

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



**Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2011**

Prepared by the Office of Management and Budget

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INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO
2451 Central Avenue Suite A, Los Alamos, New Mexico 87544

November 29, 2011

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 2011. 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, 2011, 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, Clifton Gunderson LLP, 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 29, 2011, 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 2012 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While Gross Receipts Tax (GRT) revenues increased some in fiscal year 2011, 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 2012 Budget projects a combined ending fund balance / working capital of \$124.1 million, an increase of \$1.8 million from the FY 2011 projected ending balance. The largest planned changes of Fund Balance were within the General Fund, Economic Development Fund, Capital Project Funds, 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 2011, the value of the County's longer-term investments gained back some of the value lost in previous fiscal years. 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 2012 is just slightly higher than what was projected for FY 2011, but is currently anticipated to be lower than the actual results for FY 2011, and still below historically normal average returns as the overall economy is still recovering quite slowly.

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 2011 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 2011 includes the following:

- Maintain Quality Routine Essential Services – the Municipal Building Replacement project design-build contract was awarded;
- 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 were awarded a \$10 million federal grant to build a regional middle-mile broadband backbone network;
- Diversify the Economy / Revitalize White Rock and Los Alamos Downtowns – the Trinity site clearing was completed. In partnership with the Los Alamos Public Schools, it is being marketed for retail development. Implementation has begun on the White Rock master plan / economic development strategy, and the A-19 master planning process has begun;
- Maintain Environmental Quality – construction of an additional new low flow hydroelectric turbine at the County's existing electric production facilities was completed; 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; Diamond Drive Phase 4a was completed and Phase 4b 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:

- Completing negotiations and leasing for development of the Trinity site remains a top priority;
- Clearing of the Municipal Building Replacement project site and moving forward with construction;
- 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 completion of the Diamond Drive project;
- Commencing construction of the smart grid project, which include photovoltaic electric production on the recently closed landfill site;
- Implementing the County's Economic Vitality Strategic Plan, including developing and implementing projects, where possible, related to the downtown plans; and
- 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 are 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, 2010. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for presentation of state and local government financial reports.

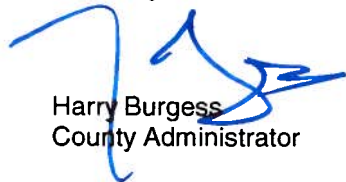
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to rigid program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal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

The Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last twenty consecutive years (fiscal years 1991 through 2010). 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 2011. This was the nineteenth 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,



Harry Burgess
County Administrator



Steven Lynne
Acting Assistant County Administrator / 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, 2010

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.



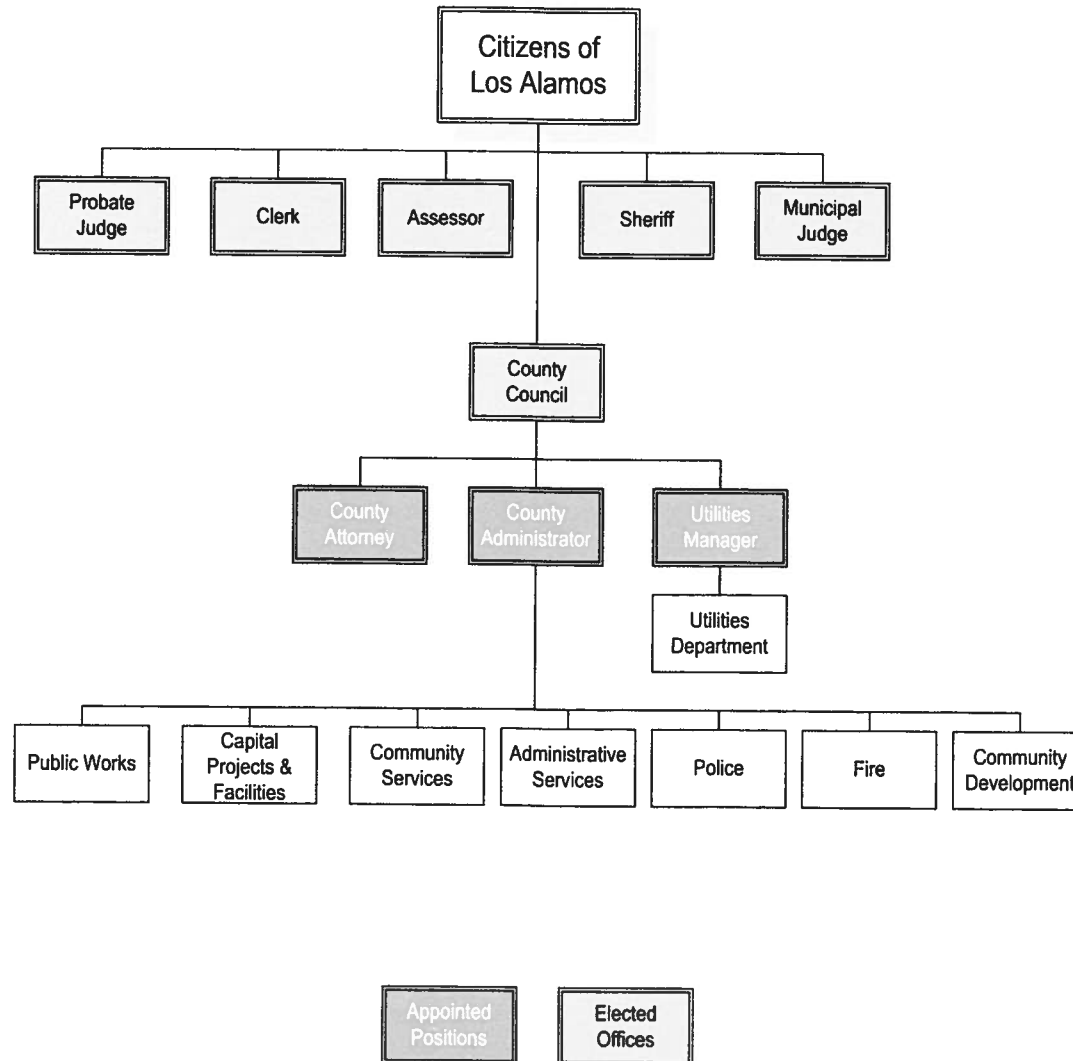
Linda C. Davison

President

Jeffrey R. Enos

Executive Director

INCORPORATED COUNTY OF LOS ALAMOS ORGANIZATIONAL CHART



**INCORPORATED COUNTY OF LOS ALAMOS
ELECTED AND APPOINTED OFFICIALS**

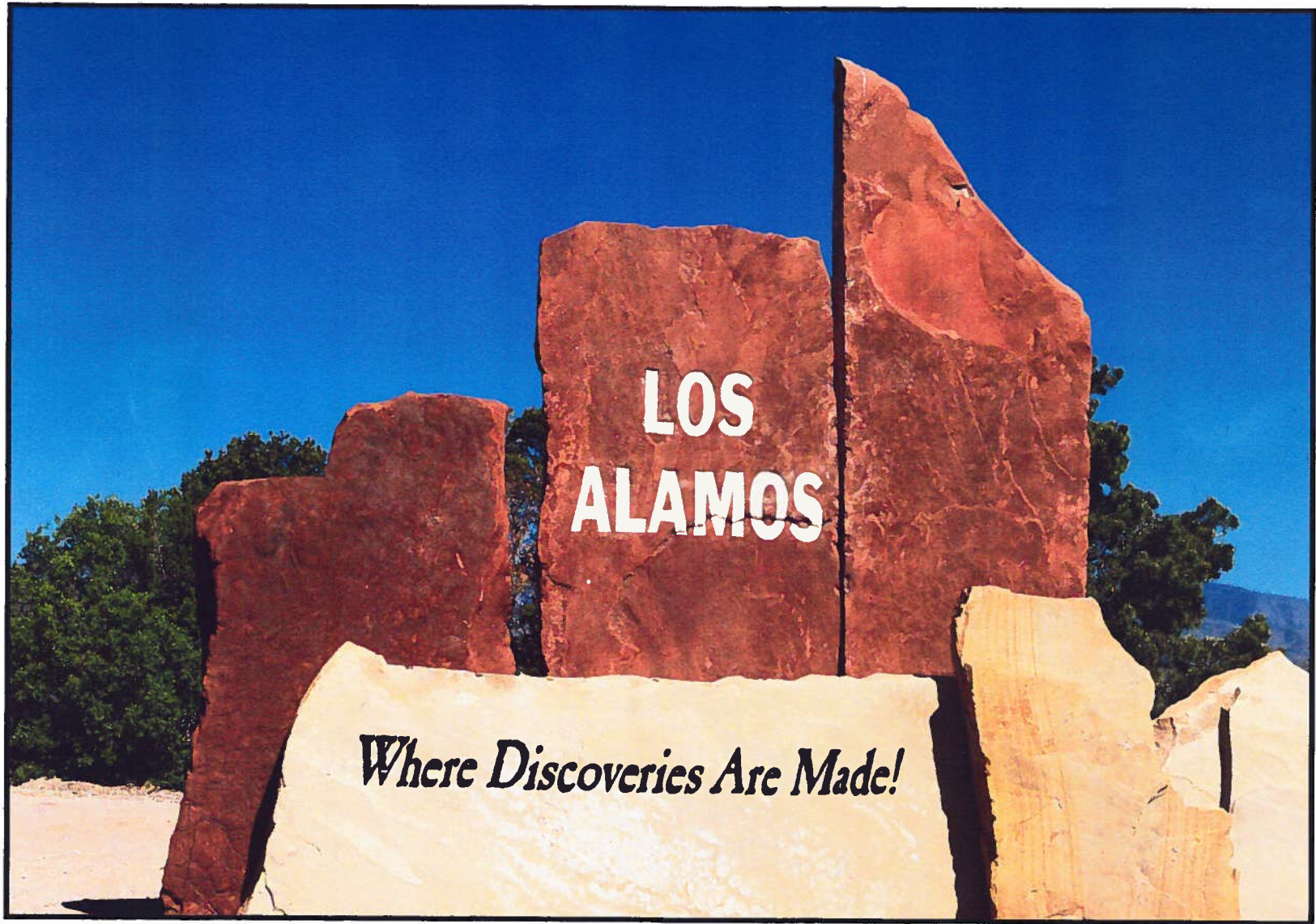
As of June 30, 2011

Elected:

Council	Sharon Stover, Chair Ron Selvage, Vice-chair Frances Berting Vincent Chiravalle David Izraelevitz Geoff Rodgers Michael Wheeler
Clerk	Janet Foster
Assessor	JoAnn Johnson
Sheriff	Marco Lucero
Probate Judge	Ellen Hong
Municipal Judge	Alan Kirk

Appointed:

County Administrator (Acting)	Randy M. Autio
Assistant County Administrator (Acting)	Steven S. Lynne
Assistant County Administrator (Acting)	Anne Laurent
County Attorney (Acting)	Brain James
Utilities Manager	John Arrowsmith
Administrative Services (Acting)	Laura Gonzales
Capital Projects and Facilities (Acting)	Daniel Erickson
Community Development Director (Acting)	Steve Brugger
Community Services Director (Acting)	Charlie Kalogeros-Chattan
Fire Chief	Douglas Tucker
Police Chief	Wayne Torpy
Public Works (Acting)	Anne Laurent
Deputy County Assessor	Joaquin Valdez
Deputy County Clerk	Sheryl Nichols





Independent Auditor's Report

Sharon Stover, Chair, County Council
Members of the Council, and Harry Burgess, 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, 2011, which collectively comprise the agency's basic financial statements 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 agency'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, 2011, 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, 2011, 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.

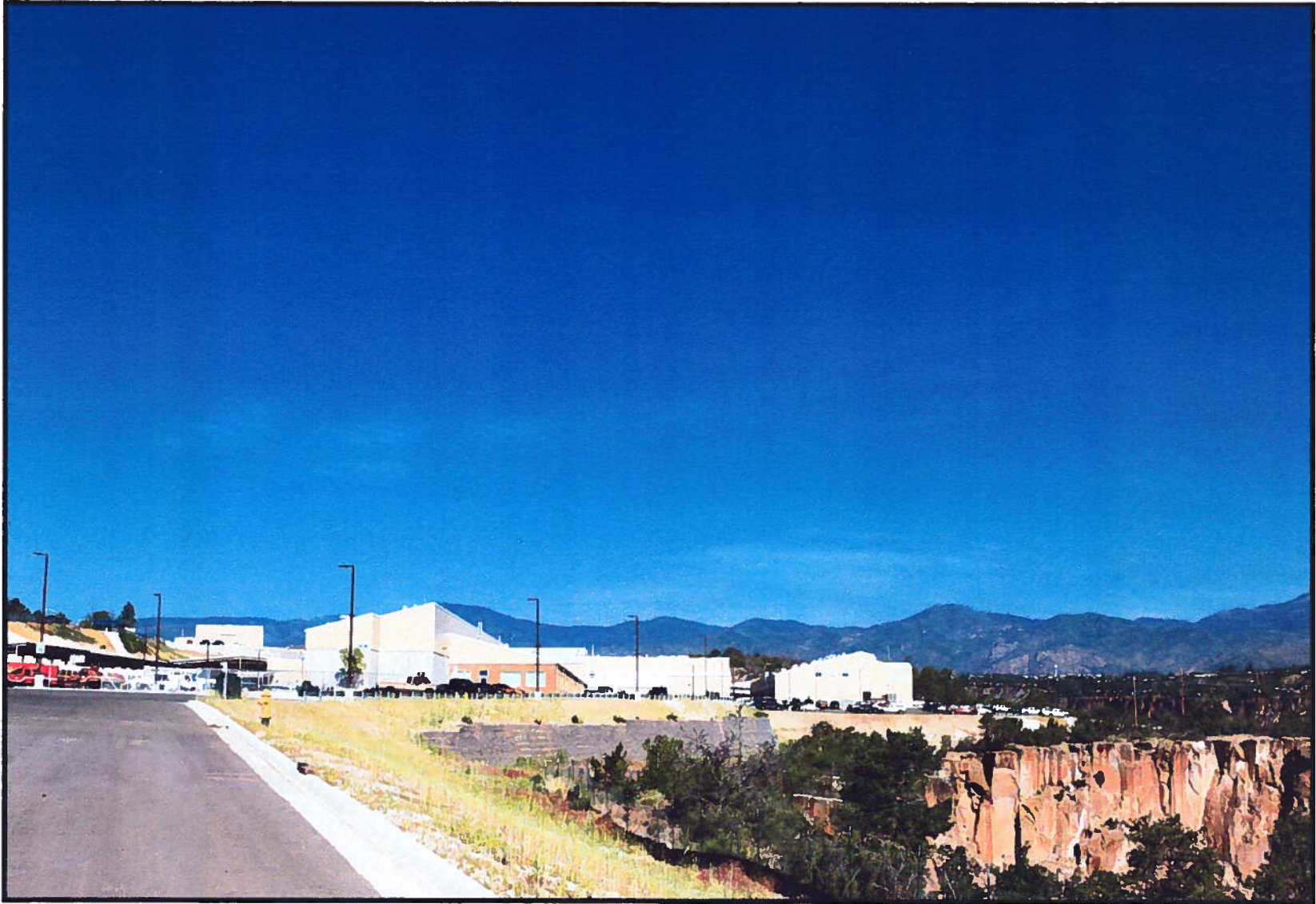
In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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. 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, 2011, as listed in the table of contents. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund financial statements and, accordingly, we express no opinion on them.

Clifton Andersen LLP

Albuquerque, New Mexico
November 28, 2011



Management's Discussion and Analysis

INCORPORATED COUNTY OF LOS ALAMOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Management of the Incorporated County of Los Alamos (County) offers this discussion and analysis about the County government's financial position and financial activities for the fiscal year that ended June 30, 2011. 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 167.

FINANCIAL HIGHLIGHTS

- The County's total net assets, the amount of assets after subtracting related liabilities, were \$554.7 million at fiscal year ended June 30, 2011. This is an increase of \$32.9 million in net assets, or 6.3%, as compared to the prior fiscal year end. The largest factors contributing to the increase in net assets were the relatively large investment earnings of \$9.9 million, \$9.3 million associated with land transactions (\$4.3 million gain recognized on a land exchange and \$5.0 million of land donated from the federal government), and a \$3.3 million capital grant at the Airport. Of the total net assets, \$144.9 million (26.1% of total) is unrestricted. This compares to \$137.9 million for the prior year-end.
- Business-type activities increased the County's net assets by \$9.2 million to \$220.8 million for the fiscal year ended June 30, 2011. This compares to a \$10.0 million increase during the previous fiscal year. Total revenue from business-type activities was \$92.7 million for fiscal year 2011, approximately \$0.6 million higher than the previous year. The largest components of this change were an increase of \$1.5 million in charges for services and a decrease of \$1.4 million in capital grants and contributions.
- For the fiscal year ended June 30, 2011, the County's Governmental Funds reported combined ending fund balance of approximately \$144.4 million. Overall, this was \$11.7 million more than the prior year end. This change is primarily the result of increases in tax revenues and investment earnings combined with lower capital outlay expenditures.
- General Fund Expenditures increased by approximately \$0.2 million over the prior year. The largest changes included in this total were an increase in facilities expenditures and an offsetting decrease in roads expenditures.
- General Fund resources available for spending on budgeted needs were \$3.4 million less than the final revised budget of \$71.2 million. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue (including the state shared revenue portion) was \$4.1 million less than anticipated due to a large unexpected refund. This was offset by investment earnings exceeding projections by \$1.4 million due to better than expected market activity 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 Auditor's 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) Invested in 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 63-109 and contain additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Table 1: Major Features of the Basic Financial Statements

	County-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds)	Activities of the County that are not proprietary or fiduciary	Activities of the County that are operated similar to private sector businesses	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of 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 \$554.7 million at fiscal year ended June 30, 2011. This is an increase of \$32.9 million in net assets, or 6.3%, 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 2011 compared to fiscal year 2010.

	Governmental Activities		Business-type Activities		Totals	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Assets:						
Current and other assets	\$ 149.5	140.5	86.2	69.3	235.7	209.8
Capital assets	<u>259.4</u>	<u>248.3</u>	<u>226.6</u>	<u>225.1</u>	<u>486.0</u>	<u>473.4</u>
Total assets	<u>408.9</u>	<u>388.8</u>	<u>312.8</u>	<u>294.4</u>	<u>721.7</u>	<u>683.2</u>
Liabilities:						
Current and other liabilities	4.6	5.0	6.6	4.6	11.2	9.6
Long-term liabilities	<u>70.4</u>	<u>73.6</u>	<u>85.4</u>	<u>78.2</u>	<u>155.8</u>	<u>151.8</u>
Total liabilities	<u>75.0</u>	<u>78.6</u>	<u>92.0</u>	<u>82.8</u>	<u>167.0</u>	<u>161.4</u>
Net assets:						
Invested in capital assets, net of related debt	192.8	178.3	161.5	158.5	354.3	336.8
Restricted net assets	35.3	28.4	20.2	18.7	55.5	47.1
Unrestricted net assets	<u>105.8</u>	<u>103.5</u>	<u>39.1</u>	<u>34.4</u>	<u>144.9</u>	<u>137.9</u>
Total net assets	<u>\$ 333.9</u>	<u>310.2</u>	<u>220.8</u>	<u>211.6</u>	<u>554.7</u>	<u>521.8</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, 2011 this amount was \$354.3 million (63.9% of total net assets). This compares to \$336.8 million (64.5% of total) invested in capital assets net of related debts for the previous year-end for a net increase of \$17.5 million or 5.2%. The largest portion of this increase was associated with increases in land, partly through federal government donation and partly through land exchanged. 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 \$55.5 million (10.0% of total) for fiscal year end 2011, an increase of \$8.4 million compared to the prior year. This is a 17.8% change and includes unspent debt proceeds within the Joint Utility System Fund.

The remaining balance of net assets is \$144.9 million (26.1% 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 \$137.9 million for the prior year-end. This \$7.0 million increase is primarily the result of higher 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.

	Governmental Activities		Business-type Activities		Total	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.1	2.5	66.2	64.7	68.3	67.2
Operating grants and contributions	1.7	1.9	16.9	16.5	18.6	18.4
Capital grants and contributions	<u>5.7</u>	<u>2.6</u>	<u>5.8</u>	<u>7.2</u>	<u>11.5</u>	<u>9.8</u>
Total program revenues	<u>9.5</u>	<u>7.0</u>	<u>88.9</u>	<u>88.4</u>	<u>98.4</u>	<u>95.4</u>
General revenues:						
Gross Receipts taxes	32.7	28.9	3.2	2.8	35.9	31.7
Property taxes	5.1	6.6	0.0	0.0	5.1	6.6
Franchise taxes	0.4	0.5	0.0	0.0	0.4	0.5
Grants and contributions not restricted to specific programs	0.9	0.8	0.0	0.0	0.9	0.8
State shared revenue	21.8	19.3	0.0	0.0	21.8	19.3
Unrestricted interest and investment earnings (loss)	9.3	6.6	0.6	0.9	9.9	7.5
Gain on exchange of capital assets	<u>4.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>4.3</u>	<u>0.0</u>
Total general revenues	<u>74.5</u>	<u>62.7</u>	<u>3.8</u>	<u>3.7</u>	<u>78.3</u>	<u>66.4</u>
Total Revenues	<u>84.0</u>	<u>69.7</u>	<u>92.7</u>	<u>92.1</u>	<u>176.7</u>	<u>161.8</u>
Program expenses:						
General government	19.3	19.0	0.0	0.0	19.3	19.0
Public Safety	12.4	11.3	0.0	0.0	12.4	11.3
Physical and economic environment	2.1	1.5	0.0	0.0	2.1	1.5
Transportation	8.7	10.1	0.0	0.0	8.7	10.1
Health and welfare	2.2	2.1	0.0	0.0	2.2	2.1
Culture and recreation	9.0	8.9	0.0	0.0	9.0	8.9
Interest on long-term debt	3.6	3.7	0.0	0.0	3.6	3.7

Electric	0.0	0.0	41.7	41.2	41.7	41.2
Gas	0.0	0.0	5.4	6.9	5.4	6.9
Water	0.0	0.0	5.9	5.9	5.9	5.9
Wastewater	0.0	0.0	4.2	3.1	4.2	3.1
Environmental Services	0.0	0.0	4.2	4.4	4.2	4.4
Golf	0.0	0.0	1.3	1.1	1.3	1.1
Transit (Atomic City Transit)	0.0	0.0	3.4	3.2	3.4	3.2
Fire	0.0	0.0	19.4	19.1	19.4	19.1
Airport	<u>0.0</u>	<u>0.0</u>	<u>1.0</u>	<u>0.9</u>	<u>1.0</u>	<u>0.9</u>
Total expenses	<u>57.3</u>	<u>56.6</u>	<u>86.5</u>	<u>85.8</u>	<u>143.8</u>	<u>142.4</u>
Change in net assets before transfers	26.7	13.1	6.2	6.3	32.9	19.4
Transfers	<u>(3.0)</u>	<u>(3.7)</u>	<u>3.0</u>	<u>3.7</u>	<u>0.0</u>	<u>0.0</u>
Total Change in net assets	23.7	9.4	9.2	10.0	32.9	19.4
Beginning 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>
Ending net assets	\$ <u>333.9</u>	<u>310.2</u>	<u>220.8</u>	<u>211.6</u>	<u>554.7</u>	<u>521.8</u>

Governmental Activities

Governmental activities increased the County's net assets by \$23.7 million for fiscal year 2011 as compared to the prior year. This section compares results of governmental activities for fiscal year 2011 to fiscal year 2010 as summarized in Table 3.

Total revenues were \$84.0 million in fiscal year 2011, approximately \$14.3 million more than the previous year. Key variances include:

- An increase of \$3.8 million in GRT revenue and an increase of \$2.5 million of state shared GRT revenues (reported as intergovernmental revenues). These variances are a result of changes in the timing and amount of spending at LANL;
- A gain on exchange of capital assets (land) of \$4.3 million and an increase of \$3.1 million in capital contributions (also land); and
- An increase of \$2.7 million in unrestricted interest and investment earnings, which was a result of better market performance than the previous fiscal year.

Total expenses for governmental activities were \$57.3 million in fiscal year 2011 or \$0.7 million more than the previous year. Key variances include:

- \$1.1 million increase in Public Safety expenses associated with higher personnel cost in the police and fire departments resulting from being more fully staffed than in the prior year;
- \$1.4 million decrease in Transportation expenses associated with lower level of road maintenance (resulting from timing of projects) and lower level of snow and ice control activities (due to a less severe winter); and
- \$0.6 million increase in Physical and Economic Environment expenses, due to slightly higher expenses in the Economic Development Fund.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year ended 2011. 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 \$47.8 million in general revenues from governmental activities. The proportion of governmental program expenses covered by program revenues was approximately 16.6% at the end of fiscal year 2011, which is an increase compared to the 12.4% ratio for the prior fiscal year.

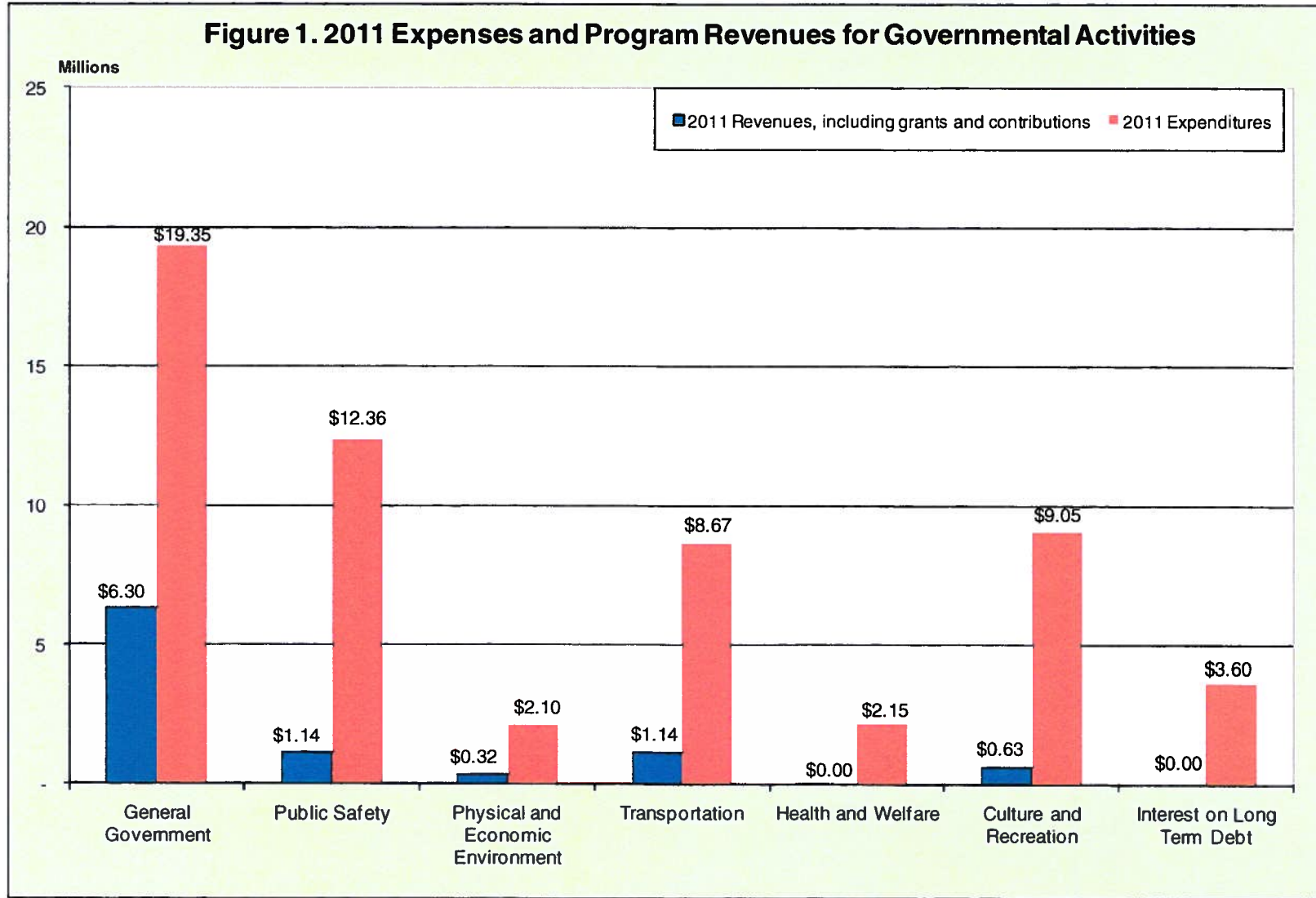
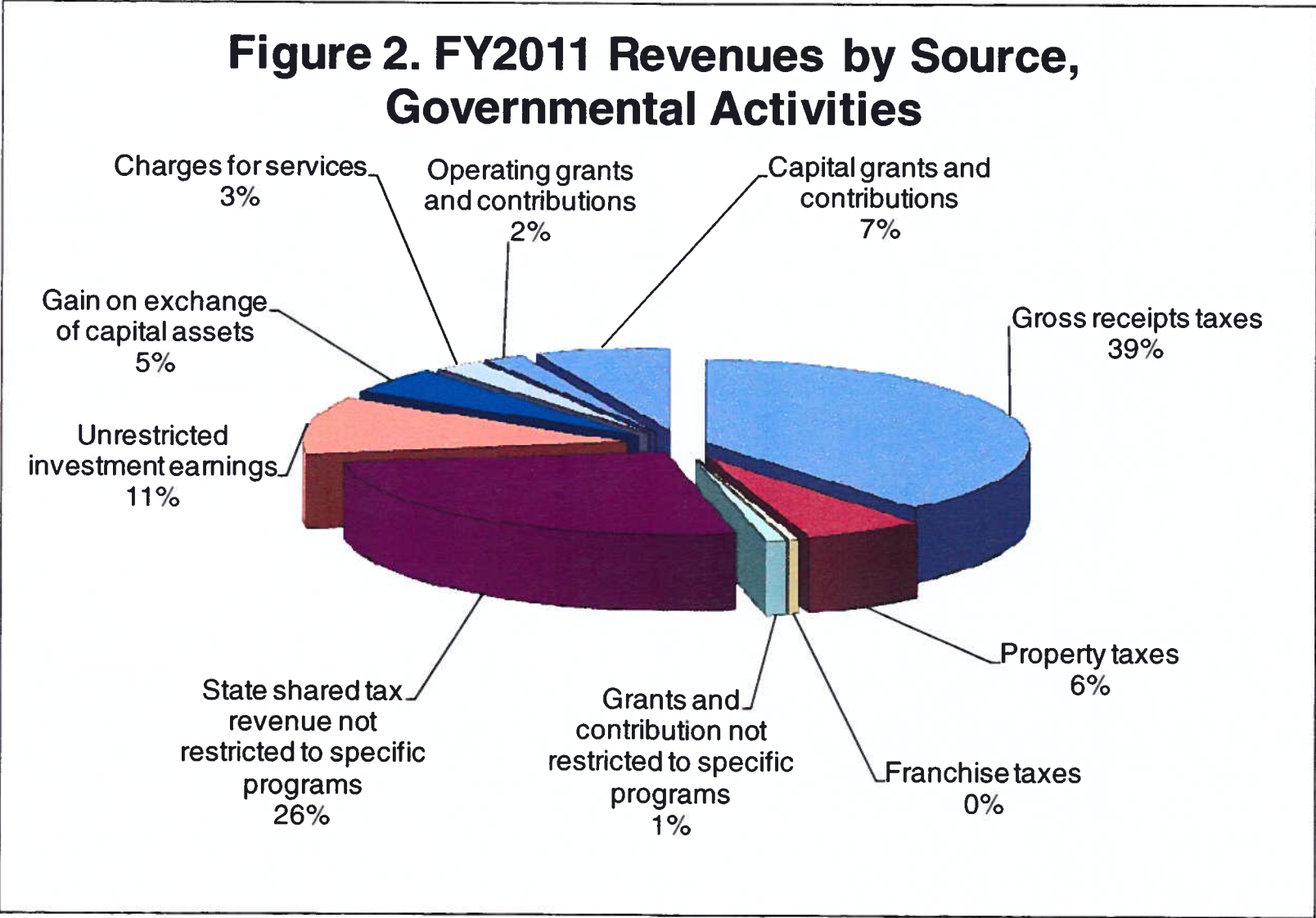


Figure 2 shows the mix of revenue by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue as well as the significance of operating and capital grants and contributions in 2011. It should be noted that the Stated 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 made up approximately 65% of Governmental Activities revenues.



Business-type Activities

Business-type activities increased the County's net assets by \$9.2 million for the fiscal year ended June 30, 2011. This compares to a \$10.0 million increase during the previous fiscal year. This section compares results of Business-type Activities for fiscal year 2011 to fiscal year 2010 as summarized in Table 3.

Total revenues and contributions were \$92.7 million in fiscal year 2011, approximately \$0.6 million higher than the previous year. This includes a decrease of \$1.0 million of operating and capital grants and contributions and an increase of \$1.5 million in charges for services. The increase in charges for services resulted from a combination of higher utilities rates and higher utilities demand.

Total expenses were \$86.5 million in fiscal year 2011, approximately \$0.7 million more than the previous year. The largest components of this change were an increase in Wastewater utility expense associated increased infrastructure maintenance costs, and a decrease in Gas utility expense associated with lower commodity prices and lower demand resulting from a less severe winter.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2011. 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 \$2.4 million surplus in fiscal year 2011 as compared to a \$2.5 million surplus in fiscal year 2010. Notably, Airport revenues exceeded expenses by \$2.4 million associated with the capital grants in FY 2011. Total joint utilities program revenues exceeded expenditures by approximately \$2.8 million in FY 2011 while all other proprietary program revenues, other than for the airport, were below expenditures by approximately \$2.9 million.

Figure 3. 2011 Expenses and Program Revenues for Business Type Activities

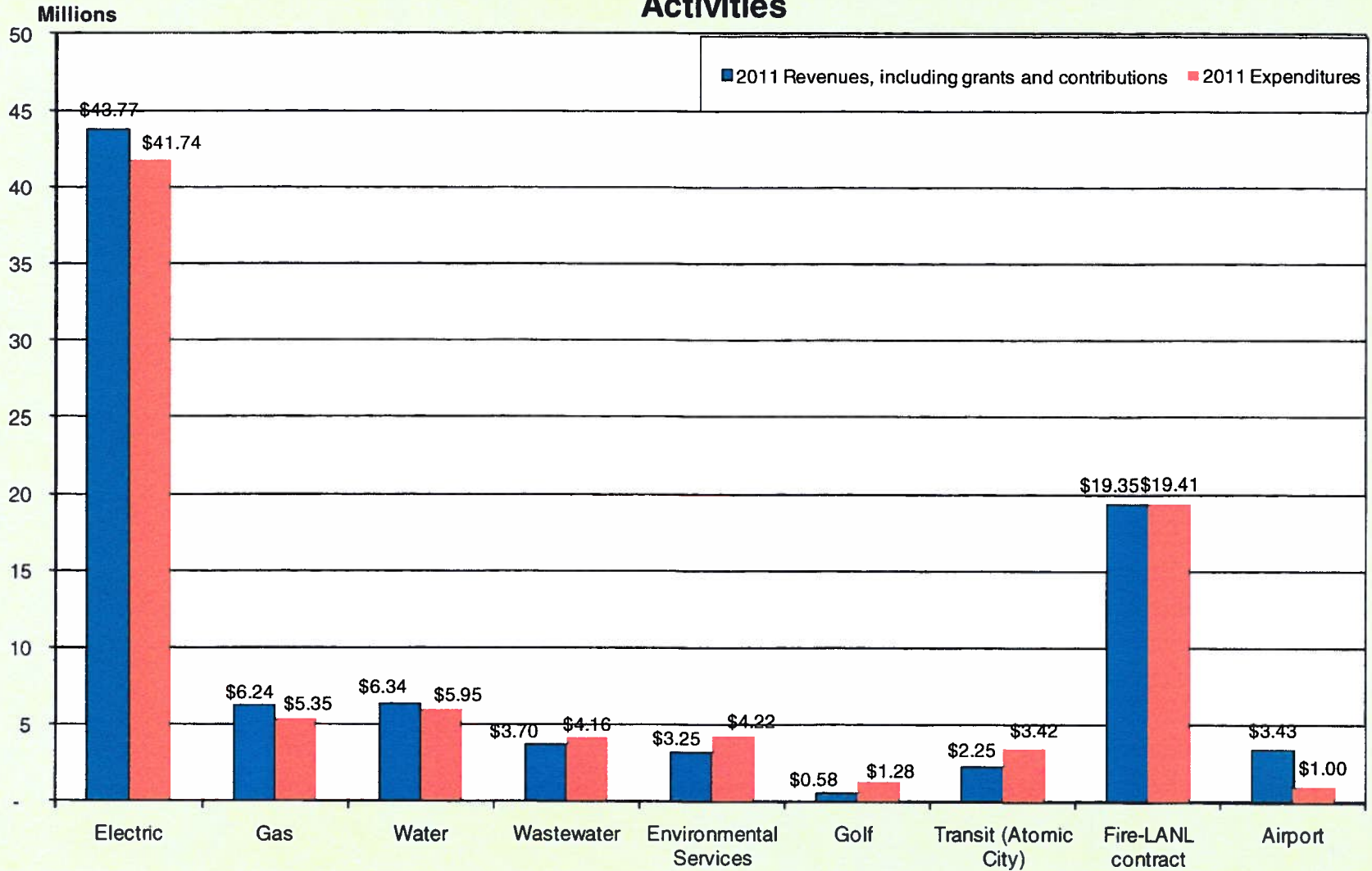
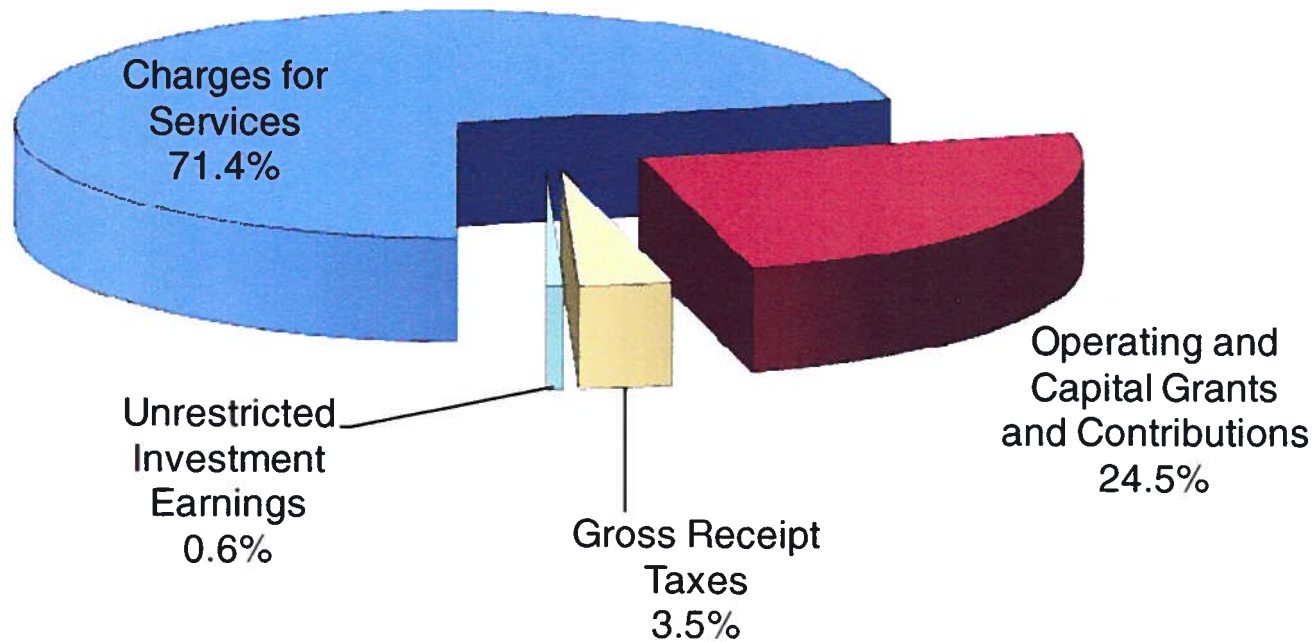


Figure 4 demonstrates that approximately 71.4% of business-type activities daily operations were financed by charges for services in fiscal year 2011. This is similar to fiscal year 2010 when approximately 70.2% of revenue was generated by charges for services. In fiscal year 2011, operating and capital grants combined amounted to \$22.7 million. This compares to \$23.7 million in FY 2010.

Figure 4. FY2011 Revenues by Source, Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S MAJOR FUNDS

Analysis of Total Governmental Funds - County Governmental Funds account for current year revenue, expenditures, and balances of resources available for spending. For the fiscal year ended June 30, 2011, the County's Governmental Funds reported combined ending fund balance of approximately \$144.4 million. Overall, this was \$11.7 million more than the prior year. This change is primarily the result of increases in tax revenues and investment earnings combined with lower capital outlay expenditures. Fund balances are comprised of three major categories:

- \$25.8 million was nonspendable. This represents balances set aside to indicate that certain assets do not represent available, spendable resources even though they are a component of assets. These assets are not expected to be converted to cash in time to pay current obligations. Nonspendable balances typically include principal on permanent funds, long-term receivables and advances to other funds, inventories, prepaid items, and assets held for resale.
- \$11.9 million was restricted. These balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislations which require the resources to be used only for a specific purpose. This includes balances restricted by County Code.
- \$93.1 million was committed. These fund balances have constraints imposed by formal action of the County Council which may be altered only by subsequent formal action of the County Council.
- Starting in FY 2011, the County's fund balances are classified in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the County to classify its fund balances based on spending constraints imposed on the use of resources. Because of this change, comparisons to the previous year by the categories are not being described this year.
- The remaining \$13.6 million of fund balance was unassigned. This is comparable to the unreserved and undesignated balance of \$12.9 million from the previous year. This balance is based upon the County Council financial policy of targeting an unassigned fund balance of 20% of General Fund revenues. As those revenues have increased, so has this balance. Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund balance deficits, if any, of other governmental funds.

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, 2011 was approximately \$32.0 million as compared to \$39.1 million at the prior year end. The primary reason for the overall fund balance decrease was an increase of \$7.8 million in transfers to other funds, used to fund a higher level of capital projects than the previous year. 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 unrestricted fund balance as a percent of expenditures. The total fund balance was 75% of expenditures and the unrestricted component was 61% of expenditures. Significant account balances and transactions in the General Fund included:

- \$34.5 million transferred out to other funds from the General Fund, notably \$24.2 million of this was transferred to the CIP Fund (for capital projects), \$6.9 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);
- \$9.9 million committed for revenue stabilization represents surpluses that have accumulated in recent years associated with higher than anticipated GRT revenue levels. As part of the FY 2011 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 2011, that amount would have been \$3.4 million.

- \$10.4 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 increase in this balance is a result of higher GRT revenue levels;
- \$4.3 million restricted for cash requirements. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve;
- The County's financial policies set a target level for the unassigned fund balance of the General Fund at 20% of General Fund revenue. This target was achieved and was approximately \$13.6 million at June 30, 2011;
- General Fund Expenditures increased by approximately \$0.2 million over the prior year. The largest changes included in this total were an increase in facilities expenditures and an offsetting decrease in roads expenditures; and
- General Fund Revenues increased by \$3.5 million from the prior year. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue (including the state shared revenue portion) was \$5.7 million more than FY 2010 due to the timing and amounts of spending at LANL. This was offset by a decrease in property taxes of \$1.5 million which was a result of a specifically targeted decrease in locally imposed property tax rates.

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 commitment of \$11.4 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 2011 was \$13.0 million, compared to the fund balance of \$13.6 million at the prior fiscal year end. There were no significant transactions in this fund in FY 2011.

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 \$6.7 million. Transfers in equaled \$6.9 million, and debt service expenditures equaled \$6.9 million. \$6.7 million of the fund balance has been committed 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 \$62.7 million, which represented the unspent portion of previously approved and funded capital projects, including approximately \$0.5 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 \$22.3 million. The minimum principal requirement of approximately \$22.8 million, as of June 30, 2011, is a nonspendable 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 2011, \$0.9 million was transferred out to the CIP fund. There were investment earnings of \$5.7 million which related to the longer-term nature of the investment and better than expected market performance. 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, 2011 was \$27.1 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:

- \$173.4 million in Capital assets (net of accumulated depreciation of \$100.6 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets—and wastewater collection and processing assets. This balance decreased by approximately \$1.1 million in fiscal year 2011. The largest component of this change relates to less construction in progress;
- \$68.5 million in debt related to the Utility plant in service, which is \$6.6 million higher than the prior year as a result of new debt issued offset by regularly scheduled debt service payments;

Environmental Services Fund – The Environmental Services Fund has a liability balance of \$8.1 million. Of this, \$1.8 million was for landfill closure and \$5.4 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. The old Golf Course Community Building has been demolished, and construction of a new one will begin in the near future.

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. Operations are funded primarily through federal grants and general fund transfer (\$1.4 and \$1.5 million respectively in FY 2011).

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 agreement, the County’s annual cost share for operating the fire department will be in excess of \$3 million. The increase in the balance of due from other governments from \$4.7 million in FY 2010 to \$5.9 million in FY 2011 is associated with amounts due from the federal government under the cooperative agreement. The intergovernmental revenue of \$14.8 million in the Fire Fund includes all operating grant revenue under the new cooperative agreement.

Airport Fund – During fiscal year 2011, the Airport began a significant runway expansion and rehabilitation project. \$3.3 million in federal capital grants were associated with this project in FY 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$3.4 million less than the final revised budget of \$71.2 million. The two largest variances in revenues were associated with GRT revenue and investment earnings. GRT revenue (including the state shared revenue portion) was \$4.1 million less than anticipated due to a large unexpected refund. This was offset by investment earnings exceeding projections by \$1.4 million due to better than expected market activity associated with longer-term investments.

Actual General Fund expenditures were approximately \$4.5 million less than the final revised fiscal year 2011 budget. The primary reasons for this variance are position vacancies, the timing of significant maintenance 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.

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, 2011 amounted to \$486.0 million, net of \$217.8 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 \$12.6 million from 2010 to 2011 or 2.6%. Capital assets associated with business-type activities increased by \$1.5 million. The largest components of the increase were investments in underground utilities in conjunction with the Diamond Drive road replacement. Capital assets associated with governmental activities increased by \$11.1 million. The change includes the completion of roadway infrastructure (Diamond Drive Phase 4), a significant gain associated with a land exchange and a land donation from the federal government. Additional information about the County's capital assets can be found on pages 85-87. 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, 2011 and 2010
(in millions of \$)

	Governmental Activities		Business-type Activities		Total	
	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010</u>
Land	\$ 48.3	38.4	13.3	13.3	61.6	51.7
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	248.0	243.6	248.0	243.6
Buildings	94.0	93.5	23.3	23.1	117.3	116.6
Improvements other than buildings	13.5	13.5	13.5	13.3	27.0	26.8
Machinery and Equipment, Art and Historic Treasures	14.8	16.3	22.8	22.6	37.6	38.9
Infrastructure	157.5	156.6	0.0	0.0	157.5	156.6
Less Accumulated Depreciation	(100.4)	(93.1)	(117.4)	(110.7)	(217.8)	(203.8)
Construction in Progress	13.7	5.1	23.1	19.9	36.8	25.0
Total	\$ 259.4	248.3	226.6	225.1	486.0	473.4

Administration of Debt - From fiscal year 2011 to 2010, the County's total non-current liabilities due in more than one year for governmental and business-type activities combined decreased by \$1.4 million or 1.6% primarily due to regularly scheduled debt service payments offset by increased debt from new debt issues. 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 2012 ADOPTED BUDGET

In the fiscal year 2012 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues increased some in fiscal year 2011, 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 2012 Budget projects a combined ending fund balance / working capital of \$124.1 million, an increase of \$1.8 million from the FY 2011 projected ending balance. The largest planned changes of Fund Balance were within the General Fund, Economic Development Fund, Capital Projects Funds, 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 2011, the value of the County's longer-term investments gained back some of the value lost in previous fiscal years. 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 2012 is just slightly higher than what was projected for FY 2011, but is currently anticipated to be lower than the actual results for FY 2011, and still below historically normal average returns as the overall economy is still recovering quite slowly.

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, Joseph D'Anna, Deputy 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, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash and investments	\$ 100,555,432	39,337,775	139,893,207
Investments	28,780,805	0	28,780,805
Receivables, net of allowance for uncollectibles			
Accounts	177,204	3,872,511	4,049,715
Interest	856,858	0	856,858
Pension forfeitures	8,057	0	8,057
Property taxes	189,205	0	189,205
Unbilled	34,943	1,377,456	1,412,399
Loans receivable, net of discounts/reserve for loan losses	1,231,713	0	1,231,713
Due from other governments	11,289,822	8,410,051	19,699,873
Internal balances	4,176,556	(4,176,556)	0
Inventories and prepayments			
Inventories	492,917	625,136	1,118,053
Power plant inventories	0	707,332	707,332
Prepayments	16,489	98,380	114,869
Restricted assets			
Temporarily Restricted			
Cash and cash equivalents			
Debt reserves and debt service	24,241	3,214,737	3,238,978
Operations and maintenance	0	4,706,873	4,706,873
Capital projects	516,567	8,861,904	9,378,471
Investments			
Debt reserves and debt service	0	15,056,235	15,056,235
Operations and maintenance	0	3,355,232	3,355,232
Accrued interest	0	9,606	9,606
Asset held for resale	597,402	0	597,402
Capital assets			
Land	48,316,000	13,321,135	61,637,135
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	248,033,872	248,033,872
Buildings	94,142,608	23,405,265	117,547,873
Improvements other than buildings	13,513,511	13,451,868	26,965,379
Machinery, equipment, art and historic treasures	14,718,326	22,725,129	37,443,455
Infrastructure	157,461,581	0	157,461,581
Less accumulated depreciation	(100,422,744)	(117,447,853)	(217,870,597)
Construction in progress	13,695,803	23,096,468	36,792,271
Bond issuance costs, net of amortization	552,294	729,153	1,281,447
TOTAL ASSETS	408,926,704	312,771,709	721,698,413

See accompanying notes to financial statements

LIABILITIES

Accounts payable	2,621,795	5,829,754	8,451,549
Accrued salaries and benefits payable	1,264,998	446,250	1,711,248
Customer deposits payable	336,513	168,413	504,926
Due to other governments	2,922	106,572	109,494
Donations held in trust	45,721	24,908	70,629
Unearned revenue	350,000	51,630	401,630
Contractors retentions payable	0	6,974	6,974
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,860,865	1,822,520	3,683,385
Claims and judgments payable	0	1,362,443	1,362,443
Revenue bonds payable	3,345,000	7,180,000	10,525,000
Contracts and intergovernmental debt payable	0	722,766	722,766
Interest payable on non-current liabilities	297,453	1,238,209	1,535,662
Due in more than one year			
Accrued compensated absences	1,048,576	862,919	1,911,495
Claims and judgments payable	0	1,187,627	1,187,627
Revenue bonds payable	63,881,077	46,965,925	110,847,002
Contracts and intergovernmental debt payable	0	18,972,713	18,972,713
Special closure costs	0	5,039,774	5,039,774
TOTAL LIABILITIES	75,054,920	91,989,397	167,044,317

NET ASSETS

Invested in capital assets, net of related debt	192,752,416	161,529,616	354,282,032
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	22,814,388	0	22,814,388
Capital projects (Bond agreements)	516,567	0	516,567
Debt service (Bond and loan agreements)	24,241	20,160,305	20,184,546
Perpetual care (County code)	610,654	0	610,654
Lodgers' tax (State law)	261,387	0	261,387
Clerk records and files (State law)	66,955	0	66,955
Indigent health care (State law)	1,452,821	0	1,452,821
Property tax valuation (State law)	357,282	0	357,282
Grants (Granting entities)	303,456	0	303,456
Cash requirements (State law)	4,276,682	0	4,276,682
Recreation (County code and contributors)	190,097	0	190,097
Library operations (Contributors)	15,915	0	15,915
Major street maintenance	191,487	0	191,487
Municipal court (County code)	1,715	0	1,715
Income stabilization (County code)	4,268,791	0	4,268,791
Unrestricted	105,766,930	39,092,391	144,859,321
TOTAL NET ASSETS	\$ 333,871,784	220,782,312	554,654,096

INCORPORATED COUNTY OF LOS ALAMOS

Government-wide

Statement of Activities

Year ended June 30, 2011

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 19,354,103	1,227,575	9,291	5,060,264	(13,056,973)	0	(13,056,973)
Public safety	12,360,479	72,192	1,064,546	7,791	(11,215,950)	0	(11,215,950)
Physical and economic environment	2,099,635	281,256	27,500	13,913	(1,776,966)	0	(1,776,966)
Transportation	8,666,590	0	539,623	597,003	(7,529,964)	0	(7,529,964)
Health and welfare	2,154,670	0	0	0	(2,154,670)	0	(2,154,670)
Culture and recreation	9,053,137	558,720	69,484	0	(8,424,933)	0	(8,424,933)
Interest on long-term debt	3,595,170	0	0	0	(3,595,170)	0	(3,595,170)
Total governmental activities	57,283,784	2,139,743	1,710,444	5,678,971	(47,754,626)	0	(47,754,626)
Business-type activities							
Joint Utilities							
Electric	41,736,839	42,894,754	0	874,439	0	2,032,354	2,032,354
Gas	5,350,868	6,239,881	0	0	0	889,013	889,013
Water	5,949,329	5,403,940	0	937,805	0	392,416	392,416
Wastewater	4,159,837	3,696,644	0	0	0	(463,193)	(463,193)
Environmental Services	4,220,409	3,250,412	0	0	0	(969,997)	(969,997)
Golf	1,277,202	584,432	0	0	0	(692,770)	(692,770)
Transit (Atomic City Transit)	3,416,977	68,944	2,102,680	73,982	0	(1,171,371)	(1,171,371)
Fire	19,412,022	3,980,920	14,838,731	533,636	0	(58,735)	(58,735)
Airport	999,589	86,784	0	3,344,282	0	2,431,477	2,431,477
Total business-type activities	86,523,072	66,206,711	16,941,411	5,764,144	0	2,389,194	2,389,194
Total government	\$ 143,806,856	68,346,454	18,651,855	11,443,115	(47,754,626)	2,389,194	(45,365,432)
General revenues:							
Gross receipts taxes and excise tax					32,669,923	3,212,873	35,882,796
Property taxes					5,082,288	0	5,082,288
Franchise taxes					445,786	0	445,786
Grants and contributions not restricted to specific programs					846,484	18,000	864,484
State shared tax revenue not restricted to specific programs					21,792,159	0	21,792,159
Unrestricted investment earnings					9,357,730	564,831	9,922,561
Gain on exchange of capital assets					4,267,857	0	4,267,857
Transfers:							
Transfers					(3,002,090)	3,002,090	0
Total general revenues, and transfers					71,460,137	6,797,794	78,257,931
Change in net assets					23,705,511	9,186,988	32,892,499
Net assets - beginning					310,166,273	211,595,324	521,761,597
Net assets - ending					\$ 333,871,784	220,782,312	554,654,096

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.



INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds

Balance Sheet
 June 30, 2011

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
ASSETS							
Equity in pooled cash and investments	\$ 16,609,673	11,242,899	6,674,758	63,165,229	0	2,862,873	100,555,432
Investments	693,279	27,376	0	0	28,047,849	12,301	28,780,805
Receivables, net of allowance for uncollectibles							
Accounts	177,204	0	0	0	0	0	177,204
Interest	850,647	6,135	0	0	0	76	856,858
Property taxes	189,205	0	0	0	0	0	189,205
Unbilled	0	0	0	0	0	0	0
Loans receivable, net of discounts/reserve for loan losses	0	1,231,713	0	0	0	34,943	34,943
Due from other governments	10,427,374	0	0	0	0	0	1,231,713
Due from other funds	4,549,056	436,239	0	249,530	0	612,918	11,289,822
Inventories and prepayments							4,985,295
Inventories	492,917	0	0	0	0	0	492,917
Prepayments	16,489	0	0	0	0	0	16,489
Advances to other funds	146,799	198,987	0	0	0	0	345,786
Restricted assets							
Temporarily Restricted							
Cash and cash equivalents							
Debt reserves and debt service	0	0	24,241	0	0	0	24,241
Capital projects	0	0	0	516,567	0	0	516,567
Asset held for resale (LA Apartments Land)	0	597,402	0	0	0	0	597,402
TOTAL ASSETS	\$ 34,152,643	13,740,751	6,698,999	63,931,326	28,047,849	3,523,111	150,094,679
LIABILITIES							
Accounts payable	\$ 1,063,986	99,411	0	1,235,817	0	222,581	2,621,795
Accrued salaries and benefits payable	743,326	0	0	1,086	0	338,903	1,083,315
Customer deposits payable	70,648	255,865	0	10,000	0	0	336,513
Due to other governments	0	0	0	0	0	0	2,922
Due to other funds	181,683	0	0	0	964,670	0	1,146,353
Donations held in trust	45,721	0	0	0	0	0	45,721
Deferred revenues	33,790	350,000	0	13,913	0	101,956	499,659
TOTAL LIABILITIES	2,139,154	705,276	0	1,260,816	964,670	666,362	5,736,278
FUND BALANCE							
Nonspendable							
Principal - Capital projects	0	0	0	0	22,814,388	0	22,814,388
Principal - Perpetual care	610,654	0	0	0	0	0	610,654
Advances	146,799	198,987	0	0	0	0	345,786
Inventories	492,917	0	0	0	0	0	492,917
Loans receivable	0	881,713	0	0	0	0	881,713
Prepaid items	16,489	0	0	0	0	0	16,489
Asset held for resale	0	597,402	0	0	0	0	597,402
Restricted for							
Clerk records and files (State law)	0	0	0	0	0	66,955	66,955
Debt service (Bond and loan agreements)	0	0	24,241	0	0	0	24,241

Grants (Granting entities)	0	0	0	0	0	303,456	303,456
Library operations (contributors)	0	0	0	0	0	15,915	15,915
Lodgers' tax (State law)	0	0	0	0	0	261,387	261,387
Indigent health care claims (State law)	0	0	0	0	0	1,452,821	1,452,821
Municipal court (County code)	0	0	0	0	0	1,715	1,715
Capital projects (Bond agreements)	0	0	0	516,567	0	0	516,567
Property tax valuation (State law)	0	0	0	0	0	357,282	357,282
Recreation (County code and contributors)	138,056	0	0	0	0	52,041	190,097
Income stabilization (County code)	0	0	0	0	4,268,791	0	4,268,791
Major street maintenance (State law)	0	0	0	0	0	191,487	191,487
Cash requirements (State law)	4,276,682	0	0	0	0	0	4,276,682
Committed to							
Debt service	0	0	6,674,758	0	0	0	6,674,758
Capital projects	0	0	0	62,153,943	0	0	62,153,943
Revenue stabilization	9,867,801	0	0	0	0	0	9,867,801
Fire services	504,636	0	0	0	0	0	504,636
Continuing appropriations	2,388,782	0	0	0	0	0	2,388,782
Economic development	0	11,357,373	0	0	0	0	11,357,373
Las Conchas Fire response and recovery	0	0	0	0	0	153,690	153,690
Unassigned	13,570,673	0	0	0	0	0	13,570,673
TOTAL FUND BALANCE	32,013,489	13,035,475	6,698,999	62,670,510	27,083,179	2,856,749	144,358,401
TOTAL LIABILITIES AND FUND BALANCE	\$ 34,152,643	13,740,751	6,698,999	63,931,326	28,047,849	3,523,111	150,094,679

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, 2011

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:	\$ 144,358,401
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	259,426,199
Long-term liabilities, including bonds payable (\$66,850,000), bond premium/discount amortization (\$376,077), and compensated absences (\$2,909,441) are not due and payable in the current period and, therefore are not reported in the governmental funds.	(70,135,518)
Bond issuance cost on bonds are not recorded in the governmental funds, but are included in the government-wide statement of net assets.	552,294
Accrued interest payable on long-term liabilities are not recorded in the governmental funds, but are included in the government-wide statement of net assets.	(297,453)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.	149,659
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.	(181,798)
Net assets of governmental activities	<u>\$ 333,871,784</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, 2011

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
REVENUES							
Taxes							
Property taxes-current	\$ 5,082,288	0	0	0	0	0	5,082,288
Local units in-lieu taxes	222,474	0	0	0	0	0	222,474
Gross receipts taxes	30,261,396	0	0	0	0	2,141,893	32,403,289
Lodgers' tax	0	0	0	0	0	266,634	266,634
Franchise tax-privately owned	96,152	0	0	0	0	0	96,152
Franchise tax-County owned	349,634	0	0	0	0	0	349,634
Penalties and interest-taxes	45,249	0	0	0	0	0	45,249
	<u>36,057,193</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>773</u>	<u>46,022</u>
Licenses and permits						2,409,300	38,466,493
Business	34,505	0	0	0	0	0	34,505
Nonbusiness	206,002	0	0	0	0	0	206,002
	<u>240,507</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,507</u>
Intergovernmental							
Federal indirect	177,920	0	0	1,901,034	0	0	2,078,954
Federal shared revenues	5,373	0	0	0	0	0	5,373
Federal in-lieu taxes	329,986	0	0	0	0	0	329,986
State grants-fire	0	0	0	0	0	455,992	455,992
State grants-library	10,648	0	0	0	0	0	10,648
State grants-major street maintenance	0	0	0	471,111	0	0	471,111
State grants-police	130,527	0	0	0	0	100,656	231,183
State grants-other	151,670	0	0	0	0	0	151,670
State shared revenues	21,820,509	0	0	0	0	539,623	22,360,132
	<u>22,626,633</u>	<u>0</u>	<u>0</u>	<u>2,372,145</u>	<u>0</u>	<u>1,096,271</u>	<u>26,095,049</u>
Fines and forfeitures							
Fines	85,187	0	0	0	0	0	85,187
Correction fees	40,124	0	0	0	0	0	40,124
Special fees	7,628	0	0	0	0	0	7,628
Court ordered reimbursements	8,463	0	0	0	0	0	8,463
	<u>141,402</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,269</u>	<u>174,671</u>
Charges for services							
Court fees	1,179	0	0	0	0	0	1,179
Clerk fees	47,074	0	0	0	0	15,170	62,244
Planning fees	40,749	0	0	0	0	0	40,749
Finance/treasurer fees	0	0	0	0	0	154,167	154,167
Administrative charges for services	46,436	0	0	0	0	0	46,436
Sales of food or merchandise	26,887	0	0	0	0	0	26,887
Other charges for services	146,217	0	0	0	0	0	146,217
Sheriff fees	10,880	0	0	0	0	0	10,880
Police charges for services	67,271	0	0	0	0	0	67,271
Miscellaneous services	220	0	0	0	0	0	220

Cemetery services	11,380	0	0	0	0	0	11,380
Perpetual care services	29,495	0	0	0	0	0	29,495
Animal shelter fees	2,446	0	0	0	0	0	2,446
Daily fees/passes	63,796	0	0	0	0	0	63,796
Annual passes	68,951	0	0	0	0	0	68,951
Three-month passes	36,655	0	0	0	0	0	36,655
Punch passes	63,951	0	0	0	0	0	63,951
Recreation fees	273,097	0	0	0	0	0	273,097
Other fees	9,642	0	0	0	0	0	9,642
	<u>946,326</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,337</u>	<u>1,115,663</u>
Interfund/interdepartmental charges							
Interdepartmental services	1,202,089	0	0	0	0	0	1,202,089
Indirect overhead-Fire services	2,804,769	0	0	0	0	0	2,804,769
Loan interest	0	62,439	0	0	0	0	62,439
	<u>4,006,858</u>	<u>62,439</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,069,297</u>
Miscellaneous revenue							
Investment income (loss)	3,115,133	249,469	253,809	1,985	5,663,663	73,671	9,357,730
Interest charges-delinquent accounts	25,118	0	0	0	0	0	25,118
Building rental	57,205	106,812	0	0	0	0	164,017
Land rental	284,699	6,555	0	0	0	0	291,254
Concessions	500	0	0	0	0	0	500
Miscellaneous rentals	45,451	0	0	0	0	0	45,451
Pension forfeitures	111,864	0	0	0	0	0	111,864
Economic development loan interest	0	41,416	0	0	0	0	41,416
Donations	58,089	0	0	0	0	747	58,836
Other judgments and settlements	4,478	0	0	0	0	0	4,478
Discounts taken	786	0	0	0	0	0	786
Other	131,123	214,827	0	0	0	2,475	348,425
	<u>3,834,446</u>	<u>619,079</u>	<u>253,809</u>	<u>1,985</u>	<u>5,663,663</u>	<u>76,893</u>	<u>10,449,875</u>
TOTAL REVENUES	67,853,365	681,518	253,809	2,374,130	5,663,663	3,785,070	80,611,555

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, 2011

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT SPECIAL REVENUE</u>	<u>GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT PROJECTS</u>	<u>CAPITAL PROJECTS PERMANENT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
EXPENDITURES							
Current expenditures:							
General government							
County Council	329,424	0	0	0	0	0	329,424
Municipal Court	329,714	0	0	0	0	59,730	389,444
County Administrator	3,127,126	0	0	0	0	0	3,127,126
County Administrator-Comm. and Public Relations	724,773	0	0	0	0	0	724,773
County Assessor	435,049	0	0	0	0	141,251	576,300
County Attorney	714,268	0	0	0	0	0	714,268
County Clerk	446,036	0	0	0	0	16,031	462,067
County Sheriff	69,463	0	0	0	0	0	69,463
Administrative Services-Human Resources	1,205,733	0	0	0	0	0	1,205,733
Administrative Services-Information Technologies	3,690,176	0	0	0	0	0	3,690,176
Administrative Services-Office of Management and Budget	1,227,726	0	0	0	0	0	1,227,726
Administrative Services-Procurement and Risk	945,694	0	0	0	0	0	945,694
Public Works	899,937	0	0	0	0	0	899,937
Capital Projects and Facilities	5,372,344	0	0	0	0	0	5,372,344
Cemetery	108,587	0	0	0	0	0	108,587
	<u>19,626,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>217,012</u>	<u>19,843,062</u>
Public safety							
Fire Department-County share	3,519,191	0	0	0	0	0	3,519,191
Las Conchas Fire emergency	0	0	0	0	0	496,310	496,310
Fire Marshal	0	0	0	0	0	452,408	452,408
Fire-E.M.S. grant	0	0	0	0	0	17,652	17,652
Police	7,042,693	0	0	0	0	123,180	7,165,873
	<u>10,561,884</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,089,550</u>	<u>11,651,434</u>
Physical and economic environment							
County Administrator	0	666,410	0	0	0	323,817	990,227
Community Development	1,099,033	0	0	0	0	0	1,099,033
	<u>1,099,033</u>	<u>666,410</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>323,817</u>	<u>2,089,260</u>
Transportation							
Public Works	3,068,034	0	0	0	0	0	3,068,034
	<u>3,068,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,068,034</u>
Health and welfare							
Administrative Services-OMB	0	0	0	0	0	2,154,210	2,154,210
Culture and recreation							
Community Services-Administration	1,577,710	0	0	0	0	0	1,577,710
Community Services-Library	2,269,403	0	0	0	0	2,115	2,271,518
Community Services-Parks	2,241,669	0	0	0	0	0	2,241,669
Community Services-Recreation	2,185,107	0	0	0	0	2,219	2,187,326
	<u>8,273,889</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,334</u>	<u>8,278,223</u>

Capital outlay:							
General government							0
County Assessor	3,555	0	0	0	0	3,555	7,110
Administrative Services	130,193	0	0	507,147	0	0	637,340
Capital Projects and Facilities	0	0	0	3,180,688	0	0	3,180,688
General government							0
Capital Projects and Facilities	0	0	0	17,832	0	0	17,832
Police	15,115	0	0	0	0	0	15,115
Environment-Community Services	0	0	0	13,913	0	0	13,913
Transportation							
Community Services	0	0	0	197,208	0	0	197,208
Public Works	121,202	0	0	6,221,728	0	0	6,342,930
Culture and recreation							
Community Services	22,444	0	0	672,802	0	0	695,246
Public Works	0	0	0	234,479	0	0	234,479
	<u>292,509</u>	<u>0</u>	<u>0</u>	<u>11,045,797</u>	<u>0</u>	<u>3,555</u>	<u>11,341,861</u>
Debt service	<u>0</u>	<u>0</u>	<u>6,913,038</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,913,038</u>
TOTAL EXPENDITURES	<u>42,921,399</u>	<u>666,410</u>	<u>6,913,038</u>	<u>11,045,797</u>	<u>0</u>	<u>3,792,478</u>	<u>65,339,122</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	24,931,966	15,108	(6,659,229)	(8,671,667)	5,663,663	(7,408)	15,272,433
OTHER FINANCING SOURCES (USES)							
Transfers in	2,428,475	0	6,913,038	25,577,823	0	680,514	35,599,850
Transfers out	(34,479,575)	0	0	(2,750,000)	(920,303)	(425,000)	(38,574,878)
Gain (loss) on disposition of asset held for resale	0	(597,402)	0	0	0	0	(597,402)
	<u>(32,051,100)</u>	<u>(597,402)</u>	<u>6,913,038</u>	<u>22,827,823</u>	<u>(920,303)</u>	<u>255,514</u>	<u>(3,572,430)</u>
NET CHANGE IN FUND BALANCE	(7,119,134)	(582,294)	253,809	14,156,156	4,743,360	248,106	11,700,003
FUND BALANCE							
Beginning of fiscal year	39,132,623	13,617,769	6,445,190	48,514,354	22,339,819	2,608,643	132,658,398
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 32,013,489</u>	<u>13,035,475</u>	<u>6,698,999</u>	<u>62,670,510</u>	<u>27,083,179</u>	<u>2,856,749</u>	<u>144,358,401</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, 2011

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:	\$ 11,700,003
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 (\$11,341,861) exceeded depreciation (\$9,179,345) in the current period.	2,162,516
The donations and exchanges of capital assets are not recorded in governmental funds.	9,328,121
Loss on disposal of capital assets is not recorded in governmental funds. This includes expenditures in the Capital Improvement Projects capital projects funds which did not result in the creation of a capital asset.	(923,296)
Loss on disposal of asset held for resale upon conversion to general government asset is recorded in the governmental funds but is eliminated in the governmental activities.	597,402
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	(27,062)
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	3,215,000
The amortization of debt premiums, discounts and issuance costs does not use current financial resources, and therefore is not reported in the governmental funds.	65,590
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.	10,717
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.	(176,100)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(1,941,433)
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.	(305,947)
Change in net assets of governmental activities	\$ <u>23,705,511</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes-current	\$ 5,069,206	5,069,206	5,082,288	13,082
Local units in-lieu taxes	116,369	116,369	222,474	106,105
General gross receipts taxes	32,760,000	32,760,000	30,261,396	(2,498,604)
Franchise tax-privately owned	91,941	91,941	96,152	4,211
Franchise tax-County owned	400,650	400,650	349,634	(51,016)
Penalties and interest-taxes	51,477	51,477	45,249	(6,228)
	38,489,643	38,489,643	36,057,193	(2,432,450)
Licenses and permits				
Business	33,282	33,282	34,505	1,223
Nonbusiness	186,994	186,994	206,002	19,008
	220,276	220,276	240,507	20,231
Intergovernmental				
Federal indirect	127,600	228,457	177,920	(50,537)
Federal shared revenues	5,720	5,720	5,373	(347)
Federal in-lieu taxes	301,880	301,880	329,986	28,106
State grants-library	37,390	75,529	10,648	(64,881)
State grants-police	4,059	653,321	130,527	(522,794)
State grants-other	107,800	166,930	151,670	(15,260)
State shared revenues	23,436,000	23,436,000	21,820,509	(1,615,491)
	24,020,449	24,867,837	22,626,633	(2,241,204)
Fines and forfeitures				
Fines	109,481	109,481	85,187	(24,294)
Correction fees	39,088	39,088	40,124	1,036
Special fees	7,782	7,782	7,628	(154)
Court ordered reimbursements	3,472	3,472	8,463	4,991
Noncourt fines and forfeitures	1,032	1,032	0	(1,032)
	160,855	160,855	141,402	(19,453)

Charges for services

Court fees	700	700	1,179	479
Clerk fees	30,939	30,939	47,074	16,135
Planning fees	111,478	111,478	40,749	(70,729)
Administrative charges for services	19,844	19,844	46,436	26,592
Sales of food or merchandise	22,001	22,001	26,887	4,886
Other charges for services	200,000	200,000	146,217	(53,783)
Sheriff fees	4,922	4,922	10,880	5,958
Police charges for services	58,050	58,050	67,271	9,221
Miscellaneous services	0	0	220	220
Cemetery services	9,928	9,928	11,380	1,452
Perpetual care services	17,912	17,912	29,495	11,583
Animal shelter fees	3,085	3,085	2,446	(639)
Daily fees/passes	84,258	84,258	63,796	(20,462)
Annual passes	80,879	80,879	68,951	(11,928)
Three-month passes	34,977	34,977	36,655	1,678
Punch passes	62,882	62,882	63,951	1,069
Recreation fees	390,241	390,241	273,097	(117,144)
Other fees	0	8,215	9,642	1,427

1,132,096	1,140,311	946,326	(193,985)
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Interfund/interdepartmental charges

Interdepartmental services	598,801	598,801	1,202,089	603,288
Indirect overhead-fire services	3,519,192	3,519,192	2,804,769	(714,423)

4,117,993	4,117,993	4,006,858	(111,135)
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Miscellaneous revenue

Interest income	1,702,000	1,702,000	3,115,133	1,413,133
Interest charges-delinquent accounts	0	0	25,118	25,118
Buildings rental	95,816	95,816	57,205	(38,611)
Land rental	165,849	165,849	284,699	118,850
Concessions rental	564	564	500	(64)
Other rental	24,544	24,544	45,451	20,907
Pension forfeitures	126,000	126,000	111,864	(14,136)
Donations	10,000	71,610	58,089	(13,521)
Other judgments and settlements	0	0	4,478	4,478
Other	3,563	53,563	131,909	78,346

2,128,336	2,239,946	3,834,446	1,594,500
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TOTAL REVENUES

70,269,648	71,236,861	67,853,365	(3,383,496)
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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, 2011

	<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	79,721	79,721	86,437	(6,716)
Outside services	283,565	313,116	259,164	53,952
Materials and supplies	20,500	20,500	23,456	(2,956)
Intrafund/interfund services	1,549	1,549	1,549	0
	<u>385,335</u>	<u>414,886</u>	<u>370,606</u>	<u>44,280</u>
County Courts				
Employee salaries and benefits	338,828	338,828	281,590	57,238
Outside services	50,000	50,000	24,861	25,139
Materials and supplies	15,000	19,878	17,260	2,618
Intrafund/interfund services	6,120	6,120	6,120	0
Capital outlay	5,000	5,000	0	5,000
Debt and fiscal charges	1,000	1,000	1,065	(65)
	<u>415,948</u>	<u>420,826</u>	<u>330,896</u>	<u>89,930</u>
County Administrator				
Operations				
Employee salaries and benefits	997,494	974,302	1,091,939	(117,637)
Outside services	1,948,879	2,764,282	2,203,331	560,951
Materials and supplies	49,200	62,145	39,778	22,367
Intrafund/interfund services	9,329	9,329	9,329	0
	<u>3,004,902</u>	<u>3,810,058</u>	<u>3,344,377</u>	<u>465,681</u>
Communications and Public Relations				
Employee salaries and benefits	379,634	391,434	383,076	8,358
Outside services	313,941	358,938	302,695	56,243
Materials and supplies	19,500	25,685	37,314	(11,629)
Intrafund/interfund services	4,186	4,186	4,186	0
Capital outlay	0	4,827	0	4,827
	<u>717,261</u>	<u>785,070</u>	<u>727,271</u>	<u>57,799</u>
Total County Administrator	<u>3,722,163</u>	<u>4,595,128</u>	<u>4,071,648</u>	<u>523,480</u>

County Assessor

Employee salaries and benefits	349,184	349,184	338,912	10,272
Outside services	23,200	23,542	15,242	8,300
Materials and supplies	10,250	82,750	79,895	2,855
Intrafund/interfund services	3,630	3,630	3,630	0
Capital outlay	3,000	3,000	3,555	(555)
	389,264	462,106	441,234	20,872

County Attorney

Employee salaries and benefits	684,546	684,546	602,312	82,234
Outside services	168,520	168,520	80,172	88,348
Materials and supplies	21,100	21,100	26,995	(5,895)
Intrafund/interfund services	5,005	5,005	5,005	0
	879,171	879,171	714,484	164,687

County Clerk

Employee salaries and benefits	371,743	371,743	340,544	31,199
Outside services	94,580	131,232	84,565	46,667
Materials and supplies	18,550	29,715	31,308	(1,593)
Intrafund/interfund services	3,076	3,076	3,076	0
Debt and fiscal charges	0	0	33	(33)
	487,949	535,766	459,526	76,240

County Sheriff

Employee salaries and benefits	54,042	54,042	52,889	1,153
Outside services	10,220	10,220	9,447	773
Materials and supplies	6,268	10,773	8,531	2,242
Intrafund/interfund services	436	436	436	0
	70,966	75,471	71,303	4,168

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, 2011**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Community Development				
Employee salaries and benefits	1,038,010	1,038,010	942,522	95,488
Outside services	154,200	206,256	111,954	94,302
Materials and supplies	21,800	34,368	33,777	591
Intrafund/interfund services	17,534	17,534	17,534	0
	<u>1,231,544</u>	<u>1,296,168</u>	<u>1,105,787</u>	<u>190,381</u>
Administrative Services				
Human Resources				
Employee salaries and benefits	1,084,040	1,084,040	891,959	192,081
Outside services	314,250	552,134	547,671	4,463
Materials and supplies	55,988	57,194	31,424	25,770
Intrafund/interfund services	7,951	7,951	7,951	0
	<u>1,462,229</u>	<u>1,701,319</u>	<u>1,479,005</u>	<u>222,314</u>
Information Technologies				
Employee salaries and benefits	2,006,752	1,896,352	1,822,277	74,075
Outside services	1,335,589	1,746,413	1,766,831	(20,418)
Materials and supplies	154,950	217,958	308,595	(90,637)
Intrafund/interfund services	42,523	42,523	42,554	(31)
Capital outlay	275,329	392,682	316,396	76,286
	<u>3,815,143</u>	<u>4,295,928</u>	<u>4,256,653</u>	<u>39,275</u>
Office of Management and Budget (O.M.B.)				
Employee salaries and benefits	1,036,613	975,613	927,607	48,006
Outside services	166,500	227,000	186,544	40,456
Materials and supplies	49,000	76,000	51,482	24,518
Intrafund/interfund services	15,197	15,197	15,197	0
Debt and fiscal charges (bad debt adjustment)	2,000	2,000	370	1,630
	<u>1,269,310</u>	<u>1,295,810</u>	<u>1,181,200</u>	<u>114,610</u>

Procurement and Risk				
Employee salaries and benefits	742,933	798,933	784,765	14,168
Outside services	40,100	54,609	43,498	11,111
Materials and supplies	120,100	125,697	112,841	12,856
Intrafund/interfund services	26,794	26,794	27,040	(246)
Capital outlay	0	75,000	70,133	4,867
	<u>929,927</u>	<u>1,081,033</u>	<u>1,038,277</u>	<u>42,756</u>
Total Administrative Services	7,476,609	8,374,090	7,955,135	418,955
Fire - County Shared Cost				
Intrafund/interfund services	3,519,192	3,519,192	3,519,191	1
Community Services-Administration				
Operations				
Employee salaries and benefits	263,846	263,846	257,354	6,492
Outside services	1,248,810	1,609,141	1,471,743	137,398
Materials and supplies	5,200	5,200	4,391	809
Intrafund/interfund services	36,390	36,390	32,487	3,903
	<u>1,554,246</u>	<u>1,914,577</u>	<u>1,765,975</u>	<u>148,602</u>
Total Community Services-Admin.	1,554,246	1,914,577	1,765,975	148,602
Community Services-Library				
Library operations				
Employee salaries and benefits	1,802,379	1,787,379	1,764,937	22,442
Outside services	145,428	150,377	139,255	11,122
Materials and supplies	57,262	69,978	68,783	1,195
Intrafund/interfund services	25,966	25,966	26,012	(46)
Capital outlay	0	3,036	0	3,036
	<u>2,031,035</u>	<u>2,036,736</u>	<u>1,998,987</u>	<u>37,749</u>
Collection development				
Materials and supplies	233,881	249,466	248,287	1,179

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, 2011**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Outside funding sources				
Employee salaries and benefits	0	5,091	1,411	3,680
Outside services	0	0	11,314	(11,314)
Materials and supplies	0	117,699	38,386	79,313
	<u>0</u>	<u>122,790</u>	<u>51,111</u>	<u>71,679</u>
Total Community Services-Library	2,264,916	2,408,992	2,298,385	110,607
Community Services-Parks				
Parks Maintenance				
Employee salaries and benefits	1,231,740	1,267,740	1,251,512	16,228
Outside services	108,000	476,359	190,044	286,315
Materials and supplies	228,000	278,398	260,543	17,855
Intrafund/interfund services	503,089	503,089	461,930	41,159
Capital outlay	11,000	21,365	10,364	11,001
	<u>2,081,829</u>	<u>2,546,951</u>	<u>2,174,393</u>	<u>372,558</u>
Parks Maintenance Projects				
Employee salaries and benefits	0	0	15,212	(15,212)
Outside services	60,000	175,564	89,929	85,635
Materials and supplies	0	0	88,270	(88,270)
Intrafund/interfund services	0	0	5,699	(5,699)
	<u>60,000</u>	<u>175,564</u>	<u>199,110</u>	<u>(23,546)</u>
Cemetery				
Employee salaries and benefits	95,992	59,992	56,830	3,162
Outside services	1,000	1,000		1,000
Materials and supplies	11,000	12,414	10,307	2,107
Intrafund/interfund services	45,000	45,000	42,865	2,135
Capital outlay	5,000	5,000	0	5,000
	<u>157,992</u>	<u>123,406</u>	<u>110,002</u>	<u>13,404</u>
Total Community Svcs.-Parks	2,299,821	2,845,921	2,483,505	362,416

Community Services-Recreation

Recreation

Employee salaries and benefits	488,660	488,660	470,191	18,469
Outside services	102,108	144,994	99,024	45,970
Materials and supplies	42,685	80,524	80,892	(368)
Intrafund/interfund services	12,291	12,291	12,441	(150)
Capital outlay	0	12,080	68,077	(55,997)
Debt and fiscal charges	0	0	2,372	(2,372)
	<u>645,744</u>	<u>738,549</u>	<u>732,997</u>	<u>5,552</u>

Recreation - Programs

Employee salaries and benefits	278,936	278,936	216,141	62,795
Outside services	62,050	74,660	60,648	14,012
Materials and supplies	36,690	36,690	51,130	(14,440)
Intrafund/interfund services	16,000	16,000	14,827	1,173
	<u>393,676</u>	<u>406,286</u>	<u>342,746</u>	<u>63,540</u>

Recreation -Aquatic Center

Employee salaries and benefits	764,935	764,935	733,064	31,871
Outside services	86,343	103,025	124,065	(21,040)
Materials and supplies	82,206	85,927	85,896	31
Intrafund/interfund services	231,759	231,759	181,205	50,554
Capital outlay	43,000	43,000	52,387	(9,387)
Debt and fiscal charges	1,614	1,614	2,372	(758)
	<u>1,209,857</u>	<u>1,230,260</u>	<u>1,178,989</u>	<u>51,271</u>

Recreation - Ice Rink

Employee salaries and benefits	153,492	153,492	131,726	21,766
Outside services	22,400	22,607	11,938	10,669
Materials and supplies	33,430	34,252	31,890	2,362
Intrafund/interfund services	17,505	17,505	17,505	0
Capital outlay	0	35,597	0	35,597
Debt and fiscal charges	800	800	955	(155)
	<u>227,627</u>	<u>264,253</u>	<u>194,014</u>	<u>70,239</u>

Total Community Svcs.-Recreation	<u>2,476,904</u>	<u>2,639,348</u>	<u>2,448,746</u>	<u>190,602</u>
Total Community Svcs Department	8,595,887	9,808,838	8,996,611	812,227

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, 2011**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Police				
Operations				
Employee salaries and benefits	5,862,841	5,862,841	5,809,358	53,483
Outside services	418,330	442,437	442,539	(102)
Materials and supplies	202,815	335,405	388,129	(52,724)
Intrafund/interfund services	148,765	148,765	148,764	1
Capital outlay	65,000	65,000	7,325	57,675
Debt and fiscal charges	0	0	37	(37)
	<u>6,697,751</u>	<u>6,854,448</u>	<u>6,796,152</u>	<u>58,296</u>
Emergency Management				
Employee salaries and benefits	173,261	173,261	171,712	1,549
Outside services	35,330	54,105	21,056	33,049
Materials and supplies	2,700	2,700	23,530	(20,830)
Intrafund/interfund services	3,902	3,902	3,902	0
Capital outlay	0	36,248	7,791	28,457
	<u>215,193</u>	<u>270,216</u>	<u>227,991</u>	<u>42,225</u>
Police Grants				
Employee salaries and benefits	24,512	53,462	14,923	38,539
Outside services	1,019	650,282	128,671	521,611
Materials and supplies	4,000	0	1,949	(1,949)
	<u>29,531</u>	<u>703,744</u>	<u>145,543</u>	<u>558,201</u>
Total Police	6,942,475	7,828,408	7,169,686	658,722
Public Works				
Administration				
Employee salaries and benefits	309,857	309,857	306,029	3,828
Outside services	15,018	17,373	15,855	1,518
Materials and supplies	3,540	3,540	2,504	1,036
Intrafund/interfund services	9,713	9,713	9,713	0
	<u>338,128</u>	<u>340,483</u>	<u>334,101</u>	<u>6,382</u>

Engineering services				
Employee salaries and benefits	543,122	543,122	502,166	40,956
Outside services	24,817	24,817	25,895	(1,078)
Materials and supplies	13,675	13,893	12,963	930
Intrafund/interfund services	24,813	24,813	24,813	0
	<u>606,427</u>	<u>606,645</u>	<u>565,837</u>	<u>40,808</u>
Traffic management				
Employee salaries and benefits	848,718	848,718	782,038	66,680
Outside services	134,754	108,296	125,357	(17,061)
Materials and supplies	352,687	415,713	481,193	(65,480)
Intrafund/interfund services	153,881	153,881	148,676	5,205
Capital outlay	113,700	174,965	115,840	59,125
	<u>1,603,740</u>	<u>1,701,573</u>	<u>1,653,104</u>	<u>48,469</u>
Pavement management				
Employee salaries and benefits	1,141,536	1,141,536	945,990	195,546
Outside services	1,039,681	1,614,059	1,822,030	(207,971)
Materials and supplies	282,482	286,673	296,425	(9,752)
Intrafund/interfund services	478,732	478,732	274,291	204,441
Capital outlay	40,100	40,100	44,417	(4,317)
	<u>2,982,531</u>	<u>3,561,100</u>	<u>3,383,153</u>	<u>177,947</u>
Total Public Works	5,530,826	6,209,801	5,936,195	273,606
Capital Projects & Facilities (CPFD)				
CPFD - Administration				
Employee salaries and benefits	372,722	298,722	295,685	3,037
Outside services	20,048	14,048	10,521	3,527
Materials and supplies	6,070	6,957	7,772	(815)
Intrafund/interfund services	2,536	2,536	2,536	0
	<u>401,376</u>	<u>322,263</u>	<u>316,514</u>	<u>5,749</u>
CPFD - Facilities maintenance projects				
Employee salaries and benefits	0	0	17,461	(17,461)
Outside services	486,000	2,532,802	1,334,981	1,197,821
Materials and supplies	0	0	21,651	(21,651)
Intrafund/interfund services	0	0	15	(15)
	<u>486,000</u>	<u>2,532,802</u>	<u>1,374,108</u>	<u>1,158,694</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
CPFD - Facilities maintenance				
Employee salaries and benefits	1,062,229	1,067,229	1,061,221	6,008
Outside services	608,892	633,438	657,651	(24,213)
Materials and supplies	185,559	229,230	243,994	(14,764)
Intrafund/interfund services	711,821	951,912	919,555	32,357
Capital outlay	5,000	5,000	0	5,000
Debt and fiscal charges	0	0	513	(513)
	<u>2,573,501</u>	<u>2,886,809</u>	<u>2,882,934</u>	<u>3,875</u>
CPFD - Project Management				
Employee salaries and benefits	77,843	132,843	124,416	8,427
Outside services	24,090	24,090	15,329	8,761
Materials and supplies	12,200	13,374	7,091	6,283
Intrafund/interfund services	6,520	6,520	6,520	0
	<u>120,653</u>	<u>176,827</u>	<u>153,356</u>	<u>23,471</u>
CPFD - Custodial				
Employee salaries and benefits	742,988	758,988	759,430	(442)
Outside services	119,257	124,731	123,870	861
Materials and supplies	67,610	63,320	64,042	(722)
Intrafund/interfund services	29,247	29,247	29,277	(30)
Capital outlay	5,350	5,350	0	5,350
	<u>964,452</u>	<u>981,636</u>	<u>976,619</u>	<u>5,017</u>
Total Capital Projects and Facilities	<u>4,545,982</u>	<u>6,900,337</u>	<u>5,703,531</u>	<u>1,196,806</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	44,193,311	51,320,188	46,845,833	4,474,355
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	26,076,337	19,916,673	21,007,532	1,090,859

OTHER FINANCING SOURCES (USES)

Transfers in from:				
Joint Utility System Fund-Electric	435,000	435,000	466,858	31,858
Joint Utility System Fund-Gas	430,000	430,000	361,617	(68,383)
Fire Fund	1,600,000	1,600,000	1,600,000	0
	<u>2,465,000</u>	<u>2,465,000</u>	<u>2,428,475</u>	<u>(36,525)</u>
Transfers out to:				
Other Special Revenues Fund	(25,000)	(47,000)	(30,514)	16,486
Las Conchas Fire Fund	0	(650,000)	(650,000)	0
Gross Receipts Tax Revenue Bonds Fund	(6,913,155)	(6,913,155)	(6,913,038)	117
Capital Improvement Projects Fund	(16,155,200)	(24,232,520)	(24,232,520)	0
Joint Utility System Fund-Waste water	0	(223,750)	(223,750)	0
Golf Course Fund	(485,000)	(485,000)	(485,000)	0
Transit Fund	(1,458,448)	(1,458,448)	(1,458,448)	0
Airport Fund	(200,000)	(266,305)	(266,305)	0
Equipment Fund	0	(220,000)	(220,000)	0
	<u>(25,236,803)</u>	<u>(34,496,178)</u>	<u>(34,479,575)</u>	<u>16,603</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,771,803)</u>	<u>(32,031,178)</u>	<u>(32,051,100)</u>	<u>(19,922)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	\$ <u>3,304,534</u>	<u>(12,114,505)</u>	<u>(11,043,568)</u>	<u>1,070,937</u>

ADJUSTMENTS TO GAAP

Encumbrances			3,964,092	
Bad debt expense			(46,526)	
Adjustments to inventory			6,868	
			<u>3,924,434</u>	

GAAP BASIS

(7,119,134)

FUND BALANCE

Beginning of fiscal year			39,132,623	
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FUND BALANCE - END OF FISCAL YEAR

\$ 32,013,489

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Interfund loan principal	\$ 613,561	613,561	613,561	0
Interfund loan interest	62,439	62,439	62,439	0
	<u>676,000</u>	<u>676,000</u>	<u>676,000</u>	<u>0</u>
Miscellaneous revenues				
Investment income	170,000	170,000	249,469	79,469
Other	135,243	135,243	214,827	79,584
Buildings rental	0	0	106,812	106,812
Land rental	0	0	6,555	6,555
Economic development loan repayment (principal)	0	0	2,328,069	2,328,069
Economic development loan repayment (interest)	0	0	41,416	41,416
	<u>305,243</u>	<u>305,243</u>	<u>2,947,148</u>	<u>2,641,905</u>
TOTAL REVENUES	981,243	981,243	3,623,148	2,641,905
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Outside services	1,067,550	1,881,800	1,026,705	855,095
Materials and supplies	0	0	4,664	(4,664)
Intrafund/interfund services	0	0	17,864	(17,864)
Economic development loans	4,000,000	4,000,000	0	4,000,000
	<u>5,067,550</u>	<u>5,881,800</u>	<u>1,049,233</u>	<u>4,832,567</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (4,086,307)	(4,900,557)	2,573,915	7,474,472
ADJUSTMENTS TO GAAP				
Encumbrances			323,025	
Economic development loan discount activity			25,531	
Principal on interfund loan repayments			(613,561)	
Principal on economic development loan repayments			(2,328,069)	
Interest added to principal of loans receivable			14,267	
Bad debt expense (reserve for loan losses)			20,000	
Asset held for resale (converted to general government use)			(597,402)	
			<u>(3,156,209)</u>	
GAAP BASIS			(582,294)	
FUND BALANCE				
Beginning of fiscal year			13,617,769	
FUND BALANCE - END OF FISCAL YEAR			\$ 13,035,475	

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.



INCORPORATED COUNTY OF LOS ALAMOS
Proprietary Funds
 Statement of Net Assets
 June 30, 2011

	ENTERPRISE FUNDS							BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	
ASSETS								
Current Assets:								
Equity in pooled cash and investments	\$ 19,588,362	4,470,880	500	0	0	312,210	24,371,952	14,965,823
Receivables, net of allowance for uncollectibles								
Accounts	3,512,639	266,479	0	827	88,503	0	3,868,448	4,063
Unbilled	1,275,404	102,052	0	0	0	0	1,377,456	0
Due from other governments	0	213,457	0	766,592	5,891,599	1,538,403	8,410,051	0
Inventories and prepayments								
Inventories	573,373	0	51,763	0	0	0	625,136	0
Power plant inventories	707,332	0	0	0	0	0	707,332	0
Prepayments	52,397	0	0	0	0	0	52,397	0
Total Current Assets	25,709,507	5,052,868	52,263	767,419	5,980,102	1,850,613	39,412,772	15,015,869
Non-current assets:								
Restricted assets								
Temporarily Restricted								
Cash and cash equivalents								
Debt reserves and debt service	2,812,363	402,374	0	0	0	0	3,214,737	0
Operations and maintenance	2,931,048	1,775,825	0	0	0	0	4,706,873	0
Capital Projects	8,792,340	69,564	0	0	0	0	8,861,904	0
Investments								
Debt reserves and debt service	15,056,235	0	0	0	0	0	15,056,235	0
Operations and maintenance	3,355,232	0	0	0	0	0	3,355,232	0
Accrued interest	9,606	0	0	0	0	0	9,606	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	248,033,872	0	0	0	0	0	248,033,872	0
Buildings	0	6,106,715	354,994	0	15,843,556	1,100,000	23,405,265	0
Improvements other than buildings	0	2,162,706	1,013,911	672,996	143,285	9,458,970	13,451,868	0
Machinery and equipment	4,112,622	212,939	57,343	0	894,540	57,604	5,335,048	17,390,081
Less accumulated depreciation	(100,554,287)	(1,169,191)	(1,067,115)	(72,674)	(2,330,458)	(2,094,822)	(107,288,547)	(10,159,306)
Construction in progress	18,872,812	0	0	0	0	4,223,656	23,096,468	0
Bond issuance costs, net of amortization	729,153	0	0	0	0	0	729,153	0
Total Non-current Assets	207,110,324	9,560,932	5,070,611	600,322	15,814,212	17,132,448	255,288,849	7,230,775
TOTAL ASSETS	232,819,831	14,613,800	5,122,874	1,367,741	21,794,314	18,983,061	294,701,621	22,246,644
LIABILITIES								
Current Liabilities:								
Accounts payable	2,874,237	805,441	46,853	38,447	209,091	1,579,199	5,553,268	276,486
Accrued salaries and benefits payable	31,636	4,552	698	1,098	329,691	15	367,690	78,560
Customer deposits payable	153,413	15,000	0	0	0	0	168,413	0
Due to other governments	98,701	7,871	0	0	0	0	106,572	0
Due to other funds	0	0	17,519	256,948	3,301,862	0	3,576,329	0
Donations held in trust	24,908	0	0	0	0	0	24,908	0
Deferred revenues	0	0	51,630	0	0	0	51,630	0
Contractors retentions payable	6,974	0	0	0	0	0	6,974	0

Current portion of long-term liabilities								
Accrued compensated absences	480,377	67,299	47,679	75,555	1,090,816	5,359	1,767,085	55,435
Claims and judgments payable	0	0	0	0	0	0	0	1,362,443
Revenue bonds payable	7,180,000	0	0	0	0	0	7,180,000	0
Contracts and intergovernmental debt payable	575,894	146,872	0	0	0	0	722,766	0
Due to other funds (current portion of advances)	0	0	0	0	436,239	0	436,239	0
Interest payable on revenue bonds and other debt	1,203,025	35,184	0	0	0	0	1,238,209	0
Total Current Liabilities	12,629,165	1,062,219	164,379	372,048	5,367,699	1,584,573	21,200,083	1,772,924
Noncurrent Liabilities:								
Due in more than one year								
Accrued compensated absences	274,380	58,888	14,299	30,939	453,881	2,483	834,870	28,049
Claims and judgments payable	0	0	0	0	0	0	0	1,187,627
Revenue bonds payable	46,965,925	0	0	0	0	0	46,965,925	0
Contracts and intergovernmental debt payable	13,789,645	5,183,068	0	0	0	0	18,972,713	0
Advances from other funds	0	0	0	0	198,987	146,799	345,786	0
Special closure costs	3,263,949	1,775,825	0	0	0	0	5,039,774	0
Total Noncurrent Liabilities	64,293,899	7,017,781	14,299	30,939	652,868	149,282	72,159,068	1,215,676
TOTAL LIABILITIES	76,923,064	8,100,000	178,678	402,987	6,020,567	1,733,855	93,359,151	2,988,600
NET ASSETS								
Invested in capital assets, net of related debt	113,628,455	2,052,793	5,070,611	600,322	15,814,212	17,132,448	154,298,841	7,230,775
Restricted, net of related liabilities, for:								
Debt service	19,793,115	367,190	0	0	0	0	20,160,305	0
Unrestricted	22,475,197	4,093,817	(126,415)	364,432	(40,465)	116,758	26,883,324	12,027,269
TOTAL NET ASSETS	\$ 155,896,767	6,513,800	4,944,196	964,754	15,773,747	17,249,206	201,342,470	19,258,044
Net assets of business-type internal service funds							19,258,044	
Net activity of internal service funds							181,798	
TOTAL NET ASSETS AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET ASSETS							\$ 220,782,312	

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, 2011

	ENTERPRISE FUNDS							BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	
OPERATING REVENUES								
Utility sales and other services	\$ 58,158,785	3,048,974	0	55,851	458,520	47,535	61,769,665	0
Recreation fees	0	0	345,450	0	0	0	345,450	0
Sales of food or merchandise	0	7,855	136,664	0	0	0	144,519	0
Interfund charges for services	0	111,542	0	13,093	3,519,191	0	3,643,826	3,099,121
Insurance and pension contributions								
County	0	0	0	0	0	0	0	2,710,764
Employees and retirees	0	0	0	0	0	0	0	96,195
Rentals	23,223	0	102,168	0	0	38,139	163,530	0
Intergovernmental	0	0	0	2,102,680	14,838,731	0	16,941,411	0
Miscellaneous operating revenue	53,211	82,041	150	0	3,209	1,110	139,721	162,836
	<u>58,235,219</u>	<u>3,250,412</u>	<u>584,432</u>	<u>2,171,624</u>	<u>18,819,651</u>	<u>86,784</u>	<u>83,148,122</u>	<u>6,068,916</u>
OPERATING EXPENSES								
Employee salaries and benefits	7,444,726	1,136,186	603,429	1,957,859	14,185,837	156,008	25,484,045	1,002,062
Contractual services	34,733,073	2,442,144	360,651	1,160,781	3,538,235	105,493	42,340,377	3,421,636
Materials and supplies	803,216	96,512	244,510	113,251	860,642	4,887	2,123,018	1,469,585
Depreciation and amortization	8,725,433	203,113	50,296	39,799	448,364	730,914	10,197,919	1,536,990
Special closure costs	181,816	6,733	0	0	0	0	188,549	0
Other	12,767	9,535	6,941	0	235,894	0	265,137	2,692
	<u>51,901,031</u>	<u>3,894,223</u>	<u>1,265,827</u>	<u>3,271,690</u>	<u>19,268,972</u>	<u>997,302</u>	<u>80,599,045</u>	<u>7,432,965</u>
OPERATING INCOME (LOSS)	6,334,188	(643,811)	(681,395)	(1,100,066)	(449,321)	(910,518)	2,549,077	(1,364,049)
NONOPERATING REVENUES (EXPENSES)								
Gross receipts taxes for solid waste recycling	0	1,070,980	0	0	0	0	1,070,980	0
Fire excise tax	0	0	0	0	2,141,893	0	2,141,893	0
Gain (loss) on disposition of capital assets	(1,532,301)	(5,741)	(177)	0	0	0	(1,538,219)	643
Investment income	403,700	123,178	10,110	15,054	0	12,789	564,831	537,035
Interest on long-term debt	(3,550,621)	(218,396)	0	0	(62,439)	0	(3,831,456)	0
Inventory adjustment	(33,928)	0	0	0	0	0	(33,928)	0
	<u>(4,713,150)</u>	<u>970,021</u>	<u>9,933</u>	<u>15,054</u>	<u>2,079,454</u>	<u>12,789</u>	<u>(1,625,899)</u>	<u>537,678</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	1,621,038	326,210	(671,462)	(1,085,012)	1,630,133	(897,729)	923,178	(826,371)
TRANSFERS AND CONTRIBUTIONS								
Transfers in	2,973,750	0	485,000	1,458,448	0	266,305	5,183,503	468,271
Transfers out	(1,054,426)	(22,320)	0	0	(1,600,000)	0	(2,676,746)	0
Intergovernmental - capital grants	1,812,244	0	0	73,982	533,636	3,344,282	5,764,144	0
Contributed capital assets - outside source	0	0	0	0	0	0	0	18,000
Contributed capital assets - governmental activities	3,469	(3,167)	(35,131)	0	0	0	(34,829)	61,891
	<u>3,735,037</u>	<u>(25,487)</u>	<u>449,869</u>	<u>1,532,430</u>	<u>(1,066,364)</u>	<u>3,610,587</u>	<u>8,236,072</u>	<u>548,162</u>
CHANGE IN NET ASSETS	5,356,075	300,723	(221,593)	447,418	563,769	2,712,858	9,159,250	(278,209)
NET ASSETS								
Beginning 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
NET ASSETS - END OF FISCAL YEAR	\$ 155,896,767	6,513,800	4,944,196	964,754	15,773,747	17,249,206	201,342,470	19,258,044

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, 2011

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:	\$	9,159,250
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.		(278,209)
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.		305,947
Change in net assets of business-type activities	\$	<u>9,186,988</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2011

	<u>JOINT UTILITY SYSTEM</u>	<u>ENVIRONMENTAL SERVICES</u>	<u>GOLF COURSE</u>	<u>TRANSIT</u>	<u>FIRE</u>	<u>AIRPORT</u>	<u>TOTAL</u>	<u>BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS</u>
CASH FLOWS - OPERATING ACTIVITIES								
Cash received from customers and users	\$ 59,487,969	3,256,129	593,050	68,117	3,755,881	86,784	67,247,930	3,298,062
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	2,806,959
Cash paid to suppliers for goods and services	(35,112,169)	(2,395,981)	(575,891)	(1,245,795)	(4,356,853)	(110,199)	(43,796,888)	(4,376,194)
Cash paid to employees	(7,362,486)	(1,129,924)	(592,289)	(1,953,502)	(13,898,830)	(151,386)	(25,088,417)	(995,944)
Taxes received from customers and users	1,461,189	103,058	0	0	0	0	1,564,247	0
Taxes remitted to State (from customers and users)	(1,475,040)	(105,026)	0	0	0	0	(1,580,066)	0
NET CASH FLOWS - OPERATING ACTIVITIES	16,999,463	(271,744)	(575,130)	(3,131,180)	(14,499,802)	(174,801)	(1,653,194)	732,883
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES								
Cash received from grants	0	0	0	1,500,049	13,673,186	0	15,173,235	0
Transfers to other funds	(843,475)	(15,000)	0	0	(1,600,000)	0	(2,458,475)	0
Transfers from other funds	2,973,750	0	485,000	1,458,448	0	266,305	5,183,503	250,000
Gross receipts taxes received	0	1,012,913	0	0	2,141,893	0	3,154,806	0
Cash received from short-term interfund loans	0	0	17,519	237,773	960,723	0	1,216,015	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	2,130,275	997,913	502,519	3,196,270	15,175,802	266,305	22,269,084	250,000
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sale of revenue bonds	13,141,364	0	0	0	0	0	13,141,364	0
Cash received from capital grants	1,812,244	0	0	40,115	533,636	1,919,980	4,305,975	0
Proceeds received from loans	432,312	0	0	0	0	0	432,312	0
Principal repaid	(7,416,086)	(141,688)	0	0	(613,561)	0	(8,171,335)	0
Interest and other debt service paid	(3,570,296)	(219,854)	0	0	(62,439)	0	(3,852,589)	0
Cash paid for acquisition of capital assets	(9,235,806)	(7,320)	(35,952)	(120,259)	(533,636)	(1,955,846)	(11,888,819)	(1,283,098)
Proceeds from sale of capital assets	0	0	0	0	0	0	0	64,016
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(4,836,268)	(368,862)	(35,952)	(80,144)	(676,000)	(35,866)	(6,033,092)	(1,219,082)
CASH FLOWS - INVESTING ACTIVITIES								
Proceeds from sale of investment securities	24,692,835	0	0	0	0	0	24,692,835	0
Interest received on investments	943,585	123,178	10,110	15,054	0	12,789	1,104,716	537,035
Purchase of investment securities	(18,779,460)	0	0	0	0	0	(18,779,460)	0
NET CASH FLOWS - INVESTING ACTIVITIES	6,856,960	123,178	10,110	15,054	0	12,789	7,018,091	537,035
NET INCREASE (DECREASE) IN CASH	21,150,430	480,485	(98,453)	0	0	68,427	21,600,889	300,836
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	12,973,683	6,238,158	98,953	0	0	243,783	19,554,577	14,664,987
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 34,124,113	6,718,643	500	0	0	312,210	41,155,466	14,965,823

(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)	\$ 6,334,188	(643,811)	(681,395)	(1,100,066)	(449,321)	(910,518)	2,549,077	(1,364,049)
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ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES

Depreciation and amortization expense	8,725,433	203,113	50,296	39,799	448,364	730,914	10,197,919	1,536,990
Operating grants included in operating revenues	0	0	0	(2,102,680)	(14,838,731)	0	(16,941,411)	0
Amortization of special closure costs	181,816	6,733	0	0	0	0	188,549	0
Provision for uncollectible accounts receivable	12,767	9,535	0	0	235,894	0	258,196	0
Change in assets and liabilities:								
Accounts and other receivables	1,261,379	717	0	(827)	(225,039)	0	1,036,230	38,797
Inventories	(87,271)	0	6,651	0	0	0	(80,620)	0
Prepayments and other	49,421	0	0	0	0	0	49,421	22,641
Accounts and retentions payable	461,970	142,675	29,560	28,237	42,024	181	704,647	(79,801)

Salaries and benefits payable	82,240	6,262	11,140	4,357	287,007	4,622	395,628	6,118
Taxes payable	(13,851)	(1,968)	0	0	0	0	(15,819)	0
Other current liabilities	(8,629)	5,000	0	0	0	0	(3,629)	0
Deferred revenues and credits	0	0	8,618	0	0	0	8,618	0
Claims and judgements payable	0	0	0	0	0	0	0	746,486
Group insurance payable	0	0	0	0	0	0	0	(174,299)
Total adjustments	10,665,275	372,067	106,265	(2,031,114)	(14,050,481)	735,717	(4,202,271)	2,096,932
NET CASH FLOWS - OPERATING ACTIVITIES	\$ 16,999,463	(271,744)	(575,130)	(3,131,180)	(14,499,802)	(174,801)	(1,653,194)	732,883

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ (210,951)	(7,320)	0	0	0	0	(218,271)	218,271
Contributed capital assets from outside sources	0	0	0	0	0	0	0	18,000
Change in due from other governments (capital grant receivable)	0	0	0	33,867	0	1,424,302	1,458,169	2,916,338
Contributed capital assets from governmental activities	3,469	0	12,080	0	0	0	15,549	61,891
Contributed capital assets to governmental activities	0	(3,167)	(47,211)	0	0	0	(50,378)	0
Fair value adjustment for investments	(485,715)	0	0	0	0	0	(485,715)	0
TOTAL NON CASH TRANSACTIONS	\$ (693,197)	(10,487)	(35,131)	33,867	0	1,424,302	719,354	3,214,500

See accompanying notes to financial statements



Fiduciary Funds

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

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

Agency Fund 871 - accounts for the collection and payment to the State and local School District of property taxes billed and collected by the County.

INCORPORATED COUNTY OF LOS ALAMOS
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	\$ 1,818	51,895
Investments (participant directed mutual funds), at fair value	31,545,921	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	293,211
Employee loans	1,110,854	0
Other	0	7,386
Due from other funds	181,683	0
TOTAL ASSETS	<u>32,840,276</u>	<u>352,492</u>
LIABILITIES		
LIABILITIES		
Accounts payable	109,174	0
Due to other governments		
Taxes and fees payable to state	0	8,262
Property taxes payable	0	325,503
Due to other funds	8,057	0
Donations held for others	0	18,727
TOTAL LIABILITIES	<u>117,231</u>	<u>352,492</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	32,723,045	0
TOTAL NET ASSETS	<u>\$ 32,723,045</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, 2011

ADDITIONS TO NET ASSETS

Investment income (loss), net of investment expense	\$	6,242,697
Contributions		
Employer, net of forfeitures		3,018,170
Employee (plan member)		335,352
		<u>9,596,219</u>

DEDUCTIONS FROM NET ASSETS

Benefits and refunds paid to plan members and beneficiaries		<u>4,075,405</u>
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NET INCREASE (DECREASE) IN NET ASSETS

5,520,814

NET ASSETS

Beginning of fiscal year		<u>27,202,231</u>
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NET ASSETS - END OF YEAR

\$ 32,723,045

See accompanying notes to financial statements

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**INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

(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*, the following criteria would need to met:

- the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the County, its component units, or its constituents; and
- the County is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- the economic resources received or held by an individual organization that the County or its component units is entitled to or has the ability to otherwise access are significant to the County

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. 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 was implemented by the County in fiscal year 2012. This resulted in new presentation of fund balances on the face of the governmental funds' balance sheet and additional note disclosure.

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 (63% of interfund revenues) enterprise funds. As such, the net assets of these funds are reflected in the government-wide financial statements in the business-type activities.

The Governmental Fund Types (General, Special Revenue, Debt Service, Capital Project, and Permanent Funds) use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter (60 days at most) to be used to pay liabilities of the current period. Revenues, which are recognized when they become both measurable and available, include intergovernmental revenues and interest earnings. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: principal and interest on general long-term debt, which are recorded when fund liabilities are due; and accrued vacation and sick leave which are recorded when payable from current available financial resources.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

Presentation of Funds

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

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

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

- **General Fund** – The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For the County, the General Fund includes most basic services, such as police, parks, recreation facilities and programs, library, and general administration.
- **Economic Development Fund** – The Economic Development Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act.
- **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, Las Conchas Fire, 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 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. 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 \$485,715 at June 30, 2011. 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 *nonspendable* segregation of fund balance, which indicates that it does not constitute "available expendable resources" even though it is a component of net current assets.

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

N. Restricted Assets

Certain proceeds of Joint Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Certain loan proceeds and related cash 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 \$2,073,000 in the year ended June 30, 2011, and a cumulative increase in accumulated depreciation of \$3,602,000 at June 30, 2011.

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:

<u>Asset Category</u>	<u>Estimated Useful Life in Years</u>
Buildings	30 - 40
Improvements other than buildings	10 - 20
Infrastructure	15 - 50

Equipment	5	-	25
Automotive equipment	3	-	20
Utility plant in service:			
Electric	15	-	40
Gas	30	-	40
Water	35	-	60
Wastewater	15	-	80

P. 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 five years of retiree payment experience and utilizing a composite hourly wage rate. The termination sick leave calculation provided an estimated benefit cost of approximately \$361 per year of service for active Fire Department employees at June 30, 2011, and approximately \$302 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. 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. *Invested in capital assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the County's assets, less the outstanding debt issued to finance those assets. *Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the County cannot unilaterally alter. *Unrestricted* describes the portion of Net Assets which is not restricted as to use.

S. Fund Balance

In the fund financial statements, governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and investments, less its receivables.

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

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

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

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

Assigned fund balances are amounts constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. The County Council has not delegated authority to assign balances. Thus, this fund balance category would only represent encumbrances to the extent that they were not otherwise categorized as *Restricted* or *Committed*.

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

T. Stabilization Arrangements

The County has two stabilization arrangement formalized through County Council action. The Capital Projects Permanent Fund has a portion of fund balance *Restricted for Income Stabilization* in accordance with County Code Sec. 20-361. This arrangement is in place to establish a cushion in the fund to allow market fluctuations to affect the stabilization balance, without impacting the real value of principal. The income of the Permanent Fund is used in the following priority: 1) first, to make additions to principal in an amount that maintains the real value of the principal, and then if any income remains, 2) second, to make distributions for capital projects in accordance subsection (g) of the Code, and then if any income remains, 3) third, to make additions to the balance Restricted for Income Stabilization.

The General Fund has a portion of fund balance *Committed for Revenue Stabilization* in accordance with the Council approved Financial Policies. This stabilization arrangement is in place to provide an additional margin of safety so that short-term negative fluctuations in projected revenue do not unnecessarily restrict operating expenditures if after the short-term period, normal revenue growth is projected. This recognizes the significant dependence the local economy has on the single largest employer, Los Alamos National Laboratory. The amount to be maintained is established as any amount by which the General Fund Unassigned fund balance exceeds 20% of General Fund actual revenues. Should the balance Committed for Revenue Stabilization exceed 15% of budgeted expenditures for more than a one year period, the County (by Council direction) should take specific actions to reduce the balance through such means as tax reductions or by funding, as one time programs, projects or services that are consistent with Council goals and do not excessively increase ongoing expenditures of the County.

U. 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.

V. 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 2011, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$98.4 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Joint Utility System Fund, and other funds. The approximately \$98.4 million of budget revisions include the following re-appropriations and carryovers: \$71.2 million for Capital Improvement Projects Fund projects, \$15.4 million in encumbrances, and \$8.9 million in other project and grant re-appropriations. Other major revisions include: approximately \$.7 million for expenses related to the Las Conchas Fire, and approximately \$2.2 million for various other items and projects. For the fiscal year ended June 30, 2011 expenditures did not exceed appropriations at the legal level of budgetary control for any County department, project, or fund.

(3) POOLED CASH AND INVESTMENTS

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

A. Cash

Policies

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

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

Petty cash and change funds	\$	4,910
Carrying amount of deposits		76,757,253
Cash equivalents		3,294,420
Book value of investments		<u>155,952,852</u>
Total reported in notes to financial statements	\$	<u>236,009,435</u>
Government-wide Statement of Net Assets:		
Equity in pooled cash and investments	\$	139,893,207
Investments		28,780,805
Restricted assets-Cash & Cash Equivalents		17,324,322
Restricted assets-Investments		18,411,467
Fiduciary Funds:		
Equity in pooled cash and investments		53,713
Investments (mutual funds), at fair value		<u>31,545,921</u>
Total reported in financial statements	\$	<u>236,009,435</u>

Custodial Credit Risk – Deposits

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

- (1) Equity-to-asset ratio is equal to or greater than the level recommended by the federal deposit insurance corporation;
- (2) A current audited annual financial statement has been submitted to the County
- (3) No successive losses for two preceding years
- (4) If not a local financial institution, its assets must be in excess of \$1,000,000,000 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, 2011 the County had deposits with bank balances of \$76,757,253 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, 2011 are presented below using the Standard and Poor's rating scale:

Investment Type	Fair Value	Quality Ratings		
		AAAm	AA+	A
U.S. Government Agencies	\$ 64,933,939	0	64,933,939	0
New Mexico State Local Government Investment Pool (LGIP)	8,281,969	8,281,969	0	0
<u>Unrated investments:</u>				
Repurchase agreements	6,923,598			
New Mexico State Investment Council	44,191,254			
New Mexico State Local Government Investment Pool (LGIP) non performing reserve pool	76,171			
<u>Exempt from credit risk disclosure:</u>				
LAC Pension	31,545,921			
Total Investments	\$ 155,952,852			

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	\$ 64,933,939	16,075,898	48,858,041	0	0
Repurchase Agreements	6,923,598	0	6,923,598	0	0
	<u>71,857,537</u>	<u>16,075,898</u>	<u>55,781,639</u>	<u>0</u>	<u>0</u>
<u>Other Investments</u>					
New Mexico State Investment Council	44,191,254				
LAC Pension Plan	31,545,921				
New Mexico State Local Government Investment Pool	<u>8,358,140</u>				
Total Investments	<u>\$ 155,952,852</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 entity's 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, 2011 the balance was \$76,171. 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, 2011 the LGIP WAM was 36 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, 2011 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, 2011 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	\$ 25,130,125	20.2%
	FHLMC	Federal agency securities	10,023,850	8.1%
	FNMA	Federal agency securities	18,292,094	14.7%
Business-type Activities	FHLB	Federal agency securities	11,487,870	9.2%
	AIG	Investment repurchase agreement	6,923,598	5.6%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2011 are as follows:

<u>Funds</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Major Governmental Funds:			
General (pooled)	FHLB	Federal agency securities	\$ 25,130,125
General (pooled)	FHLMC	Federal agency securities	10,023,850
General (pooled)	FNMA	Federal agency securities	18,292,094
Major Proprietary Fund:			
Joint Utility System	FHLB	Federal agency securities	11,487,870
Joint Utility System	AIG	Investment repurchase agreement	6,923,598

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

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

(4) ACCOUNTS RECEIVABLE AND OPERATING LEASES

Accounts receivable balances at June 30, 2011, 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	\$ 225,005	(47,801)	177,204
Capital Improvement Projects	147,329	(147,329)	0

Proprietary funds:			
Joint Utility System	3,540,911	(28,272)	3,512,639
Environmental Services	278,874	(12,395)	266,479
Transit	827	0	827
Fire	1,184,333	(1,095,830)	88,503
Internal Service	<u>11,545</u>	<u>(7,482)</u>	<u>4,063</u>
Totals	\$ <u>5,388,824</u>	<u>(1,339,109)</u>	<u>4,049,715</u>

On the Government-wide Statement of Net Assets an additional \$8,057 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, 2011:

Fiscal Year Ending June 30,	Amount
2012	\$ 55,050
2013	55,050
2014	55,050
2015	55,050
2016	55,050
Thereafter	<u>1,030,800</u>
	\$ <u>1,306,050</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, 2011 the County had five 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 (past due)	\$ 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, 2011	<u>\$ 646,615</u>

On May 30, 2002 the County entered into a loan agreement with Veriscape Inc. in the amount of \$527,000. Ultimately, the County 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, 2011 the loan was current and there was no delinquent balance.

A summary of monthly payments due are as follows:

Total of monthly payments for fiscal year ending	Principal Installment
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, 2011	<u>\$ 380,803</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. The loan bears interest at 5% per annum beginning November 1, 2007. The loan is secured by any and all assets that Frola purchases in whole, or in part, with the loan proceeds. The loan requires Frola to make sixty monthly payments of \$1,076 beginning November 1, 2007 through October 1, 2012. During FY 2008, Frola made only three monthly payments. During FY 2009, Frola made \$5,800 of payments including interest and penalties. During FY 2010 Frola entered into a settlement agreement to repay the outstanding loan balance, which was repaid in full at June 30, 2011 per the agreement.

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

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

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 FY 2010 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 FY 2012, Caldera made twelve loan payments totaling \$42,562. The outstanding principal balance at June 30, 2011 was \$287,245.

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 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 HYTEC 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 in default of the participation agreement and loan agreement. During FY 2011 IMTEC repaid the outstanding loan balance of \$2,175,632, plus accrued interest.

As of June 30, 2011 the total reserve for loan losses balance was \$590,000. 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, 2011 the County has a balance of \$122,064 in discounts on loans receivables. The discount was established since one of the loans is interest free. Amortization of loan discounts of \$25,531 was recorded for the fiscal year ended June 30, 2011.

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. The restrictive covenants state that 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. During FY 2011, Casa Mesita did in fact sell their land parcel and repaid the County \$211,730. The balance in mortgage loans and related deferred revenue at June 30, 2011 was \$350,000.

The detail of the loan receivable balances at June 30, 2011, is as follows:

Principal, economic development loans:		
Los Alamos Commerce and Development Corporation	\$	646,615
Veriscape Inc.		380,803
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)		51,170
Avanza Technologies, Inc.		227,944
Caldera Pharmaceuticals Inc.		287,245
Subtotal economic development loans		<u>1,593,777</u>

Principal, mortgage loans:	
Los Alamos Group Home Inc.	350,000
Less: Discounts on economic development loans	(122,064)
Less: Discounts reserve for loan losses	(590,000)
	<hr/>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Economic Development Fund)	<u>\$ 1,231,713</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, 2011 are presented below:

Transfers in (from other funds)	Transfers out (to other funds)							Total
	General	Capital Improvement Projects	Capital Projects Permanent	Joint Utility System	Environmental Services	Fire	Other Governmental	
General	\$ 0	0	0	828,475	0	1,600,000	0	2,428,475
GRT Revenue Bond	6,913,038	0	0	0	0	0	0	6,913,038
Capital Improvement Projects	24,232,520	0	920,303	0	0	0	425,000	25,577,823
Joint Utility System	223,750	2,750,000	0	0	0	0	0	2,973,750
Golf Course	485,000	0	0	0	0	0	0	485,000
Transit	1,458,448	0	0	0	0	0	0	1,458,448
Airport	266,305	0	0	0	0	0	0	266,305
Internal Service Funds	220,000	0	0	225,951	22,320	0	0	468,271
Other Governmental	680,514	0	0	0	0	0	0	680,514
	<u>\$ 34,479,575</u>	<u>2,750,000</u>	<u>920,303</u>	<u>1,054,426</u>	<u>22,320</u>	<u>1,600,000</u>	<u>425,000</u>	<u>41,251,624</u>

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

Joint Utility System	\$ 3,469
Environmental Services	(3,167)
Golf Course	(35,131)
Internal Service	61,891
Total	<u>\$ 27,062</u>

Interfund assets and liabilities:

At June 30, 2011 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 \$198,987, and the amount due within one year is included as due to/due from other funds in the amount of \$436,239. An advance from the General Fund to the Airport Fund for construction projects was recorded in FY 2010 in the amount of \$146,799. Since additional advances are expected for other Airport projects, no repayment schedule has been set and the entire balance is considered long-term.

Advances from/to balances at June 30, 2011 are presented below:

	Advances from other funds		Advances to other funds	
	General	Economic Development	Total	
Fire	\$ 0	198,987	198,987	
Airport	146,799	0	146,799	
	<u>\$ 146,799</u>	<u>198,987</u>	<u>345,786</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, 2011 are presented below:

	Due to other funds		Due from other funds		
	General	Economic Development	Pension Trust	Total	
General	\$ 0	0	181,683	181,683	
Capital Projects Permanent	964,670	0	0	964,670	
Golf Course	17,519	0	0	17,519	
Transit	256,948	0	0	256,948	
Fire	3,301,862	436,239	0	3,738,101	
Pension Trust	8,057	0	0	8,057	
	<u>\$ 4,549,056</u>	<u>436,239</u>	<u>181,683</u>	<u>5,166,978</u>	

(7) CAPITAL ASSETS

During FY 2011, and pursuant to County Ordinance 548, the County exchanged land parcels with Los Alamos Public Schools of approximately similar appraised value, \$4.5 million to facilitate the development of the Trinity Site. As part of the exchange, the County recorded disposal of land with a book value of \$232,143 and an addition of land with a fair value of \$4.5 million.

During FY 2011, and Pursuant to Public Law 109-286 (Pueblo of San Ildefonso Claims Act of 2005, the County received a donation of land with a fair value of \$3,358,644 from the United States of America, acting by and through the Forest Service, U.S. Department of Agriculture. This donation ensures the continued access by the County to its municipal water system assets.

The County also received a donation of land with a fair value of \$1,701,620 from the United States of America, acting by and through the United States Department of Energy (DOE), National Nuclear Security Administration. This parcel was the former site of the DOE Los Alamos Site Office, which was demolished prior to donation.

In FY 2009, the County acquired the Los Alamos Apartments' 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 was recorded in the Economic Development Fund as an "Asset held for resale." During FY2011, the County Council committed to using half of the site as the location for a new Municipal Building, thus half the value of the initial parcel (\$597,402) was no longer considered "held for resale." Thus, the asset was transferred to the governmental activities capital assets. The County Council still intends to make the other half of the land parcel available for future resale, and thus it is still recorded as an "Asset held for resale" in the Economic Development Fund.

Machinery and equipment in the amount of \$77,440 was transferred from governmental activities to business-type activities. Machinery and equipment with a net book value of \$3,167 was transferred from business-type activities to general government activities. Additionally, \$47,211 of construction in progress was transferred from the business-type activities to general government activities related to the Golf Course Clubhouse Project, a multi-purpose facility. Construction of this facility is being accounted for in the Capital Improvement Projects Fund.

Capital asset activity for the year ended June 30, 2011 was as follows:

	June 30, 2010 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2011 Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 38,390,477	4,500,000	(232,143)	5,657,666	48,316,000
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	691,012	141,193	0	0	832,205
Construction in progress	5,106,759	10,158,269	(1,616,436)	47,211	13,695,803
Total capital assets, not being depreciated	<u>62,189,362</u>	<u>14,799,462</u>	<u>(1,848,579)</u>	<u>5,704,877</u>	<u>80,845,122</u>

Capital assets, being depreciated					
Buildings	93,593,548	576,332	(27,272)	0	94,142,608
Improvements other than buildings	13,547,899	0	(34,388)	0	13,513,511
Machinery and equipment	15,479,431	314,293	(1,833,330)	(74,273)	13,886,121
Infrastructure	156,580,899	880,682	0	0	157,461,581
Capital assets, being depreciated	<u>279,201,777</u>	<u>1,771,307</u>	<u>(1,894,990)</u>	<u>(74,273)</u>	<u>279,003,821</u>
Less accumulated depreciation for:					
Buildings	(9,491,442)	(2,063,679)	24,468	0	(11,530,653)
Improvements other than buildings	(3,927,167)	(544,057)	32,915	0	(4,438,309)
Machinery and equipment	(9,396,890)	(1,070,224)	1,801,839	0	(8,665,275)
Infrastructure	(70,287,122)	(5,501,385)	0	0	(75,788,507)
Total accumulated depreciation	<u>(93,102,621)</u>	<u>(9,179,345)</u>	<u>1,859,222</u>	<u>0</u>	<u>(100,422,744)</u>
Total capital assets, being depreciated, net	<u>186,099,156</u>	<u>(7,408,038)</u>	<u>(35,768)</u>	<u>(74,273)</u>	<u>178,581,077</u>
Total governmental activities capital assets	\$ <u>248,288,518</u>	<u>7,391,424</u>	<u>(1,884,347)</u>	<u>5,630,604</u>	<u>259,426,199</u>
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 13,321,135	0	0	0	13,321,135
Construction in progress	19,946,853	13,002,437	(9,805,611)	(47,211)	23,096,468
Total capital assets, not being depreciated	<u>33,267,988</u>	<u>13,002,437</u>	<u>(9,805,611)</u>	<u>(47,211)</u>	<u>36,417,603</u>
Capital assets, being depreciated					
Buildings	23,161,618	505,537	(261,890)	0	23,405,265
Improvements other than buildings	13,331,609	120,259	0	0	13,451,868
Utility plant in service	243,587,160	7,726,309	(3,283,066)	3,469	248,033,872
Machinery and equipment	22,488,976	2,073,379	(1,926,030)	88,804	22,725,129
Capital assets, being depreciated	<u>302,569,363</u>	<u>10,425,484</u>	<u>(5,470,986)</u>	<u>92,273</u>	<u>307,616,134</u>
Less accumulated depreciation for:					
Buildings	(2,555,733)	(566,357)	261,891	0	(2,860,199)
Improvements other than buildings	(2,815,846)	(760,916)	0	0	(3,576,762)
Utility plant in service	(95,700,074)	(8,265,253)	3,411,040	0	(100,554,287)
Machinery and equipment	(9,669,066)	(1,682,203)	894,664	0	(10,456,605)
Total accumulated depreciation	<u>(110,740,719)</u>	<u>(11,274,729)</u>	<u>4,567,595</u>	<u>0</u>	<u>(117,447,853)</u>
Total capital assets, being depreciated, net	<u>191,828,644</u>	<u>(849,245)</u>	<u>(903,391)</u>	<u>92,273</u>	<u>190,168,281</u>
Total business-type activities capital assets	\$ <u>225,096,632</u>	<u>12,153,192</u>	<u>(10,709,002)</u>	<u>45,062</u>	<u>226,585,884</u>

Depreciation expense for the year ended June 30, 2011 was as follows:

Depreciation expense was charged to governmental activities as follows:

General government	\$	2,220,484
Public safety		664,580
Physical and economic environment		3,906
Transportation		5,583,657
Culture and recreation		706,718
Total depreciation expense - governmental activities	\$	<u>9,179,345</u>

Depreciation expense was charged to business-type activities as follows:

Joint Utility Fund		
Electric	\$	5,653,995
Gas		219,782
Water		1,685,038
Wastewater		706,438
Environmental Services		203,113
Golf Course		50,296
Transit		39,799
Fire		448,364
Airport		730,914
Equipment - Internal Service		1,536,990
Total depreciation expense - business-type activities	\$	<u>11,274,729</u>

(8) RETIREMENT AND DEFERRED COMPENSATION PLANS

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

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

Funding policy: The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the year ended June 30, 2011, 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:

	Statutory Contribution Rate	
	Member	County
Class of employee:		
General County - Plan 3	13.15%	9.15%
Police - Plan 5	16.30%	18.50%
Municipal Detention Officer – Plan 5	16.65%	16.65%
Fire - Plan 5	16.20%	21.25%

The County's contributions to PERA for the years ended June 30, 2011, 2010, and 2009 were \$4,267,994, \$4,285,807, and \$4,118,372 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, 2011 were \$3,353,522 (\$335,352 participant; and \$3,018,170 County, net of forfeitures of \$111,864). All required contributions were actually made to the Plan. In accordance with the Plan Agreement, forfeitures of unvested participant balances are used to reduce the County's contributions.

Beginning in July 1998, the Plan authorized participants to borrow from the Plan. These loans are secured with participant balances. Participants are allowed to have one outstanding loan at any given time. Loans cannot exceed \$50,000 or 50% of the borrower's vested benefit. Interest is fixed to one plus the prime rate listed in the Wall Street Journal at loan origination. Loans used to acquire a home are limited to a term of up to fifteen years. Other loans are limited to a term of up to five years. A one-time \$125 loan origination fee is charged to the participant at the inception of the loan.

Financial statements for the Plan are prepared using the accrual basis of accounting. Employer and participant contributions are recognized in the period that the contributions are due. 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, 2011 were \$50,824, which included allocated audit fees of \$5,917, trustee fees of \$41,164, and legal fees of \$3,743.

The following are the plan investments at June 30, 2011, stated at fair value, based on the funds' share price:

Mutual funds at fair value:	
Alliance Growth and Income Fund	\$ 4,578,060
American Balanced Fund	2,166,211
American Bond Fund of America	2,788,899
Franklin Small Capital Growth Fund	4,961
Columbia Acorn Trust Fund	3,612,767
Columbia International Value Fund	5,366,310
Gabelli Small Cap Growth Fund	3,783,798
HB and T Short-term Income Fund	3,453,210
Oppenheimer Capital Appreciation Fund	5,791,705
	<hr/>
Total investments	<u>\$ 31,545,921</u>

C. Deferred Compensation Plans

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

The County makes contributions to the deferred compensation plans for certain employees in accordance with their employment contracts. The cost to the County for these contributions was \$27,532 for the fiscal year ended June 30, 2011.

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.

Generally, 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; 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 a percentage of each participating employee's annual regular pay, and to withhold from each participating employee his or her required contribution. Required contribution rates are listed below.

1. For employees who are not members of an enhanced retirement plan:

<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]):

<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%

In addition, employers joining the program after January 1, 1998 are 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, 2011, 2010, and 2009 were \$602,514, \$434,306, and \$421,859 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, 2011, 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	\$ 2,733,341	1,654,572	1,478,472	2,909,441	1,860,865
Revenue bonds payable	70,533,228	0	3,307,151	67,226,077	3,345,000
Total governmental activities	\$ <u>73,266,569</u>	<u>1,654,572</u>	<u>4,785,623</u>	<u>70,135,518</u>	<u>5,205,865</u>
Business-type activities:					
Accrued compensated absences	\$ 2,396,039	1,710,764	1,421,364	2,685,439	1,822,520
Claims and judgments	1,803,584	2,838,042	2,091,556	2,550,070	1,362,443
Revenue bonds payable	47,405,513	13,244,976	6,504,564	54,145,925	7,180,000
Contracts and intergovernmental debt	19,955,942	432,311	692,774	19,695,479	722,766
Special closure costs	5,349,000	188,549	497,775	5,039,774	0
	\$ <u>76,910,078</u>	<u>18,414,642</u>	<u>11,208,033</u>	<u>84,116,687</u>	<u>11,087,729</u>

In prior years, resources of the General Fund have been used to liquidate the liability for compensated absences. Internal service funds of the County predominantly serve the proprietary funds. Accordingly, compensated absences in the amount of \$83,484 and claims and judgments in the amount of \$2,550,070 from internal service funds are included as part of the business-type activities.

B. 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	\$ 70,065,000	(3,215,000)	66,850,000
Bond premium	761,425	(123,690)	637,735
Bond discount	(293,197)	31,539	(261,658)
	<u>\$ 70,533,228</u>	<u>(3,307,151)</u>	<u>67,226,077</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,970,000	2,945,519	6,915,519
2017-2021	19,610,000	11,458,319	31,068,319
2022-2026	19,560,000	6,260,481	25,820,481
2027-2028	9,485,000	843,943	10,328,943
	<u>\$ 66,850,000</u>	<u>34,945,156</u>	<u>101,795,156</u>

C. Utility System Revenue Bonds

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

Utility Revenue Bonds – 2004/2006 Series

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% 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.

On July 8, 2004 the County also issued \$1,475,000 in Utility Revenue Bonds (2004 Series B) maturing in 2017 with an average interest rate of 4.67% to fund a \$1,300,000 capital project.

On December 28, 2006, the County issued \$7,695,000 in Utility Revenue Bonds, including a tax-exempt series A in the amount of \$2,930,000 and a taxable series B in the amount of \$4,765,000 with all inclusive interest rates of 4.26% and 5.87%, respectively. The primary purpose of this bond issue was to finance the County's share of environmental improvements at San Juan Generating Station Unit 4. Also funded were electrical distribution improvements associated with major road reconstruction projects within the County. These are 15-year bonds and will be fully amortized on July 1, 2022.

The scheduled annual maturity requirements of the 2004 Series and 2006 Series Utility Revenue Bonds [subject to accelerated debt service payments under certain circumstances – see Note (11)] as of June 30, 2011 are as presented below.

Year ending June 30	2004 A Series		2004 B Series		2006 A Series		2006 B Series		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 6,675,000	1,745,250	60,000	53,963	175,000	94,800	270,000	208,567	9,282,580
2013	6,990,000	1,411,500	65,000	51,562	185,000	87,800	285,000	194,663	9,270,525
2014	7,320,000	1,062,000	65,000	48,962	190,000	80,400	300,000	179,985	9,246,347
2015	7,660,000	696,000	70,000	46,038	200,000	72,800	315,000	164,235	9,224,073
2016	6,260,000	313,000	70,000	42,887	205,000	64,800	330,000	147,698	7,433,385
2017-2021	0	0	410,000	161,401	1,155,000	194,200	1,950,000	453,012	4,323,613
2022-2025	0	0	410,000	52,262	260,000	10,400	455,000	24,797	1,212,459
	<u>\$ 34,905,000</u>	<u>5,227,750</u>	<u>1,150,000</u>	<u>457,075</u>	<u>2,370,000</u>	<u>605,200</u>	<u>3,905,000</u>	<u>1,372,957</u>	<u>49,992,982</u>
2004A Series Principal	\$ 34,905,000								
2004B Series Principal			1,150,000						
2006A Series Principal					2,370,000				
2006B Series Principal							3,905,000		
Unamortized balances:									
Refunding costs		(2,917,652)							
Discounts and premiums		1,488,601							
	<u>\$ 40,900,949</u>								

Utility Revenue Bonds – 2010 Series

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

The scheduled annual maturity requirements of the 2010 Series A, B, C, and D Utility Revenue Bonds as of June 30, 2011 are as presented below.

Year ending June 30	2010 A Series		2010 B Series		2010 C Series		2010 D Series		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 0	105,310	0	67,725	0	178,351	0	166,419	517,805
2013	0	131,181	0	84,364	0	222,167	0	207,305	645,017
2014	95,000	131,181	0	84,363	0	222,167	155,000	207,304	895,015
2015	95,000	129,281	0	84,364	0	222,167	160,000	203,839	894,651
2016	100,000	127,500	0	84,363	0	222,168	165,000	199,382	898,413
2017-2021	2,400,000	484,725	0	421,818	0	1,110,836	920,000	899,991	6,237,370
2022-2026	1,095,000	66,200	1,535,000	324,539	270,000	1,110,836	1,160,000	659,607	6,221,182
2027-2030	0	0	0	0	3,410,000	634,752	1,525,000	289,104	5,858,856
	<u>\$ 3,785,000</u>	<u>1,175,378</u>	<u>1,535,000</u>	<u>1,151,536</u>	<u>3,680,000</u>	<u>3,923,444</u>	<u>4,085,000</u>	<u>2,832,951</u>	<u>22,168,309</u>
2010A Series Principal	\$ 3,785,000								
2010B Series Principal	1,535,000								
2010C Series Principal	3,680,000								
2010D Series Principal	4,085,000								
Unamortized balances:									
Discounts and premiums	159,976								
	<u>\$ 13,244,976</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 were drawn as needed for construction expenses. The County received \$14,355,105 in loan proceeds and capitalized interest, which were/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, 2011 are as follows:

Year ending June 30	Principal	Interest/ Finance Fee	Total
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	619,325	345,563	964,888
2017-2021	3,386,723	1,437,717	4,824,440
2022-2026	3,926,140	898,302	4,824,442
2027-2030	3,586,586	272,970	3,859,556
	<u>\$ 13,820,869</u>	<u>4,512,013</u>	<u>18,332,882</u>

In April 2007 the County entered into 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 20 years. Principal and administrative fees that were payable at June 30, 2011 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	3,243	99	3,342
2017-2021	16,337	370	16,707
2022-2026	16,543	166	16,709
2027	3,333	8	3,341
	<u>\$ 52,348</u>	<u>1,119</u>	<u>53,467</u>

In November 2008 the County entered into 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 water conservation, treatment and 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, 2011 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	4,056	134	4,190
2017-2021	20,433	516	20,949
2022-2026	20,690	261	20,951
2027 - 2028	8,349	31	8,380
	<u>\$ 69,652</u>	<u>1,578</u>	<u>71,230</u>

In July 2010 the County entered into a loan and grant agreement with the Water Trust Board and the New Mexico Finance Authority (NMFA). The agreement includes a \$590,000 grant with a \$147,500 loan for the purpose of financing the costs of Phase III of the water conservation, treatment and reuse infrastructure project. The loan is to be repaid from existing Utility water system revenues. During fiscal year 2011 the County received \$147,500 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, 2011 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
2012	\$ 7,219	351	7,570
2013	7,237	333	7,570
2014	7,256	315	7,571
2015	7,274	296	7,570
2016	7,292	278	7,570
2017-2021	36,733	1,116	37,849
2022-2026	37,195	657	37,852
2027-2030	30,093	188	30,281
	<u>\$ 140,299</u>	<u>3,534</u>	<u>143,833</u>

In July 2010 the County entered into a loan and grant agreement with the Water Trust Board and the New Mexico Finance Authority (NMFA). The agreement includes a \$200,000 grant with a \$50,000 loan for the purpose of financing the costs of environmental studies for a proposed collector well for water from the San Juan/Chama Diversion Project. The loan is to be repaid from existing Utility water system revenues. During fiscal year 2011 the County received \$50,000 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, 2011 are as follows:

Year ending June 30	Principal	Interest	Total
2012	\$ 2,447	119	2,566
2013	2,453	113	2,566
2014	2,460	107	2,567
2015	2,466	100	2,566
2016	2,472	94	2,566
2017-2021	12,452	379	12,831
2022-2026	12,608	222	12,830
2027-2030	10,201	64	10,265
	<u>\$ 47,559</u>	<u>1,198</u>	<u>48,757</u>

In December 2009 the County entered into a loan and grant agreement with the New Mexico Environment Department Construction Programs Bureau. The agreement includes a \$150,000 grant subsidy under the American Recovery and Reinvestment Act (ARRA) and a 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 2011 the County received \$234,812 in loan proceeds and capitalized interest under this agreement. The loan has a combined administrative fee/interest fee rate of 3% with a term of 20 years. Principal and administrative fees that were payable at June 30, 2011 are shown on the following page:

Year ending June 30	Principal	Administrative Fee / Interest	Total
2012	\$ 8,739	7,044	15,783
2013	9,001	6,782	15,783
2014	9,271	6,512	15,783
2015	9,549	6,234	15,783
2016	9,835	5,948	15,783
2017-2021	53,784	25,132	78,916
2022-2026	62,350	16,565	78,915
2027-2030	56,959	6,173	63,132
2031	15,323	460	15,783
	<u>\$ 234,811</u>	<u>80,850</u>	<u>315,661</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, 2011 are as follows:

Year ending June 30	Principal	Interest	Total
2012	\$ 146,871	214,683	361,554
2013	152,276	209,293	361,569
2014	157,924	203,659	361,583
2015	163,830	197,768	361,598
2016	170,021	191,592	361,613
2017-2021	954,453	853,874	1,808,327
2022-2026	1,161,914	646,930	1,808,844
2027-2031	1,420,925	388,568	1,809,493
2032-2034	1,001,725	84,343	1,086,068
	<u>\$ 5,329,939</u>	<u>2,990,710</u>	<u>8,320,649</u>

(10) POWER SUPPLY

The Public Service Company of New Mexico (PNM) filed a Notice of Transmission Rate Changes with the Federal Energy Regulation Commission on October 27, 2010. PNM is seeking to increase the annual transmission revenue requirement from \$62.6 million to \$99.4 million and the transmission rate from \$2.07 / kw-month to \$2.65 / kw-month. PNM is also proposing to increase the transmission loss factor from 3.0% to 3.58. The proposed increases would increase the County's transmission charge by approximately 70%. The County paid PNM an average monthly cost of \$84,658 for these services during fiscal year 2011. Los Alamos County and seven other affected parties chose to intervene and challenge PNM's proposed rates. The Federal Energy Regulation Commission (FERC) established a settlement and hearing procedure to resolve the issues. After several attempts to reach agreement on the issues, the interveners and PNM reached an impasse and agreed to go to trial. The hearing in the PNM case is scheduled to begin in April, 2012.

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, 2011, the County paid \$3,239,582 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 2011 was \$35,196.

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.

On August 5, 2011, the Environmental Protection Agency (EPA) issued an Interstate Transport Federal Implementation Plan (FIP) for the State of New Mexico which included a Best Available Retrofit Technology (BART) determination requiring selective catalytic reduction (SCR) on all four units of the San Juan Generating Station (SJGS), operated by Public Service Company of New Mexico (PNM). The EPA was under a consent decree obligating it to address the Interstate Transport rule for New Mexico and certain other states by August 5; however, EPA was not required to make a BART determination for San Juan pursuant to the Regional Haze rule. EPA has indicated that it will exercise its discretion when possible to keep costs as low as possible and protect jobs. EPA has elected to issue a BART determination for San Juan which is inconsistent with, and much more costly than, the Regional Haze State Implementation Plan (SIP) issued by New Mexico.

There are significant cost discrepancies between the EPA estimate for the SCRs and the detailed cost estimates by two reputable engineering firms engaged by PNM. The EPA's cost estimate for installation of SCR, of \$345 million, is less than half of the estimate of approximately \$740 million provided by a leading Engineering, Procurement and Construction (EPC) contractor which is based on vendor quotes. Los Alamos County's share of the higher cost would be approximately \$20 million. With the publication of the FIP in the Federal Register on August 22, 2011, PNM must pursue a dual track of seeking a stay of the FIP while simultaneously preparing for installation of the SCRs to meet the five year deadline. If PNM is ultimately required to install SCR at the SJGS, the County's approximate \$20 million share of the capital cost would be incurred within five years and would be financed with bonds with a term of approximately 20 years.

(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 \$24,086,277 in fiscal year 2011 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.

(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. That 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, 2011 the total closure and post closure care cost estimate was \$3,366,269, the estimated cost to decommission the Transfer Station was \$50,378, for a total liability of \$3,416,647. Since the transfer station opened in FY 2009 the landfill has only been accepting limited types of waste, and has been incurring actual closure costs. As such the liability is being funded at 100% resulting in a closure liability at June 30, 2011 of \$1,775,825 (calculated liability of \$3,416,647, less the expenditures to date of \$1,640,822). It should also be noted that the total cost of landfill and Transfer Station 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 \$1,775,825.

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 November 2011 with closure completion estimated in December 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 exceed 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 2052.

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 2011, \$177,600 was set-aside for this purpose. As of June 30, 2011 \$2,920,928 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 on the following page displays a summary of the County's major commercial insurance coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

FY 2011 Insurance coverage summary:

<u>Insurance Coverage</u>	<u>Deductible</u>	<u>Insurance Liability Limits</u>
General and Automotive Liability, and Medical Malpractice	\$25,000	\$400,000 per person and \$750,000 per occurrence for bodily injury \$100,000 per occurrence, fire legal liability damage \$300,000 per occurrence for medical expenses \$750,000 per occurrence for physical property damage or destruction to multiple real properties and related bodily injury to multiple individuals arising out of a single occurrence \$4,000,000 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 \$2,550,070 reported in the Fund at June 30, 2011 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 2010 and 2011 are summarized below.

	<u>Group Insurance (Dental)</u>	<u>Unemployment Compensation</u>	<u>Workers Compensation</u>	<u>General Liability</u>	<u>Total</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	(505,378)	(39,609)	(649,577)	(990,371)	(2,184,935)
Claims liability, June 30, 2010	0	0	1,735,904	67,680	1,803,584
Current year claims, insurance, and changes in estimates	446,586	97,331	1,520,507	773,618	2,838,042
Claims and insurance payments	(446,586)	(97,331)	(770,946)	(776,693)	(2,091,556)
Claims liability, June 30, 2011	\$ 0	0	2,485,465	64,605	2,550,070

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, 2011. 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, 2011.

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 FY2011, the County recognized intergovernmental revenue of approximately \$15.4 million under the terms of this cooperative agreement.

Approximately \$.75 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. Also from ARRA, approximately \$1.9 million was received and recorded as revenue in the Capital Improvement Projects Fund for major street improvements on Diamond Drive. Intergovernmental revenues of approximately \$.9 million were recorded in the Transit Fund for Federal Transit Administration grant funds. Additionally, intergovernmental revenue of approximately \$3.3 million was recorded in the Airport Fund from the Federal Aviation Administration for Airport Improvements.

The County receives financial assistance from numerous other federal and state grantors as detailed in the Schedule of Expenditures of State Awards and the Schedule of Expenditures of Federal Awards, Exhibits 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, 2011, the balance of Health Facility Revenue Bonds outstanding was \$8,255,675.

(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 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 commitment of fund balance is recorded in the General Fund to recognize that some costs may be disallowed at closeout. The commitment, established by County Council, is calculated to equal 1% of the cooperative agreement, life-to-date expenses.

C. Encumbrances

The County uses an encumbrance system as an extension of normal budgetary accounting for all funds as the County's budgetary basis includes encumbrances. Under this system, purchase orders, contracts and commitments for expenditures are recorded to reserve that portion of applicable appropriations. In governmental funds, encumbrances outstanding at fiscal year-end are recorded as restricted, committed, or assigned fund balance depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at fiscal year-end are re-appropriated for the following year. Encumbrances outstanding by fund at June 30, 2011 are as follows:

Major Governmental Funds:	
General Fund	\$ 3,964,092
Economic Development	323,025
Capital Improvement Projects	24,754,559
Other Governmental	<u>69,298</u>
Total Governmental Funds	<u>29,110,974</u>
Major Proprietary Funds:	
Joint Utility System	6,462,983
Environmental Services	1,952,968
Golf Course	27,020
Transit	725,110
Fire	462,019
Airport	<u>1,453,542</u>
Total Proprietary Funds	<u>11,083,642</u>
Internal Service Funds:	
Equipment	455,350
Risk Management	<u>61,356</u>
Total Internal Service Funds	<u>516,706</u>
Outstanding Encumbrances at June 30, 2011	<u><u>\$ 40,711,322</u></u>

D. Litigation

The County and the local Firefighters' Union have agreed to enter discussions on negotiating a settlement to a lawsuit brought by the Union against the County. The lawsuit relates to compensation and the County's implementation of the collective bargaining agreement. While a monetary settlement is a possibility, at this time the County does not have enough information to reasonably estimate the probability or amount of any potential settlement.

The County is subject to various other legal proceedings, claims, and liabilities, which arise in the ordinary course of the County's business. In the opinion of the County's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse 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, 2011 was \$1,081,811.

The future minimum lease payments under operating leases as of June 30, 2011, are approximately as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2012	\$ 912,043
2013	600,026
2014	180,619
2015	15,828
	<u>\$ 1,708,516</u>

(17) SUBSEQUENT EVENTS

On June 26, 2011 the Las Conchas Fire started in the Jemez Mountains. Over the following couple of weeks, the fire threatened the community and surrounding Counties, growing to be the largest wildfire in State history burning over 156,000 acres. The community of Los Alamos was under a mandatory evacuation order from June 27 until July 3, 2011. The fire response and subsequent recovery has cost the County over \$1.7 million. The County expects to recover approximately half of these costs under the Fire Management Assistance Grant Program and an executive order by the Governor of New Mexico for flood mitigation activities.

(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, 2011, an estimated 65-70% of GRT revenues relate directly to LANL operations.

(19) ACCOUNTING STANDARD PRONOUNCEMENTS

GASB Statement No. 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.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* ("GASB 60"), improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. GASB 60 will be effective for the County in fiscal year 2013 and does not appear that it will impact the County upon initial implementation.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* ("GASB 61"), improves reporting for a governmental financial reporting entity by better defining the reporting entity and by addressing reporting issues that have arisen since the issuance of GASB 14 and 34. GASB 61 will be implemented by the County in fiscal year 2013. The County intends to explore the impact of the Statement prior to development of the FY 2013 budget. At this time, the impact has not yet been determined.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"), does not change any current accounting or reporting standards, but makes them easier to find and understand. GASB 62 will be effective for the County fiscal year 2013.



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.

Las Conchas Fire Fund 191 - this special revenue fund accounts for the revenues and expenditures associated with response and recovery to the Las Conchas Fire, which began June 26, 2011. The fire grew to be the largest in New Mexico history and threatened the community for more a week. This special revenue fund was established by County Council.

INCORPORATED COUNTY OF LOS ALAMOS

Other Governmental Funds

Combining Balance Sheet

June 30, 2011

	SPECIAL REVENUE FUNDS						TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	LAS CONCHAS FIRE FUND	
ASSETS							
Equity in pooled cash and investments	\$ 109,735	276,839	324,511	1,146,493	486,353	518,942	2,862,873
Investments	0	0	0	0	12,301	0	12,301
Receivables, net of allowance for uncollectibles							
Interest	0	0	0	0	76	0	76
Unbilled	0	34,943	0	0	0	0	34,943
Due from other governments	94,515	0	0	426,903	0	91,500	612,918
TOTAL ASSETS	\$ 204,250	311,782	324,511	1,573,396	498,730	610,442	3,523,111
LIABILITIES							
Accounts payable	\$ 0	50,395	18,133	120,575	5,502	27,976	222,581
Accrued salaries and benefits payable	0	0	0	0	1,627	337,276	338,903
Due to other governments	0	0	2,922	0	0	0	2,922
Deferred revenues	10,456	0	0	0	0	91,500	101,956
TOTAL LIABILITIES	10,456	50,395	21,055	120,575	7,129	456,752	666,362
FUND BALANCE							
Restricted for							
Clerk records and files (State law)	0	0	0	0	66,955	0	66,955
Grants (Granting entities)	0	0	303,456	0	0	0	303,456
Library operations (contributors)	0	0	0	0	15,915	0	15,915
Lodgers' tax (State law)	0	261,387	0	0	0	0	261,387
Indigent health care claims (State law)	0	0	0	1,452,821	0	0	1,452,821
Property tax valuation (State law)	0	0	0	0	357,282	0	357,282
Recreation (County code and contributors)	2,307	0	0	0	49,734	0	52,041
Major street maintenance (State law)	191,487	0	0	0	0	0	191,487
Committed to							
Las Conchas Fire emergency response	0	0	0	0	0	153,690	153,690
TOTAL FUND BALANCE	193,794	261,387	303,456	1,452,821	491,601	153,690	2,856,749
TOTAL LIABILITIES AND FUND BALANCE	\$ 204,250	311,782	324,511	1,573,396	498,730	610,442	3,523,111

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, 2011

	SPECIAL REVENUE FUNDS						TOTAL
	STATE SHARED REVENUES	LODGERS' TAX	STATE GRANTS / OTHER	INDIGENT HEALTH CARE	OTHER SPECIAL REVENUES	LAS CONCHAS FIRE FUND	
REVENUES							
Taxes							
Gross receipts taxes	\$ 0	0	0	2,141,893	0	0	2,141,893
Lodgers' tax	0	266,634	0	0	0	0	266,634
Penalties and interest-taxes	0	773	0	0	0	0	773
	<u>0</u>	<u>267,407</u>	<u>0</u>	<u>2,141,893</u>	<u>0</u>	<u>0</u>	<u>2,409,300</u>
Intergovernmental							
State grants-fire	0	0	455,992	0	0	0	455,992
State grants-police	0	0	100,656	0	0	0	100,656
State shared revenues	539,623	0	0	0	0	0	539,623
	<u>539,623</u>	<u>0</u>	<u>556,648</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,096,271</u>
Fines and forfeits							
Court ordered reimbursements	0	0	5,691	0	27,578	0	33,269
Charges for services							
Clerk fee	0	0	0	0	15,170	0	15,170
Finance/treasurer fees	0	0	0	0	154,167	0	154,167
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,337</u>	<u>0</u>	<u>169,337</u>
Miscellaneous revenue (includes investment loss)							
Investment income	0	11,725	15,013	44,675	2,258	0	73,671
Donations	0	0	0	0	747	0	747
Other	0	0	2,475	0	0	0	2,475
	<u>0</u>	<u>11,725</u>	<u>17,488</u>	<u>44,675</u>	<u>3,005</u>	<u>0</u>	<u>76,893</u>
TOTAL REVENUES	<u>539,623</u>	<u>279,132</u>	<u>579,827</u>	<u>2,186,568</u>	<u>199,920</u>	<u>0</u>	<u>3,785,070</u>
EXPENDITURES							
General government							
Municipal Court	0	0	0	0	59,730	0	59,730
County Assessor	0	0	0	0	141,251	0	141,251
County Clerk	0	0	0	0	16,031	0	16,031
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>217,012</u>	<u>0</u>	<u>217,012</u>
Public safety							
Las Conchas Fire response and recovery	0	0	0	0	0	496,310	496,310
Fire marshal	0	0	452,408	0	0	0	452,408
Fire-E.M.S. grant	0	0	17,652	0	0	0	17,652
Police	0	0	123,180	0	0	0	123,180
	<u>0</u>	<u>0</u>	<u>593,240</u>	<u>0</u>	<u>0</u>	<u>496,310</u>	<u>1,089,550</u>
Physical and economic environment							
County Administrator	0	323,817	0	0	0	0	323,817
Health and welfare							
Administrative Services-OMB	0	0	0	2,154,210	0	0	2,154,210

Culture and recreation							
Community Services-Library	0	0	0	0	2,115	0	2,115
Community Services-Recreation	0	0	0	0	2,219	0	2,219
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,334</u>	<u>0</u>	<u>4,334</u>
General government							
County Assessor	0	0	0	0	3,555	0	3,555
TOTAL EXPENDITURES	<u>0</u>	<u>323,817</u>	<u>593,240</u>	<u>2,154,210</u>	<u>224,901</u>	<u>496,310</u>	<u>3,792,478</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	539,623	(44,685)	(13,413)	32,358	(24,981)	(496,310)	(7,408)
OTHER FINANCING SOURCES (USES)							
Transfers in	0	0	0	0	30,514	650,000	680,514
Transfers out	(425,000)	0	0	0	0	0	(425,000)
	<u>(425,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,514</u>	<u>650,000</u>	<u>255,514</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	114,623	(44,685)	(13,413)	32,358	5,533	153,690	248,106
FUND BALANCE							
Beginning of fiscal year	79,171	306,072	316,869	1,420,463	486,068	0	2,608,643
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 193,794</u>	<u>261,387</u>	<u>303,456</u>	<u>1,452,821</u>	<u>491,601</u>	<u>153,690</u>	<u>2,856,749</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State shared revenues	\$ 425,000	425,000	539,623	114,623
EXPENDITURES AND ENCUMBRANCES				
Community Services - juvenile recreation	0	0	0	0
Public Works - major street maintenance	0	0	0	0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	425,000	425,000	539,623	114,623
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	(425,000)	(425,000)	(425,000)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	0	114,623	114,623
FUND BALANCE				
Beginning of fiscal year			79,171	
FUND BALANCE - END OF FISCAL YEAR			\$ 193,794	

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 280,000	280,000	266,634	(13,366)
Penalties and interest-taxes	5,000	5,000	773	(4,227)
Intergovernmental				
State grants-other	0	0	0	0
Miscellaneous revenues				
Investment income	6,000	6,000	11,725	5,725
TOTAL REVENUES	<u>291,000</u>	<u>291,000</u>	<u>279,132</u>	<u>(11,868)</u>
EXPENDITURES AND ENCUMBRANCES				
County Administrator				
Outside services	280,105	342,437	318,573	23,864
Intrafund/interfund services	5,244	5,244	5,244	0
Capital outlay	90,000	90,000	0	90,000
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>375,349</u>	<u>437,681</u>	<u>323,817</u>	<u>113,864</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u><u>(84,349)</u></u>	<u><u>(146,681)</u></u>	<u><u>(44,685)</u></u>	<u><u>101,996</u></u>
FUND BALANCE				
Beginning of fiscal year			306,072	
FUND BALANCE - END OF FISCAL YEAR			\$ <u><u>261,387</u></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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	\$ 485,706	467,793	455,992	(11,801)
State grants-police	103,000	103,800	100,656	(3,144)
Fines and forfeits				
Court ordered reimbursements	0	0	5,691	5,691
Miscellaneous revenues				
Investment income	1,000	1,000	15,013	14,013
Other	0	0	2,475	2,475
TOTAL REVENUES	589,706	572,593	579,827	7,234
EXPENDITURES AND ENCUMBRANCES				
Fire				
Grants and contracts				
Fire - Fire marshal grant	470,706	684,704	473,313	211,391
Fire - Emergency medical services grant	15,000	22,427	22,227	200
	485,706	707,131	495,540	211,591
Police				
Grants and contracts				
Police - Law enforcement protection grant	40,000	75,715	73,740	1,975
Police - DWI local grant	63,000	64,000	66,547	(2,547)
Police - Seizure/Forfeiture	0	695	0	695
	103,000	140,410	140,287	123
TOTAL EXPENDITURES AND ENCUMBRANCES	588,706	847,541	635,827	211,714
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,000	(274,948)	(56,000)	218,948
ADJUSTMENTS TO GAAP				
Encumbrances			42,587	
GAAP BASIS			(13,413)	
FUND BALANCE				
Beginning of fiscal year			316,869	
FUND BALANCE - END OF FISCAL YEAR			\$ 303,456	

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
General gross receipts taxes	\$ 2,319,000	2,319,000	2,141,893	(177,107)
Miscellaneous revenues				
Investment income	47,000	47,000	44,675	(2,325)
TOTAL REVENUES	<u>2,366,000</u>	<u>2,366,000</u>	<u>2,186,568</u>	<u>(179,432)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	89,137	89,137	66,970	22,167
Outside services	2,086,594	2,086,594	2,046,317	40,277
Materials and supplies	1,000	1,000	982	18
Intrafund/interfund services	39,941	39,941	39,941	0
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>2,216,672</u>	<u>2,216,672</u>	<u>2,154,210</u>	<u>62,462</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 149,328</u>	<u>149,328</u>	32,358	<u>(116,970)</u>
FUND BALANCE				
Beginning of fiscal year			1,420,463	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 1,452,821</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, 2011

	<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	27,338	(9,662)
Clerk fee	0	0	240	240
Finance/treasurer fees	155,600	155,600	169,337	13,737
	<u>192,600</u>	<u>192,600</u>	<u>196,915</u>	<u>4,315</u>
Miscellaneous revenues				
Investment income	800	800	2,258	1,458
Donations	3,000	3,000	747	(2,253)
	<u>3,800</u>	<u>3,800</u>	<u>3,005</u>	<u>(795)</u>
TOTAL REVENUES	196,400	196,400	199,920	3,520
EXPENDITURES AND ENCUMBRANCES				
Municipal Court				
Bench warrant	19,772	19,772	8,786	10,986
Community service	25,000	25,000	28,271	(3,271)
Alternative sentencing	25,000	25,000	22,674	2,326
County Assessor				
Property tax valuation	134,251	180,251	149,406	30,845
County Clerk				
Recording and equipment	16,016	16,016	16,031	(15)
Community Services				
Aquatic center gift	3,000	3,000	2,219	781
Library gift	3,200	3,200	2,115	1,085
TOTAL EXPENDITURES AND ENCUMBRANCES	226,239	272,239	229,502	42,737
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(29,839)	(75,839)	(29,582)	46,257

OTHER FINANCING SOURCES (USES)

Transfers in from:
General Fund

25,000	47,000	30,514	(16,486)
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**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENDITURES AND OTHER USES**

\$ (4,839)	(28,839)	932	29,771
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ADJUSTMENTS TO GAAP

Encumbrances

4,601

GAAP BASIS

5,533

FUND BALANCE

Beginning of fiscal year

486,068

FUND BALANCE - END OF FISCAL YEAR

\$ 491,601

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
LAS CONCHAS FIRE FUND**

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	\$ 0	0	452,710	(452,710)
Outside services	0	650,000	28,808	621,192
Materials and supplies	0	0	29,797	(29,797)
Intrafund/interfund services	0	0	7,105	(7,105)
	<u>0</u>	<u>650,000</u>	<u>518,420</u>	<u>131,580</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	0	(650,000)	(518,420)	131,580
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	650,000	650,000	0
	<u>0</u>	<u>650,000</u>	<u>650,000</u>	<u>0</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>0</u>	<u>0</u>	<u>131,580</u>	<u>131,580</u>
ADJUSTMENTS TO GAAP				
Encumbrances			22,110	
GAAP BASIS			<u>153,690</u>	
FUND BALANCE				
Beginning of fiscal year			0	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ <u>153,690</u></u>	

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 224,000	224,000	253,809	29,809
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Principal payment on debt	3,215,000	3,215,000	3,215,000	0
Interest payment on debt	3,698,038	3,698,038	3,698,038	0
	<u>6,913,038</u>	<u>6,913,038</u>	<u>6,913,038</u>	<u>0</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(6,689,038)	(6,689,038)	(6,659,229)	29,809
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	6,913,155	6,913,155	6,913,038	(117)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 224,117	224,117	253,809	29,692
FUND BALANCE				
Beginning of fiscal year			6,445,190	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 6,698,999</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 1,350,000	1,350,000	5,663,663	4,313,663
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	(950,000)	(950,000)	(920,303)	29,697
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 400,000	400,000	4,743,360	4,343,360
FUND BALANCE				
Beginning of fiscal year			22,339,819	
FUND BALANCE - END OF FISCAL YEAR			\$ 27,083,179	

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS
 Fiscal Year Ended June 30, 2011

PROJECT	PROJECT-LENGTH BUDGET APPROPRIATIONS	EXPENDED IN PRIOR YEARS	EXPENDED IN CURRENT YEAR	EXPENDED THROUGH Jun 30, 2011	UNEXPENDED AS OF Jun 30, 2011	ENCUMBRANCES AS OF Jun 30, 2011	REMAINING BALANCE AS OF Jun 30, 2011
CIP FUND - MAJOR PROJECTS							
Major Network Replacement	\$ 1,438,311	0	400,000	400,000	1,038,311	5,285	1,033,026
Community Broadband Network Design	1,123,501	273,796	102,906	376,702	746,799	29,804	716,995
Other Potential Projects	1,643,959	0	0	0	1,643,959	0	1,643,959
Airport Basin/Pajarito Cliffs (Residual only)	73,199	0	0	0	73,199	39,425	33,774
Municipal Building	25,800,876	1,105,970	409,552	1,515,522	24,285,354	20,014,106	4,271,248
Justice Center	1,071,426	0	626,921	626,921	444,505	29,471	415,034
Animal Shelter	43,736	0	14,953	14,953	28,783	7,760	21,023
Trinity Site Demolition	2,338,279	0	0	0	2,338,279	302,845	2,035,434
Historical Archives/Records (design)	200,000	58,201	79,502	137,703	62,297	8,448	53,849
LA Apartments Demolition	237,668	0	0	0	237,668	32,844	204,824
Tenant Improvements Trinity Site	130,955	0	0	0	130,955	0	130,955
Solar Panels - Animal Shelter/Justice Center	103,000	1,367	0	1,367	101,633	101,633	0
Golf Course Community Building	5,324,958	0	613,060	613,060	4,711,898	167,020	4,544,878
White Rock Civic Center Study	200,000	0	0	0	200,000	0	200,000
New WR Fire Station #3 (Residual only)	253,905	41,803	17,832	59,635	194,270	0	194,270
Radio Study	50,000	0	0	0	50,000	0	50,000
La Plaza Mainstreet	80,730	0	13,913	13,913	66,817	49,891	16,926
Street CIP	778,096	0	0	0	778,096	0	778,096
Canyon Rim Trail	770,716	0	0	0	770,716	38,506	732,210
DP Road Intersection	870,625	0	0	0	870,625	0	870,625
Parking Improvements	5,000,000	0	0	0	5,000,000	0	5,000,000
Diamond Drive Phase 3	446,375	0	0	0	446,375	51,711	394,664
Diamond Drive Phase 4	9,248,499	2,502,322	3,978,976	6,481,298	2,767,201	1,602,742	1,164,459
Western Area Road Replacement Design	80,074	0	0	0	80,074	0	80,074
State Road 4 Improvements	6,478,262	319,541	524,596	844,137	5,634,125	216,274	5,417,851
Trinity DR/East Road Corridor Study	383,692	14,348	330,631	344,979	38,713	33,803	4,910
White Rock Arroyo Trail	876,056	61,764	75,299	137,063	738,993	30,431	708,562
Barranca Road Improvements	1,294,540	0	1,068,123	1,068,123	226,417	0	226,417
West Road Study	250,000	0	0	0	250,000	0	250,000
Barranca Phase II Pavement	1,635,306	0	114,283	114,283	1,521,023	1,196,723	324,300
Iris Street Project	746,250	0	3,583	3,583	742,667	592,223	150,444
Eastern Area Project Study	35,000	0	0	0	35,000	0	35,000
Public Art (continuing)	824,506	0	0	0	824,506	0	824,506
Parks Small Capital Projects	154,419	0	0	0	154,419	45,159	109,260
White Rock Vistor Center /RV Park	2,375,228	60,848	152,258	213,106	2,162,122	40,676	2,121,446
White Rock Gateway Structure Study	50,000	32,941	0	32,941	17,059	0	17,059
Art Center Bldg Safety Improvements Study	50,000	0	0	0	50,000	0	50,000
Aquatic Center Leisure Pool Study	50,000	357	49,459	49,816	184	0	184
North Mesa Sports Complex Lights	834,957	18,810	513,418	532,228	302,729	13,029	289,700
Stables Area Covered Arena Study	20,000	233	16,461	16,694	3,306	3,306	0
Ice Rink Improvements Study	240,000	0	16,944	16,944	223,056	101,444	121,612
Ashley Pond Improvements Study	125,000	0	0	0	125,000	0	125,000
Teen Center Study	150,000	0	4,868	4,868	145,132	0	145,132
Golf Course Improvements Study	75,000	0	3,371	3,371	71,629	0	71,629
Nature Center Study	120,000	0	7,579	7,579	112,421	0	112,421
	<u>74,077,104</u>	<u>4,492,301</u>	<u>9,138,488</u>	<u>13,630,789</u>	<u>60,446,315</u>	<u>24,754,559</u>	<u>35,691,756</u>

CIP FUND - SMALL PROJECTS

Leisure Pool - Aquatic Center

TOTAL CONTINUING PROJECTS

144,201	17,803	0	17,803	126,398	0	126,398
<u>74,221,305</u>	<u>4,510,104</u>	<u>9,138,488</u>	<u>13,648,592</u>	<u>60,572,713</u>	<u>24,754,559</u>	<u>35,818,154</u>

PROJECTS COMPLETED IN FY 2011

Major Network Replacement

Airport Basin Site/Pajarito Cliffs

LA Apartments Demolition

Trinity Site Demolition

Tenant Improvements Trinity Site

Canyon Rim Trail

Diamond Drive Phase 3

Central Avenue Streetscape

Public Art (continuing)

Parks Small Capital Projects

Old Fire Station #3 Demolition

Demolition of 2 Trinity Houses

Golf Course Community Building (equipment)

TOTAL PROJECTS COMPLETED IN FY 2011

4,241	0	4,241	4,241	0	0	0
576,332	0	576,332	576,332	0	0	0
31,493	0	31,493	31,493	0	0	0
813,253	0	813,253	813,253	0	0	0
4,480	0	4,480	4,480	0	0	0
754,445	557,237	197,208	754,445	0	0	0
113,430	0	113,430	113,430	0	0	0
14,651	0	12,807	12,807	1,844	0	1,844
171,030	39,418	131,612	171,030	0	0	0
11,311	0	11,311	11,311	0	0	0
10,000	0	0	0	10,000	0	10,000
10,000	0	0	0	10,000	0	10,000
11,142	0	11,142	11,142	0	0	0
<u>2,525,808</u>	<u>596,655</u>	<u>1,907,309</u>	<u>2,503,964</u>	<u>21,844</u>	<u>0</u>	<u>21,844</u>

TOTALS FY 2011

<u>\$ 76,747,113</u>	<u>5,106,759</u>	<u>11,045,797</u>	<u>16,152,556</u>	<u>60,594,557</u>	<u>24,754,559</u>	<u>35,839,998</u>
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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.



INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 COMBINING SCHEDULE OF NET ASSETS
 June 30, 2011

	<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	\$ (5,239,888)	6,108,975	16,914,729	1,804,546	19,588,362
Receivables, net of allowance for uncollectibles					
Accounts	2,721,226	122,421	443,549	225,443	3,512,639
Unbilled	593,857	114,884	373,709	192,954	1,275,404
Inventories and prepayments					
Inventories	339,538	45,618	164,241	23,976	573,373
Power plant inventories	707,332	0	0	0	707,332
Prepayments	48,212	0	4,185	0	52,397
	<u>(829,723)</u>	<u>6,391,898</u>	<u>17,900,413</u>	<u>2,246,919</u>	<u>25,709,507</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	2,727,376	0	84,987	0	2,812,363
Operations and maintenance	2,931,048	0	0	0	2,931,048
Capital projects	7,986,719	0	805,621	0	8,792,340
Investments					
Debt reserves and debt service	15,056,235	0	0	0	15,056,235
Operations and maintenance	3,355,232	0	0	0	3,355,232
Accrued interest	9,606	0	0	0	9,606
	<u>32,066,216</u>	<u>0</u>	<u>890,608</u>	<u>0</u>	<u>32,956,824</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	2,959,328	2,959,328
Utility plant in service	128,974,582	10,647,845	70,886,979	37,524,466	248,033,872
Machinery and equipment	2,910,215	161,019	862,441	178,947	4,112,622
Less accumulated depreciation	(73,908,879)	(3,131,340)	(16,395,431)	(7,118,637)	(100,554,287)
Construction in progress	15,675,865	648,717	2,064,132	484,098	18,872,812
	<u>73,651,783</u>	<u>8,326,241</u>	<u>57,418,121</u>	<u>34,028,202</u>	<u>173,424,347</u>
DEFERRED CHARGES AND OTHER ASSETS					
Bond issuance costs, net of amortization	721,875	0	7,278	0	729,153
TOTAL ASSETS	<u>105,610,151</u>	<u>14,718,139</u>	<u>76,216,420</u>	<u>36,275,121</u>	<u>232,819,831</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,641,275	116,862	92,592	23,508	2,874,237
Accrued salaries including benefits payable	21,582	679	905	8,470	31,636
Accrued compensated absences	291,027	99,168	39,674	50,508	480,377
Contractors retentions payable	6,974	0	0	0	6,974
Customer deposits payable	65,601	45,629	42,183	0	153,413
Due to other governments	46,975	15,288	21,838	14,600	98,701
Donations held in trust	24,908	0	0	0	24,908
	<u>3,098,342</u>	<u>277,626</u>	<u>197,192</u>	<u>97,086</u>	<u>3,670,246</u>

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	7,180,000	0	0	0	7,180,000
Contracts and intergovernmental debt payable	0	0	22,421	553,473	575,894
Interest payable on debt	1,102,115	0	5,305	95,605	1,203,025
	<u>8,282,115</u>	<u>0</u>	<u>27,726</u>	<u>649,078</u>	<u>8,958,919</u>

NON-CURRENT LIABILITIES

Revenue bonds payable	46,073,889	0	892,036	0	46,965,925
Special closure costs	3,263,949	0	0	0	3,263,949
Accrued compensated absences	140,779	70,147	40,034	23,420	274,380
Contracts and intergovernmental debt payable	0	0	469,901	13,319,744	13,789,645
	<u>49,478,617</u>	<u>70,147</u>	<u>1,401,971</u>	<u>13,343,164</u>	<u>64,293,899</u>

TOTAL LIABILITIES

	<u>60,859,074</u>	<u>347,773</u>	<u>1,626,889</u>	<u>14,089,328</u>	<u>76,923,064</u>
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NET ASSETS

Invested in capital assets, net of related debt	29,106,488	8,326,241	56,040,923	20,154,803	113,628,455
Restricted assets for, net of related liabilities:					
Debt service	19,713,433	0	79,682	0	19,793,115
Unrestricted	(4,068,844)	6,044,125	18,468,926	2,030,990	22,475,197
TOTAL NET ASSETS	<u>\$ 44,751,077</u>	<u>14,370,366</u>	<u>74,589,531</u>	<u>22,185,793</u>	<u>155,896,767</u>

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, 2011

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 42,851,598	6,226,510	5,393,448	3,687,229	58,158,785
Rentals	23,223	0	0	0	23,223
Miscellaneous operating revenue	19,933	13,371	10,492	9,415	53,211
	<u>42,894,754</u>	<u>6,239,881</u>	<u>5,403,940</u>	<u>3,696,644</u>	<u>58,235,219</u>
OPERATING EXPENSES					
Employee salaries and benefits	4,466,049	498,301	1,322,437	1,157,939	7,444,726
Contractual services	27,041,488	4,466,142	2,141,651	1,083,792	34,733,073
Materials and supplies	287,903	64,152	251,261	199,900	803,216
Depreciation and amortization	6,056,186	277,153	1,685,656	706,438	8,725,433
Special closure costs	181,816	0	0	0	181,816
Other	5,381	4,553	1,842	991	12,767
	<u>38,038,823</u>	<u>5,310,301</u>	<u>5,402,847</u>	<u>3,149,060</u>	<u>51,901,031</u>
OPERATING INCOME (LOSS)	4,855,931	929,580	1,093	547,584	6,334,188
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of capital assets	(616,294)	(14,020)	(472,871)	(429,116)	(1,532,301)
Investment income (loss)	(344,927)	201,422	475,107	72,098	403,700
Interest on long-term debt	(2,990,060)	0	(34,164)	(526,397)	(3,550,621)
Inventory adjustment	(31,032)	(3,982)	3,337	(2,251)	(33,928)
	<u>(3,982,313)</u>	<u>183,420</u>	<u>(28,591)</u>	<u>(885,666)</u>	<u>(4,713,150)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	873,618	1,113,000	(27,498)	(338,082)	1,621,038
TRANSFERS AND CONTRIBUTIONS					
Transfers in	0	0	2,750,000	223,750	2,973,750
Transfers out	(549,064)	(366,617)	(5,000)	(133,745)	(1,054,426)
Intergovernmental - capital grants	874,439	0	937,805	0	1,812,244
Contributed capital assets- governmental activities	0	0	3,469	0	3,469
	<u>0</u>	<u>0</u>	<u>3,469</u>	<u>0</u>	<u>3,469</u>
NET INCOME (LOSS)	1,198,993	746,383	3,658,776	(248,077)	5,356,075
NET ASSETS					
Beginning of fiscal year	43,552,084	13,623,983	70,930,755	22,433,870	150,540,692
NET ASSETS - END OF FISCAL YEAR	\$ 44,751,077	14,370,366	74,589,531	22,185,793	155,896,767

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF CASH FLOWS
Year ended June 30, 2011

	<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	\$ 44,294,906	6,272,106	5,249,129	3,671,828	59,487,969
Cash paid to suppliers for goods and services	(26,666,180)	(4,556,918)	(2,618,771)	(1,270,300)	(35,112,169)
Cash paid to employees	(4,421,063)	(469,415)	(1,322,289)	(1,149,719)	(7,362,486)
Taxes received from customers and users	652,417	401,384	226,140	181,248	1,461,189
Taxes remitted to State (from customers and users)	(656,286)	(407,801)	(227,543)	(183,410)	(1,475,040)
NET CASH FLOWS - OPERATING ACTIVITIES	13,203,794	1,239,356	1,306,666	1,249,647	16,999,463
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(466,858)	(366,617)	(5,000)	(5,000)	(843,475)
Transfers from other funds	0	0	2,750,000	223,750	2,973,750
Cash received from short-term interfund loans	0	0	5,090,532	0	5,090,532
Cash paid on short-term interfund loans	(5,090,532)	0	0	0	(5,090,532)
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(5,557,390)	(366,617)	7,835,532	218,750	2,130,275
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of revenue bonds	12,254,295	0	887,069	0	13,141,364
Cash received from capital grants	874,439	0	937,805	0	1,812,244
Proceeds received from loans	0	0	432,312	0	432,312
Principal repaid	(6,865,000)	0	(13,648)	(537,438)	(7,416,086)
Interest and other debt service paid	(3,107,715)	0	(87,339)	(375,242)	(3,570,296)
Cash paid for acquisition of capital assets	(5,413,630)	(752,556)	(2,142,317)	(927,303)	(9,235,806)
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(2,257,611)	(752,556)	13,882	(1,839,983)	(4,836,268)
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	22,702,123	802,758	701,705	486,249	24,692,835
Interest received on investments	187,238	204,024	480,125	72,198	943,585
Purchase of investment securities	(18,779,460)	0	0	0	(18,779,460)
NET CASH FLOWS - INVESTING ACTIVITIES	4,109,901	1,006,782	1,181,830	558,447	6,856,960
NET INCREASE (DECREASE) IN CASH	9,498,694	1,126,965	10,337,910	186,861	21,150,430
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	(1,093,439)	4,982,010	7,467,427	1,617,685	12,973,683
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 8,405,255	6,108,975	17,805,337	1,804,546	34,124,113

(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)	\$	4,855,931	929,580	1,093	547,584	6,334,188
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES						
Depreciation and amortization expense		6,056,186	277,153	1,685,656	706,438	8,725,433
Amortization of special closure costs		181,816	0	0	0	181,816
Provision for uncollectible accounts receivable		5,381	4,553	1,842	991	12,767
Change in assets and liabilities:						
Accounts and other receivables		1,400,152	36,346	(150,303)	(24,816)	1,261,379
Inventories		(85,370)	(8,798)	3,916	2,981	(87,271)
Prepayments and other		24,311	0	25,110	0	49,421
Accounts and retentions payable		724,270	(17,826)	(254,885)	10,411	461,970
Salaries and benefits payable		44,986	28,886	148	8,220	82,240
Taxes payable		(3,869)	(6,417)	(1,403)	(2,162)	(13,851)
Other current liabilities		0	(4,121)	(4,508)	0	(8,629)
Total adjustments		8,347,863	309,776	1,305,573	702,063	10,665,275
NET CASH FLOWS - OPERATING ACTIVITIES	\$	13,203,794	1,239,356	1,306,666	1,249,647	16,999,463

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

NON CASH TRANSACTIONS:

Assets transferred - proprietary funds	\$	(82,206)	0	0	(128,745)	(210,951)
Contributed capital assets - governmental activities		0	0	3,469	0	3,469
Fair value adjustment for investments		(485,715)	0	0	0	(485,715)
TOTAL NON CASH CAPITAL ACQUISITIONS	\$	(567,921)	0	3,469	(128,745)	(693,197)

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 0	1,753,257	1,812,244	58,987
Charges for services	58,897,090	58,897,090	58,184,177	(712,913)
Miscellaneous revenues	1,111,384	1,111,384	454,740	(656,644)
TOTAL REVENUES	60,008,474	61,761,731	60,451,161	(1,310,570)
EXPENSES AND ENCUMBRANCES				
<i>Utilities Department</i>				
Electric Subfund	44,256,916	47,510,147	49,985,052	(2,474,905)
Gas Subfund	8,258,747	8,044,427	6,042,191	2,002,236
Water Subfund	9,384,455	10,494,048	9,057,389	1,436,659
Wastewater Subfund	3,918,299	4,232,052	4,445,222	(213,170)
TOTAL EXPENSES AND ENCUMBRANCES	65,818,417	70,280,674	69,529,854	750,820
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(5,809,943)	(8,518,943)	(9,078,693)	(559,750)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,750,000	2,973,750	2,973,750	0
Transfers out to:	(865,000)	(880,000)	(843,475)	36,525
Proceeds from long-term debt	12,200,000	12,200,000	13,573,677	1,373,677
TOTAL OTHER FINANCING SOURCES (USES)	14,085,000	14,293,750	15,703,952	1,410,202
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 8,275,057	5,774,807	6,625,259	850,452
ADJUSTMENTS TO GAAP				
Encumbrances			6,462,983	
Changes in compensated absences			(116,655)	
Bad debt adjustment			(12,767)	
Depreciation and amortization			(8,725,433)	
Adjustments to inventory			(33,928)	
Special closure costs			(181,816)	

Gain(loss) on disposition of fixed assets	(1,532,301)
Proceeds from long-term debt	(13,573,677)
Assets transferred - proprietary funds	(210,951)
Contributed capital assets - governmental activities	3,469
Capital outlay capitalized	263,052
Capital projects capitalized (budgeted by line item)	8,972,754
Principal on debt service	7,416,086
	<u>(1,269,184)</u>
GAAP BASIS	5,356,075
NET ASSETS	
Beginning of fiscal year	<u>150,540,692</u>
NET ASSETS - END OF FISCAL YEAR	\$ <u>155,896,767</u>

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 0	813,257	753,765	(59,492)
Federal subsidy	0	0	120,674	120,674
State grants-other	0	200,000	0	(200,000)
	<u>0</u>	<u>1,013,257</u>	<u>874,439</u>	<u>(138,818)</u>
Charges for services				
Residential	12,275,256	12,275,256	5,594,525	(6,680,731)
Commercial and industrial	0	0	3,557,480	3,557,480
Public street and highway lighting	0	0	56,135	56,135
Municipal	0	0	1,728,801	1,728,801
Educational	0	0	359,585	359,585
Wholesale	29,864,598	29,864,598	31,406,424	1,541,826
Rent from utility properties	0	0	23,223	23,223
Miscellaneous services	565,038	565,038	148,647	(416,391)
	<u>42,704,892</u>	<u>42,704,892</u>	<u>42,874,820</u>	<u>169,928</u>
Miscellaneous revenues				
Interest income (loss)	547,898	547,898	(344,927)	(892,825)
Interest charges-delinquent accounts	0	0	19,933	19,933
	<u>547,898</u>	<u>547,898</u>	<u>(324,994)</u>	<u>(872,892)</u>
TOTAL REVENUES	<u>43,252,790</u>	<u>44,266,047</u>	<u>43,424,265</u>	<u>(841,782)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric production				
Employee salaries and benefits	1,271,757	1,271,757	1,414,226	(142,469)
Outside services	26,370,122	27,973,639	32,025,597	(4,051,958)
Materials and supplies	60,980	63,916	411,377	(347,461)
Intrafund/interfund services	991,502	991,502	980,824	10,678
Capital outlay	23,300	430,022	0	430,022
Debt and fiscal charges	9,387,877	9,387,877	9,112,622	275,255
	<u>38,105,538</u>	<u>40,118,713</u>	<u>43,944,646</u>	<u>(3,825,933)</u>
Electric distribution				
Employee salaries and benefits	1,091,890	1,091,890	905,443	186,447
Outside services	2,728,236	3,884,842	2,217,742	1,667,100

Materials and supplies	184,000	186,053	744,874	(558,821)
Intrafund/interfund services	1,083,251	1,083,251	1,250,779	(167,528)
Capital outlay	163,500	163,500	118,149	45,351
Debt and fiscal charges	900,501	900,501	742,438	158,063
	<u>6,151,378</u>	<u>7,310,037</u>	<u>5,979,425</u>	<u>1,330,612</u>
General and administrative				
Employee salaries and benefits	2,670,898	2,670,898	2,383,236	287,662
Outside services	611,232	692,293	505,711	186,582
Materials and supplies	71,088	71,424	132,935	(61,511)
Intrafund/interfund services	(3,382,418)	(3,382,418)	(2,960,901)	(421,517)
Capital outlay	29,200	29,200	0	29,200
	<u>0</u>	<u>81,397</u>	<u>60,981</u>	<u>20,416</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>44,256,916</u>	<u>47,510,147</u>	<u>49,985,052</u>	<u>(2,474,905)</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(1,004,126)	(3,244,100)	(6,560,787)	(3,316,687)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(435,000)	(435,000)	(466,858)	(31,858)
Proceeds from long-term debt				
Revenue bonds	10,900,000	10,900,000	12,254,296	1,354,296
	<u>10,465,000</u>	<u>10,465,000</u>	<u>11,787,438</u>	<u>1,322,438</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>9,460,874</u>	<u>7,220,900</u>	5,226,651	<u>(1,994,249)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			2,983,527	
Changes in compensated absences			(62,604)	
Bad debt adjustment			(5,381)	
Depreciation and amortization			(6,056,186)	
Adjustments to inventory			(31,032)	
Special closure costs			(181,816)	
Gain(loss) on disposition of fixed assets			(616,294)	
Proceeds from revenue bonds			(12,254,296)	
Assets transferred - proprietary funds			(82,206)	
Capital outlay capitalized			89,986	
Capital projects capitalized (budgeted by line item)			5,323,644	
Principal on debt service			6,865,000	
			<u>(4,027,658)</u>	
GAAP BASIS			1,198,993	
NET ASSETS				
Beginning of fiscal year			43,552,084	
NET ASSETS - END OF FISCAL YEAR			\$ <u>44,751,077</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Residential	\$ 7,280,467	7,280,467	4,728,730	(2,551,737)
Commercial and industrial	0	0	926,796	926,796
Municipal	0	0	326,138	326,138
Educational	0	0	203,497	203,497
Miscellaneous services	14,210	14,210	41,349	27,139
	<u>7,294,677</u>	<u>7,294,677</u>	<u>6,226,510</u>	<u>(1,068,167)</u>
Miscellaneous revenues				
Interest income	50,000	50,000	201,422	151,422
Interest charges-delinquent accounts	0	0	13,371	13,371
	<u>50,000</u>	<u>50,000</u>	<u>214,793</u>	<u>164,793</u>
TOTAL REVENUES	<u>7,344,677</u>	<u>7,344,677</u>	<u>6,441,303</u>	<u>(903,374)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Gas				
Employee salaries and benefits	449,871	449,871	672,002	(222,131)
Outside services	6,755,378	6,538,937	4,445,839	2,093,098
Materials and supplies	104,300	106,421	197,402	(90,981)
Intrafund/interfund services	929,198	929,198	726,948	202,250
Capital outlay	20,000	20,000	0	20,000
TOTAL EXPENSES AND ENCUMBRANCES	<u>8,258,747</u>	<u>8,044,427</u>	<u>6,042,191</u>	<u>2,002,236</u>

EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(914,070)	(699,750)	399,112	1,098,862
OTHER FINANCING SOURCES (USES)				
Transfer out to:				
General Fund	(430,000)	(435,000)	(366,617)	68,383
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (1,344,070)</u>	<u>(1,134,750)</u>	32,495	<u>1,167,245</u>
ADJUSTMENTS TO GAAP				
Encumbrances			294,099	
Changes in compensated absences			(33,059)	
Bad debt adjustment			(4,553)	
Depreciation and amortization			(277,153)	
Adjustments to inventory			(3,982)	
Gain(loss) on disposition of capital assets			(14,020)	
Capital projects capitalized (budgeted by line item)			752,556	
			<u>713,888</u>	
GAAP BASIS			<u>746,383</u>	
NET ASSETS				
Beginning of fiscal year			13,623,983	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 14,370,366</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 0	150,000	150,000	0
Federal subsidy	0	0	4,871	4,871
State grants-other	0	590,000	782,934	192,934
	<u>0</u>	<u>740,000</u>	<u>937,805</u>	<u>197,805</u>
Charges for services				
Residential	4,217,596	4,217,596	3,327,626	(889,970)
Commercial and industrial	0	0	475,727	475,727
Municipal	75,000	75,000	384,581	309,581
Educational	0	0	119,391	119,391
Wholesale	1,094,880	1,094,880	1,048,609	(46,271)
Sales of food or merchandise	0	0	2,171	2,171
Miscellaneous services	60,000	60,000	37,513	(22,487)
	<u>5,447,476</u>	<u>5,447,476</u>	<u>5,395,618</u>	<u>(51,858)</u>
Miscellaneous revenues				
Interest income	410,000	410,000	475,107	65,107
Interest charges-delinquent accounts	0	0	8,321	8,321
	<u>410,000</u>	<u>410,000</u>	<u>483,428</u>	<u>73,428</u>
TOTAL REVENUES	5,857,476	6,597,476	6,816,851	219,375
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Water distribution				
Employee salaries and benefits	538,720	538,720	613,564	(74,844)
Outside services	599,500	797,284	336,489	460,795
Materials and supplies	84,500	90,420	174,063	(83,643)
Intrafund/interfund services	484,350	484,350	534,688	(50,338)
Capital outlay	42,500	42,500	0	42,500
	<u>1,749,570</u>	<u>1,953,274</u>	<u>1,658,804</u>	<u>294,470</u>
Water production				
Employee salaries and benefits	964,259	964,259	876,542	87,717
Outside services	4,869,050	5,725,724	5,029,683	696,041
Materials and supplies	250,300	255,195	157,684	97,511
Intrafund/interfund services	1,370,476	1,370,476	1,242,544	127,932
Capital outlay	115,000	159,320	44,320	115,000
Debt and fiscal charges	65,800	65,800	47,812	17,988
	<u>7,634,885</u>	<u>8,540,774</u>	<u>7,398,585</u>	<u>1,142,189</u>

TOTAL EXPENSES AND ENCUMBRANCES	<u>9,384,455</u>	<u>10,494,048</u>	<u>9,057,389</u>	<u>1,436,659</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
Capital Improvement Projects Fund	2,750,000	2,750,000	2,750,000	0
Transfer out to:				
Equipment Fund	0	(5,000)	(5,000)	0
Proceeds from long-term debt				
Revenue bonds	800,000	800,000	887,069	87,069
Intergovernmental loans	0	0	432,312	432,312
	<u>800,000</u>	<u>800,000</u>	<u>1,319,381</u>	<u>519,381</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ 23,021</u>	<u>(351,572)</u>	<u>1,823,843</u>	<u>2,175,415</u>
ADJUSTMENTS TO GAAP				
Encumbrances			3,162,155	
Changes in compensated absences			(10,243)	
Bad debt adjustment			(1,842)	
Depreciation and amortization			(1,685,656)	
Adjustments to inventory			3,337	
Gain(loss) on disposition of fixed assets			(472,871)	
Proceeds from revenue bonds			(887,069)	
Proceeds from intergovernmental loans			(432,312)	
Contributed capital assets - governmental activities			3,469	
Capital outlay capitalized			44,320	
Capital projects capitalized (budgeted by line item)			2,097,997	
Principal on debt service			13,648	
			<u>1,834,933</u>	
GAAP BASIS			<u>3,658,776</u>	
NET ASSETS				
Beginning of fiscal year			70,930,755	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 74,589,531</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Wastewater collection	\$ 3,447,000	3,447,000	3,685,168	238,168
Miscellaneous services	3,045	3,045	2,061	(984)
	<u>3,450,045</u>	<u>3,450,045</u>	<u>3,687,229</u>	<u>237,184</u>
Miscellaneous revenues				
Interest income	103,486	103,486	72,098	(31,388)
Interest charges-delinquent accounts	0	0	9,415	9,415
	<u>103,486</u>	<u>103,486</u>	<u>81,513</u>	<u>(21,973)</u>
TOTAL REVENUES	3,553,531	3,553,531	3,768,742	215,211
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Wastewater				
Employee salaries and benefits	1,145,508	1,145,508	1,184,792	(39,284)
Outside services	1,295,500	1,296,977	881,502	415,475
Materials and supplies	209,750	214,924	205,122	9,802
Intrafund/interfund services	1,226,541	1,226,541	981,226	245,315
Capital outlay	41,000	48,102	128,745	(80,643)
Debt and fiscal charges	0	300,000	1,063,835	(763,835)
TOTAL EXPENSES AND ENCUMBRANCES	3,918,299	4,232,052	4,445,222	(213,170)
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(364,768)	(678,521)	(676,480)	2,041
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	223,750	223,750	0
Transfer out to:				
Equipment Fund	0	(5,000)	(5,000)	0
Proceeds from long-term debt				
Intergovernmental loans	500,000	500,000	0	(500,000)
	<u>500,000</u>	<u>718,750</u>	<u>218,750</u>	<u>(500,000)</u>

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

\$	<u>135,232</u>	<u>40,229</u>	(457,730)	<u>(497,959)</u>
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ADJUSTMENTS TO GAAP

Encumbrances			23,202	
Changes in compensated absences			(10,749)	
Bad debt adjustment			(991)	
Depreciation and amortization			(706,438)	
Adjustments to inventory			(2,251)	
Gain(loss) on disposition of fixed assets			(429,116)	
Assets transferred - proprietary funds			(128,745)	
Capital outlay capitalized			128,746	
Capital projects capitalized (budgeted by line item)			798,557	
Principal on debt service			537,438	
			<u>209,653</u>	
			<u>(248,077)</u>	

GAAP BASIS

NET ASSETS

Beginning of fiscal year			22,433,870	
NET ASSETS - END OF FISCAL YEAR			<u>22,185,793</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.



**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, 2011**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 1,166,000	1,166,000	1,070,980	(95,020)
Charges for services				
Sales of food or merchandise (trash bags)	10,000	10,000	7,855	(2,145)
Residential	1,530,000	1,530,000	1,531,499	1,499
Commercial and industrial	585,000	585,000	559,157	(25,843)
Other charges for services	950,000	950,000	958,318	8,318
	<u>3,075,000</u>	<u>3,075,000</u>	<u>3,056,829</u>	<u>(18,171)</u>
Interfund/interdepartmental charges				
Interdepartmental services	0	0	111,542	111,542
Miscellaneous revenues				
Interest income	40,000	40,000	123,178	83,178
Interest charges-delinquent accounts	0	0	5,866	5,866
Other	50,000	50,000	76,175	26,175
	<u>90,000</u>	<u>90,000</u>	<u>205,219</u>	<u>115,219</u>
TOTAL REVENUES	<u>4,331,000</u>	<u>4,331,000</u>	<u>4,444,570</u>	<u>113,570</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Environmental Services				
Employee salaries and benefits	1,228,734	1,228,734	1,126,346	102,388
Outside services	1,419,018	4,029,749	3,944,662	85,087
Materials and supplies	162,345	175,240	97,174	78,066
Intrafund/interfund services	946,756	946,756	947,563	(807)
Capital outlay	0	0	7,320	(7,320)
Debt and fiscal charges	361,543	361,543	360,084	1,459
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,118,396</u>	<u>6,742,022</u>	<u>6,483,149</u>	<u>258,873</u>

Transfers out to:				
Equipment Fund	0	(15,000)	(15,000)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 212,604	(2,426,022)	(2,053,579)	372,443
ADJUSTMENTS TO GAAP				
Encumbrances			1,952,968	
Changes in compensated absences			(9,840)	
Bad debt adjustment			(9,535)	
Depreciation and amortization			(203,113)	
Special closure costs			491,042	
Gain(loss) on disposition of fixed assets			(5,741)	
Capital outlay capitalized			7,320	
Contributed capital assets - governmental activities			(3,167)	
Assets transferred - proprietary funds			(7,320)	
Principal on debt service			141,688	
			<u>2,354,302</u>	
GAAP BASIS			300,723	
NET ASSETS				
Beginning of fiscal year			<u>6,213,077</u>	
NET ASSETS - END OF FISCAL YEAR			\$ <u>6,513,800</u>	

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, 2011

	<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	\$ 150,000	150,000	136,664	(13,336)
Daily fees/passes	0	0	146,843	146,843
Annual passes	0	0	94,642	94,642
Monthly passes	0	0	18,674	18,674
Punch passes	0	0	41,738	41,738
Recreation fees	418,000	418,000	42,537	(375,463)
Other fees	0	0	1,016	1,016
	<u>568,000</u>	<u>568,000</u>	<u>482,114</u>	<u>(85,886)</u>
Miscellaneous revenues				
Interest income	7,000	7,000	10,110	3,110
Buildings rental	0	0	15,600	15,600
Concessions rental	120,800	120,800	2,275	(118,525)
Miscellaneous rental	0	0	84,293	84,293
Other	0	0	150	150
	<u>127,800</u>	<u>127,800</u>	<u>112,428</u>	<u>(15,372)</u>
TOTAL REVENUES	<u>695,800</u>	<u>695,800</u>	<u>594,542</u>	<u>(101,258)</u>
EXPENSES AND ENCUMBRANCES				
Community Services-Recreation				
Parks				
Employee salaries and benefits	603,031	603,031	592,638	10,393
Outside services	57,655	182,043	72,806	109,237
Materials and supplies	211,255	224,517	263,944	(39,427)
Intrafund/interfund services	290,942	290,942	297,300	(6,358)
Capital outlay	2,000	2,000	23,803	(21,803)
Debt and fiscal charges	5,000	5,000	6,941	(1,941)
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,169,883</u>	<u>1,307,533</u>	<u>1,257,432</u>	<u>50,101</u>

OTHER FINANCING SOURCES (USES)

Transfers in from:
General Fund

485,000	485,000	485,000	0
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**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENSES AND OTHER USES**

\$ <u>10,917</u>	<u>(126,733)</u>	(177,890)	<u>(51,157)</u>
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ADJUSTMENTS TO GAAP

Encumbrances	27,020
Changes in compensated absences	(21,071)
Depreciation and amortization	(50,296)
Contributed capital assets - governmental activities	(35,131)
Gain(loss) on disposition of fixed assets	(177)
Capital outlay capitalized	17,453
Capital projects capitalized (budgeted by line item)	18,499
	<u>(43,703)</u>
	<u>(221,593)</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year

NET ASSETS - END OF FISCAL YEAR

5,165,789
\$ <u>4,944,196</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 1,214,698	1,652,830	936,059	(716,771)
State grants-other	0	0	2,000	2,000
Other intergovernmental (NCRTD)	1,294,444	1,294,444	1,238,603	(55,841)
Charges for services				
Transportation	0	0	55,851	55,851
Interfund/interdepartmental charges				
Other charges for services	0	0	13,093	13,093
Miscellaneous revenues				
Interest income	4,000	4,000	15,054	11,054
TOTAL REVENUES	<u>2,513,142</u>	<u>2,951,274</u>	<u>2,260,660</u>	<u>(690,614)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit (Atomic City Transit)				
Employee salaries and benefits	1,937,483	1,937,483	1,941,701	(4,218)
Outside services	143,655	383,733	161,938	221,795
Materials and supplies	112,238	119,828	199,088	(79,260)
Intrafund/interfund services	1,080,424	1,080,424	1,082,843	(2,419)
Capital outlay	696,516	696,516	675,532	20,984
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,970,316</u>	<u>4,217,984</u>	<u>4,061,102</u>	<u>156,882</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	<u>\$ 1,274</u>	<u>191,738</u>	<u>(341,994)</u>	<u>(533,732)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			725,110	
Changes in compensated absences			(16,158)	
Depreciation and amortization			(39,799)	
Capital outlay capitalized			120,259	
GAAP BASIS			<u>447,418</u>	
NET ASSETS				
Beginning of fiscal year			517,336	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 964,754</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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	\$ 2,319,000	2,319,000	2,141,893	(177,107)
Intergovernmental revenue				
Federal direct - NNSA cooperative agreement	15,889,392	15,889,392	15,372,367	(517,025)
Charges for services				
Ambulance services	390,518	390,518	458,520	68,002
Interfund/interdepartmental charges				
County share of fire services	3,519,192	3,519,192	3,519,191	(1)
Miscellaneous revenues				
Other	0	0	3,209	3,209
TOTAL REVENUES	<u>22,118,102</u>	<u>22,118,102</u>	<u>21,495,180</u>	<u>(622,922)</u>
EXPENSES AND ENCUMBRANCES				
Fire Department				
Operations				
Employee salaries and benefits	13,161,022	13,161,022	12,069,598	1,091,424
Outside services	95,459	95,844	95,616	228
Materials and supplies	434,998	758,981	989,724	(230,743)
Intrafund/interfund services	0	0	168	(168)
Capital outlay	51,006	62,566	84,824	(22,258)
	<u>13,742,485</u>	<u>14,078,413</u>	<u>13,239,930</u>	<u>838,483</u>
Life Safety				
Employee salaries and benefits	439,328	439,328	321,980	117,348
Outside services	6,640	6,640	17,273	(10,633)
Materials and supplies	12,233	12,661	15,167	(2,506)
	<u>458,201</u>	<u>458,629</u>	<u>354,420</u>	<u>104,209</u>
Training				
Employee salaries and benefits	476,133	476,133	438,322	37,811
Outside services	94,239	94,239	111,324	(17,085)
Materials and supplies	33,534	33,534	78,968	(45,434)
Capital outlay	74,918	529,548	448,812	80,736
	<u>678,824</u>	<u>1,133,454</u>	<u>1,077,426</u>	<u>56,028</u>

Emergency Medical Services				
Employee salaries and benefits	293,521	293,521	443,554	(150,033)
Outside services	184,904	230,304	159,934	70,370
Materials and supplies	98,876	107,036	134,015	(26,979)
Capital outlay	48,738	48,738	0	48,738
	<u>626,039</u>	<u>679,599</u>	<u>737,503</u>	<u>(57,904)</u>
Non contract-administration				
Materials and supplies	0	202	3,414	(3,212)
Interfund loan principal	613,561	613,561	613,561	0
Interfund loan interest	62,439	62,439	62,439	0
	<u>676,000</u>	<u>676,202</u>	<u>679,414</u>	<u>(3,212)</u>
Administration				
Employee salaries and benefits	663,666	663,666	798,954	(135,288)
Outside services	383,349	443,979	406,799	37,180
Materials and supplies	89,892	94,975	43,725	51,250
Intrafund/interfund services	3,063,847	2,804,769	2,804,769	0
Capital outlay	92,799	92,799	0	92,799
	<u>4,293,553</u>	<u>4,100,188</u>	<u>4,054,247</u>	<u>45,941</u>
Total Fire - Fire Department	20,475,102	21,126,485	20,142,940	983,545
TOTAL EXPENSES AND ENCUMBRANCES	20,475,102	21,126,485	20,142,940	983,545
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,643,000	991,617	1,352,240	360,623
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(1,600,000)	(1,600,000)	(1,600,000)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 43,000	(608,383)	(247,760)	360,623
ADJUSTMENTS TO GAAP				
Encumbrances			462,019	19,680,921
Changes in compensated absences			(113,429)	
Bad debt expense			(235,894)	
Depreciation and amortization			(448,364)	
Capital outlay capitalized			72,746	
Capital projects capitalized (budgeted by line item)			460,890	
Principal on interfund debt service			613,561	
			<u>811,529</u>	
GAAP BASIS			563,769	
NET ASSETS				
Beginning of fiscal year			15,209,978	
NET ASSETS - END OF FISCAL YEAR			\$ 15,773,747	

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 6,185,000	4,728,898	3,258,531	(1,470,367)
State grants-other	162,500	124,181	85,751	(38,430)
	<u>6,347,500</u>	<u>4,853,079</u>	<u>3,344,282</u>	<u>(1,508,797)</u>
Charges for services				
Airport fees	49,150	49,150	47,535	(1,615)
Miscellaneous revenues				
Interest income	20,000	20,000	12,789	(7,211)
Tie down rental	42,000	42,000	38,139	(3,861)
Facilities rental	300	300	0	(300)
Other	0	0	1,110	1,110
	<u>62,300</u>	<u>62,300</u>	<u>52,038</u>	<u>(10,262)</u>
TOTAL REVENUES	<u>6,458,950</u>	<u>4,964,529</u>	<u>3,443,855</u>	<u>(1,520,674)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	170,554	170,554	150,223	20,331
Outside services	6,525,020	4,983,733	4,904,816	78,917
Materials and supplies	12,050	14,631	4,887	9,744
Intrafund/interfund services	87,078	87,078	84,254	2,824
Capital outlay	3,000	3,000	0	3,000
	<u>6,797,702</u>	<u>5,258,996</u>	<u>5,144,180</u>	<u>114,816</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>6,797,702</u>	<u>5,258,996</u>	<u>5,144,180</u>	<u>114,816</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(338,752)	(294,467)	(1,700,325)	(1,405,858)
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	<u>200,000</u>	<u>266,305</u>	<u>266,305</u>	<u>0</u>

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

\$ (138,752) (28,162) (1,434,020) (1,405,858)

ADJUSTMENTS TO GAAP

Encumbrances	1,453,542
Changes in compensated absences	(5,785)
Depreciation and amortization	(730,914)
Capital projects capitalized (budgeted by line item)	3,430,035
	<u>4,146,878</u>
	<u>2,712,858</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year	14,536,348
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NET ASSETS - END OF FISCAL YEAR

\$ 17,249,206

See accompanying notes to financial statements



Internal Service Funds

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

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

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

Agency Fund

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

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2011

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
<i>CURRENT ASSETS</i>			
Equity in pooled cash and investments	\$ 6,801,546	8,164,277	14,965,823
Receivables, net of allowance for uncollectibles			
Accounts	0	4,063	4,063
Inventories and prepayments			
Prepayments	0	45,983	45,983
	<u>6,801,546</u>	<u>8,214,323</u>	<u>15,015,869</u>
<i>PROPERTY, PLANT AND EQUIPMENT</i>			
Machinery and equipment	17,390,081	0	17,390,081
Less accumulated depreciation	(10,159,306)	0	(10,159,306)
	<u>7,230,775</u>	<u>0</u>	<u>7,230,775</u>
TOTAL ASSETS	<u>14,032,321</u>	<u>8,214,323</u>	<u>22,246,644</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Accounts payable	72,933	203,553	276,486
Claims and judgments payable	0	1,362,443	1,362,443
Accrued salaries including benefits payable	5,476	73,084	78,560
Accrued compensated absences	45,627	9,808	55,435
	<u>124,036</u>	<u>1,648,888</u>	<u>1,772,924</u>
<i>NONCURRENT LIABILITIES</i>			
Accrued compensated absences	25,977	2,072	28,049
Claims and judgments payable	0	1,187,627	1,187,627
	<u>25,977</u>	<u>1,189,699</u>	<u>1,215,676</u>
TOTAL LIABILITIES	<u>150,013</u>	<u>2,838,587</u>	<u>2,988,600</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,230,775	0	7,230,775
Unrestricted	6,651,533	5,375,736	12,027,269
TOTAL NET ASSETS	<u>\$ 13,882,308</u>	<u>5,375,736</u>	<u>19,258,044</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, 2011

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,099,121	0	3,099,121
Insurance and pension contributions			
County	0	2,710,764	2,710,764
Employees and retirees	0	96,195	96,195
Miscellaneous operating revenue	154,653	8,183	162,836
	<u>3,253,774</u>	<u>2,815,142</u>	<u>6,068,916</u>
OPERATING EXPENSES			
Employee salaries and benefits	732,224	269,838	1,002,062
Contractual services	428,691	2,992,945	3,421,636
Materials and supplies	1,454,610	14,975	1,469,585
Depreciation and amortization	1,536,990	0	1,536,990
Other	0	2,692	2,692
	<u>4,152,515</u>	<u>3,280,450</u>	<u>7,432,965</u>
OPERATING INCOME (LOSS)	(898,741)	(465,308)	(1,364,049)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	643	0	643
Investment income	258,796	278,239	537,035
	<u>259,439</u>	<u>278,239</u>	<u>537,678</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(639,302)	(187,069)	(826,371)
TRANSFERS AND CONTRIBUTIONS			
Transfers in	468,271	0	468,271
Contributed capital assets - outside source	18,000	0	18,000
Contributed capital assets - governmental activities	61,891	0	61,891
	<u>548,162</u>	<u>0</u>	<u>548,162</u>
NET INCOME (LOSS)	(91,140)	(187,069)	(278,209)
NET ASSETS			
Beginning of fiscal year	13,973,448	5,562,805	19,536,253
NET ASSETS - END OF FISCAL YEAR	\$ 13,882,308	5,375,736	19,258,044

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2011

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,288,774	9,288	3,298,062
Cash received from contributions-employer and employees	0	2,806,959	2,806,959
Cash paid to suppliers for goods and services	(1,945,000)	(2,431,194)	(4,376,194)
Cash paid to employees	(730,435)	(265,509)	(995,944)
NET CASH FLOWS - OPERATING ACTIVITIES	613,339	119,544	732,883
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	250,000	0	250,000
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid for acquisition of capital assets	(1,283,098)	0	(1,283,098)
Proceeds from sale of capital assets	64,016	0	64,016
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(1,219,082)	0	(1,219,082)
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	258,796	278,239	537,035
NET INCREASE (DECREASE) IN CASH	(96,947)	397,783	300,836
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	6,898,493	7,766,494	14,664,987
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 6,801,546	8,164,277	14,965,823
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
OPERATING INCOME(LOSS)	\$ (898,741)	(465,308)	(1,364,049)

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

Depreciation and amortization expense	1,536,990	0	1,536,990
Change in assets and liabilities:			
Accounts and other receivables	35,000	3,797	38,797
Prepayments and other	0	22,641	22,641
Accounts payable	(61,699)	(18,102)	(79,801)
Salaries and benefits payable	1,789	4,329	6,118
Claims and judgments payable	0	746,486	746,486
Group insurance payable	0	(174,299)	(174,299)
Total adjustments	1,512,080	584,852	2,096,932
NET CASH FLOWS - OPERATING ACTIVITIES	\$ 613,339	119,544	732,883

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

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 218,271	0	218,271
Contributed capital assets - outside source	18,000	0	18,000
Contributed capital assets - governmental activities	61,891	0	61,891
TOTAL NON CASH CAPITAL ACQUISITIONS	\$ 298,162	0	298,162

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, 2011

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Charges for special services	\$ 3,164,470	3,164,470	3,099,121	(65,349)
Miscellaneous revenues				
Investment income	200,000	200,000	258,796	58,796
Other	120,000	120,000	154,653	34,653
	<u>320,000</u>	<u>320,000</u>	<u>413,449</u>	<u>93,449</u>
TOTAL REVENUES	<u>3,484,470</u>	<u>3,484,470</u>	<u>3,512,570</u>	<u>28,100</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	731,696	731,696	729,975	1,721
Outside services	136,535	136,535	139,461	(2,926)
Materials and supplies	1,133,058	1,478,855	1,464,910	13,945
Intrafund/interfund services	296,197	296,197	291,949	4,248
Capital outlay	0	154,627	155,863	(1,236)
	<u>2,297,486</u>	<u>2,797,910</u>	<u>2,782,158</u>	<u>15,752</u>
Fleet management-equipment replacement				
Materials and supplies	0	0	2,500	(2,500)
Capital outlay	1,150,919	1,585,312	1,567,065	18,247
	<u>1,150,919</u>	<u>1,585,312</u>	<u>1,569,565</u>	<u>15,747</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,448,405</u>	<u>4,383,222</u>	<u>4,351,723</u>	<u>31,499</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	36,065	(898,752)	(839,153)	59,599

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

General Fund	0	250,000	250,000	0
Proceeds from sale of capital assets	62,000	62,000	64,016	2,016

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

\$	<u>98,065</u>	<u>(586,752)</u>	<u>(525,137)</u>	<u>61,615</u>
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ADJUSTMENTS TO GAAP

Encumbrances	455,350
Changes in compensated absences	(2,250)
Depreciation and amortization	(1,536,990)
Net book value of disposed capital assets	(63,373)
Capital outlay capitalized	1,283,098
Asset transfers - proprietary funds	218,271
Contributed capital assets - outside sources	18,000
Contributed capital assets - governmental activities	61,891

433,997(91,140)**GAAP BASIS****NET ASSETS**

Beginning of fiscal year	13,973,448
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NET ASSETS - END OF FISCAL YEAR

\$ 13,882,308

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, 2011

	<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	1,469	1,469
Interfund/interdepartmental charges				
County insurance contributions	2,276,386	2,276,386	2,710,764	434,378
Miscellaneous revenues				
Investment income	213,000	213,000	278,239	65,239
Group insurance contributions				
Employees	105,072	105,072	96,195	(8,877)
Retirees and others	0	0	5,825	5,825
Other judgments and settlements	0	0	889	889
	<u>318,072</u>	<u>318,072</u>	<u>381,148</u>	<u>63,076</u>
TOTAL REVENUES	<u>2,594,458</u>	<u>2,594,458</u>	<u>3,093,381</u>	<u>498,923</u>
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	525,375	535,465	599,512	(64,047)
Intrafund/interfund services	(109,375)	(109,375)	(91,871)	(17,504)
	<u>416,000</u>	<u>426,090</u>	<u>507,641</u>	<u>(81,551)</u>
Unemployment insurance				
Outside services	38,000	38,000	97,331	(59,331)
Workers' compensation insurance				
Outside services	426,600	826,600	770,947	55,653
Administration and other insurance				
Employee salaries and benefits	291,438	291,438	265,535	25,903
Outside services	988,700	994,180	836,217	157,963
Materials and supplies	28,500	31,704	14,975	16,729
Intrafund/interfund services	113,186	113,186	95,682	17,504
	<u>1,421,824</u>	<u>1,430,508</u>	<u>1,212,409</u>	<u>218,099</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>2,302,424</u>	<u>2,721,198</u>	<u>2,588,328</u>	<u>132,870</u>

EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>292,034</u>	<u>(126,740)</u>	505,053	<u>631,793</u>
ADJUSTMENTS TO GAAP				
Encumbrances			61,356	
Changes in compensated absenses			(4,304)	
Bad debt expense			(2,692)	
Incurred but not reported claims adjustment			(746,482)	
			<u>(692,122)</u>	
GAAP BASIS			<u>(187,069)</u>	
NET ASSETS				
Beginning of fiscal year			5,562,805	
NET ASSETS - END OF FISCAL YEAR			<u>5,375,736</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, 2011

	<u>BALANCE JUNE 30, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2011</u>
ASSETS				
Equity in pooled cash and investments	\$ 77,693	17,747,115	17,772,913	51,895
Receivables				
Property taxes	297,273	15,347,068	15,351,130	293,211
Other	2,739	36,232	31,585	7,386
TOTAL ASSETS	<u>\$ 265,514</u>	<u>33,130,415</u>	<u>33,155,628</u>	<u>352,492</u>
LIABILITIES				
Due to other governments	\$ 361,306	15,449,810	15,477,351	333,765
Donations held in trust	16,399	8,417	6,089	18,727
TOTAL LIABILITIES	<u>\$ 265,514</u>	<u>15,458,227</u>	<u>15,483,440</u>	<u>352,492</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>	<u>FY2011</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	192,752,416
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	35,352,438
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	105,766,930
Total governmental activities net assets	\$ 282,937,436	278,637,565	257,406,347	262,557,865	288,491,685	288,821,400	300,783,936	310,166,273	333,871,784
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	161,529,616
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	20,160,305
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	39,092,391
Total governmental activities net assets	\$ 122,591,826	131,741,472	151,477,590	154,663,601	162,247,161	175,376,402	201,599,314	211,595,324	220,782,312
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	354,282,032
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	55,512,743
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	144,859,321
Total primary government net assets	\$ 405,529,262	410,379,037	408,883,937	417,221,466	450,738,846	464,197,802	502,383,250	521,761,597	554,654,096

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

Table 2

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</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	19,354,103
Public safety	4,694,677	5,763,085	5,725,993	6,797,301	7,393,321	7,029,949	9,657,214	11,307,944	12,360,479
Cerro Grande fire recovery	6,255,925	8,042,519	4,627,860	314,745	814,144	365,197	94,245 [c]	0	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	2,099,635
Transportation	6,872,900	8,076,220	8,215,650	9,710,036	9,637,503	12,409,532	11,250,407	10,050,217	8,666,590
Health and welfare	973,258	1,266,433	895,551	690,980	993,076	1,892,186	1,860,474	2,068,607	2,154,670
Culture and recreation	6,769,717	7,301,110	7,451,803	7,666,314	7,586,802	9,120,096	8,682,314	8,865,528	9,053,137
Interest on long-term debt	210,800	190,167	169,483	146,837	122,631	96,932	2,672,018	3,699,791	3,595,170
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>	<u>57,283,784</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	41,164,227	41,736,839
Gas	5,942,922	6,288,433	7,679,064	8,669,395	7,731,388	8,434,435	6,365,053	6,896,901	5,350,868
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	5,949,329
Wastewater	1,968,097	2,271,696	2,363,921	2,629,412	3,016,061	2,870,251	3,654,838	3,137,595	4,159,837
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	4,220,409
Golf	899,974	976,790	990,120	992,338	1,014,099	1,044,012	1,150,136	1,140,056	1,277,202
Transit (Atomic City Transit)	0	0	0	0	0	1,544,871 [b]	2,144,194 [b]	3,165,043	3,416,977
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	19,412,022
Airport	263,640	238,865	297,677	283,148	222,398	446,171	767,161	944,379	999,589
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>	<u>86,523,072</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>	<u>143,808,856</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	1,227,575
Public safety	129,515	65,726	60,922	37,917	100,100	92,377	70,792	84,106	72,192
Physical and economic environment	704,632	651,785	399,885	379,018	327,333	296,965	274,041	696,216	281,256
Culture and recreation	394,282	474,911	470,866	604,924	538,676	574,193	604,296	608,966	558,720
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	1,710,444
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	5,678,971
Total governmental activities program revenues	<u>27,298,421</u>	<u>12,206,465</u>	<u>10,154,762</u>	<u>7,829,351</u>	<u>5,594,365</u>	<u>6,666,493</u>	<u>5,806,807</u>	<u>6,964,732</u>	<u>9,529,158</u>
Business-type activities:									
Charges for services:									
Joint Utilities									
Electric	35,088,048	40,498,428	34,627,323	35,557,701	36,475,970	42,521,330	40,793,945	40,668,122	42,894,754
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	6,239,881
Water	5,007,856	5,541,930	4,831,546	5,103,574	4,190,068	4,781,273	4,618,583	4,816,679	5,403,940
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	3,696,644

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	3,250,412
Golf	702,223	692,258	680,747	673,410	633,094	661,826	636,358	641,433	584,432
Transit (Atomic City Transit)	0	0	0	0	0	332 [b]	14,180 [b]	18,548	68,944
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	3,980,920
Airport	89,918	118,373	81,839	107,352	103,325	94,267	84,429	82,883	86,784
Operating grants and contributions	60,000	71,296	20,283	26,578	170,925	772,110	11,172,077	16,456,680	16,941,411
Capital grants and contributions	0	175,000	60,000	653,120	819,731	283,738	15,468,551	7,230,200	5,764,144
Total business-type activities program revenues	<u>62,305,591</u>	<u>73,629,712</u>	<u>67,521,451</u>	<u>70,884,762</u>	<u>71,919,000</u>	<u>79,217,793</u>	<u>94,720,715</u>	<u>88,350,847</u>	<u>88,912,266</u>
Total primary government program revenues	<u>\$ 89,604,012</u>	<u>85,836,177</u>	<u>77,676,213</u>	<u>78,714,113</u>	<u>77,513,365</u>	<u>85,884,286</u>	<u>100,527,522</u>	<u>95,315,579</u>	<u>98,441,424</u>
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)	(47,754,626)
Business-type activities	(1,751,868)	2,569,156	392,959	(530,541)	(398,959)	(3,947,248)	19,241,422	2,498,437	2,389,194
Total primary government net expense	<u>\$ (10,850,967)</u>	<u>(27,976,036)</u>	<u>(30,847,192)</u>	<u>(31,693,274)</u>	<u>(34,660,625)</u>	<u>(44,307,333)</u>	<u>(26,578,646)</u>	<u>(47,094,944)</u>	<u>(45,365,432)</u>
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	32,669,923
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	5,082,288
Franchise taxes	373,370	492,603	457,501	465,821	473,599	491,631	469,347	451,423	445,786
Grants and contribution not restricted to specific programs	167,709	276,083	246,304	389,008	837,047	821,381	872,736	797,199	846,484
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	21,792,159
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	9,357,730
Gain on exchange of capital assets	0	0	0	0	0	0	0	0	4,267,857
Special items	18,261,789	0	0	3,171,874	0	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)	(3,002,090)
Total governmental activities	<u>31,828,694</u>	<u>27,630,110</u>	<u>12,091,219</u>	<u>36,250,179</u>	<u>60,195,486</u>	<u>40,689,800</u>	<u>57,782,604</u>	<u>58,975,718</u>	<u>71,460,137</u>
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	3,212,873
Grants and contribution not restricted to specific programs	0	0	0	0	0	0	0	0	18,000
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	564,831
Special items	552,776	0	0	1,025,000	0	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	3,002,090
Total business-type activities	<u>18,457,858</u>	<u>6,845,854</u>	<u>19,459,665</u>	<u>5,272,854</u>	<u>7,982,519</u>	<u>17,076,489</u>	<u>6,981,490</u>	<u>7,497,573</u>	<u>6,797,794</u>
Total primary government	<u>\$ 50,286,552</u>	<u>34,475,964</u>	<u>31,550,884</u>	<u>41,523,033</u>	<u>68,178,005</u>	<u>57,766,289</u>	<u>64,764,094</u>	<u>66,473,291</u>	<u>78,257,931</u>
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	23,705,511
Business-type activities	16,705,990	9,415,010	19,852,624	4,742,313	7,583,560	13,129,241	26,222,912	9,996,010	9,186,988
Total primary government net expense	<u>\$ 39,435,585</u>	<u>6,499,928</u>	<u>703,692</u>	<u>9,829,759</u>	<u>33,517,380</u>	<u>13,458,956</u>	<u>38,185,448</u>	<u>19,378,347</u>	<u>32,892,499</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.

[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 amounts were recovered.



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

Table 3

	<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>	<u>FY2011</u>
General Fund										
Reserved	\$ 1,961,431	5,053,757	5,964,270	5,894,466	5,133,693	6,163,307	6,357,698	7,322,571	7,454,198	0
Unreserved	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	0
Nonspendable	0	0	0	0	0	0	0	0	0	1,266,859
Restricted	0	0	0	0	0	0	0	0	0	4,414,738
Committed	0	0	0	0	0	0	0	0	0	12,761,219
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	0	0	13,570,673
Total General Fund	<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>	<u>32,013,489</u>
All Other Governmental Funds										
Reserved	\$ 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	0
Unreserved, reported in:										
Special revenue funds	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	0
Debt service funds	0	0	0	0	0	0	0	6,424,030 [b]	6,424,030	0
Capital projects funds	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	0
Permanent funds [a]	0	0	0	1,224,389	1,052,257	2,401,352	0	0	1,498,489	0
Nonspendable	0	0	0	0	0	0	0	0	0	24,492,490
Restricted	0	0	0	0	0	0	0	0	0	7,512,658
Committed	0	0	0	0	0	0	0	0	0	80,339,764
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	0	0	0
Total All Other Governmental Funds	<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>	<u>112,344,912</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>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>	<u>FY2011</u>
Revenues:										
Taxes and special assessments	\$ 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	38,466,493
Licenses and permits	505,242	483,596	453,696	292,515	265,649	243,071	223,071	216,234	409,123	240,507
Intergovernmental	56,971,109 [b]	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	26,095,049
Fines forfeitures and penalties	174,113	154,147	202,661	243,866	278,157	302,516	255,665	203,514	194,532	174,671
Charges for services	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	1,115,663
Interfund/Interdepartmental charges	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	4,069,297
Investment Income	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	9,357,730
Other revenues	497,030	290,785	623,528	315,274	380,948	711,931	493,595	872,244	1,161,464	1,092,145
Total revenues	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	80,611,555
Expenditures										
General government	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	19,843,062
Public safety	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	11,651,434
Cerro Grande fire recovery [a]	16,795,007	25,131,793	30,886,106	17,877,540	6,455,294	4,723,030	4,284,892	165,171	0	0
Physical and economic environment	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	2,089,260
Transportation	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	3,068,034
Health and welfare	774,927	973,258	1,266,433	895,551	690,980	993,076	1,892,186 [f]	1,860,474	2,068,607	2,154,210
Culture and recreation	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	8,278,223
Capital Projects/Outlay	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	11,341,861
Debt service										
Principal	461,148	479,426	499,154	520,269	542,887	566,926	592,494	3,605,686	3,090,000	3,215,000
Interest	273,394	213,767	194,080	172,965	150,480	126,447	100,933	2,459,841	3,821,638	3,698,038
Total expenditures	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	65,339,122
Excess of revenues over (under) expenditures	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)	15,272,433
Other Financial Sources (Uses)										
Transfers in	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	35,599,850
Transfers out	(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)	(38,574,878)
Proceeds from long-term debt	0	0	0	0	0	0	0	75,676,290 [g]	0	0
Loss on disposal of asset held for resale	0	0	0	0	0	0	0	0	0	(597,402)
Total other financial sources (uses)	192,457	451,529	356,790	828,015	623,217	(2,460,153)	2,199,056	74,811,920	(116,778)	(3,572,430)
Net change in fund balance	\$ 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)	11,700,003
Debt service as a percentage of non-capital expenditures	1.67%	1.25%	1.09%	1.34%	1.73%	1.68%	1.62%	13.47%	15.01%	14.68%

Source: Los Alamos County CAFRs

Notes:

- [a] Expenditures related to Cerro Grande Fire recovery projects primarily funded by FEMA and Cerro Grand Fire Compensation Act. All recovery work was completed by FY2009.
- [b] Intergovernmental revenue was inflated by recognition of Cerro Grande Fire recovery funds as expenditures were made.
- [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
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
2011	8,610	7,439	6,949	6,646

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]		
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
2011	42,894,754	559,500,638	6,239,881	8,528,456	5,403,940	1,225,571	3,696,644	58,235,219

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>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>	<u>FY2011</u>
Type of Customer:										
Electric Utility	\$									
Residential	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	5,594,525
Commercial and industrial	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	3,557,480
Public street and highway lighting	92,916	78,504	60,956	61,151	55,457	60,342	58,060	61,221	65,567	56,135
Municipal	1,094,603	929,253	1,009,142	957,388	1,133,598	976,043	1,273,241	1,381,168	1,313,543	1,728,801
Educational	337,041	341,780	353,960	366,612	315,804	313,724	341,237	349,934	357,528	359,585
Wholesale	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	31,406,424
Miscellaneous	179,474	239,289	289,312	191,234	173,671	199,726	499,723	292,505	268,931	191,804
Total electric utility	<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>	<u>42,894,754</u>
Gas Utility										
Residential	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	4,728,730
Commercial and industrial	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	926,796
Municipal	189,918	246,451	415,971	361,697	380,777	370,165	378,729	426,102	400,936	326,138
Educational	116,939	117,828	215,310	330,276	327,746	339,136	305,086	297,291	265,683	203,497
Miscellaneous	94,612	96,525	106,671	71,031	66,662	50,939	106,078	46,609	55,149	54,720
Total gas utility	<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>	<u>6,239,881</u>
Water Utility										
Residential	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	3,327,626
Commercial and industrial	741,931	796,760	833,388	773,239	818,856	692,244	453,342	436,167	375,903	475,727
Municipal	287,964	262,916	265,750	235,691	264,234	166,737	371,081 [a]	327,690	355,465	384,581
Educational	168,294	160,311	143,418	119,937	111,849	70,453	135,963	112,101	96,981	119,391
Wholesale	869,098	756,345	848,908	854,417	816,880	780,414	806,247	983,763	1,025,587	1,048,609
Miscellaneous	59,349	113,077	118,713	95,581	70,209	61,283	65,851	52,550	68,972	48,006
Total water utility	<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>	<u>5,403,940</u>
Wastewater Utility										
Wastewater collection	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	3,685,168
Municipal (non-potable water)	58,784	55,932	64,153	51,196	65,172	45,073	0 [a]	0	0	0
Miscellaneous	18,523	24,544	6,725	11,708	9,227	7,712	22,383	12,191	13,186	11,476
Total wastewater utility	<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>	<u>3,696,644</u>
Total operating revenues- Joint Utility System	\$ <u>46,971,282</u>	<u>46,842,012</u>	<u>56,537,964</u>	<u>50,128,979</u>	<u>51,958,776</u>	<u>52,294,352</u>	<u>59,473,378</u>	<u>56,990,899</u>	<u>56,981,722</u>	<u>58,235,219</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>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>	<u>FY2011</u>
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0907	\$0.0907	\$0.0952
Monthly flat service fee	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.95
Commercial										
Rate per kilowatt hour	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	.058 - .0859	.058 - .0859	.0613 - .902
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	\$15.96 -16.80
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	8.50 - 8.91	8.50 - 8.91	8.93 - 9.35
Gas Utility										
Residential										
Rate per therm	\$0.42	\$0.55	\$0.85	\$0.85	\$1.05	\$0.92	\$0.92	\$0.92	\$0.70	\$0.55
Monthly flat service fee	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$9.50	\$9.50
Commercial										
Rate per therm	\$0.42	\$0.55	\$0.85	\$0.85	\$1.00 - 1.05	0.92	0.92	0.92	0.7	0.55
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	\$9.50 - 28.50	\$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	\$3.95	\$4.19
Monthly flat service fee	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.50	\$7.55
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.95	\$4.19
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	\$7.50 - \$150.00	\$7.55 - \$275
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.89
Monthly flat service fee	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$14.52
Commercial										
Rate per 1000 Gallons	\$1.95	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.89
Monthly flat service fee	\$10.00	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$14.52

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>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>	<u>FY2011</u>
Services [a]	\$ 351,262	257,957	356,300	311,521	338,489	1,255,824 [c]	1,190,803	1,526,945	1,283,609	1,531,617
Construction	124,816	211,612	283,085	210,750	223,999	165,717	97,351	81,169	97,497	58,993
Retail & Food Service	83,017	79,363	90,918	79,509	68,867	59,019	57,987	68,459	64,603	62,959
Telecommunications	10,542	3,018	8,925	8,793	9,995	10,693	10,865	11,260	21,388	22,778
Manufacturing	2,949	2,759	2,186	2,800	2,636	2,696	3,939	6,770	2,883	4,727
Wholesale	13,962	18,382	26,059	25,682	18,535	14,736	7,165	9,387	6,418	4,397
Financial Services	15,471	16,212	10,305	8,268	10,247	10,360	8,808	9,253	10,036	10,088
Agriculture	312	677	4,901	1,568	35	9	29	38	0	0
Mining	0	0	0	0	0	0	105	0	0	0
Public Administration	0	0	4,350	1,343	0	(5) [d]	0	1,046	0	0
Other	11,085	180,423 [b]	26,457	29,490	31,657	25,280	20,477	15,218	17,533	15,175
Totals	\$ 613,416	770,403	813,486	679,724	704,460	1,544,329	1,397,529	1,729,543	1,503,967	1,710,734

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

	<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>	<u>FY2011</u>
GRT Revenues										
General Fund - Local - Municipal	\$ 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	23,835,717
General Fund - Local - County	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918	6,472,762 [g]	5,682,530	6,425,679
General Fund - State Shared	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	21,653,702
General Fund - subtotal	16,350,527	19,622,845	20,526,850	17,883,590	22,198,831	40,886,283	36,067,189	52,289,768	45,910,993	51,915,098
Fire Protection Excise Tax	0	0	0	0	0	0	1,703,782 [e]	2,157,587	1,894,177	2,141,893
Indigent Health Care (IHC) Fund	770,260	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918	2,157,587	1,894,177	2,141,893
Capital Improvement Projects (CIP) Fund	0	0	0	0	572,786	5,787,044	5,093,755	0	0	0
Refuse Fund	385,130	462,208	483,502	426,193	513,684	956,397	853,537	1,084,563	947,088	1,070,980
Total GRT Revenues	\$ 17,505,917	21,009,470	21,977,356	19,162,169	24,313,176	49,557,394	45,416,181	57,689,505	50,646,435	57,269,864
Total GRT Revenues - Own source (excludes State Shared)	\$ 9,722,786	11,668,680	12,206,224	10,759,845	13,548,035	30,098,473	28,244,082	35,882,872	31,497,018	35,616,162
GRT Rates by Imposing Authority										
State Imposed Rate	4.5000%	4.5000%	4.5000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.1250% [a]
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%	0.0825%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	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%	0.1250%
Subtotal - Local options:	1.5625%	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%	2.0625%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%	7.3125%
GRT Rates by Recipient										
State Revenue	3.2750%	3.2750%	3.2750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.9000%
NCRTD										
County Revenue - State Shared	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	0.1250%	0.1250%	0.1250%
County Revenue - Own Source, locally imposed	1.5625%	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%	2.0625%
Total County Revenue	2.7875%	2.7875%	2.7875%	2.7875%	2.9125%	3.1625%	3.2875%	3.2875%	3.2875%	3.2875%
Total GRT Rates	6.0625%	6.0625%	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%	7.3125%

Sources: Los Alamos County CAFRs and Adopted Budgets

Notes:

[a] State Rate Changed July 1, 2010

[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**

Table 11

LAST TEN TAX YEARS

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, 2011		JUNE 30, 2011				
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%	126,004	10,127,743	99.99%	749	0.01%
2004	10,554,530	10,225,444	96.88%	328,290	10,553,734	99.99%	796	0.01%
2005	11,300,062	10,994,524	97.30%	300,507	11,295,031	99.96%	5,031	0.04%
2006	12,086,809	11,805,510	97.67%	276,558	12,082,062	99.96%	4,747	0.04%
2007	12,440,279	12,116,160	97.39%	318,288	12,434,448	99.95%	5,831	0.05%
2008	12,889,999	12,384,692	96.08%	492,076	12,876,768	99.90%	13,231	0.10%
2009	16,838,992	16,365,480	97.19%	373,319	16,738,799	99.40%	100,193	0.60%
2010	15,350,621	14,954,165	97.42%	48,231	15,002,396	97.73%	348,225	2.27%

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]				
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	23.75%
2010	682,140,660	10,955,750	7,027,020	(8,405,180)	691,718,250	2,100,370,290	22.19%

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>						
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
2010	Residential	1.530	6.915	12.267	0.924	21.636
	Non-Residential	1.530	10.598	12.471	1.000	25.599

Source: Adopted rates

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

Table 14

June 30, 2011

TAXPAYER	TYPE OF BUSINESS	FY 2011			FY 2002		
		TAX YEAR 2010 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	TAX YEAR 2001 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
PHC-Los Alamos Inc. (LAMC)	Medical Services	\$ 9,615,720	1	1.39%	\$ -	-	-
Los Alamos National Bank	Banking	5,103,810	2	0.74%	4,064,740	3	0.82%
Qwest (US West Comm Inc.)	Telephone Utility	4,973,150	3	0.72%	6,261,891	1	1.26%
Netuschil Development Corporation	Real Estate	3,967,180	4	0.57%	2,315,610	6	0.47%
Los Alamos Commerce and Development	Real Estate	3,643,220	5	0.53%	2,467,630	5	-
Oppenheimer Place Condo Assoc Inc	Real Estate	3,544,090	6	0.51%	2,759,430	4	-
Housing Solutions LLC	Real Estate	3,395,710	7	0.49%	-	-	-
Simth's Food & Drug Centers, Inc.	Food & Drug	2,125,650	8	0.31%	-	-	-
Shannon Corporation	Real Estate	1,979,600	9	0.29%	-	-	-
CC&F Los Alamos Invest Co.	Real Estate	1,976,920	10	0.29%	1,740,480	8	0.35%
Banner Health Care (LAMC)	Medical Services	-	-	-	6,101,800	2	-
Quemazon LLC % TRK Management	Real Estate	-	-	-	1,748,840	7	0.35%
Developers Diversified Realty	Real Estate	-	-	-	1,599,960	9	0.32%
Los Alamos Business Center	Real Estate	-	-	-	1,467,610	10	0.30%
Total assessed valuation of ten principal taxpayers		40,325,050		5.83%	30,527,991		6.17%
Total assessed valuation of other taxpayers		651,058,830		94.17%	464,636,650		93.83%
Total assessed valuation		<u>\$ 691,383,880</u>		<u>100.00%</u>	<u>\$ 495,164,641</u>		<u>100.00%</u>

Source: Tax rolls

**INCORPORATED COUNTY OF LOS ALAMOS
RATIOS OF OUTSTANDING DEBT BY TYPE**

Table 15

LAST TEN FISCAL YEARS

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			
2002	\$0	\$0	\$4,961,842 [a]	\$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
2011	0	67,226,077	0	54,145,925 [g]	19,695,479	141,067,481	13%	7,859

[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.

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

INCORPORATED COUNTY OF LOS ALAMOS

Table 16

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

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION [a]</u>	<u>ASSESSED VALUE [b]</u>	<u>GROSS BONDED DEBT</u>	<u>NET DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
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
2010	17,950	691,383,880	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, 2011

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>2010 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	\$ 691,383,880	\$ 0	100.00%	\$ 0
Overlapping Debt				
State of New Mexico	51,040,955,114	398,580,000	1.35%	5,399,033
Los Alamos School District	691,383,880	35,180,000	100.00%	35,180,000
University of New Mexico - Los Alamos	691,383,880	0	100.00%	0
Total overlapping debt				<u><u>40,579,033</u></u>
Total direct and overlapping debt				<u><u>\$ 40,579,033</u></u>

Ratio of estimated direct and overlapping debt to 2010 assessed valuation: 5.87%

Ratio of direct general obligation debt to 2010 assessed valuation: .00%

Per capita direct and overlapping debt: \$2,261

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

County population - 2011 estimate: 17,950

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 2010 (One third of full valuation)	<u>\$ 691,383,880</u>
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	27,655,355
Less: Debt applicable to limitation (general obligation debt)	<u>0</u>
Legal debt margin	<u><u>\$ 27,655,355</u></u>

Note:

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

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

Table 19

LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUES[a]	EXPENSES[b]	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS [c]			DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	TOTAL	
ELECTRIC UTILITY							
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
2011	42,549,827	32,531,701	10,018,126	7,180,000	2,592,193	9,772,193	1.03
WATER UTILITY							
2002-2010	0	0	0	0	0	0	0
2011	8,629,047	3,722,191	4,906,856	0 [d]	28,192	28,192	174.05

Source: CAFRs

Notes:

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

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

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

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

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

Table 20

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (In thousands)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2011	17,950	1,083,283	59,936	3,410	4.00%

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	FY2011			FY2002		
		NUMBER OF EMPLOYEES [a]	RANK	% of Total County Employment	NUMBER OF EMPLOYEES	RANK	% of Total County Employment
Los Alamos National Laboratory	Research and Development	10,490	1	50.38%	7629	1	41.24%
Los Alamos County	Government	682	2	3.28%	593	4	3.21%
Los Alamos Public Schools	Education	640	3	3.07%	673	3	3.64%
SOC (Guard Force)	Security	510	4	2.45%	0	0	0.00%
Los Alamos Medical Center	Medical Services	360	5	1.73%	320	6	1.73%
Los Alamos National Bank	Banking	337	6	1.62%	240	7	1.30%
Johnson Control World Services	Maintenance and Operations Services	-	-	-	1448	2	7.83%
Protection Technology Los Alamos	Security	-	-	-	493	5	2.66%
Total from 10 largest employers		13,019		62.53% [c]	11,396		61.60%
Total workforce [b]		20,820		100.00%	18,500		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

AGE BRACKET	1960		1970		1980		1990		2000		2010	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
0-4 years	1,901	14.6%	1302	8.6%	1,115	6.3%	1,090	6.0%	1,102	6.0%	960	5.3%
5-19 years	4,226	32.4%	5414	35.6%	4,874	27.7%	4,032	22.3%	4,026	21.9%	3,648	20.3%
20-24 years	375	2.9%	567	3.7%	805	4.6%	565	3.1%	602	3.3%	498	2.8%
25-34 years	2,260	17.3%	2061	13.6%	2,608	14.8%	3,126	17.3%	3,019	16.5%	1,713	9.5%
35-44 years	2,653	20.3%	2432	16.0%	3,155	17.9%	3,718	20.5%	3,812	20.8%	2,327	13.0%
45-54 years	1,107	8.5%	2269	14.9%	2,491	14.2%	3,171	17.5%	3,256	17.8%	3,347	18.6%
55-64 years	373	2.9%	839	5.5%	1,829	10.4%	1,909	10.5%	2,012	11.0%	2,771	15.4%
65 and over	142	1.1%	314	2.1%	722	4.1%	504	2.8%	514	2.8%	2,686	15.0%
Totals	13,037	100.0%	15,198	100.0%	17,599	100.0%	18,115	100.0%	18,343	100.0%	17,950	100.0%

Source: U.S. Census Bureau

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

Table 23

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>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>	<u>FY2011</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	4.58	4.58	4.56	4.56	4.80	4.80	4.80	4.80	4.80
County Administrator [a]	7.14	8.04	10.54	11.56	13.00	13.50	13.50	12.00	13.23	11.00
County Assessor	5.42	5.88	5.72	6.59	6.59	7.00	7.00	7.00	7.00	7.00
County Attorney	5.00	5.04	4.04	5.00	5.00	5.00	5.00	5.00	5.00	5.00
County Clerk	6.65	6.72	6.72	7.33	6.97	6.75	6.72	6.70	6.70	6.70
County Sheriff	1.91	2.23	2.19	2.03	2.03	1.97	2.02	1.90	1.90	1.90
Administrative Services [a]	49.90	50.77	51.15	52.11	50.50	53.86	54.75	55.25	58.25	61.47
Public Works	48.50	44.75	44.75	43.81	44.63	46.15	47.17	12.14	12.00	12.00
Capital Projects & Facilities (new FY2009)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.50	37.00	37.00
Cemetery	1.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Safety										
Police	59.56	59.97	59.97	60.13	60.13	75.55	75.57	77.53	76.54	77.54
Cerro Grande fire recovery	0.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Physical and economic environment	13.00	15.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00
Transportation	22.00	24.50	25.50	27.40	25.52	25.53	27.53	27.41	27.37	26.87
Culture and recreation	83.32	92.53	91.34	88.06	86.44	85.43	86.31	86.67	88.36	86.88
Business-type activities										
Joint Utilities										
Electric	39.50	40.00	40.00	44.00	44.00	45.00	45.00	54.00	54.00	54.00
Gas	35.32	28.04	26.64	27.13	27.22	25.74	25.37	25.83	24.39	23.40
Water	12.00	12.00	12.00	12.00	12.00	10.25	10.25	10.25	10.25	10.25
Wastewater	0.00	9.00	10.00	10.00	10.00	10.13	10.13	9.13	9.13	9.13
Environmental Services	18.36	18.32	19.82	20.04	19.26	19.26	19.26	18.75	18.75	19.00
Golf	13.37	13.37	11.96	12.96	12.82	12.73	12.79	13.60	13.02	12.48
Fire	130.00	130.00	135.00	135.00	135.00	141.00	141.00	148.00	150.00	150.00
Airport	0.50	0.50	0.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Transit	0.00	0.00	0.00	0.00	0.00	0.00	22.00	24.00	31.50	31.75
Equipment-internal service	9.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00
Risk-internal service	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50
Totals	<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>	<u>683.17</u>

Source: Administrative Services Department - Office of Management and Budget

Notes:

[a] Transfer FTEs for Records function from CAO to ASD

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

Table 24

	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
General Government								
Assessor-number of parcels by tax year	8,845	8,908	8,972	8,972	8,988	8,799	9,139	9,078
Clerk-number of elections managed	2	3	3	4	1	3	2	2
Sheriff-number of processes administered	278	271	290	245	276	256	284	322
IT-Number of networked devices supported	not available	not available	not available	1,452	1,535	1,537	1,567	1,569
Public Safety								
Police-Part 1 UCR Offenses*	308	378	350	431	386	297	349	364
Police-number of service call responses	16,403	16,751	14,535	13,773	13,883	14,264	17,172	16,882
Police-number of reported traffic accidents	309	300	293	471	260	216	242	225
Police-number animal control cases	234	297	358	354	355	293	350	305
Physical & Economic Development								
Number of construction permits issued*	243	235	180	191	113	92	94	108
Transportation								
Traffic-miles of lane lines striped	53	66	50	46	58	52	88	56
Culture and Recreation								
Library-Number of circulations	304,803	320,596	328,098	339,895	358,216	374,358	394,736	411,356
Number of park acres maintained	581	587	590	599	599	599	609	616
Number of cemetery internments	not available	not available	not available	41	32	39	34	36
Number of aquatic center visits	84,650	89,021	89,748	87,457	86,843	90,275	99,759	85,658
Number of rink visits	12,136	12,051	10,294	20,130	23,451	20,731	27,443	28,663
Sr. Center-number of seniors served	not available	not available	not available	2,263	2,348	2,410	3,800	4,040
Joint Utility System								
EP-Number of megawatt hrs supplied	583,997	512,387	562,015	590,117	550,623	567,821	559,542	563,109
ED-Number of electric utility customers	8,467	8,908	8,767	8,892	8,877	8,764	8,733	8,610
Gas-Number of therms delivered	9,319,399	9,435,586	8,198,081	9,374,019	9,389,368	8,396,000	9,761,560	8,754,903
WP-M gallons water produced	1,542,085	1,317,241	1,468,907	1,245,586	1,458,459	1,420,686	1,308,069	1,422,096
WD-M gallons of water sold	1,076,989	876,445	999,920	720,433	800,273	781,692	741,277	800,842
WW-K gallons sewage conveyed	not available	not available	530,375	363,182	441,351	451,640	447,516	445,685
Golf Course								
Number of golf rounds provided	not available	not available	not available	31,374	29,221	29,553	27,844	25,841
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	433,512	449,987
Number of miles of service provided	not available	not available	not available	not available	not available	430,180	516,013	627,309
Fire Protection Services								
Number of responses	1,655	1,606	1,965	1,873	2,022	1,956	2,001	2,110
Airport								
Number of takeoffs & landings	not available	not available	not available	11,199	13,255	13,244	13,376	14,010

Sources: County departments.

Note: Accurate indicators are not available before FY2004.

* Only calendar year data available

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

Table 25

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
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	106.6	106.6
Sidewalk, square yards	223,599	221,377	223,207	227,407	229,048	231,099	235,356	241,612	241,612
Street lights, county owned	1,051	1,057	1,150	1,153	1,156	1,167	1,204	1,292	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	34	35
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	61
Electric distribution line miles	140.0	140.0	142.0	142.0	142.0	142.0	142.0	143.0	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	148.5	148.5
Gas distribution line miles	118.0	118.0	120.0	120.0	120.0	120.0	120.0	122.0	122.0
Wastewater collection line miles	115.0	115.0	117.0	117.0	117.0	117.0	117.0	118.0	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.

Other Supplementary Information

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF RECONCILIATION OF TAX RECEIPTS AND DISBURSEMENTS
 Year ended June 30, 2011

PROPERTY TAX RECEIVABLE, JUNE 30, 2010	\$ 531,686
Net taxes charged to treasurer	15,347,068
Collections	(15,416,675)
Adjustments	20,337
PROPERTY TAX RECEIVABLE, JUNE 30, 2011	<u><u>\$ 482,416</u></u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2011, LISTED BY TAX YEAR:	<u>TOTAL</u>	<u>INCORPORATED COUNTY OF LOS ALAMOS</u>	<u>STATE OF NEW MEXICO</u>	<u>UNIVERSITY OF NEW MEXICO</u>	<u>LOS ALAMOS PUBLIC SCHOOLS</u>
2000-01	\$ 2,651	1,255	214	179	1,003
2002	968	449	58	62	399
2003	749	331	62	49	307
2004	796	369	47	54	326
2005	5,031	2,598	322	312	1,799
2006	4,741	2,452	314	303	1,672
2007	5,831	3,153	365	253	2,060
2008	13,231	7,448	796	577	4,410
2009	100,193	46,309	4,263	3,604	46,017
2010	348,225	124,841	23,054	14,349	185,981
	<u><u>\$ 482,416</u></u>	<u><u>189,205</u></u>	<u><u>29,495</u></u>	<u><u>19,742</u></u>	<u><u>243,974</u></u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:	
Incorporated County of Los Alamos	\$ 5,192,629
State of New Mexico	1,057,644
University of New Mexico	648,736
Los Alamos Schools	8,517,666
	<u><u>\$ 15,416,675</u></u>

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

EXHIBIT 2

Year ended June 30, 2011

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:									
2000-2001	\$ 8,057,140	0	8,055,885	0	8,055,885	0	1,255	0	1,255
2002	4,385,907	0	4,385,458	0	4,385,458	0	449	0	449
2003	4,548,497	545	4,548,166	545	4,548,166	0	331	0	331
2004	4,905,502	488	4,905,133	488	4,905,133	0	369	0	369
2005	5,273,028	504	5,270,430	504	5,270,430	0	2,598	0	2,598
2006	5,661,650	4,082	5,659,198	4,082	5,659,198	0	2,452	0	2,452
2007	6,035,174	11,807	6,032,021	11,807	6,032,021	0	3,153	0	3,153
2008	6,371,268	27,815	6,363,820	27,815	6,363,820	0	7,448	0	7,448
2009	6,672,814	136,323	6,626,505	136,323	6,626,505	0	46,309	0	46,309
2010	5,135,905	5,011,064	5,011,064	5,011,064	5,011,064	0	124,841	0	124,841
	51,910,980	5,192,627	51,846,616	5,192,627	51,846,616	0	189,205	0	189,205
State of New Mexico:									
2000-2001	1,485,020	0	1,484,806	0	1,484,806	0	214	0	214
2002	574,250	0	574,192	0	574,192	0	58	0	58
2003	836,247	82	836,185	82	836,185	0	62	0	62
2004	628,729	63	628,682	63	628,682	0	47	0	47
2005	808,323	93	808,001	93	808,001	0	322	0	322
2006	893,853	583	893,539	583	893,539	0	314	0	314
2007	888,768	1,448	888,403	1,448	888,403	0	365	0	365
2008	917,316	3,622	916,520	3,622	916,520	0	796	0	796
2009	815,755	15,691	811,492	15,691	811,492	0	4,263	0	4,263
2010	1,059,116	1,036,062	1,036,062	1,036,062	1,036,062	0	23,054	0	23,054
	7,848,261	1,057,644	7,841,820	1,057,644	7,841,820	0	29,495	0	29,495

University of New Mexico:

2000-2001	1,247,195	0	1,247,016	0	1,247,016	0	179	0	179
2002	610,952	0	610,890	0	610,890	0	62	0	62
2003	654,986	64	654,937	64	654,937	0	49	0	49
2004	717,040	58	716,986	58	716,986	0	54	0	54
2005	773,534	67	773,221	67	773,222	0	312	0	312
2006	843,097	542	842,794	542	842,794	0	303	0	303
2007	581,406	970	581,153	970	581,153	0	253	0	253
2008	613,852	2,485	613,275	2,485	613,275	0	577	0	577
2009	642,536	12,509	638,932	12,509	638,932	0	3,604	0	3,604
2010	646,390	632,041	632,041	632,041	632,041	0	14,349		14,349
	7,330,988	648,736	7,311,245	648,736	7,311,246	0	19,742	0	19,742

Los Alamos Public Schools:

2000-2001	7,000,027	0	6,999,024	0	6,999,024	0	1,003	0	1,003
2002	3,937,667	0	3,937,268	0	3,937,268	0	399	0	399
2003	4,088,762	399	4,088,455	399	4,088,455	0	307	0	307
2004	4,303,257	350	4,302,931	350	4,302,931	0	326	0	326
2005	4,445,178	386	4,443,379	386	4,443,379	0	1,799	0	1,799
2006	4,688,208	3,001	4,686,536	3,001	4,686,536	0	1,672	0	1,672
2007	4,934,932	7,937	4,932,872	7,937	4,932,872	0	2,060	0	2,060
2008	4,988,890	19,813	4,984,480	19,813	4,984,480	0	4,410	0	4,410
2009	8,706,561	167,460	8,660,544	167,460	8,660,544	0	46,017	0	46,017
2010	8,706,561	8,318,320	8,520,580	8,318,320	8,520,580	0	185,981	0	185,981
	47,093,482	8,517,667	55,556,069	8,517,667	55,556,069	0	243,974	0	243,974

Totals	\$ 114,183,711	15,416,675	122,555,750	15,416,675	122,555,751	0	482,416	0	482,416
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2011

	<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)	\$ 45,477,394	5,275,082	27,260,482	0	78,012,958
TOTAL AMOUNT OF REPURCHASE AGREEMENTS	0	0	0	6,923,598	6,923,598
Less: FDIC coverage	250,000	250,000	250,000	250,000	1,000,000
TOTAL UNINSURED PUBLIC FUNDS	<u>45,227,394</u>	<u>5,025,082</u>	<u>27,010,482</u>	<u>6,673,598</u>	<u>83,936,556</u>
COLLATERAL REQUIRED					
Deposits	22,613,697 [a]	2,512,541 [a]	13,505,241 [a]	0	38,631,479
Repurchase agreement	0	0	0	7,269,778 [b]	7,269,778
COLLATERAL					
Letters of Credit, Agencies, Municipal Bonds	59,000,000 [c]	5,152,112 [c]	30,462,770 [c]	0	94,614,882
Pledged securities-repurchase agreement	0	0		7,591,437 [d]	7,591,437
OVER(UNDER) SECURED	<u>\$ 36,386,303</u>	<u>2,639,571</u>	<u>16,957,529</u>	<u>321,659</u>	<u>56,305,062</u>

Notes:

[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, 2011

	<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						
	04/14/10	04/15/11	Letter of credit		\$ 35,000,000	35,000,000
	09/17/10	09/19/11	Letter of credit		24,000,000	24,000,000
					<u>59,000,000</u>	<u>59,000,000</u>
COMMUNITY BANK						
Letter of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
	07/28/09	07/27/11	Letter of credit		1,000,000	1,000,000
	06/04/09	06/04/12	Letter of credit		2,000,000	2,000,000
	07/28/09	01/27/12	Letter of credit		2,000,000	2,000,000
Municipal Bonds	09/15/09	10/04/16	3128X5KS6		100,000	100,000
	12/15/09	05/01/21	31410G3C5		110,000	52,112
					<u>5,210,000</u>	<u>5,152,112</u>
FIRST NATIONAL BANK OF SANTA FE						
Municipal Bonds						
	07/10/09	07/01/11	296627HK1		200,000	205,208
	03/10/11	11/29/13	31398A6L1		5,000,000	5,022,326
	06/10/11	03/21/14	31398A3R1		5,000,000	5,104,469
	03/10/11	08/01/14	3134G1X25		5,000,000	5,070,850
	03/10/11	11/28/14	3134G14J0		5,000,000	5,049,389
	10/10/10	12/15/16	31394GTX1		2,500,000	242,483
	01/10/11	04/01/24	3128MMKT9		7,000,000	4,725,973
	06/10/11	04/01/25	31418RHE4		6,200,000	5,042,072
					<u>35,900,000</u>	<u>30,462,770</u>
WELLS FARGO BANK MINNESOTA						
Custodians:						
AIG Inc., New York, NY						
	06/11/09	07/01/27	83162CRD7	SBA	133,581	154,542
	04/29/11	08/01/28	3128HJAG1	FHLMC	4,903,947	5,526,515
	12/16/10	07/15/32	3134A4KX1	FHLMC	1,490,000	1,910,380
					<u>6,527,528</u>	<u>7,591,437</u>
TOTAL PLEDGED COLLATERAL					<u>\$ 106,637,528</u>	<u>102,206,319</u>

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

June 30, 2011

<u>NAME OF DEPOSITORY</u>	<u>ACCOUNT NAME</u>	<u>TYPE OF ACCOUNT</u>	<u>TOTAL DEPOSITORY BALANCES</u>
American Industries Trust Co.	L.A.C. Employee Pension Plan	Participant Investment	\$ 31,545,921
Bank of Albuquerque	Los Alamos County	FHLB	25,130,125
Bank of Albuquerque	Los Alamos County	FHLMC	10,023,850
Bank of Albuquerque	Los Alamos County	FNMA	18,292,094
Community Bank	Los Alamos County	C.D.	5,275,082
First National Bank of Santa Fe	Los Alamos County	C.D.	13,095,234
First National Bank of Santa Fe	Los Alamos County	Savings	14,165,248
Los Alamos National Bank	Library Gift Fund	C.D.	12,300
Los Alamos National Bank	Los Alamos County	C.D.	6,000,000
Los Alamos National Bank	2008 GRT Bonds	Checking	516,567
Los Alamos National Bank	Employee Fund	Checking	18,727
Los Alamos National Bank	General County	Checking	23,437,716
Los Alamos National Bank	GRT Bonds Debt Service	Checking	24,241
Los Alamos National Bank	Landfill Closure	Checking	2,853,147
Los Alamos National Bank	Library Gift Fund	Checking	1
Los Alamos National Bank	Municipal Court Bond	Checking	10,650
Los Alamos National Bank	Police Operations	Checking	3,635
Los Alamos National Bank	Small Purchase	Checking	20,464
Los Alamos National Bank	Utility Resource Pool	Checking	3,787,607
Los Alamos National Bank	Utilities - Bond Accounts	Savings	8,792,339
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	402,374
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	69,564
State Investment Council	Permanent Fund	Pool	28,047,849
State Investment Council	General Fund	Pool	15,450,126
State Investment Council	Cemetery Perpetual Care	Pool	693,279
State Treasurer's Pool	General County	Pool	8,281,969
State Treasurer's Pool	General County - Reserve	Pool	11,081
State Treasurer's Pool	General County - Reserve	Pool	37,714
State Treasurer's Pool	Self-sufficiency Fund - Reserve	Pool	27,376
Wells Fargo Bank Minnesota	Utility Bond Accounts	Cash Equivalent	2,822,482
Wells Fargo Bank Minnesota	Utility Bonds	FHLB	11,487,870
Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	6,923,598
Total Depository Balances			237,260,230
Reconciling items to Bank Reconciliation			(1,255,705)
Petty Cash and Change Funds			4,910
Total Deposits and Investments reported in financial statements			\$ 236,009,435

**INCORPORATED COUNTY OF LOS ALAMOS
SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING**

June 30, 2011

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 form 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 may be 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 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, 2011

<u>STATE GRANTOR /PROGRAM TITLE</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010</u>	<u>CASH RECEIVED</u>	<u>OTHER (SEE NOTES)</u>	<u>STATE PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2011</u>
STATE OF NEW MEXICO:					
Administrative Office of the Courts					
Municipal Court Automation Project, Fund #126	\$ 0	8,062	0	9,291	1,229
Fire Marshal's Office:					
Fire Protection Fund Distribution (FY 2011)	(238,338)	446,366	17,460 [1]	452,408	(249,756)
Children, Youth and Families Department					
Juvenile Justice Continuum (11-690-12408)	0	87,689	0	116,107	28,418
Juvenile Justice Continuum (09-690-9017)	20,706	20,706	0	0	0
Total Children, Youth and Families	<u>20,706</u>	<u>108,395</u>	<u>0</u>	<u>116,107</u>	<u>28,418</u>
Department of Finance and Administration:					
DWI- Local Distribution (11-D-J-D-16)	0	63,778	0	60,856	(2,922)
DWI- Local Distribution (10-D-J-D-16)	(18,505)	0	(18,505) [2]	0	0
Enhanced E911 (10-E-12)	0	3,258	61,648 [3]	64,906	0
Enhanced E911 (11-E-12)	0	270	57,357 [3]	65,621	7,994
Law Enforcement Protection Fund Distribution	(40,725)	39,800	0	56,633	(23,892)
Total Department of Finance and Administration	<u>(59,230)</u>	<u>107,106</u>	<u>100,500</u>	<u>248,016</u>	<u>(18,820)</u>
Health Department					
Public Health Division Primary Care and EMS Grant - Fire	(10,969)	11,458	(1,832) [4]	17,652	(2,943)
Economic Development Department					
Creative District Arts and Cultural District (10-419-A093106-1002)	0	27,500	0	27,500	0
Mainstreet Grant - Knecht Streetscape (10-419-A093767-1007)	0	0	0	13,913	13,913
	<u>0</u>	<u>27,500</u>	<u>0</u>	<u>41,413</u>	<u>13,913</u>
Transportation Department					
Cooperative Agreement SP-5-10(104)	0	48,165	0	48,165	0
Cooperative Agreement SP-5-11(134)	0	47,494	0	47,494	0
Cooperative Agreement, SB-7786 (979)10	0	63,202	0	63,202	0
Cooperative Agreement, SB-7792 (985)11	0	84,205	0	84,205	0

Cooperative Agreement, CAP-5-10(449)	0	16,318	0	16,318	0
Cooperative Agreement, CAP-5-11(455)	0	19,739	0	19,739	0
Cooperative Agreement, MAP-7528(900)	0	79,489	0	79,489	0
Cooperative Agreement, MAP-7528(901)	0	112,500	0	112,500	0
Airport Extension Grant-Construction, LAM-11-001	0	41,590	0	81,036	39,446
Airport Drainage Construction LAM-10-001	1,941	5,656	0	3,715	0
Airport Maintenance-Runway Design LAM-010-002	650	1,651	0	1,001	0
Scholarship Award, CTAA Expo	0	0	0	2,000	2,000
Total Transportation Department	<u>2,591</u>	<u>520,009</u>	<u>0</u>	<u>558,864</u>	<u>41,446</u>
Water Trust Board					
New Mexico Finance Authority - WTB 156	0	590,000	0	590,000	0
New Mexico Finance Authority - WTB 157	0	192,934	0	192,934	0
Total Water Trust Board	<u>0</u>	<u>782,934</u>	<u>0</u>	<u>782,934</u>	<u>0</u>
Office of Cultural Affairs:					
GO Bonds for Public Library Resources	0	0	0	2,000	2,000
New Mexico State Library Grant - Operations	0	8,648	0	8,648	0
Total Office of Cultural Affairs	<u>0</u>	<u>8,648</u>	<u>0</u>	<u>10,648</u>	<u>2,000</u>
TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE	<u>\$ (285,240)</u>	<u>2,020,478</u>	<u>116,128</u>	<u>2,237,333</u>	<u>(184,513)</u>
RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:					
State-shared Revenues				22,360,132	
Change in reserved balances				(30,901)	
Change in Deferred Revenue				(15,142)	
TOTAL INTERGOVERNMENTAL REVENUES - STATE				<u>\$ 24,551,422</u>	

NOTES:

- [1] Interest earned on reserved fund balance and miscellaneous revenue
- [2] Unexpended grant funds returned to grantee
- [3] Grant expenditures made by State on County's behalf
- [4] Unexpended grant funds returned to grantee

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED	CASH	OTHER	FEDERAL	ACCRUED
		REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010			RECEIVED	PARTICIPATING EXPENDITURES
MAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Energy. National Nuclear Security Administration Fire protection, emergency medical and rescue services Cooperative Agreement	81.XXX DE-FC52-08NA28090	\$ 4,416,927	14,324,597	3,742,567 [1]	19,114,934	5,464,697
United States Department of Transportation Federal Aviation Administration Flow through New Mexico State Transportation Department Airport Extension Grant-Construction	20.106	0	1,580,408	79,598 [2]	3,079,365	1,498,957
United States Department of Energy American Recovery & Reinvestment Act of 2009 Cooperative Agreement award is for \$4,558,344	81.087 DE-EE0002673	0	753,766	0	753,766	0
United States Department of Transportation-Federal Aviation Administration Flow through New Mexico State Transportation Department Airport Drainage Improvement Construction	20.106	73,772	214,917	3,715 [2]	141,145	0
Airport Extension Grant-Design	20.106	37,737	75,759	1,001 [2]	38,022	0
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		4,528,436	16,949,447	3,826,881	23,127,232	6,963,654
NONMAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Agriculture. United States Federal Forest Reserve	10-665 Public Law 106-393	0	5,373	0	5,373	0
United States Department of Energy: Flow through the New Mexico Energy, Minerals and Natural Resources Dept American Recovery & Reinvestment Act of 2009 Cooperative Agreement award is for \$103,000	81.128 DE-EE0000681 10-521-R1DOE00002-0224	1,367	1,367	0	0	0
United States Environmental Protection Agency Clean Water State Revolving Fund Recovery Act Plan Flow through the New Mexico Environment Department American Recovery & Reinvestment Act of 2009 Cooperative Agreement award is for \$150,000	ARRA CWSRF 09	0	150,000	0	150,000	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	1,775,142	1,665,417	0	125,892	235,617
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Nonurbanized Area Formula Grant Program Section 5311 FY11 Contract M01021	20.509	0	426,006	0	569,802	143,796
United States Department of Homeland Security Federal Emergency Management Agency State and Local Assistance Program State and Local Assistance Program Fire Management Assistance Grant (Las Conchas Fire)	97.036 2009-EMPG-Los Alamos County 2010-EMPG-Los Alamos County 97.046	21,486 0 0	21,486 63,780 0	0 0 30,500	0 87,250 91,500	0 23,470 91,500
Office of Domestic Preparedness Equipment program Bomb Squad Training Grant	97.067 2008-Los Alamos County-SHSGP 2008-Los Alamos County-SHSGP-01	61,801 0	69,592 24,101	0 0	7,791 28,457	0 4,356
United States Department of Interior, Bureau of Land Management Section 1 payment for Federal owned entitlement land	15.226 Public Law 100-343	0	82,450	0	82,450	0
United States Department of Justice: Drug Enforcement Administration-Asset Forfeiture	16.xxx	(718)	0	0	0	(718)
United States National Nuclear Security Administration Department of Energy-PILT	81.XXX	247,536	247,536	0	0	0
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Job Access & Reverse Commute Section 5316 FY11 Contract M00974	20.516	0	137,755	0	183,640	45,885
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	37,746	46,277	0	8,531	0
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department New Freedom Program Sections 5317 FY11 Contract M01023	20.516	0	127,584	0	174,085	46,501
United States Department of Transportation-Federal Highway Administration Flow through New Mexico State Transportation Department Operation DWI (10-A1164-055) Operation DWI (11-AL-64-055)	20.608 20.608	6,612 0	11,502 8,946	0 0	4,890 10,362	0 1,416

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED	CASH	OTHER	FEDERAL	ACCRUED
		REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2010			RECEIVED	PARTICIPATING EXPENDITURES
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		2,150,972	3,089,172	30,500	1,530,023	591,823
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		\$ 6,679,408	20,038,619	3,857,381	24,657,255	7,555,477
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					(52,332)	
Federal Subsidy Build America Bonds					125,545	
Ambulance billing and other receipts DOE Cooperative Agreement for fire services					(223,376)	
County Share of DOE Cooperative Agreement for fire services					(3,519,191)	
North Central Regional Transit District revenues					1,238,603	
INTERGOVERNMENTAL REVENUES - FEDERAL					24,249,182	
INTERGOVERNMENTAL REVENUES - STATE					24,551,422	
TOTAL INTERGOVERNMENTAL REVENUES					\$ 48,800,604	
INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:						
Governmental funds					\$ 26,095,049	
Proprietary funds						
Operating revenues - intergovernmental revenue					16,941,411	
Other sources and uses - intergovernmental capital revenue					5,764,144	
TOTAL INTERGOVERNMENTAL REVENUES					\$ 48,800,604	

Notes to Supplemental Schedule of Expenditures of Federal Awards

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



INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT
 June 30, 2011

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	\$ 131,884,797	10,808,864	71,749,420	40,662,741	255,105,822
Construction work in progress	15,675,865	648,717	2,064,132	484,098	18,872,812
Less provision for accumulated depreciation	(73,908,879)	(3,131,340)	(16,395,431)	(7,118,637)	(100,554,287)
	<u>73,651,783</u>	<u>8,326,241</u>	<u>57,418,121</u>	<u>34,028,202</u>	<u>173,424,347</u>
OTHER PROPERTY AND INVESTMENTS					
Investments and special funds	32,066,216	0	890,608	0	32,956,824
CURRENT AND ACCRUED ASSETS					
Cash, working funds and investments	(5,239,888)	6,108,975	16,914,729	1,804,546	19,588,362
Customer accounts receivable	2,733,000	125,127	452,151	230,632	3,540,910
Less provision for uncollectible accounts	(11,774)	(2,706)	(8,602)	(5,189)	(28,271)
Fuel stock	442,057	0	0	0	442,057
Materials and supplies	604,813	45,618	164,241	23,976	838,648
Prepayments	48,212	0	4,185	0	52,397
Accrued utility revenues	593,857	114,884	373,709	192,954	1,275,404
	<u>(829,723)</u>	<u>6,391,898</u>	<u>17,900,413</u>	<u>2,246,919</u>	<u>25,709,507</u>
DEFERRED DEBITS					
Unamortized debt expenses	721,875	0	7,278	0	729,153
Unamortized deferral on refunding	2,917,652	0	0	0	2,917,652
	<u>3,639,527</u>	<u>0</u>	<u>7,278</u>	<u>0</u>	<u>3,646,805</u>
ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING					
	(2,917,652)	0	0	0	(2,917,652)
TOTAL ASSETS AND OTHER DEBITS	\$ <u>105,610,151</u>	<u>14,718,139</u>	<u>76,216,420</u>	<u>36,275,121</u>	<u>232,819,831</u>

LIABILITIES AND OTHER CREDITS

PROPRIETARY CAPITAL

Retained earnings	\$ 44,751,077	14,370,366	74,589,531	22,185,793	155,896,767
	<u>44,751,077</u>	<u>14,370,366</u>	<u>74,589,531</u>	<u>22,185,793</u>	<u>155,896,767</u>

LONG-TERM DEBT

Bonds and notes	47,374,872	0	860,128	0	48,235,000
Plus unamortized premium on long-term debt	1,616,669	0	31,908	0	1,648,577
Other long term debt	0	0	469,901	13,319,744	13,789,645
	<u>48,991,541</u>	<u>0</u>	<u>1,361,937</u>	<u>13,319,744</u>	<u>63,673,222</u>

CURRENT AND ACCRUED LIABILITIES

Accounts payable	2,673,157	116,862	92,592	23,508	2,906,119
Customer deposits	65,601	45,629	42,183	0	153,413
Taxes accrued	46,975	15,288	21,838	14,600	98,701
Current portion of revenue bonds payable	7,180,000	0	0	0	7,180,000
Contracts and intergovernmental debt payable	0	0	22,421	553,473	575,894
Interest accrued	1,102,115	0	5,305	95,605	1,203,025
Miscellaneous current and accrued liabilities	453,388	169,994	80,613	82,398	786,393
	<u>11,521,236</u>	<u>347,773</u>	<u>264,952</u>	<u>769,584</u>	<u>12,903,545</u>

DEFERRED CREDITS

Other deferred credits	3,263,949	0	0	0	3,263,949
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ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING

	(2,917,652)	0	0	0	(2,917,652)
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TOTAL LIABILITIES AND OTHER CREDITS

	\$ <u><u>105,610,151</u></u>	<u><u>14,718,139</u></u>	<u><u>76,216,420</u></u>	<u><u>36,275,121</u></u>	<u><u>232,819,831</u></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, 2011

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
UTILITY OPERATING REVENUES					
Sales for resale	\$ 31,256,424	0	0	0	31,256,424
Residential	5,594,525	4,728,730	3,327,627	3,685,168	17,336,050
Commercial and industrial	3,557,480	926,796	475,727	0	4,960,003
Sales to public authorities	2,088,387	529,635	1,552,581	9,416	4,180,019
Street lighting	56,135	0	0	0	56,135
Other operating revenues	341,803	54,720	48,005	2,060	446,588
TOTAL OPERATING REVENUES	42,894,754	6,239,881	5,403,940	3,696,644	58,235,219
OPERATING EXPENSES					
Purchased power, natural gas or water	12,337,173	3,540,342	0	0	15,877,515
Distribution	274,376	479,982	984,634	1,368,980	3,107,972
Administrative and general	2,967,451	653,813	758,559	597,454	4,977,277
Customer accounts	14,584	4,553	1,842	991	21,970
Steam power generation	7,542,666	0	0	0	7,542,666
Transmission	4,032,240	0	0	0	4,032,240
Other production expenses	1,213,669	0	0	0	1,213,669
Hydraulic power generation	590,992	0	0	0	590,992
	28,973,151	4,678,690	1,745,035	1,967,425	37,364,301
MAINTENANCE EXPENSES					
Distribution	688,689	183,124	1,929,181	475,197	3,276,191
Steam power generation	1,027,907	0	0	0	1,027,907
Hydraulic power generation	272,772	0	0	0	272,772
Transmission	29,185	0	0	0	29,185
	2,018,553	183,124	1,929,181	475,197	4,606,055
DEPRECIATION EXPENSE					
	6,323,754	277,153	1,685,656	706,438	8,993,001
TAXES					
	723,365	171,334	42,975	0	937,674
TOTAL OPERATING EXPENSES	38,038,823	5,310,301	5,402,847	3,149,060	51,901,031
UTILITY OPERATING INCOME	4,855,931	929,580	1,093	547,584	6,334,188

Other income	874,439	201,422	4,169,718	295,848	5,541,427
Other deductions	(1,541,317)	(384,619)	(477,871)	(565,112)	(2,968,919)
UTILITY INCOME	<u>4,189,053</u>	<u>746,383</u>	<u>3,692,940</u>	<u>278,320</u>	<u>8,906,696</u>
Income deduction for interest on long-term debt	(2,990,060)	0	(34,164)	(526,397)	(3,550,621)
INCOME BEFORE EXTRAORDINARY ITEMS	<u>1,198,993</u>	<u>746,383</u>	<u>3,658,776</u>	<u>(248,077)</u>	<u>5,356,075</u>
Proprietary capital, beginning of fiscal year	43,552,084	13,623,983	70,930,755	22,433,870	150,540,692
PROPRIETARY CAPITAL, END OF FISCAL YEAR	<u>\$ 44,751,077</u>	<u>14,370,366</u>	<u>74,589,531</u>	<u>22,185,793</u>	<u>155,896,767</u>

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Sharon Stover, Chair, County Council
Members of the Council, and Harry Burgess, 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, 2011, and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A 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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted no 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.

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.

Clifton Henderson LLP

Albuquerque, New Mexico
November 28, 2011

Independent Auditor's 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

Sharon Stover, Chair, County Council
Members of the Council, and Harry Burgess, 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, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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, 2011.

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.

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.

Clifton Henderson LLP

Albuquerque, New Mexico
November 28, 2011

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major program:		
Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor’s report issued on compliance for major program:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major program:

CFDA Number(s)

Name of Federal Program or Cluster

81.XXX	Fire protection, emergency medical and rescue services cooperative agreement
20.106	Airport Extension Grant - Construction
81.087	ARRA – Renewable Energy Research and Development

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Part I – Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish between
Type A and Type B programs: \$739,718

Auditee qualified as low-risk auditee? √ yes no

Part II – Findings Related to Financial Statements

There were no findings for the year ended June 30, 2011.

Part III – Federal Award Findings and Questioned Costs

There were no findings for the year ended June 30, 2011.

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

Finding 2010-01**Absence of Buy-America Provision in Subcontracts**

Summary:

Auditors were not provided with information necessary to examine subcontracts and/or "Buy America" certifications related to the ARRA-funded project under CFDA 81.087; therefore, auditors were unable to verify if the subcontracts included the required clauses related to prevailing wage rates and Buy America provisions.

Status:

Cleared.

Finding 2010-02**Overpayment of Per Diem Allowance**

Summary:

During travel and per diem test work, there was one instance (out of forty transactions tested) where a per diem meal allowance was overpaid by \$57.

Status:

Cleared.

Finding 2010-03**Missing Personnel Documentation**

Summary:

During payroll personnel file test work, we were unable to locate six completed I-9 forms out of forty personnel files tested.

Status:

Cleared.

**INCORPORATED COUNTY OF LOS ALAMOS
EXIT CONFERENCE
June 30, 2011**

An exit conference was held on November 21, 2011 to discuss the current audit report and current auditor's findings. The following attended:

INCORPORATED COUNTY OF LOS ALAMOS

Audit Committee:

Frances Berting, Councilor
Harry Burgess, County Administrator
Steven Lynne, Acting Assistant County Administrator
Janet Bettinger, Assistant Utilities Manager

County Staff:

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

CLIFTON GUNDERSON LLP

Janet Pacheco-Morton, Partner

