

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



**Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2012**

*Prepared by the Office of Management and Budget
Photographs courtesy of Samantha D'Anna Photography*

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

November 29, 2012

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 2012. 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, 2012, 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 Larson Allen 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, 2012, 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 fiscal year 2013 budget anticipates revenues of \$6.8 million less than the fiscal year 2012 adopted budget. While GRT revenues increased a little in fiscal year 2011, they declined in fiscal year 2012, and are projected to further decline in fiscal year 2013. It is expected that future LANL spending and related County GRT revenue levels will stabilize, but at a level lower than had been previously expected. Given the unusually large concentration of employment and tax revenues in one employer – LANL - the County continues to adopt a conservative fiscal posture to help mitigate the potential negative effects of any significant unforeseen future changes.

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 (DOE) 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 DOE plans for its long-term overall Complex Transformation and

significant construction projects. The largest LANL construction project, the Chemistry and Metallurgy Research Replacement (CMRR) Project, was placed on hold in fiscal year 2012 and negatively affected the fiscal year 2012 GRT revenues.

As originally adopted, the fiscal year 2013 Budget projects a combined ending fund balance / working capital of \$114.1 million, a decrease of \$10.0 million from the fiscal year 2012 projected ending balance. The largest planned change of Fund Balance is in the Capital Improvement Projects Fund, where capital spending is expected to draw down the fund balance by \$17.4 million on already funded projects.

The County is a net investor and diversifies its portfolio to minimize the impact of market risk. Within the context of the national economic recession, the value of the County's longer-term investments lost some of their value in fiscal year 2012 that it had gained back in fiscal years 2011 and 2010. 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 fiscal year 2013 is estimated to be just slightly higher than what was projected for fiscal 2012, 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 July 2011, the County Council developed and adopted a new Strategic Leadership Plan. The plan includes strategic focus areas and major goals for the next five years. Highlights of significant progress made in FY 2012 include the following:

- Maintain Quality Routine Essential Services – the Municipal Building Replacement project design-build contract was awarded and construction has begun;
- 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. Significant construction work on this project was completed during the year;
- Diversify the Economy / Revitalize White Rock and Los Alamos Downtowns – the Trinity site ground lease and development agreement was completed and executed. Implementation has begun on the White Rock master plan / economic development strategy, and the A-19 master planning is near completion;
- Maintain Environmental Quality – the County continued implementation of its new sustainability initiatives; Commencing construction of the smart grid project, which includes photovoltaic electric production on the recently closed landfill site; and
- Improve Transportation and Mobility - the County directly funded the North Central Regional Transit District under its Progress through Partnering initiative; Diamond Drive construction was completed which includes pedestrian and bicycle upgrades; and the County expanded operation of Atomic City Transit to include Bandelier Shuttle service.

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

- Having the new Trinity site developer complete the site and building permit processes and beginning development construction;
- Completing construction of the Municipal Building, moving in, and opening the new facility to the public;
- Completing construction of the following significant projects: the White Rock Visitor Center Complex and the NM4 alignment projects;

- Commencing construction of the following significant projects: the Golf Course Community Building, and the White Rock trails and pathways improvement projects;
- Completing construction of the smart grid project, which includes 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, 2011. 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-one consecutive years (fiscal years 1991 through 2011). 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 2012. This was the twentieth 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
Deputy 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, 2011

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.



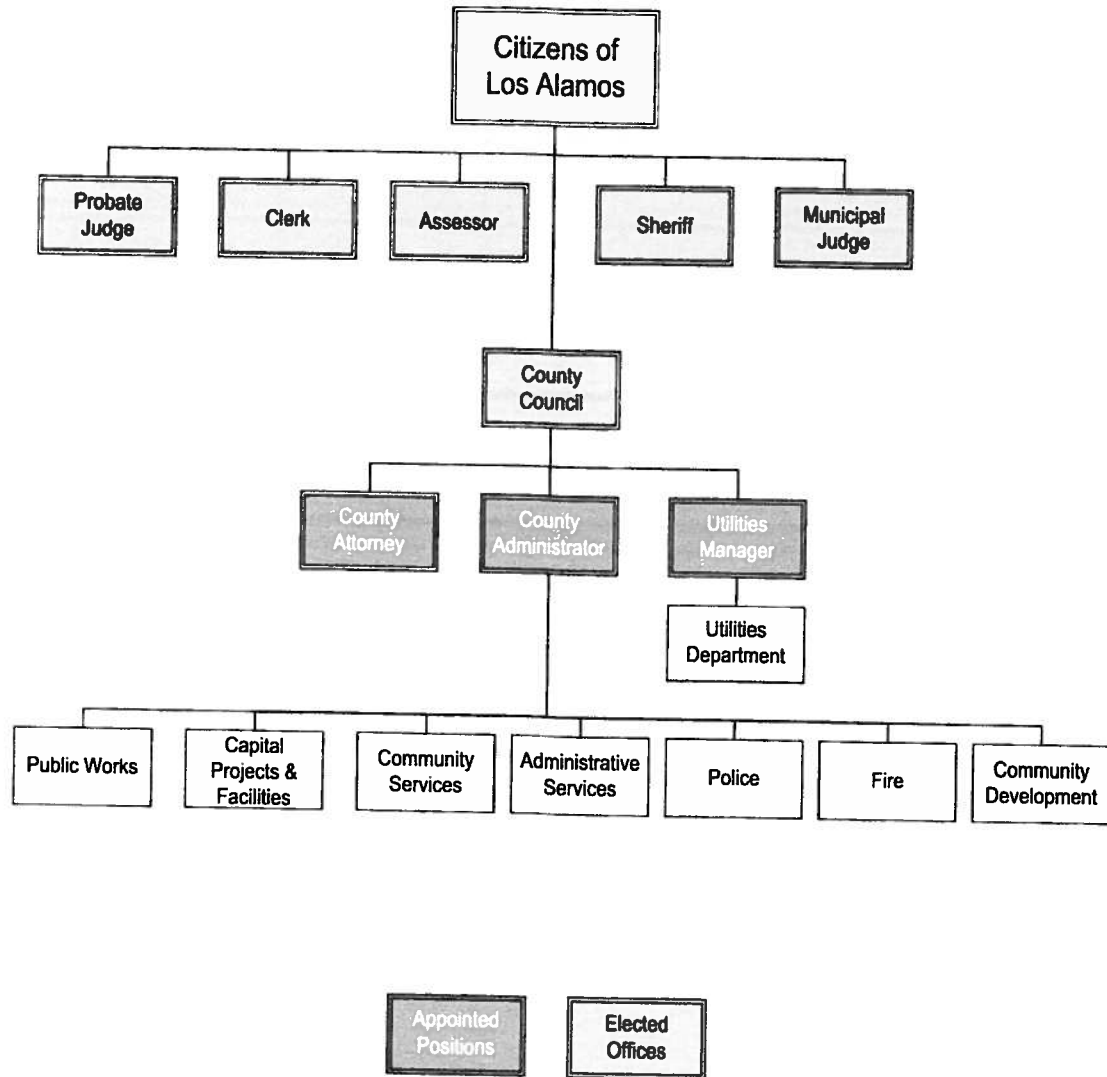
Christopher P. Morrill

President

Jeffrey R. Emmer

Executive Director

**INCORPORATED COUNTY OF LOS ALAMOS
ORGANIZATIONAL CHART**



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

As of June 30, 2012

Elected:

Council

Sharon Stover, Chair
Ron Selvage, Vice-chair
Frances Berting
Vincent Chiravalle
David Izraelevitz
Geoff Rodgers
Michael Wismer

Clerk

Assessor

Sheriff

Probate Judge

Municipal Judge

Janet Foster
JoAnn Johnson
Marco Lucero
Ellen Hong
Alan Kirk

Appointed:

County Administrator

Deputy County Administrator

Deputy County Administrator

County Attorney

Utilities Manager

Capital Projects and Facilities

Community Development Director (Acting)

Community Services Director

Fire Chief

Police Chief

Public Works (Acting)

Deputy County Assessor

Deputy County Clerk

Harry Burgess

Brian Bosshardt

Steven S. Lynne

Rebecca Ehler

John Arrowsmith

Anne Laurent

Anne Laurent

Charlie Kalogeros-Chattan

Troy Hughes

Wayne Torpy

Anne Laurent

Joaquin Valdez

Sheryl Nichols





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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 fund of the Incorporated County of Los Alamos, New Mexico (County), as of and for the year ended June 30, 2012, which collectively comprise the agency's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's nonmajor governmental funds, fiduciary funds and the budgetary comparisons for the major capital projects fund, debt service fund, permanent fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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, 2012, 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, and fiduciary funds of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the

respective budgetary comparisons for the major capital project fund, permanent fund, debt service fund, 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 29, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Albuquerque, New Mexico
November 29, 2012



Management's Discussion and Analysis

INCORPORATED COUNTY OF LOS ALAMOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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, 2012. 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 163.

FINANCIAL HIGHLIGHTS

- The County's total net assets, the amount of assets after subtracting related liabilities, were \$556.7 million at fiscal year ended June 30, 2012. This is an increase of \$2.0 million in net assets, or .4%, as compared to the prior fiscal year end. Overall, the County continues to have a strong financial position, operating reserves, and assets available to provide services to citizens.
- Governmental activities decreased the County's net assets by \$3.5 million. Investment earnings and gross receipts tax (GRT) revenue decreases were the primary drivers of the change in net assets. Investment earnings have declined as market conditions have led to matured investments being re-invested at lower interest rates. Gross receipts taxes were lower as Los Alamos National Laboratory, the largest contributor of GRT, took efforts to control its spending and placed some major capital spending on hold.
- Business-type activities increased the County's net assets by \$5.5 million to \$226.3 million for the fiscal year ended June 30, 2012. This compares to a \$9.2 million increase during the previous fiscal year. Total revenue from business-type activities was \$91.7 million for fiscal year 2012, approximately \$1.0 million lower than the previous year. The components of this change were an increase of \$1.5 million in charges for services and a decrease of \$2.5 million in grants and contributions (both capital and operating). General revenues in the business-type activities remained level at \$3.8 million for both fiscal years.
- For the fiscal year ended June 30, 2012, the County's Governmental Funds reported combined ending fund balance of approximately \$124.6 million. This is a \$19.7 million decrease from the end of fiscal year 2011. This change is primarily the result of decreases in locally imposed and state shared gross receipts tax revenue of \$5.5 million and an increase in capital expenditures of \$13.1 as compared to fiscal year 2011.

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 30-51 of this report.

Proprietary funds include two fund types. *Enterprise funds* are used to report the same functions presented as business-type activities in the Government-wide financial statements. The County uses enterprise funds to account for the Joint Utility System comprised of the Electric, Gas, Water, and Wastewater funds. Other enterprise funds are the Environmental Services, Golf Course, Transit, Fire, and Airport funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the maintenance and replacement of the County's central equipment pool and for the County's insurance for health, workers compensation, unemployment, retiree health care, and property and general liability. The proprietary funds financial statements can be found on pages 54-59 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support the County's own programs. This includes the Los Alamos County Employees Pension Fund and the Agency Fund that is used to account for property taxes and other fees and assessments that are collected by the County for, and distributed to, other governmental entities. The accounting used for fiduciary funds is much like that used for enterprise funds, except for the agency fund. The fiduciary funds financial statements can be found on pages 61-62 of this report.

Notes to Financial Statements are provided on pages 63-106 and contain additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Table 1: Major Features of the Basic Financial Statements

	County-wide Financial Statements	Fund Financial Statements		
		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 \$556.7 million at fiscal year ended June 30, 2012. This is an increase of \$2.0 million in net assets, or .4%, 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 2012 compared to fiscal year 2011.

	Governmental Activities		Business-type Activities		Totals	
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>
Assets:						
Current and other assets	\$ 129.5	149.5	79.9	86.2	209.4	235.7
Capital assets and bond issuance costs	<u>272.4</u>	<u>259.4</u>	<u>228.7</u>	<u>226.6</u>	<u>501.1</u>	<u>486.0</u>
Total assets	<u>401.9</u>	<u>408.9</u>	<u>308.6</u>	<u>312.8</u>	<u>710.5</u>	<u>721.7</u>
Liabilities:						
Current and other liabilities	4.5	4.6	4.9	6.6	9.4	11.2
Long-term liabilities	<u>67.0</u>	<u>70.4</u>	<u>77.4</u>	<u>85.4</u>	<u>144.4</u>	<u>155.8</u>
Total liabilities	<u>71.5</u>	<u>75.0</u>	<u>82.3</u>	<u>92.0</u>	<u>153.8</u>	<u>167.0</u>
Net assets:						
Invested in capital assets, net of related debt	208.6	192.8	167.6	161.5	376.2	354.3
Restricted net assets	33.6	35.3	21.1	20.2	54.7	55.5
Unrestricted net assets	<u>88.2</u>	<u>105.8</u>	<u>37.6</u>	<u>39.1</u>	<u>125.8</u>	<u>144.9</u>
Total net assets	<u>\$ 330.4</u>	<u>333.9</u>	<u>226.3</u>	<u>220.8</u>	<u>556.7</u>	<u>554.7</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, 2012 this amount was \$376.2 million (67.6% of total net assets). This compares to \$354.3 million (63.9% of total) invested in capital assets net of related debts for the previous fiscal year end for a net increase of \$21.9 million or 6.1%. The largest portion of this increase was associated with road replacement projects and construction expenditures for the Municipal Building and White Rock Visitors

Center projects. Capital assets, including construction work in progress, are not available for future spending because the County uses them to provide its services. Although the County's capital assets are reported net of related debt, the resources needed to repay debt must come from other sources since the capital assets themselves cannot be used to settle these debts.

Restricted net assets are \$54.7 million (9.8% of total) for fiscal year ended 2012, a decrease of \$.8 million or 1.4% compared to the prior year. Restricted net assets in the Capital Projects Permanent Fund contributed a \$1.4 million decrease as investment earnings were negative driven by market declines in long-term securities. Also, contributing to decrease in the restricted net asset balance is the Indigent Health Care Fund decrease of \$.7 million as the number of clients served by the program and the number of claims paid increased. Restricted net asset balances in the business-type activities increased \$.9 million as cash and investments were set aside for revenue bond repayment. Other restricted net assets increased \$.4 million in fiscal year 2012.

The remaining \$125.8 million of the County's net assets are categorized as unrestricted and are available to be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net assets declined in fiscal year 2012 by \$19.1 million or 13.2% as the County used its available resources to replace infrastructure and build new facilities.

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		Business-type Activities		Total	
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1.8	2.1	67.7	66.2	69.5	68.3
Operating grants and contributions	2.2	1.7	18.5	16.9	20.7	18.6
Capital grants and contributions	<u>0.4</u>	<u>5.7</u>	<u>1.7</u>	<u>5.8</u>	<u>2.1</u>	<u>11.5</u>
Total program revenues	<u>4.4</u>	<u>9.5</u>	<u>87.9</u>	<u>88.9</u>	<u>92.3</u>	<u>98.4</u>
General revenues:						
Gross Receipts taxes	29.3	32.7	2.9	3.2	32.2	35.9
Property taxes	5.2	5.1	0.0	0.0	5.2	5.1
Franchise taxes	0.5	0.4	0.0	0.0	0.5	0.4
Grants and contributions not restricted to specific programs	0.7	0.9	0.0	0.0	0.7	0.9
State shared revenue	19.6	21.8	0.0	0.0	19.6	21.8
Unrestricted interest and investment earnings (loss)	0.3	9.3	0.9	0.6	1.2	9.9
Gain on exchange of capital assets	<u>0.0</u>	<u>4.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>4.3</u>
Total general revenues	<u>55.6</u>	<u>74.5</u>	<u>3.8</u>	<u>3.8</u>	<u>59.4</u>	<u>78.3</u>
Total Revenues	<u>60.0</u>	<u>84.0</u>	<u>91.7</u>	<u>92.7</u>	<u>151.7</u>	<u>176.7</u>
Program expenses:						
General government	18.7	19.3	0.0	0.0	18.7	19.3
Public Safety	12.8	12.4	0.0	0.0	12.8	12.4
Physical and economic environment	3.9	2.1	0.0	0.0	3.9	2.1
Transportation	12.0	8.7	0.0	0.0	12.0	8.7
Health and welfare	2.7	2.2	0.0	0.0	2.7	2.2
Culture and recreation	9.3	9.0	0.0	0.0	9.3	9.0
Interest on long-term debt	3.5	3.6	0.0	0.0	3.5	3.6

Electric	0.0	0.0	41.6	41.7	41.6	41.7
Gas	0.0	0.0	4.3	5.4	4.3	5.4
Water	0.0	0.0	5.6	5.9	5.6	5.9
Wastewater	0.0	0.0	3.8	4.2	3.8	4.2
Environmental Services	0.0	0.0	4.5	4.2	4.5	4.2
Golf	0.0	0.0	1.3	1.3	1.3	1.3
Transit (Atomic City Transit)	0.0	0.0	3.6	3.4	3.6	3.4
Fire	0.0	0.0	21.0	19.4	21.0	19.4
Airport	0.0	0.0	1.1	1.0	1.1	1.0
Total expenses	62.9	57.3	86.8	86.5	149.7	143.8
Change in net assets before transfers	(2.9)	26.7	4.9	6.2	2.0	32.9
Transfers	(0.6)	(3.0)	0.6	3.0	0.0	0.0
Total Change in net assets	(3.5)	23.7	5.5	9.2	2.0	32.9
Beginning net assets	333.9	310.2	220.8	211.6	554.7	521.8
Ending net assets	\$ 330.4	333.9	226.3	220.8	556.7	554.7

Governmental Activities

Governmental activities decreased the County's net assets by \$3.5 million for fiscal year 2012 as compared to the prior year. This section compares results of governmental activities for fiscal year 2012 to fiscal year 2011 as summarized in Table 3.

Total revenues were \$60.0 million in fiscal year 2012, approximately \$24 million less than the previous year. Key variances include:

- A decrease of \$3.4 million in GRT revenue and a decrease of \$2.2 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 decrease in gain on exchange of capital assets (land) of \$4.3 million related to a one-time gain recognized in fiscal year 2011;
- A decrease of \$5.3 million in capital contributions related to a one-time donation of land valued at \$5.1 in fiscal year 2011; and
- A decrease of \$9.0 million in unrestricted interest and investment earnings, which was a result of lower cash and investment balances and poor market conditions.

Total expenses for governmental activities were \$62.9 million in fiscal year 2012, or approximately \$5.6 million more than the previous year. Key variances include:

- A decrease of \$.6 million in General Government expenses due to normal fluctuations in the timing of operating expenses and large maintenance projects;
- An increase of \$.4 million in Public Safety expenses associated with the Las Conchas Fire emergency response and subsequent flooding events;
- An increase of \$1.8 million in Physical and Economic Environment expenses, due primarily to a \$2 million economic development grant to the New Mexico Consortium Inc. as partial project funding to build a research facility;

- An increase of \$3.3 million in Transportation expenses associated with higher level of road maintenance (resulting from timing of projects), a higher level of snow and ice control activities (due to a normal/severe winter), the expensing of some road projects from the Capital Projects Fund, the loss on disposal of infrastructure taken out of service in fiscal year 2012; and
- An increase of \$.5 million in Health and Welfare expenses associated with a higher number of clients using the services offered by the Los Alamos Health Care Assistance Program as recorded in the Indigent Health Care Fund.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year ended 2012. 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 \$58.5 million in general revenues and accumulated net assets from governmental activities. Approximately 7.0% of governmental program expenses were covered by program revenues during fiscal year 2012. Historically, this ratio has remained relatively steady in a range of 6-10%.

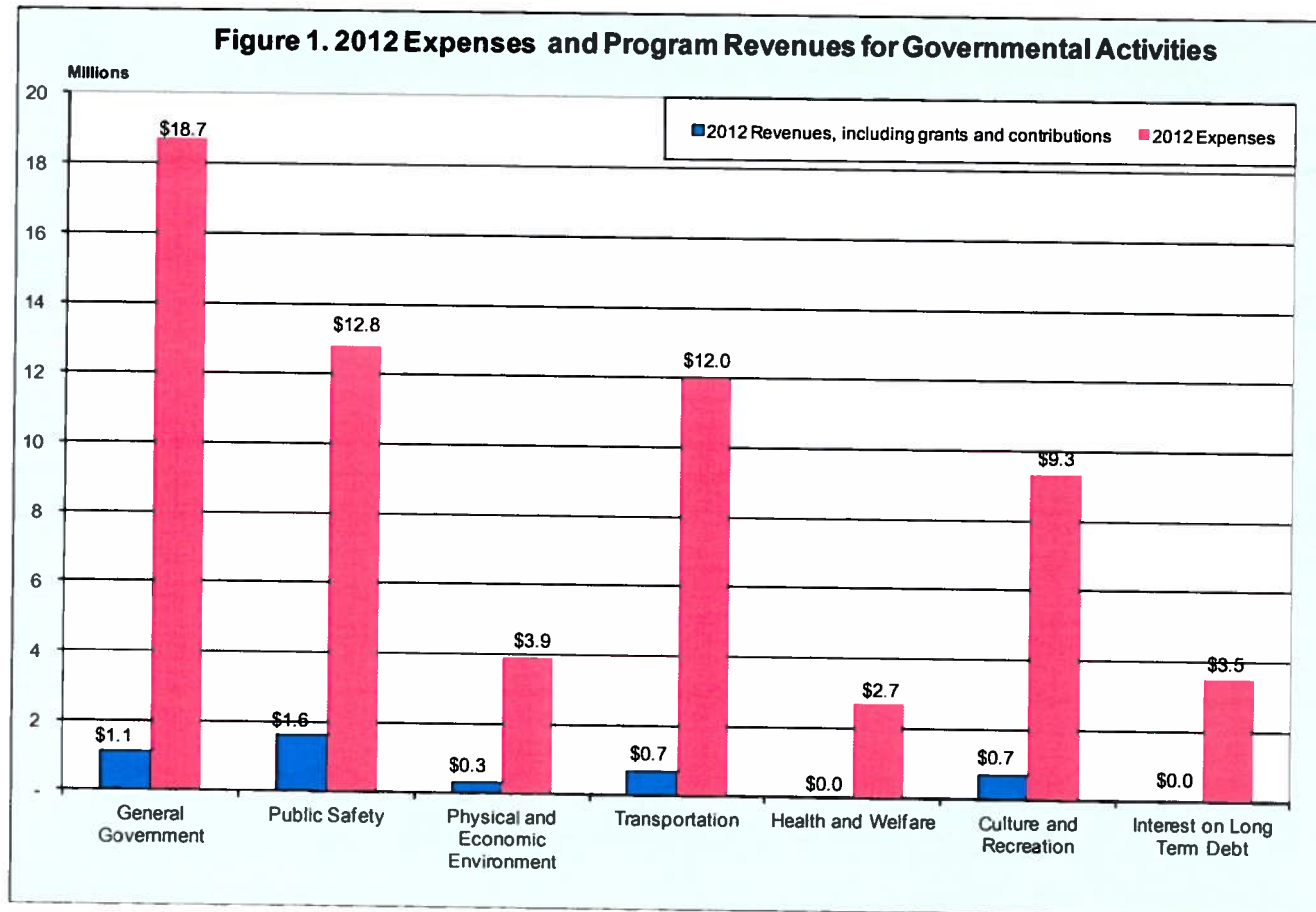
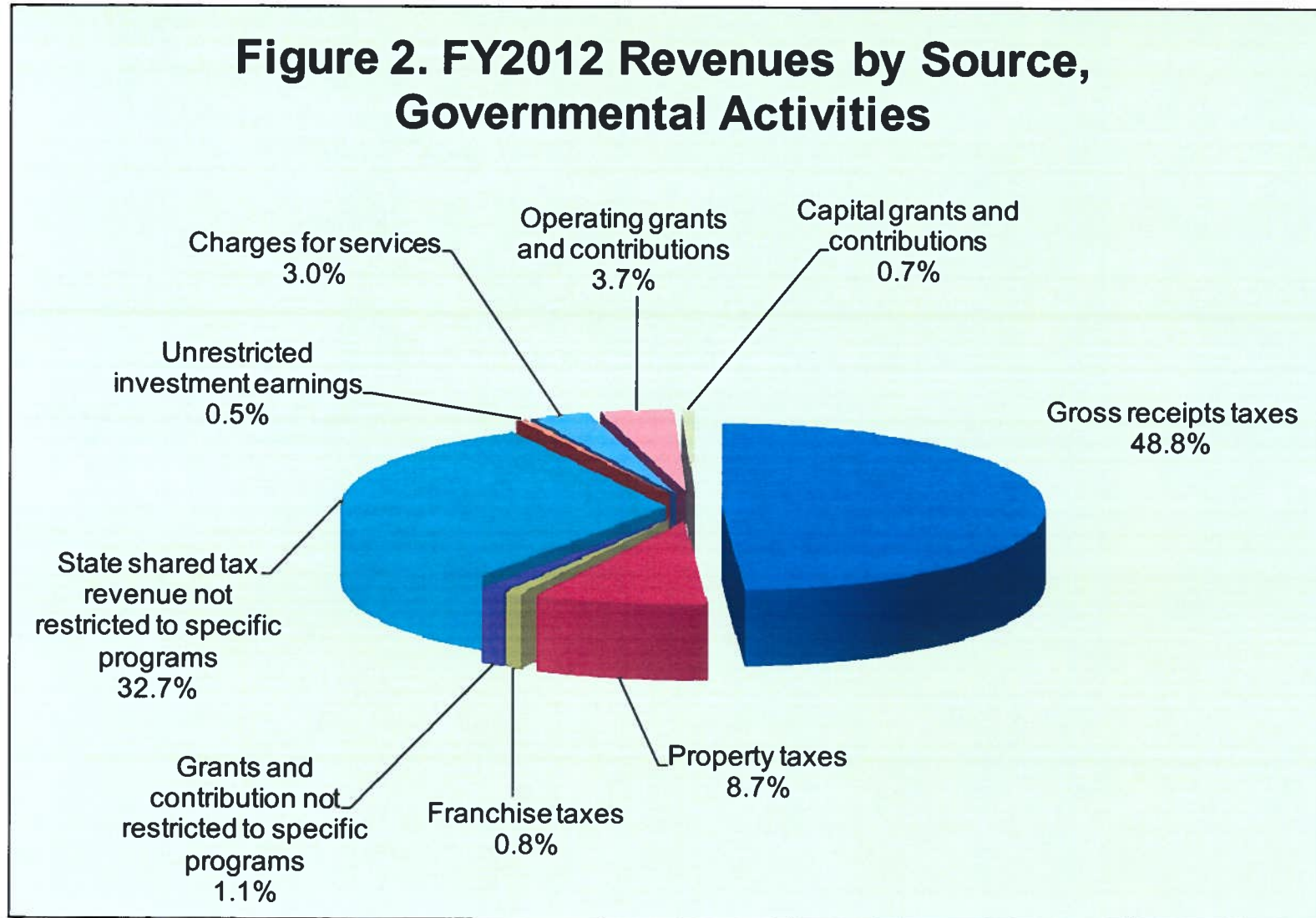


Figure 2 shows the mix of revenues by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue in 2012. It should be noted that the *State shared tax revenue not restricted to specific programs* is almost entirely State Shared GRT revenue, so combined with locally imposed GRT tax increments, total GRT revenues made up approximately 80% of Governmental Activities revenues.



Business-type Activities

Business-type activities increased the County's net assets by \$5.5 million for the fiscal year ended June 30, 2012. This compares to a \$9.2 million increase during the previous fiscal year. This section compares results of Business-type Activities for fiscal year 2012 to fiscal year 2011 as summarized in Table 3.

Total revenues and contributions were \$91.7 million in fiscal year 2012; approximately \$1.0 million lower than the previous year. This includes a decrease of \$2.5 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 \$86.8 million in fiscal year 2012, an approximately \$0.3 million increase over the previous year. While the net increase is small, there were significant changes to specific program expenses. Total joint utility system expenses were approximately \$1.9 lower primarily due to lower commodity costs of electricity and gas. Fire expenses increased as a result of emergency response to the Las Conchas Fire at the beginning of fiscal year 2012 and a higher indirect cost recovery rate on services provided through the cooperative agreement with the Department of Energy for fire protective services.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2012. This chart demonstrates what degree revenues covered expenses for each program by type of activity. Overall, total business-type program revenues exceeded total program expenditures by an approximately \$1.1 million surplus in fiscal year 2012 as compared to a \$2.4 million surplus in fiscal year 2011. Notably, environmental services and fire functions look like they have program losses, but receive gross-receipts tax general revenues to balance their net activity. Total joint utilities program revenues exceeded expenditures by approximately \$5.0 million in FY 2012, which is normal given that spending on capital replacement is not reflected in program expenses.

Figure 3. 2012 Expenses and Program Revenues for Business Type Activities

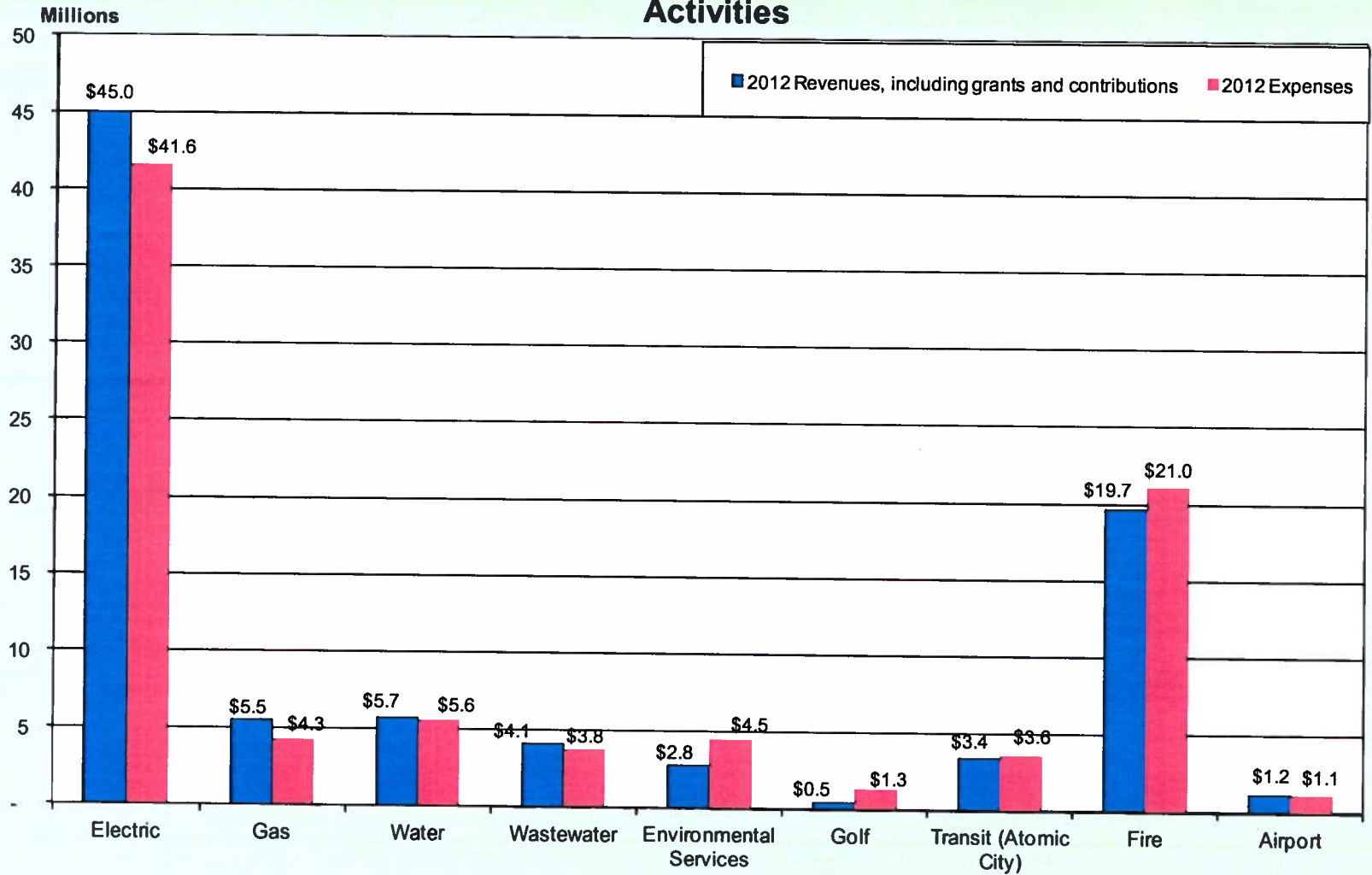
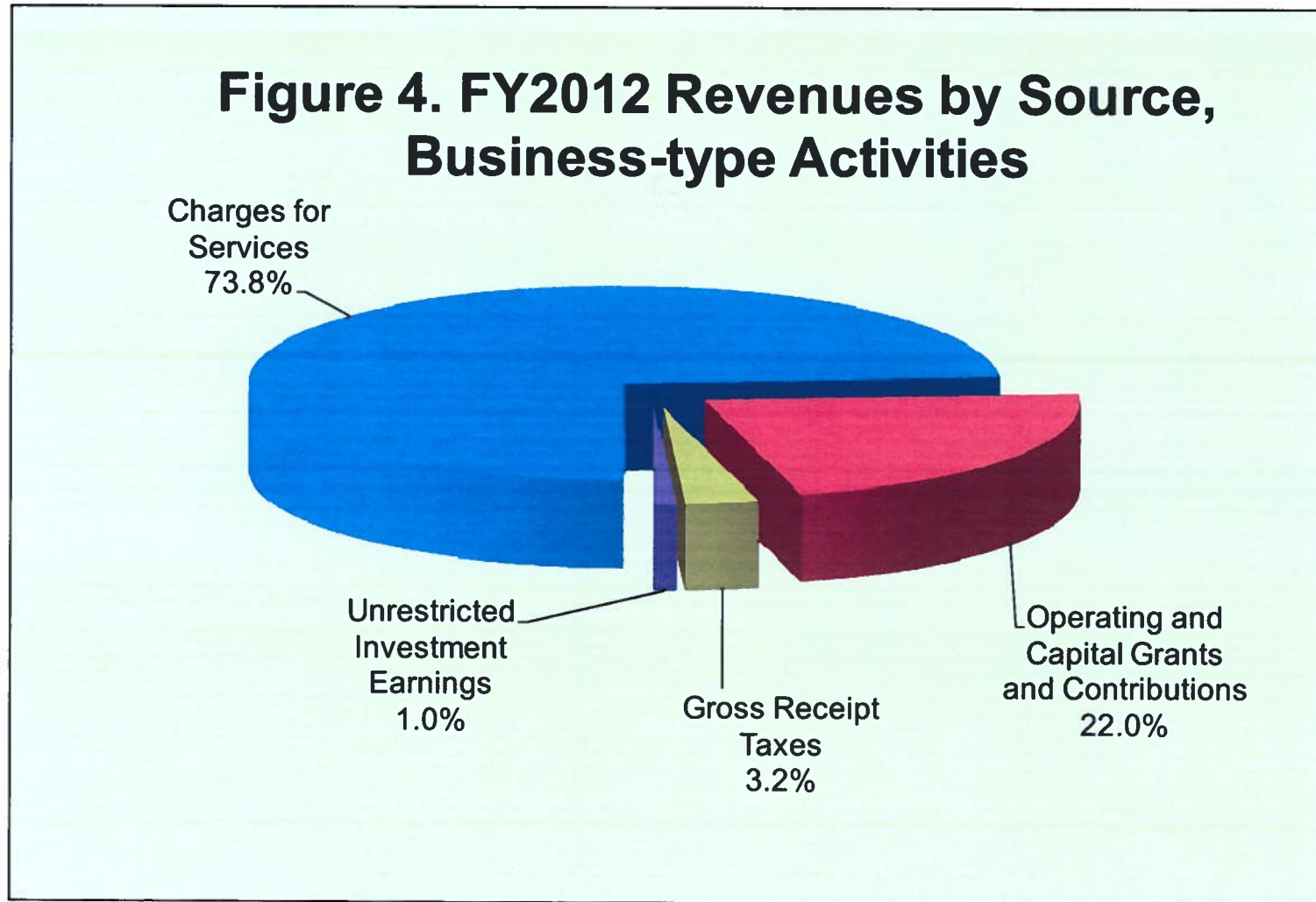


Figure 4 demonstrates that approximately 73.8% of business-type activities revenues were generated from user charges for services in fiscal year 2012. This is similar to fiscal year 2011 when approximately 71.4% of revenue was generated by charges for services. In fiscal year 2012, operating and capital grants amounted to \$20.2 million, as compared to \$22.7 million in fiscal year 2011.



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, 2012, the County's Governmental Funds reported combined ending fund balance of approximately \$124.6 million. Overall, this was \$19.7 million less than the prior year. This change is primarily the result of decreases in locally imposed and state shared gross receipts tax revenue of \$5.5 million and an increase in capital expenditures of \$13.1 as compared to fiscal year 2011. Fund balances are comprised of three major categories:

- \$26.3 million was nonspendable at fiscal year end 2012, a \$.5 million increase over the prior year. The nonspendable balances are reported separately to indicate that certain assets do not represent available, spendable resources even though they are a component of net 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. The largest single non-spendable balance is \$23.6 million in the Capital Projects Permanent Fund, which represents the non-spendable principal balance. The fund balance in the Capital Projects Permanent Fund, increased \$.8 million per the annual inflationary calculation required to maintain the real value of the principal.
- \$9.4 million was restricted at fiscal year end 2012, a \$2.5 million decrease from the prior year. 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. The restricted fund balance in the Capital Projects Permanent Fund declined \$2.3 million in the amount restricted by County code for income stabilization. This decrease was driven by market declines in long-term securities, the inflationary increase to principal, and the required transfer out to fund capital projects. The restricted fund balance in the Indigent Health Care Fund decreased \$.7 million as the number of clients served by the program and the number of claims paid increased. Cumulatively, other restricted fund balances increased approximately \$.5 million.
- \$77.0 million was committed at fiscal year end 2012, a \$16.1 million decrease from the prior year. 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. The largest single change in a committed balance was a decrease in the *committed to revenue stabilization*, which decreased \$8.7 million as tax revenue declined and transfers for capital spending increased, thus lowering the overall fund balance in the General Fund. The balance *committed to economic development* declined \$1.9 million, primarily due to a \$2.0 million grant made to the New Mexico Consortium Inc. There was also a decline in the fund balance *committed to capital projects* of \$6.5 million as spending on capital projects increased. Cumulatively, other committed balances increased approximately \$1.0 million.
- The remaining \$11.9 million of fund balance was unassigned. This is a \$1.7 million decrease from the prior 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 declined in fiscal year 2012, so did 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, 2012 was approximately \$22.7 million as compared to \$32.0 million at the prior year end. The primary reason for the overall fund balance decrease was the decline in GRT and State shared revenues and transfers out to fund capital projects. 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 spendable/unrestricted fund balance as a percent of expenditures. The total fund balance was 51% of expenditures and the spendable/unrestricted component was 38% of expenditures. Both measures fell compared to the prior year as a result of the fund balance decrease. Significant account balances and transactions in the General Fund included:

- \$26.5 million transferred out to other funds from the General Fund, notably \$14.7 million of this was transferred to the CIP Fund (for capital projects), \$7.5 million to the Gross Receipts Tax Revenue Bond Debt Service Fund (for debt service), \$1.6 million to the Las Conchas Fire Fund (for emergency response and recovery), \$1.6 million to the Transit Fund (to support operations), and \$.8 million to the Golf Course Fund (to support operations);
- \$1.2 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 financial policy that sets a minimum target level for this balance of 5% of General Fund actual revenues. In fiscal year 2012, that amount was \$3.0 million, so per the policy the Council will need to approve a plan to rebuild this balance.
- \$6.9 million due from other governments, due primarily from the State of New Mexico for their portion of gross receipts taxes that is shared locally with the County and the GRT that the State collects on behalf of the County for locally imposed GRT increments. The decrease in this balance from \$10.4 million in the prior year is a result of lower GRT revenue levels;
- \$4.4 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 \$11.9 million at June 30, 2012;
- General Fund expenditures increased by approximately \$1.7 million over the prior year. The largest changes included in this total were an increase in spending for capital asset and roadway maintenance; and
- General Fund revenues decreased by \$8.2 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 \$5.6 million less than in fiscal year 2011 due to the timing and amounts of spending at LANL. This was compounded by a decrease in investment income of approximately \$2.5 million due to universally low yields and challenging financial market conditions.

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 \$9.5 million of fund balance recognizes that this is a one-time resource for the County to use to help develop the local economy so that it is less dependent upon the Los Alamos National Laboratory (LANL). The total fund balance at the end of FY 2012 was \$10.8 million, compared to the fund balance of \$13.0 million at the prior fiscal year end. The one significant transaction in fiscal year 2012 was the grant of \$2.0 million to the New Mexico Consortium Inc.

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 \$7.3 million. Transfers in equaled \$7.5 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 \$55.7 million, which represented the unspent portion of previously approved and funded capital projects. The fund balance decreased by \$7.0 million from the prior fiscal year as the net result of capital spending of \$23.7 million, capital grant revenue of \$.4 million, and transfers in to fund new projects of \$16.3 million. Significant capital expenditures in fiscal year 2012 include the following: \$8.7 million on the new Municipal Building, \$4.8 million on the State Road 4 improvements, \$2.6 million on the White Rock Visitor Center, \$1.9 million on Diamond Drive phase IV improvements, and \$1.2 million on the Barranca Mesa pavement 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 \$27.1 million. The minimum principal requirement of approximately \$23.6 million, as of June 30, 2012, 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 2012, \$1.0 million was transferred out to the CIP fund. There were investment losses of \$.4 million in fiscal year 2012, which related to the longer-term nature of the investments and poor market performance. The balance in this fund is primarily invested in long-term pooled funds with the New Mexico State Investment Council. Total ending fund balance at June 30, 2012 was \$25.6 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:

- \$173.6 million in capital assets (net of accumulated depreciation of \$108.7 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets and wastewater collection and processing assets. This balance decreased by approximately \$.2 million in fiscal year 2012;
- \$61.3 million in debt related to the Utility plant in service, which is \$7.2 million lower than the prior year primarily as a result of regularly scheduled debt service payments; and
- Operating revenues were \$60.3 million in fiscal year 2012, an increase of \$2.1 million over the prior year. The increase is the result of higher revenues in electric, water, and wastewater services offset by a decrease in gas services revenues.
- Operating expenses were relatively unchanged at \$51.8 million in fiscal year 2012 and \$51.9 in fiscal year 2011.

Environmental Services Fund – The Environmental Services Fund has a long-term liability balance of \$5.6 million. Of this, \$.5 million was for landfill closure and \$5.0 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 recent trend of declining revenue continued with a 10.9% decrease in revenues compared to fiscal year 2011. The transfer from the General Fund to support this fund increased from \$.5 million in fiscal year 2011 to \$.8 million in fiscal year 2012. 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. The fund is funded primarily through state and federal grants (\$2.1 million), payments from the North Central Regional Transit District (\$1.3 million), and general fund transfers in (\$1.6 million) in fiscal year 2012.

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 decrease in the balance of due from other governments from \$5.9 million in fiscal year 2011 to \$3.7 million in FY 2012 is associated with amounts due from the federal government under the cooperative agreement. Payments under this agreement were more timely in fiscal year 2012 resulting in a \$2.9 million reduction in due from other governments. The intergovernmental revenue of \$15.6 million in the Fire Fund includes all operating grant revenue under the cooperative agreement.

Airport Fund – During fiscal year 2011, the Airport began a significant runway expansion and rehabilitation project. Approximately \$1.0 million in federal capital grants were associated with these continuing projects in fiscal year 2012. \$5.2 million of construction work in progress was capitalized as *improvements other than buildings* in the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$9.6 million less than the final revised budget of \$69.3 million. The three largest variances in revenues were associated with GRT revenue, investment earnings, and grant revenues. GRT revenue (including the state shared revenue portion) was \$6.8 million less than anticipated due to decreased spending at Los Alamos National Laboratory. Investment earnings came in short of the revised budget by \$1.4 million due to a poor interest rate environment and market conditions for longer-term investments. Lastly, state and federal grant actual revenue was less than anticipated due to timing of projects and related spending.

Actual General Fund expenditures were approximately \$6.1 million less than the final revised fiscal year 2012 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.

The revised budget for revenues of \$69.3 was \$1.3 higher than the adopted budget primarily as a result of grant revenue carryovers from the prior year. The revised budget for expenditures of \$53.2 million was \$7.9 million higher than the adopted budget. The increase is comprised of the following: approximately \$4.0 million in encumbrance carryovers, \$1.7 million in project carryovers, \$1.3 million in new grants and carryovers, and \$.9 million for smaller revisions, including funding for hazard mitigation planning, increased utility usage, and software upgrades.

A detailed statement of budget variances for the General Fund can be found on pages 40-50.

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, 2012 amounted to \$500.0 million, net of \$230.4 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 \$14.0 million from 2011 to 2012 or 2.9%. Capital assets associated with business-type activities increased by \$1.6 million. The largest components of the increase were investments in utilities distribution assets replacement. Capital assets associated with governmental activities increased by \$12.4 million. The change includes the capitalization of infrastructure from construction in progress (CWIP) and significant CWIP expenditures of the following: Municipal Building, Diamond Drive, State Road 4, White Rock Visitors Center, and Barranca Road. Additional information about the County's capital assets can be found on pages 84-86. 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, 2012 and 2011
(in millions of \$)

	Governmental Activities		Business-type Activities		Total	
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2011</u>
Land	\$ 47.9	48.3	13.3	13.3	61.2	61.6
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	263.1	248.0	263.1	248.0
Buildings	95.1	94.0	23.4	23.3	118.5	117.3
Improvements other than buildings	14.5	13.5	19.0	13.5	33.5	27.0
Machinery and Equipment, Art and Historic Treasures	15.0	14.8	24.3	22.8	39.3	37.6
Infrastructure	162.0	157.5	0.0	0.0	162.0	157.5
Less Accumulated Depreciation	(103.3)	(100.4)	(127.1)	(117.4)	(230.4)	(217.8)
Construction in Progress	22.6	13.7	12.2	23.1	34.8	36.8
Total	\$ 271.8	259.4	228.2	226.6	500.0	486.0

Administration of Debt - From fiscal year 2012 to 2011, the County's total debt payable for governmental and business-type activities combined decreased by \$10.8 million or 7.7% primarily due to regularly scheduled debt service payments offset by increased debt of \$.2 million from new debt issues in the Joint Utility Fund. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 90.

ECONOMIC FACTORS AND THE FISCAL YEAR 2013 ADOPTED BUDGET

The fiscal year 2013 budget anticipates revenues of \$6.8 million less than the fiscal year 2012 adopted budget, and expenditures are budgeted at \$8.2 million more than the prior fiscal year. While GRT revenues increased a little in fiscal year 2011, they declined in fiscal year 2012, and are projected to further decline in fiscal year 2013. It is expected that future LANL spending and related County GRT revenue levels will stabilize, but at a level lower than had been previously expected. Given the unusually large concentration of employment and tax revenues in one employer – LANL - the County continues to adopt a conservative fiscal posture to help mitigate the potential negative effects of any significant unforeseen future changes.

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 (DOE) 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 DOE plans for its long-term overall Complex Transformation and significant construction projects. The largest LANL construction project, the Chemistry and Metallurgy Research Replacement (CMRR) Project, was placed on hold in fiscal year 2012 and negatively affected the fiscal year 2012 GRT revenues.

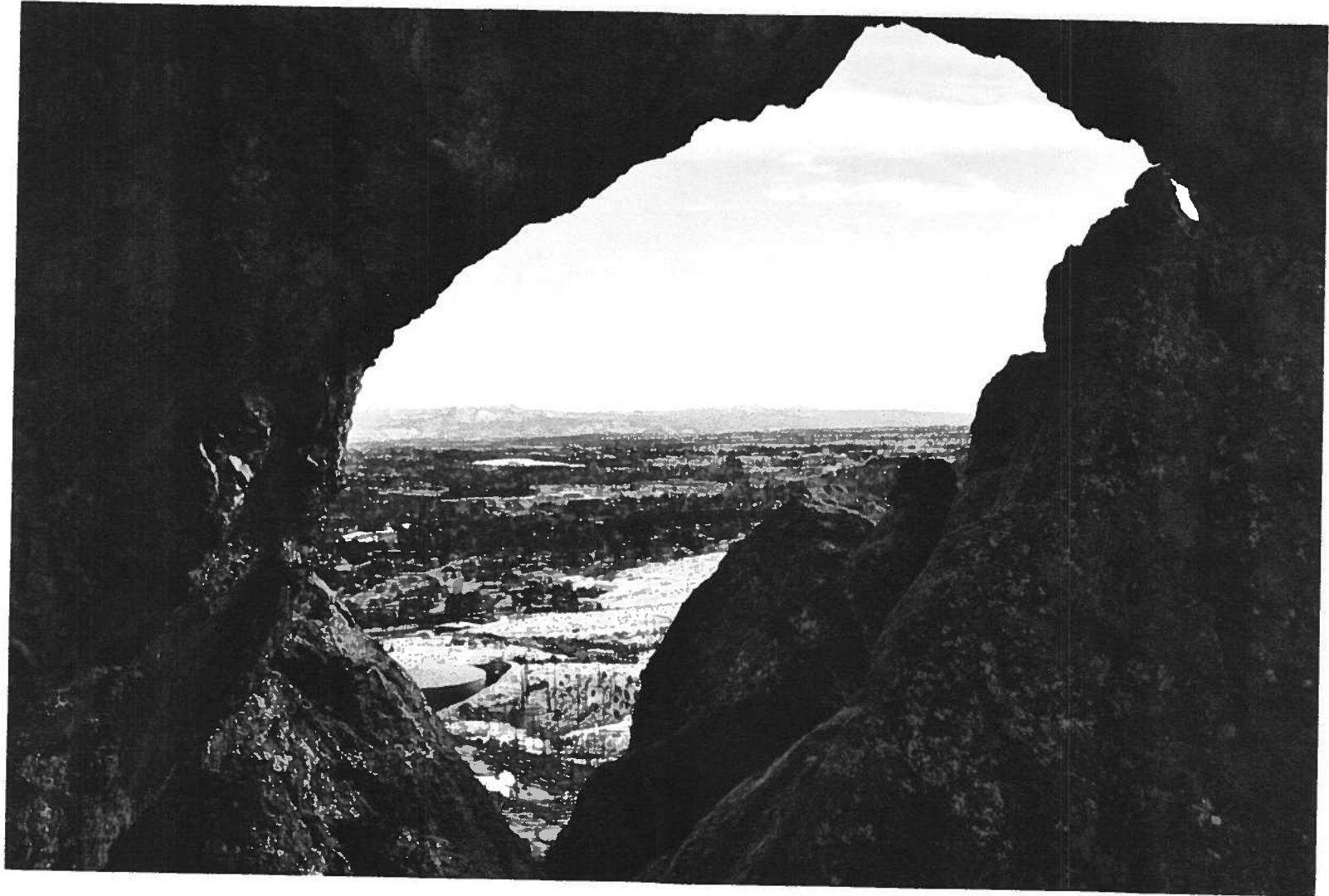
As originally adopted, the fiscal year 2013 Budget projects a combined ending fund balance / working capital of \$114.1 million, a decrease of \$10.0 million from the fiscal year 2012 projected ending balance. The largest planned change of Fund Balance is in the Capital Improvement Projects Fund, where capital spending is expected to draw down the fund balance by \$17.4 million on already funded projects.

The County is a net investor and diversifies its portfolio to minimize the impact of market risk. Within the context of the national economic recession, the value of the County's longer-term investments lost some of their value in fiscal year 2012 that it had gained back in fiscal years 2011 and 2010. 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 fiscal year 2013 is projected to be just slightly higher than what was projected for fiscal 2012, 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, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash and investments	\$ 90,839,867	37,254,763	128,094,630
Investments	25,296,266	0	25,296,266
Receivables, net of allowance for uncollectibles			
Accounts	48,606	3,602,740	3,651,346
Interest	428,810	0	428,810
Pension forfeitures	23,470	0	23,470
Property taxes	186,090	0	186,090
Unbilled	27,251	1,203,634	1,230,885
Loans receivable, net of discounts/reserve for loan losses	1,101,260	0	1,101,260
Due from other governments	8,121,206	4,529,400	12,650,606
Internal balances	1,738,705	(1,738,705)	0
Inventories and prepayments			
Inventories			
Power plant inventories	510,575	964,060	1,474,635
Prepayments	0	763,171	763,171
Restricted assets	27,592	887,195	914,787
Temporarily Restricted			
Cash and cash equivalents			
Debt reserves and debt service	602,564	11,706,595	12,309,159
Operations and maintenance	0	4,006,321	4,006,321
Capital projects	0	5,837,706	5,837,706
Investments			
Debt reserves and debt service	0	7,281,449	7,281,449
Operations and maintenance	0	3,040,077	3,040,077
Premiums and discounts	0	494,448	494,448
Accrued interest	0	14,339	14,339
Asset held for resale	597,402	0	597,402
Capital assets			
Land	47,906,664	13,321,135	61,227,799
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	263,080,090	263,080,090
Buildings	95,173,608	23,470,223	118,643,831
Improvements other than buildings	14,523,510	18,993,850	33,517,360
Machinery, equipment, art and historic treasures	14,936,752	24,205,672	39,142,424
Infrastructure	161,980,702	0	161,980,702
Less accumulated depreciation	(103,281,909)	(127,111,784)	(230,393,693)
Construction in progress	22,610,910	12,183,094	34,794,004
Bond issuance costs, net of amortization	524,658	594,567	1,119,225
TOTAL ASSETS	401,925,673	308,584,040	710,509,713

LIABILITIES

Accounts payable	2,914,157	4,097,517	7,011,674
Accrued salaries and benefits payable	836,240	385,364	1,221,604
Customer deposits payable	329,048	173,792	502,840
Due to other governments	1,751	119,468	121,219
Donations held in trust	48,969	25,815	74,784
Unearned revenue	350,000	54,345	404,345
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,845,726	1,882,959	3,728,685
Claims and judgments payable	0	1,796,173	1,796,173
Revenue bonds payable	3,470,000	7,775,000	11,245,000
Contracts and intergovernmental debt payable	0	775,233	775,233
Interest payable on non-current liabilities	286,852	1,054,925	1,341,777
Due in more than one year			
Accrued compensated absences	1,083,083	890,553	1,973,636
Claims and judgments payable	0	1,300,253	1,300,253
Revenue bonds payable	60,329,121	39,535,039	99,864,160
Contracts and intergovernmental debt payable	0	18,407,250	18,407,250
Special closure costs	0	3,959,230	3,959,230
TOTAL LIABILITIES	<u>71,494,947</u>	<u>82,232,916</u>	<u>153,727,863</u>

NET ASSETS

Invested in capital assets, net of related debt	208,576,888	167,570,211	376,147,099
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	23,634,144	0	23,634,144
Debt service (Bond and loan agreements)	602,564	21,139,074	21,741,638
Perpetual care (County code)	635,122	0	635,122
Lodgers' tax (State law)	150,813	0	150,813
Clerk records and files (State law)	63,297	0	63,297
Indigent health care (State law)	732,921	0	732,921
Property tax valuation (State law)	409,593	0	409,593
Grants (Granting entities)	567,280	0	567,280
Cash requirements (State law)	4,434,937	0	4,434,937
Recreation (County code and contributors)	184,671	0	184,671
Library operations (Contributors)	18,422	0	18,422
Major street maintenance (State law)	203,026	0	203,026
Municipal court (County code)	11,299	0	11,299
Income stabilization (County code)	2,003,855	0	2,003,855
Unrestricted	88,201,894	37,641,839	125,843,733
TOTAL NET ASSETS	<u>\$ 330,430,726</u>	<u>226,351,124</u>	<u>556,781,850</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS

Government-wide

Statement of Activities

Year ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental activities							
General government	\$ 18,663,752	1,020,736	24,354	101,633	(17,517,029)	0	(17,517,029)
Public safety	12,763,626	39,254	1,411,541	122,127	(11,190,704)	0	(11,190,704)
Physical and economic environment	3,900,321	229,336	7,500	66,816	(3,596,669)	0	(3,596,669)
Transportation	11,979,692	0	541,540	171,723	(11,266,429)	0	(11,266,429)
Health and welfare	2,671,201	0	0	0	(2,671,201)	0	(2,671,201)
Culture and recreation	9,327,340	500,258	203,432	0	(8,623,650)	0	(8,623,650)
Interest on long-term debt	3,476,881	0	0	0	(3,476,881)	0	(3,476,881)
Total governmental activities	62,782,813	1,789,584	2,188,367	462,299	(58,342,563)	0	(58,342,563)
Business-type activities							
Joint Utilities							
Electric	41,719,538	44,840,758	114,103	59,491	0	3,294,814	3,294,814
Gas	4,311,995	5,453,744	28,332	0	0	1,170,081	1,170,081
Water	5,551,378	5,667,415	4,607	0	0	120,644	120,644
Wastewater	3,771,483	4,147,134	0	0	0	375,651	375,651
Environmental Services	4,549,617	2,827,628	0	0	0	(1,721,989)	(1,721,989)
Golf	1,254,690	521,004	0	0	0	(733,686)	(733,686)
Transit (Atomic City Transit)	3,567,829	39,132	2,662,127	722,026	0	(144,544)	(144,544)
Fire	21,002,769	4,111,381	15,631,972	0	0	(1,259,416)	(1,259,416)
Airport	1,108,878	88,933	104,620	952,544	0	37,219	37,219
Total business-type activities	86,838,177	67,697,129	18,545,761	1,734,061	0	1,138,774	1,138,774
Total government	\$ 149,620,990	69,486,713	20,734,128	2,196,360	(58,342,563)	1,138,774	(57,203,789)
General revenues:							
					29,348,286	2,884,446	32,232,732
					5,181,012	0	5,181,012
					470,897	0	470,897
					654,647	7,500	662,147
					19,562,710	0	19,562,710
					310,908	911,137	1,222,045
Transfers:							
					(626,955)	626,955	0
					54,901,505	4,430,038	59,331,543
					(3,441,058)	5,568,812	2,127,754
					333,871,784	220,782,312	554,654,096
					\$ 330,430,726	226,351,124	556,781,850

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, 2012

	GENERAL	ECONOMIC DEVELOPMENT SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
ASSETS							
Equity in pooled cash and investments	\$						
Investments	13,828,739	9,539,158	6,719,576	57,325,142	1,036,946	2,390,306	90,839,867
Receivables, net of allowance for uncollectibles	682,913	0	0	0	24,601,053	12,300	25,296,266
Accounts							
Interest	46,132	0	0	2,474	0	0	48,606
Property taxes	420,229	8,524	0	0	0	57	428,810
Unbilled	186,090	0	0	0	0	0	186,090
Loans receivable, net of discounts/reserve for loan losses	0	0	0	0	0	0	0
Due from other governments	0	1,101,260	0	0	0	27,251	27,251
Due from other funds	6,888,121	0	0	0	0	0	1,101,260
Inventories and prepayments	1,654,224	198,987	0	215,656	0	1,017,429	8,121,206
Inventories							
Prepayments	510,575	0	0	0	0	0	1,853,211
Advances to other funds	12,142	0	0	0	0	0	510,575
Restricted assets	146,799	0	0	0	0	15,450	27,592
Temporarily Restricted							
Cash and cash equivalents							146,799
Debt reserves and debt service	0	0	602,564	0	0	0	602,564
Asset held for resale (LA Apartments Land)	0	597,402	0	0	0	0	597,402
TOTAL ASSETS	\$ 24,375,964	11,445,331	7,322,140	57,543,272	25,637,999	3,462,793	129,787,499
LIABILITIES							
Accounts payable	\$						
Accrued salaries and benefits payable	714,246	23,704	0	1,865,169	0	311,038	2,914,157
Customer deposits payable	615,292	0	0	10,184	0	8,575	634,051
Due to other governments	69,048	250,000	0	10,000	0	0	329,048
Due to other funds	0	0	0	0	0	0	0
Donations held in trust	202,189	0	0	0	0	1,751	1,751
Deferred revenues	48,969	0	0	0	0	0	202,189
	20,751	350,000	0	0	0	0	48,969
TOTAL LIABILITIES	1,670,495	623,704	0	1,885,353	0	648,971	1,019,722
FUND BALANCE							
Nonspendable							
Principal - Capital projects	0	0	0	0	23,634,144	0	23,634,144
Principal - Perpetual care	635,122	0	0	0	0	0	635,122
Advances	146,799	0	0	0	0	0	146,799
Inventories	510,575	0	0	0	0	0	510,575
Loans receivable	0	751,260	0	0	0	0	751,260
Prepaid items	12,142	0	0	0	0	0	12,142
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	63,297	63,297
Debt service (Bond and loan agreements)	0	0	602,564	0	0	0	602,564
Grants (Granting entities)	0	0	0	0	0	567,280	567,280
Library operations (contributors)	0	0	0	0	0	18,422	18,422

Lodgers' tax (State law)	0	0	0	0	0	150,813	150,813
Indigent health care claims (State law)	0	0	0	0	0	732,921	732,921
Municipal court (County code)	0	0	0	0	0	11,299	11,299
Property tax valuation (State law)	0	0	0	0	0	409,593	409,593
Recreation (County code and contributors)	138,972	0	0	0	0	45,699	184,671
Income stabilization (County code)	0	0	0	0	2,003,855	0	2,003,855
Major street maintenance (State law)	0	0	0	0	0	203,026	203,026
Cash requirements (State law)	4,434,937	0	0	0	0	0	4,434,937
Committed to							
Debt service	0	0	6,719,576	0	0	0	6,719,576
Capital projects	0	0	0	55,657,919	0	0	55,657,919
Revenue stabilization	1,212,461	0	0	0	0	0	1,212,461
Fire services	690,772	0	0	0	0	0	690,772
Continuing appropriations	2,975,877	0	0	0	0	0	2,975,877
Economic development	0	9,472,965	0	0	0	0	9,472,965
Las Conchas Fire response and recovery	0	0	0	0	0	290,108	290,108
Unassigned	11,947,812	0	0	0	0	0	11,947,812
TOTAL FUND BALANCE	22,705,469	10,821,627	7,322,140	55,657,919	25,637,999	2,492,458	124,637,612
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,375,984	11,445,331	7,322,140	57,543,272	25,637,999	3,462,793	129,787,499

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, 2012

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:	\$ 124,637,612
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	271,851,351
Long-term liabilities, including bonds payable (\$63,505,000), bond premium/discount amortization (\$294,121), and compensated absences (\$2,928,809) are not due and payable in the current period and, therefore are not reported in the governmental funds.	(66,727,930)
Bond issuance cost on bonds are not recorded in the governmental funds, but are included in the government-wide statement of net assets.	524,658
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.	(286,852)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.	669,722
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.	(237,835)
Net assets of governmental activities	<u>\$ 330,430,726</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, 2012

	<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	\$ 5,181,012	0	0	0	0	0	5,181,012
Local units in-lieu taxes	233,961	0	0	0	0	0	233,961
Gross receipts taxes	27,167,957	0	0	0	0	0	27,167,957
Lodgers' tax	0	0	0	0	0	0	0
Franchise tax-privately owned	126,553	0	0	0	0	1,922,940	2,049,493
Franchise tax-County owned	344,344	0	0	0	0	257,389	601,733
Penalties and interest-taxes	53,467	0	0	0	0	0	53,467
	<u>33,107,294</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,008</u>	<u>34,115,502</u>
Licenses and permits							
Business	38,726	0	0	0	0	2,181,337	2,220,063
Nonbusiness	143,434	0	0	0	0	0	143,434
	<u>182,160</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>182,160</u>
Intergovernmental							
Federal indirect	111,480	0	0	0	0	0	111,480
Federal shared revenues	4,716	0	0	149,783	0	0	154,499
Federal in-lieu taxes	84,392	0	0	0	0	0	84,392
State grants-fire	0	0	0	0	0	0	0
State grants-library	36,457	0	0	0	0	0	36,457
State grants-major street maintenance	0	0	0	0	0	448,086	448,086
State grants-police	140,730	0	0	171,723	0	0	312,453
State grants-other	135,345	0	0	0	0	0	135,345
State shared revenues	19,634,740	0	0	80,729	0	98,838	19,714,307
	<u>20,147,860</u>	<u>0</u>	<u>0</u>	<u>402,235</u>	<u>0</u>	<u>541,540</u>	<u>20,714,390</u>
Fines and forfeitures							
Fines	68,783	0	0	0	0	1,164,295	1,233,078
Correction fees	47,304	0	0	0	0	0	47,304
Special fees	6,014	0	0	0	0	0	6,014
Court ordered reimbursements	8,009	0	0	0	0	0	8,009
Noncourt fines and forfeitures	6,911	0	0	0	0	23,756	30,677
	<u>137,021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,756</u>	<u>160,777</u>
Charges for services							
Court fees	743	0	0	0	0	27,609	28,352
Clerk fees	68,218	0	0	0	0	0	68,218
Planning fees	47,176	0	0	0	0	0	47,176
Finance/treasurer fees	0	0	0	0	0	0	0
Administrative charges for services	42,473	0	0	0	0	0	42,473
Sales of food or merchandise	31,258	0	0	0	0	154,917	186,175
Other charges for services	13,334	0	0	0	0	0	13,334
Sheriff fees	5,600	0	0	0	0	0	5,600
Police charges for services	34,238	0	0	0	0	0	34,238
Miscellaneous services	683	0	0	0	0	0	683

Cemetery services	16,410	0	0	0	0	0	16,410
Perpetual care services	40,780	0	0	0	0	0	40,780
Animal shelter fees	2,541	0	0	0	0	0	2,541
Daily fees/passes	60,223	0	0	0	0	0	60,223
Annual passes	62,228	0	0	0	0	0	62,228
Three-month passes	36,658	0	0	0	0	0	36,658
Punch passes	66,006	0	0	0	0	0	66,006
Recreation fees	217,008	0	0	0	0	0	217,008
Other fees	8,973	0	0	0	0	0	8,973
	<u>754,550</u>	<u>0</u>	<u>0</u>	<u>2,474</u>	<u>0</u>	<u>0</u>	<u>11,447</u>
Interfund/interdepartmental charges				<u>2,474</u>	<u>0</u>	<u>182,528</u>	<u>939,550</u>
Interdepartmental services	4,140,973	0	0	0	0	0	4,140,973
Loan interest	0	31,761	0	0	0	0	31,761
	<u>4,140,973</u>	<u>31,761</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,172,734</u>
Miscellaneous revenue							
Investment income (loss)	627,279	68,980	47,123	144	(444,932)	12,314	310,908
Interest charges-delinquent accounts	17,242	0	0	0	0	0	17,242
Building rental	72,254	13,452	0	0	0	22,239	107,945
Land rental	256,329	0	0	0	0	0	256,329
Concessions	585	0	0	0	0	0	585
Miscellaneous rentals	49,072	0	0	0	0	0	49,072
Pension forfeitures	114,315	0	0	0	0	0	114,315
Economic development loan interest	0	32,083	0	0	0	0	32,083
Donations	61,144	0	0	0	0	0	61,144
Sales of scrap and junk	18	0	0	0	0	3,550	64,694
Discounts taken	2,153	0	0	0	0	0	2,153
Other	68,813	107,214	0	0	0	0	176,034
	<u>1,269,204</u>	<u>221,729</u>	<u>47,123</u>	<u>144</u>	<u>(444,932)</u>	<u>38,110</u>	<u>1,131,378</u>
TOTAL REVENUES	<u>59,739,062</u>	<u>253,490</u>	<u>47,123</u>	<u>404,853</u>	<u>(444,932)</u>	<u>3,590,024</u>	<u>63,589,620</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, 2012

	GENERAL	ECONOMIC DEVELOPMENT SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
EXPENDITURES							
Current expenditures:							
General government							
County Council	335,128	0	0	0	0	0	335,128
Municipal Court	360,961	0	0	0	0	0	360,961
County Administrator	2,330,095	0	0	0	0	39,172	2,369,267
County Administrator-Comm. and Public Relations	647,163	0	0	0	0	0	647,163
County Assessor	385,072	0	0	0	0	0	385,072
County Attorney	652,461	0	0	0	0	102,348	754,809
County Clerk	479,145	0	0	0	0	0	479,145
County Sheriff	67,494	0	0	0	0	22,147	89,641
Administrative Services-Human Resources	1,365,333	0	0	0	0	0	1,365,333
Administrative Services-Information Technologies	3,974,111	0	0	0	0	0	3,974,111
Administrative Services-Office of Management and Budget	1,247,508	0	0	0	0	0	1,247,508
Administrative Services-Procurement and Risk	970,132	0	0	0	0	0	970,132
Public Works	851,965	0	0	0	0	0	851,965
Capital Projects and Facilities	5,192,743	0	0	0	0	0	5,192,743
Cemetery	164,049	0	0	0	0	0	164,049
	<u>19,023,360</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>163,667</u>	<u>19,187,027</u>
Public safety							
Fire Department-County share	3,714,155	0	0	0	0	0	3,714,155
Las Conchas Fire emergency	0	0	0	0	0	0	0
Fire Marshal	0	0	0	0	0	1,539,413	1,539,413
Fire-E.M.S grant	0	0	0	0	0	81,436	81,436
Police	6,690,647	0	0	0	0	13,589	6,704,236
	<u>10,404,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117,899</u>	<u>6,808,546</u>
Physical and economic environment							
County Administrator	0	2,467,338	0	0	0	0	2,467,338
Community Development	1,057,846	0	0	0	0	370,555	1,428,401
	<u>1,057,846</u>	<u>2,467,338</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>370,555</u>	<u>3,895,739</u>
Transportation							
Public Works	4,889,279	0	0	0	0	0	4,889,279
	<u>4,889,279</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,889,279</u>
Health and welfare							
Administrative Services-OMB	0	0	0	0	0	0	0
Culture and recreation							
Community Services-Administration	1,821,280	0	0	0	0	0	1,821,280
Community Services-Library	2,240,464	0	0	0	0	0	2,240,464
Community Services-Parks	2,160,706	0	0	0	0	1,156	2,161,862
Community Services-Recreation	2,280,283	0	0	0	0	0	2,280,283
	<u>8,502,733</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,369</u>	<u>8,508,258</u>
						<u>5,525</u>	

Capital outlay:							
General government							
Municipal Court	10,673	0	0	0	0	0	10,673
County Clerk	0	0	0	0	0	9,120	9,120
Administrative Services	250,104	0	0	730,431	0	0	980,535
Capital Projects and Facilities	23,784	0	0	10,551,954	0	0	10,575,738
Public safety							0
Capital Projects and Facilities	0	0	0	0	0	73,977	73,977
Police	37,087	0	0	48,150	0	0	85,237
Economic environment - Community Services	0	0	0	43,441	0	0	43,441
Transportation							
Community Services	0	0	0	178,462	0	0	178,462
Public Works	172,563	0	0	8,666,354	0	0	8,838,917
Culture and recreation							
Community Services	194,791	0	0	361,708	0	0	556,497
Public Works	0	0	0	3,079,732	0	0	3,079,732
	<u>689,002</u>	<u>0</u>	<u>0</u>	<u>23,660,230</u>	<u>0</u>	<u>83,097</u>	<u>24,432,329</u>
Debt service	0	0	6,914,438	0	0	0	6,914,438
TOTAL EXPENDITURES	<u>44,567,022</u>	<u>2,467,338</u>	<u>6,914,438</u>	<u>23,660,230</u>	<u>0</u>	<u>5,048,342</u>	<u>82,655,370</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	15,172,040	(2,213,848)	(6,867,315)	(23,255,377)	(444,932)	(1,456,318)	(19,065,750)
OTHER FINANCING SOURCES (USES)							
Transfers in	2,059,892	0	7,490,456	16,242,786	0	1,625,000	27,418,134
Transfers out	<u>(26,539,952)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,000,248)</u>	<u>(532,973)</u>	<u>(28,073,173)</u>
	<u>(24,480,060)</u>	<u>0</u>	<u>7,490,456</u>	<u>16,242,786</u>	<u>(1,000,248)</u>	<u>1,092,027</u>	<u>(655,039)</u>
NET CHANGE IN FUND BALANCE	(9,308,020)	(2,213,848)	623,141	(7,012,591)	(1,445,180)	(364,291)	(19,720,789)
FUND BALANCE							
Beginning of fiscal year	32,013,489	13,035,475	6,698,999	62,670,510	27,083,179	2,856,749	144,358,401
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 22,705,469</u>	<u>10,821,627</u>	<u>7,322,140</u>	<u>55,657,919</u>	<u>25,637,999</u>	<u>2,492,458</u>	<u>124,837,612</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, 2012

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:	\$ (19,720,789)
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 (\$24,432,329) exceeded depreciation (\$9,051,325) in the current period.	15,381,004
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.	(2,983,936)
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	28,084
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	3,345,000
The amortization of debt premiums, discounts and issuance costs does not use current financial resources, and therefore is not reported in the governmental funds.	54,320
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.	10,601
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.	(19,368)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	520,063
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.	(56,037)
Change in net assets of governmental activities	<u>\$ (3,441,058)</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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Property taxes-current	\$ 5,068,217	5,068,217	5,181,012	112,795
Local units in-lieu taxes	140,217	140,217	233,961	93,744
General gross receipts taxes	31,175,000	31,175,000	27,167,957	(4,007,043)
Franchise tax-privately owned	91,133	91,133	126,553	35,420
Franchise tax-County owned	385,115	385,115	344,344	(40,771)
Penalties and interest-taxes	42,842	42,842	53,467	10,625
	36,902,524	36,902,524	33,107,294	(3,795,230)
Licenses and permits				
Business	36,822	36,822	38,726	1,904
Nonbusiness	230,353	230,353	143,434	(86,919)
	267,175	267,175	182,160	(85,015)
Intergovernmental				
Federal indirect	107,521	208,934	111,480	(97,454)
Federal shared revenues	5,300	5,300	4,716	(584)
Federal in-lieu taxes	301,880	301,880	84,392	(217,488)
State grants-library	19,900	70,331	36,457	(33,874)
State grants-police	0	962,329	140,730	(821,599)
State grants-other	85,000	228,060	135,345	(92,715)
State shared revenues	22,430,000	22,430,000	19,634,740	(2,795,260)
	22,949,601	24,206,834	20,147,860	(4,058,974)
Fines and forfeitures				
Fines	112,008	112,008	68,783	(43,225)
Correction fees	48,001	48,001	47,304	(697)
Special fees	9,286	9,286	6,014	(3,272)
Court ordered reimbursements	5,054	5,054	8,009	2,955
Noncourt fines and forfeitures	881	881	6,911	6,030
	175,230	175,230	137,021	(38,209)

Charges for services				
Court fees	906	906	743	(163)
Clerk fees	41,680	41,680	68,218	26,538
Planning fees	70,068	70,068	47,176	(22,892)
Administrative charges for services	31,326	31,326	42,473	11,147
Sales of food or merchandise	29,383	29,383	31,258	1,875
Other charges for services	25,000	25,000	13,334	(11,666)
Sheriff fees	7,118	7,118	5,600	(1,518)
Police charges for services	24,762	24,762	34,238	9,476
Miscellaneous services	0	0	683	683
Cemetery services	13,963	13,963	16,410	2,447
Perpetual care services	24,813	24,813	40,780	15,967
Animal shelter fees	2,238	2,238	2,541	303
Activity fees	1,500	1,500	0	(1,500)
Daily fees/passes	86,341	86,341	60,223	(26,118)
Annual passes	85,192	85,192	62,228	(22,964)
Three-month passes	40,502	40,502	36,658	(3,844)
Punch passes	70,557	70,557	66,006	(4,551)
Recreation fees	352,782	352,782	217,008	(135,774)
Other fees	9,876	17,876	8,973	(8,903)
	<u>918,007</u>	<u>926,007</u>	<u>754,550</u>	<u>(171,457)</u>
Interfund/interdepartmental charges				
Interdepartmental services	1,914,794	1,914,794	1,828,872	(85,922)
Indirect overhead-fire services	2,442,299	2,442,299	2,312,101	(130,198)
	<u>4,357,093</u>	<u>4,357,093</u>	<u>4,140,973</u>	<u>(216,120)</u>
Miscellaneous revenue				
Interest income	2,000,000	2,000,000	627,279	(1,372,721)
Interest charges-delinquent accounts	0	0	17,242	17,242
Buildings rental	70,990	70,990	72,254	1,264
Land rental	162,314	162,314	256,329	94,015
Concessions rental	722	722	585	(137)
Other rental	43,037	43,037	49,072	6,035
Pension forfeitures	113,094	113,094	114,315	1,221
Donations	10,000	71,000	61,144	(9,856)
Other	6,300	6,300	70,984	64,684
	<u>2,406,457</u>	<u>2,467,457</u>	<u>1,269,204</u>	<u>(1,198,253)</u>
TOTAL REVENUES	67,976,087	69,302,320	59,739,062	(9,563,258)

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, 2012

	<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	80,998	80,998	98,487	(17,489)
Outside services	280,770	321,953	206,481	115,472
Materials and supplies	22,000	22,000	28,535	(6,535)
Intrafund/interfund services	1,625	1,625	1,625	0
	<u>385,393</u>	<u>426,576</u>	<u>335,128</u>	<u>91,448</u>
County Courts				
Employee salaries and benefits	334,471	334,471	291,355	43,116
Outside services	49,020	48,000	51,194	(3,194)
Materials and supplies	15,000	16,183	11,142	5,041
Intrafund/interfund services	6,335	6,335	6,335	0
Capital outlay	10,000	10,000	10,673	(673)
Debt and fiscal charges	1,000	1,000	935	65
	<u>415,826</u>	<u>415,989</u>	<u>371,634</u>	<u>44,355</u>
County Administrator				
Operations				
Employee salaries and benefits	873,882	882,382	801,036	81,346
Outside services	1,130,615	2,040,931	1,973,274	67,657
Materials and supplies	36,400	37,027	12,739	24,288
Intrafund/interfund services	11,059	11,059	11,059	0
	<u>2,051,956</u>	<u>2,971,399</u>	<u>2,798,108</u>	<u>173,291</u>
Communications and Public Relations				
Employee salaries and benefits	404,786	404,786	381,898	22,888
Outside services	299,948	298,210	256,569	41,641
Materials and supplies	21,100	22,306	27,224	(4,918)
Intrafund/interfund services	3,358	3,358	3,358	0
Capital outlay	0	1,294	0	1,294
	<u>729,192</u>	<u>729,954</u>	<u>669,049</u>	<u>60,905</u>
Total County Administrator	<u>2,781,148</u>	<u>3,701,353</u>	<u>3,467,157</u>	<u>234,196</u>

County Assessor

Employee salaries and benefits	362,319	362,319	358,477	3,842
Outside services	24,478	22,900	16,231	6,669
Materials and supplies	8,250	10,880	4,375	6,505
Intrafund/interfund services	5,989	5,989	5,989	0
	<u>401,036</u>	<u>402,088</u>	<u>385,072</u>	<u>17,016</u>

County Attorney

Employee salaries and benefits	590,491	590,491	488,105	102,386
Outside services	163,308	160,520	136,207	24,313
Materials and supplies	24,925	25,142	23,000	2,142
Intrafund/interfund services	5,179	5,179	5,179	0
	<u>783,903</u>	<u>781,332</u>	<u>652,491</u>	<u>128,841</u>

County Clerk

Employee salaries and benefits	361,285	367,485	359,633	7,852
Outside services	133,071	169,372	115,418	53,954
Materials and supplies	18,550	28,750	9,835	18,915
Intrafund/interfund services	3,214	3,214	3,214	0
Debt and fiscal charges	0	0	146	(146)
	<u>516,120</u>	<u>568,821</u>	<u>488,246</u>	<u>80,575</u>

County Sheriff

Employee salaries and benefits	51,564	51,564	47,521	4,043
Outside services	10,391	10,220	15,098	(4,878)
Materials and supplies	8,552	10,393	5,911	4,482
Intrafund/interfund services	459	459	459	0
	<u>70,966</u>	<u>72,636</u>	<u>68,989</u>	<u>3,647</u>

Community Development

Employee salaries and benefits	1,046,191	1,103,691	902,195	201,496
Outside services	139,817	139,804	130,673	9,131
Materials and supplies	26,200	29,376	24,633	4,743
Intrafund/interfund services	13,917	13,917	13,917	0
	<u>1,226,125</u>	<u>1,286,788</u>	<u>1,071,418</u>	<u>215,370</u>

Administrative Services**Human Resources**

Employee salaries and benefits	1,113,862	1,113,862	905,613	208,249
Outside services	300,491	785,329	467,238	318,091
Materials and supplies	54,438	54,966	36,440	18,526
Intrafund/interfund services	7,712	7,712	7,712	0
Debt and fiscal charges	0	0	93	(93)
	<u>1,476,503</u>	<u>1,961,869</u>	<u>1,417,096</u>	<u>544,773</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Information Technologies				
Employee salaries and benefits	2,231,208	2,151,208	2,168,772	(17,564)
Outside services	1,391,100	1,568,720	1,559,529	9,191
Materials and supplies	102,952	315,774	303,635	12,139
Intrafund/interfund services	42,873	42,873	42,873	0
Capital outlay	137,250	253,454	183,228	70,226
	<u>3,905,383</u>	<u>4,332,029</u>	<u>4,258,037</u>	<u>73,992</u>
Office of Management and Budget (O.M.B.)				
Employee salaries and benefits	1,205,258	1,169,258	1,040,481	128,777
Outside services	183,690	178,300	214,175	(35,875)
Materials and supplies	29,000	29,000	23,042	5,958
Intrafund/interfund services	8,169	8,169	8,169	0
Debt and fiscal charges	1,000	1,000	0	1,000
	<u>1,427,117</u>	<u>1,385,727</u>	<u>1,285,867</u>	<u>99,860</u>
Procurement and Risk				
Employee salaries and benefits	783,743	749,743	746,450	3,293
Outside services	62,846	93,581	113,825	(20,244)
Materials and supplies	92,400	107,906	106,797	1,109
Intrafund/interfund services	32,412	32,412	32,412	0
Capital outlay	0	70,134	66,876	3,258
	<u>971,401</u>	<u>1,053,776</u>	<u>1,066,360</u>	<u>(12,584)</u>
Total Administrative Services	7,780,404	8,733,401	8,027,360	706,041
Fire - County Shared Cost				
Intrafund/interfund services	3,714,155	3,714,155	3,714,155	0
Community Services-Administration				
Operations				
Employee salaries and benefits	268,697	268,697	332,382	(63,685)
Outside services	1,465,890	1,673,959	1,488,034	185,925
Materials and supplies	5,200	5,200	5,785	(585)
Intrafund/interfund services	47,844	47,844	43,742	4,102
Capital outlay	0	89,000	0	89,000
	<u>1,787,631</u>	<u>2,084,700</u>	<u>1,869,943</u>	<u>214,757</u>

Community Services-Library

Library operations				
Employee salaries and benefits	1,832,291	1,832,291	1,672,950	159,341
Outside services	154,384	148,620	148,883	(263)
Materials and supplies	61,388	77,162	84,494	(7,332)
Intrafund/interfund services	26,545	26,545	26,576	(31)
Capital outlay	0	0	4,664	(4,664)
	<u>2,074,608</u>	<u>2,084,618</u>	<u>1,937,567</u>	<u>147,051</u>
Collection development				
Materials and supplies	240,897	260,106	258,262	1,844
Outside funding sources				
Employee salaries and benefits	0	5,180	1,122	4,058
Outside services	0	0	18,442	(18,442)
Materials and supplies	0	155,339	38,110	117,229
Capital outlay	0	0	21,880	(21,880)
	<u>0</u>	<u>160,519</u>	<u>79,554</u>	<u>80,965</u>
Total Community Services-Library	2,315,505	2,505,243	2,275,383	229,860

Community Services-Parks

Parks Maintenance				
Employee salaries and benefits	1,241,425	1,241,425	1,176,005	65,420
Outside services	108,271	426,294	166,158	260,136
Materials and supplies	217,745	236,816	205,926	30,890
Intrafund/interfund services	516,879	516,879	503,487	13,392
Capital outlay	15,000	15,000	18,908	(3,908)
	<u>2,099,320</u>	<u>2,436,414</u>	<u>2,070,484</u>	<u>365,930</u>
Parks Maintenance Projects				
Employee salaries and benefits	0	0	634	(634)
Outside services	155,000	208,874	111,777	97,097
Materials and supplies	0	42,130	74,395	(32,265)
Intrafund/interfund services	0	0	166	(166)
Capital outlay	0	0	58,946	(58,946)
	<u>155,000</u>	<u>251,004</u>	<u>245,918</u>	<u>5,086</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Cemetery				
Employee salaries and benefits	92,490	92,490	79,576	12,914
Outside services	1,000	1,000	3,013	(2,013)
Materials and supplies	10,000	11,414	27,667	(16,253)
Intrafund/interfund services	43,000	43,000	54,249	(11,249)
Capital outlay	4,000	4,000	0	4,000
Debt and fiscal charges	0	0	618	(618)
	<u>150,490</u>	<u>151,904</u>	<u>165,123</u>	<u>(13,219)</u>
Total Community Svcs.-Parks	2,404,810	2,839,322	2,481,525	357,797
Community Services-Recreation				
Recreation				
Employee salaries and benefits	515,459	515,459	489,486	25,973
Outside services	83,900	105,562	59,475	46,087
Materials and supplies	31,485	76,219	62,321	13,898
Intrafund/interfund services	12,812	12,812	12,812	0
Capital outlay	5,000	60,998	56,914	4,084
Debt and fiscal charges	0	0	2,749	(2,749)
	<u>648,656</u>	<u>771,050</u>	<u>683,757</u>	<u>87,293</u>
Recreation - Programs				
Employee salaries and benefits	268,314	268,314	218,706	49,608
Outside services	66,718	74,721	48,071	26,650
Materials and supplies	35,565	37,235	41,843	(4,608)
Intrafund/interfund services	16,000	16,000	11,942	4,058
	<u>386,597</u>	<u>396,270</u>	<u>320,562</u>	<u>75,708</u>
Recreation -Aquatic Center				
Employee salaries and benefits	783,510	783,510	759,342	24,168
Outside services	109,760	117,564	162,166	(44,602)
Materials and supplies	81,157	123,830	105,668	18,162
Intrafund/interfund services	217,372	217,372	204,479	12,893
Capital outlay	4,455	56,842	52,387	4,455
Debt and fiscal charges	2,328	2,328	2,749	(421)
	<u>1,198,582</u>	<u>1,301,446</u>	<u>1,286,791</u>	<u>14,655</u>

Recreation - Ice Rink				
Employee salaries and benefits	156,976	156,976	129,722	27,254
Outside services	11,483	15,025	8,653	6,372
Materials and supplies	29,430	36,342	39,308	(2,966)
Intrafund/interfund services	15,057	15,057	15,276	(219)
Capital outlay	4,000	4,000	0	4,000
Debt and fiscal charges	800	800	791	9
	<u>217,746</u>	<u>228,200</u>	<u>193,750</u>	<u>34,450</u>
Total Community Svcs.-Recreation	2,451,581	2,696,966	2,484,860	212,106
Total Community Svcs Department	8,959,527	10,126,231		1,014,520
Police				
Operations				
Employee salaries and benefits	5,944,972	5,944,972	5,725,597	219,375
Outside services	379,274	429,422	455,326	(25,904)
Materials and supplies	272,425	297,085	286,467	10,618
Intrafund/interfund services	(136,268)	(136,268)	(136,247)	(21)
Capital outlay	55,000	55,000	28,267	26,733
Debt and fiscal charges	0	0	118	(118)
	<u>6,515,403</u>	<u>6,590,211</u>	<u>6,359,528</u>	<u>230,683</u>
Emergency Management				
Employee salaries and benefits	180,334	180,334	180,216	118
Outside services	40,541	247,855	21,956	225,899
Materials and supplies	2,700	16,303	20,146	(3,843)
Intrafund/interfund services	4,992	4,992	4,992	0
Capital outlay	0	0	8,820	(8,820)
	<u>228,567</u>	<u>449,484</u>	<u>236,130</u>	<u>213,354</u>
Police Grants				
Employee salaries and benefits	18,521	25,242	13,533	11,709
Outside services	0	962,329	140,321	822,008
Materials and supplies	4,000	4,000	0	4,000
	<u>22,521</u>	<u>991,571</u>	<u>153,854</u>	<u>837,717</u>
Total Police	6,766,491	8,031,266	6,749,512	1,281,754
Public Works				
Administration				
Employee salaries and benefits	317,706	245,706	211,022	34,684
Outside services	14,439	13,018	16,296	(3,278)
Materials and supplies	4,760	4,760	11,453	(6,693)
Intrafund/interfund services	7,441	7,441	7,441	0
	<u>344,346</u>	<u>270,925</u>	<u>246,212</u>	<u>24,713</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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Engineering services				
Employee salaries and benefits	476,730	548,730	532,614	16,116
Outside services	27,421	23,320	42,336	(19,016)
Materials and supplies	10,600	10,600	10,461	139
Intrafund/interfund services	20,620	20,620	20,620	0
	<u>535,371</u>	<u>603,270</u>	<u>606,031</u>	<u>(2,761)</u>
Traffic management				
Employee salaries and benefits	842,625	842,625	736,549	106,076
Outside services	104,097	119,107	156,394	(37,287)
Materials and supplies	341,797	502,039	429,781	72,258
Intrafund/interfund services	179,897	179,897	191,570	(11,673)
Capital outlay	121,800	160,855	114,818	46,037
	<u>1,590,216</u>	<u>1,804,523</u>	<u>1,629,112</u>	<u>175,411</u>
Pavement management				
Employee salaries and benefits	1,148,940	1,148,940	1,042,634	106,306
Outside services	1,038,379	2,662,919	2,716,653	(53,734)
Materials and supplies	294,216	294,615	293,788	827
Intrafund/interfund services	586,726	586,726	578,159	8,567
Capital outlay	0	0	57,745	(57,745)
	<u>3,068,261</u>	<u>4,693,200</u>	<u>4,688,979</u>	<u>4,221</u>
Total Public Works	5,538,194	7,371,918	7,170,334	201,584
Capital Projects & Facilities (CPFD)				
CPFD - Administration				
Employee salaries and benefits	313,390	298,390	277,410	20,980
Outside services	21,436	20,061	12,703	7,358
Materials and supplies	3,070	3,070	3,987	(917)
Intrafund/interfund services	3,201	3,201	3,201	0
	<u>341,097</u>	<u>324,722</u>	<u>297,301</u>	<u>27,421</u>
CPFD - Facilities maintenance projects				
Employee salaries and benefits	0	0	167,283	(167,283)
Outside services	1,800,000	3,175,010	1,212,819	1,962,191
Materials and supplies	0	0	6,416	(6,416)
	<u>1,800,000</u>	<u>3,175,010</u>	<u>1,386,518</u>	<u>1,788,492</u>

CPFD - Facilities maintenance				
Employee salaries and benefits	956,480	956,480	940,316	16,164
Outside services	674,268	713,901	660,880	53,021
Materials and supplies	186,438	229,404	241,673	(12,269)
Intrafund/interfund services	637,931	809,931	802,684	7,247
Capital outlay	0	0	23,784	(23,784)
Debt and fiscal charges	0	0	540	(540)
	<u>2,455,117</u>	<u>2,709,716</u>	<u>2,669,877</u>	<u>39,839</u>
CPFD - Project Management				
Employee salaries and benefits	268,874	253,874	50,667	203,207
Outside services	34,826	31,729	13,989	17,740
Materials and supplies	12,045	12,045	7,387	4,658
Intrafund/interfund services	20,705	20,705	20,705	0
	<u>336,450</u>	<u>318,353</u>	<u>92,748</u>	<u>225,605</u>
CPFD - Custodial				
Employee salaries and benefits	774,678	774,678	773,963	715
Outside services	138,021	157,592	146,961	10,631
Materials and supplies	76,555	77,310	86,799	(9,489)
Intrafund/interfund services	38,957	38,957	39,016	(59)
Capital outlay	5,500	10,350	0	10,350
	<u>1,033,711</u>	<u>1,058,887</u>	<u>1,046,739</u>	<u>12,148</u>
Total Capital Projects and Facilities	<u>5,966,375</u>	<u>7,586,688</u>	<u>5,493,183</u>	<u>2,093,505</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	45,305,663	53,219,242	47,106,390	6,112,852
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	22,670,424	16,083,078	12,632,672	(3,450,406)
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
State Shared Revenues Fund	0	2,308	2,308	0
Indigent Health Care Fund	0	407	407	0
Other Special Revenues Fund	0	258	258	0
Joint Utility System Fund-Electric	435,000	468,706	491,306	22,600
Joint Utility System Fund-Gas	430,000	430,000	282,776	(147,224)
Environmental Services Fund	0	4,900	4,900	0
Golf Course Fund	0	1,963	1,963	0
Transit Fund	0	8,347	8,347	0
Airport Fund	0	614	614	0
Equipment Fund	0	3,183	3,183	0
Risk Management Fund	0	932	932	0
Fire Fund	1,600,000	1,262,898	1,262,898	0
	<u>2,465,000</u>	<u>2,184,516</u>	<u>2,059,892</u>	<u>(124,624)</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Transfers out to:				
Other Special Revenues Fund	(25,000)	(25,000)	(25,000)	0
Las Conchas Fire Fund	0	(1,600,000)	(1,600,000)	0
Gross Receipts Tax Revenue Bonds Fund	(6,914,254)	(6,914,254)	(7,490,456)	(576,202)
Capital Improvement Projects Fund	(12,783,971)	(14,712,538)	(14,712,538)	0
Golf Course Fund	(550,000)	(830,000)	(830,000)	0
Transit Fund	(1,458,448)	(1,634,758)	(1,634,758)	0
Airport Fund	(196,000)	(196,000)	(196,000)	0
Equipment Fund	0	(51,200)	(51,200)	0
	<u>(21,927,673)</u>	<u>(25,963,750)</u>	<u>(26,539,952)</u>	<u>(576,202)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(19,462,673)</u>	<u>(23,779,234)</u>	<u>(24,480,060)</u>	<u>(700,826)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 3,207,751</u>	<u>(7,696,156)</u>	<u>(11,847,388)</u>	<u>(4,151,232)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			2,505,631	
Bad debt expense			38,283	
Adjustments to inventory			(4,546)	
			<u>2,539,368</u>	
GAAP BASIS			<u>(9,308,020)</u>	
FUND BALANCE				
Beginning of fiscal year			32,013,489	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 22,705,469</u>	

See accompanying notes to financial statements

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

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Interfund loan principal	\$ 436,239	436,239	436,239	0
Interfund loan interest	31,761	31,761	31,761	0
	<u>468,000</u>	<u>468,000</u>	<u>468,000</u>	<u>0</u>
Miscellaneous revenues				
Investment income	270,000	270,000	68,980	(201,020)
Other	175,306	175,306	82,031	(93,275)
Buildings rental	0	0	13,452	13,452
Economic development loan repayment (principal)	0	0	195,635	195,635
Economic development loan repayment (interest)	0	0	32,083	32,083
	<u>445,306</u>	<u>445,306</u>	<u>392,181</u>	<u>(53,125)</u>
TOTAL REVENUES	913,306	913,306	860,181	(53,125)
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	0	0	1,262	(1,262)
Outside services	1,082,000	1,405,026	722,772	682,254
Materials and supplies	0	0	653	(653)
Intrafund/interfund services	0	0	6,052	(6,052)
Economic development loans	4,000,000	8,000,000	2,000,000	6,000,000
	<u>4,082,000</u>	<u>9,405,026</u>	<u>2,730,739</u>	<u>6,674,287</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	5,082,000	9,405,026	2,730,739	6,674,287
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (4,168,694)	(8,491,720)	(1,870,558)	6,621,162
ADJUSTMENTS TO GAAP				
Encumbrances			223,401	
Economic development loan discount activity			25,183	
Principal on interfund loan repayments			(436,239)	
Principal on economic development loan repayments			(195,635)	
Bad debt expense (reserve for loan losses)			40,000	
			<u>(343,290)</u>	
			(2,213,848)	
GAAP BASIS				
FUND BALANCE				
Beginning of fiscal year			13,035,475	
FUND BALANCE - END OF FISCAL YEAR			\$ 10,821,627	

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, 2012

	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	\$ 18,547,437	3,281,195	94,106	696,988	0	243,248	22,862,974	14,391,789
Receivables, net of allowance for uncollectibles								
Accounts	3,316,601	209,810	0	716	71,939	0	3,599,066	3,674
Unbilled	1,106,949	93,186	3,499	0	0	0	1,203,634	0
Due from other governments	0	141,031	0	577,529	3,694,767	116,073	4,529,400	0
Inventories and prepayments								
Inventories	904,519	0	59,541	0	0	0	964,060	0
Power plant inventories	763,171	0	0	0	0	0	763,171	0
Prepayments	853,804	0	0	0	0	0	853,804	33,391
Total Current Assets	25,492,481	3,725,222	157,146	1,275,233	3,766,706	359,321	34,776,109	14,428,854
Non-current assets:								
Restricted assets								
Temporarily Restricted								
Cash and cash equivalents								
Debt reserves and debt service	11,303,529	403,066	0	0	0	0	11,706,595	0
Operations and maintenance	3,508,622	497,899	0	0	0	0	4,006,321	0
Capital Projects	5,768,087	69,619	0	0	0	0	5,837,706	0
Investments								
Debt reserves and debt service	7,281,449	0	0	0	0	0	7,281,449	0
Operations and maintenance	3,040,077	0	0	0	0	0	3,040,077	0
Premiums and discounts	494,448	0	0	0	0	0	494,448	0
Accrued interest	14,339	0	0	0	0	0	14,339	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	263,080,090	0	0	0	0	0	263,080,090	0
Buildings	0	6,112,038	354,994	0	15,903,191	1,100,000	23,470,223	0
Improvements other than buildings	0	2,341,363	1,013,911	842,023	143,285	14,653,268	18,993,850	0
Machinery and equipment	4,081,109	33,195	57,343	88,928	919,341	57,604	5,237,520	18,968,152
Less accumulated depreciation	(108,675,554)	(1,363,314)	(1,114,851)	(132,302)	(2,794,681)	(2,827,299)	(116,908,001)	(10,203,783)
Construction in progress	12,183,094	0	0	0	0	0	12,183,094	0
Bond issuance costs, net of amortization	594,567	0	0	0	0	0	594,567	0
Total Non-current Assets	205,633,185	8,083,666	5,022,875	798,649	15,434,425	17,370,613	252,353,413	8,764,369
TOTAL ASSETS	231,125,666	11,818,888	5,180,021	2,073,882	19,201,131	17,729,934	287,129,522	23,193,223
LIABILITIES								
Current Liabilities:								
Accounts payable	3,568,893	117,530	1,482	3,899	63,308	91,381	3,846,493	251,024
Accrued salaries and benefits payable	119,330	14,354	12,180	29,962	182,177	368	358,371	26,993
Customer deposits payable	147,668	26,124	0	0	0	0	173,792	0
Due to other governments	110,446	9,022	0	0	0	0	119,468	0
Due to other funds	0	0	0	0	1,829,741	0	1,829,741	0
Donations held in trust	25,815	0	0	0	0	0	25,815	0
Deferred revenues	0	0	54,345	0	0	0	54,345	0

Current portion of long-term liabilities									
Accrued compensated absences	529,347	77,809	59,527	99,593	1,048,932	5,409	1,820,417	62,542	
Claims and judgments payable	0	0	0	0	385,095	0	385,095	1,411,078	
Revenue bonds payable	7,775,000	0	0	0	0	0	7,775,000	0	
Contracts and intergovernmental debt payable	622,957	152,276	0	0	0	0	775,233	0	
Interest payable on revenue bonds and other debt	1,020,521	34,404	0	0	0	0	1,054,925	0	
Total Current Liabilities	13,919,977	431,319	127,534	133,454	3,509,253	97,158	18,218,695	1,751,637	
Noncurrent Liabilities:									
Due in more than one year									
Accrued compensated absences	284,855	66,332	17,355	43,724	441,514	3,311	857,091	33,462	
Claims and judgments payable	0	0	0	0	0	0	0	1,300,253	
Revenue bonds payable	39,535,039	0	0	0	0	0	39,535,039	0	
Contracts and intergovernmental debt payable	13,376,458	5,030,792	0	0	0	0	18,407,250	0	
Advances from other funds	0	0	0	0	0	146,799	146,799	0	
Special closure costs	3,461,531	497,699	0	0	0	0	3,959,230	0	
Total Noncurrent Liabilities	56,657,893	5,594,823	17,355	43,724	441,514	150,110	62,905,409	1,333,715	
TOTAL LIABILITIES	70,577,860	6,026,142	144,889	177,178	3,950,767	247,268	81,124,104	3,085,352	
NET ASSETS									
Invested in capital assets, net of related debt	118,169,446	2,009,834	5,022,875	798,649	15,434,425	17,370,613	158,805,842	8,764,369	
Restricted, net of related liabilities, for:									
Debt service	20,770,412	368,662	0	0	0	0	21,139,074	0	
Unrestricted	21,607,948	3,414,250	12,257	1,098,055	(184,061)	112,053	26,060,502	11,343,502	
TOTAL NET ASSETS	\$ 160,547,806	5,792,746	5,035,132	1,896,704	15,250,364	17,482,666	206,005,418	20,107,871	
Net assets of business-type internal service funds							20,107,871		
Net activity of internal service funds							237,835		
TOTAL NET ASSETS AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET ASSETS							\$ 226,351,124		

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, 2012

	ENTERPRISE FUNDS						TOTAL	BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT		
OPERATING REVENUES								
Utility sales and other services	\$ 60,037,734	2,712,898	0	27,362	392,193	49,185	63,219,372	0
Recreation fees	0	0	306,164	0	0	0	306,164	0
Sales of food or merchandise	0	6,759	116,902	0	0	0	123,661	0
Interfund charges for services	0	39,685	0	11,770	3,714,155	0	3,765,610	3,476,825
Insurance and pension contributions								
County	0	0	0	0	0	0	0	2,781,891
Employees and retirees	0	0	0	0	0	0	0	358,333
Rentals	22,262	0	97,662	0	0	0	157,091	0
Intergovernmental	147,042	0	0	2,662,127	15,631,972	37,167	18,545,761	0
Miscellaneous operating revenue	49,055	68,286	276	0	5,033	104,620	125,231	0
	<u>60,258,093</u>	<u>2,827,628</u>	<u>521,004</u>	<u>2,701,259</u>	<u>19,743,353</u>	<u>193,553</u>	<u>86,242,890</u>	<u>8,821,850</u>
OPERATING EXPENSES								
Employee salaries and benefits	7,102,769	1,147,896	614,751	2,105,898	14,800,125	145,307	25,916,746	946,681
Contractual services	34,334,303	1,989,211	375,269	1,253,881	4,314,829	224,342	42,491,835	3,283,456
Materials and supplies	957,491	93,153	209,093	122,367	1,182,878	6,291	2,571,273	1,502,553
Depreciation and amortization	9,142,117	195,210	47,738	59,628	467,536	732,477	10,644,704	1,569,071
Special closure costs	197,583	890,521	0	0	0	0	1,088,104	0
Other	39,656	3,561	5,813	0	186,327	8	235,365	0
	<u>51,773,918</u>	<u>4,318,552</u>	<u>1,252,662</u>	<u>3,541,774</u>	<u>20,951,695</u>	<u>1,108,425</u>	<u>82,948,027</u>	<u>7,301,761</u>
OPERATING INCOME (LOSS)	8,482,174	(1,491,924)	(731,658)	(840,515)	(1,208,342)	(914,872)	3,294,863	(478,911)
NONOPERATING REVENUES (EXPENSES)								
Gross receipts taxes for solid waste recycling	0	961,506	0	0	0	0	961,506	0
Fire excise tax	0	0	0	0	1,922,940	0	1,922,940	0
Gain (loss) on disposition of capital assets	(304,721)	0	0	0	(2,957)	0	(307,678)	239,138
Investment income	874,223	28,167	907	7,438	0	402	911,137	94,608
Interest on long-term debt	(3,207,739)	(213,903)	0	0	(31,761)	0	(3,453,403)	0
Inventory adjustment	(38,941)	0	0	0	0	0	(38,941)	0
	<u>(2,677,178)</u>	<u>775,770</u>	<u>907</u>	<u>7,438</u>	<u>1,888,222</u>	<u>402</u>	<u>(4,439)</u>	<u>333,748</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	5,804,996	(716,154)	(730,751)	(833,077)	678,880	(914,470)	3,290,424	(146,165)
TRANSFERS AND CONTRIBUTIONS								
Transfers in	0	0	830,000	1,634,758	0	198,000	2,660,758	806,408
Transfers out	(775,972)	(4,900)	(8,313)	(755,315)	(1,262,898)	(614)	(2,808,012)	(4,115)
Intergovernmental - capital grants	59,491	0	0	722,026	0	952,544	1,734,061	0
Contributed capital assets - outside source	0	0	0	0	0	0	0	7,500
Contributed capital assets - governmental activities	(437,476)	0	0	163,558	59,635	0	(214,283)	186,199
	<u>(1,153,957)</u>	<u>(4,900)</u>	<u>821,687</u>	<u>1,765,027</u>	<u>(1,203,263)</u>	<u>1,147,930</u>	<u>1,372,524</u>	<u>995,992</u>
CHANGE IN NET ASSETS	4,651,039	(721,054)	90,936	931,950	(523,383)	233,460	4,662,948	849,827
NET ASSETS								
Beginning of fiscal year	155,896,767	6,513,800	4,944,196	984,754	15,773,747	17,249,206	201,342,470	19,258,044
NET ASSETS - END OF FISCAL YEAR	\$ 160,547,806	5,792,746	5,035,132	1,896,704	15,250,364	17,482,666	206,005,418	20,107,871

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, 2012

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:	\$	4,662,948
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.		849,827
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.		56,037
Change in net assets of business-type activities	\$	<u>5,568,812</u>

**INCORPORATED COUNTY OF LOS ALAMOS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2012**

	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS - OPERATING ACTIVITIES								
Cash received from customers and users	\$ 60,422,076	2,900,725	520,220	39,243	3,941,618	88,933	67,912,815	3,682,015
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	3,140,224
Cash paid to suppliers for goods and services	(35,866,193)	(3,779,361)	(643,324)	(1,410,796)	(5,258,395)	(216,199)	(47,174,268)	(4,708,980)
Cash paid to employees	(6,955,631)	(1,120,340)	(588,365)	(2,040,212)	(15,001,890)	(144,076)	(25,850,514)	(914,366)
Taxes received from customers and users	1,441,258	110,719	0	0	0	0	1,551,977	0
Taxes remitted to State (from customers and users)	(1,429,513)	(109,568)	0	0	0	0	(1,539,081)	0
NET CASH FLOWS - OPERATING ACTIVITIES	17,611,997	(1,997,825)	(711,469)	(3,411,765)	(16,316,667)	(271,342)	(5,099,071)	1,198,893
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES								
Cash received from grants	28,332	0	0	2,844,220	17,828,804	71,409	20,772,765	0
Transfers to other funds	(774,082)	(4,900)	(8,313)	(8,347)	(1,262,898)	(614)	(2,059,154)	(4,115)
Transfers from other funds	0	0	830,000	1,634,758	0	196,000	2,660,758	51,200
Gross receipts taxes received	0	1,033,932	0	0	1,922,940	0	2,956,872	0
Cash received from short-term interfund loans	0	0	0	0	0	0	0	0
Cash paid on short-term interfund loans	0	0	(17,519)	(256,948)	(1,671,108)	0	(1,945,575)	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(745,750)	1,029,032	804,168	4,213,683	16,817,738	266,795	22,385,666	47,085
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES								
Cash received from capital grants	59,491	0	0	728,996	0	2,408,085	3,196,572	0
Proceeds received from loans	222,270	0	0	0	0	0	222,270	0
Principal repaid	(7,768,394)	(146,872)	0	0	(436,239)	0	(8,351,505)	0
Special closure costs paid	0	(1,159,560)	0	0	0	0	(1,159,560)	0
Interest and other debt service paid	(3,046,128)	(214,683)	0	0	0	0	(3,292,572)	0
Federal debt subsidy received	118,710	0	0	0	(31,761)	0	118,710	0
Cash paid for acquisition of capital assets	(10,120,207)	(5,323)	(6,350)	(841,364)	(33,546)	(2,472,802)	(13,479,692)	(2,183,604)
Proceeds from sale of capital assets	206,590	0	6,350	2,475	0	0	215,415	268,984
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(20,327,668)	(1,526,438)	0	(112,368)	(499,071)	(64,817)	(22,530,362)	(1,914,620)
CASH FLOWS - INVESTING ACTIVITIES								
Proceeds from sale of investment securities	14,683,793	0	0	0	0	0	14,683,793	0
Interest received on investments	1,041,871	28,167	907	7,438	0	402	1,078,785	94,608
Purchase of investment securities	(7,260,681)	0	0	0	0	0	(7,260,681)	0
NET CASH FLOWS - INVESTING ACTIVITIES	8,464,983	28,167	907	7,438	0	402	8,501,897	94,608
NET INCREASE (DECREASE) IN CASH	5,003,562	(2,467,064)	93,606	696,988	0	(68,962)	3,258,130	(574,034)
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	34,124,113	6,718,643	500	0	0	312,210	41,155,466	14,985,823
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 39,127,675	4,251,579	94,106	696,988	0	243,248	44,413,596	14,391,789

(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)	\$ 8,482,174	(1,491,924)	(731,658)	(840,515)	(1,208,342)	(914,872)	3,294,863	(479,911)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
Depreciation and amortization expense	9,142,117	195,210	47,736	59,628	467,536	732,477	10,644,704	1,569,071
Operating grants included in operating revenues	0	0	0	(2,662,127)	(15,631,972)	(104,620)	(18,398,719)	0
Amortization of special closure costs	197,583	890,521	0	0	0	0	1,088,104	0
Provision for uncollectible accounts receivable	39,656	3,561	0	0	0	0	229,544	0
Intergovernmental revenue	(147,042)	0	0	0	0	0	(147,042)	0
Change in assets and liabilities								
Accounts and other receivables	317,863	61,973	(3,499)	111	(169,763)	0	206,685	389
Inventories	(425,926)	0	(7,778)	0	0	0	(433,704)	0
Prepayments and other	(801,407)	0	0	0	0	0	(801,407)	0
Accounts and retentions payable	652,934	(1,696,997)	(45,372)	(34,549)	(145,783)	14,442	(1,255,325)	(25,462)

Salaries and benefits payable	147,138	27,556	26,387	65,687	(201,765)	1,231	66,234	32,315
Taxes payable	0	1,151	0	0	0	0	1,151	0
Other current liabilities	(4,838)	11,124	0	0	0	0	6,286	0
Deferred revenues and credits	0	0	2,715	0	0	0	2,715	0
Claims and judgements payable	0	0	0	0	385,095	0	385,095	161,261
Due to other governments	11,745	0	0	0	0	0	11,745	0
Total adjustments	<u>9,129,823</u>	<u>(505,901)</u>	<u>20,189</u>	<u>(2,571,250)</u>	<u>(15,110,325)</u>	<u>643,530</u>	<u>(8,393,934)</u>	<u>1,678,804</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$ <u>17,611,997</u>	<u>(1,997,825)</u>	<u>(711,469)</u>	<u>(3,411,785)</u>	<u>(16,318,667)</u>	<u>(271,342)</u>	<u>(5,099,071)</u>	<u>1,198,893</u>

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ (1,890)	0	(6,350)	(746,968)	0	0	(755,208)	755,208
Contributed capital assets from outside sources	0	0	0	0	0	0	0	7,500
Change in due from other governments (capital grant receivable)	0	0	0	(6,970)	0	(1,455,541)	(1,462,511)	0
Contributed capital assets - governmental activities	(437,476)	0	0	163,558	59,635	0	(214,283)	186,199
Fair value adjustment for investments	303,011	0	0	0	0	0	303,011	0
TOTAL NON CASH TRANSACTIONS	\$ <u>(136,355)</u>	<u>0</u>	<u>(6,350)</u>	<u>(590,380)</u>	<u>59,635</u>	<u>(1,455,541)</u>	<u>(2,128,991)</u>	<u>948,907</u>

See accompanying notes to financial statements



Fiduciary Funds

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

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

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

INCORPORATED COUNTY OF LOS ALAMOS
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	\$ 276	283,693
Investments (participant directed mutual funds), at fair value	31,176,680	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	310,810
Employee loans	1,007,763	0
Other	0	313
Due from other funds	202,189	0
TOTAL ASSETS	<u>32,386,908</u>	<u>594,816</u>
LIABILITIES		
LIABILITIES		
Accounts payable	98,761	0
Due to other governments		
Taxes and fees payable to state	0	6,935
Property taxes payable	0	409,653
Other	0	157,500
Due to other funds	23,470	0
Donations held for others	0	20,728
TOTAL LIABILITIES	<u>122,231</u>	<u>594,816</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	32,264,677	0
TOTAL NET ASSETS	<u>\$ 32,264,677</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, 2012

ADDITIONS TO NET ASSETS

Investment income (loss), net of investment expense	\$	(452,305)
Contributions		
Employer, net of forfeitures		3,026,998
Employee (plan member)		336,333
		<u>2,911,026</u>

DEDUCTIONS FROM NET ASSETS

Benefits and refunds paid to plan members and beneficiaries		<u>3,369,394</u>
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NET INCREASE (DECREASE) IN NET ASSETS (458,368)

NET ASSETS

Beginning of fiscal year		<u>32,723,045</u>
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NET ASSETS - END OF YEAR \$ 32,264,677

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INCORPORATED COUNTY OF LOS ALAMOS
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

(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 be met:

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

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. 59, *Financial Instruments Omnibus* ("GASB 59"), updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools and was implemented by the County in fiscal year 2012. GASB 59 amends GASB Statement No.'s 25 and 43 to eliminate the fair value exemption for unallocated insurance contracts and to report participating investment contracts at fair value and non-participating investment contracts at contract value. The County reports investments at fair value and does not have unallocated insurance contracts or non-participating investment contracts.

GASB 59 also amends GASB Statement No.'s 31 and 40 relative to the disclosure of Interest Rate Risk which includes investments in debt related securities, and excludes investments in 2a7 mutual funds and investments in 2a7 like funds. The County participates in the *New MexiGROW* Local Government Investment Pool, which is a 2a7 like investment pool. See Note 3 for the disclosure relative to GASB Statement No. 59.

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 government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

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

Measurement Focus and Basis of Accounting

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

It is important to note that the Internal Service Funds of the County are unusual in nature, since they predominantly serve (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.
- **Gross Receipts Tax (GRT) Revenue Bond 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 Grants/Other, 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 closure and monitoring 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 increase the value of investments by \$303,011 as of June 30, 2012. 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 of inventory is recorded as an expenditure at the time of consumption. Inventories reported in the General Fund financial statement are offset by a *nonspendable* segregation of fund balance, which indicates that it does not constitute "available expendable resources" even though it is a component of net current assets.

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

N. Restricted Assets

Certain proceeds of Joint Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Certain loan proceeds and related cash 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 Bond Debt Service Fund because their use is limited by applicable bond covenants. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then use unrestricted resources as they are needed.

O. Capital Assets

Capital assets, which include property, plant, equipment (includes externally developed software), and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements. County policy requires capitalization of assets with an initial, individual cost of \$5,000 or more. All capital assets are recorded at cost or, if contributed property, at their estimated 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 used for ratemaking purposes. The difference between this depreciation method and the straight-line method was an increase in depreciation expense of \$2,251,000 in the year ended June 30, 2012, and a cumulative increase in accumulated depreciation of \$5,853,000 as of June 30, 2012.

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

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

Asset Category	Estimated Useful Life in Years
Buildings	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 \$360 per year of service for active Fire Department employees at June 30, 2012, and approximately \$310 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. For purposes of committing fund balances for a specific purpose, the formal action required is a council vote in a public meeting.

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 arrangements 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 “Transfers out/transfers in” and classified with “Other Financing Sources and Uses” in the fund financial statements. Transfers within governmental or proprietary fund groups are netted as part of the reconciliation to the government-wide financial statements.
- **Contributions** – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as non-operating revenue.

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 2012, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$94.9 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Joint Utility System Fund, and other funds. The approximately \$94.9 million of budget revisions include the following re-appropriations and carryovers: \$36.3 million for Capital Improvement Projects Fund projects, \$40.7 million in encumbrances, and \$5.7 million in other project and grant re-appropriations. Other major revisions include: approximately \$2.1 million for expenses related to the Las Conchas Fire, \$4.0 million in carryovers for economic development loans, and approximately \$6.1 million for various other items and projects. For the fiscal year ended June 30, 2012 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	\$	6,137
Carrying amount of deposits		53,537,468
Cash equivalents		11,644,663
Book value of investments		152,632,437
		<hr/>
Total reported in notes to financial statements	\$	<u>217,820,705</u>
Government-wide Statement of Net Assets:		
Equity in pooled cash and investments	\$	128,094,630
Investments		25,296,266
Restricted assets-Cash & Cash Equivalents		22,153,186
Restricted assets-Investments		10,815,974
Fiduciary Funds:		
Equity in pooled cash and investments		283,969
Investments (mutual funds), at fair value		31,176,680
		<hr/>
Total reported in financial statements	\$	<u>217,820,705</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, 2012 the County had deposits with bank balances of \$53,537,468 that were fully insured or collateralized with securities held by the pledging financial institution in the County's name and therefore not exposed to custodial credit risk under New Mexico law.

B. Investments

Credit Risk

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

The County government's rated debt investments as of June 30, 2012 are presented below using the Standard and Poor's rating scale:

<u>Investment Type</u>	Fair Value	Net Asset Value	Quality Ratings		
			AAA _m	AA ⁺	A
U.S. Government Agencies	\$ 74,477,651		0	74,477,651	0
2a7 Like - New Mexico State Local Government Investment Pool (LGIP)		3,304,770	3,304,770	0	0
<u>Unrated investments:</u>					
Repurchase agreements	162,474				
New Mexico State Investment Council	43,504,420				
2a7 Like - New Mexico State Local Government Investment Pool (LGIP) non performing reserve pool		6,442			
<u>Exempt from credit risk disclosure:</u>					
LAC Pension	31,176,680				
Total Investments	\$ 149,321,225	3,311,212			

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	Net Asset Value	Investment Maturities (in years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities						
U.S. Agencies	\$ 74,477,651		10,039,100	64,438,551	0	0
Repurchase Agreements	162,474		0	162,474	0	0
	<u>74,640,125</u>		<u>10,039,100</u>	<u>64,601,025</u>	<u>0</u>	<u>0</u>
Other Investments						
New Mexico State Investment Council	43,504,420					
LAC Pension Plan	31,176,680					
2a7 Like - New Mexico State Local Government Investment Pool		<u>3,311,212</u>				
Total Investments	<u>\$ 149,321,225</u>	<u>3,311,212</u>				

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

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, 2012 the balance was \$6,442. As of August 2010, any remaining Reserve Primary Fund holdings have been converted to a pass-through entity for tax purposes and a "deemed distribution" for shareholders has occurred as a result of this conversion. The County has fully allowed for this "deemed distribution" for the balance at June 30, 2012. 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, 2012 the LGIP WAM was 60 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, 2012 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, 2012 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	FHLMC	Federal agency securities	\$ 9,365,361	7.7%
	FFCB	Federal agency securities	10,022,100	8.3%
Business-type Activities	FHLB	Federal agency securities	7,465,460	6.1%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2012 are as follows:

<u>Funds</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Major Governmental Funds:			
General (pooled)	FHLMC	Federal agency securities	\$ 9,365,361
General (pooled)	FFCB	Federal agency securities	10,022,100
Major Proprietary Fund:			
Joint Utility System	FHLB	Federal agency securities	7,465,460

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, 2012, net of applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	Net
Governmental activities:			
General	\$ 55,650	(9,518)	46,132
Capital Improvement Projects	149,803	(147,329)	2,474
Total governmental activities	<u>205,453</u>	<u>(156,847)</u>	<u>48,606</u>
Business-type activities:			
Joint Utility System	3,349,383	(32,782)	3,316,601
Environmental Services	221,222	(11,412)	209,810
Transit	716	0	716
Fire	1,354,096	(1,282,157)	71,939
Internal Service	10,897	(7,223)	3,674
Total business-type activities	<u>4,936,314</u>	<u>(1,333,574)</u>	<u>3,602,740</u>
Totals	\$ <u>5,141,767</u>	<u>(1,490,421)</u>	<u>3,651,346</u>

On the Government-wide Statement of Net Assets an additional \$23,470 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, 2012:

Fiscal Year Ending		Amount
June 30,		
2013	\$	55,050
2014		55,050
2015		55,050
2016		55,050
2017		55,050
Thereafter		975,750
	\$	<u>1,251,000</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, 2012 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, 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, 2012	<u>\$ 581,953</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, 2012 the loan was current and there was no delinquent balance.

Payments due are as follows on the Veriscape loan:

Total of monthly payments for fiscal year ending	Principal Installment
June 30, 2013	\$ 114,417
June 30, 2014	144,828
June 30, 2015	24,392
Veriscape Loan Receivable as of June 30, 2012	<u>\$ 283,637</u>

On June 20, 2003 the County entered into a loan agreement with Advanced Realtime Technologies, LLC (name since changed to Elemetric Instruments, Inc.) in the amount of \$75,000. As of June 30, 2010 the County had distributed \$73,027 of the loan amount to Elemetric. The loan bears interest at 5% per annum beginning June 1, 2008. The loan is secured by any and all assets that Elemetric purchases in whole, or in part, constructed or installed prior to December 31, 2005. The loan requires Elemetric to make sixty monthly payments of \$1,415 beginning July 1, 2008 through June 2013. During FY 2010, Elemetric made \$14,303 of payments including interest. No payments were made in FY2011 and FY2012. 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 fourteen loan payments totaling \$49,666, including interest. The outstanding principal balance at June 30, 2012 was \$253,439.

Payments due are as follows on the Caldera loan:

Total of monthly payments for fiscal year ending	Principal Installment
June 30, 2013	\$ 27,978
June 30, 2014	32,016
June 30, 2015	33,655
June 30, 2016	35,376
June 30, 2017	37,186
June 30, 2018	39,089
June 30, 2019	41,089
June 30, 2020	7,050
Caldera Loan Receivable as of June 30, 2012	<u>\$ 253,439</u>

As of June 30, 2012 the total reserve for loan losses balance was \$550,000. 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, 2012 the County has a balance of \$96,883 in discounts on loans receivables. The discount was established since one of the loans is interest free. Amortization of loan discounts of \$25,183 was recorded for the fiscal year ended June 30, 2012.

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, 2012 was \$350,000.

The detail of the loan receivable balances at June 30, 2012, is as follows:

Principal, economic development loans:	
Los Alamos Commerce and Development Corporatio \$	581,953
Veriscape Inc.	283,637
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)	51,170
Avanza Technologies, Inc.	227,944
Caldera Pharmaceuticals Inc.	253,439
Subtotal economic development loans	<u>1,398,143</u>
Principal, mortgage loans:	
Los Alamos Group Home Inc.	350,000
Less: Discounts on economic development loans	(96,883)
Less: Discounts reserve for loan losses	<u>(550,000)</u>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Economic Development Fund)	<u>\$ 1,101,260</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, 2012 are presented below:

Transfers in (from other funds)	Transfers out (to other funds)										Total
	General	Capital Projects Permanent	Joint Utility System	Environmental Services	Golf Course	Transit	Fire	Airport	Internal Service	Other Governmental	
General	\$ 0	0	774,082	4,900	1,963	8,347	1,262,898	614	4,115	2,973	2,059,892
GRT Revenue Bond	7,490,456	0	0	0	0	0	0	0	0	0	7,490,456
Capital Improvement Projects	14,712,538	1,000,248	0	0	0	0	0	0	0	0	16,242,786
Golf Course	830,000	0	0	0	0	0	0	0	0	530,000	1,634,758
Transit	1,634,758	0	0	0	0	0	0	0	0	0	830,000
Airport	196,000	0	0	0	0	0	0	0	0	0	1,634,758
Internal Service	51,200	0	1,890	0	0	0	0	0	0	0	196,000
Other Governmental	1,625,000	0	0	0	6,350	746,968	0	0	0	0	806,408
	<u>\$ 26,539,952</u>	<u>1,000,248</u>	<u>775,972</u>	<u>4,900</u>	<u>8,313</u>	<u>755,315</u>	<u>1,262,898</u>	<u>614</u>	<u>4,115</u>	<u>532,973</u>	<u>30,885,300</u>

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

Joint Utility System	\$ (437,476)
Transit	163,558
Fire	59,635
Internal Service	186,199
Total	<u>\$ (28,084)</u>

Interfund assets and liabilities:

An advance from the General Fund to the Airport Fund for construction projects was recorded in FY 2010 in the amount of \$146,799. Since additional advances are expected for other Airport projects, no repayment schedule has been set and the entire balance is considered long-term. A schedule of advances from/to is not presented as this is the only advance.

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, a loan repayment from the Fire Fund to the Economic Development Fund, and the reclassification of negative pooled cash in the Fire Fund.

Due to/due from balances at June 30, 2012 are presented below:

	Due to other funds	Due from other funds			Total
		General	Economic Development	Pension Trust	
General	\$ 0	0	202,189	202,189	
Fire	1,630,754	198,987	0	1,829,741	
Pension Trust	23,470	0	0	23,470	
	\$ <u>1,654,224</u>	<u>198,987</u>	<u>202,189</u>	<u>2,055,400</u>	

(7) CAPITAL ASSETS

During FY 2012, and pursuant to County Ordinance 592, the County transferred ownership of Lot 6-B-1 to the New Mexico University Research Consortium. The parcel will allow the Consortium to develop and construct a wet laboratory facility and continue its growth in the community. The historical cost of the land of \$409,336 is shown as a disposal in the governmental activities.

During FY 2012, the County received a used vehicle with an estimated fair value of \$7,500, which was donated by another governmental entity.

Machinery and equipment in the amount of \$186,199 was transferred from governmental activities to business-type activities. This represents vehicle purchased by the General Fund and transferred to the Equipment internal service fund. Transit shelters with a value of \$163,558 and Building improvements of \$59,639 were transferred from construction work in progress in the governmental funds to business-type activities. An infrastructure asset, the Pueblo Canyon low-water crossing, was transferred from the business-type activities (Joint Utility Fund) to the governmental activities.

The County capitalized approximately \$32 million in construction in progress capital assets net of approximately \$2.9 million of losses on disposal of capital assets that account for expenditures in the Capital Improvement Projects capital projects funds that did not result in the creation of a capital asset. In addition, during FY 2012, the County added approximately \$33.4 million in new construction in progress projects. Of these additions, an estimated \$11 million related to business-type activities including roughly \$7 million in Electric and Gas Utility infrastructure projects, \$2.8 million additional Water and Wastewater projects, and almost \$1 million in Airport renovation and expansion projects. The remaining additions related to various capital projects of the governmental activities during the year.

Capital asset activity for the year ended June 30, 2012 was as follows:

	June 30, 2011 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2012 Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 48,316,000	0	(409,336)	0	47,906,664
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	846,379	0	0	0	846,379
Construction in progress	13,695,803	22,364,508	(13,226,208)	(223,193)	22,610,910
Total capital assets, not being depreciated	<u>80,859,296</u>	<u>22,364,508</u>	<u>(13,635,544)</u>	<u>(223,193)</u>	<u>89,365,067</u>
Capital assets, being depreciated					
Buildings	94,142,608	1,031,000	0	0	95,173,608
Improvements other than buildings	13,513,511	1,009,999	0	0	14,523,510
Machinery and equipment	13,871,947	985,475	(580,850)	(186,199)	14,090,373
Infrastructure	157,461,581	10,523,614	(6,441,969)	437,476	161,980,702
Capital assets, being depreciated	<u>278,989,647</u>	<u>13,550,088</u>	<u>(7,022,819)</u>	<u>251,277</u>	<u>285,768,193</u>
Less accumulated depreciation for:					
Buildings	(11,530,653)	(2,063,791)	0	0	(13,594,444)
Improvements other than buildings	(4,438,309)	(549,304)	0	0	(4,987,613)
Machinery and equipment	(8,665,275)	(789,852)	575,903	0	(8,879,224)
Infrastructure	(75,788,507)	(5,648,378)	5,616,257	0	(75,820,628)
Total accumulated depreciation	<u>(100,422,744)</u>	<u>(9,051,325)</u>	<u>6,192,160</u>	<u>0</u>	<u>(103,281,909)</u>
Total capital assets, being depreciated, net	<u>178,566,903</u>	<u>4,498,763</u>	<u>(830,659)</u>	<u>251,277</u>	<u>182,486,284</u>
Total governmental activities capital assets	\$ <u>259,426,199</u>	<u>26,863,271</u>	<u>(14,466,203)</u>	<u>28,084</u>	<u>271,851,351</u>
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 13,321,135	0	0	0	13,321,135
Construction in progress	23,096,468	11,055,883	(21,529,891)	(439,366)	12,183,094
Total capital assets, not being depreciated	<u>36,417,603</u>	<u>11,055,883</u>	<u>(21,529,891)</u>	<u>(439,366)</u>	<u>25,504,229</u>
Capital assets, being depreciated					
Buildings	23,405,265	5,323	0	59,635	23,470,223
Improvements other than buildings	13,630,525	5,199,767	0	163,558	18,993,850
Utility plant in service	248,033,872	16,077,742	(1,031,524)	0	263,080,090
Machinery and equipment	22,546,472	3,096,948	(1,633,337)	195,589	24,205,672
Capital assets, being depreciated	<u>307,616,134</u>	<u>24,379,780</u>	<u>(2,664,861)</u>	<u>418,782</u>	<u>329,749,835</u>
Less accumulated depreciation for:					
Buildings	(2,860,199)	(576,767)	0	0	(3,436,966)
Improvements other than buildings	(3,576,762)	(811,293)	0	0	(4,388,055)
Utility plant in service	(100,554,287)	(8,681,940)	560,673	0	(108,675,554)
Machinery and equipment	(10,456,605)	(1,683,598)	1,528,994	0	(10,611,209)
Total accumulated depreciation	<u>(117,447,853)</u>	<u>(11,753,598)</u>	<u>2,089,667</u>	<u>0</u>	<u>(127,111,784)</u>
Total capital assets, being depreciated, net	<u>190,168,281</u>	<u>12,626,182</u>	<u>(575,194)</u>	<u>418,782</u>	<u>202,638,051</u>
Total business-type activities capital assets	\$ <u>226,585,884</u>	<u>23,682,065</u>	<u>(22,105,085)</u>	<u>(20,584)</u>	<u>228,142,280</u>

Notes to Financial Statements

Depreciation expense for the year ended June 30, 2012 was as follows:

Depreciation expense was charged to governmental activities as follows:	
General government	\$ 1,978,327
Public safety	601,402
Physical and economic environment	3,906
Transportation	5,743,824
Culture and recreation	723,866
Total depreciation expense - governmental activities	\$ <u>9,051,325</u>
Depreciation expense was charged to business-type activities as follows:	
Joint Utility Fund	
Electric	\$ 5,919,604
Gas	259,274
Water	1,744,187
Wastewater	758,875
Environmental Services	195,210
Golf Course	47,736
Transit	59,628
Fire	467,536
Airport	732,477
Equipment - Internal Service	1,569,071
Total depreciation expense - business-type activities	\$ <u>11,753,598</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, 2012, 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:

Class of employee:	Statutory Contribution Rate	
	Member	County
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, 2012, 2011, and 2010 were \$4,282,923, \$4,267,994, and \$4,285,807 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 \$3,363,331 (\$336,333 participant; and \$3,026,998 County, net of forfeitures of \$98,902). 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, 2012 were \$57,549, which included allocated audit fees of \$5,992, trustee fees of \$41,176, and legal fees of \$10,381.

The following are the plan investments at June 30, 2012, stated at fair value, based on the funds' share price:

Mutual funds at fair value:		
Alliance Growth and Income Fund	\$	4,837,961
American Balanced Fund		2,395,107
American Bond Fund of America		1,655,077
Columbia Acorn Trust Fund		3,303,270
Columbia International Value Fund		2,653,998
Gabelli Small Cap Growth Fund		3,444,545
HB and T Short-term Income Fund		3,443,682
Invesco International Growth Fund		2,258,299
Nuveen Large Cap Growth Opportunities Fund		5,904,848
Victory Fund for Income		1,279,893
		<hr/>
Total investments	\$	<u>31,176,680</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 \$30,360 for the fiscal year ended June 30, 2012.

D. New Mexico Retiree Health Care Act

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf; 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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employers and employees will be 2.000% and 1.000% respectively.

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]), during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employers and employees will rise to 2.500% and 1.250% respectively.

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, 2012, 2011, and 2010, were \$667,769, \$602,514, and \$434,306 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, 2012, was as follows:

	<u>Ending Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Accrued compensated absences	\$ 2,909,441	1,584,040	1,564,672	2,928,809	1,845,726
Revenue bonds payable	67,226,077	0	3,426,956	63,799,121	3,470,000
Total governmental activities	<u>\$ 70,135,518</u>	<u>1,584,040</u>	<u>4,991,628</u>	<u>66,727,930</u>	<u>5,315,726</u>
Business-type activities:					
Accrued compensated absences	\$ 2,685,439	1,677,460	1,589,387	2,773,512	1,882,959
Claims and judgments	2,550,070	2,739,222	2,192,866	3,096,426	1,796,173
Revenue bonds payable	54,145,925	0	6,835,886	47,310,039	7,775,000
Contracts and intergovernmental debt	19,695,479	209,771	722,767	19,182,483	775,233
Special closure costs	5,039,774	1,088,103	2,168,647	3,959,230	0
	<u>\$ 84,116,687</u>	<u>5,714,556</u>	<u>13,509,553</u>	<u>76,321,690</u>	<u>12,229,365</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 \$96,004 and claims and judgments in the amount of \$2,711,331 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:

	Principal	Principal repayment, premium and discount amortization	Total
Original par amount	\$ 66,850,000	(3,345,000)	63,505,000
Bond premium	637,735	(113,282)	524,453
Bond discount	(261,658)	31,326	(230,332)
	<u>\$ 67,226,077</u>	<u>(3,426,956)</u>	<u>63,799,121</u>

Year ending June 30	Principal	Interest	Total
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	4,175,000	2,736,056	6,911,056
2018-2022	18,935,000	10,389,207	29,324,207
2023-2027	20,665,000	5,150,781	25,815,781
2028	4,880,000	286,699	5,166,699
	<u>\$ 63,505,000</u>	<u>31,375,718</u>	<u>94,880,718</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, 2012 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	
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	0	0	75,000	39,738	215,000	56,600	350,000	130,372	866,710
2018-2022	0	0	430,000	141,925	1,200,000	148,000	2,055,000	347,437	4,322,362
2023-2025	0	0	315,000	32,000	0	0	0	0	347,000
	<u>\$ 28,230,000</u>	<u>3,482,500</u>	<u>1,090,000</u>	<u>403,112</u>	<u>2,195,000</u>	<u>510,400</u>	<u>3,635,000</u>	<u>1,164,390</u>	<u>40,710,402</u>
2004A Series Principal	\$ 28,230,000								
2004B Series Principal	1,090,000								
2006A Series Principal	2,195,000								
2006B Series Principal	3,635,000								
Unamortized balances:									
Refunding costs	(2,188,239)								
Discounts and premiums	1,119,624								
	<u>\$ 34,081,385</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, 2012 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	
2013	\$ 95,000	131,181	0	84,363	0	222,167	155,000	207,304	895,015
2014	95,000	129,281	0	84,364	0	222,167	160,000	203,839	894,651
2015	100,000	127,500	0	84,363	0	222,168	165,000	199,382	898,413
2016	455,000	125,000	0	84,364	0	222,167	170,000	194,210	1,250,741
2017	460,000	113,625	0	84,363	0	222,167	175,000	187,894	1,243,049
2018-2022	2,580,000	312,300	0	421,818	0	1,110,836	1,005,000	817,718	6,247,672
2023-2027	0	0	1,535,000	155,812	1,570,000	1,042,246	1,285,000	528,800	6,116,858
2028-2030	0	0	0	0	2,110,000	259,008	970,000	120,080	3,459,088
	<u>\$ 3,785,000</u>	<u>938,887</u>	<u>1,535,000</u>	<u>999,447</u>	<u>3,680,000</u>	<u>3,522,926</u>	<u>4,085,000</u>	<u>2,459,227</u>	<u>21,005,487</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	143,654								
	<u>\$ 13,228,654</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, 2012 are as follows:

Year ending June 30	Principal	Interest/ Finance Fee	Total
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	637,905	326,983	964,888
2018-2022	3,488,324	1,336,116	4,824,440
2023-2027	4,043,925	780,518	4,824,443
2028-2030	2,729,295	165,372	2,894,667
	<u>\$ 13,270,606</u>	<u>4,097,387</u>	<u>17,367,993</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, 2012 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	3,251	90	3,341
2018-2022	16,378	330	16,708
2023-2027	16,584	124	16,708
	<u>\$ 49,137</u>	<u>988</u>	<u>50,125</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, 2012 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	4,066	124	4,190
2018-2022	20,484	465	20,949
2023-2027	20,742	209	20,951
2028	4,180	10	4,190
	<u>\$ 65,636</u>	<u>1,404</u>	<u>67,040</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, 2012 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	7,310	260	7,570
2018-2022	36,825	1,024	37,849
2023-2027	37,288	564	37,852
2028-2030	22,598	113	22,711
	<u>\$ 133,080</u>	<u>3,183</u>	<u>136,263</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, 2012 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
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	2,478	88	2,566
2018-2022	12,483	348	12,831
2023-2027	12,640	191	12,831
2028-2030	7,660	38	7,698
	<u>\$ 45,112</u>	<u>1,079</u>	<u>46,191</u>

In November, 2011 the County entered into a loan and grant agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority (NMFA). The agreement includes a \$900,000 grant with a \$600,000 loan for the purpose of financing the costs of the project to upgrade public safety at the Los Alamos Canyon Dam. The loan is to be repaid from existing Utility water system revenues. During fiscal year 2012 the County received \$222,270 of loan proceeds under this agreement. The loan is interest free with a term of 20 years. Principal and administrative fees that were payable as of June 30, 2012 are as follows:

Year ending June 30	Principal	Administrative Fee	Total
2013	\$ 30,251	1,469	31,720
2014	30,324	1,393	31,717
2015	30,398	1,317	31,715
2016	30,472	1,241	31,713
2017	30,546	1,165	31,711
2018-2019	57,780	1,984	59,764
	<u>\$ 209,771</u>	<u>8,570</u>	<u>218,341</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, 2012 are shown on the following page:

Year ending June 30	Principal	Administrative Fee / Interest	Total
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	10,131	5,653	15,784
2018-2022	55,397	23,518	78,915
2023-2027	64,221	14,694	78,915
2028-2031	58,667	4,465	63,132
	<u>\$ 226,072</u>	<u>73,806</u>	<u>299,878</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, 2012 are as follows:

Year ending June 30	Principal	Interest	Total
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	176,515	185,114	361,629
2018-2022	992,199	816,222	1,808,421
2023-2027	1,209,316	599,647	1,808,963
2028-2032	1,479,677	329,963	1,809,640
2033-2034	681,310	42,769	724,079
	<u>\$ 5,183,068</u>	<u>2,776,027</u>	<u>7,959,095</u>

(10) POWER SUPPLY

The Public Service Company of New Mexico (PNM) filed a Notice of Transmission Rate Changes with the Federal Energy Regulatory Commission on October 27, 2010 seeking to increase the annual transmission revenue requirement from \$58.5 million to \$99.3 million. PNM also was proposing to increase the transmission loss factor from 3.0% to 3.58%. PNM's proposal would increase the County's transmission charge by approximately 70%. The County paid PNM an average monthly cost of \$112,470 for these services during fiscal year 2012. Los Alamos County and seven other affected parties acted to intervene and challenge PNM's proposed rates. The Federal Energy Regulatory Commission (FERC) established a settlement and hearing procedure to resolve the issues. After several attempts, the interveners and PNM reached an impasse and agreed to go to trial, which was scheduled to begin in April, 2012. However, on March 1, 2012, PNM and the active interveners reached an agreement adjusting the annual transmission revenue requirements to \$79.6 million and the loss factor to 3.20%. Although PNM's transmission rate increase was lower than they requested, their actions resulted in an estimated total of \$56,000 additional cost to Los Alamos County retail customers.

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, 2012, the County paid \$3,210,830 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 at the current transmission rate, which decreased from \$14,800 to \$14,000 in October, 2011.

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 2012 was \$16,552.

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 \$25,092,230 in fiscal year 2012 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 (Environmental Services Fund)

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

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

The total cost estimate for landfill closure increased in fiscal year 2012 because the original closure plan had to be enhanced to accommodate the solar panels. The new total cost estimate is \$4,307,168, and expenditures to date are \$3,809,469.

As of June 30, 2012, the landfill closure liability is estimated to be \$497,699 (\$171,052 to complete the landfill closure, \$276,269 for 30-year post-closure costs, and \$50,378 for transfer station decommissioning). The liability is funded at 100% and there are restricted assets in the Environmental Services Fund equal to the closure liability amount.

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

B. 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 4 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 should result in a future value sufficient to pay the closure costs in the year 2030. In fiscal year 2012, \$177,600 was set aside for this purpose. As of June 30, 2011 \$3,118,519 was invested for this purpose. The County will periodically review the assumptions to determine whether more or less should be set aside each year.

(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.

The claims liability of \$2,711,331 reported in the Fund at June 30, 2012 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. In addition to the claims and judgments payable in the Risk Management Fund, at June 30, 2012 there is a claims and judgments balance of \$385,095 recorded in the Fire Fund related to a settlement with the fire union.

FY 2012 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, \$2,000,000 per year in aggregate
Emergency Medical Malpractice	\$25,000	Subject to tort claims limits
Public Officials Errors and Omissions	\$25,000	\$1,000,000 per occurrence, \$2,000,000 per year in aggregate
Buildings and Property	\$25,000	Limited by individual property's insured value
Earthquake and Flood	\$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

Changes in the Risk Management Fund's claims liability amount in fiscal year 2011 and 2012 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, 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
Current year claims, insurance, and changes in estimates	432,358	52,988	658,572	1,210,209	2,354,127
Claims and insurance payments	(432,358)	(52,988)	(652,168)	(1,055,352)	(2,192,866)
Claims liability, June 30, 2012	\$ 0	0	2,491,869	219,462	2,711,331

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, 2012. 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)

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, 2012. Please see Note (8) for a discussion of the New Mexico Retiree Health Care plan.

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

Since October 1, 2008, the County has provided 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 FY2012, the County recognized intergovernmental revenue of approximately \$15.6 million under the terms of this cooperative agreement.

Intergovernmental revenues of approximately \$2.1 million were recorded in the Transit Fund for Federal Transit Administration grant funds. Additionally, intergovernmental revenue of approximately \$1.0 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, 2012, the balance of Health Facility Revenue Bonds outstanding was \$7,971,060.

(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, 2012 are as follows:

Major Governmental Funds:	
General Fund	\$ 2,505,631
Economic Development	223,401
Capital Improvement Projects	15,718,477
Other Governmental	1,030,202
Total Governmental Funds	<u>19,477,711</u>
Major Proprietary Funds:	
Joint Utility System	3,739,849
Environmental Services	142,308
Golf Course	16,386
Transit	1,327,764
Fire	414,571
Airport	124,177
Total Proprietary Funds	<u>5,765,055</u>
Internal Service Funds:	
Equipment	247,291
Risk Management	12,461
Total Internal Service Funds	<u>259,752</u>
Outstanding Encumbrances at June 30, 2012	<u><u>\$ 25,502,518</u></u>

D. Litigation

The County is subject to various other legal proceedings, claims, and liabilities, which arise in the ordinary course of the County's business. In the opinion of the County's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse 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, 2012 was \$1,167,037.

The future minimum lease payments under operating leases as of June 30, 2012, are approximately as follows:

Year ending June 30	Amount
2013	\$ 789,990
2014	377,081
2015	173,125
2016	130,213
2017	92,702
2018-2022	401,709
	<u>\$ 1,964,820</u>

(17) 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, 2012, an estimated 65-70% of GRT revenues relate directly to LANL operations.

(18) ACCOUNTING STANDARD PRONOUNCEMENTS

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. (7-1-6.9 NMSA 1978)

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

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

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, 2012

	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	\$ 116,617	123,562	609,314	545,473	540,042	455,298	2,390,306
Investments	0	0	0	0	12,300	0	12,300
Receivables, net of allowance for uncollectibles							
Interest	0	0	0	0	57	0	57
Unbilled	0	27,251	0	0	0	0	27,251
Due from other governments	86,409	0	0	282,049	0	648,971	1,017,429
Prepayments	0	0	0	15,450	0	0	15,450
TOTAL ASSETS	\$ 203,026	150,813	609,314	842,972	552,399	1,104,269	3,462,793
LIABILITIES							
Accounts payable	\$ 0	0	39,342	108,969	2,920	159,807	311,038
Accrued salaries and benefits payable	0	0	941	1,082	1,169	5,383	8,575
Due to other governments	0	0	1,751	0	0	0	1,751
Deferred revenues	0	0	0	0	0	648,971	648,971
TOTAL LIABILITIES	0	0	42,034	110,051	4,089	814,161	970,335
FUND BALANCE							
Restricted for							
Clerk records and files (State law)	0	0	0	0	63,297	0	63,297
Grants (Granting entities)	0	0	567,280	0	0	0	567,280
Library operations (contributors)	0	0	0	0	18,422	0	18,422
Lodgers' tax (State law)	0	150,813	0	0	0	0	150,813
Indigent health care claims (State law)	0	0	0	732,921	0	0	732,921
Municipal court (County code)	0	0	0	0	11,299	0	11,299
Property tax valuation (State law)	0	0	0	0	409,593	0	409,593
Recreation (County code and contributors)	0	0	0	0	45,699	0	45,699
Major street maintenance (State law)	203,026	0	0	0	0	0	203,026
Committed to							
Las Conchas Fire emergency response	0	0	0	0	0	290,108	290,108
TOTAL FUND BALANCE	203,026	150,813	567,280	732,921	548,310	290,108	2,492,458
TOTAL LIABILITIES AND FUND BALANCE	\$ 203,026	150,813	609,314	842,972	552,399	1,104,269	3,462,793

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, 2012

	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	1,922,940	0	0	1,922,940
Lodgers' tax	0	257,389	0	0	0	0	257,389
Penalties and interest-taxes	0	1,008	0	0	0	0	1,008
	<u>0</u>	<u>258,397</u>	<u>0</u>	<u>1,922,940</u>	<u>0</u>	<u>0</u>	<u>2,181,337</u>
Intergovernmental							
State grants-fire	0	0	448,086	0	0	0	448,086
State grants-police	0	0	98,838	0	0	0	98,838
State grants-other	0	0	0	0	0	75,831	75,831
State shared revenues	541,540	0	0	0	0	0	541,540
	<u>541,540</u>	<u>0</u>	<u>546,924</u>	<u>0</u>	<u>0</u>	<u>75,831</u>	<u>1,164,295</u>
Fines and forfeits							
Court ordered reimbursements	0	0	0	0	23,756	0	23,756
Charges for services							
Clerk fee	0	0	0	0	27,609	0	27,609
Finance/treasurer fees	0	0	0	0	154,917	0	154,917
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>182,526</u>	<u>0</u>	<u>182,526</u>
Miscellaneous revenue							
Investment income	0	1,584	3,794	6,489	447	0	12,314
Buildings rental	0	0	0	22,239	0	0	22,239
Donations	0	0	0	0	3,550	0	3,550
Other	0	0	7	0	0	0	7
	<u>0</u>	<u>1,584</u>	<u>3,801</u>	<u>28,728</u>	<u>3,997</u>	<u>0</u>	<u>38,110</u>
TOTAL REVENUES	<u>541,540</u>	<u>259,981</u>	<u>550,725</u>	<u>1,951,668</u>	<u>210,279</u>	<u>75,831</u>	<u>3,590,024</u>
EXPENDITURES							
General government							
Municipal Court	0	0	0	0	39,172	0	39,172
County Assessor	0	0	0	0	102,348	0	102,348
County Clerk	0	0	0	0	22,147	0	22,147
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>163,667</u>	<u>0</u>	<u>163,667</u>
Public safety							
Las Conchas Fire response and recovery	0	0	0	0	0	1,539,413	1,539,413
Fire marshal	0	0	81,436	0	0	0	81,436
Fire-E.M.S. grant	0	0	13,589	0	0	0	13,589
Police	0	0	117,899	0	0	0	117,899
	<u>0</u>	<u>0</u>	<u>212,924</u>	<u>0</u>	<u>0</u>	<u>1,539,413</u>	<u>1,752,337</u>
Physical and economic environment							
County Administrator	0	370,555	0	0	0	0	370,555
Health and welfare							

Administrative Services-OMB	0	0	0	2,671,161	0	0	2,671,161
Culture and recreation							
Community Services-Library	0	0	0	0	1,156	0	1,156
Community Services-Recreation	0	0	0	0	4,369	0	4,369
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,525</u>	<u>0</u>	<u>5,525</u>
Capital outlay:							
General government							
County Clerk	0	0	0	0	9,120	0	9,120
Public Safety							
Capital Projects and Facilities	0	0	73,977	0	0	0	73,977
	<u>0</u>	<u>0</u>	<u>73,977</u>	<u>0</u>	<u>9,120</u>	<u>0</u>	<u>83,097</u>
TOTAL EXPENDITURES	<u>0</u>	<u>370,555</u>	<u>286,901</u>	<u>2,671,161</u>	<u>178,312</u>	<u>1,539,413</u>	<u>5,046,342</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	541,540	(110,574)	263,824	(719,493)	31,967	(1,463,582)	(1,456,318)
OTHER FINANCING SOURCES (USES)							
Transfers in	0	0	0	0	25,000	1,600,000	1,625,000
Transfers out	(532,308)	0	0	(407)	(258)	0	(532,973)
	<u>(532,308)</u>	<u>0</u>	<u>0</u>	<u>(407)</u>	<u>24,742</u>	<u>1,600,000</u>	<u>1,092,027</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	9,232	(110,574)	263,824	(719,900)	56,709	136,418	(364,291)
FUND BALANCE							
Beginning of fiscal year	193,794	261,387	303,456	1,452,821	491,601	153,690	2,856,749
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 203,026</u>	<u>150,813</u>	<u>567,280</u>	<u>732,921</u>	<u>548,310</u>	<u>290,108</u>	<u>2,492,458</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State shared revenues	\$ 530,000	530,000	541,540	11,540
EXPENDITURES AND ENCUMBRANCES				
Public Works - major street maintenance	0	0	0	0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	530,000	530,000	541,540	11,540
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	0	(2,308)	(2,308)	0
Capital Improvement Project Fund	(530,000)	(530,000)	(530,000)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	(2,308)	9,232	11,540
FUND BALANCE				
Beginning of fiscal year			193,794	
FUND BALANCE - END OF FISCAL YEAR			\$ 203,026	

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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 300,000	300,000	257,389	(42,611)
Penalties and interest-taxes	1,000	1,000	1,008	8
Miscellaneous revenues				
Investment income	8,000	8,000	1,584	(6,416)
TOTAL REVENUES	<u>309,000</u>	<u>309,000</u>	<u>259,981</u>	<u>(49,019)</u>
EXPENDITURES AND ENCUMBRANCES				
County Administrator				
Outside services	348,131	348,131	365,295	(17,164)
Materials and supplies	0	0	16	(16)
Intrafund/interfund services	5,244	5,244	5,244	0
Capital outlay	90,000	90,000	0	90,000
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>443,375</u>	<u>443,375</u>	<u>370,555</u>	<u>72,820</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (134,375)</u>	<u>(134,375)</u>	<u>(110,574)</u>	<u>23,801</u>
FUND BALANCE				
Beginning of fiscal year			261,387	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 150,813</u>	

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	\$ 469,762	448,086	448,086	0
State grants-police	104,000	100,589	98,838	(1,751)
Miscellaneous revenues				
Investment income	16,000	16,000	3,794	(12,206)
Other	0	0	7	7
TOTAL REVENUES	589,762	564,675	550,725	(13,950)
EXPENDITURES AND ENCUMBRANCES				
Fire				
Grants and contracts				
Fire - Fire marshal grant	457,925	687,196	237,396	449,800
Fire - Emergency medical services grant	11,837	15,221	13,589	1,632
	469,762	702,417	250,985	451,432
Police				
Grants and contracts				
Police - Law enforcement protection grant	40,000	58,283	58,261	22
Police - DWI local grant	64,000	61,389	59,638	1,751
	104,000	119,672	117,899	1,773
TOTAL EXPENDITURES AND ENCUMBRANCES	573,762	822,089	368,884	453,205
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 16,000	(257,414)	181,841	439,255
ADJUSTMENTS TO GAAP				
Encumbrances			81,983	
GAAP BASIS			263,824	
FUND BALANCE				
Beginning of fiscal year			303,456	
FUND BALANCE - END OF FISCAL YEAR			\$ 567,280	

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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
General gross receipts taxes	\$ 2,207,000	2,207,000	1,922,940	(284,060)
Miscellaneous revenues				
Investment income	47,000	47,000	6,489	(40,511)
Buildings rental	0	0	22,239	22,239
TOTAL REVENUES	<u>2,254,000</u>	<u>2,254,000</u>	<u>1,951,668</u>	<u>(302,332)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	93,759	93,759	53,986	39,773
Outside services	2,087,001	2,536,594	2,576,400	(39,806)
Materials and supplies	1,000	1,000	834	166
Intrafund/interfund services	39,941	39,941	39,941	0
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>2,221,701</u>	<u>2,671,294</u>	<u>2,671,161</u>	<u>133</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	<u>32,299</u>	<u>(417,294)</u>	<u>(719,493)</u>	<u>(302,199)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	0	(407)	(407)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 32,299</u>	<u>(417,701)</u>	<u>(719,900)</u>	<u>(302,199)</u>
FUND BALANCE				
Beginning of fiscal year			1,452,821	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 732,921</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Court fees	\$ 31,000	31,000	23,756	(7,244)
Clerk fee	15,000	15,000	27,609	12,609
Finance/treasurer fees	150,000	150,000	154,917	4,917
	<u>196,000</u>	<u>196,000</u>	<u>206,282</u>	<u>10,282</u>
Miscellaneous revenues				
Investment income	1,500	1,500	447	(1,053)
Donations	3,000	3,000	3,550	550
	<u>4,500</u>	<u>4,500</u>	<u>3,997</u>	<u>(503)</u>
TOTAL REVENUES	200,500	200,500	210,279	9,779
EXPENDITURES AND ENCUMBRANCES				
Municipal Court				
Bench warrant	18,231	18,231	6,230	12,001
Community service	25,000	25,000	18,534	6,466
Alternative sentencing	25,000	25,000	14,408	10,592
County Assessor				
Property tax valuation	123,530	127,874	102,348	25,526
County Clerk				
Recording and equipment	17,171	32,171	31,267	904
Community Services				
Aquatic center gift	3,000	3,000	4,369	(1,369)
Library gift	3,200	3,200	1,156	2,044
TOTAL EXPENDITURES AND ENCUMBRANCES	215,132	234,476	178,312	56,164
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(14,632)	(33,976)	31,967	65,943

OTHER FINANCING SOURCES (USES)

Transfers in from:

General Fund

25,000

25,000

25,000

0

Transfers out to:

General Fund

0

(258)

(258)

0

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

\$ 10,368

(9,234)

56,709

65,943

FUND BALANCE

Beginning of fiscal year

491,601

FUND BALANCE - END OF FISCAL YEAR

\$ 548,310

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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 0	1,217,641	0	(1,217,641)
State grants-other	0	195,253	75,831	(119,422)
	<u>0</u>	<u>1,412,894</u>	<u>75,831</u>	<u>(1,337,063)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Employee salaries and benefits	0	0	858,304	(858,304)
Outside services	0	2,468,074	1,518,988	949,086
Materials and supplies	0	21,261	89,766	(68,505)
Intrafund/interfund services	0	0	20,574	(20,574)
	<u>0</u>	<u>2,489,335</u>	<u>2,487,632</u>	<u>1,703</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	0	(1,076,441)	(2,411,801)	(1,335,360)
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	1,600,000	1,600,000	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>0</u>	<u>523,559</u>	<u>(811,801)</u>	<u>(1,335,360)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			948,219	
GAAP BASIS			<u>136,418</u>	
FUND BALANCE				
Beginning of fiscal year			153,690	
FUND BALANCE - END OF FISCAL YEAR			\$ <u>290,108</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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 10,000	10,000	47,123	37,123
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Principal payment on debt	3,345,000	3,345,000	3,345,000	0
Interest payment on debt	3,569,438	3,569,438	3,569,438	0
	<u>6,914,438</u>	<u>6,914,438</u>	<u>6,914,438</u>	<u>0</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(6,904,438)	(6,904,438)	(6,867,315)	37,123
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	6,914,254	6,914,254	7,490,456	576,202
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 9,816	9,816	623,141	613,325
FUND BALANCE				
Beginning of fiscal year			6,698,999	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 7,322,140</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, 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 1,830,000	1,830,000	(444,932)	(2,274,932)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	(1,000,248)	(1,000,248)	(1,000,248)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 829,752	829,752	(1,445,180)	(2,274,932)
FUND BALANCE				
Beginning of fiscal year			27,083,179	
FUND BALANCE - END OF FISCAL YEAR			\$ 25,637,999	

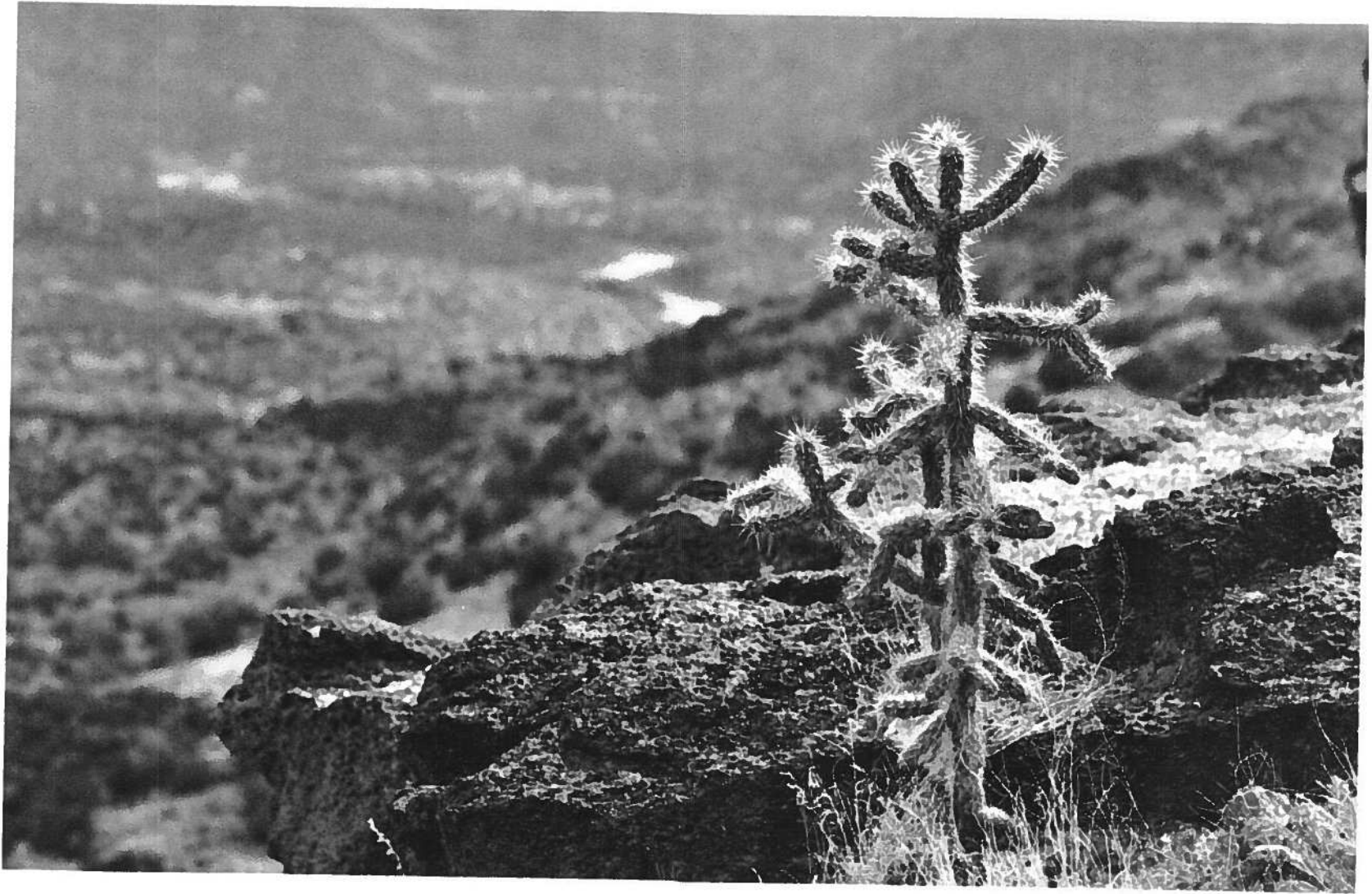
See accompanying notes to financial statements

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

Fiscal Year Ended June 30, 2012

PROJECT	PROJECT-LENGTH BUDGET APPROPRIATIONS	EXPENDED IN PRIOR YEARS	EXPENDED IN CURRENT YEAR	EXPENDED THROUGH Jun 30, 2012	UNEXPENDED AS OF Jun 30, 2012	ENCUMBRANCES AS OF Jun 30, 2012	REMAINING BALANCE AS OF Jun 30, 2012
CIP FUND - MAJOR PROJECTS							
Major Network Upgrades	\$ 1,794,636	400,000	54,288	454,288	1,340,348	5,679	1,334,669
Network Expansion (Broadband design)	1,123,501	376,702	552,268	928,970	194,531	71,191	123,340
Potential Public Schools Projects	1,500,000	0	0	0	1,500,000	0	1,500,000
Municipal Building Replacement	25,776,299	1,515,522	8,711,543	10,227,065	15,549,234	11,370,644	4,178,589
Jail/Courts Replace (Justice Center)	79,279	0	0	0	79,279	14,626	64,653
Trinity Site Demolition	917,013	0	0	0	917,013	21,199	895,814
Golf Course Clubhouse	5,324,959	613,060	176,345	789,405	4,535,554	107,831	4,427,723
White Rock Civic Center	200,000	0	155,311	155,311	44,689	0	44,689
New Fire Station #3 - White Rock (residual)	34,000	0	0	0	34,000	34,000	0
La Plaza Mainstreet	80,731	13,913	43,441	57,354	23,377	3,533	19,844
Canyon Rim Trail	5,255	0	0	0	5,255	0	5,255
State Road 502 Improvements	1,125,000	0	0	0	1,125,000	0	1,125,000
Diamond Drive Phase 4	210,520	0	0	0	210,520	2,747	207,773
Western Area Road Replacement	80,074	0	15,749	15,749	64,325	0	64,325
State Road 4 Improvements	7,216,392	844,137	4,824,728	5,668,865	1,547,527	875,021	672,506
White Rock Arroyo Trail	876,056	137,063	2,066	139,129	736,927	30,431	706,496
Barranca Phase II Pavement	302,810	0	0	0	302,810	37,851	264,959
Iris Street Project	1,023,393	3,583	7,067	10,650	1,012,743	869,365	143,378
Eastern Area Project	4,211,022	0	435,980	435,980	3,775,042	1,930,235	1,844,807
Public Art (continuing)	819,857	0	50,000	50,000	769,857	20,000	749,857
Parks Small Capital Projects	214,321	0	0	0	214,321	91,758	122,563
White Rock Visitor Center /RV Lot	3,502,925	213,106	2,591,434	2,804,540	698,385	192,500	505,885
White Rock Gateway Structure (design)	50,000	32,941	0	32,941	17,059	0	17,059
Stables Area Covered Arena (design)	806,422	16,694	19,637	36,331	770,091	0	770,092
Ice Rink Improvements	240,000	16,944	152,287	169,231	70,769	0	70,769
Ashley Pond Improvements	125,000	0	28,030	28,030	96,970	39,866	57,104
Teen Center Study	150,000	4,868	133,574	138,442	11,558	0	11,558
Golf Course Improvement Study	75,000	3,371	70,710	74,081	919	0	919
Nature Center Study	120,000	7579	112090	119669	331	0	331
	<u>57,984,465</u>	<u>4,199,483</u>	<u>18,136,548</u>	<u>22,336,031</u>	<u>35,648,434</u>	<u>15,718,477</u>	<u>19,929,957</u>
PROJECTS COMPLETED IN FY 2012							
Major Network Upgrades	123,876	0	123,876	123,876	0	0	0
Municipal Building Replacement	24,578	0	24,578	24,578	0	0	0
UNM LA hardware project	303,118	0	303,118	303,118	0	0	0
Airport Basin Site (Pajarito Cliffs)	73,202	0	46,505	46,505	26,697	0	26,697
Jail/Courts Replace (Justice Center)	812,438	626,921	185,517	812,438	0	0	0
Animal Shelter	43,737	14,953	15,796	30,749	12,988	0	12,988
Trinity Site Demolition	421,267	0	421,267	421,267	0	0	0
Historical Archives/Records (design)	152,345	137,703	6,194	143,897	8,448	0	8,449
LA Apartments Demolition	537,669	0	408,850	408,850	128,819	0	128,819
Solar Panels - Animal Shelter/Justice Center	103,000	1,367	96,929	98,296	4,704	0	4,704
New Fire Station #3 - White Rock (residual)	61,418	59,635	0	59,635	1,783	0	1,783

Public safety Radio Study	50,000		48,150	48,150	1,850	0	1,850
Canyon Rim Trail	236,312	0	176,396	176,396	59,916	0	59,916
Diamond Drive Phase 3	56,376	0	56,376	56,376	0	0	0
Diamond Drive Phase 4	8,537,981	6,481,298	2,056,683	8,537,981	0	0	0
Trinity DR/East Road Corridor (Study)	403,692	344,979	51,411	396,390	7,302	0	7,302
Barranca Road Improvements	1,294,540	1,068,123	146	1,068,269	226,271	0	226,271
Barranca Phase II Pavement	1,332,497	114,283	1,218,214	1,332,497	0	0	0
Public Art (continuing)	4,649	0	4,649	4,649	0	0	0
Parks Small Capital Projects	130,189	0	130,189	130,189	0	0	0
Leisure Pool - Aquatic Center	144,201	17,803	0	17,803	126,398	0	126,398
Aquatic Center Leisure Pool Study (design)	6,198,000	49,816	0	49,816	6,148,184	0	6,148,184
North Mesa Ballfield Lights	684,958	532,228	148,838	681,066	3,892	0	3,892
TOTAL PROJECTS COMPLETED IN FY 2012	<u>21,730,043</u>	<u>9,449,109</u>	<u>5,523,682</u>	<u>14,972,791</u>	<u>6,757,252</u>	<u>0</u>	<u>6,757,253</u>
TOTALS FY 2012	<u>\$ 79,714,508</u>	<u>13,648,592</u>	<u>23,660,230</u>	<u>37,308,822</u>	<u>42,405,686</u>	<u>15,718,477</u>	<u>26,687,210</u>



Joint Utility System Subfunds

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

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

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

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

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



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

COMBINING SCHEDULE OF NET ASSETS
June 30, 2012

	<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	\$ (6,112,886)	6,113,153	17,262,222	1,284,948	18,547,437
Receivables, net of allowance for uncollectibles					
Accounts	2,438,022	155,602	444,168	278,809	3,316,601
Unbilled	503,466	92,236	324,417	186,830	1,106,949
Inventories and prepayments					
Inventories	683,582	46,054	161,154	13,729	904,519
Power plant inventories	763,171	0	0	0	763,171
Prepayments	664,058	0	189,746	0	853,804
	<u>(1,060,587)</u>	<u>6,407,045</u>	<u>18,381,707</u>	<u>1,764,316</u>	<u>25,492,481</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	10,809,850	0	91,642	402,037	11,303,529
Operations and maintenance	3,388,996	0	0	119,626	3,508,622
Capital projects	5,256,265	0	511,822	0	5,768,087
Investments					
Debt reserves and debt service	7,281,449	0	0	0	7,281,449
Operations and maintenance	3,040,077	0	0	0	3,040,077
Premiums and discounts	494,448	0	0	0	494,448
Accrued interest	14,339	0	0	0	14,339
	<u>30,285,424</u>	<u>0</u>	<u>603,464</u>	<u>521,663</u>	<u>31,410,551</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	2,959,328	2,959,328
Utility plant in service	140,770,723	11,622,280	72,704,968	37,982,119	263,080,090
Machinery and equipment	2,863,952	175,769	862,441	178,947	4,081,109
Less accumulated depreciation	(79,371,795)	(3,349,800)	(18,104,542)	(7,849,417)	(108,675,554)
Construction in progress	8,670,019	849,553	2,523,099	140,423	12,183,094
	<u>72,932,899</u>	<u>9,297,802</u>	<u>57,985,966</u>	<u>33,411,400</u>	<u>173,628,067</u>
DEFERRED CHARGES AND OTHER ASSETS					
Bond issuance costs, net of amortization	587,904	0	6,663	0	594,567
TOTAL ASSETS	<u>102,745,640</u>	<u>15,704,847</u>	<u>76,977,800</u>	<u>35,697,379</u>	<u>231,125,666</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,977,497	160,956	396,389	34,051	3,568,893
Accrued salaries including benefits payable	75,720	12,618	16,291	14,701	119,330
Accrued compensated absences	332,791	101,342	42,018	53,196	529,347
Customer deposits payable	63,225	41,970	42,473	0	147,668
Due to other governments	55,040	14,261	24,154	16,991	110,446
Donations held in trust	25,815	0	0	0	25,815
	<u>3,530,088</u>	<u>331,147</u>	<u>521,325</u>	<u>118,939</u>	<u>4,501,499</u>

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	7,759,967	0	15,033	0	7,775,000
Contracts and intergovernmental debt payable	0	0	52,968	569,989	622,957
Interest payable on debt	923,587	0	5,303	91,631	1,020,521
	<u>8,683,554</u>	<u>0</u>	<u>73,304</u>	<u>661,620</u>	<u>9,418,478</u>

NON-CURRENT LIABILITIES

Revenue bonds payable	38,660,964	0	874,075	0	39,535,039
Special closure costs	3,461,531	0	0	0	3,461,531
Accrued compensated absences	141,916	74,086	48,466	20,387	284,855
Contracts and intergovernmental debt payable	0	0	626,703	12,749,755	13,376,458
	<u>42,264,411</u>	<u>74,086</u>	<u>1,549,244</u>	<u>12,770,142</u>	<u>56,657,883</u>

TOTAL LIABILITIES

	<u><u>54,478,053</u></u>	<u><u>405,233</u></u>	<u><u>2,143,873</u></u>	<u><u>13,550,701</u></u>	<u><u>70,577,860</u></u>
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NET ASSETS

Invested in capital assets, net of related debt	32,356,137	9,297,802	56,423,850	20,091,657	118,169,446
Restricted assets for, net of related liabilities:					
Debt service	20,644,041	0	86,339	40,032	20,770,412
Unrestricted	(4,732,591)	6,001,812	18,323,738	2,014,989	21,607,948
TOTAL NET ASSETS	<u><u>\$ 48,267,587</u></u>	<u><u>15,299,614</u></u>	<u><u>74,833,927</u></u>	<u><u>22,146,678</u></u>	<u><u>160,547,806</u></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, 2012

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 44,797,519	5,443,164	5,659,148	4,137,903	60,037,734
Rentals	22,262	0	0	0	22,262
Intergovernmental	114,103	28,332	4,607	0	147,042
Miscellaneous operating revenue	20,977	10,580	8,267	9,231	49,055
	<u>44,954,861</u>	<u>5,482,076</u>	<u>5,672,022</u>	<u>4,147,134</u>	<u>60,256,093</u>
OPERATING EXPENSES					
Employee salaries and benefits	4,233,420	473,198	1,265,102	1,131,049	7,102,769
Contractual services	27,463,081	3,362,698	2,282,841	1,225,683	34,334,303
Materials and supplies	424,973	127,744	174,805	229,969	957,491
Depreciation and amortization	6,321,795	316,645	1,744,802	758,875	9,142,117
Special closure costs	197,583	0	0	0	197,583
Other	24,827	9,568	1,975	3,286	39,656
	<u>38,665,679</u>	<u>4,289,853</u>	<u>5,469,525</u>	<u>3,348,862</u>	<u>51,773,919</u>
OPERATING INCOME (LOSS)	6,289,182	1,192,223	202,497	798,272	8,482,174
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of capital assets	(250,010)	(22,605)	(28,634)	(3,472)	(304,721)
Investment income (loss)	703,072	38,310	119,178	13,663	874,223
Interest on long-term debt	(2,753,290)	0	(43,665)	(410,784)	(3,207,739)
Inventory adjustment	(40,629)	4,096	(3,090)	682	(38,941)
	<u>(2,340,857)</u>	<u>19,801</u>	<u>43,789</u>	<u>(399,911)</u>	<u>(2,677,178)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	3,948,325	1,212,024	246,286	398,361	5,804,996
TRANSFERS AND CONTRIBUTIONS					
Transfers out	(491,306)	(282,776)	(1,890)	0	(775,972)
Intergovernmental - capital grants	59,491	0	0	0	59,491
Contributed capital assets- governmental activities	0	0	0	(437,476)	(437,476)
NET INCOME (LOSS)	3,516,510	929,248	244,396	(39,115)	4,651,039
NET ASSETS					
Beginning of fiscal year	44,751,077	14,370,366	74,589,531	22,185,793	155,896,767
NET ASSETS - END OF FISCAL YEAR	\$ 48,267,587	15,299,614	74,833,927	22,146,678	160,547,806

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
COMBINING SCHEDULE OF CASH FLOWS
Year ended June 30, 2012

	<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	\$ 45,181,083	5,429,984	5,714,403	4,096,606	60,422,076
Cash paid to suppliers for goods and services	(28,648,199)	(3,442,688)	(2,341,126)	(1,434,180)	(35,866,193)
Cash paid to employees	(4,136,381)	(455,146)	(1,238,941)	(1,125,163)	(6,955,631)
Taxes received from customers and users	678,093	356,705	201,718	204,742	1,441,258
Taxes remitted to State (from customers and users)	(670,028)	(357,732)	(199,402)	(202,351)	(1,429,513)
NET CASH FLOWS - OPERATING ACTIVITIES	12,404,568	1,531,123	2,136,652	1,539,654	17,611,997
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Cash received from grants	0	28,332	0	0	28,332
Transfers to other funds	(491,306)	(282,776)	0	0	(774,082)
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	(491,306)	(254,444)	0	0	(745,750)
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from capital grants	59,491	0	0	0	59,491
Proceeds received from loans	0	0	222,270	0	222,270
Principal repaid	(7,180,000)	0	(34,921)	(553,473)	(7,768,394)
Interest and other debt service paid	(2,584,776)	0	(46,595)	(414,757)	(3,046,128)
Federal debt subsidy received	114,103	0	4,607	0	118,710
Cash paid for acquisition of capital assets	(5,885,532)	(1,310,811)	(2,340,842)	(583,022)	(10,120,207)
Proceeds from sale of capital assets	206,590	0	0	0	206,590
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(15,270,124)	(1,310,811)	(2,195,481)	(1,551,252)	(20,327,668)
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	14,683,793	0	0	0	14,683,793
Interest received on investments	870,720	38,310	119,178	13,663	1,041,871
Purchase of investment securities	(7,260,681)	0	0	0	(7,260,681)
NET CASH FLOWS - INVESTING ACTIVITIES	8,293,832	38,310	119,178	13,663	8,464,983
NET INCREASE (DECREASE) IN CASH	4,936,970	4,178	60,349	2,065	5,003,562
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	8,405,255	6,108,975	17,805,337	1,804,546	34,124,113
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 13,342,225	6,113,153	17,865,686	1,806,611	39,127,675

(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)	\$	6,289,182	1,192,223	202,497	798,272	8,482,174
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES						
Depreciation and amortization expense		6,321,795	316,645	1,744,802	758,875	9,142,117
Amortization of special closure costs		197,583	0	0	0	197,583
Provision for uncollectible accounts receivable		24,827	9,568	1,975	3,286	39,656
Intergovernmental revenue		(114,103)	(28,332)	(4,607)	0	(147,042)
Change in assets and liabilities:						
Accounts and other receivables		341,794	(20,101)	46,698	(50,528)	317,863
Inventories		(440,512)	3,660	(3)	10,929	(425,926)
Prepayments and other		(615,846)	0	(185,561)	0	(801,407)
Accounts payable and other		296,213	44,094	302,084	10,543	652,934
Salaries and benefits payable		97,039	18,052	26,161	5,886	147,138
Other current liabilities		(1,469)	(3,659)	290	0	(4,838)
Due to other governments		8,065	(1,027)	2,316	2,391	11,745
Total adjustments		<u>6,115,386</u>	<u>338,900</u>	<u>1,934,155</u>	<u>741,382</u>	<u>9,129,823</u>
NET CASH FLOWS - OPERATING ACTIVITIES	\$	<u><u>12,404,568</u></u>	<u><u>1,531,123</u></u>	<u><u>2,136,652</u></u>	<u><u>1,539,654</u></u>	<u><u>17,611,997</u></u>

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

NON CASH TRANSACTIONS:

Assets transferred - proprietary funds	\$	0	0	(1,890)	0	(1,890)
Contributed capital assets - governmental activities		0	0	0	(437,476)	(437,476)
Fair value adjustment for investments		303,011	0	0	0	303,011
TOTAL NON CASH CAPITAL ACQUISITIONS	\$	<u><u>303,011</u></u>	<u><u>0</u></u>	<u><u>(1,890)</u></u>	<u><u>(437,476)</u></u>	<u><u>(136,355)</u></u>

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 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 0	1,197,823	206,533	(991,290)
Charges for services	65,016,079	65,016,079	60,060,848	(4,955,231)
Miscellaneous revenues	1,201,016	1,201,016	922,429	(278,587)
TOTAL REVENUES	<u>66,217,095</u>	<u>67,414,918</u>	<u>61,189,810</u>	<u>(6,225,108)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric Subfund	53,467,763	57,496,083	48,864,884	8,631,199
Gas Subfund	6,114,377	6,484,332	5,911,715	572,617
Water Subfund	6,264,972	9,587,410	8,099,525	1,487,885
Wastewater Subfund	4,319,157	4,373,376	4,295,187	78,189
TOTAL EXPENSES AND ENCUMBRANCES	<u>70,166,269</u>	<u>77,941,201</u>	<u>67,171,311</u>	<u>10,769,890</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(3,949,174)</u>	<u>(10,526,283)</u>	<u>(5,981,501)</u>	<u>4,544,782</u>
OTHER FINANCING SOURCES (USES)				
Transfers out to:	(865,000)	(898,706)	(774,082)	124,624
Proceeds from long-term debt	5,860,000	5,860,000	222,270	(5,637,730)
Proceeds from sale of capital assets	0	0	183,272	183,272
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,995,000</u>	<u>4,961,294</u>	<u>(368,540)</u>	<u>(5,329,834)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ 1,045,826</u>	<u>(5,564,989)</u>	<u>(6,350,041)</u>	<u>(785,052)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			3,739,849	
Changes in compensated absences			(59,444)	
Bad debt adjustment			(39,656)	
Depreciation and amortization			(9,142,117)	
Adjustments to inventory			(38,941)	
Special closure costs			(197,583)	

Net book value of disposed capital assets	(487,993)
Proceeds from intergovernmental debt	(222,270)
Assets transferred - proprietary funds	(1,890)
Contributed capital assets - governmental activities	(437,476)
Capital outlay capitalized	37,552
Capital projects capitalized (budgeted by line item)	10,082,655
Principal on debt service	7,768,394
	<u>11,001,080</u>
GAAP BASIS	4,651,039
NET ASSETS	
Beginning of fiscal year	155,896,767
NET ASSETS - END OF FISCAL YEAR	\$ <u><u>160,547,806</u></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 2012**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 0	59,491	59,491	0
Federal subsidy	0	0	114,103	114,103
	<u>0</u>	<u>59,491</u>	<u>173,594</u>	<u>114,103</u>
Charges for services				
Residential	12,435,310	12,435,310	5,878,664	(6,556,646)
Commercial and industrial	0	0	3,858,918	3,858,918
Public street and highway lighting	0	0	69,953	69,953
Municipal	0	0	1,554,427	1,554,427
Educational	0	0	425,151	425,151
Wholesale	36,799,698	36,799,698	32,888,233	(3,911,465)
Rent from utility properties	0	0	22,262	22,262
Miscellaneous services	555,770	555,770	123,022	(432,748)
	<u>49,790,778</u>	<u>49,790,778</u>	<u>44,820,630</u>	<u>(4,970,148)</u>
Miscellaneous revenues				
Interest income (loss)	665,228	665,228	703,072	37,844
Interest charges-delinquent accounts	0	0	20,128	20,128
	<u>665,228</u>	<u>665,228</u>	<u>723,200</u>	<u>57,972</u>
TOTAL REVENUES	50,456,006	50,515,497	45,717,424	(4,798,073)
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric production				
Employee salaries and benefits	1,241,210	1,241,210	1,523,260	(282,050)
Outside services	36,501,659	37,938,821	31,007,236	6,931,585
Materials and supplies	54,980	415,830	749,712	(333,882)
Intrafund/interfund services	1,053,343	1,053,343	696,892	356,451
Capital outlay	23,300	23,300	200,312	(177,012)
Debt and fiscal charges	9,034,523	9,034,523	9,127,371	(92,848)
	<u>47,909,015</u>	<u>49,707,027</u>	<u>43,304,783</u>	<u>6,402,244</u>
Electric distribution				
Employee salaries and benefits	1,055,543	1,055,543	972,791	82,752
Outside services	2,383,861	2,557,439	1,748,275	809,164

Materials and supplies	316,000	316,490	618,424	(301,934)
Intrafund/interfund services	986,366	986,366	1,040,651	(54,285)
Capital outlay	83,500	83,500	0	83,500
Debt and fiscal charges	733,478	733,478	805,919	(72,441)
	<u>5,558,748</u>	<u>5,732,816</u>	<u>5,186,060</u>	<u>546,756</u>
General and administrative				
Employee salaries and benefits	2,740,500	2,740,500	2,370,169	370,331
Outside services	650,948	2,705,231	445,657	2,259,574
Materials and supplies	84,427	86,384	123,832	(37,448)
Intrafund/interfund services	(3,607,775)	(3,607,775)	(2,570,787)	(1,036,988)
Capital outlay	131,900	131,900	5,170	126,730
	<u>0</u>	<u>2,056,240</u>	<u>374,041</u>	<u>1,682,199</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>53,467,763</u>	<u>57,496,083</u>	<u>48,864,884</u>	<u>8,631,199</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(3,011,757)	(6,980,586)	(3,147,460)	3,833,126
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(435,000)	(468,706)	(491,306)	(22,600)
Proceeds from long-term debt				
Revenue bonds	5,860,000	5,860,000	0	(5,860,000)
Proceeds from sale of capital assets	0	0	183,272	183,272
	<u>5,425,000</u>	<u>5,391,294</u>	<u>(308,034)</u>	<u>(5,699,328)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>2,413,243</u>	<u>(1,589,292)</u>	<u>(3,455,494)</u>	<u>(1,866,202)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			967,489	
Changes in compensated absences			(42,901)	
Bad debt adjustment			(24,827)	
Depreciation and amortization			(6,321,795)	
Adjustments to inventory			(40,629)	
Special closure costs			(197,583)	
Net book value of disposed capital assets			(433,282)	
Capital outlay capitalized			7,756	
Capital projects capitalized (budgeted by line item)			5,877,776	
Principal on debt service			7,180,000	
			<u>6,972,004</u>	
GAAP BASIS			<u>3,516,510</u>	
NET ASSETS				
Beginning of fiscal year			44,751,077	
NET ASSETS - END OF FISCAL YEAR			\$ <u>48,267,587</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 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal direct	\$ 0	28,332	28,332	0
Charges for services				
Residential	5,808,996	5,808,996	4,230,259	(1,578,737)
Commercial and industrial	0	0	783,425	783,425
Municipal	0	0	215,625	215,625
Educational	0	0	193,036	193,036
Miscellaneous services	14,423	14,423	20,820	6,397
	<u>5,823,419</u>	<u>5,823,419</u>	<u>5,443,165</u>	<u>(380,254)</u>
Miscellaneous revenues				
Interest income	50,000	50,000	38,310	(11,690)
Interest charges-delinquent accounts	0	0	10,580	10,580
	<u>50,000</u>	<u>50,000</u>	<u>48,890</u>	<u>(1,110)</u>
TOTAL REVENUES	<u>5,873,419</u>	<u>5,901,751</u>	<u>5,520,387</u>	<u>(381,364)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Gas				
Employee salaries and benefits	561,681	561,681	732,708	(171,027)
Outside services	4,435,327	4,797,967	4,189,180	608,787
Materials and supplies	104,300	111,615	234,417	(122,802)
Intrafund/interfund services	993,069	993,069	725,614	267,455
Capital outlay	20,000	20,000	29,796	(9,796)
TOTAL EXPENSES AND ENCUMBRANCES	<u>6,114,377</u>	<u>6,484,332</u>	<u>5,911,715</u>	<u>572,617</u>

EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(240,958)	(582,581)	(391,328)	191,253
OTHER FINANCING SOURCES (USES)				
Transfer out to:				
General Fund	<u>(430,000)</u>	<u>(430,000)</u>	<u>(282,776)</u>	<u>147,224</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (670,958)</u>	<u>(1,012,581)</u>	<u>(674,104)</u>	<u>338,477</u>
ADJUSTMENTS TO GAAP				
Encumbrances			643,376	
Changes in compensated absences			(6,113)	
Bad debt adjustment			(9,568)	
Depreciation and amortization			(316,645)	
Adjustments to inventory			4,096	
Net book value of disposed capital assets			(22,605)	
Capital outlay capitalized			29,796	
Capital projects capitalized (budgeted by line item)			<u>1,281,015</u>	
GAAP BASIS			<u>1,603,352</u>	
			<u>929,248</u>	
NET ASSETS				
Beginning of fiscal year			14,370,366	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 15,299,614</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 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal subsidy	\$ 0	0	4,607	4,607
State grants-other	0	1,110,000	0	(1,110,000)
	<u>0</u>	<u>1,110,000</u>	<u>4,607</u>	<u>(1,105,393)</u>
Charges for services				
Residential	4,201,511	4,201,511	3,512,646	(688,865)
Commercial and industrial	0	0	515,633	515,633
Municipal	75,000	75,000	413,283	338,283
Educational	0	0	157,613	157,613
Wholesale	1,270,580	1,270,580	1,017,619	(252,961)
Miscellaneous services	60,000	60,000	42,355	(17,645)
	<u>5,607,091</u>	<u>5,607,091</u>	<u>5,659,149</u>	<u>52,058</u>
Miscellaneous revenues				
Interest income	410,000	410,000	119,178	(290,822)
Interest charges-delinquent accounts	0	0	8,267	8,267
	<u>410,000</u>	<u>410,000</u>	<u>127,445</u>	<u>(282,555)</u>
TOTAL REVENUES	<u>6,017,091</u>	<u>7,127,091</u>	<u>5,791,201</u>	<u>(1,335,890)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Water distribution				
Employee salaries and benefits	498,491	498,491	514,361	(15,870)
Outside services	926,500	1,391,069	979,649	411,420
Materials and supplies	84,500	85,546	128,899	(43,353)
Intrafund/interfund services	603,379	603,379	509,501	93,878
Capital outlay	42,500	42,500	0	42,500
	<u>2,155,370</u>	<u>2,620,985</u>	<u>2,132,410</u>	<u>488,575</u>
Water production				
Employee salaries and benefits	925,801	925,801	835,783	90,018
Outside services	1,342,476	4,198,125	3,645,702	552,423
Materials and supplies	248,800	249,974	112,270	137,704
Intrafund/interfund services	1,417,710	1,417,710	1,286,609	131,101
Capital outlay	115,000	115,000	8,165	106,835
Debt and fiscal charges	59,815	59,815	78,586	(18,771)
	<u>4,109,602</u>	<u>6,966,425</u>	<u>5,967,115</u>	<u>999,310</u>

TOTAL EXPENSES AND ENCUMBRANCES	<u>6,264,972</u>	<u>9,587,410</u>	<u>8,099,525</u>	<u>1,487,885</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt				
Intergovernmental loans	<u>0</u>	<u>0</u>	<u>222,270</u>	<u>222,270</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (247,881)</u>	<u>(2,460,319)</u>	<u>(2,086,054)</u>	<u>374,265</u>
ADJUSTMENTS TO GAAP				
Encumbrances			1,968,123	
Changes in compensated absences			(10,775)	
Bad debt adjustment			(1,975)	
Depreciation and amortization			(1,744,802)	
Adjustments to inventory			(3,090)	
Net book value of disposed capital assets			(28,634)	
Proceeds from intergovernmental loans			(222,270)	
Assets transferred - proprietary funds			(1,890)	
Capital projects capitalized (budgeted by line item)			2,340,842	
Principal on debt service			34,921	
GAAP BASIS			<u>2,330,450</u>	
			<u>244,396</u>	
NET ASSETS				
Beginning of fiscal year			74,589,531	
NET ASSETS - END OF FISCAL YEAR			<u>\$ 74,833,927</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 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services				
Wastewater collection	\$ 3,791,700	3,791,700	4,136,291	344,591
Miscellaneous services	3,091	3,091	1,613	(1,478)
	<u>3,794,791</u>	<u>3,794,791</u>	<u>4,137,904</u>	<u>343,113</u>
Miscellaneous revenues				
Interest income	75,788	75,788	13,663	(62,125)
Interest charges-delinquent accounts	0	0	9,231	9,231
	<u>75,788</u>	<u>75,788</u>	<u>22,894</u>	<u>(52,894)</u>
TOTAL REVENUES	<u>3,870,579</u>	<u>3,870,579</u>	<u>4,160,798</u>	<u>290,219</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Wastewater				
Employee salaries and benefits	1,215,489	1,215,489	1,172,952	42,537
Outside services	628,321	677,500	899,925	(222,425)
Materials and supplies	209,750	214,790	248,447	(33,657)
Intrafund/interfund services	1,256,367	1,256,367	1,009,606	246,761
Capital outlay	41,000	41,000	0	41,000
Debt and fiscal charges	968,230	968,230	964,257	3,973
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,319,157</u>	<u>4,373,376</u>	<u>4,295,187</u>	<u>78,189</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(448,578)</u>	<u>(502,797)</u>	<u>(134,389)</u>	<u>368,408</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ (448,578)</u>	<u>(502,797)</u>	<u>(134,389)</u>	<u>368,408</u>

ADJUSTMENTS TO GAAP

Encumbrances	160,861
Changes in compensated absences	345
Bad debt adjustment	(3,286)
Depreciation and amortization	(758,875)
Adjustments to inventory	682
Net book value of disposed capital assets	(3,472)
Contributed capital assets - governmental activities	(437,476)
Capital projects capitalized (budgeted by line item)	583,022
Principal on debt service	553,473
	<u>95,274</u>
	<u>(39,115)</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year

NET ASSETS - END OF FISCAL YEAR

	22,185,793
\$	<u><u>22,146,678</u></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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 1,109,000	1,109,000	961,506	(147,494)
Charges for services				
Sales of food or merchandise (trash bags)	10,000	10,000	6,759	(3,241)
Residential	1,530,000	1,530,000	1,555,700	25,700
Commercial and industrial	585,000	585,000	597,677	12,677
Other charges for services	770,000	770,000	559,521	(210,479)
	<u>2,895,000</u>	<u>2,895,000</u>	<u>2,719,657</u>	<u>(175,343)</u>
Interfund/interdepartmental charges				
Interdepartmental services	0	0	39,685	39,685
Miscellaneous revenues				
Interest income	92,000	92,000	22,546	(69,454)
Interest charges-delinquent accounts	0	0	5,621	5,621
Other	75,000	75,000	68,286	(6,714)
	<u>167,000</u>	<u>167,000</u>	<u>96,453</u>	<u>(70,547)</u>
TOTAL REVENUES	<u>4,171,000</u>	<u>4,171,000</u>	<u>3,817,301</u>	<u>(353,699)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Environmental Services				
Employee salaries and benefits	1,229,413	1,229,413	1,130,142	99,271
Outside services	1,433,918	3,798,326	3,323,071	475,255
Materials and supplies	207,564	208,228	99,233	108,995
Intrafund/interfund services	926,275	926,275	929,888	(3,613)
Capital outlay	0	0	46,450	(46,450)
Debt and fiscal charges	361,555	361,555	360,775	780
	<u>361,555</u>	<u>361,555</u>	<u>360,775</u>	<u>780</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,158,725</u>	<u>6,523,797</u>	<u>5,889,559</u>	<u>634,238</u>

Transfers out to:				
Equipment Fund	0	(4,900)	(4,900)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>12,275</u>	<u>(2,357,697)</u>	<u>(2,077,158)</u>	<u>280,539</u>
ADJUSTMENTS TO GAAP				
Encumbrances			142,308	
Changes in compensated absences			(17,754)	
Bad debt adjustment			(3,561)	
Depreciation and amortization			(195,210)	
Special closure costs			1,278,126	
Capital outlay capitalized			5,323	
Principal on debt service			146,872	
			<u>1,356,104</u>	
GAAP BASIS			<u>(721,054)</u>	
NET ASSETS				
Beginning of fiscal year			6,513,800	
NET ASSETS - END OF FISCAL YEAR			<u>5,792,746</u>	
			\$ <u>5,792,746</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, 2012

	<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	\$ 153,750	153,750	116,902	(36,848)
Daily fees/passes	0	0	134,167	134,167
Annual passes	0	0	105,975	105,975
Punch passes	0	0	26,374	26,374
Recreation fees	385,000	385,000	38,624	(346,376)
Other fees	0	0	1,024	1,024
	<u>538,750</u>	<u>538,750</u>	<u>423,066</u>	<u>(115,684)</u>
Miscellaneous revenues				
Interest income	4,000	4,000	907	(3,093)
Buildings rental	0	0	13,350	13,350
Concessions rental	123,820	123,820	1,973	(121,847)
Miscellaneous rental	0	0	82,339	82,339
Other	0	0	276	276
	<u>127,820</u>	<u>127,820</u>	<u>98,845</u>	<u>(28,975)</u>
TOTAL REVENUES	<u>666,570</u>	<u>666,570</u>	<u>521,911</u>	<u>(144,659)</u>
EXPENSES AND ENCUMBRANCES				
Community Services-Recreation				
Parks				
Employee salaries and benefits	606,265	606,265	599,967	6,298
Outside services	64,674	63,948	58,911	5,037
Materials and supplies	207,255	226,689	224,229	2,460
Intrafund/interfund services	293,810	323,810	317,608	6,202
Capital outlay	2,000	8,350	6,350	2,000
Debt and fiscal charges	5,000	5,000	5,813	(813)
TOTAL EXPENSES AND ENCUMBRANCES	<u>1,179,004</u>	<u>1,234,062</u>	<u>1,212,878</u>	<u>21,184</u>

OTHER FINANCING SOURCES (USES)

Transfers in from:				
General Fund	550,000	830,000	830,000	0
Transfers out to:				
General Fund	0	(1,963)	(1,963)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ 37,566	260,545	137,070	(123,475)

ADJUSTMENTS TO GAAP

Encumbrances			16,386	
Changes in compensated absences			(14,785)	
Depreciation and amortization			(47,735)	
Assets transferred - proprietary funds			(6,350)	
Capital outlay capitalized			6,350	
			<u>(46,134)</u>	
GAAP BASIS			90,936	

NET ASSETS

Beginning of fiscal year			4,944,196	
NET ASSETS - END OF FISCAL YEAR			\$ 5,035,132	

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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 2,363,356	3,489,315	2,080,283	(1,409,032)
Other intergovernmental (NCRTD)	1,197,289	1,222,289	1,303,870	81,581
Charges for services				
Transportation	0	0	27,363	27,363
Interfund/interdepartmental charges				
Other charges for services	0	0	11,770	11,770
Miscellaneous revenues				
Interest income	9,000	9,000	7,437	(1,563)
Other	0	150,000	0	(150,000)
TOTAL REVENUES	<u>3,569,645</u>	<u>4,870,604</u>	<u>3,430,723</u>	<u>(1,439,881)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit (Atomic City Transit)				
Employee salaries and benefits	2,053,587	2,138,697	2,068,970	69,727
Outside services	152,012	288,381	162,147	126,234
Materials and supplies	112,238	198,076	138,708	59,368
Intrafund/interfund services	1,133,471	1,148,771	1,134,103	14,668
Capital outlay	1,439,800	2,424,358	2,110,419	313,939
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,891,108</u>	<u>6,198,283</u>	<u>5,614,347</u>	<u>583,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	1,458,448	1,634,758	1,634,758	0
Transfers out to:				
General Fund	0	(8,347)	(8,347)	0
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	<u>\$ 136,985</u>	<u>298,732</u>	<u>(557,213)</u>	<u>(855,945)</u>

ADJUSTMENTS TO GAAP

Encumbrances	1,327,764
Changes in compensated absences	(36,929)
Depreciation and amortization	(59,627)
Contributed capital assets - governmental activities	163,558
Capital outlay capitalized	841,365
Assets transferred - proprietary funds	(746,968)
	<u>1,489,163</u>
GAAP BASIS	931,950

NET ASSETS

Beginning of fiscal year	964,754
NET ASSETS - END OF FISCAL YEAR	\$ <u>1,896,704</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, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	\$ 2,207,000	2,207,000	1,922,940	(284,060)
Intergovernmental revenue				
Federal direct - NNSA cooperative agreement	16,265,767	16,265,767	15,631,972	(633,795)
Charges for services				
Ambulance services	402,223	402,223	392,193	(10,030)
Interfund/interdepartmental charges				
County share of fire services	3,714,155	3,714,155	3,714,155	0
Miscellaneous revenues				
Other	0	0	5,033	5,033
TOTAL REVENUES	<u>22,589,145</u>	<u>22,589,145</u>	<u>21,666,293</u>	<u>(922,852)</u>
EXPENSES AND ENCUMBRANCES				
Fire Department				
Operations				
Employee salaries and benefits	13,333,252	13,333,252	12,481,222	852,030
Outside services	52,423	16,839	38,667	(21,828)
Materials and supplies	556,739	875,751	1,128,294	(252,543)
Intrafund/interfund services	0	0	30	(30)
Capital outlay	127,871	127,871	23,976	103,895
	<u>14,070,285</u>	<u>14,353,713</u>	<u>13,672,189</u>	<u>681,524</u>
Life Safety				
Employee salaries and benefits	473,322	473,322	459,286	14,036
Outside services	13,850	15,904	14,284	1,620
Materials and supplies	8,800	4,800	7,049	(2,249)
	<u>495,972</u>	<u>494,026</u>	<u>480,619</u>	<u>13,407</u>
Training				
Employee salaries and benefits	509,660	509,660	540,534	(30,874)
Outside services	157,842	156,300	122,947	33,353
Materials and supplies	99,800	103,017	41,219	61,798
Capital outlay	0	0	16,288	(16,288)
	<u>767,302</u>	<u>768,977</u>	<u>720,988</u>	<u>47,989</u>
Emergency Medical Services				
Employee salaries and benefits	323,179	323,179	353,100	(29,921)
Outside services	188,382	189,679	147,691	41,988
Materials and supplies	147,600	227,626	200,511	27,115
Capital outlay	54,500	54,500	33,546	20,954
	<u>713,661</u>	<u>794,984</u>	<u>734,848</u>	<u>60,136</u>

Non contract-administration				
Employee salaries and benefits	0	0	8,294	(8,294)
Outside services	0	390,000	389,830	170
Materials and supplies	0	0	12,971	(12,971)
Intrafund/interfund services	0	0	2,246	(2,246)
Interfund loan principal	436,239	436,239	436,239	0
Interfund loan interest	31,761	31,761	31,761	0
	<u>468,000</u>	<u>858,000</u>	<u>881,341</u>	<u>(23,341)</u>
Administration				
Employee salaries and benefits	874,565	874,565	1,011,940	(137,375)
Outside services	452,131	494,659	511,905	(17,246)
Materials and supplies	73,340	75,460	44,434	31,026
Intrafund/interfund services	2,874,889	2,874,889	3,209,937	(335,048)
Capital outlay	60,000	60,000	0	60,000
	<u>4,334,925</u>	<u>4,379,573</u>	<u>4,778,216</u>	<u>(398,643)</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>20,850,145</u>	<u>21,649,273</u>	<u>21,268,201</u>	<u>381,072</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,739,000	939,872	398,092	(541,780)
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	(1,600,000)	(1,262,898)	(1,262,898)	0
Proceeds from sale of capital assets	0	0	2,475	2,475
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENSES AND OTHER USES	\$ <u>139,000</u>	<u>(323,026)</u>	<u>(862,331)</u>	<u>(539,305)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			414,571	
Changes in compensated absences			54,252	
Bad debt expense			(186,327)	
Depreciation and amortization			(467,536)	
Capital outlay capitalized			33,546	
Net book value of disposed capital assets			(5,432)	
Contributed capital assets - governmental activities			59,635	
Principal on interfund debt service			436,239	
			<u>338,948</u>	
GAAP BASIS			<u>(523,383)</u>	
NET ASSETS				
Beginning of fiscal year			15,773,747	
NET ASSETS - END OF FISCAL YEAR			\$ <u>15,250,364</u>	

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AIRPORT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Licenses and permits				
Right of entry permits	\$ 0	0	2,581	2,581
Intergovernmental				
Federal direct	146,341	1,650,524	1,030,215	(620,309)
State grants-other	286,780	337,852	26,949	(310,903)
	<u>433,121</u>	<u>1,988,376</u>	<u>1,057,164</u>	<u>(931,212)</u>
Charges for services				
Airport fees	65,000	65,000	49,185	(15,815)
Miscellaneous revenues				
Interest income	8,000	8,000	402	(7,598)
Tie down rental	37,000	37,000	36,867	(133)
Facilities rental	300	300	300	0
	<u>45,300</u>	<u>45,300</u>	<u>37,569</u>	<u>(7,731)</u>
TOTAL REVENUES	<u>543,421</u>	<u>2,098,676</u>	<u>1,146,499</u>	<u>(952,177)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	166,801	166,801	144,558	22,243
Outside services	225,614	1,828,661	1,230,879	597,782
Materials and supplies	12,050	12,050	6,291	5,759
Intrafund/interfund services	88,754	88,754	88,282	472
Capital outlay	283,000	283,000	0	283,000
Debt and fiscal charges	0	0	8	(8)
	<u>776,219</u>	<u>2,379,266</u>	<u>1,470,018</u>	<u>909,248</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>776,219</u>	<u>2,379,266</u>	<u>1,470,018</u>	<u>909,248</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(232,798)	(280,590)	(323,519)	(42,929)
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	196,000	196,000	196,000	0
Transfers out to:				
General Fund	0	(614)	(614)	0

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

\$	<u>(36,798)</u>	<u>(85,204)</u>	<u>(128,133)</u>	<u>(42,929)</u>
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ADJUSTMENTS TO GAAP

Encumbrances
 Changes in compensated absences
 Depreciation and amortization
 Capital projects capitalized (budgeted by line item)

124,177
(748)
(732,477)
<u>970,641</u>
<u>361,593</u>
<u>233,460</u>

GAAP BASIS

NET ASSETS

Beginning of fiscal year

17,249,206

NET ASSETS - END OF FISCAL YEAR

\$	<u>17,482,666</u>
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Internal Service Funds

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

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

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

Agency Fund

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

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Equity in pooled cash and investments	\$ 6,104,845	8,286,944	14,391,789
Receivables, net of allowance for uncollectibles			
Accounts	0	3,674	3,674
Inventories and prepayments			
Prepayments	0		
	<u>6,104,845</u>	<u>33,391</u>	<u>33,391</u>
	6,104,845	8,324,009	14,428,854
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	18,968,152	0	18,968,152
Less accumulated depreciation	(10,203,783)	0	(10,203,783)
	<u>8,764,369</u>	<u>0</u>	<u>8,764,369</u>
TOTAL ASSETS	<u>14,869,214</u>	<u>8,324,009</u>	<u>23,193,223</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	157,646	93,378	251,024
Claims and judgments payable	0	1,411,078	1,411,078
Accrued salaries including benefits payable	9,184	17,809	26,993
Accrued compensated absences	53,470	9,072	62,542
	<u>220,300</u>	<u>1,531,337</u>	<u>1,751,637</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	30,572	2,890	33,462
Claims and judgments payable	0	1,300,253	1,300,253
	<u>30,572</u>	<u>1,303,143</u>	<u>1,333,715</u>
TOTAL LIABILITIES	<u>250,872</u>	<u>2,834,480</u>	<u>3,085,352</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,764,369	0	8,764,369
Unrestricted	5,853,973	5,489,529	11,343,502
TOTAL NET ASSETS	<u>\$ 14,618,342</u>	<u>5,489,529</u>	<u>20,107,871</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, 2012

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,476,825	0	3,476,825
Insurance and pension contributions			
County	0	2,781,891	2,781,891
Employees and retirees	0	358,333	358,333
Miscellaneous operating revenue	196,818	7,983	204,801
	<u>3,673,643</u>	<u>3,148,207</u>	<u>6,821,850</u>
OPERATING EXPENSES			
Employee salaries and benefits	688,371	258,310	946,681
Contractual services	469,754	2,813,702	3,283,456
Materials and supplies	1,489,770	12,783	1,502,553
Depreciation and amortization	1,569,071	0	1,569,071
Other	0	0	0
	<u>4,216,966</u>	<u>3,084,795</u>	<u>7,301,761</u>
OPERATING INCOME (LOSS)	(543,323)	63,412	(479,911)
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	239,138	0	239,138
Investment income	43,295	51,313	94,608
	<u>282,433</u>	<u>51,313</u>	<u>333,746</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(260,890)	114,725	(146,165)
TRANSFERS AND CONTRIBUTIONS			
Transfers in	806,408	0	806,408
Transfers out	(3,183)	(932)	(4,115)
Contributed capital assets - outside source	7,500	0	7,500
Contributed capital assets - governmental activities	186,199	0	186,199
	<u>996,924</u>	<u>(932)</u>	<u>995,992</u>
NET INCOME (LOSS)	736,034	113,793	849,827
NET ASSETS			
Beginning of fiscal year	13,882,308	5,375,736	19,258,044
NET ASSETS - END OF FISCAL YEAR	\$ <u>14,618,342</u>	<u>5,489,529</u>	<u>20,107,871</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2012

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,673,643	8,372	3,682,015
Cash received from contributions-employer and employees	0	3,140,224	3,140,224
Cash paid to suppliers for goods and services	(1,874,811)	(2,834,169)	(4,708,980)
Cash paid to employees	(672,225)	(242,141)	(914,366)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>1,126,607</u>	<u>72,286</u>	<u>1,198,893</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(3,183)	(932)	(4,115)
Transfers from other funds	51,200	0	51,200
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	<u>48,017</u>	<u>(932)</u>	<u>47,085</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid for acquisition of capital assets	(2,183,604)	0	(2,183,604)
Proceeds from sale of capital assets	268,984	0	268,984
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,914,620)</u>	<u>0</u>	<u>(1,914,620)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	43,295	51,313	94,608
NET INCREASE (DECREASE) IN CASH	<u>(696,701)</u>	<u>122,667</u>	<u>(574,034)</u>
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	6,801,546	8,164,277	14,965,823
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>\$ 6,104,845</u>	<u>8,286,944</u>	<u>14,391,789</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
OPERATING INCOME(LOSS)	\$ (543,323)	63,412	(479,911)

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

Depreciation and amortization expense	1,569,071	0	1,569,071
Change in assets and liabilities:			
Accounts and other receivables	0	389	389
Prepayments and other	0	12,592	12,592
Accounts payable	84,713	(110,175)	(25,462)
Salaries and benefits payable	16,146	16,169	32,315
Claims and judgments payable	0	161,261	161,261
Group insurance payable	0	(71,362)	(71,362)
Total adjustments	<u>1,669,930</u>	<u>8,874</u>	<u>1,678,804</u>
NET CASH FLOWS - OPERATING ACTIVITIES	<u>\$ 1,126,607</u>	<u>72,286</u>	<u>1,198,893</u>

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

NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ 755,208	0	755,208
Contributed capital assets - outside source	7,500	0	7,500
Contributed capital assets - governmental activities	186,199	0	186,199
TOTAL NON CASH CAPITAL ACQUISITIONS	<u>\$ 948,907</u>	<u>0</u>	<u>948,907</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
EQUIPMENT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2012

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Charges for special services	\$ 3,343,001	3,451,001	3,476,825	25,824
Miscellaneous revenues				
Investment income	198,000	198,000	43,295	(154,705)
Other	114,000	126,000	196,818	70,818
	<u>312,000</u>	<u>324,000</u>	<u>240,113</u>	<u>(83,887)</u>
TOTAL REVENUES	<u>3,655,001</u>	<u>3,775,001</u>	<u>3,716,938</u>	<u>(58,063)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	748,018	748,018	675,934	72,084
Outside services	143,918	194,655	169,012	25,643
Materials and supplies	1,259,246	1,392,049	1,484,124	(92,075)
Intrafund/interfund services	305,550	305,550	300,742	4,808
	<u>2,456,732</u>	<u>2,640,272</u>	<u>2,629,812</u>	<u>10,460</u>
Fleet management-equipment replacement				
Materials and supplies	0	0	7,873	(7,873)
Capital outlay	2,037,700	2,477,531	2,428,667	48,864
	<u>2,037,700</u>	<u>2,477,531</u>	<u>2,436,540</u>	<u>40,991</u>
TOTAL EXPENSES AND ENCUMBRANCES	<u>4,494,432</u>	<u>5,117,803</u>	<u>5,066,352</u>	<u>51,451</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(839,431)</u>	<u>(1,342,802)</u>	<u>(1,349,414)</u>	<u>(6,612)</u>

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

General Fund	0	51,200	51,200	0
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Transfers out to:

General Fund	0	(3,183)	(3,183)	0
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Proceeds from sale of capital assets	110,000	110,000	268,984	158,984
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	<u>110,000</u>	<u>158,017</u>	<u>317,001</u>	<u>158,984</u>
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**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENSES AND OTHER USES**

\$	<u>(729,431)</u>	<u>(1,184,785)</u>	<u>(1,032,413)</u>	<u>152,372</u>
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ADJUSTMENTS TO GAAP

Encumbrances			247,291	
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Changes in compensated absences			(12,438)	
---------------------------------	--	--	----------	--

Depreciation and amortization			(1,569,071)	
-------------------------------	--	--	-------------	--

Net book value of disposed capital assets			(29,846)	
---	--	--	----------	--

Capital outlay capitalized			2,183,604	
----------------------------	--	--	-----------	--

Asset transfers - proprietary funds			755,208	
-------------------------------------	--	--	---------	--

Contributed capital assets - outside sources			7,500	
--	--	--	-------	--

Contributed capital assets - governmental activities			186,199	
--	--	--	---------	--

			<u>1,768,447</u>	
--	--	--	------------------	--

			736,034	
--	--	--	---------	--

GAAP BASIS**NET ASSETS**

Beginning of fiscal year			13,882,308	
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NET ASSETS - END OF FISCAL YEAR			\$ <u>14,618,342</u>	
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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, 2012

	<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	526	526
Interfund/interdepartmental charges				
County insurance contributions	2,830,560	2,830,560	2,781,891	(48,669)
Miscellaneous revenues				
Investment income	212,000	212,000	51,313	(160,687)
Group insurance contributions				
Employees	458,450	458,450	358,333	(100,117)
Retirees and others	0	0	1,973	1,973
Other judgments and settlements	0	0	5,225	5,225
	<u>670,450</u>	<u>670,450</u>	<u>416,844</u>	<u>(253,606)</u>
TOTAL REVENUES	3,501,010	3,501,010	3,199,261	(301,749)
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	1,112,408	1,144,641	998,437	146,204
Intrafund/interfund services	(98,500)	(98,500)	(91,886)	(6,614)
	<u>1,013,908</u>	<u>1,046,141</u>	<u>906,551</u>	<u>139,590</u>
Unemployment insurance				
Outside services	55,000	55,000	52,988	2,012
Workers' compensation insurance				
Outside services	755,000	755,000	652,168	102,832
Administration and other insurance				
Employee salaries and benefits	251,928	251,928	258,227	(6,299)
Outside services	1,039,632	1,067,824	1,106,020	(38,196)
Materials and supplies	33,000	33,000	13,594	19,406
Intrafund/interfund services	102,979	102,979	96,365	6,614
	<u>1,427,539</u>	<u>1,455,731</u>	<u>1,474,206</u>	<u>(18,475)</u>
TOTAL EXPENSES AND ENCUMBRANCES	3,251,447	3,311,872	3,085,913	225,959

OTHER FINANCING SOURCES (USES)

Transfers out to:

General Fund

<u>0</u>	<u>(932)</u>	<u>(932)</u>	<u>0</u>
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**EXCESS REVENUES AND OTHER SOURCES OVER
(UNDER) EXPENSES AND OTHER USES**

\$ <u>249,563</u>	<u>188,206</u>	112,416	<u>(75,790)</u>
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ADJUSTMENTS TO GAAP

Encumbrances

12,461

Changes in compensated absences

(82)

Bad debt expense

259

Incurred but not reported claims adjustment

(11,261)

1,377

GAAP BASIS

113,793

NET ASSETS

Beginning of fiscal year

5,375,736

NET ASSETS - END OF FISCAL YEAR

\$ 5,489,529

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2012

	<u>BALANCE JUNE 30, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2012</u>
ASSETS				
Equity in pooled cash and investments	\$ 51,895	17,910,220	17,678,422	283,693
Receivables				
Property taxes	293,211	15,508,620	15,491,021	310,810
Other	7,386	21,474	28,547	313
TOTAL ASSETS	<u>\$ 352,492</u>	<u>33,440,314</u>	<u>33,197,990</u>	<u>594,816</u>
LIABILITIES				
Due to other governments	\$ 333,765	15,882,557	15,642,234	574,088
Donations held in trust	18,727	6,561	4,560	20,728
TOTAL LIABILITIES	<u>\$ 352,492</u>	<u>15,889,118</u>	<u>15,646,794</u>	<u>594,816</u>

See accompanying notes to financial statements.

Statistical Section

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

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

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

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

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

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

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

Table 1

LAST TEN FISCAL YEARS

	<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>	<u>FY2012</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	208,576,888
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	33,651,944
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	88,201,894
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	330,430,726
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	167,570,211
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	21,139,074
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	37,641,839
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	226,351,124
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	376,147,099
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	54,791,018
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	125,843,733
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	556,781,850

Source: Los Alamos County CAFRs

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

Table 2

LAST TEN FISCAL YEARS

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
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	18,663,752
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	12,763,626
Cerro Grande fire recovery	6,255,925	8,042,519	4,627,860	314,745	814,144	365,197	94,245 [c]	0	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	3,900,321
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	11,979,692
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	2,671,201
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	9,327,340
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	3,476,881
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>	<u>62,782,813</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	41,719,538
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	4,311,995
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	5,551,378
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	3,771,483
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	4,549,617
Golf	899,974	976,790	990,120	992,338	1,014,099	1,044,012	1,150,136	1,140,056	1,277,202	1,254,690
Transit (Atomic City Transit)	0	0	0	0	0	1,544,871 [b]	2,144,194 [b]	3,165,043	3,416,977	3,567,829
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	21,002,769
Airport	263,640	238,865	297,677	283,148	222,398	446,171	787,161	944,379	999,589	1,108,878
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>	<u>86,838,177</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>143,806,856</u>	<u>149,620,990</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	1,020,736
Public safety	129,515	65,726	60,922	37,917	100,100	92,377	70,792	84,106	72,192	39,254
Physical and economic environment	704,632	651,785	399,885	379,018	327,333	296,965	274,041	696,216	281,256	229,336
Culture and recreation	394,282	474,911	470,866	604,924	538,676	574,193	604,296	608,966	558,720	500,258
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	2,188,367
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	462,299
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>	<u>4,440,250</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	44,840,758
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	5,453,744
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	5,667,415
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	4,147,134
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	2,827,628

Golf	702,223	692,258	680,747	673,410	633,094	661,826	636,358	641,433	584,432	521,004
Transit (Atomic City Transit)	0	0	0	0	0	332 [b]	14,180 [b]	18,548	68,944	39,132
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	4,111,381
Airport	89,918	118,373	81,839	107,352	103,325	94,267	84,429	82,883	86,784	88,933
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	18,545,761
Capital grants and contributions	0	175,000	60,000	653,120	819,731	283,738	15,468,551	7,230,200	5,764,144	1,734,061
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>	<u>87,976,951</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>	<u>92,417,201</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)	(58,342,563)
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	1,138,774
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>	<u>(57,203,789)</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	29,348,286
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	5,181,012
Franchise taxes	373,370	492,603	457,501	465,821	473,599	491,631	469,347	451,423	445,786	470,897
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	654,647
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	19,562,710
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	310,908
Gain on exchange of capital assets	0	0	0	0	0	0	0	0	4,267,857	0
Special items	18,261,789	0	0	3,171,874	0	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)	(626,955)
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>	<u>54,901,505</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	2,884,446
Grants and contribution not restricted to specific programs	0	0	0	0	0	0	0	0	18,000	7,500
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	911,137
Special items	552,776	0	0	1,025,000	0	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	626,955
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>	<u>4,430,038</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>	<u>59,331,543</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	(3,441,058)
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	5,568,812
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>	<u>2,127,754</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>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>	<u>FY2012</u>
General Fund										
Reserved	\$ 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	0
Unreserved	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	0
Nonspendable	0	0	0	0	0	0	0	0	1,266,859	1,304,638
Restricted	0	0	0	0	0	0	0	0	4,414,738	4,573,909
Committed	0	0	0	0	0	0	0	0	12,761,219	4,879,110
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	0	13,570,673	11,947,812
Total General Fund	\$ 18,657,449	18,176,758	16,461,807	20,180,434	26,473,540	34,834,644	41,696,550	39,132,623	32,013,489	22,705,469
All Other Governmental Funds										
Reserved	\$ 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	0
Unreserved, reported in:										
Special revenue funds	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	0
Debt service funds	0	0	0	0	0	0	6,424,030 [b]	6,424,030	0	0
Capital projects funds	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	0
Permanent funds [a]	0	0	1,224,389	1,052,257	2,401,352	0	0	1,498,489	0	0
Nonspendable	0	0	0	0	0	0	0	0	24,492,490	24,982,806
Restricted	0	0	0	0	0	0	0	0	7,512,658	4,808,769
Committed	0	0	0	0	0	0	0	0	80,339,764	72,140,568
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	\$ 105,053,631	87,754,924	78,752,234	73,117,014	83,859,052	86,219,476	113,838,966	93,525,775	112,344,912	101,932,143

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)**

Table 4

LAST TEN FISCAL YEARS

	<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>	<u>FY2012</u>
Revenues:										
Taxes and special assessments	\$ 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	35,288,631
Licenses and permits	483,596	453,696	292,515	265,649	243,071	223,071	216,234	409,123	240,507	182,160
Intergovernmental	34,642,813 [b]	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	21,714,390
Fines forfeitures and penalties	154,147	202,661	243,866	278,157	302,516	255,665	203,514	194,532	174,671	160,777
Charges for services	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	939,550
Interfund/Interdepartmental charges	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	4,172,734
Investment income	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	310,908
Other revenues	290,785	623,528	315,274	380,948	711,931	493,595	872,244	1,161,464	1,092,145	820,470
Total revenues	<u>59,452,497</u>	<u>47,261,352</u>	<u>43,471,456</u>	<u>44,809,827</u>	<u>73,275,445</u>	<u>62,388,162</u>	<u>70,202,596</u>	<u>72,545,594</u>	<u>80,611,555</u>	<u>63,589,620</u>
Expenditures										
General government	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	19,187,027
Public safety	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	12,157,139
Cerro Grande fire recovery [a]	25,131,793	30,886,106	17,877,540	6,455,294	4,723,030	4,284,892	165,171	0	0	0
Physical and economic environment	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	3,895,739
Transportation	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	4,889,279
Health and welfare	973,258	1,266,433	895,551	690,980	993,076	1,892,186 [f]	1,860,474	2,068,607	2,154,210	2,671,161
Culture and recreation	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	8,508,258
Capital Projects/Outlay	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	24,432,329
Debt service										
Principal	479,426	499,154	520,269	542,887	566,926	592,494	3,605,686	3,090,000	3,215,000	3,345,000
Interest	213,767	194,080	172,965	150,480	126,447	100,933	2,459,841	3,821,638	3,698,038	3,569,438
Total expenditures	<u>59,488,053</u>	<u>65,072,273</u>	<u>55,017,112</u>	<u>47,201,451</u>	<u>53,780,148</u>	<u>53,865,690</u>	<u>110,533,120</u>	<u>95,305,934</u>	<u>65,339,122</u>	<u>82,655,370</u>
Excess of revenues over (under) expenditures	<u>(35,556)</u>	<u>(17,810,921)</u>	<u>(11,545,656)</u>	<u>(2,391,624)</u>	<u>19,495,297</u>	<u>8,522,472</u>	<u>(40,330,524)</u>	<u>(22,760,340)</u>	<u>15,272,433</u>	<u>(19,065,750)</u>
Other Financial Sources (Uses)										
Transfers in	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	27,418,134
Transfers out	(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)	(28,073,173)
Proceeds from long-term debt	0	0	0	0	0	0	75,676,290 [g]	0	0	0
Loss on disposal of asset held for resale	0	0	0	0	0	0	0	0	(597,402)	0
Total other financial sources (uses)	<u>451,529</u>	<u>356,790</u>	<u>828,015</u>	<u>623,217</u>	<u>(2,460,153)</u>	<u>2,199,056</u>	<u>74,811,920</u>	<u>(116,778)</u>	<u>(3,572,430)</u>	<u>(655,039)</u>
Net change in fund balance	<u>\$ 415,973</u>	<u>(17,454,131)</u>	<u>(10,717,641)</u>	<u>(1,768,407)</u>	<u>17,035,144</u>	<u>10,721,528</u>	<u>34,481,396</u>	<u>(22,877,118)</u>	<u>11,700,003</u>	<u>(19,720,789)</u>
Debt service as a percentage of non-capital expenditures	1.24%	1.08%	1.32%	1.70%	1.65%	1.59%	11.87%	13.05%	12.80%	11.88%

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
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
2012	8,964	7,756	7,229	7,094

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]		
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
2012	44,954,861	592,737,868	5,482,076	8,284,857	5,672,022	1,288,143	4,147,134	60,256,093

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

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

Notes:

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

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

Table 7

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Type of Customer:										
Electric Utility	\$									
Residential	4,591,838	4,973,983	4,918,309	4,941,511	5,089,467	5,346,566	5,230,565	5,730,319	5,594,525	5,878,664
Commercial and industrial	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	3,858,918
Public street and highway lighting	78,504	60,956	61,151	55,457	60,342	58,060	61,221	65,567	56,135	69,953
Municipal	929,253	1,009,142	957,388	1,133,598	976,043	1,273,241	1,381,168	1,313,543	1,728,801	1,554,427
Educational	341,780	353,960	366,612	315,804	313,724	341,237	349,934	357,528	359,585	425,151
Wholesale	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	32,888,233
Miscellaneous	239,289	289,312	191,234	173,671	199,726	499,723	292,505	268,931	191,804	279,515
Total electric utility	<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>	<u>44,954,861</u>
Gas Utility										
Residential	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	4,230,259
Commercial and industrial	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	783,425
Municipal	246,451	415,971	361,697	380,777	370,165	378,729	426,102	400,936	326,138	215,625
Educational	117,828	215,310	330,276	327,746	339,136	305,086	297,291	265,683	203,497	193,036
Miscellaneous	98,525	106,671	71,031	66,662	50,939	106,078	46,809	55,149	54,720	59,731
Total gas utility	<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>	<u>5,482,076</u>
Water Utility										
Residential	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	3,512,646
Commercial and industrial	796,760	833,388	773,239	818,856	692,244	453,342	436,167	375,903	475,727	515,633
Municipal	262,916	265,750	235,691	264,234	166,737	371,081 [a]	327,690	355,465	384,581	413,283
Educational	160,311	143,418	119,937	111,849	70,453	135,963	112,101	96,981	119,391	157,613
Wholesale	756,345	848,908	854,417	816,880	780,414	806,247	983,763	1,025,587	1,048,609	1,017,619
Miscellaneous	113,077	118,713	95,581	70,209	61,283	65,851	52,550	68,972	48,006	55,228
Total water utility	<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>	<u>5,672,022</u>
Wastewater Utility										
Wastewater collection	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	4,136,291
Municipal (non-potable water)	55,932	64,153	51,196	65,172	45,073	0 [a]	0	0	0	0
Miscellaneous	24,544	6,725	11,708	9,227	7,712	22,383	12,191	13,186	11,476	10,843
Total wastewater utility	<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>	<u>4,147,134</u>
Total operating revenues- Joint Utility System	<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>	<u>60,256,093</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>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>	<u>FY2012</u>
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0907	\$0.0907	\$0.0952	\$0.0952
Monthly flat service fee	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.95	\$5.95
Commercial										
Rate per kilowatt hour	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	.058 - .0859	.058 - .0859	.0613 - .902	.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	\$15.96 -16.80	\$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	8.50 - 8.91	8.50 - 8.91	8.93 - 9.35	8.93 - 9.35
Gas Utility										
Residential										
Rate per therm	\$0.55	\$0.85	\$0.85	\$1.05	\$0.92	\$0.92	\$0.92	\$0.70	\$0.55	\$0.55
Monthly flat service fee	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$9.50	\$9.50	\$9.50
Commercial										
Rate per therm	\$0.55	\$0.85	\$0.85	\$1.00 - 1.05	0.92	0.92	0.92	0.7	0.55	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	\$9.50 - 28.50	\$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	\$3.95	\$3.95	\$4.19
Monthly flat service fee	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.50	\$7.50	\$7.55
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.95	\$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	\$7.50 - \$150.00	\$7.50 - \$150.00	\$7.55 - \$275
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.35	\$5.89
Monthly flat service fee	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$13.20	\$14.52
Commercial										
Rate per 1000 Gallons	\$2.90	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.35	\$5.89
Monthly flat service fee	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$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

Business Sector	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Services [a]	\$ 257,957	356,300	311,521	338,489	1,255,824 [c]	1,190,803	1,526,945	1,283,609	1,531,617	1,350,135
Construction	211,612	283,085	210,750	223,999	165,717	97,351	81,169	97,497	58,993	67,311
Retail & Food Service	79,363	90,918	79,509	68,867	59,019	57,987	68,459	64,603	62,959	59,933
Telecommunications	3,018	8,925	8,793	9,995	10,693	10,865	11,260	21,388	22,778	28,445
Manufacturing	2,759	2,186	2,800	2,636	2,696	3,939	6,770	2,883	4,727	3,706
Wholesale	18,382	26,059	25,682	18,535	14,736	7,165	9,387	6,418	4,397	6,195
Financial Services	16,212	10,305	8,268	10,247	10,360	8,808	9,253	10,036	10,088	11,456
Agriculture	677	4,901	1,568	35	9	29	38	0	0	0
Mining	0	0	0	0	0	105	0	0	0	0
Public Administration	0	4,350	1,343	0	(5) [d]	0	1,046	0	0	0
Other	180,423 [b]	26,457	29,490	31,657	25,280	20,477	15,218	17,533	15,175	14,991
Totals	\$ 770,403	813,486	679,724	704,460	1,544,329	1,397,529	1,729,543	1,503,967	1,710,734	1,542,172

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**

Table 10

LAST TEN FISCAL YEARS

	<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>	<u>FY2012</u>
GRT Revenues										
General Fund - Local - Municipal	\$ 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	21,399,137
General Fund - Local - County	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	5,768,820
General Fund - State Shared	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	19,440,165
General Fund - subtotal	<u>19,622,845</u>	<u>20,526,850</u>	<u>17,883,590</u>	<u>22,198,831</u>	<u>40,886,283</u>	<u>36,067,189</u>	<u>52,289,768</u>	<u>45,910,993</u>	<u>51,915,098</u>	<u>46,608,122</u>
Fire Protection Excise Tax	0	0	0	0	0	1,703,782 [e]	2,157,587	1,894,177	2,141,893	1,922,940
Indigent Health Care (IHC) Fund	924,417	967,004	852,386	1,027,875	1,927,670	1,697,918	2,157,587	1,894,177	2,141,893	1,922,940
Capital Improvement Projects (CIP) Fund	0	0	0	572,786	5,787,044	5,093,755	0	0	0	0
Refuse Fund	462,208	483,502	426,193	513,684	956,397	853,537	1,084,563	947,088	1,070,980	961,506
Total GRT Revenues	\$ <u>21,009,470</u>	<u>21,977,356</u>	<u>19,182,169</u>	<u>24,313,176</u>	<u>49,557,394</u>	<u>45,418,181</u>	<u>57,689,505</u>	<u>50,646,435</u>	<u>57,269,884</u>	<u>51,415,508</u>
Total GRT Revenues - Own source (excludes State Shared)	\$ <u>11,668,660</u>	<u>12,206,224</u>	<u>10,759,845</u>	<u>13,548,035</u>	<u>30,098,473</u>	<u>28,244,082</u>	<u>35,882,872</u>	<u>31,497,018</u>	<u>35,616,162</u>	<u>31,975,343</u>
GRT Rates by Imposing Authority										
State Imposed Rate	4.5000%	4.5000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.1250% [a]	5.1250%
Locally Imposed Options:										
Municipal:										
Municipal - General	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%	1.2500%
Municipal - Environmental - Refuse	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0000%	0.0625% [b]	0.0625%	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%	0.1250%
County - Correctional - CIP					0.0625% [d]	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
County - Correctional - CIP					0.0625% [d]	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
County - Fire Protection Excise Tax						0.1250% [e]	0.1250%	0.1250%	0.1250%	0.1250%
North-Central Regional Transit District (NCRTD):										
Regional Transit 1/8th							0.1250% [f]	0.1250%	0.1250%	0.1250%
Subtotal - Local options:	<u>1.5625%</u>	<u>1.5625%</u>	<u>1.5625%</u>	<u>1.6875%</u>	<u>1.9375%</u>	<u>2.0625%</u>	<u>2.0625%</u>	<u>2.0625%</u>	<u>2.0625%</u>	<u>2.0825%</u>
Total GRT Rates	<u>6.0825%</u>	<u>6.0625%</u>	<u>6.5625%</u>	<u>6.6875%</u>	<u>6.9375%</u>	<u>7.0825%</u>	<u>7.1875%</u>	<u>7.1875%</u>	<u>7.3125%</u>	<u>7.3125%</u>
GRT Rates by Recipient										
State Revenue	3.2750%	3.2750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.9000%	3.9000%
NCRTD							0.1250%	0.1250%	0.1250%	0.1250%
County Revenue - State Shared	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%	1.2250%
County Revenue - Own Source, locally Imposed	1.5625%	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%
Total County Revenue	<u>2.7875%</u>	<u>2.7875%</u>	<u>2.7875%</u>	<u>2.9125%</u>	<u>3.1625%</u>	<u>3.2875%</u>	<u>3.2875%</u>	<u>3.2875%</u>	<u>3.2875%</u>	<u>3.2875%</u>
Total GRT Rates	<u>6.0625%</u>	<u>6.0625%</u>	<u>6.5625%</u>	<u>6.6875%</u>	<u>6.9375%</u>	<u>7.0825%</u>	<u>7.1875%</u>	<u>7.1875%</u>	<u>7.3125%</u>	<u>7.3125%</u>

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, 2012		JUNE 30, 2012				
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%
2011	15,506,265	15,015,951	96.84%	147,404	15,163,355	97.79%	342,910	2.21%

Sources: Tax rolls, collection reports

Notes:

[a] Tax year refers to corresponding fiscal year (i.e., the 2011 tax year corresponds to the 2012 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]					
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%	
2011	692,219,200	11,563,780	7,300,910	(8,732,840)	702,351,050	2,133,251,670	22.08%	

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 2011 tax year corresponds to fiscal year 2012).
- [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

Table 13

LAST TEN TAX YEARS

<u>TAX YEAR</u>		<u>STATE OF NEW MEXICO</u>	<u>CITY AND COUNTY OF LOS ALAMOS</u>	<u>LOS ALAMOS SCHOOL DISTRICT</u>	<u>UNIVERSITY OF NEW MEXICO LOS ALAMOS</u>	<u>TOTAL</u>
<u>Tax Rates per \$1000 of Assessed Valuation</u>						
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
2011	Residential	1.362	6.975	12.272	0.935	21.544
	Non-Residential	1.362	10.598	12.473	1.000	25.433

Source: Adopted rates

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

Table 14

June 30, 2012

TAXPAYER	TYPE OF BUSINESS	FY 2012			FY 2003		
		TAX YEAR 2011 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	TAX YEAR 2002 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
PHC-Los Alamos Inc. (LAMC)	Medical Services	\$ 9,615,720	1	1.37%	\$ 6,101,850	1	1.19%
Century Link	Telephone Utility	5,284,560	2	0.75%	0	-	-
Los Alamos National Bank	Banking	4,908,960	3	0.70%	4,205,330	3	0.82%
Netuschil Development Corporation	Real Estate	3,967,180	4	0.56%	2,315,630	5	0.45%
Oppenheimer Place Condo Assoc Inc	Real Estate	3,675,150	5	0.52%	0	-	-
Los Alamos Commerce and Development	Real Estate	3,643,220	6	0.52%	3,525,220	4	0.69%
Housing Solutions LLC	Real Estate	3,476,840	7	0.50%	0	-	-
Simth's Food & Drug Centers, Inc.	Food & Drug	2,125,650	8	0.30%	0	-	-
CC&F Los Alamos Invest Co.	Real Estate	1,976,920	9	0.28%	1,740,510	6	0.34%
Shannon Corporation	Real Estate	1,773,850	10	0.25%	0	-	-
Qwest Corp.	Telephone Utility	0	-	-	5,799,030	2	1.13%
Developers Diversified Realty	Real Estate	0	-	-	1,599,970	7	0.31%
Los Alamos Business Center	Real Estate	0	-	-	1,467,630	8	0.29%
Museum Park inc.	Real Estate	0	-	-	1,412,200	9	0.28%
Los Alamos Ski Club Inc.	Private Ski Club	0	-	-	1,365,210	10	0.27%
Total assessed valuation of ten principal taxpayers		40,448,050		5.76%	29,532,580		5.78%
Total assessed valuation of other taxpayers		661,903,000		94.24%	481,822,124		94.22%
Total assessed valuation		\$ 702,351,050		100.00%	\$ 511,354,704		100.00%

Source: Tax rolls

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

Table 15

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Gross Receipts Tax Revenue Bonds	State Loans	Joint Utility System Revenue Bonds	State Loans			
2003	0	0	4,482,416 [a]	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
2012	0	63,799,121	0	47,310,039	19,182,482	130,291,642	12%	7,150

[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>
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
2011	17,950	691,383,880	0	0	0	0.00%	0
2012	18,222	702,351,050	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 2011 tax year corresponds to FY2012)

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

Table 17

June 30, 2012

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>2011 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	\$ 702,351,050	\$ 0	100.00%	\$ 0
Overlapping Debt				
State of New Mexico	52,846,098,496	379,228	1.33%	5,040
Los Alamos School District	702,351,050	40,415,000	100.00%	40,415,000
University of New Mexico - Los Alamos	702,351,050	0	100.00%	0
Total overlapping debt				<u>40,420,040</u>
Total direct and overlapping debt				<u>\$ 40,420,040</u>

Ratio of estimated direct and overlapping debt to 2011 assessed valuation: 5.75%

Ratio of direct general obligation debt to 2011 assessed valuation: .00%

Per capita direct and overlapping debt: \$2,218

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

County population - 2012 estimate: 18,222

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, 2012

Assessed valuation, tax year 2011 (One third of full valuation)	<u>\$ 702,351,050</u>
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	28,094,042
Less: Debt applicable to limitation (general obligation debt)	<u>0</u>
Legal debt margin	<u>\$ 28,094,042</u>

Note:

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

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Table 19

FISCAL YEAR	GROSS REVENUES[a]	EXPENSES[b]	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS [c]			DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	TOTAL	
ELECTRIC UTILITY							
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
2012	45,657,933	32,835,190	12,822,743	7,544,581	2,355,424	9,900,005	1.30
WATER UTILITY							
2003-2010	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
2012	5,791,200	3,726,613	2,064,587	1,253	35,118	36,371	56.76

Source: CAFRs

Notes:

- [a] Total operating and non-operating revenue, operating transfers in, and bond proceeds reserved for payment of debt service.
[b] Operating expenses and transfers out, excluding depreciation and interest expense.
[c] Payments are due July 1 each year. As such these amounts reflect the amounts due July 1, which would use the previous FY resources.
[d] 2010 Utility Bond Series had no principal debt service in FY2011.

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

Table 20

Fiscal Year	Population	Personal Income (In thousands)	Per Capita Personal Income	School Enrollment	Unemployment Rate
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%
2012	18,222	1,109,606	61,539	3,375	2.90%

Sources: School Enrollment provided by NM Public Education Department website. Population estimate provided by U.S. Census Bureau. All other data provided by the University of New Mexico Bureau of Business and Economic Research website.

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

Table 21

June 30, 2012

EMPLOYER	TYPE OF BUSINESS	FY2012			FY2003		
		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	62.75%	7629	1	45.50%
Los Alamos County	Government	681	2	4.07%	610	5	3.64%
Los Alamos Public Schools	Education	532	3	3.18%	658	3	3.92%
SOC (Guard Force)	Security	510	4	3.05%	0	0	0.00%
Los Alamos Medical Center	Medical Services	320	5	1.91%	315	9	1.88%
Los Alamos National Bank	Banking	216	6	1.29%	305	10	1.82%
Other employers		<u>3,968</u>		<u>23.74%</u> [c]	<u>5,310</u>		<u>31.67%</u>
Total workforce [b]		<u><u>16,717</u></u>		<u><u>100.00%</u></u>	<u><u>16,768</u></u>		<u><u>100.00%</u></u>

Sources: individual Employers, New Mexico Department of Labor

Notes:

[a] As of December 31, 2011

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

[c] Top six employers shown, which collectively represent greater than 75% 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>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>	<u>FY2012</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	4.58	4.58	4.56	4.56	4.80	4.80	4.80	4.80	4.80	4.80
County Administrator	8.04	10.54	11.56	13.00	13.50	13.50	12.00	13.23	11.00	11.50
County Assessor	5.88	5.72	6.59	6.59	7.00	7.00	7.00	7.00	7.00	7.00
County Attorney	5.04	4.04	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
County Clerk	6.72	6.72	7.33	6.97	6.75	6.72	6.70	6.70	6.70	6.70
County Sheriff	2.23	2.19	2.03	2.03	1.97	2.02	1.90	1.90	1.90	2.04
Administrative Services	50.77	51.15	52.11	50.50	53.86	54.75	55.25	58.25	60.22	59.76
Public Works	44.75	44.75	43.81	44.63	46.15	47.17	12.14	12.00	12.00	12.00
Capital Projects & Facilities (new FY2009)	0.00	0.00	0.00	0.00	0.00	0.00	38.50	37.00	37.00	37.00
Public Safety										
Police	59.97	59.97	60.13	60.13	75.55	75.57	77.53	76.54	77.54	77.98
Cerro Grande fire recovery	2.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Physical and economic environment	15.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Transportation	24.50	25.50	27.40	25.52	25.53	27.53	27.41	27.37	26.87	26.62
Health and welfare	0	0	0	0	0	0	0	0	1.25	1.25
Culture and recreation	92.53	91.34	88.06	86.44	85.43	86.31	86.67	88.36	86.88	86.26
Business-type activities										
Joint Utilities										
Electric	40.00	40.00	44.00	44.00	45.00	45.00	54.00	54.00	54.00	52.00
Gas	28.04	26.64	27.13	27.22	25.74	25.37	25.83	24.39	23.40	25.17
Water	12.00	12.00	12.00	12.00	10.25	10.25	10.25	10.25	10.25	10.25
Wastewater	9.00	10.00	10.00	10.00	10.13	10.13	9.13	9.13	9.13	9.00
Environmental Services	18.32	19.82	20.04	19.26	19.26	19.26	18.75	18.75	19.00	18.50
Golf	13.37	11.96	12.96	12.82	12.73	12.79	13.60	13.02	12.48	12.20
Fire	130.00	135.00	135.00	135.00	141.00	141.00	148.00	150.00	150.00	150.00
Airport	0.50	0.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Transit (new FY2008)	0.00	0.00	0.00	0.00	0.00	22.00	24.00	31.50	31.75	32.00
Equipment-internal service	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00	11.00
Risk-internal service	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.00
Totals	<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>	<u>681.53</u>

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

Table 24

LAST NINE FISCAL YEARS

	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</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	9,079
Clerk-number of elections managed	2	3	3	4	1	3	2	2	2
Sheriff-number of processes administered	278	271	290	245	276	256	284	322	169
IT-Number of networked devices supported	not available	not available	not available	1,452	1,535	1,537	1,567	1,569	1,585
Public Safety									
Police-Part 1 UCR Offenses*	308	378	350	431	386	297	349	364	258
Police-number of service call responses	16,403	16,751	14,535	13,773	13,883	14,264	17,172	16,882	17,513
Police-number of reported traffic accidents	309	300	293	471	260	216	242	225	366
Police-number animal control cases	234	297	358	354	355	293	350	305	265
Physical & Economic Development									
Number of construction permits issued*	243	235	180	191	113	92	94	108	96
Transportation									
Traffic-miles of lane lines striped	53	66	50	46	58	52	88	56	84
Culture and Recreation									
Library-Number of circulations	304,803	320,596	328,098	339,895	358,216	374,358	394,736	411,356	413,291
Number of park acres maintained	581	587	590	599	599	599	609	616	936
Number of cemetery interments	not available	not available	not available	41	32	39	34	36	59
Number of aquatic center visits	84,650	89,021	89,748	87,457	86,843	90,275	99,759	85,658	91,972
Number of rink visits	12,136	12,051	10,294	20,130	23,451	20,731	27,443	28,663	22,817
Sr. Center-number of seniors served	not available	not available	not available	2,263	2,348	2,410	3,800	4,040	3,790
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	589,362
ED-Number of electric utility customers	8,467	8,908	8,767	8,892	8,877	8,764	8,733	8,610	8,660
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	8,475,984
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	1,382,268
WD-M gallons of water sold	1,076,989	876,445	999,920	720,433	800,273	781,692	741,277	800,842	876,360
WW-K gallons sewage conveyed	not available	not available	530,375	363,182	441,351	451,640	447,516	445,685	479,870
Golf Course									
Number of golf rounds provided	not available	not available	not available	31,374	29,221	29,553	27,844	25,841	24,249
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	491,315
Number of miles of service provided	not available	not available	not available	not available	not available	430,180	516,013	627,309	675,157
Fire Protection Services									
Number of responses	1,655	1,606	1,965	1,873	2,022	1,956	2,001	2,110	1,951
Airport									
Number of takeoffs & landings	not available	not available	not available	11,199	13,255	13,244	13,376	14,010	13,500

Sources: County departments.

Note: Accurate indicators are not available before FY2004.

* Only calendar year data available

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

Table 25

LAST TEN FISCAL YEARS

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Public Safety										
Police stations (includes WR substation)	2	2	2	2	2	2	2	2	2	2
Police vehicles	32	36	39	41	46	48	50	50	50	47
County owned fire stations	3	3	3	4	4	5	5	5	5	5
Dept. of Energy owned fire stations	3	3	3	2	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	106.5
Sidewalk, square yards	223,599	221,377	223,207	227,407	229,048	231,099	235,356	241,612	241,612	245,440
Street lights, county owned	1,051	1,057	1,150	1,153	1,156	1,167	1,204	1,292	1,292	1292
Traffic signals	11	11	11	11	11	11	11	11	11	11
School and station flashers	9	9	9	9	9	10	10	10	10	10
Public Parking Lots	28	28	28	28	30	31	27	34	35	37
Culture and Recreation										
Senior centers	2	2	2	2	2	2	2	2	2	2
Public libraries	2	2	2	2	2	2	2	2	2	2
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Rinks	1	1	1	1	1	1	1	1	1	1
Parks and play lots	31	32	33	33	33	34	35	35	35	35
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	9	9	9	9	9	9	9	9	9	9
Joint Utility System										
Electric generating capacity, owned resources MW	60	60	60	60	60	60	60	60	61	61
Electric distribution line miles	140.0	140.0	142.0	142.0	142.0	142.0	142.0	143.0	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	12
Water distribution line miles	145.0	145.0	147.0	147.0	147.0	147.0	147.0	148.5	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	122.0
Wastewater collection line miles	115.0	115.0	117.0	117.0	117.0	117.0	117.0	118.0	118.0	118.0
Refuse										
Collection trucks	6	7	8	8	9	10	10	10	10	10
Golf Course										
Holes	18	18	18	18	18	18	18	18	18	18
Airport										
Tie down spaces	77	77	83	83	83	98	98	98	98	98

Sources: County departments

Other Supplementary Information

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF RECONCILIATION OF TAX RECEIPTS AND DISBURSEMENTS
 Year ended June 30, 2012

PROPERTY TAX RECEIVABLE, JUNE 30, 2011	\$ 482,416
Net taxes charged to treasurer	15,508,620
Collections	(15,491,781)
Adjustments	(2,355)
PROPERTY TAX RECEIVABLE, JUNE 30, 2012	<u><u>\$ 496,900</u></u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2012, 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>
2002	\$ 968	448	58	62	399
2003	735	325	61	48	301
2004	777	360	46	53	318
2005	1,806	907	120	115	664
2006	1,704	809	124	118	653
2007	2,546	1,313	169	114	949
2008	8,829	4,977	530	385	2,937
2009	62,245	28,914	2,636	2,234	28,461
2010	74,380	27,540	4,862	3,026	38,953
2011	342,910	120,497	20,794	14,463	187,157
	<u><u>\$ 496,900</u></u>	<u><u>186,090</u></u>	<u><u>29,400</u></u>	<u><u>20,618</u></u>	<u><u>260,792</u></u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:	
Incorporated County of Los Alamos	\$ (5,251,724)
State of New Mexico	(957,150)
University of New Mexico	(661,936)
Los Alamos Schools	(8,620,971)
	<u><u>\$ (15,491,781)</u></u>

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

Year ended June 30, 2012

<u>Agency</u>	<u>Property Taxes Levied</u>	<u>Collected in Current Year</u>	<u>Collected to Date</u>	<u>Distributed in Current Year</u>	<u>Distributed to Date</u>	<u>Current Amount Uncollectible</u>	<u>Amount Uncollectible to Date</u>	<u>Undistributed at Year End</u>	<u>Receivable at Year End</u>
Incorporated County of Los Alamos:									
2002	\$ 4,385,907	0	4,385,459	0	4,385,458	0	448	0	448
2003	4,548,497	6	4,548,172	6	4,548,172	0	325	0	325
2004	4,905,502	9	4,905,142	9	4,905,142	0	360	0	360
2005	5,273,028	1,691	5,272,121	1,691	5,272,121	0	907	0	907
2006	5,661,650	1,643	5,660,841	1,643	5,660,841	0	809	0	809
2007	6,035,174	1,840	6,033,861	1,840	6,033,861	0	1,313	0	1,313
2008	6,371,268	2,471	6,366,291	2,471	6,366,291	0	4,977	0	4,977
2009	6,672,814	17,395	6,643,900	17,395	6,643,900	0	28,914	0	28,914
2010	5,038,604	97,301	5,011,064	97,301	5,011,064	0	27,540	0	27,540
2011	5,249,798	5,129,301	5,129,301	5,129,301	5,129,301	0	120,497	0	120,497
	54,142,242	5,251,657	53,956,152	5,251,657	53,956,151	0	186,090	0	186,090
State of New Mexico:									
2002	574,250	0	574,192	0	574,192	0	58	0	58
2003	836,247	1	836,186	1	836,186	0	61	0	61
2004	628,729	1	628,683	1	628,683	0	46	0	46
2005	808,323	202	808,203	202	808,203	0	120	0	120
2006	893,853	190	893,729	190	893,729	0	124	0	124
2007	888,768	196	888,599	196	888,599	0	169	0	169
2008	917,316	266	916,786	266	916,786	0	530	0	530
2009	815,755	1,627	813,119	1,627	813,119	0	2,636	0	2,636
2010	1,059,116	18,192	1,054,254	18,192	1,054,254	0	4,862	0	4,862
2011	957,108	936,314	936,314	936,314	936,314	0	20,794	0	20,794
	8,379,465	956,989	8,350,065	956,989	8,350,065	0	29,400	0	29,400

University of New Mexico:

2002	610,952	0	610,890	0	610,890	0	62	0	62
2003	654,986	64	654,938	1	654,938	0	48	0	48
2004	717,040	58	716,987	1	716,987	0	53	0	53
2005	773,534	67	773,418	197	773,419	0	115	0	115
2006	843,097	542	842,979	185	842,979	0	118	0	118
2007	581,406	970	581,292	139	581,292	0	114	0	114
2008	613,852	2,485	613,467	192	613,467	0	385	0	385
2009	642,536	12,509	640,302	1,370	640,302	0	2,234	0	2,234
2010	635,067	632,041	632,041	11,323	632,041	0	3,026	0	3,026
2011	662,994	648,531	648,531	648,531	648,531	0	14,463	0	14,463
	6,735,464	1,297,267	6,714,845	661,939	6,714,846	0	20,618	0	20,618

Los Alamos Public Schools:

2002	3,937,667	0	3,937,268	0	3,937,268	0	399	0	399
2003	4,088,762	6	4,088,461	6	4,088,461	0	301	0	301
2004	4,303,257	8	4,302,939	8	4,302,939	0	318	0	318
2005	4,445,178	1,135	4,444,514	1,135	4,444,514	0	664	0	664
2006	4,688,208	1,019	4,687,555	1,019	4,687,555	0	653	0	653
2007	4,934,932	1,111	4,933,983	1,111	4,933,983	0	949	0	949
2008	4,988,890	1,473	4,985,953	1,473	4,985,953	0	2,937	0	2,937
2009	8,706,561	17,556	8,678,100	17,556	8,678,100	0	28,461	0	28,461
2010	8,706,561	147,028	8,667,608	147,028	8,667,608	0	38,953	0	38,953
2011	8,638,720	8,451,563	8,451,563	8,451,563	8,451,563	0	187,157	0	187,157
	57,438,736	8,620,899	57,177,944	8,620,899	57,177,944	0	260,792	0	260,792

Grand Total

\$	126,695,907	16,126,812	126,199,006	15,491,484	126,199,006	0	496,900	0	496,900
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2012

	<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)	\$ 28,427,231	3,012,401	25,525,176	0	56,964,808
TOTAL AMOUNT OF REPURCHASE AGREEMENT:	0	0	0	162,474	162,474
Less: FDIC coverage	250,000	250,000	250,000	250,000	1,000,000
TOTAL UNINSURED PUBLIC FUNDS	<u>28,177,231</u>	<u>2,762,401</u>	<u>25,275,176</u>	<u>(87,526)</u>	<u>56,127,283</u>
COLLATERAL REQUIRED					
Deposits	14,088,615 [a]	1,381,201 [a]	12,637,588 [a]	0	28,107,404
Repurchase agreement	0	0	0	170,598 [b]	170,598
COLLATERAL					
Letters of Credit, Agencies, Municipal Bonds	34,682,511 [c]	3,000,000 [c]	25,589,366 [c]	0	63,271,877
Pledged securities-repurchase agreement	0	0		7,690,049 [d]	7,690,049
OVER(UNDER) SECURED	<u>\$ 20,593,896</u>	<u>1,618,799</u>	<u>12,951,778</u>	<u>7,519,451</u>	<u>42,683,924</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, 2012

	<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	04/16/12	04/17/13	Letter of credit		26,000,000	26,000,000
Agency Notes/Bonds	11/30/11	11/21/12	3133XVEM9	FHLB	2,500,000	2,514,070
	11/30/11	12/10/13	3133XVYK1	FHLB	4,000,000	4,034,245
	11/30/11	04/15/14	C1359MUT8	FNMA	2,000,000	2,134,196
					<u>34,500,000</u>	<u>34,682,511</u>
COMMUNITY BANK						
Letter of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos	07/28/11	07/30/12	Letter of credit		1,000,000	1,000,000
	02/01/12	08/30/12	Letter of credit		2,000,000	2,000,000
					<u>3,000,000</u>	<u>3,000,000</u>
FIRST NATIONAL BANK OF SANTA FE						
Municipal and Agency Notes/Bonds						
	07/31/11	08/01/14	767171FZ9	MUNI	680,000	682,387
	02/29/12	07/23/15	3136FMY99	FNMA	5,000,000	5,011,955
	08/31/11	03/22/16	313372WH3	FHOR	5,000,000	5,115,281
	01/31/12	01/23/17	3134G3JU5	FHLMC	1,000,000	1,029,253
	11/30/11	10/01/21	31417Y6B8	FNMS	5,100,000	4,582,208
	03/31/12	02/01/27	3138E8P97	FNMA	5,000,000	5,054,792
	02/29/12	03/01/27	3128PYKP8	FHLMC	4,000,000	4,113,490
					<u>25,780,000</u>	<u>25,589,366</u>
WELLS FARGO BANK MINNESOTA						
Custodians: AIG Inc., New York, NY						
Agency Notes/Bonds	10/31/11	10/09/19	313586RC5	FNMA	3,100,000	2,426,562
	01/30/12	06/01/17	3135MEL3	FNMA	4,100,000	3,688,868
	05/07/12	02/01/27	83162CQV8	SBA	626,910	715,103
Cash	06/11/09	07/01/27	83162CRD7	SBA	700,373	789,859
						69,658
					<u>8,527,284</u>	<u>7,690,049</u>
TOTAL PLEDGED COLLATERAL					<u>\$ 71,807,284</u>	<u>70,961,926</u>

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

June 30, 2012

<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	\$ 31,176,680
Bank of Albuquerque	Los Alamos County	FHLB	15,083,700
Bank of Albuquerque	Los Alamos County	FHLMC	14,375,511
Bank of Albuquerque	Los Alamos County	FNMA	20,333,000
Bank of Albuquerque	Los Alamos County	FFCB	14,031,941
Community Bank	Los Alamos County	C.D.	3,012,401
First National Bank of Santa Fe	Los Alamos County	C.D.	14,200,173
First National Bank of Santa Fe	Los Alamos County	Savings	11,325,003
Los Alamos National Bank	Library Gift Fund	C.D.	12,300
Los Alamos National Bank	Los Alamos County	C.D.	2,000,000
Los Alamos National Bank	Employee Fund	Checking	11,137
Los Alamos National Bank	Employee Fund	C.D.	9,591
Los Alamos National Bank	Flexible Spending Account	Checking	13,083
Los Alamos National Bank	General County	Checking	9,082,468
Los Alamos National Bank	GRT Bonds Debt Service	Checking	602,564
Los Alamos National Bank	Landfill Closure	Checking	1,852,140
Los Alamos National Bank	Municipal Court Bond	Checking	2,738
Los Alamos National Bank	Police Operations	Checking	3,261
Los Alamos National Bank	Small Purchase	Checking	14,953
Los Alamos National Bank	Utility Resource Pool	Checking	9,054,908
Los Alamos National Bank	Utilities - Bond Accounts	Savings	5,768,088
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	403,066
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	69,619
State Investment Council	Permanent Fund	Pool	24,601,053
State Investment Council	General Fund	Pool	18,220,454
State Investment Council	Cemetery Perpetual Care	Pool	682,913
State Treasurer's Pool	General County	Pool	3,304,770
State Treasurer's Pool	General County - Reserve	Pool	1,856
State Treasurer's Pool	Self-sufficiency Fund - Reserve	Pool	4,586
Wells Fargo Bank Minnesota	Utility Bond Accounts	Cash Equivalent	11,171,978
Wells Fargo Bank Minnesota	Utility Bonds	FHLB	10,653,500
Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	162,474
Total Depository Balances			221,241,910
Reconciling items to bank reconciliation			(3,427,342)
Petty cash and change funds			6,137
Total Deposits and Investments reported in financial statements			\$ 217,820,705



INCORPORATED COUNTY OF LOS ALAMOS
SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
 June 30, 2012

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, 2012, the County had approximately \$43.5 million invested with the SIC. The County paid approximately \$42,726 in fees, which are netted in the investment gain. The County is responsible for all audits of its financial records. The Pooled Investment Funds are included in the SIC's annual fiscal year-end audit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Incorporated County of Los Alamos (the County) and 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 (the County) and the City of Santa Fe, Santa Fe County, City of Espanola, Rio Arriba County, the Town of Taos, and Taos County, New Mexico, together known as "coalition members"

Members of the coalition entered into this joint powers agreement to memorialize a shared interest in assuring that LANL missions remain sustainable and diversified, while assuring protection of the environment, affecting federal and state government policy decisions that affect LANL, and promoting economic development throughout the region. This agreement establishes the Regional Coalition, a separate entity from coalition members, which will develop and implement plans and approaches for carrying out the purposes of the coalition. Governance of the Regional Coalition is stated in the agreement; the County of Los Alamos is the acting fiscal agent for implementation and administration of the agreement.

This agreement was entered into by Los Alamos County on May 18, 2011 and approved by the New Mexico Department of Finance and Administration and made effective on October 13, 2011. The term of this agreement is perpetual unless terminated by mutual consent of the coalition members.

Incorporated County of Los Alamos (the County) and the New Mexico MainStreet Program (NMMS) of the New Mexico Economic Development Department (NMEDD)

Under the New Mexico MainStreet Program (NMMS), this MOU establishes a partnership with NMEDD to advance economic development initiatives within the downtown business district of Los Alamos. A locally qualified MainStreet partner organization, the Los Alamos Commerce and Development Corporation, is selected to receive from NMEDD any available resources, training, and technical services.

The MOU covers a period of two years beginning July 1, 2011. The MOU was fully executed by Los Alamos County on March 18, 2012.

Incorporated County of Los Alamos (the County) and the New Mexico Motor Vehicle Division (MVD) of the Taxation and Revenue Department (TRD)

The parties entered into this MOU for the purpose of providing Los Alamos County access to the motor vehicle database and access to add and delete property tax liens on manufactured homes in the County. The MOU identifies points of contact for both parties and establishes requirements and restrictions for use of information, audit requirements, and record keeping. There are no charges levied upon MVD or the County for the use of the database. The MOU is ongoing and may be terminated upon 10 days written notice to MVD.

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

Year ended June 30, 2012

<u>STATE GRANTOR /PROGRAM TITLE</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2011</u>	<u>CASH RECEIVED</u>	<u>OTHER (SEE NOTES)</u>	<u>STATE PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2012</u>
STATE OF NEW MEXICO:						
Administrative Office of the Courts						
Municipal Court Automation Project, Fund #126	\$	1,229	25,564	0	24,335	0
Fire Marshal's Office:						
Fire Protection Fund Distribution (FY 2011)		(249,756)	437,440	3,796 [1]	155,413	(535,579)
Children, Youth and Families Department						
Juvenile Justice Continuum (11-690-12408)		28,418	116,483	0	102,281	14,216
Department of Finance and Administration:						
DWI- Local Distribution (12-D-J-D-16)		0	61,388	(1,750) [2]	59,638	0
DWI- Local Distribution (11-D-J-D-16)		(2,922)	0	(2,922) [2]	0	0
Enhanced E911 (11-E-12)		7,994	9,188	135,851 [3]	139,741	2,696
Law Enforcement Protection Fund Distribution		(22,759)	39,200	0	58,261	(3,698)
Total Department of Finance and Administration		<u>(17,687)</u>	<u>109,776</u>	<u>131,179</u>	<u>257,640</u>	<u>(1,002)</u>
Health Department						
Public Health Division Primary Care and EMS Grant - Fire		(2,943)	10,646	0	13,589	0
Economic Development Department						
Creative District Arts and Cultural District (10-419-A093106-1002)		0	7,500	0	7,500	0
Mainstreet Grant - Knecht Streetscape (10-419-A093767-1007)		13,913	56,270	0	66,816	24,459
Total Economic Development Department		<u>13,913</u>	<u>63,770</u>	<u>0</u>	<u>74,316</u>	<u>24,459</u>

Transportation Department					
Cooperative Agreement SP-5-12 (157)	0	0	0	61,137	61,137
Cooperative Agreement, SB-7798 (991)12	0	0	0	89,090	89,090
Cooperative Agreement, CAP-5-12 (481)	0	0	0	21,496	21,496
Airport Extension Grant-Construction, LAM-11-001	39,446	59,257	0	21,826	2,015
Airport Drainage Construction LAM-10-001	0	2,440	0	2,440	0
Airport Master Plan-LAM-12-01	0	2,092	0	2,683	591
Scholarship Award, CTAA Expo	2,000	2,000	0	0	0
Operation Buckledown	0	0	0	990	990
Total Transportation Department	<u>41,446</u>	<u>65,789</u>	<u>0</u>	<u>199,662</u>	<u>175,319</u>
Homeland Security and Emergency Management Department					
Disaster Assistance - Executive Order 2011-063	0	75,831	0	75,831	0
Disaster Assistance - FEMA 4047	0	0	0	32,453	32,453
Total Economic Development Department	<u>0</u>	<u>75,831</u>	<u>0</u>	<u>108,284</u>	<u>32,453</u>
Office of Cultural Affairs:					
GO Bonds for Public Library Resources	2,000	29,491	0	27,491	0
New Mexico State Library Grant - Operations	0	8,966	0	8,966	0
Total Office of Cultural Affairs	<u>2,000</u>	<u>38,457</u>	<u>0</u>	<u>36,457</u>	<u>0</u>
TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE	<u>\$ (183,380)</u>	<u>943,756</u>	<u>134,975</u>	<u>971,977</u>	<u>(290,134)</u>

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

State-shared Revenues	20,176,280
Change in reserved balances	260,023
Change in Deferred Revenue	(17,312)

TOTAL INTERGOVERNMENTAL REVENUES - STATE

\$ 21,390,968

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

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACCRUED	CASH	OTHER	FEDERAL	ACCRUED
		REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2011			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	\$ 5,464,697	17,683,950	2,981,630 [1]	18,613,602	3,412,719
United States Department of Transportation-Federal Transit Administration						
Flow through the New Mexico State Transportation Department						
Capital Assistance Program for Elderly Persons & Persons w/ Disabilities						
FY11 Contract M01022	20.513	0	203,200	0	203,200	0
Job Access & Reverse Commute Section 5316						
FY11/12 Contract M00974, M01129	20.516	45,885	226,483	0	195,184	14,586
New Freedom Program Sections 5317						
FY11 Contract M01023	20.516	46,501	190,048	0	143,547	0
FY12 Contract M01131	20.516	0	178,099	0	199,699	21,600
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		5,557,083	18,481,780	2,981,630	19,355,232	3,448,905
NONMAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Agriculture:						
United States National Forest Reserve						
	10-665 Public Law 106-393	0	4,716	0	4,716	0
United States Department of Energy:						
American Recovery & Reinvestment Act of 2009						
Cooperative Agreement						
award is for \$4,558,344	81.087 DE-EE0002673	0	59,491	0	59,491	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	0	101,633	0	101,633	0

United States Department of Homeland Security							
Federal Emergency Management Agency (FEMA)							
	97.036						
State and Local Assistance Program	2010-EMPG-Los Alamos County	23,470	60,500	0		37,030	0
State and Local Assistance Program	2011-EMW-2011-EP-00051 Los Alamos	0	24,492	0		45,243	20,751
FEMA Fire Management Assistance Grant (Las Conchas Fire)							
	97.046						
FY2011		91,500	0	0		0	91,500
FY2012		0	0	0		330,302	330,302
FEMA 4047, Flood Disaster Declaration, Public Assistance Program							
	97.036						
FY2012		0	0	0		194,716	194,716
Office of Domestic Preparedness							
	97.067						
Bomb Squad Training Grant	2008-Los Alamos County-SHSGP-01	4,356	4,356	0		0	0
Investment Planning and Public Safety Radio	2010-SHSGP-LAC-2010-SS-T0-0011	0	35,348	0		54,822	19,474
United States Department of Interior, Bureau of Land Management:							
	15.226						
Section 1 payment for Federal owned entitlement land	Public Law 100-343	0	84,392	0		84,392	0
United States Department of Justice:							
	16.xxx						
Drug Enforcement Administration-Asset Forfeiture		(718)	0	33 [3]		0	(751)
United States Department of Transportation-Federal Aviation Administration							
Flow through New Mexico State Transportation Department							
Airport Extension Grant-Construction	20.106	1,498,957	2,253,673	21,826 [2]		829,395	74,679
Airport Drainage Improvement Construction	20.106	0	92,715	3,728 [2]		98,883	6,168
Airport Master Planning Grant	20.106	0	69,317	3,008 [2]		101,937	32,620
United States Department of Transportation-Federal Highway Administration							
Flow through New Mexico State Transportation Department							
Operation DWI (11-AL-64-055)	20.608	1,416	5,245	0		3,829	0
Operation DWI (12-AL-64-055)	20.608	0	837	0		10,215	9,378
United States Department of Transportation-Federal Highway Administration							
Flow through the New Mexico State Transportation Department							
American Recovery & Reinvestment Act of 2009							
Cooperative Agreement	20.205						
award is for \$1,962,217	D12726	235,617	235,617	0		0	0
United States Department of Transportation-Federal Transit Administration							
Flow through the New Mexico State Transportation Department							
Nonurbanized Area Formula Grant Program Section 5309							
award is for \$1,191,884	20.500	0	149,389	0		149,389	0
Nonurbanized Area Formula Grant Program Section 5311							
FY11 Contract M01021	20.509	143,796	584,033	0		440,237	0
FY12 Contract M01130	20.509	0	668,676	0		713,183	44,507
FY12 Contract M01110-ARRA	20.509	0	35,844	0		35,844	0

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

<u>FEDERAL GRANTOR /PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2011</u>	<u>CASH RECEIVED</u>	<u>OTHER</u>	<u>FEDERAL PARTICIPATING EXPENDITURES</u>	<u>ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2012</u>
United States Department of Transportation-Pipeline and Hazardous Material Safety Administration-Technical Assistance to Communities Program	20.710	0	28,332	0	28,332	0
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>1,998,394</u>	<u>4,498,606</u>	<u>28,595</u>	<u>3,323,589</u>	<u>823,344</u>
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>\$ 7,555,477</u>	<u>22,980,386</u>	<u>3,010,225</u>	<u>22,678,821</u>	<u>4,272,249</u>
RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:						
Change in deferred revenue - FEMA/FMAG					(330,302)	
Change in deferred revenue - FEMA 4047					(194,716)	
Change in dererred revenue - Other					8,491	
Federal Subsidy Build America Bonds					118,710	
Ambulance billing and other receipts DOE Cooperative Agreement for fire services					(244,448)	
County Share of DOE Cooperative Agreement for fire services					(2,737,182)	
North Central Regional Transit District revenues					1,303,870	
INTERGOVERNMENTAL REVENUES - FEDERAL					<u>20,603,244</u>	
INTERGOVERNMENTAL REVENUES - STATE					<u>21,390,968</u>	
TOTAL INTERGOVERNMENTAL REVENUES					<u>\$ 41,994,212</u>	
INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:						
Governmental funds					\$ 21,714,390	
Proprietary funds					18,545,761	
Operating revenues - intergovernmental revenue					1,734,061	
Other sources and uses - intergovernmental capital revenue					<u>41,994,212</u>	
TOTAL INTERGOVERNMENTAL REVENUES					<u>\$ 41,994,212</u>	

Notes to Supplemental Schedule of Expenditures of Federal Awards

General

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

Basis of Accounting

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

Other Notes

- [1] County's share of NNSA Cooperative agreement expenditures, ambulance billing and other receipts
- [2] County's Cash Match
- [3] Interest Allocation from prior fiscal years



INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT
 June 30, 2012

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	\$ 143,634,675	11,798,049	73,567,409	41,120,394	270,120,527
Construction work in progress	8,670,019	849,553	2,523,099	140,423	12,183,094
Less provision for accumulated depreciation	(79,371,795)	(3,349,800)	(18,104,542)	(7,849,417)	(108,675,554)
	<u>72,932,899</u>	<u>9,297,802</u>	<u>57,985,966</u>	<u>33,411,400</u>	<u>173,628,067</u>
OTHER PROPERTY AND INVESTMENTS					
Investments and special funds	30,285,424	0	603,464	521,663	31,410,551
CURRENT AND ACCRUED ASSETS					
Cash, working funds and investments	(6,112,886)	6,113,153	17,262,222	1,284,948	18,547,437
Customer accounts receivable	2,452,667	159,184	452,307	285,226	3,349,384
Less provision for uncollectible accounts	(14,645)	(3,582)	(8,139)	(6,417)	(32,783)
Fuel stock	465,404	0	0	0	465,404
Materials and supplies	981,349	46,054	161,154	13,729	1,202,286
Prepayments	664,058	0	189,746	0	853,804
Accrued utility revenues	503,466	92,236	324,417	186,830	1,106,949
	<u>(1,060,587)</u>	<u>6,407,045</u>	<u>18,381,707</u>	<u>1,764,316</u>	<u>25,492,481</u>
DEFERRED DEBITS					
Unamortized debt expenses	587,904	0	6,663	0	594,567
Unamortized deferral on refunding	2,188,239	0	0	0	2,188,239
	<u>2,776,143</u>	<u>0</u>	<u>6,663</u>	<u>0</u>	<u>2,782,806</u>
ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING					
	(2,188,239)	0	0	0	(2,188,239)
TOTAL ASSETS AND OTHER DEBITS	<u>\$ <u>102,745,640</u></u>	<u>15,704,847</u>	<u>76,977,800</u>	<u>35,697,379</u>	<u>231,125,666</u>

LIABILITIES AND OTHER CREDITS					
PROPRIETARY CAPITAL					
Retained earnings	\$ 48,267,587	15,299,614	74,833,927	22,146,678	160,547,806
	<u>48,267,587</u>	<u>15,299,614</u>	<u>74,833,927</u>	<u>22,146,678</u>	<u>160,547,806</u>
LONG-TERM DEBT					
Bonds	39,614,905	0	845,095	0	40,460,000
Plus unamortized premium on long-term debt	1,234,298	0	28,980	0	1,263,278
Contracts and intergovernmental debt	0	0	626,703	12,749,755	13,376,458
	<u>40,849,203</u>	<u>0</u>	<u>1,500,778</u>	<u>12,749,755</u>	<u>55,099,736</u>
CURRENT AND ACCRUED LIABILITIES					
Accounts payable	3,003,312	160,956	396,389	34,051	3,594,708
Customer deposits	63,225	41,970	42,473	0	147,668
Tax collections payable	55,040	14,261	24,154	16,991	110,446
Current portion of revenue bonds payable	7,759,967	0	15,033	0	7,775,000
Current portion of contracts and other debt	0	0	52,968	569,989	622,957
Interest accrued	923,587	0	5,303	91,631	1,020,521
Miscellaneous current and accrued liabilities	550,427	188,046	106,775	88,284	933,532
	<u>12,355,558</u>	<u>405,233</u>	<u>643,095</u>	<u>800,946</u>	<u>14,204,832</u>
DEFERRED CREDITS					
Other deferred credits	3,461,531	0	0	0	3,461,531
ADJUSTMENTS TO GAAP - DEFERRAL ON REFUNDING					
	(2,188,239)	0	0	0	(2,188,239)
TOTAL LIABILITIES AND OTHER CREDITS	\$ <u><u>102,745,640</u></u>	<u><u>15,704,847</u></u>	<u><u>76,977,800</u></u>	<u><u>35,697,379</u></u>	<u><u>231,125,666</u></u>

**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, 2012

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
UTILITY OPERATING REVENUES					
Sales for resale	\$ 32,738,233	0	0	0	32,738,233
Residential	5,878,664	4,230,259	3,512,646	4,136,290	17,757,859
Commercial and industrial	3,859,766	783,425	515,633	0	5,158,824
Sales to public authorities	1,979,578	408,661	1,588,515	0	3,976,754
Street lighting	69,953	0	0	0	69,953
Other operating revenues	428,667	59,731	55,228	10,844	554,470
TOTAL OPERATING REVENUES	44,954,861	5,482,076	5,672,022	4,147,134	60,256,093
OPERATING EXPENSES					
Purchased power, natural gas or water	12,795,411	2,468,984	0	0	15,264,395
Distribution	325,816	447,869	871,881	1,386,753	3,032,319
Administrative and general	2,563,499	661,291	801,244	648,917	4,674,951
Customer accounts	25,950	9,568	1,975	3,286	40,779
Steam power generation	7,956,685	0	0	0	7,956,685
Transmission	4,198,640	0	0	0	4,198,640
Other production expenses	1,274,235	0	0	0	1,274,235
Hydraulic power generation	368,887	0	0	0	368,887
	29,509,123	3,587,712	1,675,100	2,038,956	36,810,891
MAINTENANCE EXPENSES					
Distribution	638,787	226,674	2,008,014	551,031	3,424,506
Steam power generation	846,534	0	0	0	846,534
Hydraulic power generation	251,295	0	0	0	251,295
Transmission	67,567	0	0	0	67,567
	1,804,183	226,674	2,008,014	551,031	4,589,902
DEPRECIATION EXPENSE	6,601,455	316,645	1,744,802	758,875	9,421,777
TAXES	750,918	158,822	41,609	0	951,349
TOTAL OPERATING EXPENSES	38,665,679	4,289,853	5,469,525	3,348,862	51,773,919
UTILITY OPERATING INCOME	6,289,182	1,192,223	202,497	798,272	8,482,174

Other income	762,563	42,406	119,178	14,345	938,492
Other deductions	<u>(781,945)</u>	<u>(305,381)</u>	<u>(33,614)</u>	<u>(440,948)</u>	<u>(1,561,888)</u>
UTILITY INCOME	<u>6,269,800</u>	<u>929,248</u>	<u>288,061</u>	<u>371,669</u>	<u>7,858,778</u>
Income deduction for interest on long-term debt	<u>(2,753,290)</u>	<u>0</u>	<u>(43,665)</u>	<u>(410,784)</u>	<u>(3,207,739)</u>
INCOME BEFORE EXTRAORDINARY ITEMS	<u>3,516,510</u>	<u>929,248</u>	<u>244,396</u>	<u>(39,115)</u>	<u>4,651,039</u>
Proprietary capital, beginning 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>
PROPRIETARY CAPITAL, END OF FISCAL YEAR	<u>\$ <u>48,267,587</u></u>	<u>15,299,614</u>	<u>74,833,927</u>	<u>22,146,678</u>	<u>160,547,806</u>



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

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 supplementary information of the Incorporated County of Los Alamos, New Mexico (County) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 29, 2012. 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

Management of the County is responsible for establishing and maintaining effective 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2012-01 and 2012-02.

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

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



Albuquerque, New Mexico
November 29, 2012



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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, 2012. 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, 2012.

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

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 over compliance 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.



Albuquerque, New Mexico
November 29, 2012

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major program:		
Material weakness identified?	___ yes	<u> √ </u> no
Significant deficiency identified that are not considered to be material weaknesses?	___ yes	<u> √ </u> 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?	___ yes	<u> √ </u> no
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Identification of major program:

CFDA Number(s)

81.XXX
20.513/20.516

Name of Federal Program or Cluster

Fire protection, emergency medical and rescue services cooperative agreement
Transit services cluster

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

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

Dollar threshold used to distinguish between
Type A and Type B programs: \$608,365

Auditee qualified as low-risk auditee? √ yes no

Part II – Findings Related to Financial Statements

Finding 2012-01 Cash Receipts

Condition: During our compliance test work over cash receipts, we noted three out of twenty-two cash receipts tested were not deposited within twenty-four hours.

Criteria: Per Section 6-10-3 NMSA 1978, cash or checks should be deposited before the close of the next succeeding business day after the initial receipt.

Cause: The County did not deposit the receipts within the required timeframe.

Effects: Noncompliance with 6-10-3 NMSA 1978.

Recommendation: We recommend that the County make efforts to ensure that receipts are deposited within the timeframe noted above to ensure compliance with Section 6-10-3 NMSA 1978.

Management Response:

The County agrees that cash and checks should be deposited timely. With the County’s diverse operations, there are many cash collection points. Occasionally, this decentralization can lead to a delay in the depositing of funds, which are reviewed and deposited centrally. The County will take steps to retrain those employees that handle cash about of the importance of timely deposits. The County will also explore other potential solutions with its primary banking institution to minimize the lag between the timing of receipts and daily bank deposits. Safes are used to physically protect funds held overnight at remote locations.

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Finding 2012-2 Cash Disbursements

Condition: During our compliance test work over cash disbursements, we noted the amount disbursed was incorrectly calculated for one out of the twenty-two disbursements tested. The variance between the amount disbursed and the supporting documentation totaled \$1.40.

Criteria: Proper accounting controls over disbursements include review of supporting documentation to ensure amounts disbursed are appropriate.

Cause: The County has controls in place related to review and approval of disbursements. However, in this case, there was a mathematical error made in the calculation of the disbursement.

Effects: Disbursement was understated by \$1.40.

Recommendation: We recommend the County continue to follow existing review and approval procedures over disbursements, to include reviewer recalculation of proposed disbursements.

Management Response:

The County believes that its controls over accounts payable, including travel advances/reimbursements are adequate to minimize the possibility of material misstatements. The error noted above occurred when the traveler manually updated the electronic travel form after it was printed. The error would not have happened had the electronic form been used properly. Nonetheless, the error should have been caught during the review process. Training materials have been updated for the use of the electronic forms, and we are encouraging all travelers to use the electronic forms with formulas instead of manually adjusting paper forms. There will also be increased attention in the review stage to manual calculations.

Part III – Federal Award Findings and Questioned Costs

There were no findings for the year ended June 30, 2012.

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012**

No findings noted in prior year.

**INCORPORATED COUNTY OF LOS ALAMOS
EXIT CONFERENCE
June 30, 2012**

An exit conference was held on November 20, 2012 to discuss the current audit report and current auditor's findings. The following attended:

INCORPORATED COUNTY OF LOS ALAMOS

Audit Committee:

David Israelevitz, Councilor
Harry Burgess, County Administrator
Steven Lynne, Acting Assistant County Administrator
Robert Westervelt, Assistant Utilities Manager
Glen Woodwell, Utilities Board Representative

County Staff:

Joseph D'Anna, Deputy Chief Financial Officer
Helen Ferraglio, Accounting Operations Manager
Tim Bell, Accounting Operations Manager

CLIFTONLARSONALLEN LLP

Janet Pacheco-Morton, Partner



