,313,543	1,313,543
Educational	0	0	357,528	357,528
Wholesale	31,417,175	31,417,175	29,325,387	(2,091,788)
Rent from utility properties	0	0	22,262	22,262
Miscellaneous services	489,130	489,130	229,299	(259,831)
	<u>43,804,348</u>	<u>43,804,348</u>	<u>40,650,752</u>	<u>(3,153,596)</u>
Miscellaneous revenues				
Interest income	916,000	916,000	193,153	(722,847)
Interest charges-delinquent accounts	0	0	17,370	17,370
	<u>916,000</u>	<u>916,000</u>	<u>210,523</u>	<u>(705,477)</u>
TOTAL REVENUES	<u>44,720,348</u>	<u>49,278,692</u>	<u>44,606,362</u>	<u>(4,672,330)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric production				
Employee salaries and benefits	1,270,102	1,270,102	1,379,883	(109,781)
Outside services	34,203,697	37,418,716	35,024,500	2,394,216
Materials and supplies	49,980	55,404	63,131	(7,727)
Intrafund/interfund services	885,046	885,046	777,693	107,353
Capital outlay	16,800	16,800	0	16,800
Debt and fiscal charges	8,779,356	8,779,356	9,084,203	(304,847)
	<u>45,204,981</u>	<u>48,425,424</u>	<u>46,329,410</u>	<u>2,096,014</u>
Electric distribution				
Employee salaries and benefits	951,196	951,196	927,576	23,620
Outside services	3,135,603	3,349,745	2,186,223	1,163,522

Materials and supplies	151,726	164,218	361,370	(197,152)
Intrafund/interfund services	1,147,875	1,147,875	1,310,003	(162,128)
Capital outlay	217,000	217,000	41,090	175,910
Debt and fiscal charges	529,416	529,416	585,003	(55,587)
	<u>6,132,816</u>	<u>6,359,450</u>	<u>5,411,265</u>	<u>948,185</u>
General and administrative				
Employee salaries and benefits	2,750,565	2,750,565	2,331,667	418,898
Outside services	831,350	1,050,771	651,607	399,164
Materials and supplies	40,500	44,713	39,296	5,417
Intrafund/interfund services	(3,693,915)	(3,693,915)	(3,092,903)	(601,012)
Capital outlay	71,500	71,500	0	71,500
	<u>0</u>	<u>223,634</u>	<u>(70,333)</u>	<u>293,967</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>51,337,797</u>	<u>55,008,508</u>	<u>51,670,342</u>	<u>3,338,166</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(6,617,449)	(5,729,816)	(7,063,980)	(1,334,164)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(435,000)	(435,000)	(437,711)	(2,711)
Proceeds from revenue bonds				
Debt proceeds	7,660,000	7,660,000	0	(7,660,000)
	<u>7,225,000</u>	<u>7,225,000</u>	<u>(437,711)</u>	<u>(7,662,711)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>607,551</u>	<u>1,495,184</u>	<u>(7,501,691)</u>	<u>(8,996,875)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			843,052	
Changes in compensated absences			(51,646)	
Bad debt adjustment			(4,427)	
Depreciation and amortization			(5,913,668)	
Adjustments to inventory			7,537	
Special closure costs			(190,011)	
Gain(loss) on disposition of fixed assets			(274,375)	
Contributed capital assets - governmental activities			1,013,507	
Capital outlay capitalized			41,090	
Capital projects capitalized (budgeted by line item)			9,237,551	
Principal on debt service			6,865,000	
			<u>11,573,610</u>	
GAAP BASIS			<u>4,071,919</u>	
NET ASSETS				
Beginning of fiscal year			39,480,165	
NET ASSETS - END OF FISCAL YEAR			\$ <u>43,552,084</u>	

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Residential	\$ 9,049,861	9,049,861	5,986,586	(3,063,275)
Commercial and industrial	0	0	1,245,762	1,245,762
Municipal	0	0	400,936	400,936
Educational	0	0	265,683	265,683
Miscellaneous services	14,000	14,000	38,943	24,943
	<u>9,063,861</u>	<u>9,063,861</u>	<u>7,937,910</u>	<u>(1,125,951)</u>
Miscellaneous revenues				
Interest income	125,000	125,000	162,436	37,436
Interest charges-delinquent accounts	0	0	16,206	16,206
	<u>125,000</u>	<u>125,000</u>	<u>178,642</u>	<u>53,642</u>
TOTAL REVENUES	<u>9,188,861</u>	<u>9,188,861</u>	<u>8,116,552</u>	<u>(1,072,309)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Gas				
Employee salaries and benefits	427,592	427,592	595,890	(168,298)
Outside services	8,566,611	6,048,389	5,815,885	232,504
Materials and supplies	98,900	122,540	160,147	(37,607)
Intrafund/interfund services	979,825	979,825	874,700	105,125
Capital outlay	20,000	20,000	0	20,000
TOTAL EXPENSES AND ENCUMBRANCES	<u>10,092,928</u>	<u>7,598,346</u>	<u>7,446,622</u>	<u>151,724</u>

EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(904,067)	1,590,515	669,930	(920,585)
OTHER FINANCING SOURCES (USES)				
Transfer out to:				
General Fund	<u>(430,000)</u>	<u>(430,000)</u>	<u>(374,584)</u>	<u>55,416</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u><u>(1,334,067)</u></u>	<u><u>1,160,515</u></u>	<u>295,346</u>	<u><u>(865,169)</u></u>
ADJUSTMENTS TO GAAP				
Encumbrances			90,679	
Changes in compensated absenses			4,289	
Bad debt adjustment			(14,691)	
Depreciation and amortization			(269,685)	
Adjustments to inventory			(713)	
Gain(loss) on disposition of capital assets			(1,869)	
Assets transferred - proprietary funds			(3,450)	
Contributed capital assets - governmental activities			880,990	
Capital projects capitalized (budgeted by line item)			761,409	
			<u>1,446,959</u>	
GAAP BASIS			<u>1,742,305</u>	
NET ASSETS				
Beginning of fiscal year			11,881,678	
NET ASSETS - END OF FISCAL YEAR			\$ <u><u>13,623,983</u></u>	

See accompanying notes to financial statements

**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, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 0	150,000	0	(150,000)
State grants-other	0	603,406	603,406	0
Charges for services				
Residential	4,265,196	4,265,196	2,893,771	(1,371,425)
Commercial and industrial	0	0	375,903	375,903
Municipal	539,000	539,000	355,465	(183,535)
Educational	0	0	96,981	96,981
Wholesale	1,012,892	1,012,892	1,025,587	12,695
Sales of food or merchandise	0	0	7,605	7,605
Miscellaneous services	60,000	60,000	54,339	(5,661)
	<u>5,877,088</u>	<u>5,877,088</u>	<u>4,809,651</u>	<u>(1,067,437)</u>
Miscellaneous revenues				
Interest income	410,000	410,000	418,391	8,391
Interest charges-delinquent accounts	0	0	7,028	7,028
	<u>410,000</u>	<u>410,000</u>	<u>425,419</u>	<u>15,419</u>
TOTAL REVENUES	<u>6,287,088</u>	<u>7,040,494</u>	<u>5,838,476</u>	<u>(1,202,018)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Water distribution				
Employee salaries and benefits	519,563	519,563	571,553	(51,990)
Outside services	3,049,481	3,353,134	1,496,370	1,856,764
Materials and supplies	91,800	91,800	124,105	(32,305)
Intrafund/interfund services	598,429	598,429	642,125	(43,696)
Capital outlay	37,500	37,500	0	37,500
	<u>4,296,773</u>	<u>4,600,426</u>	<u>2,834,153</u>	<u>1,766,273</u>
Water production				
Employee salaries and benefits	911,684	921,316	834,854	86,462
Outside services	4,885,950	5,119,615	2,638,462	2,481,153
Materials and supplies	266,175	273,957	185,370	88,587
Intrafund/interfund services	1,451,234	1,458,900	1,397,513	61,387
Capital outlay	126,500	137,090	113,977	23,113
Debt and fiscal charges	0	0	7,191	(7,191)
	<u>7,641,543</u>	<u>7,910,878</u>	<u>5,177,367</u>	<u>2,733,511</u>

TOTAL EXPENSES AND ENCUMBRANCES	<u>11,938,316</u>	<u>12,511,304</u>	<u>8,011,520</u>	<u>4,499,784</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	<u>271,000</u>	<u>271,000</u>	<u>271,000</u>	<u>0</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (5,380,228)</u>	<u>(5,199,810)</u>	<u>(1,902,044)</u>	<u>3,297,766</u>
ADJUSTMENTS TO GAAP				
Encumbrances			1,114,592	
Changes in compensated absences			3,349	
Bad debt adjustment			(8,804)	
Depreciation and amortization			(1,659,508)	
Adjustments to inventory			113	
Gain(loss) on disposition of fixed assets			(1,483)	
Assets transferred - proprietary funds			143,594	
Contributed capital assets - governmental activities			633,715	
Capital outlay capitalized			69,657	
Capital projects capitalized (budgeted by line item)			2,652,102	
Principal on debt service			7,191	
			<u>2,954,518</u>	
GAAP BASIS			<u>1,052,474</u>	
NET ASSETS				
Beginning of fiscal year			<u>69,878,281</u>	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 70,930,755</u>	

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Wastewater collection	\$ 3,420,000	3,420,000	3,529,619	109,619
Miscellaneous services	3,000	3,000	4,490	1,490
	<u>3,423,000</u>	<u>3,423,000</u>	<u>3,534,109</u>	<u>111,109</u>
Miscellaneous revenues				
Interest income	0	0	41,944	41,944
Interest charges-delinquent accounts	0	0	8,696	8,696
	<u>0</u>	<u>0</u>	<u>50,640</u>	<u>50,640</u>
TOTAL REVENUES	<u>3,423,000</u>	<u>3,423,000</u>	<u>3,584,749</u>	<u>161,749</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Wastewater				
Employee salaries and benefits	1,197,600	1,187,968	1,185,691	2,277
Outside services	882,035	1,510,719	654,187	856,532
Materials and supplies	168,900	172,259	185,436	(13,177)
Intrafund/interfund services	1,356,095	1,348,429	985,232	363,197
Capital outlay	35,000	35,000	30,352	4,648
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,639,630</u>	<u>4,254,375</u>	<u>3,040,898</u>	<u>1,213,477</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(216,630)</u>	<u>(831,375)</u>	<u>543,851</u>	<u>1,375,226</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt				
Intergovernmental loans	400,000	400,000	366,263	(33,737)

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$	<u>183,370</u>	<u>(431,375)</u>	910,114	<u>1,341,489</u>
ADJUSTMENTS TO GAAP					
Encumbrances				18,750	
Changes in compensated absences				(10,823)	
Bad debt adjustment				(3,092)	
Depreciation and amortization				(697,077)	
Adjustments to inventory				(80)	
Proceeds from intergovernmental loans				(366,263)	
Contributed capital assets - governmental activities				618,147	
Capital outlay capitalized				23,250	
Capital projects capitalized (budgeted by line item)				624,042	
				<u>206,854</u>	
GAAP BASIS				1,116,968	
NET ASSETS					
Beginning of fiscal year				21,316,902	
NET ASSETS - END OF FISCAL YEAR	\$			<u>22,433,870</u>	

See accompanying notes to financial statements



Enterprise Funds

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

Other Enterprise Funds:

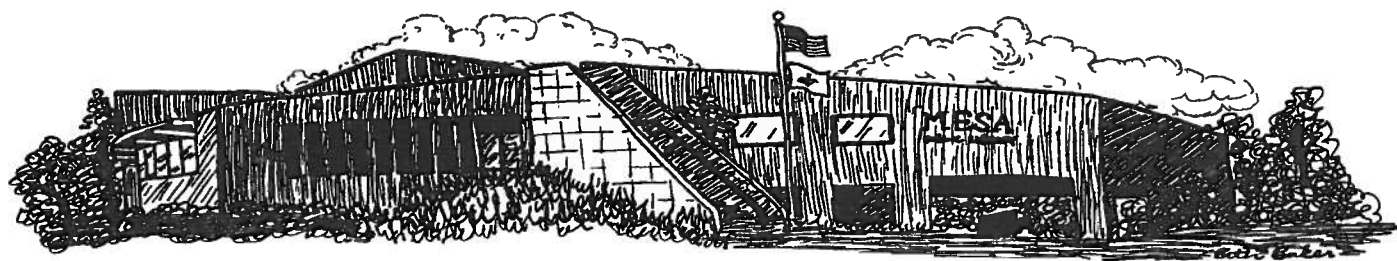
Environmental Services Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

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

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



Mesa Public Library

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

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 1,072,000	1,072,000	947,088	(124,912)
Intergovernmental				
State grants-other	0	13,845	13,845	0
Charges for services				
Sales of food or merchandise (trash bags)	12,652	12,652	9,056	(3,596)
Residential	1,587,230	1,587,230	1,551,950	(35,280)
Commercial and industrial	608,683	608,683	638,062	29,379
Other charges for services	950,000	950,000	721,025	(228,975)
	<u>3,158,565</u>	<u>3,158,565</u>	<u>2,920,093</u>	<u>(238,472)</u>
Interfund/interdepartmental charges				
Interdepartmental services	0	0	83,548	83,548
Miscellaneous revenues				
Interest income	86,000	86,000	109,882	23,882
Interest charges-delinquent accounts	0	0	6,021	6,021
Other	40,000	40,000	116,672	76,672
	<u>126,000</u>	<u>126,000</u>	<u>232,575</u>	<u>106,575</u>
TOTAL REVENUES	<u>4,356,565</u>	<u>4,370,410</u>	<u>4,197,149</u>	<u>(173,261)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Environmental Services				
Employee salaries and benefits	1,218,126	1,218,126	1,165,902	52,224
Outside services	1,484,983	3,986,818	3,785,594	201,224
Materials and supplies	157,345	159,216	120,381	38,835
Intrafund/interfund services	1,052,952	1,052,952	1,024,980	27,972
Capital outlay	10,000	40,480	30,480	10,000
Debt and fiscal charges	361,356	361,356	224,001	137,355
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,284,762</u>	<u>6,818,948</u>	<u>6,351,338</u>	<u>467,610</u>

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

\$ 71,803 (2,448,538) (2,154,189) 294,349

ADJUSTMENTS TO GAAP

Encumbrances 2,304,496
Changes in compensated absences 23,831
Bad debt adjustment (3,035)
Depreciation and amortization (211,431)
Special closure costs (60,476)
Capital outlay capitalized 30,480

2,083,865

GAAP BASIS

(70,324)

NET ASSETS

Beginning of fiscal year 6,283,401

NET ASSETS - END OF FISCAL YEAR

\$ 6,213,077

See accompanying notes to financial statements

**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, 2010

	<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	\$ 205,000	205,000	141,923	(63,077)
Daily fees/passes	0	0	161,999	161,999
Annual passes	0	0	91,002	91,002
Monthly passes	0	0	26,333	26,333
Punch passes	0	0	48,917	48,917
Recreation fees	458,000	458,000	49,327	(408,673)
Other fees	0	0	754	754
	<u>663,000</u>	<u>663,000</u>	<u>520,255</u>	<u>(142,745)</u>
Miscellaneous revenues				
Interest income	500	500	9,629	9,129
Buildings rental	0	0	19,698	19,698
Concessions rental	128,600	128,600	2,453	(126,147)
Miscellaneous rental	0	0	99,027	99,027
	<u>129,100</u>	<u>129,100</u>	<u>130,807</u>	<u>1,707</u>
TOTAL REVENUES	<u>792,100</u>	<u>792,100</u>	<u>651,062</u>	<u>(141,038)</u>
EXPENSES AND ENCUMBRANCES				
Community Services-Recreation				
Parks				
Employee salaries and benefits	614,254	614,254	515,921	98,333
Outside services	72,755	223,093	103,556	119,537
Materials and supplies	216,785	223,523	223,355	168
Intrafund/interfund services	243,390	243,390	236,480	6,910
Capital outlay	2,000	2,000	0	2,000
Debt and fiscal charges	5,000	5,000	6,549	(1,549)
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,154,184</u>	<u>1,311,260</u>	<u>1,085,861</u>	<u>225,399</u>

OTHER FINANCING SOURCES (USES)

Transfers in from:				
General Fund	360,000	360,000	360,000	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>(2,084)</u>	<u>(159,160)</u>	(74,799)	<u>84,361</u>
ADJUSTMENTS TO GAAP				
Encumbrances			16,361	
Changes in compensated absenses			(28,022)	
Depreciation and amortization			(60,683)	
Capital projects capitalized (budgeted by line item)			28,712	
			<u>(43,632)</u>	
GAAP BASIS			<u>(118,431)</u>	
NET ASSETS				
Beginning of fiscal year			5,284,220	
NET ASSETS - END OF FISCAL YEAR			\$ <u>5,165,789</u>	

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 243,109	588,000	588,000	0
Federal indirect	1,216,375	2,031,573	2,021,759	(9,814)
Other intergovernmental (NCRTD)	1,022,500	1,022,500	1,070,424	47,924
Charges for services				
Transportation	0	0	3,396	3,396
Other charges for services	0	0	15,152	15,152
Miscellaneous revenues				
Interest income	3,000	3,000	3,108	108
TOTAL REVENUES	<u>2,484,984</u>	<u>3,645,073</u>	<u>3,701,839</u>	<u>56,766</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit (Atomic City Transit)				
Employee salaries and benefits	1,773,468	1,773,468	1,721,405	52,063
Outside services	140,280	184,871	98,806	86,065
Materials and supplies	86,920	113,562	170,438	(56,876)
Intrafund/interfund services	951,104	951,104	954,134	(3,030)
Capital outlay	1,023,000	2,562,814	2,329,645	233,169
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,974,772</u>	<u>5,585,819</u>	<u>5,274,428</u>	<u>311,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	1,458,448	1,458,448	1,458,448	0

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

\$ (31,340) (482,298) (114,141) 368,157

ADJUSTMENTS TO GAAP

Encumbrances	14,323
Changes in compensated absenses	(54,553)
Depreciation and amortization	(26,359)
Contributed capital assets - governmental activities	62,338
Capital outlay capitalized	2,329,645
Assets transferred - proprietary funds	(2,031,026)
	<u>294,368</u>
	<u>180,227</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year	337,109
NET ASSETS - END OF FISCAL YEAR	\$ <u><u>517,336</u></u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
FIRE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	\$ 2,132,000	2,132,000	1,894,177	(237,823)
Intergovernmental revenue				
Federal direct - NNSA cooperative agreement	15,554,957	15,554,957	14,929,931	(625,026)
Charges for services				
Ambulance services	450,000	450,000	493,576	43,576
Interfund/interdepartmental charges				
County share of fire services	3,315,198	3,315,198	3,315,198	0
Miscellaneous revenues				
Donations	0	0	2,000	2,000
Other	0	0	2,273	2,273
TOTAL REVENUES	<u>21,452,155</u>	<u>21,452,155</u>	<u>20,637,155</u>	<u>(815,000)</u>
EXPENSES AND ENCUMBRANCES				
Fire Department				
Operations				
Employee salaries and benefits	12,680,591	11,553,491	10,972,277	581,214
Outside services	90,074	65,861	34,556	31,305
Materials and supplies	602,573	739,332	626,594	112,738
Intrafund/interfund services	0	0	111	(111)
Capital outlay	68,185	33,185	25,952	7,233
	<u>13,441,423</u>	<u>12,391,869</u>	<u>11,659,490</u>	<u>732,379</u>
Life Safety				
Employee salaries and benefits	424,361	304,361	278,533	25,828
Outside services	6,853	38,853	35,986	2,867
Materials and supplies	11,596	160,626	159,728	898
Capital outlay	4,212	4,212	0	4,212
	<u>447,022</u>	<u>508,052</u>	<u>474,247</u>	<u>33,805</u>
Training				
Employee salaries and benefits	417,152	547,152	542,149	5,003
Outside services	91,530	79,528	102,998	(23,470)
Materials and supplies	45,810	66,099	56,493	9,606
Capital outlay	216,219	500,219	499,276	943
	<u>770,711</u>	<u>1,192,998</u>	<u>1,200,916</u>	<u>(7,918)</u>

Emergency Medical Services				
Employee salaries and benefits	323,003	388,000	403,047	(15,047)
Outside services	139,078	285,668	268,368	17,300
Materials and supplies	80,592	192,088	207,327	(15,239)
Capital outlay	38,326	178,326	175,484	2,842
	<u>580,999</u>	<u>1,044,082</u>	<u>1,054,226</u>	<u>(10,144)</u>
Non contract-administration				
Employee salaries and benefits	0	0	357	(357)
Outside services	0	0	27,839	(27,839)
Materials and supplies	0	0	3,754	(3,754)
Interfund loan principal	637,677	637,677	637,677	0
Interfund loan interest	94,323	94,323	94,323	0
	<u>732,000</u>	<u>732,000</u>	<u>763,950</u>	<u>(31,950)</u>
Administration				
Employee salaries and benefits	686,742	1,086,742	1,096,449	(9,707)
Outside services	457,877	486,313	476,116	10,197
Materials and supplies	129,261	66,574	61,076	5,498
Intrafund/interfund services	2,736,360	2,736,360	2,688,031	48,329
Capital outlay	69,760	9,760	0	9,760
	<u>4,080,000</u>	<u>4,385,749</u>	<u>4,321,672</u>	<u>64,077</u>
Total Fire - Fire Department	<u>20,052,155</u>	<u>20,254,750</u>	<u>19,474,501</u>	<u>780,249</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>20,052,155</u>	<u>20,254,750</u>	<u>19,474,501</u>	<u>780,249</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,400,000	1,197,405	1,162,654	(34,751)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(1,400,000)	(1,400,000)	(1,430,731)	30,731
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>0</u>	<u>(202,595)</u>	<u>(268,077)</u>	<u>(4,020)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			651,376	18,823,125
Changes in compensated absenses			(396,926)	
Bad debt expense			(265,005)	
Depreciation and amortization			(443,068)	
Capital projects capitalized (budgeted by line item)			234,523	
Principal on interfund debt service			637,677	
			<u>418,577</u>	
GAAP BASIS			150,500	
NET ASSETS				
Beginning of fiscal year			15,059,478	
NET ASSETS - END OF FISCAL YEAR			\$ <u>15,209,978</u>	

See accompanying notes to financial statements

**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, 2010

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 318,750	968,468	696,109	(272,359)
State grants-other	8,125	25,223	18,319	(6,904)
	<u>326,875</u>	<u>993,691</u>	<u>714,428</u>	<u>(279,263)</u>
Charges for services				
Airport fees	47,800	47,800	48,030	230
Miscellaneous revenues				
Interest income	12,000	12,000	6,339	(5,661)
Tie down rental	5,500	5,500	11,598	6,098
Facilities rental	73,550	73,550	23,255	(50,295)
	<u>91,050</u>	<u>91,050</u>	<u>41,192</u>	<u>(49,858)</u>
TOTAL REVENUES	<u>465,725</u>	<u>1,132,541</u>	<u>803,650</u>	<u>(328,891)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	146,212	146,212	115,400	30,812
Outside services	1,483,020	2,171,139	1,129,357	1,041,782
Materials and supplies	13,850	13,850	12,479	1,371
Intrafund/interfund services	71,466	71,466	68,789	2,677
Capital outlay	5,000	5,000	7,020	(2,020)
Debt and fiscal charges	36,750	36,750	0	36,750
	<u>1,756,298</u>	<u>2,444,417</u>	<u>1,333,045</u>	<u>1,111,372</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,756,298</u>	<u>2,444,417</u>	<u>1,333,045</u>	<u>1,111,372</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(1,290,573)</u>	<u>(1,311,876)</u>	<u>(529,395)</u>	<u>782,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers In from:				
General Fund	1,277,625	1,277,625	162,625	(1,115,000)
	<u>1,277,625</u>	<u>1,277,625</u>	<u>162,625</u>	<u>(1,115,000)</u>

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

\$ (12,948) (34,251) (366,770) (332,519)

ADJUSTMENTS TO GAAP

Encumbrances 227,731
Changes in compensated absences 8,243
Depreciation and amortization (730,914)
Capital outlay capitalized 7,020
Capital projects capitalized (budgeted by line item) 879,842
Assets transferred - proprietary funds (154,064)

237,858
(128,912)

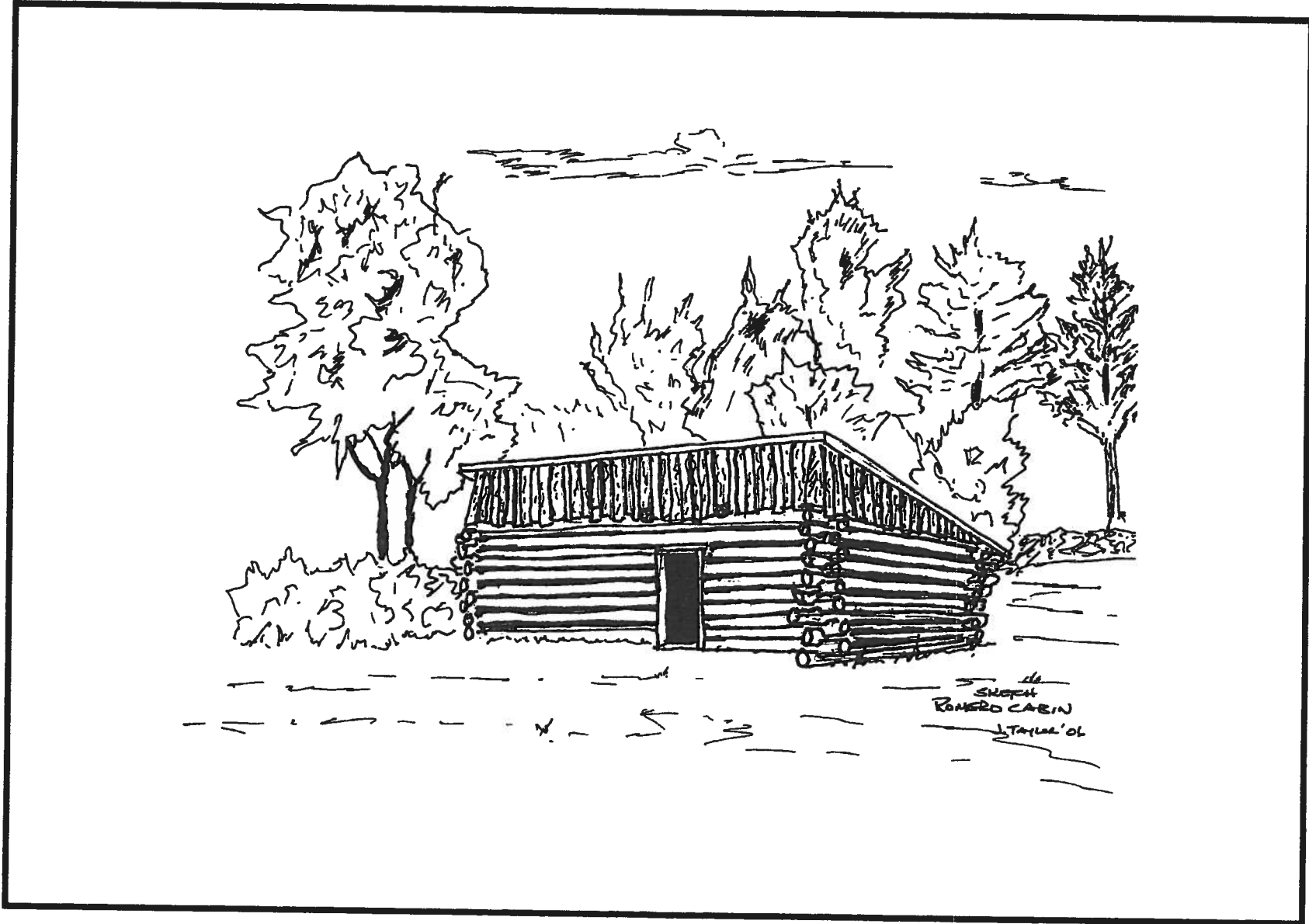
GAAP BASIS

NET ASSETS

Beginning of fiscal year 14,665,260

NET ASSETS - END OF FISCAL YEAR

\$ 14,536,348



11
SNOW
ROMERO CABIN
J. TAYLOR '06

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.

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2010

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
<i>CURRENT ASSETS</i>			
Equity in pooled cash and investments	\$ 6,898,493	7,766,494	14,664,987
Receivables, net of allowance for uncollectibles			
Accounts	35,000	7,860	42,860
Inventories and prepayments			
Prepayments	0	68,624	68,624
	<u>6,933,493</u>	<u>7,842,978</u>	<u>14,776,471</u>
<i>PROPERTY, PLANT AND EQUIPMENT</i>			
Machinery and equipment	16,581,932	4,974	16,586,906
Less accumulated depreciation	(9,332,054)	(4,974)	(9,337,028)
	<u>7,249,878</u>	<u>0</u>	<u>7,249,878</u>
TOTAL ASSETS	<u>14,183,371</u>	<u>7,842,978</u>	<u>22,026,349</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Accounts payable	134,632	221,655	356,287
Claims and judgments payable	0	801,018	801,018
Accrued salaries including benefits payable	5,937	247,358	253,295
Accrued compensated absences	45,366	6,490	51,856
	<u>185,935</u>	<u>1,276,521</u>	<u>1,462,456</u>
<i>NONCURRENT LIABILITIES</i>			
Accrued compensated absences	23,988	1,086	25,074
Claims and judgments payable	0	1,002,566	1,002,566
	<u>23,988</u>	<u>1,003,652</u>	<u>1,027,640</u>
TOTAL LIABILITIES	<u>209,923</u>	<u>2,280,173</u>	<u>2,490,096</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,249,878	0	7,249,878
Unrestricted	6,723,570	5,562,805	12,286,375
TOTAL NET ASSETS	<u>\$ 13,973,448</u>	<u>5,562,805</u>	<u>19,536,253</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, 2010

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,583,933	0	3,583,933
Insurance and pension contributions			
County	0	1,871,611	1,871,611
Employees and retirees	0	92,522	92,522
Miscellaneous operating revenue	80,205	12,480	92,685
	<u>3,664,138</u>	<u>1,976,613</u>	<u>5,640,751</u>
OPERATING EXPENSES			
Employee salaries and benefits	719,426	296,640	1,016,066
Contractual services	335,786	3,085,440	3,421,226
Materials and supplies	1,287,270	21,564	1,308,834
Depreciation and amortization	1,352,336	0	1,352,336
Other	0	1,667	1,667
	<u>3,694,818</u>	<u>3,405,311</u>	<u>7,100,129</u>
OPERATING INCOME (LOSS)	(30,680)	(1,428,698)	(1,459,378)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	43,616	0	43,616
Investment income	220,976	247,497	468,473
	<u>264,592</u>	<u>247,497</u>	<u>512,089</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	233,912	(1,181,201)	(947,289)
TRANSFERS AND CONTRIBUTIONS			
Transfers in	2,136,338	0	2,136,338
Contributed capital assets - governmental activities	402,290	0	402,290
	<u>2,538,628</u>	<u>0</u>	<u>2,538,628</u>
NET INCOME (LOSS)	2,772,540	(1,181,201)	1,591,339
NET ASSETS			
Beginning of fiscal year	11,200,908	6,744,006	17,944,914
NET ASSETS - END OF FISCAL YEAR	\$ <u>13,973,448</u>	<u>5,562,805</u>	<u>19,536,253</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 Year ended June 30, 2010

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,629,138	0	3,629,138
Cash received from contributions-employer and employees	0	1,970,342	1,970,342
Cash paid to suppliers for goods and services	(1,718,950)	(2,359,420)	(4,078,370)
Cash paid to employees	(704,494)	(298,260)	(1,002,754)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>1,205,694</u>	<u>(687,338)</u>	<u>518,356</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	77,000	0	77,000
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid for acquisition of capital assets	(1,059,981)	0	(1,059,981)
Proceeds from sale of capital assets	88,359	0	88,359
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(971,622)</u>	<u>0</u>	<u>(971,622)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	220,976	247,497	468,473
NET INCREASE (DECREASE) IN CASH	<u>532,048</u>	<u>(439,841)</u>	<u>92,207</u>
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	<u>6,366,445</u>	<u>8,206,335</u>	<u>14,572,780</u>
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>\$ 6,898,493</u>	<u>7,766,494</u>	<u>14,664,987</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
OPERATING INCOME(LOSS)	\$ (30,680)	(1,428,698)	(1,459,378)

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

Depreciation and amortization expense	1,352,336	0	1,352,336
Change in assets and liabilities:			
Accounts and other receivables	(35,000)	(6,271)	(41,271)
Prepayments and other	0	10,921	10,921
Accounts payable	(95,894)	127,000	31,106
Salaries and benefits payable	14,932	(1,620)	13,312
Claims and judgments payable	0	615,644	615,644
Group insurance payable	0	(4,314)	(4,314)
Total adjustments	<u>1,236,374</u>	<u>741,360</u>	<u>1,977,734</u>
NET CASH FLOWS - OPERATING ACTIVITIES	<u>\$ 1,205,694</u>	<u>(687,338)</u>	<u>518,356</u>

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

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 2,059,338	0	2,059,338
Contributed capital assets - governmental activities	402,290	0	402,290
TOTAL NON CASH CAPITAL ACQUISITIONS	<u>\$ 2,461,628</u>	<u>0</u>	<u>2,461,628</u>

See accompanying notes to financial statements

**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, 2010**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Charges for special services	\$ 3,713,486	3,713,486	3,583,933	(129,553)
Miscellaneous revenues				
Investment income	241,000	241,000	220,976	(20,024)
Other	150,000	150,000	80,205	(69,795)
	<u>391,000</u>	<u>391,000</u>	<u>301,181</u>	<u>(89,819)</u>
TOTAL REVENUES	4,104,486	4,104,486	3,885,114	(219,372)
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	696,183	696,183	686,993	9,190
Outside services	136,535	148,232	62,222	86,010
Materials and supplies	1,303,544	1,318,500	1,308,958	9,542
Intrafund/interfund services	267,617	267,617	273,564	(5,947)
Capital outlay	5,000	95,559	171,063	(75,504)
	<u>2,408,879</u>	<u>2,526,091</u>	<u>2,502,800</u>	<u>23,291</u>
Fleet management-equipment replacement				
Materials and supplies	0	0	20,107	(20,107)
Capital outlay	1,179,102	1,434,843	1,395,466	39,377
	<u>1,179,102</u>	<u>1,434,843</u>	<u>1,415,573</u>	<u>19,270</u>
TOTAL EXPENSES AND ENCUMBRANCES	3,587,981	3,960,934	3,918,373	42,561
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	516,505	143,552	(33,259)	(176,811)

OTHER FINANCING SOURCES (USES)

Transfers in from:

General Fund	0	77,000	77,000	0
Gain (loss) on disposition of fixed assets	138,000	138,000	43,616	(94,384)
	<u>138,000</u>	<u>138,000</u>	<u>43,616</u>	<u>(94,384)</u>

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

\$	<u>654,505</u>	<u>358,552</u>	87,357	<u>(271,195)</u>
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ADJUSTMENTS TO GAAP

Encumbrances			548,343	
Changes in compensated absences			(32,433)	
Depreciation and amortization			(1,352,336)	
Capital outlay capitalized			1,059,981	
Asset transfers - proprietary funds			2,059,338	
Contributed capital assets - governmental activities			402,290	
			<u>2,685,183</u>	
			<u>2,772,540</u>	

GAAP BASIS**NET ASSETS**

Beginning of fiscal year

NET ASSETS - END OF FISCAL YEAR

			11,200,908	
\$			<u>13,973,448</u>	

See accompanying notes to financial statements

**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, 2010

	<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	875	875
Interfund/interdepartmental charges				
County insurance contributions	1,887,499	1,887,499	1,871,611	(15,888)
Miscellaneous revenues				
Investment income	305,000	305,000	247,497	(57,503)
Group insurance contributions				
Employees	90,955	90,955	88,428	(2,527)
Retirees and others	0	0	4,094	4,094
Other judgments and settlements	0	0	11,605	11,605
	<u>395,955</u>	<u>395,955</u>	<u>351,624</u>	<u>(44,331)</u>
TOTAL REVENUES	<u>2,283,454</u>	<u>2,283,454</u>	<u>2,224,110</u>	<u>(59,344)</u>
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	471,173	743,093	760,471	(17,378)
Intrafund/interfund services	(111,173)	(111,173)	(96,230)	(14,943)
	<u>360,000</u>	<u>631,920</u>	<u>664,241</u>	<u>(32,321)</u>
Unemployment insurance				
Outside services	30,000	30,000	39,609	(9,609)
Other fiscal charges	0	0	1,667	(1,667)
Workers' compensation insurance				
Outside services	360,500	690,500	649,577	40,923
Administration and other insurance				
Employee salaries and benefits	246,660	288,660	292,671	(4,011)
Outside services	1,005,200	1,032,847	1,028,408	4,439
Materials and supplies	64,000	22,456	24,767	(2,311)
Intrafund/interfund services	118,472	118,472	103,529	14,943
	<u>1,434,332</u>	<u>1,462,435</u>	<u>1,449,375</u>	<u>13,060</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>2,184,832</u>	<u>2,814,855</u>	<u>2,804,469</u>	<u>10,386</u>

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ 98,622</u>	<u>(531,401)</u>	<u>(580,359)</u>	<u>(48,958)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			18,772	
Changes in compensated absences			(3,969)	
Bad debt expense			0	
Incurred but not reported claims adjustment			<u>(615,645)</u>	
GAAP BASIS			<u>(600,842)</u>	
			<u>(1,181,201)</u>	
NET ASSETS				
Beginning of fiscal year			6,744,006	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 5,562,805</u>	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2010

	<u>BALANCE JUNE 30, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2009</u>
ASSETS				
Equity in pooled cash and investments	\$ 80,666	18,715,181	18,718,154	77,693
Receivables				
Property taxes	183,214	16,841,850	16,727,791	297,273
Other	1,634	40,784	39,679	2,739
TOTAL ASSETS	<u>\$ 265,514</u>	<u>35,597,815</u>	<u>35,485,624</u>	<u>377,705</u>
LIABILITIES				
Due to other governments	\$ 252,953	17,170,359	17,062,006	361,306
Donations held in trust	12,561	7,531	3,693	16,399
TOTAL LIABILITIES	<u>\$ 265,514</u>	<u>17,177,890</u>	<u>17,065,699</u>	<u>377,705</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>	<u>FY2009</u>	<u>FY2010</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	183,000,699	178,334,145
Restricted	36,469,587	23,823,524	23,351,168	23,546,640	25,953,706	26,998,503	28,017,885	28,325,491
Unrestricted	85,568,931	80,405,017	70,051,187	68,980,912	83,145,949	92,425,436	89,765,352	103,506,637
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>	<u>300,783,936</u>	<u>310,166,273</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	142,618,564	158,548,491
Restricted	21,357,828	21,521,740	19,323,330	17,563,718	18,171,112	21,313,740	18,360,797	18,666,972
Unrestricted	31,914,793	36,005,593	37,573,328	37,834,350	39,456,940	38,716,522	40,619,953	34,379,861
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>	<u>201,599,314</u>	<u>211,595,324</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	325,619,263	336,882,636
Restricted	57,827,415	45,345,264	42,674,498	41,110,358	44,124,818	48,312,243	46,378,682	46,992,463
Unrestricted	117,483,724	116,410,610	107,624,515	106,815,262	122,602,889	131,141,958	130,385,305	137,886,498
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>	<u>502,383,250</u>	<u>521,761,597</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>	<u>FY2009</u>	<u>FY2010</u>
Expenses								
Governmental activities:								
General government	\$ 8,689,623	10,355,749	12,331,714	11,957,875	11,783,696	14,426,791	15,392,748	19,020,307
Public safety	4,894,677	5,763,085	5,725,993	6,797,301	7,393,321	7,029,949	9,657,214	11,307,944
Cerro Grande fire recovery	6,255,925	8,042,519	4,627,860	314,745	814,144	365,197	94,245 [c]	0
Physical and economic environment	1,930,620	1,756,374	1,976,859	1,707,996	1,524,858	1,685,895	2,017,455	1,545,719
Transportation	8,872,900	8,076,220	8,215,650	9,710,036	9,637,503	12,409,532	11,250,407	10,050,217
Health and welfare	973,258	1,266,433	895,551	690,980	993,076	1,892,186	1,860,474	2,068,607
Culture and recreation	6,789,717	7,301,110	7,451,803	7,666,314	7,586,802	9,120,096	8,682,314	8,865,528
Interest on long-term debt	210,800	190,167	169,483	148,837	122,631	96,932	2,672,018	3,699,791
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>	<u>51,626,875</u>	<u>56,558,113</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	34,387,216	41,184,227
Gas	5,942,922	6,288,433	7,679,064	8,669,395	7,731,388	8,434,435	6,365,053	6,898,901
Water	4,224,006	4,591,299	4,714,635	4,924,965	4,756,917	5,419,693	5,377,817	5,877,689
Wastewater	1,988,097	2,271,696	2,363,921	2,829,412	3,016,061	2,870,251	3,654,838	3,137,595
Environmental Services	2,638,197	2,830,466	3,307,436	3,094,809	2,654,126	3,097,723	3,221,222	4,399,102
Golf	899,974	976,790	990,120	992,338	1,014,099	1,044,012	1,150,136	1,140,056
Transit (Atomic City Transit)	0	0	0	0	0	1,544,871 [b]	2,144,194 [b]	3,165,043
Fire	12,434,375	13,352,373	13,930,128	14,847,675	14,980,238	15,090,781	18,411,656	19,127,418
Airport	283,640	238,865	297,677	283,148	222,398	446,171	767,161	944,379
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>	<u>75,479,293</u>	<u>85,852,410</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>	<u>127,106,168</u>	<u>142,410,523</u>
Program Revenues								
Governmental activities:								
Charges for Services:								
General government	\$ 769,175	821,448	767,369	1,013,965	1,145,736	879,593	909,928	1,096,043
Public safety	129,515	65,726	60,922	37,917	100,100	92,377	70,792	84,106
Physical and economic environment	704,632	651,785	399,885	379,018	327,333	296,965	274,041	696,216
Culture and recreation	394,282	474,911	470,866	604,924	538,676	574,193	604,296	608,966
Operating grants and contributions	24,805,099	7,979,137	3,760,244	2,830,061	1,964,532	1,901,447	3,368,035	1,896,905
Capital grants and contributions	495,718	2,213,458	4,695,476	2,963,466	1,517,988	2,921,918	579,715	2,582,496
Total governmental activities program revenues	<u>27,296,421</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>	<u>5,806,807</u>	<u>6,964,732</u>

Business-type activities:								
Charges for services:								
Joint Utilities								
Electric	35,088,048	40,488,428	34,627,323	35,557,701	36,475,970	42,521,330	40,793,945	40,668,122
Gas	4,744,467	8,444,036	8,653,166	8,923,993	9,163,927	8,836,735	8,261,673	7,954,116
Water	5,007,856	5,541,930	4,831,546	5,103,574	4,190,068	4,781,273	4,818,583	4,816,679
Wastewater	2,001,641	2,053,570	2,016,944	2,373,508	2,464,387	3,334,040	3,316,698	3,542,805
Environmental Services	2,313,549	2,777,937	2,541,365	2,789,885	3,017,966	3,150,748	3,121,708	3,126,334
Golf	702,223	692,258	680,747	673,410	633,094	661,826	636,358	641,433
Transit (Atomic City Transit)	0	0	0	0	0	332	14,180	18,548
Fire	12,297,889	13,256,884	14,008,238	14,675,641	14,879,607	14,781,394	7,232,513	3,813,047
Airport	89,918	118,373	81,839	107,352	103,325	94,267	84,429	82,883
Operating grants and contributions	60,000	71,296	20,283	26,578	170,925	772,110	11,172,077	16,456,680
Capital grants and contributions	0	175,000	60,000	653,120	819,731	283,738	15,468,551	7,230,200
Total business-type activities program revenues	62,305,591	73,629,712	67,521,451	70,884,762	71,919,000	79,217,793	94,720,715	88,350,847
Total primary government program revenues	\$ 89,604,012	85,836,177	77,676,213	78,714,113	77,513,365	85,884,286	100,527,522	95,315,579
Net (Expenses)/Revenues								
Governmental activities	\$ (9,099,099)	(30,545,192)	(31,240,151)	(31,162,733)	(34,261,666)	(40,360,085)	(45,820,068)	(49,593,381)
Business-type activities	(1,751,888)	2,569,156	392,959	(530,541)	(398,959)	(3,947,248)	19,241,422	2,498,437
Total primary government net expense	\$ (10,850,987)	(27,976,036)	(30,847,192)	(31,693,274)	(34,660,625)	(44,307,333)	(26,578,646)	(47,094,944)
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	32,912,239	28,948,180
Property taxes	4,300,199	4,554,559	4,937,898	5,198,224	5,598,052	5,962,093	6,268,614	6,585,887
Franchise taxes	373,370	492,803	457,501	465,821	473,599	491,631	469,347	451,423
Grants and contribution not restricted to specific programs	167,709	276,083	246,304	389,008	837,047	821,381	872,738	797,199
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	22,164,216	19,284,774
Unrestricted investment earnings	3,012,657	4,416,317	4,087,721	4,258,030	8,328,587	2,377,360	(2,619,223)	6,619,681
Special items	18,261,789	0	0	3,171,874	0	0	0	0
Transfers	(15,506,643)	(4,388,121)	(17,218,085)	(1,345,890)	(3,904,908)	(12,078,691)	(2,285,325)	(3,711,426)
Total governmental activities	31,828,684	27,630,110	12,091,219	36,250,179	60,195,486	40,689,800	57,782,604	58,975,718
Business-type activities:								
Gross receipts taxes	462,208	483,502	426,193	513,684	956,397	2,557,319	3,242,150	2,841,265
Unrestricted investment earnings	1,936,231	1,974,231	1,815,387	2,388,280	3,121,214	2,440,479	1,454,015	944,882
Special items	552,776	0	0	1,025,000	0	0	0	0
Transfers	15,506,643	4,388,121	17,218,085	1,345,890	3,904,908	12,078,691	2,285,325	3,711,426
Total business-type activities	18,457,858	6,845,854	19,459,665	5,272,854	7,982,519	17,076,489	6,981,490	7,497,573
Total primary government	\$ 50,286,552	34,475,964	31,550,884	41,523,033	68,178,005	57,766,289	64,764,094	66,473,291
Change in Net Assets								
Governmental activities	\$ 22,729,595	(2,915,082)	(19,148,932)	5,087,446	25,933,820	329,715	11,962,536	9,382,337
Business-type activities	16,705,980	9,415,010	19,852,624	4,742,313	7,583,560	13,129,241	26,222,912	9,996,010
Total primary government net expense	\$ 39,435,585	6,499,928	703,692	9,829,759	33,517,380	13,458,956	38,185,448	19,378,347

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.

[c] The Cerro Grande Fire Fund was closed in FY2009 as all recovery act

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

Table 3

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
General Fund										
Reserved	\$ 2,354,762	1,961,431	5,053,757	5,964,270	5,894,466	5,133,693	6,163,307	6,357,696	7,322,571	7,454,198
Unreserved	14,062,278	15,435,945	13,603,692	12,212,488	10,567,341	15,046,741	20,310,233	28,476,946	34,373,979	31,678,425
Total General Fund	<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>	<u>41,696,550</u>	<u>39,132,623</u>
All Other Governmental Funds										
Reserved	\$ 6,669,841	12,070,553	37,933,535	42,897,939	29,032,956	31,529,075	36,097,731	53,828,212	100,153,224	38,926,491
Unreserved, reported in:										
Special revenue funds	48,523,149	73,428,899	61,232,884	36,587,906	42,658,411	30,552,033	13,161,264	8,747,551	6,026,702	8,400,370
Debt service funds	0	0	0	0	0	0	0	0	6,424,030 [b]	6,424,030
Capital projects funds	23,790,578	19,974,948	5,887,212	8,269,079	5,836,478	9,983,649	32,198,705	23,643,713	1,235,010	38,276,395
Permanent funds [a]	0	0	0	0	1,224,389	1,052,257	2,401,352	0	0	1,498,489
Total All Other Governmental Funds	<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>	<u>113,838,966</u>	<u>93,525,775</u>

Source: Los Alamos County CAFRs

Notes:

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

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

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

Table 4

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
Revenues:										
Taxes and special assessments	\$ 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	39,867,881	36,289,316
Licenses and permits	468,958	505,242	483,596	453,696	292,515	265,649	243,071	223,071	216,234	409,123
Intergovernmental	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	25,780,683	22,143,759
Fines forfeitures and penalties	176,009	174,113	154,147	202,661	243,866	278,157	302,516	255,665	203,514	194,532
Charges for services	833,671	843,091	1,147,948	1,095,939	973,796	1,191,624	1,259,022	1,053,068	1,045,629	1,201,023
Interfund/Interdepartmental charges	2,304,457	2,611,977	3,096,692	3,311,289	3,511,448	3,809,053	3,746,485	3,988,710	4,835,634	4,526,696
Investment Income	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]	(2,619,223) [e]	6,619,681
Other revenues	331,518	497,030	290,785	623,528	315,274	380,948	711,931	493,595	872,244	1,161,464
Total revenues	67,093,416	78,855,083	59,452,497	47,261,352	43,471,456	44,809,827	73,275,445	62,388,162	70,202,596	72,545,594
Expenditures										
General government	10,093,431	10,805,991	11,317,953	12,168,257	13,569,671	13,478,990	16,088,626	16,743,522	18,480,346	18,344,495
Public safety	3,839,525	4,427,598	4,786,024	5,785,615	5,754,403	6,849,654	7,499,938	7,043,313	9,689,061	11,526,276
Cerro Grande fire recovery [a]	10,125,301	16,795,007	25,131,793	30,888,106	17,877,540	6,455,294	4,723,030	4,284,892	165,171	0
Physical and economic environment	1,364,180	1,285,960	2,329,142	1,767,423	1,943,028	1,677,129	1,521,304	1,650,347	2,594,303	1,421,757
Transportation	3,519,503	4,448,325	4,615,906	4,724,956	4,862,784	4,012,760	3,530,925	3,531,475	4,056,407	4,478,447
Health and welfare	707,673	774,927	973,258	1,266,433	895,551	690,980	993,076	1,892,186 [f]	1,860,474	2,068,607
Culture and recreation	4,733,503	5,561,016	6,254,695	6,715,453	6,816,082	6,960,304	6,850,489	7,758,322	8,181,407	8,216,827
Capital Projects	2,733,410	7,275,232	3,386,089	1,064,796	2,604,819	6,382,973	11,879,387	10,268,206	59,440,424	42,337,887
Debt service										
Principal	948,149	461,148	479,426	499,154	520,269	542,887	566,926	592,494	3,605,686	3,090,000
Interest	259,349	273,394	213,767	194,080	172,965	150,480	126,447	100,933	2,459,841	3,821,638
Total expenditures	38,324,024	52,108,598	59,488,053	65,072,273	55,017,112	47,201,451	53,780,148	53,865,690	110,533,120	95,305,934
Excess of revenues over (under) expenditures:	28,769,392	26,746,485	(35,556)	(17,810,921)	(11,545,656)	(2,391,624)	19,495,297	8,522,472	(40,330,524)	(22,760,340)
Other Financial Sources (Uses)										
Transfers in	5,599,034	4,512,942	4,254,204	5,485,701	6,146,098	18,971,878	27,571,970	27,763,838	26,836,139	28,158,656
Transfers out	(5,531,916)	(4,320,485)	(3,802,675)	(5,128,911)	(5,318,083)	(18,348,661)	(30,032,123)	(25,564,782)	(27,700,509)	(28,275,434)
Proceeds from long-term debt	3,959,444	0	0	0	0	0	0	0	75,676,290 [g]	0
Total other financial sources (uses)	4,026,562	192,457	451,529	356,790	828,015	623,217	(2,460,153)	2,199,056	74,811,920	(116,778)
Net change in fund balance	\$ 32,795,954	26,938,942	415,973	(17,454,131)	(10,717,641)	(1,768,407)	17,035,144	10,721,528	34,481,396	(22,877,118)
Debt service as a percentage of non-capital expenditures	3.68%	1.74%	2.07%	1.82%	1.93%	2.46%	1.89%	1.71%	13.36%	14.43%

Source: Los Alamos County CAFRs

Notes:

[a] Expenditures related to Cerro Grande Fire recovery projects primarily funded by FEMA and Cerro Grande Fire Compensation Act. All recovery work was completed by FY2009.

[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.

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

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

Table 5

Fiscal Year	Number of customer accounts			
	Electric	Gas	Water	Wastewater
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
2009	8,734	7,605	7,073	6,734
2010	8,733	7,573	7,074	6,716

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]		
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
2009	40,793,945	544,023,884	8,261,673	8,434,678	4,618,583	1,156,924	3,316,698	56,990,899
2010	40,668,122	541,039,995	7,954,116	9,578,556	4,816,679	1,350,961	3,542,805	56,981,722

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>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
Type of Customer:										
Electric Utility	\$									
Residential	4,484,790	4,415,270	4,591,838	4,973,983	4,918,309	4,941,511	5,069,467	5,346,566	5,230,565	5,730,319
Commercial and industrial	2,967,669	3,100,030	3,180,303	3,496,823	3,355,875	3,325,037	3,229,023	3,506,293	3,523,646	3,606,847
Public street and highway lighting	88,181	92,916	78,504	60,956	61,151	55,457	60,342	58,060	61,221	65,567
Municipal	881,256	1,094,603	929,253	1,009,142	957,388	1,133,598	976,043	1,273,241	1,381,168	1,313,543
Educational	341,815	337,041	341,780	353,960	366,612	315,804	313,724	341,237	349,934	357,528
Wholesale	29,624,897	25,742,719	25,727,081	30,314,252	24,776,754	25,612,623	26,627,645	31,496,210	29,954,906	29,325,387
Miscellaneous	206,066	179,474	239,289	289,312	191,234	173,671	199,726	499,723	292,505	268,931
Total electric utility	<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>	<u>40,793,945</u>	<u>40,668,122</u>
Gas Utility										
Residential	5,078,081	3,357,847	3,325,916	5,947,128	6,095,896	6,284,862	6,452,335	6,634,477	6,207,224	5,986,586
Commercial and industrial	1,581,009	1,327,432	957,747	1,758,956	1,794,266	1,863,946	1,951,352	1,412,365	1,284,447	1,245,762
Municipal	356,960	189,918	246,451	415,971	361,697	380,777	370,165	378,729	426,102	400,936
Educational	219,304	116,939	117,828	215,310	330,276	327,746	339,136	305,086	297,291	265,683
Miscellaneous	82,837	94,612	96,525	106,671	71,031	66,662	50,939	106,078	46,609	55,149
Total gas utility	<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>	<u>8,261,673</u>	<u>7,954,116</u>
Water Utility										
Residential	2,724,511	3,037,363	2,918,447	3,331,753	2,752,681	3,021,546	2,418,937	2,948,789	2,706,312	2,893,771
Commercial and industrial	742,196	741,931	796,760	833,388	773,239	818,856	692,244	453,342	436,167	375,903
Municipal	253,594	287,984	262,916	265,750	235,691	264,234	166,737	371,081 [a]	327,690	355,465
Educational	98,001	168,294	160,311	143,418	119,937	111,849	70,453	135,963	112,101	96,981
Wholesale	813,194	869,098	756,345	848,908	854,417	816,880	780,414	806,247	983,763	1,025,587
Miscellaneous	51,959	59,349	113,077	118,713	95,581	70,209	61,283	65,851	52,550	68,972
Total water utility	<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>	<u>4,618,583</u>	<u>4,816,679</u>
Wastewater Utility										
Wastewater collection	1,707,846	1,681,175	1,921,165	1,982,692	1,954,040	2,299,109	2,411,602	3,311,657	3,304,507	3,529,619
Municipal (non-potable water)	44,744	58,784	55,932	64,153	51,196	65,172	45,073	0 [a]	0	0
Miscellaneous	83,438	18,523	24,544	6,725	11,708	9,227	7,712	22,383	12,191	13,186
Total wastewater utility	<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>	<u>3,316,698</u>	<u>3,542,805</u>
Total operating revenues- Joint Utility System	\$ <u>52,432,348</u>	<u>48,971,282</u>	<u>46,842,012</u>	<u>56,537,964</u>	<u>50,128,979</u>	<u>51,958,776</u>	<u>52,284,352</u>	<u>59,473,378</u>	<u>56,990,899</u>	<u>56,981,722</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>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0907	\$0.0907
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	.058 - .0859	.058 - .0859
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	8.50 - 8.91	8.50 - 8.91
Gas Utility										
Residential										
Rate per therm	\$1.00	\$0.42	\$0.55	\$0.85	\$0.85	\$1.05	\$0.92	\$0.92	\$0.92	\$0.70
Monthly flat service fee	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$9.50
Commercial										
Rate per therm	\$1.00	\$0.42	\$0.55	\$0.85	\$0.85	\$1.00 - 1.05	0.92	0.92	0.92	0.7
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	\$9.50 - 28.50
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	\$3.95
Monthly flat service fee	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.50
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.95
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	\$7.50 - \$150.00
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$1.95	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35
Monthly flat service fee	\$10.00	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20
Commercial										
Rate per 1000 Gallons	\$1.95	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35
Monthly flat service fee	\$10.00	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20

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>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
Services [a]	\$ 321,079	351,262	257,957	356,300	311,521	338,489	1,255,824 [c]	1,190,803	1,526,945	1,283,609
Construction	124,801	124,816	211,612	283,085	210,750	223,999	165,717	97,351	81,169	97,497
Retail & Food Service	85,256	83,017	79,363	90,918	79,509	68,867	59,019	57,987	68,459	64,603
Telecommunications	14,670	10,542	3,018	8,925	8,793	9,995	10,693	10,865	11,260	21,388
Manufacturing	3,345	2,949	2,759	2,186	2,800	2,636	2,696	3,939	6,770	2,883
Wholesale	13,408	13,962	18,382	26,059	25,682	18,535	14,736	7,165	9,387	6,418
Financial Services	11,600	15,471	16,212	10,305	8,268	10,247	10,360	8,808	9,253	10,036
Agriculture	913	312	677	4,901	1,568	35	9	29	38	0
Mining	0	0	0	0	0	0	0	105	0	0
Public Administration	823	0	0	4,350	1,343	0	(5) [d]	0	1,046	0
Other	15,362	11,085	180,423 [b]	26,457	29,490	31,657	25,280	20,477	15,218	17,533
Totals	\$ 591,257	613,416	770,403	813,486	679,724	704,460	1,544,329	1,397,529	1,729,543	1,503,967

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

Notes:

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

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

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

[c] The marked increase in activity could 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.

[d] 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
LAST TEN FISCAL YEARS**

Table 10

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
GRT Revenues										
General Fund - Local - Municipal	\$ 7,382,782	7,797,136	9,357,618	9,788,714	8,628,880	10,405,815	19,499,692	17,197,172	24,010,373	21,079,046
General Fund - Local - County	729,327	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918	6,472,762 [g]	5,682,530
General Fund - State Shared	7,369,521	7,783,131	9,340,810	9,771,132	8,402,324	10,765,141	19,458,921	17,172,099	21,806,633	19,149,417
General Fund - subtotal	15,481,630	16,350,527	19,622,845	20,526,850	17,883,590	22,198,831	40,886,283	38,067,189	52,289,768	45,910,993
Fire Protection Excise Tax	0	0	0	0	0	0	0	1,703,782 [e]	2,157,587	1,894,177
Indigent Health Care (IHC) Fund	729,327	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918	2,157,587	1,894,177
Capital Improvement Projects (CIP) Fund	0	0	0	0	0	572,786	5,787,044	5,093,755	0	0
Refuse Fund	364,664	385,130	462,208	483,502	426,193	513,684	956,397	853,537	1,084,563	947,088
Total GRT Revenues	\$ 16,576,621	17,506,917	21,009,470	21,977,356	19,162,169	24,313,176	49,657,394	45,416,181	57,689,505	50,646,435
Total GRT Revenues - Own source (excludes State Shared)	\$ 9,206,100	9,722,786	11,668,660	12,206,224	10,759,845	13,548,035	30,098,473	28,244,082	35,882,872	31,497,018
GRT Rates by Imposing Authority										
State Imposed Rate	4.5000%	4.5000%	4.5000%	4.5000%	5.0000% [a]	5.0000%	5.0000%	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%	0.0625% [b]	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	0.0625%	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%	0.1250%	0.1250%	0.1250%
County - Correctional - CIP						0.0625% [d]	0.0625%	0.0625%	0.0625%	0.0625%
County - Correctional - CIP						0.0625% [d]	0.0625%	0.0625%	0.0625%	0.0625%
County - Fire Protection Excise Tax							0.1250% [e]	0.1250%	0.1250%	0.1250%
North-Central Regional Transit District (NCRTD):										
Regional Transit 1/8th									0.1250% [f]	0.1250%
Subtotal - Local options:	1.5625%	1.5625%	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%
GRT Rates by Recipient										
State Revenue	3.2750%	3.2750%	3.2750%	3.2750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%
NCRTD									0.1250%	0.1250%
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%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%
Total County Revenue	2.7875%	2.7875%	2.7875%	2.7875%	2.7875%	2.9125%	3.1625%	3.2875%	3.2875%	3.2875%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%

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

[f] Regional Transit increment effective July 1, 2009

[g] Includes \$103,701 of Municipal Equivalent Distribution, which is intended to assist counties with a smaller than average per capita share of GRT base

**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, 2010		JUNE 30, 2010				
2000	\$ 8,470,308	\$ 8,152,191	96.24%	\$ 316,931	\$ 8,469,122	99.99%	\$ 1,186	0.01%
2001	9,319,074	9,133,954	98.01%	183,655	9,317,609	99.98%	1,465	0.02%
2002	9,509,176	9,213,200	96.89%	295,008	9,508,208	99.99%	968	0.01%
2003	10,128,492	10,001,739	98.75%	124,915	10,126,654	99.98%	1,838	0.02%
2004	10,554,530	10,225,444	96.88%	327,263	10,552,707	99.98%	1,823	0.02%
2005	11,300,062	10,994,524	97.30%	299,457	11,293,981	99.95%	6,081	0.05%
2006	12,086,809	11,805,510	97.67%	268,350	12,073,860	99.89%	12,949	0.11%
2007	12,440,279	12,116,160	97.39%	296,124	12,412,284	99.77%	27,995	0.23%
2008	12,889,999	12,384,692	96.08%	439,757	12,824,449	99.49%	65,550	0.51%
2009	16,838,992	16,365,480	97.19%	62,890	16,428,370	97.56%	410,622	2.44%

Sources: Tax rolls, collection reports

Notes:

[a] Tax year refers to corresponding fiscal year (i.e., the 2008 tax year corresponds to the 2008-2009 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]				EXEMPTIONS	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	TOTAL DIRECT MILL RATE [e]
	REAL PROPERTY	PERSONAL PROPERTY [c]	CENTRALLY ASSESSED PROPERTY [d]					
2000	\$ 411,587,651	11,898,033	7,053,830	(7,172,763)	423,366,751	1,291,618,542	20.01%	
2001	461,505,161	12,119,420	7,281,630	(6,735,890)	474,170,321	1,442,718,633	19.65%	
2002	498,749,101	12,139,233	7,124,610	(6,658,240)	511,354,704	1,554,038,832	18.60%	
2003	543,532,823	10,763,890	7,712,120	(6,954,610)	555,054,223	1,686,026,499	18.25%	
2004	600,656,370	10,672,460	7,367,200	(7,068,500)	611,627,530	1,856,088,090	17.26%	
2005	643,892,960	10,670,160	7,359,620	(7,584,420)	654,338,320	1,985,768,220	17.27%	
2006	681,136,700	11,046,990	7,688,420	(7,980,370)	691,891,740	2,099,616,330	17.47%	
2007	715,440,480	12,183,030	7,556,300	(8,151,920)	727,027,890	2,205,539,430	17.11%	
2008	724,658,990	11,300,110	8,046,650	(8,147,160)	735,858,590	2,232,017,250	17.52%	
2009	700,878,040	10,531,960	5,973,100	(8,291,310)	709,091,790	2,152,149,300	18.18%	

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 2008 tax year corresponds to fiscal year 2009).

[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.

[e] Weighted average rate applied to assessed value

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

Table 13

<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>						
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
2008	Residential	1.250	8.051	6.772	0.822	16.895
	Non-Residential	1.250	12.591	6.969	0.927	21.737
2009	Residential	1.150	8.741	12.253	0.892	23.036
	Non-Residential	1.150	13.788	12.467	1.000	28.405

Source: Adopted rates

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

Table 14

June 30, 2010

TAXPAYER	TYPE OF BUSINESS	FY 2010			FY 2001		
		TAX YEAR 2009 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	TAX YEAR 2000 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
PHC-Los Alamos Inc.	Medical Services	\$ 9,650,080	1	1.36%	\$ -	-	-
Los Alamos National Bank	Banking	5,668,190	2	0.80%	4,037,535	2	0.94%
Qwest Corp.(US West Comm Inc.)	Telephone Utility	4,700,860	3	0.66%	6,182,800	1	1.43%
Netuschil Development Corporation	Real Estate	4,021,890	4	0.57%	2,084,767	4	0.48%
Los Alamos Commerce and Development	Real Estate	3,800,000	5	0.54%	-	-	-
Oppenheimer Place Condo Assoc Inc	Real Estate	3,731,410	6	0.53%	-	-	-
Housing Solutions LLC	Real Estate	3,476,180	7	0.49%	-	-	-
Los Alamos Medical Center C/O PVS	Medical Equipment	2,062,320	8	0.29%	-	-	-
Shannon Corporation	Real Estate	2,023,860	9	0.29%	1,315,076	9	0.31%
CC&F Los Alamos Invest Co.	Real Estate	2,000,620	10	0.28%	1,598,400	6	0.37%
Quemazon LLC % TRK Management	Real Estate	-	-	-	2,497,290	3	0.58%
Western Health Network Inc.	Hospital	-	-	-	2,063,966	5	0.48%
Los Alamos Business Center	Real Estate	-	-	-	1,384,966	7	0.32%
Developers Diversified Realty	Real Estate	-	-	-	1,352,000	8	0.31%
Museum Park Inc.	Real Estate	-	-	-	1,274,233	10	0.30%
Total assessed valuation of ten principal taxpayers		41,135,410		5.80%	23,791,033		5.52%
Total assessed valuation of other taxpayers		667,956,380		94.20%	407,310,416		94.48%
Total assessed valuation		\$ 709,091,790		100.00%	\$ 431,101,449		100.00%

Source: 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			
2001	\$0	\$0	\$5,432,750 [a]	\$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 [b]	66,332,144	7%	3,524
2007	0	0	2,353,180	65,019,205 [c]	15,657,064 [d]	83,029,449	8%	4,386
2008	0	0	1,760,686	59,514,641	18,086,801 [d]	79,362,128	7%	4,172
2009	0	73,734,775 [e]	0 [f]	53,605,077	18,486,512	145,826,364	14%	8,043
2010	0	70,533,228	0	47,405,513	19,955,942	137,894,683	13%	7,598

[a] New Mexico Environment Department loan for Bayo Canyon effluent water line, and loan from New Mexico Finance Authority for deferred maintenance projects.

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

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

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

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

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

INCORPORATED COUNTY OF LOS ALAMOS

Table 16

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

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION [a]</u>	<u>ASSESSED VALUE [b]</u>	<u>GROSS BONDED DEBT</u>	<u>NET DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
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	727,027,898	0	0	0	0.00%	0
2009	18,130	735,858,590	0	0	0	0.00%	0
2010	18,150	735,858,590	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, 2010

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>2009 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	\$ 709,091,790	\$ 0	100.00%	\$ 0
Overlapping Debt				
State of New Mexico	54,399,590,798	453,730,000	1.30%	5,914,313
Los Alamos School District	709,091,790	20,605,000	100.00%	20,605,000
University of New Mexico - Los Alamos	709,091,790	0	100.00%	0
Total overlapping debt				<u><u>26,519,313</u></u>
Total direct and overlapping debt				<u><u>\$ 26,519,313</u></u>

Ratio of estimated direct and overlapping debt to 2009 assessed valuation: 3.74%

Ratio of direct general obligation debt to 2009 assessed valuation: .00%

Per capita direct and overlapping debt: \$1,461

Per capita direct debt: \$0

County population - 2010 estimate: 18,150

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, 2010

Assessed valuation, tax year 2009 (One third of full valuation)	<u>\$ 709,091,790</u>
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	28,363,672
Less: Debt applicable to limitation (general obligation debt)	<u>0</u>
Legal debt margin	<u>\$ 28,363,672</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
LAST TEN FISCAL YEARS

Table 19

FISCAL YEAR	GROSS REVENUES[a]	EXPENSES[b]	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS [c]			DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	TOTAL	
ELECTRIC UTILITY							
2001	40,242,159	28,853,050	11,389,109	4,037,477	5,412,048	9,449,525	1.21
2002	36,514,771	25,870,175	10,644,596	4,230,000	5,198,110	9,428,110	1.13
2003	36,528,036	26,257,321	10,270,715	4,450,000	4,969,690	9,419,690	1.09
2004	41,881,898	30,823,844	11,058,054	4,685,000	4,724,940	9,409,940	1.18
2005	35,652,533	26,474,671	9,177,862	5,310,000	3,299,251	8,609,251	1.07
2006	36,921,888	27,730,207	9,191,681	5,415,000	3,205,750	8,620,750	1.07
2007	38,074,522	28,553,817	9,520,705	5,865,000	3,124,113	8,989,113	1.06
2008	43,875,165	31,806,080	12,069,085	6,270,000	3,070,628	9,340,628	1.29
2009	42,308,373	31,665,784	10,642,589	6,560,000	2,759,288	9,319,288	1.14
2010	40,861,275	32,563,238	8,298,037	6,865,000	2,443,770	9,308,770	0.89
WATER UTILITY							
2001	4,983,010	2,741,242	2,241,768	50,642	2,720	53,362	42.01
2002 - 2010	0	0	0	0	0	0	0.00
WASTEWATER UTILITY							
2001	1,981,425	1,341,857	639,568	16,881	907	17,788	35.96
2002 - 2010	0	0	0	0	0	0	0.00

Source: CAFRs

Notes:

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

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

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

**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>
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%
2009	18,130	1,019,351	55,109	3,355	3.00%
2010	18,150	1,070,656	58,698	3,362	3.50%

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
LARGEST EMPLOYERS (representing greater than 50% of workforce)**

Table 21

June 30, 2010

EMPLOYER	TYPE OF BUSINESS	FY2010			FY2001		
		NUMBER OF EMPLOYEES [a]	RANK	% of Total County Employment	NUMBER OF EMPLOYEES	RANK	% of Total County Employment
Los Alamos National Laboratory	Research and Development	10,927	1	64.09%	6894	1	44.43%
Los Alamos Public Schools	Education	750	2	4.40%	659	3	4.25%
Los Alamos County	Government	684	3	4.01%	576	4	3.71%
SOC (Guard Force)	Security	510	4	2.99%	0	0	0.00%
Los Alamos Medical Center	Medical Services	315	5	1.85%	305	6	1.97%
Los Alamos National Bank	Banking	315	5	1.85%	172	7	1.11%
Johnson Control World Services	Maintenance and Operations Services	-	-	-	1372	2	8.84%
Protection Technology Los Alamos	Security	-	-	-	482	5	3.11%
Total from 10 largest employers		13,501		79.18% [c]	10,460		67.41%
Total workforce [b]		17,050		100.00%	15,517		100.00%

Sources: Individual Employers, New Mexico Department of Labor

Notes:

[a] As of December 31, 2009

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

[c] Top six employers shown, which collectively represent greater than 50% of total employment

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

Table 22

<u>AGE BRACKET</u>	<u>1960</u>		<u>1970</u>		<u>1980</u>		<u>1990</u>		<u>2000</u>	
	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>
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	<u>142</u>	<u>1.1%</u>	<u>314</u>	<u>2.1%</u>	<u>722</u>	<u>4.1%</u>	<u>504</u>	<u>2.8%</u>	<u>514</u>	<u>2.8%</u>
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
LAST TEN FISCAL YEARS

Table 23

<u>Function/Program</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>	<u>FY2009</u>	<u>FY2010</u>
Governmental activities										
General government										
County Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
County Courts	4.62	4.62	4.58	4.58	4.56	4.56	4.80	4.80	4.80	4.80
County Administrator [a]	6.14	7.14	8.04	10.54	11.56	13.00	13.50	13.50	12.00	13.23
County Assessor	5.42	5.42	5.88	5.72	6.59	6.59	7.00	7.00	7.00	7.00
County Attorney	5.00	5.00	5.04	4.04	5.00	5.00	5.00	5.00	5.00	5.00
County Clerk	6.66	6.65	6.72	6.72	7.33	6.97	6.75	6.72	6.70	6.70
County Sheriff	1.75	1.91	2.23	2.19	2.03	2.03	1.97	2.02	1.90	1.90
Administrative Services [b]	50.46	49.90	50.77	51.15	52.11	50.50	53.86	54.75	55.25	58.25
Public Works	46.50	48.50	44.75	44.75	43.81	44.63	46.15	47.17	12.14	12.00
Capital Projects & Facilities (new FY2009)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.50	37.00
Cemetery	1.27	1.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Safety										
Police	59.56	59.56	59.97	59.97	60.13	60.13	75.55	75.57	77.53	76.54
Cerro Grande fire recovery	0.00	0.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Physical and economic environment	12.10	13.00	15.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00
Transportation	22.00	22.00	24.50	25.50	27.40	25.52	25.53	27.53	27.41	27.37
Culture and recreation	82.59	83.32	92.53	91.34	88.06	86.44	85.43	86.31	86.67	88.36
Business-type activities										
Joint Utilities										
Electric	39.00	39.50	40.00	40.00	44.00	44.00	45.00	45.00	54.00	54.00
Gas	34.46	35.32	28.04	26.64	27.13	27.22	25.74	25.37	25.83	24.39
Water	12.00	12.00	12.00	12.00	12.00	12.00	10.25	10.25	10.25	10.25
Wastewater	0.00	0.00	9.00	10.00	10.00	10.00	10.13	10.13	9.13	9.13
Environmental Services	18.21	18.36	18.32	19.82	20.04	19.26	19.26	19.26	18.75	18.75
Golf	13.37	13.37	13.37	11.96	12.96	12.82	12.73	12.79	13.60	13.02
Fire [c]	128.00	130.00	130.00	135.00	135.00	135.00	141.00	141.00	148.00	150.00
Airport	0.50	0.50	0.50	0.50	1.50	1.50	1.50	1.50	1.50	1.50
Transit [d]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.00	24.00	31.50
Equipment-internal service	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00
Risk-internal service	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50
Totals	<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>	<u>673.46</u>	<u>684.19</u>

Source: Administrative Services Department - Office of Management and Budget

Notes:

[a] Increase in FTEs for new Records function.

[b] Transfer 2 employees from Los Alamos Public Schools for consolidated warehouse function.

[c] Increase in firefighter FTEs in Fire.

[d] Increase in transit operator FTEs.

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

Table 25

LAST SEVEN FISCAL YEARS

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2009	FY2010
Public Safety									
Police stations (includes WR substation)	2	2	2	2	2	2	2	2	2
Police vehicles	32	36	39	41	46	48	50	50	50
County owned fire stations	3	3	3	4	4	5	5	5	5
Dept. of Energy owned fire stations	3	3	3	2	2	2	2	2	2
Transportation									
Streets, miles	102.7	102.7	105.0	105.7	106.0	106.0	106.0	106.0	106.6
Sidewalk, square yards	223,599	221,377	223,207	227,407	229,048	231,099	235,356	235,356	241,612
Street lights, county owned	1,051	1,057	1,150	1,153	1,156	1,167	1,204	1,204	1,292
Traffic signals	11	11	11	11	11	11	11	11	11
School and station flashers	9	9	9	9	9	10	10	10	10
Public Parking Lots	28	28	28	28	30	31	27	27	34
Culture and Recreation									
Senior centers	2	2	2	2	2	2	2	2	2
Public libraries	2	2	2	2	2	2	2	2	2
Aquatic centers	1	1	1	1	1	1	1	1	1
Rinks	1	1	1	1	1	1	1	1	1
Parks and play lots	31	32	33	33	33	34	35	35	35
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14
Soccer fields	7	7	7	7	7	7	7	7	7
Tennis courts	9	9	9	9	9	9	9	9	9
Joint Utility System									
Electric generating capacity, owned resources, MW	60	60	60	60	60	60	60	60	60
Electric distribution line miles	140.0	140.0	142.0	142.0	142.0	142.0	142.0	142.0	143.0
Water production wells	12.0	12.0	12.0	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	147.0	147.0	148.5
Gas distribution line miles	118.0	118.0	120.0	120.0	120.0	120.0	120.0	120.0	122.0
Wastewater collection line miles	115.0	115.0	117.0	117.0	117.0	117.0	117.0	117.0	118.0
Refuse									
Collection trucks	6	7	8	8	9	10	10	10	10
Golf Course									
Holes	18	18	18	18	18	18	18	18	18
Airport									
Tie down spaces	77	77	83	83	83	98	98	98	98

Sources: County departments

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

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

Table 24

LAST SIX FISCAL YEARS

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
General Government						
Assessor-number of parcels by tax year	8,845	8,908	8,972	8,972	8,988	8,799
Clerk-number of elections managed	2	3	3	4	1	3
Sheriff-number of processes administered	278	271	290	245	276	258
ASD-Number of IHC claims processed	7,555	3,321	5,177	2,811	3,300	3,681
IT-Number of networked devices supported	not available	not available	not available	1,452	1,535	1,537
Public Safety						
Police-UCR Crime Rate*	308	378	350	431	386	297
Police-number of service call responses	18,403	18,751	14,535	13,773	13,883	14,284
Police-number of reported traffic accidents	309	300	293	471	260	216
Police-number animal control cases	234	297	358	354	355	293
Physical & Economic Development						
Number of construction permits issued*	243	235	180	191	113	92
Transportation						
Pvmt-Sq ft of sidewalk replaced or added	not available	3,582	3,727	1,701	6,802	4,384
Pvmt-linear ft curb & gutter replacement	not available	5,332	2,295	664	1,170	1,734
Traffic-miles of lane lines striped	53	66	50	46	58	52
Culture and Recreation						
Library-Number of circulations	304,803	320,596	328,098	339,895	358,216	374,358
Number of park acres maintained	581	587	590	599	599	599
Number of cemetery interments	not available	not available	not available	41	32	39
Number of aquatic center visits	84,850	89,021	89,748	87,457	86,843	90,275
Number of rink visits	12,136	12,051	10,294	20,130	23,451	20,731
Sr Center-number of seniors served	not available	not available	not available	2,263	2,348	2,410
Joint Utility System						
EP-Number of megawatt hrs supplied	583,997	512,387	562,015	590,117	550,623	567,821
ED-Number of electric utility customers	8,467	8,908	8,767	8,892	8,877	8,784
Gas-Number of therms delivered	9,319,399	9,435,586	8,198,081	9,374,019	9,389,368	8,396,000
WP-M gallons water produced	1,542,085	1,317,241	1,468,907	1,245,586	1,458,459	1,420,688
WD-M gallons of water sold	1,078,989	878,445	999,920	720,433	800,273	781,692
WW-K gallons sewage conveyed	not available	not available	530,375	363,182	441,351	451,640
Refuse						
Tons waste processed	67,190	42,592	42,653	39,633	46,541	38,306
Tons waste recycled	4,921	4,771	14,960	15,533	21,209	11,465
Golf Course						
Number of golf rounds provided	not available	not available	not available	31,374	29,221	29,553
Transit (first year of complete data was FY2009)						
Number of one way passenger rides	not available	not available	not available	not available	not available	391,338
Number of miles of service provided	not available	not available	not available	not available	not available	430,180
Fire Protection Services						
Number of responses	1,655	1,608	1,965	1,873	2,022	1,958
Airport						
Number of takeoffs & landings	not available	not available	not available	11,199	13,255	13,244

Sources: County departments.

Note: Accurate indicators are not available before FY2004.

* Only calendar year data available

Other Information

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

Year ended June 30, 2010

PROPERTY TAX RECEIVABLE, JUNE 30, 2009	\$ 379,683
Net taxes charged to treasurer	16,841,850
Collections	(16,686,989)
Adjustments	(2,858)
PROPERTY TAX RECEIVABLE, JUNE 30, 2010	<u>\$ 531,686</u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2010, LISTED BY YEAR:	TOTAL	INCORPORATED COUNTY OF LOS ALAMOS	STATE OF NEW MEXICO	UNIVERSITY OF NEW MEXICO	LOS ALAMOS PUBLIC SCHOOLS
1993-00	\$ 2,394	1,271	165	153	805
2001	1,465	669	129	105	562
2002	968	449	58	62	399
2003	1,838	859	146	115	718
2004	1,823	884	105	119	715
2005	6,081	3,114	394	380	2,193
2006	12,949	6,532	884	848	4,685
2007	27,995	14,013	1,930	1,283	10,769
2008	65,550	34,443	4,335	3,002	23,770
2009	410,623	172,179	19,041	15,357	204,046
	<u>\$ 531,686</u>	<u>234,413</u>	<u>27,187</u>	<u>21,424</u>	<u>248,662</u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:	
Incorporated County of Los Alamos	\$ 6,634,647
State of New Mexico	814,310
University of New Mexico	639,390
Los Alamos Public Schools	8,598,642
	<u>\$ 16,686,989</u>

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

Exhibit 2

Year ended June 30, 2010

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:									
1993-00	\$ 25,613,201	0	25,611,930	0	25,611,930	0	1,271	0	1,271
2001	4,115,351	0	4,114,682	0	4,114,682	0	669	0	669
2002	4,385,907	77	4,385,458	77	4,385,458	0	449	0	449
2003	4,548,497	207	4,547,638	207	4,547,638	0	859	0	859
2004	4,905,502	213	4,904,618	213	4,904,618	0	884	0	884
2005	5,273,028	174	5,269,914	174	5,269,914	0	3,114	0	3,114
2006	5,661,650	5,537	5,655,118	5,537	5,655,118	0	6,532	0	6,532
2007	6,035,174	14,599	6,021,161	14,599	6,021,161	0	14,013	0	14,013
2008	6,371,268	113,205	6,336,825	113,205	6,336,825	0	34,443	0	34,443
2009	6,672,814	6,500,635	6,500,635	6,500,635	6,500,635	0	172,179	0	172,179
	73,582,392	6,634,647	73,347,979	6,634,647	73,347,979	0	234,413	0	234,413
State of New Mexico:									
1993-00	3,837,170	0	3,837,005	0	3,837,005	0	165	0	165
2001	837,300	0	837,171	0	837,171	0	129	0	129
2002	574,250	10	574,192	10	574,192	0	58	0	58
2003	836,247	30	836,101	30	836,101	0	146	0	146
2004	628,729	25	628,624	25	628,624	0	105	0	105
2005	808,323	25	807,929	25	807,929	0	394	0	394
2006	893,853	689	892,969	689	892,969	0	884	0	884
2007	888,768	1,763	886,838	1,763	886,838	0	1,930	0	1,930
2008	917,316	15,054	912,981	15,054	912,981	0	4,335	0	4,335
2009	815,755	796,714	796,714	796,714	796,714	0	19,041	0	19,041
	11,037,712	814,310	11,010,525	814,310	11,010,525	0	27,187	0	27,187

University of New Mexico:

1993-00	3,534,050	0	3,533,897	0	3,533,897	0	153	0	153
2001	691,695	0	691,590	0	691,590	0	105	0	105
2002	610,952	11	610,890	11	610,890	0	62	0	62
2003	654,986	24	654,871	24	654,871	0	115	0	115
2004	717,040	28	716,920	28	716,921	0	119	0	119
2005	773,534	24	773,154	24	773,154	0	380	0	380
2006	843,097	660	842,249	660	842,249	0	848	0	848
2007	581,406	1,201	580,123	1,201	580,123	0	1,283	0	1,283
2008	613,852	10,263	610,850	10,263	610,850	0	3,002	0	3,002
2009	642,536	627,179	627,179	627,179	627,179	0	15,357		15,357
	9,663,148	639,390	9,641,723	639,390	9,641,724	0	21,424	0	21,424

Los Alamos Public Schools:

1993-00	16,006,786	0	16,005,981	0	16,005,981	0	805	0	805
2001	3,674,728	0	3,674,166	0	3,674,166	0	562	0	562
2002	3,937,667	72	3,937,268	72	3,937,268	0	399	0	399
2003	4,088,762	148	4,088,044	148	4,088,044	0	718	0	718
2004	4,303,257	171	4,302,542	171	4,302,542	0	715	0	715
2005	4,445,178	138	4,442,985	138	4,442,985	0	2,193	0	2,193
2006	4,688,208	3,628	4,683,523	3,628	4,683,523	0	4,685	0	4,685
2007	4,934,932	9,834	4,924,163	9,834	4,924,163	0	10,769	0	10,769
2008	4,988,890	82,136	4,965,120	82,136	4,965,120	0	23,770	0	23,770
2009	8,706,561	8,502,515	8,502,515	8,502,515	8,502,515	0	204,046	0	204,046
	59,774,969	8,598,642	59,526,307	8,598,642	59,526,307	0	248,662	0	248,662

Grand Total

\$	154,058,220	16,686,989	153,526,533	16,686,989	153,526,534	0	531,686	0	531,686
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2010

	<u>LOS ALAMOS NATIONAL BANK</u>	<u>COMMUNITY BANK</u>	<u>FIRST NATIONAL BANK OF SANTA FE</u>	<u>WELLS FARGO BANK MINNESOTA</u>	<u>TOTAL</u>
TOTAL AMOUNT OF DEPOSITS (bank balances)	\$ 53,923,238	9,222,766	13,030,907	158,362	76,335,273
TOTAL AMOUNT OF REPURCHASE AGREEMENTS	0	0	0	7,495,277	7,495,277
Less: FDIC coverage	250,000	250,000	250,000	158,362	908,362
TOTAL UNINSURED PUBLIC FUNDS	<u>53,673,238</u>	<u>8,972,766</u>	<u>12,780,907</u>	<u>7,495,277</u>	<u>82,922,188</u>
COLLATERAL REQUIRED					
Deposits	26,836,619 [a]	4,486,383 [a]	6,390,453 [a]	0	37,713,455
Repurchase agreement	0	0	0	8,036,321 [b]	8,036,321
COLLATERAL					
Letters of Credit, Agencies, Municipal Bonds	61,001,968 [c]	9,174,089 [c]	13,504,872 [c]	0	83,680,930
Pledged securities-repurchase agreement	0	0		8,891,261 [d]	8,891,261
OVER(UNDER) SECURED	<u>\$ 34,165,349</u>	<u>4,687,706</u>	<u>7,114,419</u>	<u>854,940</u>	<u>46,822,414</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, 2010

	<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						
	02/01/10	08/23/10			\$ 24,000,000	24,000,000
	04/14/10	04/15/11			35,000,000	35,000,000
	04/30/10	07/16/12	313398AM82	FNMA	1,000,000	1,000,399
	04/30/10	08/24/12	3133XUJZ7	FHLB	1,000,000	1,001,570
					<u>61,000,000</u>	<u>61,001,968</u>
COMMUNITY BANK						
Letter of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
	07/28/09	01/27/11			2,000,000	2,000,000
	06/04/09	06/03/11			2,000,000	2,000,000
	07/28/09	07/27/11			1,000,000	1,000,000
	06/04/09	06/04/12			2,000,000	2,000,000
	07/28/09	01/27/12			2,000,000	2,000,000
	09/15/09	10/04/16			100,000	100,000
	12/15/09	05/01/21			110,000	74,089
					<u>9,210,000</u>	<u>9,174,089</u>
FIRST NATIONAL BANK OF SANTA FE						
Municipal Bonds						
	04/10/10	02/15/17	626752PC7		350,000	363,992
	07/10/09	07/01/10	547413CA		320,000	327,734
	07/10/09	07/10/10	296627HJ4		200,000	205,192
	07/10/09	06/01/11	011500FF7		340,000	342,387
	07/10/09	07/01/11	296627HK1		200,000	205,718
	07/10/09	07/15/12	545562HX1		250,000	256,316
	04/10/10	01/15/13	097014AH7		1,500,000	1,695,667
	06/10/10	04/10/13	592179JG1		1,500,000	1,636,187
	06/10/10	06/15/13	459200AL5		1,500,000	1,752,605
	05/10/10	10/01/13	547473BE7		250,000	261,609
	01/10/10	08/15/17	770332BD5		505,000	515,878
	04/10/10	10/25/18	22541QYN6		5,390,000	1,361,665
	04/10/10	02/15/22	844424G82		940,000	974,593
	08/10/09	02/01/23	3128MBSK4		7,000,000	3,011,239
	05/10/09	07/01/24	264430FY0		575,000	594,090
					<u>20,820,000</u>	<u>13,504,872</u>
WELLS FARGO BANK MINNESOTA						
Custodians:						
AIG Inc., New York, NY						
	11/05/09	07/18/16	3137EAAG4	FHLMC	2,100,000	2,447,151
	03/04/10	01/01/11	31377PMT8	FMNA	714,262	723,640
	06/11/09	07/01/27	83162CRD7	SBA	2,532,863	2,813,074
	03/05/09	05/15/29	31359MEU3	FNMA	2,350,000	2,907,397
					<u>7,697,125</u>	<u>8,891,261</u>
TOTAL PLEDGED COLLATERAL					\$ <u>98,727,125</u>	<u>92,572,191</u>

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

June 30, 2010

<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	\$ 18,420
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.	21,833,987
Community Bank	Los Alamos County	C.D.	9,222,766
First National Bank of Santa Fe	Los Alamos County	C.D.	8,002,548
First National Bank of Santa Fe	Los Alamos County	Savings	5,028,359
Los Alamos National Bank	Employee Fund	Checking	16,399
Los Alamos National Bank	GRT Bonds Debt Service	Checking	21,160
Los Alamos National Bank	2008 GRT Bonds	Checking	3,200,463
Los Alamos National Bank	General County	Checking	15,987,242
Los Alamos National Bank	Small Purchase	Checking	14,320
Los Alamos National Bank	Utility Resource Pool	Checking	6,328,470
Los Alamos National Bank	Landfill Closure	Checking	2,848,866
Los Alamos National Bank	Police Operations	Checking	3,631
Los Alamos National Bank	Utilities	Checking	2,739,112
Wells Fargo Bank Minnesota	Utilities	Deposit	158,362
Los Alamos National Bank	Utilities	Checking	898,867
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	361,821
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	69,680
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	69,509
Wells Fargo Bank Minnesota	Utilities	Cash Equivalent	155,338
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	5,644
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	591,793
Wells Fargo Bank Minnesota	Utility Bond 2006	Cash Equivalent	20,291
Wells Fargo Bank Minnesota	Utility Bond 2004	Cash Equivalent	66,406
State Treasurer's Pool	Self-sufficiency Fund	Pool	4,940,667
State Treasurer's Pool	Self-sufficiency Fund - Reserve	Pool	36,139
State Treasurer's Pool	General County	Pool	76,138
State Treasurer's Pool	General County - Reserve	Pool	14,627
State Treasurer's Pool	General County	Pool	6,220,240
State Treasurer's Pool	General County - Reserve	Pool	49,785

Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	7,495,277
Bank of Albuquerque	Los Alamos County	FNMA	3,009,855
Bank of Albuquerque	Los Alamos County	FHLMC	13,116,164
Bank of Albuquerque	Los Alamos County	FHLB	19,153,915
Wells Fargo Bank Minnesota	Utility Bond 2006	FHLB	11,841,060
State Investment Council	Permanent Fund	Pool	22,384,336
State Investment Council	General Fund	Pool	12,347,520
State Investment Council	Cemetery Perpetual Care	Pool	553,289
American Industries Trust Co.	L.A.C. Employee Pension Plan	Participant investment	26,038,980
Total Depository Balances			<u>204,953,747</u>
Reconciling items to Bank Reconciliation			(1,417,930)
Petty Cash and Change Funds			5,085
Total Deposits and investments reported in financial statements			<u>\$ 203,540,902</u>

**INCORPORATED COUNTY OF LOS ALAMOS
SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING**
June 30, 2010

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, 2009, the County had approximately \$26.3 million invested with the SIC. The County paid approximately \$44,000 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 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 14, 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 by the participants.

Incorporated County of Los Alamos (the County) and the New Mexico Energy, Minerals and Natural Resources Department (NMEMNRD)

The parties entered into this agreement to document NMEMNRD and the County's agreement and commitment to mutual wildland fire suppression and management assistance and cooperation. NMEMNRD is the designated state agency responsible for coordinating wildland fire suppression services among county and municipal fire departments, cooperating state agencies, and cooperating federal agencies. The County is responsible for wildland fire suppression on lands within the boundaries of its designated fire protection districts. The agreement addresses the County's role in the statewide Resource Mobilization Plan (RMP) and also defines non reimbursable and reimbursable assistance for initial or extended attack expenses. As such, the agreement establishes the County reimbursement rates and billing procedures for personnel and equipment.

This agreement does not obligate NMEMNRD or the County to expend money in excess of appropriations authorized by state or local laws. The terms of this agreement are contingent upon sufficient appropriation and authorization being granted by the New Mexico State Legislature and the County; otherwise, either party may terminate or suspend this agreement upon 90 days written notice. The agreement was entered into by the County on February 23, 2010 and supersedes JPA Agreement # 97-521-2300-0073 (Wildfire Suppression).

Incorporated County of Los Alamos (the County) and the Federal Aviation Administration (FAA)

The party entered into this MOU with respect to the Automated Weather Observing System (AWOS) installed at the County's airport facility and formally acknowledges the County's acceptance of the FAA's Operation and Maintenance Manual (OMM), which is attached therein to the MOU. Consequently, the County agrees to operate and maintain the airport facility in accordance with FAA requirements and standards, including those requirements contained in the OMM. Non compliance with these requirements will be grounds for reporting the airport facility out of service and/or cancellation of FAA approved instrument flight rule procedures.

The MOU was entered into and made effective on October 7, 2003 and remains in force and effect indefinitely.

Incorporated County of Los Alamos (the County) and the National Park Service (NPS); Bandelier National Monument

The parties entered into this MOU with respect to law enforcement procedures on lands within the National Park System, which includes Bandelier National Monument and designated exterior geographical boundaries. The agreement outlines law enforcement procedures that are authorized by NPS commissioned personnel, upon request by the County, such as responding to life or death incidents, responding to motor vehicle accidents, traffic control, crime scenes, and emergency response assistance. Accordingly, upon request by NPS, the County's Police Department is authorized to provide similar emergency law enforcement assistance to the NPS. The MOU does not obligate either party to the expenditure of funds, reimbursement of funds, or the future payment of money in excess of authorized appropriations.

The MOU was entered into and made effective on September 7, 2006 and remains in force and effect for five (5) years. Any modifications to this agreement must be in written form and executed by both parties. Either party may terminate this agreement by providing the other party with sixty (60) days advance written notice.

Incorporated County of Los Alamos (the County) and the Department of Energy; National Nuclear Security Administration; Los Alamos Site Office (LASO)

The parties entered into this MOU as a requirement by the Department of Energy, primarily to set forth understandings with regard to dealing with threats and criminal acts associated with theft, sabotage or hostage attempts against the LASO, and/or Los Alamos National Laboratory (LANL). The MOU provides a basis for contingency response planning, coordination, and cooperation between the LAPD and LASO to deal with threats, to facilitate effective communication and exchange of information and assure timely, reliable, effective decision making and response actions. Although the MOU does not obligate funds, or is a basis for the transfer of funds, it is subject to changes and modifications required by the Homeland Security's Final National Response Plan.

This MOU was entered into and made effective on June 26, 2007 and remains in force and effect for a period of 5 years thereafter.

Incorporated County of Los Alamos (the County) and the District Attorney for the First Judicial District (District Attorney)

The parties entered into this MOU to memorialize the understanding of the District Attorney and the County regarding the use of facilities and clerical support offered by the County to the District Attorney to support investigations and prosecutions of criminal cases within the County. As such, the County agrees to provide a furnished office at the County Attorney's office, which includes a separate phone line, computer connection to the Internet and office supplies. In addition, County employees will be available to support the District Attorney for a maximum of 10 hours per week with routine clerical matters. In return, the District Attorney will handle all felony criminal matters arising in the County and will be available for advice to Police Department personnel on other criminal matters.

This MOU was entered into and made effective on May 8, 2008 and remains in force and effect until terminated upon a 90-day written notice by either party.

Incorporated County of Los Alamos (the County) and the Santa Fe County Sheriff's Office (Sheriff)

The parties entered into this MOU to permit the commissioning, by Sheriff, of Los Alamos County Police Department (LAPD) law enforcement officers as deputy sheriffs of and for the County of Santa Fe for limited enforcement of New Mexico laws relating to motor vehicles within a designated corridor in Santa Fe County. This is primarily due to LAPD's physical proximity to portions of Santa Fe County, and their ability to respond to traffic incidents in a timelier manner. There is no cost to Sheriff, and each party shall bear its own cost and liabilities.

This MOU was entered into and made effective on October 1, 2008 and remains in force and effect indefinitely or until terminated upon a 90-day written notice by either party.

Incorporated County of Los Alamos (the County) and Comcast, Inc (Comcast)

The parties entered into this MOU to define the duties and obligations of both parties with respect to the utility replacement, road reconstruction and removal of utility poles, some of which have Comcast facilities attached, at the County's Diamond Drive Phase 3 Project. The MOU addresses design specifications and construction material to be used in the project and defines Comcast's responsibility to install and connect communication cable within 7 days of notification by the County that the conduits for Comcast have been completed, to remove existing cable that conflict with the project, and remit payment to the County for the fair market costs, which are identified on a per unit basis in the MOU. The MOU conveys ownership of such material and appurtenances to Comcast upon completion of project.

This MOU was entered into and made effective on January 22, 2009 and remains in force and effect until December 22, 2010, or until the obligations of the parties have been completed, whichever occurs first.

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

The parties entered into this MOU with respect to the purchase of specific equipment for use by LAPS at the County's airport basin site project. While it is understood that LAPS will occupy space at the County's airport basin site in facilities specifically designed and constructed for LAPS by the County, the primary purpose of the MOU is to stipulate that the County will purchase and install, on behalf of LAPS, a portion of the equipment required by LAPS to support their operations, and that LAPS shall reimburse the County the amount of \$88,664.10, plus applicable gross receipts tax, for the cost of that equipment. Upon payment in full, the County shall transfer ownership of the equipment.

This MOU was entered into and made effective on July 2, 2009 and remains in force and effect until all obligations by both parties have been completed.

Incorporated County of Los Alamos (the County) and the Board of Education of the Los Alamos Public Schools (LAPS)

The parties entered into this MOU with respect to warehouse operation services provided to LAPS by the County's Material Management Division (Division), such as inventory, project material planning, shipping, and other services specified in the agreement. The MOU describes the County Division's responsibility to provide staging and storage operations for LAPS's project designated materials. Under this agreement, the County is obligated to hire two (2) LAPS warehouse staff, wherein staff roles and responsibilities are defined. Accordingly, LAPS is obligated to transfer ownership of its inventory, at cost, all items pursuant to Exhibit A of the MOU. In addition, LAPS agrees to provide access to County Division personnel to areas and software systems

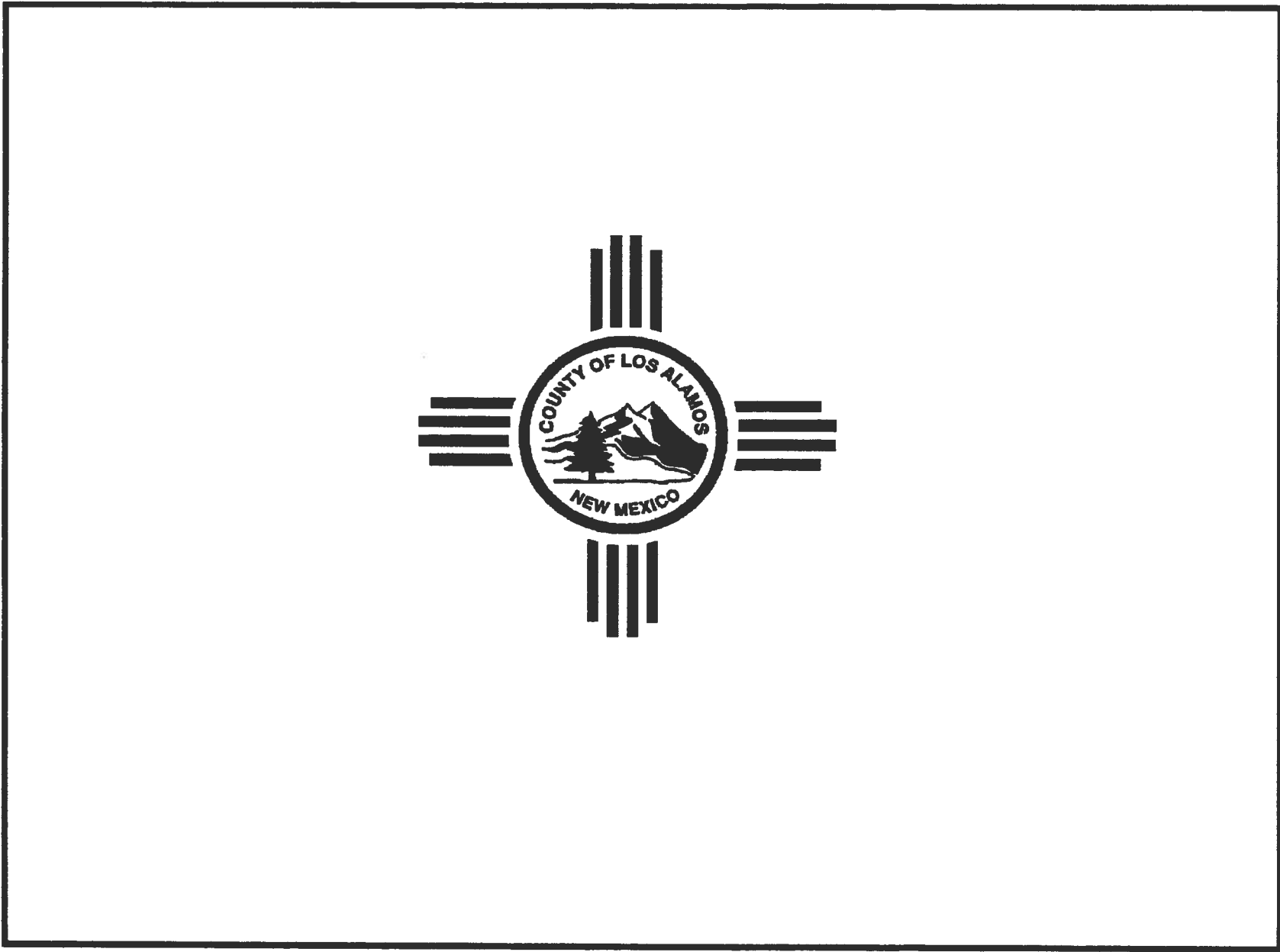
necessary to accomplish the duties and obligations required in the MOU. Furthermore, LAPS is obligated to reimburse the County for general administrative expenses and overhead costs associated with this MOU. Overhead costs are calculated as the compensation of two specified positions at LAC's rate. In the agreement, the overhead amount is calculated to be \$122,747 as of the date of the agreement, which is prorated the first year according to the actual start date of combined operations.

The MOU was entered into and made effective on November 16, 2009 and remains in force and effect until terminated by mutual written agreement of the parties. In the event the parties cannot mutually agree to terminate this MOU, either party may give notice of termination on or prior to March 31st to be effective at the start of the next fiscal year.

Incorporated County of Los Alamos (the County) and the New Energy and Industrial Technology Development Organization Japan (NEDO)

The parties entered into this MOU to advance the New Mexico Green Grid Initiative, which has been executed between NEDO and the New Mexico Economic Development Department. The primary objective of this agreement is to undertake a collaborative effort to construct and demonstrate a highly reliable power distribution system and an energy management system with real time pricing service. In addition, the project performs data analysis and research and development on cyber security, information and communications technology, and model simulation. The project will be located at a site or sites to be mutually agreed by both parties. The general scope of work, overall plan, and project schedule are briefly outlined in the agreement; however, both parties will jointly develop an implementation plan in a timely and cost efficient manner. Work sharing responsibilities are identified in this agreement along with each party's responsibility to procure or provide certain equipment. While the power output will be used to serve the County's utility load, no payment or charge for this power will be required from the County. No funds are committed and no legal obligations are created by this MOU; however, any binding commitments for activities identified in this MOU shall be set forth in separate agreements.

The MOU was entered into and made effective on June 17, 2010 and remains in force and effect until March 31, 2014. The MOU may be terminated by the mutual written understanding of the parties or by either party upon thirty (30) days prior written notice to the other party.



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

Year ended June 30, 2010

<u>STATE GRANTOR /PROGRAM TITLE</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2009</u>	<u>CASH RECEIVED</u>	<u>OTHER (SEE NOTES)</u>	<u>STATE PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010</u>
STATE OF NEW MEXICO:					
Administrative Office of the Courts					
Municipal Court Automation Project, Fund #126	\$ 2,211	25,117	0	22,906	0
Agency on Aging					
Senior Center -Van	0	40,901	0	40,901	0
Senior Center - Steamer Replacement	3,800	3,800	0	0	0
	<u>3,800</u>	<u>44,701</u>	<u>0</u>	<u>40,901</u>	<u>0</u>
Fire Marshal's Office:					
Fire Protection Fund Distribution (FY 2008)	(300,469)	457,925	16,572 [1]	536,628	(238,338)
Children, Youth and Families Department					
Juvenile Justice Continuum (09-690-9017)	17,590	17,590	17,590 [2]	0	0
Juvenile Justice Continuum (09-690-9017)	0	65,109	65,109 [2]	85,815	20,706
Total Children, Youth and Families	<u>17,590</u>	<u>82,699</u>	<u>82,699</u>	<u>85,815</u>	<u>20,706</u>
Department of Finance and Administration:					
DWI- Local Distribution (09-D-J-D-16)	(42,071)	0	(42,071) [3]	0	0
DWI- Local Reimbursement (09-D-J-G-16)	15,995	15,995	0	0	0
DWI- Local Distribution (10-D-J-D-16)	0	63,462	7,680 [4]	52,637	(18,505)
Enhanced E911	1,200	1,200	158,181 [5]	158,181	0
Law Enforcement Protection Fund Distribution	(24,947)	39,200	0	23,422	(40,725)
Total Department of Finance and Administration	<u>(49,823)</u>	<u>119,857</u>	<u>123,790</u>	<u>234,240</u>	<u>(59,230)</u>
Energy, Minerals, and Natural Resources Department					
Clean Energy Grant (06-521-2446-0210)	8,550	8,550	0	0	0
Environment Department					
Oil Tank Abatement	0	13,845	0	13,845	0
Health Department					
Public Health Division Primary Care and EMS Grant - Fire	0	12,455	0	1,486	(10,969)

State of New Mexico Legislature-Special Appropriation					
Civic Center Design (SAP-05-L-G-327)	0	33,851	33,851 [6]	0	0
Camp May Road Fire Hydrants (SAP 07-3232-GF)	0	403,406	0	403,406	0
Camp May Road Fire Hydrants (SAP 08-3117-STB)	0	200,000	0	200,000	0
	<u>0</u>	<u>637,257</u>	<u>33,851</u>	<u>603,406</u>	<u>0</u>
Transportation Department					
Capital Cooperative Agreement SP-GA-7528 (201)	1,435,091	1,435,091	0	0	0
Cooperative Agreement SP-5-09(076)	0	63,094	0	63,094	0
Cooperative Agreement, SB-7780 (973)09	0	84,130	0	84,130	0
Cooperative Agreement, CAP-5-09-(443)	0	26,941	0	26,941	0
Cooperative Agreement, MAP-501-1(902)	0	100,000	0	100,000	0
Airport Drainage Construction LAM-10-001	0	4,402	0	6,343	1,941
Airport Maintenance-Runway LAM-09-001	0	11,325	0	11,975	650
	<u>1,435,091</u>	<u>1,724,983</u>	<u>0</u>	<u>292,483</u>	<u>2,591</u>
Office of Cultural Affairs:					
GO Bonds for Public Library Resources	0	12,058	0	12,058	0
New Mexico State Library Grant - Operations	0	10,023	0	10,023	0
Total Office of Cultural Affairs	<u>0</u>	<u>22,081</u>	<u>0</u>	<u>22,081</u>	<u>0</u>
TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE	\$ <u>1,116,950</u>	<u>3,149,470</u>	<u>256,912</u>	<u>1,853,791</u>	<u>(285,240)</u>

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

State-shared Revenues	20,225,623
Change in reserved balances	(51,956)
Change in Deferred Revenue	43,499
DWI Program Revenue	<u>(7,680)</u>

TOTAL INTERGOVERNMENTAL REVENUES - STATE

\$ 22,063,277

NOTES:

- [1] Interest earned 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] Reimbursement of prior year expenditure

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2009	CASH RECEIVED	OTHER	FEDERAL PARTICIPATING EXPENDITURES	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010
MAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Energy: Los Alamos National Laboratory Fire protection, emergency medical and rescue services subcontract (December 1997 through September 2009)	81.XXX 81.2446L0018-K1	\$ 1,683,577	1,683,577	0	0	0
United States Department of Energy: National Nuclear Security Administration Fire protection, emergency medical and rescue services Cooperative Agreement	81.XXX DE-FC52-08NA28090	3,575,034	14,088,037	3,525,649 [1]	18,455,581	4,416,929
United States Department of Energy: American Recovery & Reinvestment Act of 2009 Cooperative Agreement award is for \$4,558,344	81.087 DE-EE0002673	0	3,745,087	0	3,745,087	0
United States Department of Transportation-Federal Highway Administration Flow through the New Mexico State Transportation Department American Recovery & Reinvestment Act of 2009 Cooperative Agreement award is for \$1,962,217	20.205 D12726	0	0	0	1,775,142	1,775,142
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Nonurbanized Area Formula Grant Program Section 5311 FY09 Contract M00812 FY10 Contract M00911 American Recovery & Reinvestment Act of 2009 Section 5311 FY09 Contract M00903/1	20.509 20.509 20.509	182,613 0 0	188,868 635,879 1,108,700	6,255 [2] 635,879 [2] 0	6,255 635,879 1,108,700	0 0 0
United States Department of Transportation-Federal Transit Administration FTA Earmark	Public Law 110-161 E2008-BUSP-0857	0	588,000	0	588,000	0
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		<u>5,441,224</u>	<u>22,038,148</u>	<u>4,167,783</u>	<u>26,314,644</u>	<u>6,182,071</u>

NONMAJOR FEDERAL FINANCIAL ASSISTANCE

United States Department of Agriculture:							
United States Federal Forest Reserve	10-665 Public Law 106-393	0	5,857	0	5,857	0	
United States Department of Energy:							
Flow through the New Mexico Energy, Minerals and Natural Resources Dept.							
American Recovery & Reinvestment Act of 2009	81.128						
Cooperative Agreement	DE-EE0000681						
award is for \$103,000	10-521-R1DOE00002-0224	0	0	0	1,367	1,367	
United States Department of Health and Human Services							
Flow through State of New Mexico Department of Health							
H1N1	93.283	0	10,206	0	10,206	0	
United States Department of Homeland Security							
Federal Emergency Management Agency	97.036						
State and Local Assistance Program	2008-EMPG-Los Alamos County	36,731	36,731	0	0	0	
State and Local Assistance Program	2009-EMPG-Los Alamos County	0	59,732	0	81,218	21,486	
Office of Domestic Preparedness	97.067						
Equipment program	2008-Los Alamos County-SHSGP	0	222,521	0	284,322	61,801	
Equipment program	2009-SS-T9-Los Alamos	0	247,500	0	247,500	0	
Bomb Squad Training Grant	2007-GE-T7-0023	1,348	1,348	0	0	0	
United States Department of Interior, Bureau of Land Management:							
Section 1 payment for Federal owned entitlement land	15.226 Public Law 100-343	0	82,042	0	82,042	0	
United States Department of Justice:							
Drug Enforcement Administration-Asset Forfeiture	16.jxxx	(694)	0	24	0	(718)	[3]
Bureau of Justice Assistance-Bulletproof Vest Partnership	16.607	0	8,970	0	8,970	0	
Flow through State of New Mexico Children, Youth & Families Department	16.727						
Enforcing the Underage Drinking Laws Block Grant	2006-AH-FX-0042	0	0	0	0	0	
Enforcing the Underage Drinking Laws Block Grant	09-690-8330	6,410	10,334	0	3,924	(0)	
United States National Nuclear Security Administration							
Department of Energy-PILT	81.XXX	0	0	0	247,536	247,536	
United States Department of Transportation-Federal Transit Administration							
Flow through the New Mexico State Transportation Department							
Job Access & Reverse Commute Section 5316							
FY10 Contract M00877	20.516	0	175,000	0	175,000	0	
United States Department of Transportation-Federal Transit Administration							
Flow through the New Mexico State Transportation Department							
New Freedom Program Sections 5317							
FY10 Contract M00892	20.516	0	57,179	0	94,925	37,746	

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED REIMBURSEMENT (RESERVED BALANCE)	CASH	OTHER	FEDERAL	ACCRUED
		JUNE 30, 2009	RECEIVED		PARTICIPATING EXPENDITURES	REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department CTAA Scholarship-DD82PTBNM18X023702	20.516	0	1,000	0	1,000	0
United States Department of Transportation-Federal Highway Administration Flow through New Mexico State Transportation Department Operation DWI (09-AL-K8-055)	20.608	7,376	12,811	0	5,435	0
Operation DWI (10-AI164-055)	20.608	0	751	0	7,363	6,612
United States Department of Transportation-Federal Aviation Administration Flow through New Mexico State Transportation Department Airport Drainage Improvement Construction	20.106	0	167,286	8,191	241,058	73,772
Airport Extension Grant-Design	20.106	0	417,314	11,978	455,051	37,737
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>51,171</u>	<u>1,516,582</u>	<u>20,193</u>	<u>1,952,774</u>	<u>487,339</u>
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>\$ 5,492,395</u>	<u>23,554,730</u>	<u>4,187,976</u>	<u>28,267,418</u>	<u>6,679,410</u>
RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:						
Change in deferred revenue - Federal Highway Administration					(1,775,142)	
Change in deferred revenue - National Nuclear Security Administration PILT					(247,536)	
Change in deferred revenue - Other					(22,152)	
Ambulance billing and other receipts DOE Cooperative Agreement for fire services					(210,452)	
County Share of DOE Cooperative Agreement for fire services					(3,315,198)	
North Central Regional Transit District revenues					1,070,424	
INTERGOVERNMENTAL REVENUES - FEDERAL					<u>23,767,362</u>	
INTERGOVERNMENTAL REVENUES - STATE					<u>22,063,277</u>	
TOTAL INTERGOVERNMENTAL REVENUES					<u>\$ 45,830,639</u>	
INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:						
Governmental funds					\$ 22,143,759	
Proprietary funds						
Operating revenues - intergovernmental revenue					16,456,680	
Other sources and uses - intergovernmental capital revenue					7,230,200	
TOTAL INTERGOVERNMENTAL REVENUES					<u>\$ 45,830,639</u>	

Notes to Supplemental Schedule of Expenditures of Federal Awards

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Incorporated County of Los Alamos (County).

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note (1)D to the County's basic financial statements. The amounts received from the federal government are recorded as intergovernmental revenues of the County. There were no sub recipients of these grant awards.

Other Notes

- [1] County's share of NNSA Cooperative agreement expenditures, ambulance billing and other receipts
- [2] County's cash match
- [3] Interest earned on reserved fund balance

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT
 June 30, 2010

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	\$ 134,231,223	9,322,687	68,033,261	39,552,200	251,139,371
Construction work in progress	12,060,825	1,547,704	4,178,970	1,292,374	19,079,873
Less provision for accumulated depreciation	(71,433,179)	(3,005,533)	(14,781,987)	(6,479,375)	(95,700,074)
	<u>74,858,869</u>	<u>7,864,858</u>	<u>57,430,244</u>	<u>34,365,199</u>	<u>174,519,170</u>
OTHER PROPERTY AND INVESTMENTS					
Investments and special funds	22,539,488	0	0	0	22,539,488
CURRENT AND ACCRUED ASSETS					
Cash, working funds and investments	(620,587)	5,784,768	8,169,132	2,103,934	15,437,247
Customer accounts receivable	4,293,816	169,370	407,415	246,605	5,117,206
Less provision for uncollectible accounts	(11,287)	(5,329)	(8,632)	(5,549)	(30,797)
Due from other funds	0	0	5,090,532	0	5,090,532
Fuel stock	419,950	0	0	0	419,950
Materials and supplies	572,582	40,802	164,820	29,208	807,412
Prepayments	72,523	0	29,295	0	101,818
Accrued utility revenues	439,274	114,163	270,014	153,515	976,966
Miscellaneous current and accrued assets	5,356	2,602	5,018	100	13,076
	<u>5,171,627</u>	<u>6,106,376</u>	<u>14,127,594</u>	<u>2,527,813</u>	<u>27,933,410</u>
DEFERRED DEBITS					
Unamortized debt expenses	743,805	0	0	0	743,805
Unamortized deferral on refunding	3,647,065	0	0	0	3,647,065
	<u>4,390,870</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,390,870</u>
ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING					
	(3,647,065)	0	0	0	(3,647,065)
TOTAL ASSETS AND OTHER DEBITS	\$ <u>103,313,789</u>	<u>13,971,234</u>	<u>71,557,838</u>	<u>36,893,012</u>	<u>225,735,873</u>

LIABILITIES AND OTHER CREDITS

PROPRIETARY CAPITAL

Retained earnings	\$ 43,552,084	13,623,983	70,930,755	22,433,870	150,540,692
	<u>43,552,084</u>	<u>13,623,983</u>	<u>70,930,755</u>	<u>22,433,870</u>	<u>150,540,692</u>

LONG-TERM DEBT

Bonds and notes	49,195,000	0	0	0	49,195,000
Other long term debt	0	0	122,000	14,355,105	14,477,105
Plus unamortized premium on long-term debt	1,857,578	0	0	0	1,857,578
	<u>51,052,578</u>	<u>0</u>	<u>122,000</u>	<u>14,355,105</u>	<u>65,529,683</u>

CURRENT AND ACCRUED LIABILITIES

Accounts payable	2,434,229	134,688	347,477	13,097	2,929,491
Customer deposits	68,167	49,750	46,173	0	164,090
Taxes accrued	50,844	21,705	23,759	16,762	113,070
Interest accrued	1,221,885	0	0	0	1,221,885
Due to other funds	5,090,532	0	0	0	5,090,532
Miscellaneous current and accrued liabilities	408,402	141,108	87,674	74,178	711,362
	<u>9,274,059</u>	<u>347,251</u>	<u>505,083</u>	<u>104,037</u>	<u>10,230,430</u>

DEFERRED CREDITS

Other deferred credits	3,082,133	0	0	0	3,082,133
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ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING

(3,647,065)	0	0	0	(3,647,065)
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TOTAL LIABILITIES AND OTHER CREDITS

\$ <u>103,313,789</u>	<u>13,971,234</u>	<u>71,557,838</u>	<u>36,893,012</u>	<u>225,735,873</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, 2010

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
UTILITY OPERATING REVENUES					
Sales for resale	\$ 29,175,387	0	0	0	29,175,387
Residential	5,730,318	5,986,586	2,893,771	3,534,109	18,144,784
Commercial and industrial	3,606,847	1,245,762	375,903	0	5,228,512
Sales to public authorities	1,671,072	666,619	1,478,033	0	3,815,724
Street lighting	65,567	0	0	0	65,567
Other operating revenues	418,931	55,149	68,972	8,696	551,748
TOTAL OPERATING REVENUES	40,668,122	7,954,116	4,816,679	3,542,805	56,981,722
OPERATING EXPENSES					
Purchased power, natural gas or water	11,638,355	4,832,320	0	0	16,470,675
Distribution	124,670	467,026	971,869	1,387,421	2,950,986
Administrative and general	2,424,717	809,986	1,012,125	561,269	4,808,097
Customer accounts	5,945	14,692	8,804	3,091	32,532
Steam power generation	7,022,659	0	0	0	7,022,659
Transmission	4,606,030	0	0	0	4,606,030
Other production expenses	1,315,444	0	0	0	1,315,444
Hydraulic power generation	268,318	0	0	0	268,318
	27,406,138	6,124,024	1,992,798	1,951,781	37,474,741
MAINTENANCE EXPENSES					
Distribution	1,014,824	268,122	2,140,897	436,990	3,860,833
Steam power generation	2,391,683	0	0	0	2,391,683
Hydraulic power generation	248,508	0	0	0	248,508
Transmission	44,557	0	0	0	44,557
	3,699,572	268,122	2,140,897	436,990	6,545,581
DEPRECIATION EXPENSE					
	6,185,675	269,685	1,659,508	697,077	8,811,945
TAXES					
	747,810	212,790	39,738	0	1,000,338
TOTAL OPERATING EXPENSES	38,039,195	6,874,621	5,832,941	3,085,848	53,832,605
UTILITY OPERATING INCOME	2,628,927	1,079,495	(1,016,262)	456,957	3,149,117

Other income	4,959,284	1,043,426	2,073,669	660,091	8,736,470
Other deductions	<u>(712,086)</u>	<u>(380,616)</u>	<u>(4,933)</u>	<u>(80)</u>	<u>(1,097,715)</u>
UTILITY INCOME	<u>6,876,125</u>	<u>1,742,305</u>	<u>1,052,474</u>	<u>1,116,968</u>	<u>10,787,872</u>
Income deduction for interest on long-term debt	<u>(2,804,206)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,804,206)</u>
INCOME BEFORE EXTRAORDINARY ITEMS	<u>4,071,919</u>	<u>1,742,305</u>	<u>1,052,474</u>	<u>1,116,968</u>	<u>7,983,666</u>
Proprietary capital, beginning of fiscal year	<u>39,480,165</u>	<u>11,881,678</u>	<u>69,878,281</u>	<u>21,316,902</u>	<u>142,557,026</u>
PROPRIETARY CAPITAL, END OF FISCAL YEAR	<u>\$ <u>43,552,084</u></u>	<u>13,623,983</u>	<u>70,930,755</u>	<u>22,433,870</u>	<u>150,540,692</u>

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

Michael E. Wismer, Chair, County Council
 Members of the Council, and Anthony J. Mortillaro, 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 of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Incorporated County of Los Alamos, New Mexico (County) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. 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 agency'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A **deficiency in internal control** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A **material weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2 and 2010-3.

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 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 grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Meyers + Company, LLC

November 19, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Michael E. Wismer, Chair, County Council
 Members of the Council, and Anthony J. Mortillaro, 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 (County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' 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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed one 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 2010-1.

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 purpose of expressing our 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 **deficiency in 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 **material weakness in internal control over compliance** is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the responses.

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 grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Meyers + Company, LLC

November 19, 2010

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

Year ended June 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

- The auditors' report expresses an unqualified opinion on the basic financial statements of the Incorporated County of Los Alamos, New Mexico (County).
- There were no instances of noncompliance material to the financial statements disclosed during the audit of the County.
- There were four deficiencies in internal control identified, of which none are considered to be material weaknesses to the financial statements of the County.
- There were no deficiencies in internal control over major programs identified that were material weaknesses.
- There were two audit findings that the auditor is required to report under 510(a) of Circular A-133.
- The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
- The programs tested as the major programs included:

U.S. Department of Energy:	
NNSA Fire Protection, Emergency Medical & Rescue Services – Cooperative Agreement	81.XXX
ARRA – Renewable Energy Research & Development	81.087
U.S. Department of Transportation, Passed through from New Mexico Department of Transportation	
ARRA – Highway Planning & Construction	20.205
Formula grants for Other than Urbanized Areas:	20.209
ARRA – 5311, Section 5311, and FTA Earmark	
- The threshold for distinguishing Types A and B programs was \$738,965.
- The Department was determined to be a low-risk auditee

B. FINDINGS – AUDIT OF FINANCIAL STATEMENTS

None.

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

2010-1 ABSENCE OF BUY-AMERICA PROVISION IN SUBCONTRACTS

Federal Agency: Department of Energy

CFDA: 81.087, ARRA – Renewable Energy Research & Development

Condition During single audit test work related to the Hydro-Electric Facility project, we were not provided with information necessary to examine subcontracts and/or “Buy America” certifications related to the ARRA-funded project. Although controls were established and put in place to ensure compliance with Davis-Bacon, Buy America and federal eligibility requirements, we were unable to verify if the subcontracts included the required clauses related to prevailing wage rates and Buy America provisions.

Criteria

The Special Terms and Conditions applicable to Recovery Act funded projects require that the financial assistance recipient flow down the recovery Act special terms and conditions in any subaward or subcontract. Additionally, all contractors and subcontractors must 1) be notified of requirements to comply with the Davis-Bacon Act (normally through inclusion of prevailing wage rate clause), 2) either show evidence of ‘buy America’ certification or have requested and been granted a waiver, and 3) if receiving over \$25K in federal funds, be verified as eligible to receive federal funds (as evidenced by a clause, certification, or evidence of a comparison against the federal government’s EPLS list).

Cause

The County received the ARRA Award notification subsequent to the commencement of the project. Since then, the contract with the prime contractor was amended to include the required provisions noted above. However, the County is still working with the prime contractor and sub-contractors to ensure the subcontracts contain the required clauses.

Effect

Inability during audit testwork to verify that Davis-Bacon and Buy-America clauses were included in the subcontracts.

Recommendation

We recommend that the County continue to work with the contractor and subcontractors to modify the contracts to include the clauses noted above. Additionally, we recommend that the County maintain documentation (copies of the subcontracts) to show compliance with the Buy America and Davis-Bacon provisions.

Management’s Response

The ARRA grant referred to in this comment was awarded after the procurement process and after a contract had been entered into with RMCI for construction of the hydro project. The County’s staff and attorney have been working diligently with RMCI and their subcontractors to negotiate a contract amendment that meets the ARRA requirements. The County believes the amendments will alleviate any concerns about subcontractor compliance.

D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978**2010-2 OVERPAYMENT OF PER DIEM ALLOWANCE****Condition**

During our travel and per diem testwork, we noted that one individual out of 40 selected was overpaid for per diem meal allowance by \$57.

Criteria

Employees who travel for business in state are eligible to receive a per diem meal allowance which varies in total dollar amount based on the length of time that they work during the partial day.

Cause

Lack of effective controls surrounding the review and approval process for travel and per diem reimbursements; management oversight.

Effect

Misstatement of expense and cash balances.

Recommendation

We recommend that the County establish effective controls necessary to ensure that all travel and per diem expense reimbursement requests are properly reviewed and recalculated for accuracy.

Management Response

The County believes that its controls over accounts payable, including travel advances/reimbursements are more than adequate to minimize the possibility of material misstatements; however, the risk of immaterial errors going undetected will never be zero.

2010-3 MISSING PAYROLL PERSONNEL DOCUMENTATION**Condition**

During our payroll personnel file testwork, we were unable to locate 6 completed I-9 forms out of 40 employees selected.

Criteria

In accordance with the Immigration Reform and Control Act of 1986, employers are to have employees fill out a Form I-9 and keep it on file.

Cause

Lack of effective controls surrounding the employee personnel file document retention process.

Effect

The County is not in compliance with the Immigration Reform and Control Act of 1986.

Recommendation

We recommend that the County establish effective controls necessary to ensure that all individuals employed with the County have all required documentation present and on-site. This may also include performing a review of all employees of the County to determine whether all required documentation is currently on file and present in the Human Resources Office.

Management Response

The County Human Resources Division requires employees to complete, sign, and submit a Form I-9 when they are hired. Based on a sampling of personnel files, the I-9 records appear to be complete from 1994 forward. The Division will perform a full review of the I-9 records and will obtain a signed copy from each active employee whose form I-9 cannot be located.

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.

Financial Audit Findings	Status
07-01 Internal Control	Resolved
08-01 Reporting	Resolved
09-01 Lack of Written Policies and Procedures over Compliance with Federal Grants	Resolved
09-02 Procurement Suspension and Debarment	Resolved
09-03 Payroll – Under Payment of Overtime	Resolved

An exit conference was held on November 22, 2010 to discuss the current audit report and current and auditors' findings. The following attended:

Incorporated County of Los Alamos:

Audit Committee:

- Robert Gibson, Councilor
- Glenn Woodwell, Utility Board Member
- Anthony Mortillaro, County Administrator
- Janet Bettinger, Assistant Utilities Manager
- Steven Lynne, Chief Financial Officer

Meyners + Company:

- Janet Pacheco-Morton, Director
- Joel Blackman, Senior Accountant

County Staff:

- Joseph D'Anna, Deputy Chief Financial Officer
- Roger Beaty, Accounting Operations Manager



Bridge over Los Alamos Canyon