

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



**Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2013**

*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
1000 Central Avenue Suite 350, Los Alamos, New Mexico 87544

November 27, 2013

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 2013. 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, 2013, 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, CliftonLarsonAllen 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 27, 2013, 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 (LANL) in 1943, a few isolated ranches and a preparatory school for boys occupied the area that is now the County. This isolated area became the home for scientists and military personnel working as a key part of the Manhattan Project, which resulted in ending World War II. Initially, the Laboratory and the surrounding area were owned and controlled by the federal government. Under the Atomic Energy Communities Act of 1955, the government sold most commercial real estate, residential lots, and housing units to private owners. Churches and institutional properties, including hospitals, schools, municipal offices, the electric, gas, and water distribution systems and the wastewater collection system were transferred to private institutions, the school system, or municipal ownership.

The County operates under a council-manager form of government. The County Council consists of seven members who are elected at large by qualified County voters. Under the Charter, the County Council appoints a County 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 2014 budget anticipates revenues of \$6.8 million less than the fiscal year 2013 adopted budget, and expenditures are budgeted at \$11.9 million less than the prior fiscal year. GRT revenues declined in fiscal year 2012, continued to decline in fiscal year 2013, and are projected to further decline in fiscal year 2014. 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.

As originally adopted, the fiscal year 2014 Budget projects a combined ending fund balance / working capital of \$114.1 million, a decrease of \$8.1 million from the fiscal year 2013 projected ending balance. The largest planned change of working capital is in the Joint Utility System Funds, where capital spending is expected to draw down the fund balance by \$9.0 million. The General Fund budget anticipates an increase in fund balance of \$1.2 million.

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 2013 include the following:

- Maintain Quality Routine Essential Services – the Municipal Building Replacement project was completed on time and under budget. Staff and the public are now experiencing greater efficiency; The Golf Course Community Building construction was started;
- 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. This project was completed and operation have begun;
- Diversify the Economy / Revitalize White Rock and Los Alamos Downtowns – the major new retail redevelopment construction has begun on the Trinity site. Implementation has begun on the White Rock master plan / economic development strategy, and the A-19 master planning is near completion. In addition, the White Rock Visitor Center Complex and the NM4 alignment projects were completed and the White Rock Arroyo Trail project was started;
- Maintain Environmental Quality – the County has initiated a glass recycling program and has begun construction of a composting facility; Construction of the smart grid project, which includes photovoltaic electric production on the recently closed landfill site was completed. This also included a demonstration Smart House; and
- Improve Transportation and Mobility - the County directly funded the North Central Regional Transit District under its Progress through Partnering initiative; and the County continued expansion 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 initial phase of development and opening a new larger retail (grocery and household goods) store;
- Completion of the Golf Course Community Building project;
- Initiating the following significant projects: the new Nature Center, the White Rock Library replacement, the White Rock Senior and Youth Activity Centers upgrades, the new White Rock Arroyo Trail, and the new Teen Center;
- Completing construction of the compost facility;
- 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 projections 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, 2012. 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-two consecutive years (fiscal years 1991 through 2012). 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 2013. This was the twenty-first 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

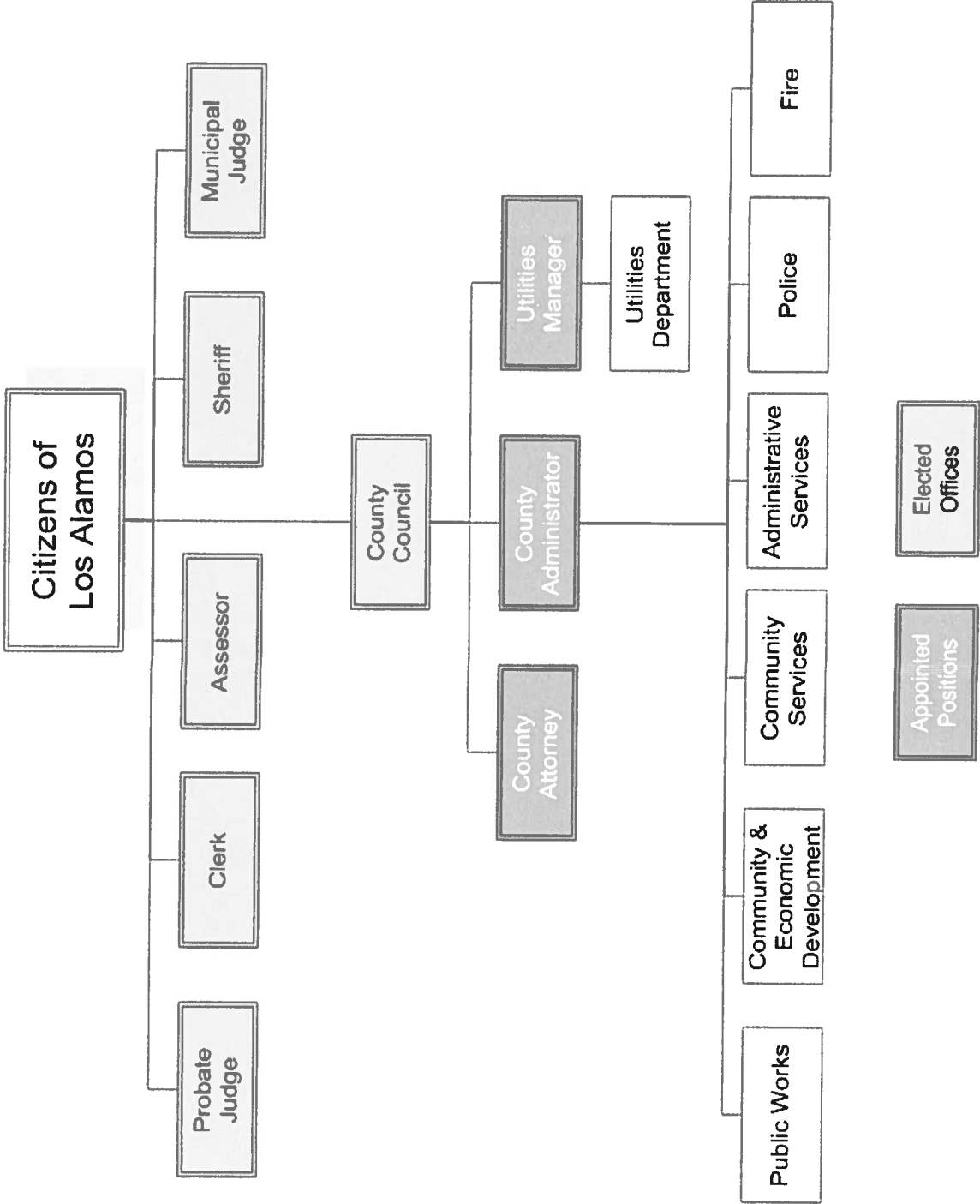
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Smith". The signature is written in a cursive, flowing style.

Executive Director/CEO

**INCORPORATED COUNTY OF LOS ALAMOS
ORGANIZATIONAL CHART**



INCORPORATED COUNTY OF LOS ALAMOS ELECTED AND APPOINTED OFFICIALS

As of June 30, 2013

Elected:

Council

Geoff Rodgers, Chair
David Izraelevitz, Vice-chair
Kristen Henderson
Pete Sheehy
Rick Reiss
Fran Berting
Steven Girens

Sharon Stover
JoAnn Johnson
Marco Lucero
Ellen Hong
Alan Kirk

Clerk

Assessor

Sheriff

Probate Judge

Municipal Judge

Appointed:

County Administrator

Deputy County Administrator

Deputy County Administrator

County Attorney

Utilities Manager

Community & Economic Development Director

Community Services Director

Fire Chief

Police Chief

Public Works

Deputy County Assessor

Deputy County Clerk

Harry Burgess

Brian Bosshardt

Steven Lynne

Rebecca Ehler

John Arrowsmith

Anne Laurent

Charlie Kalogeros-Chattan

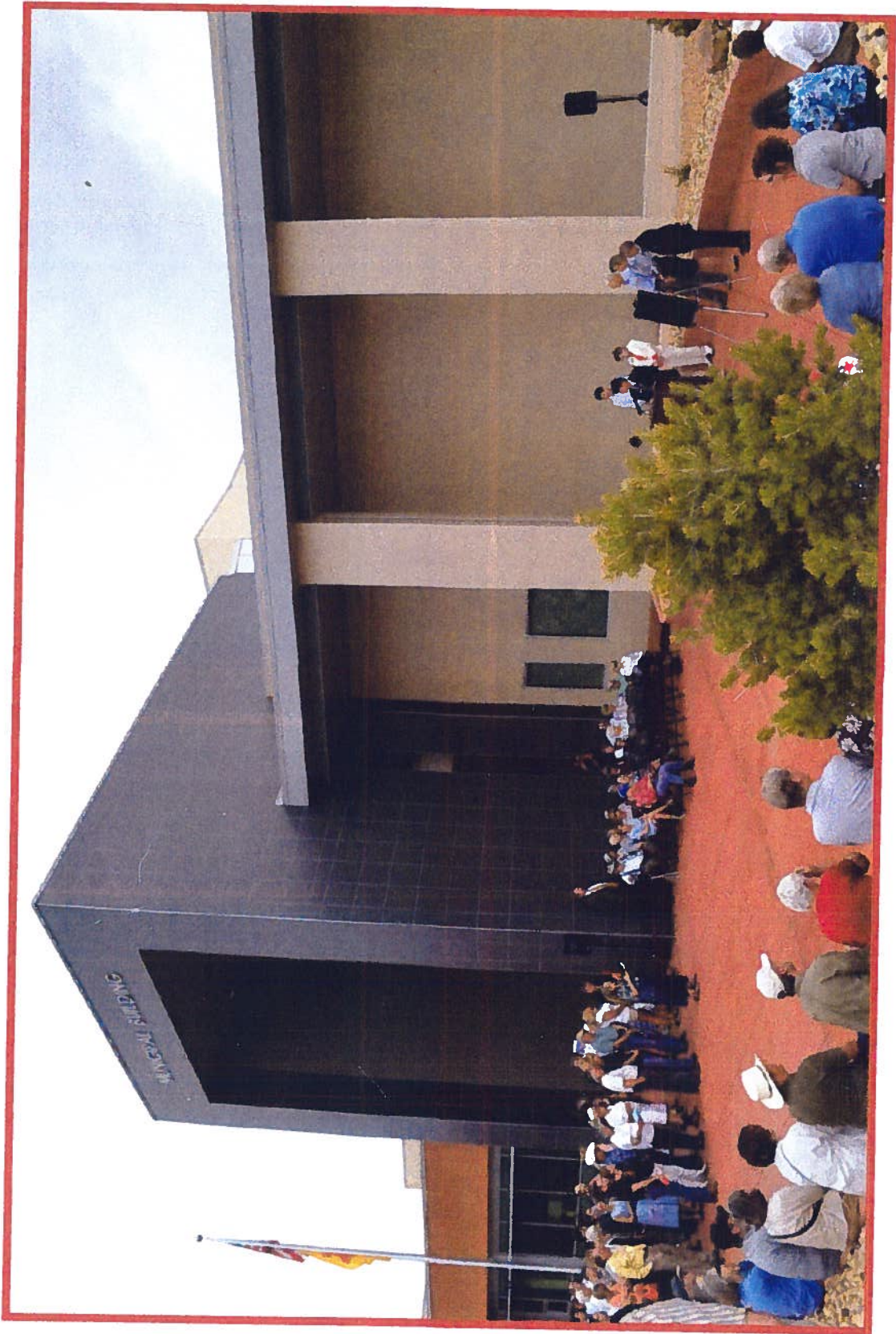
Troy Hughes

Wayne Torpy

Philo Shelton

Joaquin Valdez

Sheryl Nichols





CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and 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, 2013, and the related notes to the financial statements, which collectively comprise the entity'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, internal service funds, and the budgetary comparisons for the major capital projects fund, debt service fund, permanent fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance 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 funds and fiduciary funds of the County as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Geoff Rodgers, Chair, County Council
 Members of the Council, and Harry Burgess, County Administrator
 Los Alamos, New Mexico 87544 and
 Hector H. Balderas, State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
 November 27, 2013

Management's Discussion and Analysis

INCORPORATED COUNTY OF LOS ALAMOS MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2013

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, 2013. This analysis is intended to serve as an introduction to the County's basic financial statements and to provide an analytical overview of the County's operations. Please read it along with the County's *Basic Financial Statements* starting on page 28, the *Notes to the Financial Statements* starting on page 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 position, the amount of assets after subtracting related liabilities, was \$562.4 million at fiscal year-ended June 30, 2013. This is an increase of \$5.7 million in net position, or approximately 1%, 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. Although gross receipt tax revenue (GRT) has declined the past two fiscal years, cost cutting measures and restructuring of capital plans have been successful in maintaining a sound and strong position for the County overall.
- Governmental activities increased the County's net position by \$7.5 million for the fiscal year-ended June 30, 2013. Positive investment earnings, an increase in grants and contributions, and reduced spending were the primary drivers in this increase to net position. Additionally, the County closed the Golf Course Enterprise Fund to the General Fund at the end of the fiscal year, which resulted in a transfer of approximately \$5.1 million in assets from business-type activities to general government activities. These increases were offset by gross receipts tax revenue decreases (reflected in gross receipts tax revenue and state shared revenue) of approximately \$8.3 million. Gross receipts taxes were lower as Los Alamos National Laboratory (LANL), the largest contributor of GRT, took efforts to control its operational costs and further reduced capital spending.
- Business-type activities decreased the County's net position by \$1.8 million for the fiscal year-ended June 30, 2013. This compares to a \$5.5 million increase during the previous fiscal year. Total revenue from business-type activities was \$96.1 million for fiscal year 2013, approximately \$4.4 million higher than the previous year. The components of this change were an increase of \$4.6 million in charges for services and an increase of \$3 million in grants and contributions (both capital and operating). General revenues in the business-type activities decreased by \$5 million as the fire excise tax and environmental increment of GRT were negatively impacted by the decreased spending at LANL. Expenses in fiscal year 2013 increased by \$7.1 million primarily as a result of an increase in electric and gas commodity costs.
- For the fiscal year-ended June 30, 2013, the County's Governmental Funds reported combined ending fund balance of approximately \$102.3 million. This is a \$22.3 million decrease from the end of fiscal year 2012. The decrease is primarily a result of lower GRT in fiscal year 2013 and the use of accumulated fund balance to fund capital expenditures.

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 Position presents information about the financial position of the County as a whole, including all its capital assets and long-term liabilities on a full accrual basis of accounting with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. There are three categories of net position reported:
- a) *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* reflects amounts restricted either by contract or by law.
 - c) *Unrestricted* are available to run the daily operations of the government and pay its current expenses.

The Statement of Activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Governmental Activities - All of the County's basic services are considered to be governmental functions, including County Council, Municipal Court, County Administrator, County Attorney, County Clerk, County Assessor, Administrative Services, Community and Economic 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 28-29 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the Government-wide statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities. The governmental funds financial statements can be found on pages 32-52 of this report.

Proprietary funds include two fund types. *Enterprise funds* are used to report the same functions presented as business-type activities in the Government-wide financial statements. The County uses enterprise funds to account for the Joint Utility System comprised of the Electric, Gas, Water, and Wastewater funds. Other enterprise funds are the Environmental Services, Golf Course, Transit, Fire, and Airport funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the maintenance and replacement of the County's central equipment pool and for the County's insurance for health, workers compensation, unemployment, retiree health care, and property and general liability. The Golf Course Fund was closed at the end of the fiscal year and will now be accounted for as a division in the General Fund. 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. The Agency Fund is used to account for property taxes and other fees and assessments that are collected by the County for, and distributed to, other governmental entities, is also used to account for the assets and liabilities of the Regional Coalition of LANL communities, of which the County serves as fiscal agent. It is also used to account 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 63-108 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

	Fund Financial Statements		
	County-wide 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 position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
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
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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The County's net position, the amount of assets after subtracting related liabilities, was \$562.4 million at fiscal year-ended June 30, 2013. This is an increase of \$5.7 million in net position, or 1%, as compared to the prior fiscal year-end. Analyzing changes in the relative mix of capital assets, restricted and unrestricted net position provides additional indicators of financial position. Please see Table 2 below for a high level summary of net position for fiscal year 2013 compared to fiscal year 2012.

	Governmental Activities			Business-type Activities			Totals	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Assets:								
Current and other assets	\$ 109.0	129.5	73.7	79.9	182.7	209.4	182.7	209.4
Capital assets and bond issuance costs	291.8	272.4	225.7	228.7	517.5	501.1	517.5	501.1
Total assets	<u>400.8</u>	<u>401.9</u>	<u>299.4</u>	<u>308.6</u>	<u>700.2</u>	<u>710.5</u>	<u>700.2</u>	<u>710.5</u>
Liabilities:								
Current and other liabilities	5.6	4.5	5.3	4.9	10.9	9.4	10.9	9.4
Long-term liabilities	57.3	67.0	69.6	77.4	126.9	144.4	126.9	144.4
Total liabilities	<u>62.9</u>	<u>71.5</u>	<u>74.9</u>	<u>82.3</u>	<u>137.8</u>	<u>153.8</u>	<u>137.8</u>	<u>153.8</u>
Net position:								
Invested in capital assets, net of related debt	237.8	208.6	167.0	167.6	404.8	376.2	404.8	376.2
Restricted	35.6	33.6	22.2	21.1	57.8	54.7	57.8	54.7
Unrestricted	64.5	88.2	35.3	37.6	99.8	125.8	99.8	125.8
Total net position	<u>\$ 337.9</u>	<u>330.4</u>	<u>224.5</u>	<u>226.3</u>	<u>562.4</u>	<u>556.7</u>	<u>562.4</u>	<u>556.7</u>

The largest portion of the County's net position is invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debts. As of June 30, 2013 this amount was \$404.8 million (72.0% of total net position). This compares to \$376.2 million (67.6% of total) invested in capital assets net of related debts for the previous fiscal year-end for a net increase of \$28.6 million or 7.6%. The largest portion of this increase was associated with road replacement projects and construction expenditures for the Municipal Building and Golf Course

Clubhouse 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.

The balance of restricted net position is \$57.8 million (10.3% of total) at fiscal year-end 2013, an increase of \$3.1 million or 5.7% compared to the prior year. Restricted net position in the Capital Projects Permanent Fund contributed a \$.4 million increase as the principal is adjusted annually to keep up with inflation. Also, contributing to the increase was the balance Restricted for Income Stabilization which increased \$2.8 million. The restricted net position balance in the Indigent Health Care Fund decreased by \$.7 million as the number of claims paid increased and the GRT which funds the program continued to decrease. Restricted net position balances in the business-type activities increased \$1.1 million as cash and investments were set aside for revenue bond repayment. Other restricted net position decreased \$.9 million in fiscal year 2013.

The remaining \$99.8 million of the County's net position is categorized as unrestricted and is available to be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net position declined in fiscal year 2013 by \$26.0 million or 20.7% as the County used its available resources to replace infrastructure and build new facilities.

Changes in Net Position

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

Table 3					
Los Alamos County's Changes in Net Position					
For Fiscal Year Ended June 30, 2013					
(in millions of \$)					
	Governmental Activities		Business-type Activities		Total
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2012</u>
Revenues:					
Program revenues:					
Charges for services	\$ 1.9	1.8	72.3	67.7	69.5
Operating grants and contributions	2.9	2.2	18.6	18.5	20.7
Capital grants and contributions	1.3	0.4	1.9	1.7	2.1
Total program revenues	<u>6.1</u>	<u>4.4</u>	<u>92.8</u>	<u>87.9</u>	<u>92.3</u>
General revenues:					
Gross receipts taxes	24.3	29.3	2.4	2.9	32.2
Property taxes	5.3	5.2	0.0	0.0	5.2
Franchise taxes	0.5	0.5	0.0	0.0	0.5
Grants and contributions not restricted to specific programs	0.5	0.7	0.0	0.0	0.7
State shared revenue	16.3	19.6	0.0	0.0	19.6
Unrestricted interest and investment earnings (loss)	<u>6.4</u>	<u>0.3</u>	<u>0.9</u>	<u>0.9</u>	<u>1.2</u>
Total general revenues	<u>53.3</u>	<u>55.6</u>	<u>3.3</u>	<u>3.8</u>	<u>59.4</u>
Total Revenues	<u>59.4</u>	<u>60.0</u>	<u>96.1</u>	<u>91.7</u>	<u>151.7</u>
Program expenses:					
General government	14.2	18.7	0.0	0.0	18.7
Public safety	14.1	12.8	0.0	0.0	12.8
Physical and economic environment	1.8	3.9	0.0	0.0	3.9
Transportation	10.6	12.0	0.0	0.0	12.0
Health and welfare	2.8	2.7	0.0	0.0	2.7
Culture and recreation	8.6	9.3	0.0	0.0	9.3
Interest on long-term debt	3.7	3.5	0.0	0.0	3.5

Electric	0.0	0.0	47.1	41.6	47.1	41.6
Gas	0.0	0.0	4.8	4.3	4.8	4.3
Water	0.0	0.0	6.8	5.6	6.8	5.6
Wastewater	0.0	0.0	4.0	3.8	4.0	3.8
Environmental services	0.0	0.0	3.7	4.5	3.7	4.5
Golf	0.0	0.0	1.2	1.3	1.2	1.3
Transit (Atomic City Transit)	0.0	0.0	4.2	3.6	4.2	3.6
Fire	0.0	0.0	20.5	21.0	20.5	21.0
Airport	0.0	0.0	1.7	1.1	1.7	1.1
Total expenses	<u>55.8</u>	<u>62.9</u>	<u>94.0</u>	<u>86.8</u>	<u>149.8</u>	<u>149.7</u>
Change in net assets before transfers	3.6	(2.9)	2.1	4.9	5.7	2.0
Transfers	3.9	(0.6)	(3.9)	0.6	0.0	0.0
Total Change in net position	7.5	(3.5)	(1.8)	5.5	5.7	2.0
Beginning net position	330.4	333.9	226.3	220.8	556.7	554.7
Ending net position	<u>\$ 337.9</u>	<u>330.4</u>	<u>224.5</u>	<u>226.3</u>	<u>562.4</u>	<u>556.7</u>

Governmental Activities

Governmental activities increased the County's net position by \$7.5 million for fiscal year 2013 as compared to the prior year. This section compares results of governmental activities for fiscal year 2013 to fiscal year 2012 as summarized in Table 3.

Total revenues were \$59.4 million in fiscal year 2013, approximately \$0.6 million less than the previous year. Key variances include:

- An increase of \$6.1 million in unrestricted interest and investment earnings, which was a result of improved market conditions reflected primarily in balances invested with the New Mexico State Investment Council;
- A decrease of \$8.3 million in GRT revenue (reflected in gross receipts tax and state shared revenue). This variance is a result of cut backs in spending and staff reductions at LANL, the largest single employer in the county;
- An increase of \$0.7 million in operating grants and contributions related to Las Conchas Fire Fund grant revenue; and
- An increase of \$0.9 million in capital grants and contributions attributable to a non-recurring transfer of land from the Department of Energy in FY2013 of \$0.3 million and an increase in public safety grants.

Total expenses for governmental activities were \$55.8 million in fiscal year 2013, or approximately \$7.1 million less than the previous year. Key variances include:

- A decrease of \$4.5 million in General Government expenses due to cost reduction efforts, higher than normal loss on disposal of assets in the prior year, and higher recovery of indirect charges from other funds in fiscal year 2013;
- An increase of \$1.3 million in Public Safety expenses associated with the Las Conchas Fire emergency response and subsequent flooding events;
- A decrease of \$2.1 million in Physical and Economic Environment expenses, due primarily to a \$2 million economic development grant in fiscal year 2012 to the New Mexico Consortium Inc. as partial project funding to build a research facility;
- A decrease of \$1.4 million in Transportation expenses associated with a lower level of road maintenance (resulting from timing of projects), a lower level of snow and ice control activities (due to a relatively mild winter), and the loss on disposal of infrastructure taken out of service in fiscal year 2012 which was higher than fiscal year 2013; and
- A decrease of \$.7 million in Culture and Recreation expenses due primarily to cost reduction efforts.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year-end 2013. This analysis demonstrates how dependent the County is on its ability to collect gross receipts, property and franchise taxes to fund basic services. At fiscal year-end, governmental activities' program expenses were far greater than related program revenues, resulting in the use of \$49.7 million in general revenues and accumulated net position from governmental activities. Approximately 10.9% of governmental program expenses were covered by program revenues during fiscal year 2013, which is relatively high compared to prior years. Historically, this ratio has remained relatively steady in a range of 6-10%.

Figure 1. 2013 Expenses and Program Revenues for Governmental Activities

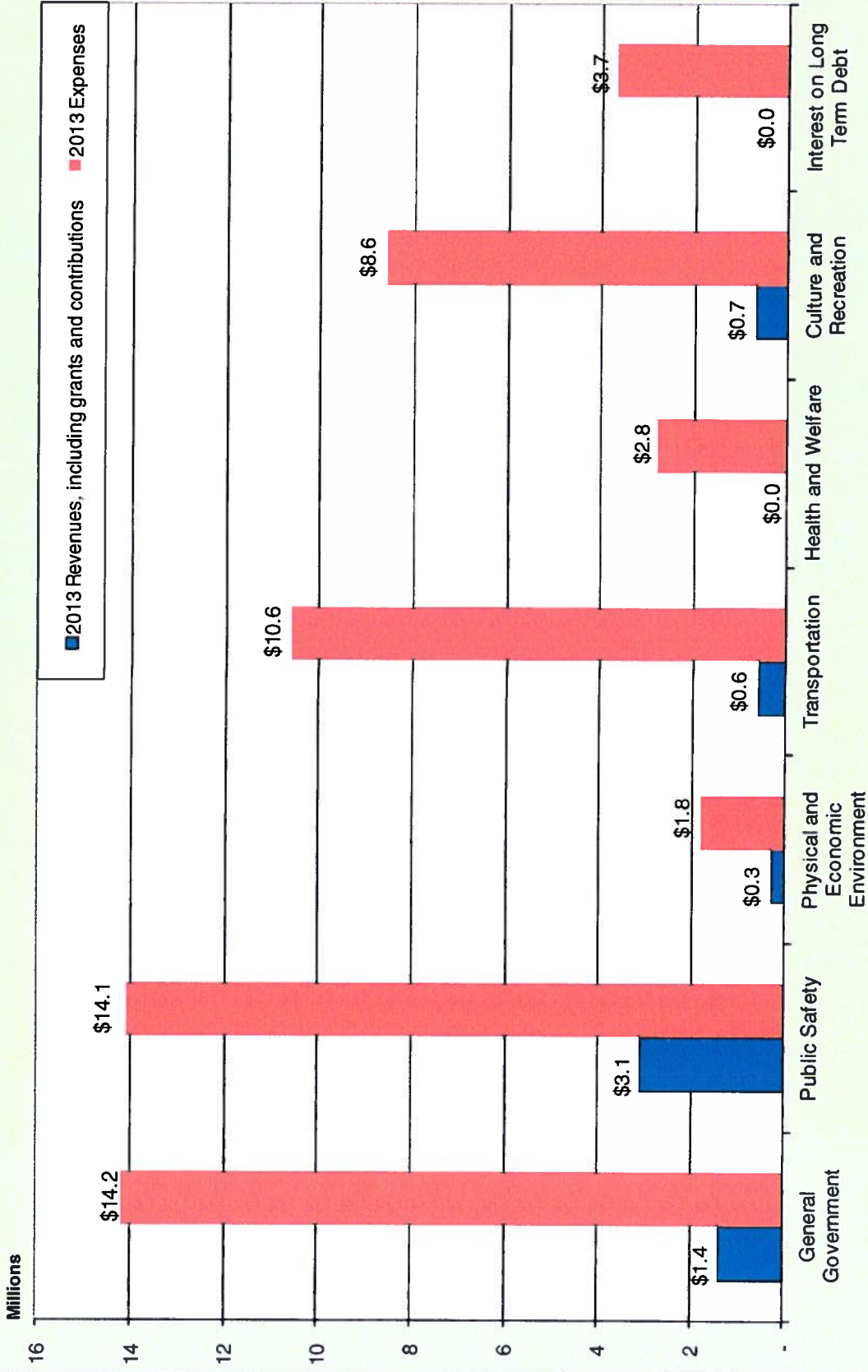
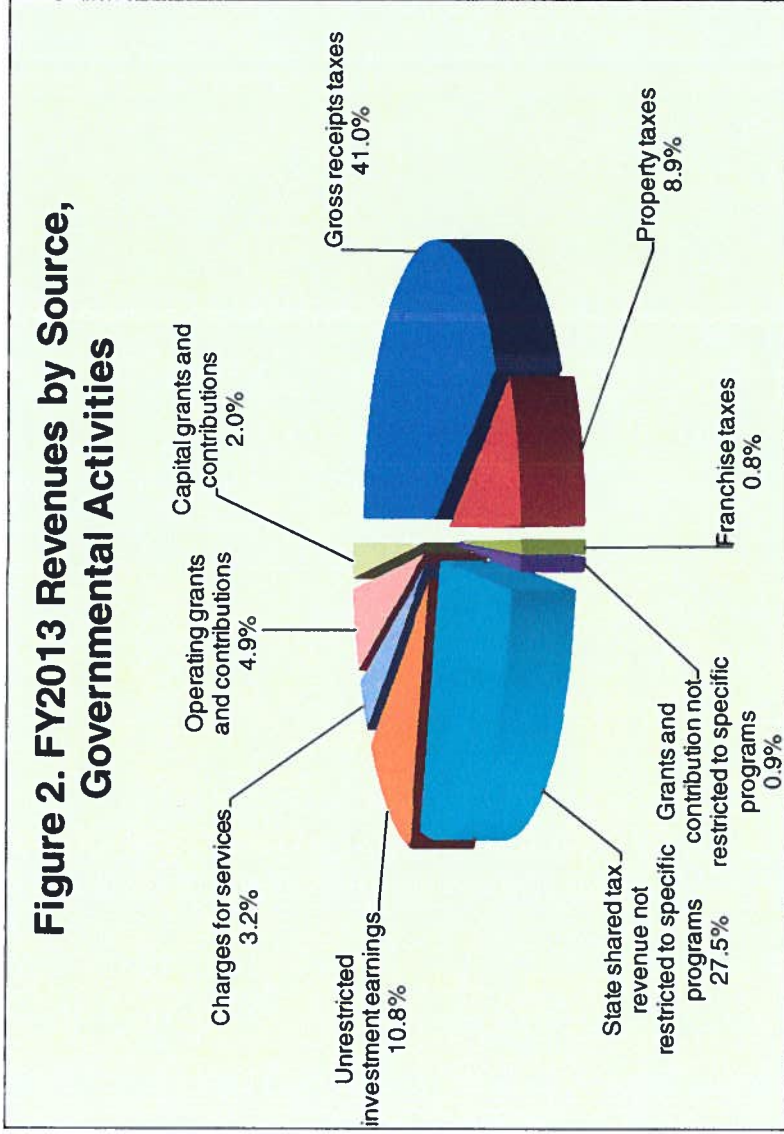


Figure 2 shows the mix of revenues by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue in 2013. It should be noted that the *State shared tax revenue not restricted to specific programs* is almost entirely State Shared GRT revenue, so combined with locally imposed GRT tax increments, total GRT revenues made up approximately 68.5% of Governmental Activities revenues. In fiscal year 2012, GRT comprised almost 80% of governmental revenues as GRT revenues in that year were higher and unrestricted investment earnings were lower.



Business-type Activities

Business-type activities decreased the County's net position by \$1.8 million for the fiscal year-ended June 30, 2013. This compares to a \$5.5 million increase during the previous fiscal year. This section compares results of Business-type Activities for fiscal year 2013 to fiscal year 2012 as summarized in Table 3.

Total revenues and contributions were \$96.1 million in fiscal year 2013; approximately \$4.4 million higher than the previous year. This includes an increase of \$4.6 million in charges for services primarily as the result of higher utility rates and consumption, a \$.5 million decrease in GRT revenues as the result of lower LANL spending, and other net increases of \$.3 million.

Total expenses were \$94.0 million in fiscal year 2013, a \$7.2 million increase over the previous year. Total joint utility system expenses were approximately \$7.3 million higher due to higher commodity costs of electricity and gas. Fire expenses increased \$.5 million as a result of higher wage rates and a higher indirect cost recovery rate on services provided through the cooperative agreement with the Department of Energy for fire protective services. Environmental Services expenses declined \$.6 million through cost cutting measures in response to declining GRT revenue. Airport expenses increased \$.6 million in fiscal year 2013 as the runway repaving and extension project was capitalized at the end of fiscal year 2012 and added \$.4 million to depreciation expense in fiscal year 2013.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2013. This chart demonstrates what degree revenues covered expenses for each program by type of activity. Overall, total business-type program expenses exceeded total program revenues by an approximately \$1.1 million deficit in fiscal year 2013 as compared to a \$1.1 million surplus in fiscal year 2012. 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 \$2.8 million in fiscal year 2013, which is normal given that spending on capital replacement is not reflected in program expenses.

Figure 3. 2013 Expenses and Program Revenues for Business Type Activities

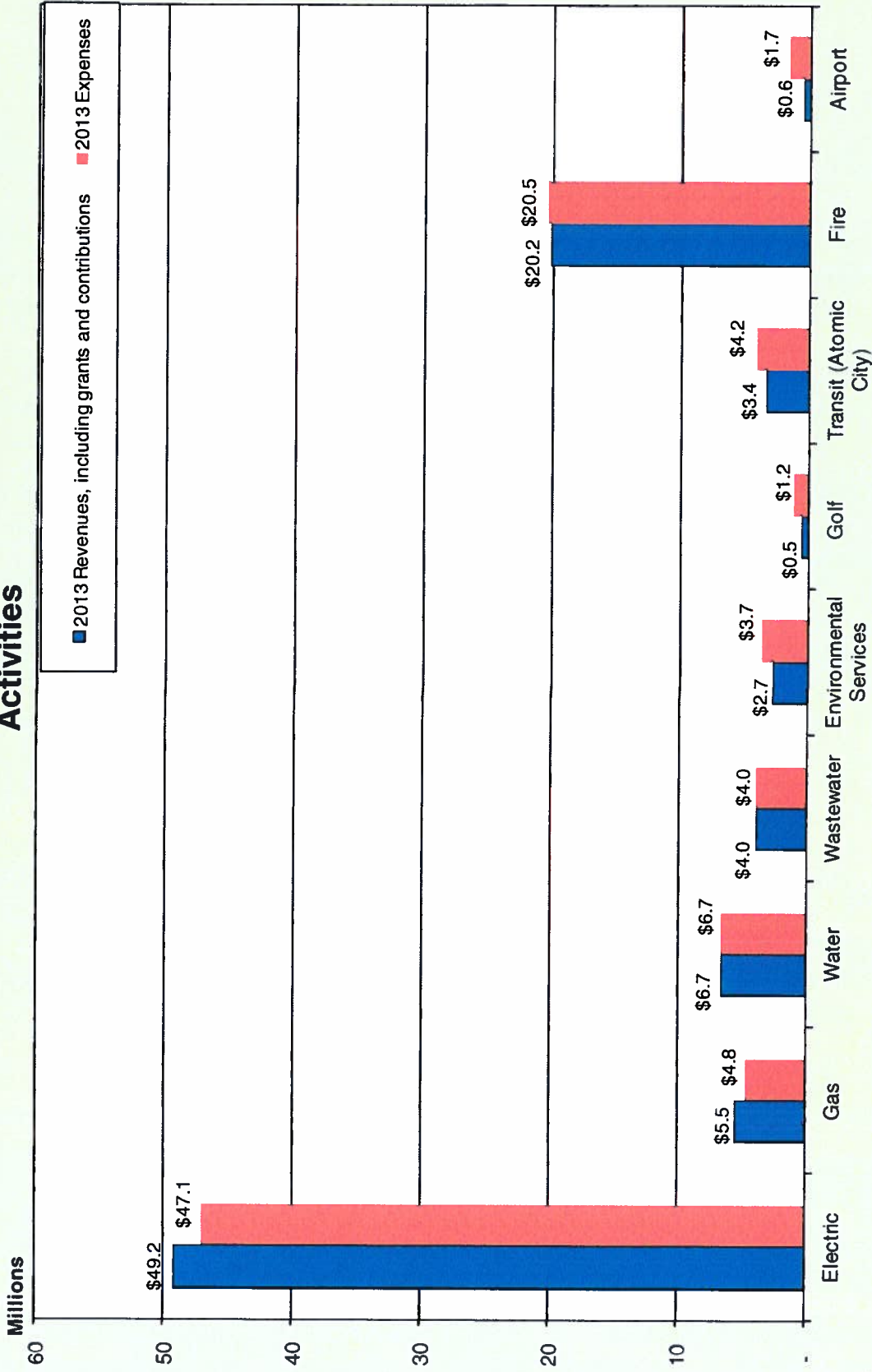
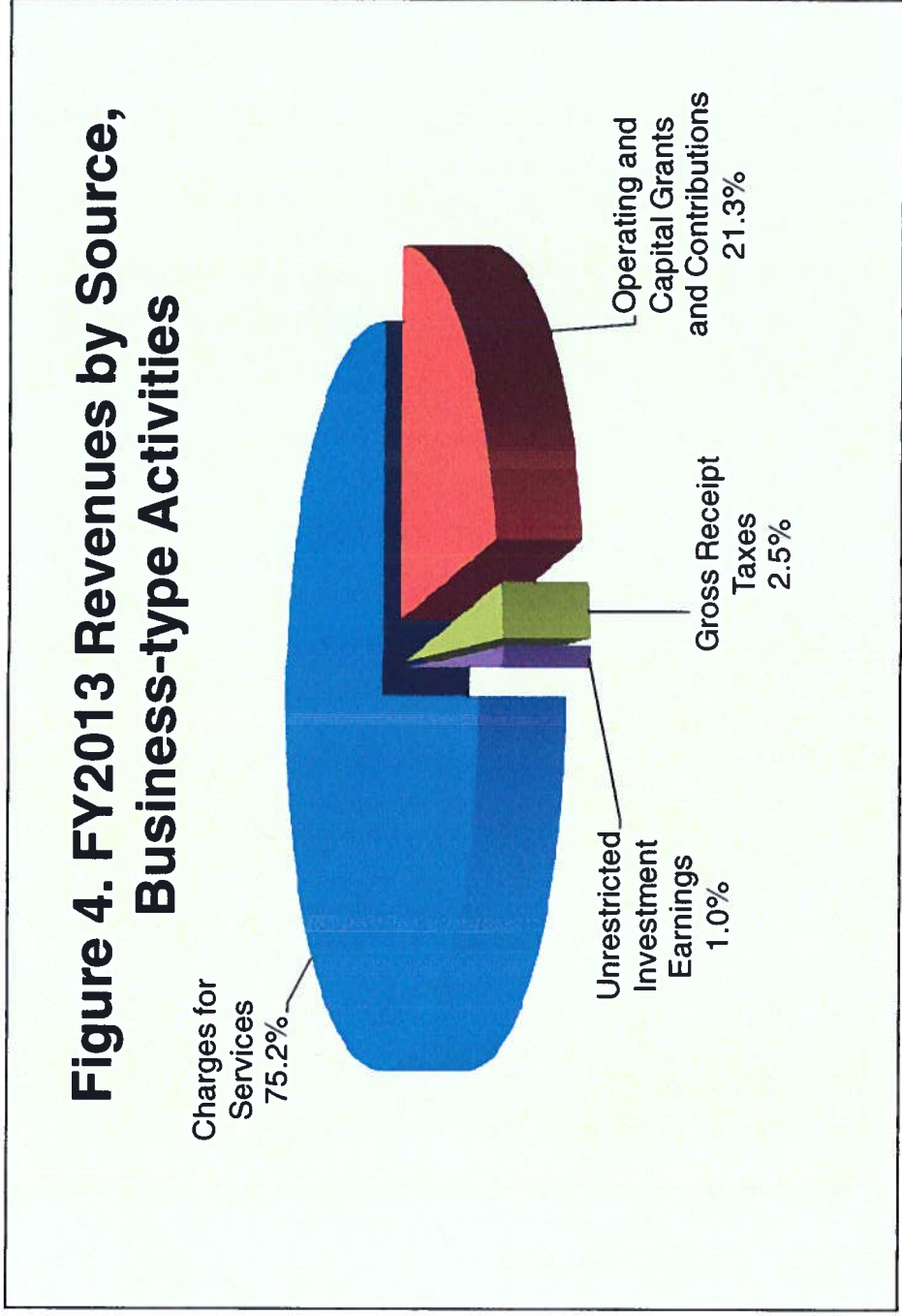


Figure 4 demonstrates that approximately 75.2% of business-type activities revenues were generated from user charges for services in fiscal year 2013. This is similar to fiscal year 2012 when approximately 73.8% of revenue was generated by charges for services. In fiscal year 2013, operating and capital grants amounted to \$20.5 million, as compared to \$20.2 million in fiscal year 2012.



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, 2013, the County's Governmental Funds reported combined ending fund balance of approximately \$102.3 million. Overall, this was \$22.3 million less than the prior year. Activities that had major changes on fund balance include a decrease in GRT and state shared revenue of \$8.3 million, an increase in investment income of \$6.1 million and capital expenditures of \$24.0 million. Fund balances are comprised of four categories:

- \$27.3 million was non-spendable at fiscal year-end 2013, a \$1.0 million increase over the prior year. The non-spendable balances are reported separately to indicate that certain assets do not represent available, spendable resources even though they are a component of net position. These assets are not expected to be converted to cash in time to pay current obligations. Non-spendable 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 \$24.0 million in the Capital Projects Permanent Fund, which represents the non-spendable principal balance. The non-spendable fund balance in the Capital Projects Permanent Fund, increased \$.4 million per the annual inflationary calculation required to maintain the real value of the principal.
- \$10.9 million of fund balance in governmental funds was restricted at fiscal year-end 2013, a \$1.5 million increase from the prior year. These balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which require the resources to be used only for a specific purpose. This includes balances restricted by County code. The restricted fund balance in the Capital Projects Permanent Fund increased \$2.8 million in the amount restricted by County code for income stabilization. This increase was driven by market gains in long-term securities. The restricted fund balance in the Indigent Health Care Fund decreased by \$.7 million as the number of claims paid increased and the GRT revenue which funds the program decreased. Cumulatively, other restricted fund balances decreased approximately \$.6 million.
- \$53.7 million of governmental funds' fund balance was committed at fiscal year-end 2013, a \$23.3 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 fund balance *committed to capital projects* of \$22.3 million as spending on already funded capital projects progressed. The *committed to revenue stabilization* balance increased \$6.8 million as transfers for capital spending projects decreased. In response to declining GRT revenue, several anticipated capital projects were deferred to future years. The balance *committed to debt service* decreased \$6.5 million as much of the accumulated balance was used to partially refund the 2008 GRT Revenue Bond series. Cumulatively, other committed balances decreased approximately \$1.3 million.
- The remaining \$10.4 million of fund balance was unassigned. This is a \$1.5 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 2013, so did this balance. Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This balance would include the residual General Fund balance and residual fund balance deficits (Las Conchas Fire Fund) of other governmental funds.

General Fund - The General Fund is the main governmental operating fund of the County. Its total fund balance for the fiscal year-ended June 30, 2013 was approximately \$28.4 million as compared to \$22.7 million at the prior year end. Although the County faced declining GRT revenue during fiscal year 2013, fund balance increased as a result of cost cutting measures across the County and by decreasing transfers to the Capital Improvement Projects funds. Many capital projects that had been planned to begin over the next few years were deferred until such time as there is a clearer long-term projection of GRT revenues. See page 23 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 63.8% of expenditures and the spendable/unrestricted component was 48.5% of expenditures. Both measures rose compared to the prior year as a result of the fund balance increase. Significant account balances and transactions in the General Fund included:

- \$10.8 million transferred out to other funds. Only \$1.9 million of this was transferred to the CIP Fund (for capital projects), as compared to the prior year when \$14.7 million was transferred to fund capital projects. Other notable transfers out were \$6.3 million to the Gross Receipts Tax Revenue Bond Debt Service Fund (for debt service), \$1.5 million to the Transit Fund (to support operations), and \$.6 million to the Golf Course Fund (to support operations);
- \$8.0 million committed for revenue stabilization represents surpluses mostly accumulated in fiscal year 2013 to buffer operations from the drop in GRT revenue experienced in fiscal years 2012 and 2013. As part of the FY 2011 Budget, the County Council approved a financial policy that sets a minimum target level for this committed balance of 5% of General Fund actual revenues. In fiscal year 2012, that amount was \$3.0 million and the actual revenue stabilization balance dipped to \$1.2 million. Per the policy the Council took steps to insure this balance was restored to the minimum target level. Cost cutting measures and the reduction of transfers to fund capital projects were primarily responsible for increasing this balance during the fiscal year.
- \$5.4 million due from other governments, due primarily from the State of New Mexico for their portion of gross receipts taxes that is shared locally with the County and the GRT that the State collects on behalf of the County for locally imposed GRT increments. The decrease in this balance from \$6.9 million in the prior year is a result of lower GRT revenue levels;
- \$4.5 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 \$11.0 million at June 30, 2013;
- General Fund expenditures decreased by approximately \$.1 million over the prior year. While this may not appear to reflect cost cutting measures, it is important to note the reduction was achieved even though health care benefit costs increased, and County employees on average received a 2% pay increase. Additionally, the approved budget for fiscal year 2013 was \$2.7 million higher than 2012, and yet actual expenditures were lower; and
- General Fund revenues decreased by \$4.1 million from the prior year. The three largest variances in revenues were associated with GRT revenue, investment earnings, and interfund/interdepartmental cost recovery. GRT revenue (including the state shared revenue portion) was \$8.0 million less than in fiscal year 2012 due to decreased spending at LANL. This was partially offset by an increase in investment income of approximately \$1.0 million due to improved financial market conditions. Lastly, there was a \$2.3 increase in recovery of interfund/interdepartmental charges for services, as the County targeted higher cost recovery and had a higher estimated indirect cost recovery rate under the cooperative agreement with the Department of Energy for fire protective services.

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 \$9.6 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 fiscal year 2013 was \$10.8 million, which was the same 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. There were no such similar transactions in FY2013. Expenditures in the fund approximated the investment income in the fund.

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 \$3 million. Transfers in from the General fund were \$6.3 million, and regular debt service expenditures equaled \$6.9 million. On June 26, the County advance refunded a portion of the 2008 Series. \$6.7 million of fund balance accumulated in prior years was deposited into escrow and used in the refunding. The advance refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$1.2 million. See additional information in Note 9 in the Notes to Financial Statements, starting on 92.

Capital Improvement Projects Fund - The Capital Improvement Projects Fund accounts for the financing and construction of structures and improvements approved by the County Council. The total fund balance at fiscal year-end was \$33.3 million, which represented the unspent portion of previously approved and funded capital projects. The fund balance decreased by \$22.4 million from the prior fiscal year as the result of continued capital spending on approved projects and a \$3.2 million transfer out of previously approved funding for projects the County Council deferred to future fiscal years. Significant capital expenditures in fiscal year 2013 include the following: \$12.8 million on the new Municipal Building, \$2.7 on the Eastern Area road replacement project, \$1.9 million on the Golf Course Community Building, \$1.0 million on the Iris Street road improvement project, \$0.9 million on the State Road 4 improvements, \$0.7 on the Stables Area Covered Arena, and \$0.7 on Ashley Pond improvements.

Capital Projects Permanent Fund - The Capital Projects Permanent Fund accounts for amounts received as a settlement of prior years' gross receipts taxes, and that was set aside by the County Council and the County Charter for capital projects. These amounts are invested, and the real value of the fund principal is required by County Charter to be maintained at an annual level that keeps pace with the implicit price deflator for the gross domestic product. The minimum principal requirement of approximately \$24.0 million, as of June 30, 2013, is identified as non-spendable in fund balance to recognize the County Charter restrictions. When there is investment income in excess of the principal maintenance requirement, it is made available for expenditure in the Capital Improvement Projects Fund. During fiscal year 2013, \$1.0 million was transferred out to the CIP fund. There were investment gains of \$4.2 million in fiscal year 2013, which resulted from the longer-term nature of the investments and favorable 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, 2013 was \$28.8 million, and increase of \$3.2 million from the prior year.

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

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

- \$177.3 million in capital assets (net of accumulated depreciation of \$117.3 million), including electric production and distribution assets, water production and distribution assets, gas distribution assets and wastewater collection and processing assets. This balance increased by approximately \$3.7 million in fiscal year 2013 as the County has continued to invest in updating and replacing its plant in service;
- \$53.6 million in debt related to the Utility plant in service, which is \$7.7 million lower than the prior year primarily as a result of regularly scheduled debt service payments; and
- Operating revenues were \$64.5 million in fiscal year 2013, an increase of \$3.5 million over the prior year. The increase is the result of higher revenues in electric, water, and wastewater services, while gas service revenues were comparable to the prior year.
- Operating expenses were \$7.3 higher at \$59.1 million in fiscal year 2013, compared to \$51.8 million in fiscal year 2012. The increase is primarily the result of higher commodity costs for electric and natural gas.

Environmental Services Fund – The Environmental Services Fund has a long-term liability balance of \$5.3 million. Of this, \$.3 million was for landfill closure and \$4.8 million was intergovernmental debt payable for a loan from the New Mexico Finance Authority that was used to fund the construction of the Solid Waste Transfer Station (EcoStation). Significant landfill closure activities began in fiscal year 2006 and are ongoing.

Golf Course Fund – The Golf Course Fund was closed effective June 30, 2013. The recent trend of declining rounds played per year left the fund in a position where it was covering less than 50% of its operating costs. The decision was made to close the fund and account for its activity in the future as a division within the General Fund. Capital assets of approximately \$5.1 million were transferred to the general government activities as a result of this fund closure.

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 (\$1.9 million), payments from the North Central Regional Transit District (\$1.3 million), and general fund transfers in (\$1.5 million) in fiscal year 2013.

Fire Fund – On October 1, 2008 the County was awarded a cooperative agreement with the Department of Energy (DOE) to provide enhanced fire protection services to LANL. Under the agreement, the County's annual cost share for operating the fire department was \$3.9 million in fiscal year 2013. The decrease in the balance of due from other governments from \$3.7 million in fiscal year 2012 to \$3.1 million in fiscal year 2013 is associated with amounts due from the federal government under the cooperative agreement. Some payments under this agreement had been withheld by DOE, but were released to the County in fiscal year 2013. The intergovernmental revenue of \$15.8 million in the Fire Fund includes all operating grant revenue under the cooperative agreement.

Airport Fund – Beginning in April 2013, the Airport saw the addition of commuter air service to Albuquerque via a contract with New Mexico Airlines. This service is currently subsidized by the County and a Small Community Air Service Development Program grant from US Department of Transportation's Office of Aviation Analysis. Depreciation expense in fiscal year 2013 was \$4 million higher than the prior year as the result of the capitalization of major improvements and airport extension projects in fiscal year 2012 which began being depreciated in fiscal year 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$10.1 million less than the final revised budget of \$65.7 million. The variances in revenue were largely associated with GRT and grant revenues. GRT revenue (including the state shared revenue portion) was \$8.3 million less than anticipated due to decreased spending at Los Alamos National Laboratory. State and federal grant actual revenue was \$6.6 million less than anticipated due to timing of projects and related spending.

Actual General Fund expenditures were approximately \$6.5 million less than the final revised fiscal year 2013 budget. This variance was achieved through cost cutting measures implemented around the middle of the fiscal year, which included cutting back on some materials and contracts, limiting travel, critical evaluation of maintenance and other projects, and the elimination of several positions as they became vacant through attrition. The Community and Economic Development Department was \$1.8 million under its expenditure budget, the Community Services Department was \$1.3 million under budget, the County Administrator's Office was \$1.1 million under, and other departments contributed \$2.3 million to the variance.

The revised budget for revenues of \$65.8 million was \$1.1 million 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 \$2.5 million in encumbrance carryovers, \$3.5 million in project and grant carryovers, and \$.5 million for an interfund loan to the Joint Utility System Fund and many smaller revisions totaling \$1.4 million.

A detailed statement of budget variances for the General Fund can be found on 42-51.

ADMINISTRATION OF CAPITAL ASSETS AND DEBT

Capital Assets - The County's total investment in capital assets for its governmental and business type activities as of June 30, 2013 was \$516.4 million, net of \$249.4 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.

Total capital assets for the County increased by approximately \$16.5 million from 2012 to 2013 or 3.3%. Capital assets associated with business-type activities decreased by \$2.9 million. The largest component of this decrease was the transfer of \$5.1 of capital assets from the Golf Course Fund to governmental activities. This decrease was offset by continued investments in utilities distribution assets. Capital assets associated with governmental activities increased by \$19.4 million. The increase includes the capitalization of infrastructure from construction in progress (CWIP) and significant CWIP expenditures of the following: Municipal Building, Eastern Area road replacement, Golf Course Clubhouse, Iris Street road improvement project, State Road 4 improvements, Stables Area Covered Arena, and Ashley Pond Improvements. The increase in governmental activities capital assets also includes the aforementioned transfer from the Golf Course Fund. Additional information about the County's capital assets can be found on pages 86-88. A year over year comparison of changes in capital assets is shown in Table 4.

Table 4
Los Alamos County's Capital Assets, Net of Accumulated Depreciation
As of June 30, 2013 and 2012
(in millions of \$)

	Governmental Activities		Business-type Activities		Total
	FY 2013	FY 2012	FY 2013	FY 2012	
Land	\$ 53.0	47.9	8.6	13.3	61.6
Right of Way	18.0	18.0	0.0	0.0	18.0
Utility Plant in Service	0.0	0.0	271.2	263.1	263.1
Buildings	118.9	95.1	23.2	23.4	142.1
Improvements other than buildings	15.8	14.5	18.0	19.0	33.8
Machinery and Equipment, Art and Historic Treasures	16.7	15.0	24.8	24.3	41.5
Infrastructure	170.2	162.0	0.0	0.0	170.2
Less Accumulated Depreciation	(112.6)	(103.3)	(136.8)	(127.1)	(249.4)
Construction in Progress	11.2	22.6	16.3	12.2	27.5
Total	\$ 291.2	271.8	225.3	228.2	516.5
					500.0

Administration of Debt - From fiscal year 2013 to 2012, the County's total debt payable for governmental and business-type activities combined decreased by \$16.0 million primarily due to regularly scheduled debt service payments in the business-type activities and the use of \$6.7 million from the GRT Debt Service Fund to advance refund a portion of the 2008 GRT Revenue Bond Series in the governmental activities. That refunding resulted in fiscal year 2013 resulted in an economic gain of \$1.2 million. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 92.

ECONOMIC FACTORS AND THE FISCAL YEAR 2014 ADOPTED BUDGET

The fiscal year 2014 budget anticipates revenues of \$6.8 million less than the fiscal year 2013 adopted budget, and expenditures are budgeted at \$11.9 million less than the prior fiscal year. GRT revenues declined in fiscal year 2012, continued to decline in fiscal year 2013, and are projected to further decline in fiscal year 2014. 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.

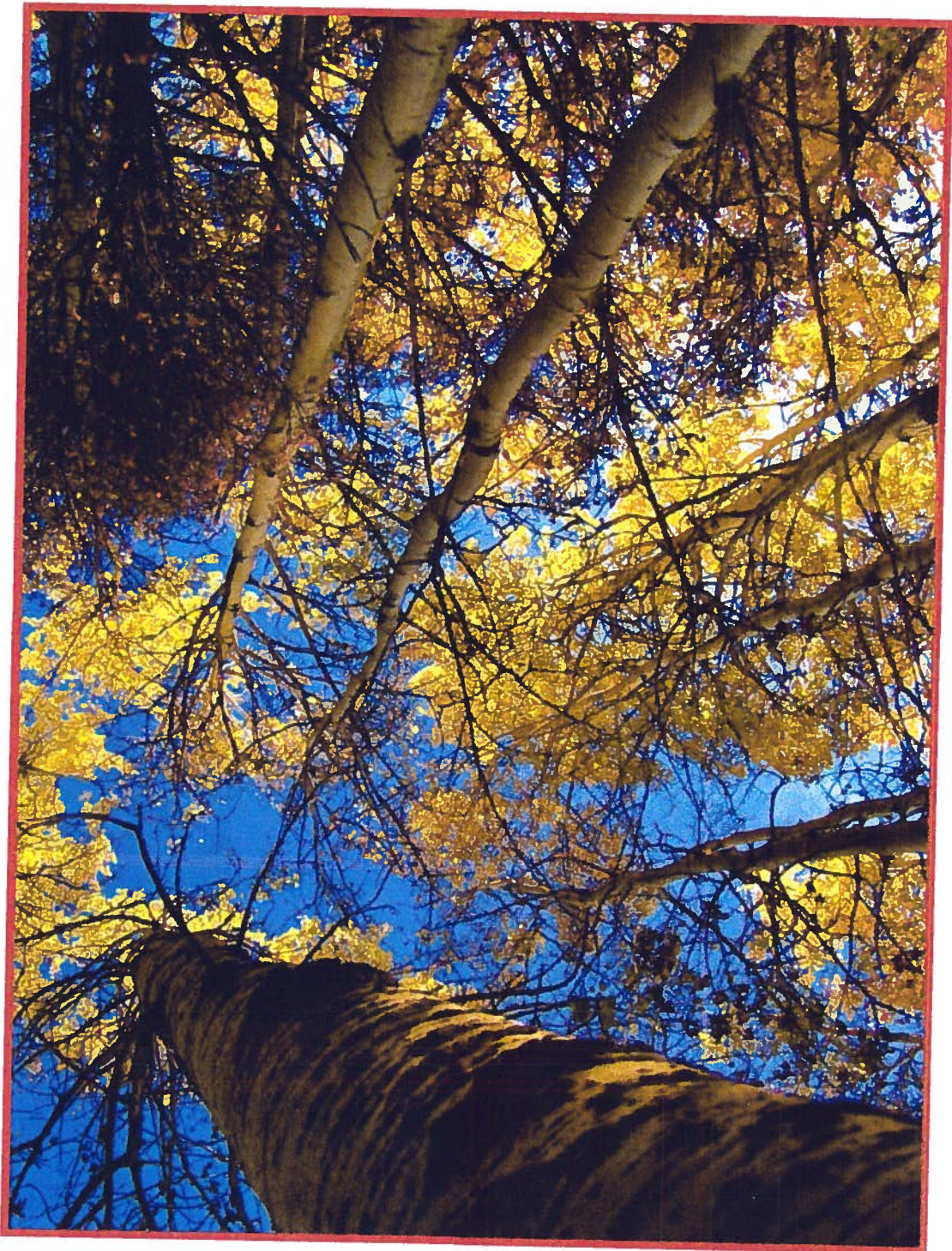
Given the significant impact of LANL operations, the County will be monitoring closely any federal legislative budget activities associated with the Department of Energy (DOE) and other federal agencies and continuing to consider potential impacts to LANL and to the County's long-range financial projections.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

As originally adopted, the fiscal year 2014 Budget projects a combined ending fund balance / working capital of \$114.1 million, a decrease of \$8.1 million from the fiscal year 2013 projected ending balance. The largest planned change of working capital is in the Joint Utility System Funds, where capital spending is expected to draw down the fund balance by \$9.0 million. The General Fund budget anticipates an increase in fund balance of \$1.2 million.

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, 1000 Central Avenue, Suite 300, Los Alamos, New Mexico 87544.

Government-wide Financial Statements



INCORPORATED COUNTY OF LOS ALAMOS
Government-wide
Statement of Net Position
June 30, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash and investments	\$ 69,943,865	33,592,750	103,536,615
Investments	27,043,258	0	27,043,258
Receivables, net of allowance for uncollectibles			
Accounts	67,101		
Interest	454,968	4,768,654	4,835,755
Pension forfeitures	13,152	0	454,968
Property taxes	180,588	0	13,152
Unbilled	23,284	0	180,588
Loans receivable, net of discounts/reserve for loan losses	961,468	1,168,505	1,191,789
Due from other governments	7,156,384	0	961,468
Internal balances	1,724,573	4,997,612	961,468
Inventories and prepayments		(1,724,573)	12,153,996
Inventories	770,456		0
Power plant inventories	0	1,024,987	1,795,443
Prepayments	22,074	783,856	783,856
Restricted assets		512,273	534,347
Temporarily Restricted			
Cash and cash equivalents	28,101		
Debt reserves and debt service	0	5,715,092	5,743,193
Operations and maintenance		4,717,394	4,717,394
Investments			
Debt reserves and debt service	0	13,784,261	13,784,261
Operations and maintenance	0	3,030,821	3,030,821
Premiums and discounts	0	326,878	326,878
Accrued interest	0	14,339	14,339
Asset held for resale	597,402	948,236	1,545,638
Capital assets			
Land	52,977,882	8,609,657	61,587,539
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	271,201,374	271,201,374
Buildings	118,936,416	23,149,229	142,085,645
Improvements other than buildings	15,756,840	17,991,558	33,748,398
Machinery, equipment, art and historic treasures	16,734,009	24,787,104	41,521,113
Infrastructure	170,181,433	0	170,181,433
Less accumulated depreciation	(112,572,530)	(136,815,742)	(249,388,272)
Construction in progress	11,228,325	16,341,637	27,569,962
Bond issuance costs, net of amortization	539,934	459,981	999,915
TOTAL ASSETS	400,770,097	299,385,883	700,155,980

LIABILITIES

Accounts payable	3,629,741	4,531,192	8,160,933
Accrued salaries and benefits payable	1,128,130	395,135	1,523,265
Customer deposits payable	331,298	176,358	507,656
Due to other governments	16,032	117,131	133,163
Donations held in trust	52,823	23,629	76,452
Unearned revenue	406,003	0	406,003
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,969,072	1,899,948	3,869,020
Claims and judgments payable	0	1,740,290	1,740,290
Revenue bonds payable	3,615,000	8,130,000	11,745,000
Contracts and intergovernmental debt payable	0	798,271	798,271
Special closure costs	0	118,296	118,296
Interest payable on non-current liabilities	211,895	862,454	1,074,349
Due in more than one year			
Accrued compensated absences	1,190,937	966,740	2,157,677
Claims and judgments payable	0	929,296	929,296
Revenue bonds payable	50,341,841	31,749,153	82,090,994
Contracts and intergovernmental debt payable	0	17,986,708	17,986,708
Special closure costs	0	4,405,436	4,405,436
TOTAL LIABILITIES	62,892,772	74,830,037	137,722,809

NET POSITION

Invested in capital assets, net of related debt	237,926,582	167,060,666	404,887,248
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	24,005,200	0	24,005,200
Debt service (Bond and loan agreements)	28,101	22,202,599	22,230,700
Perpetual care (County code)	658,427	0	658,427
Lodgers' tax (State law)	90,984	0	90,984
Clerk records and files (State law)	61,119	0	61,119
Indigent health care (State law)	74,552	0	74,552
Property tax valuation (State law)	457,597	0	457,597
Grants (Granting entities)	325,436	0	325,436
Cash requirements (State law)	4,481,952	0	4,481,952
Recreation (County code and contributors)	188,078	0	188,078
Library operations (Contributors)	94,697	0	94,697
Major street maintenance (State law)	257,996	0	257,996
Municipal court (County code)	21,914	0	21,914
Income stabilization (County code)	4,791,697	0	4,791,697
Unrestricted	64,512,993	35,292,581	99,805,574
TOTAL NET POSITION	\$ 337,877,325	224,555,846	562,433,171

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
Government-wide
 Statement of Activities
 Year ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental activities							
General government	\$ 14,217,521	1,079,196	57,166	299,890	(12,781,269)	0	(12,781,269)
Public safety	14,126,300	30,892	2,153,997	929,899	(11,011,512)	0	(11,011,512)
Physical and economic environment	1,820,183	278,557	0	0	(1,541,626)	0	(1,541,626)
Transportation	10,597,589	58,997	584,970	0	(9,953,622)	0	(9,953,622)
Health and welfare	2,812,257	0	0	0	(2,812,257)	0	(2,812,257)
Culture and recreation	8,630,805	485,245	148,825	24,839	(7,971,896)	0	(7,971,896)
Interest on long-term debt	3,651,044	0	0	0	(3,651,044)	0	(3,651,044)
Total governmental activities	55,855,699	1,932,887	2,944,958	1,254,628	(49,723,226)	0	(49,723,226)
Business-type activities							
Joint Utilities							
Electric	47,133,456	49,066,724	118,160	0	0	2,051,428	2,051,428
Gas	4,782,055	5,496,085	0	0	0	714,030	714,030
Water	6,743,730	5,768,598	4,771	900,000	0	(70,361)	(70,361)
Wastewater	4,013,751	3,998,295	0	0	0	(15,456)	(15,456)
Environmental Services	3,670,408	2,701,807	5,200	0	0	(963,401)	(963,401)
Golf	1,194,242	505,080	0	0	0	(689,162)	(689,162)
Transit (Atomic City Transit)	4,200,697	150,092	2,548,606	724,809	0	(777,190)	(777,190)
Fire	20,470,142	4,485,389	15,757,623	0	0	(227,130)	(227,130)
Airport	1,737,767	85,324	205,597	238,618	0	(1,208,228)	(1,208,228)
Total business-type activities	93,946,248	72,257,394	18,639,957	1,863,427	0	(1,185,470)	(1,185,470)
Total government	\$ 149,801,947	74,190,281	21,584,915	3,118,055	(49,723,226)	(1,185,470)	(50,908,696)
General revenues:							
Gross receipts taxes and excise tax					24,328,784	2,392,659	26,721,443
Property taxes					5,266,033	0	5,266,033
Franchise taxes					464,719	0	464,719
Grants and contributions not restricted to specific programs					523,589	0	523,589
State shared tax revenue not restricted to specific programs					16,273,672	0	16,273,672
Unrestricted investment earnings					6,423,031	887,530	7,310,561
Transfers:							
Transfers					3,889,997	(3,889,997)	0
Total general revenues, and transfers					57,169,825	(609,808)	56,560,017
Change in net position					7,446,599	(1,795,278)	5,651,321
Net position - beginning					330,430,726	226,351,124	556,781,850
Net position - ending					\$ 337,877,325	224,555,846	\$ 562,433,171

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.

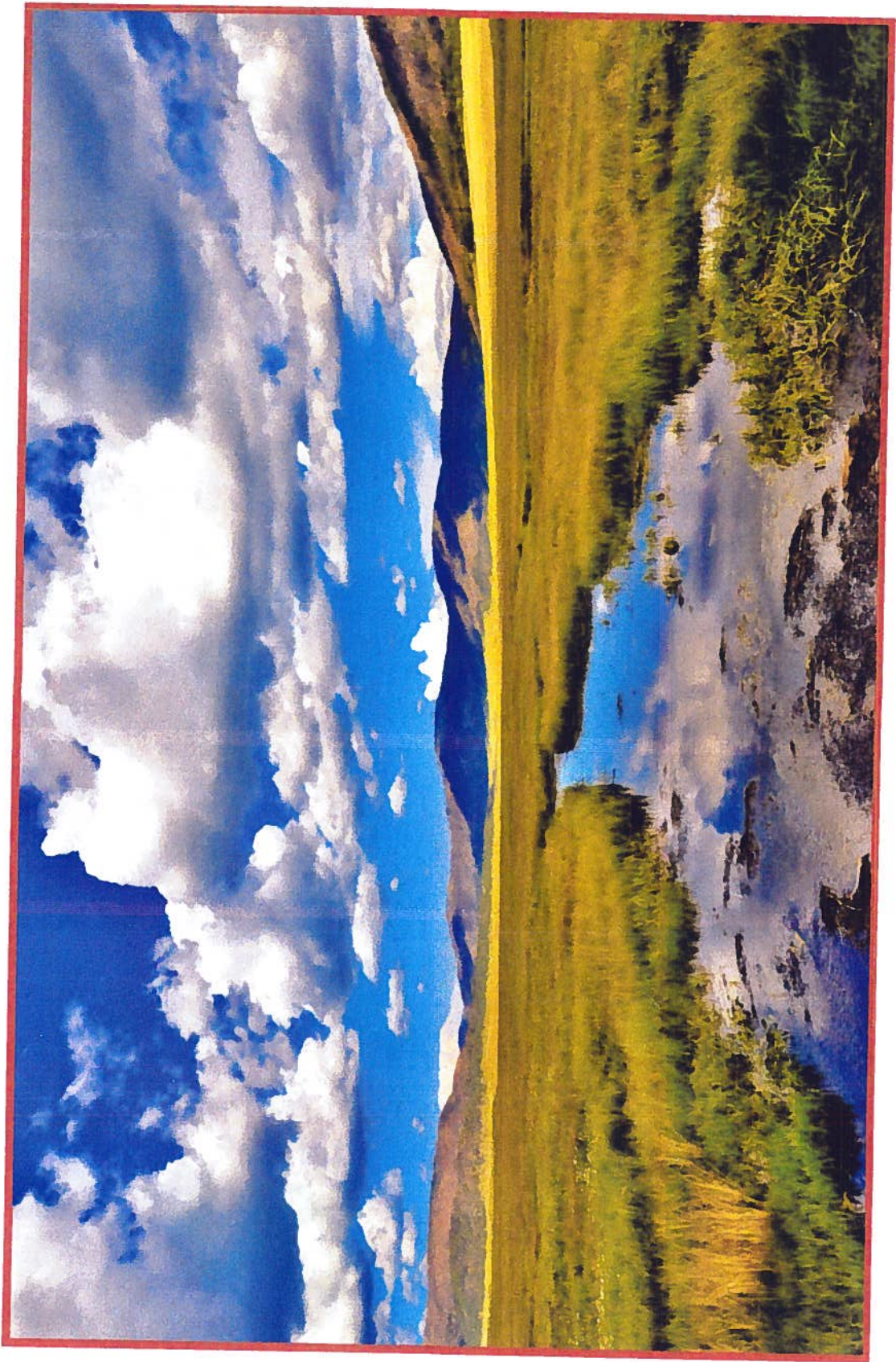
Economic Development Fund 171 - accounts for the receipt, management, investment, and expenditure of the buyout payment received from the U.S. Department of Energy under the Atomic Energy Community Act. This special revenue fund was established by County Council.

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, 2013

	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	\$ 20,416,990	9,886,092	232,763	35,268,323	2,564,537	1,575,160	69,943,865
Investments	798,598	0	0	0	26,232,360	12,300	27,043,258
Receivables, net of allowance for uncollectibles							
Accounts	67,101	0	0	0	0	0	67,101
Interest	453,979	950	0	0	0	39	454,968
Property taxes	180,588	0	0	0	0	0	180,588
Unbilled	0	0	0	0	0	23,284	23,284
Loans receivable, net of discounts/reserve for loan losses	0	961,468	0	0	0	0	961,468
Due from other governments	5,444,679	0	0	0	0	0	5,444,679
Due from other funds	1,976,289	0	0	0	0	1,711,705	7,156,384
Inventories and prepayments							1,976,289
Inventories	770,456	0	0	0	0	0	770,456
Prepayments	6,624	0	0	0	0	15,450	22,074
Advances to other funds	646,799	0	0	0	0	0	646,799
Restricted assets							
Temporarily Restricted	0	0	0	0	0	0	0
Cash and cash equivalents	0	0	28,101	0	0	0	28,101
Debt reserves and debt service	0	597,402	0	0	0	0	597,402
Asset held for resale (L.A. Apartments Land)	0	0	0	0	0	0	0
TOTAL ASSETS	\$ 30,782,103	11,445,912	260,864	35,268,323	28,796,897	3,337,938	109,872,037
LIABILITIES							
Accounts payable	\$ 978,692	52,709	0	1,942,946	0	655,394	3,629,741
Accrued salaries and benefits payable	1,028,343	0	0	26,364	0	4,699	1,059,406
Customer deposits payable	71,298	250,000	0	10,000	0	0	331,298
Due to other governments	0	0	0	0	0	16,032	16,032
Due to other funds	68,724	0	0	0	0	605,171	673,895
Donations held in trust	52,823	0	0	0	0	0	52,823
Deferred revenues	179,003	350,000	0	0	0	1,311,706	1,840,709
TOTAL LIABILITIES	2,378,883	652,709	0	1,979,310	0	2,593,002	7,603,904
FUND BALANCE							
Nonspendable	0	0	0	0	24,005,200	0	24,005,200
Principal - Capital projects	0	0	0	0	0	0	0
Principal - Perpetual care	658,427	0	0	0	0	0	658,427
Advances	646,799	0	0	0	0	0	646,799
Inventories	770,456	0	0	0	0	0	770,456
Loans receivable	0	611,469	0	0	0	0	611,469
Prepaid items	6,624	0	0	0	0	0	6,624
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	61,119	61,119
Debt service (Bond and loan agreements)	0	0	28,101	0	0	0	28,101
Grants (Granting entities)	0	0	0	0	0	325,436	325,436

See accompanying notes to financial statements



**INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds**

**Reconciliation of Balance Sheet to the Statement of Net Position
June 30, 2013**

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

Total fund balance as reported in governmental funds balance sheet:	\$ 102,268,133
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	291,243,489
Long-term liabilities, including bonds payable (\$58,185,000), bond premium/discount amortization (\$5,425,658), and compensated absences (\$3,160,010) are not due and payable in the current period and, therefore are not reported in the governmental funds.	(66,770,668)
Bond issuance costs on bonds are not recorded in the governmental funds, but are included in the government-wide statement of net position.	539,934
Deferred amount related to advance refunding of long-term debt is not recorded in the governmental funds, but is included in the government-wide statement of net position.	9,653,817
Accrued interest payable on long-term liabilities are not recorded in the governmental funds, but are included in the government-wide statement of net position.	(211,895)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.	1,434,707
Internal service funds are used by the County to charge the costs of equipment and risk management functions to individual funds. An internal balance is shown on the government-wide statement of Net Position to reflect the allocation of the internal service fund loss to the governmental funds from the business-type funds, where the internal service funds balances are combined.	(280,192)
Net position of governmental activities	<u><u>\$ 337,877,325</u></u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
Governmental Funds**

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2013

	GENERAL	ECONOMIC DEVELOPMENT SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
REVENUES							
Taxes							
Property taxes-current	\$ 5,266,033	0	0	0	0	0	5,266,033
Local units in-lieu taxes	241,920	0	0	0	0	0	241,920
Gross receipts taxes	22,535,897	0	0	0	0	1,595,084	24,130,981
Lodgers' tax	0	0	0	0	0	197,803	197,803
Franchise tax-privately owned	121,786	0	0	0	0	0	121,786
Franchise tax-County owned	342,933	0	0	0	0	0	342,933
Penalties and interest-taxes	51,990	0	0	0	0	325	52,315
	<u>28,560,559</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,793,212</u>	<u>30,353,771</u>
Licenses and permits	36,880	0	0	0	0	0	36,880
Business	195,626	0	0	0	0	0	195,626
Nonbusiness	<u>232,506</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>232,506</u>
Intergovernmental							
Federal indirect	119,781	0	0	0	0	897,030	1,016,811
Federal shared revenues	4,697	0	0	0	0	0	4,697
Federal in-lieu taxes	83,130	0	0	0	0	0	83,130
State grants-fire	0	0	0	0	0	519,891	519,891
State grants-library	8,508	0	0	0	0	0	8,508
State grants-police	606,659	0	0	0	0	88,958	695,617
State grants-other	118,823	0	0	0	0	75,941	194,764
State shared revenues	16,312,112	0	0	0	0	584,970	16,897,082
	<u>17,253,710</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,166,790</u>	<u>19,420,500</u>
Fines and forfeitures							
Fines	81,436	0	0	0	0	0	81,436
Correction fees	38,088	0	0	0	0	0	38,088
Special fees	11,283	0	0	0	0	0	11,283
Court ordered reimbursements	14,515	0	0	0	0	25,845	40,360
Noncourt fines and forfeitures	400	0	0	0	0	0	400
	<u>145,722</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,845</u>	<u>171,567</u>
Charges for services							
Court fees	780	0	0	0	0	0	780
Clerk fees	69,749	0	0	0	0	29,435	99,184
Planning fees	46,051	0	0	0	0	0	46,051
Finance/treasurer fees	0	0	0	0	0	156,079	156,079
Administrative charges for services	45,194	0	0	0	0	0	45,194
Sales of food or merchandise	31,280	0	0	0	0	0	31,280
Other charges for services	47,104	0	0	56,051	0	0	103,155
Sheriff fees	4,415	0	0	0	0	0	4,415
Police charges for services	27,782	0	0	0	0	0	27,782
Miscellaneous services	739	0	0	0	0	0	739

Cemetery services	17,341	0	0	0	0	0	0	0	0	17,341
Perpetual care services	38,841	0	0	0	0	0	0	0	0	38,841
Animal shelter fees	3,110	0	0	0	0	0	0	0	0	3,110
Daily fees/passes	59,513	0	0	0	0	0	0	0	0	59,513
Annual passes	68,138	0	0	0	0	0	0	0	0	68,138
Three-month passes	41,407	0	0	0	0	0	0	0	0	41,407
Punch passes	63,937	0	0	0	0	0	0	0	0	63,937
Recreation fees	199,992	0	0	0	0	0	0	0	0	199,992
Other fees	7,519	0	0	0	0	0	0	0	0	7,519
	<u>772,892</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,051</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>185,514</u>	<u>1,014,457</u>
Intertund/interdepartmental charges										
Interdepartmental services	6,411,352	0	0	0	0	0	0	0	0	6,411,352
Loan interest	15,000	9,949	0	0	0	0	0	0	0	24,949
	<u>6,426,352</u>	<u>9,949</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,436,301</u>
Miscellaneous revenue										
Investment income (loss)	1,643,386	333,751	214,743	0	0	0	0	0	44,542	6,423,031
Interest charges-delinquent accounts	10,082	0	0	0	0	0	0	0	0	10,082
Building rental	63,064	0	0	0	0	0	0	0	42,649	105,713
Land rental	288,343	0	0	0	0	0	0	0	0	288,343
Concessions	125	0	0	0	0	0	0	0	0	125
Miscellaneous rentals	41,669	0	0	0	0	0	0	0	0	41,669
Pension forfeitures	92,495	0	0	0	0	0	0	0	0	92,495
Economic development loan interest	0	22,737	0	0	0	0	0	0	0	22,737
Donations	28,515	0	0	0	2,539	0	0	315	0	31,369
Other	89,006	25,107	0	0	0	0	0	0	0	114,113
	<u>2,256,685</u>	<u>381,595</u>	<u>214,743</u>	<u>0</u>	<u>2,539</u>	<u>0</u>	<u>0</u>	<u>87,506</u>	<u>87,506</u>	<u>7,129,677</u>
TOTAL REVENUES	<u>55,648,426</u>	<u>391,544</u>	<u>214,743</u>	<u>0</u>	<u>56,590</u>	<u>0</u>	<u>4,186,609</u>	<u>4,258,667</u>	<u>64,758,779</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, 2013

	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	345,712	0	0	0	0	0	345,712
Municipal Court	355,039	0	0	0	0	57,230	412,269
County Administrator	1,976,489	0	0	0	0	0	1,976,489
County Administrator-Comm. and Public Relations	552,677	0	0	0	0	0	552,677
County Administrator-Human Resources	1,277,655	0	0	0	0	0	1,277,655
County Assessor	369,731	0	0	0	0	108,075	477,806
County Attorney	662,074	0	0	0	0	0	662,074
County Clerk	471,284	0	0	0	0	24,923	496,207
County Sheriff	81,456	0	0	0	0	0	81,456
Administrative Services-Information Technologies	3,887,391	0	0	0	0	0	3,887,391
Administrative Services-Office of Mgmt. & Budget	1,227,704	0	0	0	0	0	1,227,704
Administrative Services-Procurement	888,479	0	0	0	0	0	888,479
Public Works	1,102,729	0	0	0	0	0	1,102,729
Community and Economic Development	5,134,273	0	0	0	0	0	5,134,273
Community Services-Cemetery	116,139	0	0	0	0	0	116,139
	18,446,832	0	0	0	0	190,228	18,639,060
Public safety							
Fire Department-County share	3,872,665	0	0	0	0	0	3,872,665
Las Conchas Fire recovery	0	0	0	0	0	1,868,250	1,868,250
Fire Marshal	0	0	0	0	0	119,949	119,949
Fire-E.M.S. grant	0	0	0	0	0	8,531	8,531
Police	7,569,301	0	0	0	0	71,998	7,641,299
	11,441,966	0	0	0	0	2,068,728	13,510,694
Physical and economic environment							
Community and Economic Development	1,069,247	393,668	0	0	0	260,862	1,723,777
Transportation							
Public Works	4,511,094	0	0	0	0	0	4,511,094
Health and welfare							
Community Services-Social Services	503,338	0	0	0	0	2,306,026	2,811,364
Culture and recreation							
Community Services-Administration	1,377,128	0	0	0	0	0	1,377,128
Community Services-Library	2,186,456	0	0	0	0	2,641	2,189,097
Community Services-Parks	2,083,644	0	0	0	0	0	2,083,644
Community Services-Recreation	2,187,859	0	0	0	0	0	2,187,859
	7,835,087	0	0	0	0	3,109	2,190,968
						5,750	7,840,837

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, 2013

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

Total net change in fund balance as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance:	\$ (22,369,479)
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 (\$24,017,766) exceeded depreciation (\$9,091,871) in the current period.	14,925,895
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.	(263,058)
Donations of capital assets from outside sources and corresponding contribution revenue are not recorded in governmental funds. This includes the donation of land from the Department of Energy.	299,890
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	4,429,411
The issuance of debt is reflected as a source of current financial resources in the governmental funds, but has no effect on net position.	(43,413,930)
The payment to escrow of refunded debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net position.	43,413,930
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net position.	3,470,000
The amortization of debt premiums, discounts and issuance costs does not use current financial resources, and therefore is not reported in the governmental funds.	55,075
The change in interest payable on long-term liabilities is not recorded in the governmental funds, but is included in the government-wide statement of net position.	(164,956)

The issuance of long-term debt to advance refund existing long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds and has the following net effect on net position:

Issuance of long-term debt	
Face amount of debt refunded	\$ (38,235,000)
Amount deferred on refunding	40,085,000
Unamortized bond issuance costs	9,653,817
Premium, net of discount (\$115,496) on issuance of refunding debt	375,113
Interest Payable	(5,178,930)
	<u>(127,606)</u>
	6,572,394
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.	(153,227)
Long term balances for compensated absences in the Golf Course proprietary fund transferred to the General governmental fund, reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.	(77,973)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	764,984
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.	(42,357)
Change in net position of governmental activities	<u><u>\$ 7,446,599</u></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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Property taxes-current	5,119,000	5,119,000	5,266,033	147,033
Local units in-lieu taxes	222,000	222,000	241,920	19,920
General gross receipts taxes	28,006,000	28,006,000	22,535,897	(5,470,103)
Franchise tax-privately owned	95,000	95,000	121,786	26,786
Franchise tax-County owned	360,000	360,000	342,933	(17,067)
Penalties and interest-taxes	39,000	39,000	51,990	12,990
	33,841,000	33,841,000	28,560,559	(5,280,441)
Licenses and permits				
Business	36,822	36,822	36,880	58
Nonbusiness	230,356	230,356	195,626	(34,730)
	267,178	267,178	232,506	(34,672)
Intergovernmental				
Federal indirect	80,500	241,906	119,781	(122,125)
Federal shared revenues	5,300	5,300	4,697	(603)
Federal in-lieu taxes	297,800	297,800	83,130	(214,670)
State grants-library	8,966	11,458	8,508	(2,950)
State grants-police	0	821,888	606,659	(215,229)
State grants-other	98,500	155,500	118,823	(36,677)
State shared revenues	20,162,000	20,162,000	16,312,112	(3,849,888)
	20,653,066	21,695,852	17,253,710	(4,442,142)
Fines and forfeitures				
Fines	112,008	112,008	81,436	(30,572)
Correction fees	48,001	48,001	38,088	(9,913)
Special fees	9,286	9,286	11,283	1,997
Court ordered reimbursements	5,054	5,054	14,515	9,461
Noncourt fines and forfeitures	881	881	400	(481)
	175,230	175,230	145,722	(29,508)

Charges for services				
Court fees	906			(126)
Clerk fees	41,680		780	28,069
Planning fees	70,068		69,749	(24,017)
Administrative charges for services	31,326		46,051	13,868
Sales of food or merchandise	29,300		31,280	1,980
Other charges for services	134,836		47,104	(87,732)
Sheriff fees	7,118		4,415	(2,703)
Police charges for services	73,992		27,782	(46,210)
Miscellaneous services	0		739	739
Cemetery services	13,963		17,341	3,378
Perpetual care services	24,813		38,841	14,028
Animal shelter fees	2,238		3,110	872
Daily fees/passes	82,380		59,513	(22,867)
Annual passes	82,192		68,138	(14,054)
Three-month passes	36,502		41,407	4,905
Punch passes	61,578		63,937	2,359
Recreation fees	288,013		199,992	(88,021)
Other fees	0		7,519	7,519
	980,905		772,892	(208,013)
Interfund/interdepartmental charges				
Interdepartmental services	3,564,926		3,637,568	72,642
Indirect overhead-fire services	3,221,734		2,773,784	(447,950)
Loan interest	0		15,000	15,000
	6,786,660		6,426,352	(360,308)
Miscellaneous revenue				
Interest income	1,471,000		1,643,386	172,386
Interest charges-delinquent accounts	0		10,082	10,082
Buildings rental	70,990		63,064	(7,926)
Land rental	193,341		288,343	95,002
Concessions rental	722		125	(597)
Other rental	44,636		41,669	(2,967)
Pension forfeitures	110,000		92,495	(17,505)
Donations	53,000		28,515	(67,685)
Other	31,932		89,006	57,074
	1,975,621		2,256,685	237,864
TOTAL REVENUES	64,679,660		65,648,426	(10,117,220)

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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES AND ENCUMBRANCES				
County Council				
Employee salaries and benefits	81,604	81,604	82,470	(866)
Outside services	309,135	309,135	254,961	54,174
Materials and supplies	26,810	26,810	25,056	1,754
Intrafund/interfund services	1,719	1,719	1,719	0
	419,268	419,268	364,206	55,062
County Courts				
Employee salaries and benefits	307,893	307,893	300,454	7,439
Outside services	54,020	54,020	33,149	20,871
Materials and supplies	20,000	20,000	6,812	13,188
Intrafund/interfund services	13,580	13,580	13,580	0
Debt and fiscal charges	1,000	1,000	1,044	(44)
	396,493	396,493	355,039	41,454
County Administrator				
Operations				
Employee salaries and benefits	868,173	868,173	838,923	29,250
Outside services	1,094,680	1,562,694	1,184,207	378,487
Materials and supplies	35,360	35,360	8,348	27,012
Intrafund/interfund services	13,235	13,235	13,235	0
	2,011,448	2,479,462	2,044,713	434,749
Communications and Public Relations				
Employee salaries and benefits	318,965	320,965	322,000	(1,035)
Outside services	284,750	302,325	204,676	97,649
Materials and supplies	21,100	25,410	24,959	451
Intrafund/interfund services	3,102	3,102	3,102	0
Capital outlay	24,000	24,000	0	24,000
	651,917	675,802	554,737	121,065
Human Resources				
Employee salaries and benefits	1,150,115	1,160,115	1,066,072	94,043
Outside services	331,505	595,097	172,093	423,004
Materials and supplies	55,835	60,985	35,809	25,176
Intrafund/interfund services	6,789	6,789	6,789	0
	1,544,244	1,822,986	1,280,763	542,223
Total County Administrator	4,207,609	4,978,250	3,880,213	1,098,037

County Assessor					
Employee salaries and benefits	347,715	345,715	342,931	2,784	
Outside services	22,700	22,700	16,574	6,126	
Materials and supplies	9,500	9,500	5,413	4,087	
Intrafund/interfund services	4,813	4,813	4,813	0	
	<u>384,728</u>	<u>382,728</u>	<u>369,731</u>	<u>12,997</u>	
County Attorney					
Employee salaries and benefits	635,156	635,156	571,906	63,250	
Outside services	166,520	166,550	60,636	105,914	
Materials and supplies	25,522	25,522	24,121	1,401	
Intrafund/interfund services	5,411	5,411	5,411	0	
	<u>832,609</u>	<u>832,639</u>	<u>662,074</u>	<u>170,565</u>	
County Clerk					
Employee salaries and benefits	370,837	370,837	356,892	13,945	
Outside services	143,671	152,421	103,637	48,784	
Materials and supplies	19,600	19,951	17,537	2,414	
Intrafund/interfund services	3,052	3,052	3,052	0	
Debt and fiscal charges	0	0	198	(198)	
	<u>537,160</u>	<u>546,261</u>	<u>481,316</u>	<u>64,945</u>	
County Sheriff					
Employee salaries and benefits	65,004	65,004	61,272	3,732	
Outside services	10,391	10,391	15,985	(5,594)	
Materials and supplies	8,552	10,047	4,597	5,450	
Intrafund/interfund services	449	449	449	0	
	<u>84,396</u>	<u>85,891</u>	<u>82,303</u>	<u>3,588</u>	
Administrative Services					
Information Technologies					
Employee salaries and benefits	2,399,554	2,399,554	2,324,030	75,524	
Outside services	1,451,129	1,536,230	1,343,141	193,089	
Materials and supplies	285,890	301,488	231,561	69,927	
Intrafund/interfund services	40,169	40,169	40,186	(17)	
Capital outlay	90,100	90,100	65,920	24,180	
	<u>4,266,842</u>	<u>4,367,541</u>	<u>4,004,838</u>	<u>362,703</u>	
Office of Management and Budget (O.M.B.)					
Employee salaries and benefits	1,341,342	1,341,342	1,071,863	269,479	
Outside services	184,590	184,665	135,465	49,200	
Materials and supplies	28,000	28,000	5,635	22,365	
Intrafund/interfund services	7,495	7,495	7,495	0	
Debt and fiscal charges	500	500	115	385	
	<u>1,561,927</u>	<u>1,562,002</u>	<u>1,220,573</u>	<u>341,429</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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
O.M.B. - Procurement				
Employee salaries and benefits	803,124	803,124	699,983	103,141
Outside services	91,996	115,838	82,832	33,006
Materials and supplies	92,600	102,657	88,258	14,399
Intrafund/interfund services	37,050	37,050	39,159	(2,109)
	<u>1,024,770</u>	<u>1,058,669</u>	<u>910,232</u>	<u>148,437</u>
Total Administrative Services	6,853,539	6,988,212	6,135,643	852,569
Fire - County Shared Cost				
Intrafund/interfund services	3,872,664	3,872,664	3,872,664	0
Community Services-Administration				
Employee salaries and benefits	267,939	331,939	307,110	24,829
Outside services	1,027,952	1,110,698	1,045,767	64,931
Materials and supplies	6,493	7,411	4,309	3,102
Intrafund/interfund services	41,397	41,397	43,286	(1,889)
Capital outlay	0	89,000	89,000	0
Debt and fiscal charges	0	0	43	(43)
	<u>1,343,781</u>	<u>1,580,445</u>	<u>1,489,515</u>	<u>90,930</u>
Total Community Services-Admin.				
Community Services-Library				
Library operations				
Employee salaries and benefits	1,884,877	1,830,877	1,692,895	137,982
Outside services	167,297	167,297	116,733	50,564
Materials and supplies	60,747	61,921	74,241	(12,320)
Intrafund/interfund services	29,078	29,078	29,177	(99)
	<u>2,141,999</u>	<u>2,089,173</u>	<u>1,913,046</u>	<u>176,127</u>
Collection development				
Materials and supplies	248,124	255,326	247,243	8,083
Outside funding sources				
Employee salaries and benefits	0	4,058	1,672	2,386
Outside services	0	0	10,252	(10,252)
Materials and supplies	0	131,565	45,351	86,214
	<u>0</u>	<u>135,623</u>	<u>57,275</u>	<u>78,348</u>
Total Community Services-Library	2,390,123	2,480,122	2,217,564	262,558

Community Services-Parks					
Parks Maintenance					
Employee salaries and benefits	1,221,068	1,221,068	1,234,666	(13,598)	
Outside services	138,271	436,021	117,743	318,278	
Materials and supplies	207,000	212,427	177,532	34,895	
Intrafund/interfund services	466,960	466,960	470,787	(3,827)	
Capital outlay	10,000	28,908	18,908	10,000	
	<u>2,043,299</u>	<u>2,365,384</u>	<u>2,019,636</u>	<u>345,748</u>	
Parks Maintenance Projects					
Employee salaries and benefits	0	0	4,850	(4,850)	
Outside services	67,700	108,674	89,600	19,074	
Materials and supplies	0	0	13,993	(13,993)	
Intrafund/interfund services	0	0	231	(231)	
	<u>67,700</u>	<u>108,674</u>	<u>108,674</u>	<u>0</u>	
Cemetery					
Employee salaries and benefits	82,466	82,466	54,406	28,060	
Outside services	1,000	1,000	0	1,000	
Materials and supplies	14,000	15,075	8,367	6,708	
Intrafund/interfund services	38,000	38,000	52,565	(14,565)	
Debt and fiscal charges	0	0	801	(801)	
	<u>135,466</u>	<u>136,541</u>	<u>116,139</u>	<u>20,402</u>	
	<u>2,246,465</u>	<u>2,610,599</u>	<u>2,244,449</u>	<u>366,150</u>	
Community Svcs.-Parks					
Community Services-Recreation					
Recreation					
Employee salaries and benefits	518,672	518,672	498,633	20,039	
Outside services	82,283	82,283	27,418	54,865	
Materials and supplies	31,385	31,385	6,977	24,408	
Intrafund/interfund services	14,550	14,550	14,550	0	
Capital outlay	5,000	5,000	0	5,000	
Debt and fiscal charges	0	0	2,908	(2,908)	
	<u>651,890</u>	<u>651,890</u>	<u>550,486</u>	<u>101,404</u>	
Recreation - Programs					
Employee salaries and benefits	268,096	268,096	228,025	40,071	
Outside services	73,650	73,995	56,361	17,634	
Materials and supplies	36,265	55,934	29,151	26,783	
Intrafund/interfund services	16,000	16,000	120	15,880	
	<u>394,011</u>	<u>414,025</u>	<u>313,657</u>	<u>100,368</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, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Recreation - Aquatic Center				
Employee salaries and benefits	789,374	789,374	737,428	51,946
Outside services	99,842	158,686	135,327	23,359
Materials and supplies	95,068	101,220	40,281	60,939
Intrafund/interfund services	221,114	221,114	227,104	(5,990)
Capital outlay	4,455	4,455	0	4,455
Debt and fiscal charges	2,428	2,428	2,908	(480)
	<u>1,212,281</u>	<u>1,277,277</u>	<u>1,143,048</u>	<u>134,229</u>
Recreation - Ice Rink				
Employee salaries and benefits	151,704	151,704	133,851	17,853
Outside services	11,075	11,075	1,650	9,425
Materials and supplies	29,430	39,701	27,420	12,281
Intrafund/interfund services	16,976	16,976	16,976	0
Capital outlay	4,000	4,000	0	4,000
Debt and fiscal charges	800	800	1,126	(326)
	<u>213,985</u>	<u>224,256</u>	<u>181,023</u>	<u>43,233</u>
Total Community Svcs.-Recreation	<u>2,472,167</u>	<u>2,567,448</u>	<u>2,188,214</u>	<u>379,234</u>
Community Services-Social Services				
Employee salaries and benefits	109,359	109,359	45,949	63,410
Outside services	593,841	561,841	450,821	111,020
Materials and supplies	12,000	12,000	7,326	4,674
Intrafund/interfund services	2,040	2,040	0	2,040
Total Community Svcs.-Social Services	<u>717,240</u>	<u>685,240</u>	<u>504,096</u>	<u>181,144</u>
Total Community Svcs. Department	<u>9,169,776</u>	<u>9,923,854</u>	<u>8,643,838</u>	<u>1,280,016</u>
Police				
Operations				
Employee salaries and benefits	6,116,077	6,153,077	6,111,984	41,093
Outside services	374,775	337,395	320,008	17,387
Materials and supplies	274,950	297,109	318,591	(21,482)
Intrafund/interfund services	418,767	418,767	418,767	0
Capital outlay	40,000	40,000	30,008	9,992
Debt and fiscal charges	0	0	236	(236)
	<u>7,224,569</u>	<u>7,246,348</u>	<u>7,199,594</u>	<u>46,754</u>

Emergency Management						
Employee salaries and benefits	186,944	186,944	192,718	(5,774)		
Outside services	41,175	304,833	29,190	275,643		
Materials and supplies	8,400	8,400	65,279	(56,879)		
Intrafund/interfund services	7,095	7,095	7,095	0		
Capital outlay	0	0	44,114	(44,114)		
	<u>243,614</u>	<u>507,272</u>	<u>338,396</u>	<u>168,876</u>		
Police Grants						
Employee salaries and benefits	18,000	27,947	17,945	10,002		
Outside services	0	821,888	115,341	706,547		
Materials and supplies	4,000	4,000	0	4,000		
Capital outlay	0	0	493,164	(493,164)		
	<u>22,000</u>	<u>853,835</u>	<u>626,450</u>	<u>227,385</u>		
Total Police	7,490,183	8,607,455	8,164,440	443,015		
Public Works						
Administration						
Employee salaries and benefits	314,803	314,803	316,278	(1,475)		
Outside services	19,265	19,265	8,633	10,632		
Materials and supplies	5,565	5,591	8,489	(2,898)		
Intrafund/interfund services	6,259	6,259	6,259	0		
	<u>345,892</u>	<u>345,918</u>	<u>339,659</u>	<u>6,259</u>		
Engineering services						
Employee salaries and benefits	504,630	597,253	582,080	15,173		
Outside services	27,511	201,895	148,481	53,414		
Materials and supplies	10,510	10,510	23,693	(13,183)		
Intrafund/interfund services	21,225	21,225	21,225	0		
	<u>563,876</u>	<u>830,883</u>	<u>775,479</u>	<u>55,404</u>		
Traffic management						
Employee salaries and benefits	869,246	869,246	798,256	70,990		
Outside services	153,025	173,920	138,700	35,220		
Materials and supplies	341,797	460,368	275,753	184,615		
Intrafund/interfund services	191,329	191,329	195,860	(4,531)		
Capital outlay	69,024	69,024	11,915	57,109		
	<u>1,624,421</u>	<u>1,763,887</u>	<u>1,420,484</u>	<u>343,403</u>		
Pavement management						
Employee salaries and benefits	1,165,122	1,166,122	1,036,287	129,835		
Outside services	1,039,456	2,240,643	2,149,738	90,905		
Materials and supplies	290,318	298,318	241,644	56,674		
Intrafund/interfund services	738,537	738,537	756,338	(17,801)		
	<u>3,233,433</u>	<u>4,443,620</u>	<u>4,184,007</u>	<u>259,613</u>		
Total Public Works	5,767,622	7,384,308	6,719,629	664,679		

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, 2013**

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Community and Economic Development (CEDD)				
CEDD - Administration				
Employee salaries and benefits	322,527	395,527	380,823	14,704
Outside services	19,695	20,200	8,633	11,567
Materials and supplies	4,570	5,585	3,713	1,872
Intrafund/interfund services	2,943	2,943	2,943	0
	<u>349,735</u>	<u>424,255</u>	<u>396,112</u>	<u>28,143</u>
CEDD - Community Development				
Employee salaries and benefits	1,180,946	1,107,946	966,825	141,121
Outside services	151,300	176,774	98,946	77,828
Materials and supplies	20,050	20,150	14,665	5,485
Intrafund/interfund services	14,251	14,251	14,251	0
Capital outlay	0	0	6,258	(6,258)
	<u>1,366,547</u>	<u>1,319,121</u>	<u>1,100,945</u>	<u>218,176</u>
CEDD - Custodial				
Employee salaries and benefits	805,355	805,355	781,658	23,697
Outside services	141,590	167,561	140,032	27,529
Materials and supplies	74,789	80,493	78,766	1,727
Intrafund/interfund services	39,117	39,117	39,117	0
	<u>1,060,851</u>	<u>1,092,526</u>	<u>1,039,573</u>	<u>52,953</u>
CEDD - Facilities maintenance				
Employee salaries and benefits	1,143,183	1,143,183	1,030,251	112,932
Outside services	676,051	677,213	617,912	59,301
Materials and supplies	198,460	198,756	173,503	25,253
Intrafund/interfund services	776,383	776,383	833,984	(57,601)
Capital outlay	37,197	37,197	6,147	31,050
Debt and fiscal charges	0	0	551	(551)
	<u>2,831,274</u>	<u>2,832,732</u>	<u>2,662,348</u>	<u>170,384</u>
CEDD - Facilities maintenance projects				
Employee salaries and benefits	0	0	140,796	(140,796)
Outside services	2,000,000	3,985,365	2,644,587	1,340,778
Materials and supplies	0	0	47,033	(47,033)
Intrafund/interfund services	0	0	308	(308)
	<u>2,000,000</u>	<u>3,985,365</u>	<u>2,832,724</u>	<u>1,152,641</u>

CEDD - Project management					
Employee salaries and benefits	272,677	180,054	56,638	123,416	
Outside services	38,266	41,748	13,764	27,984	
Materials and supplies	16,145	16,145	7,620	8,525	
Intrafund/interfund services	20,788	20,788	20,788	0	
	<u>347,876</u>	<u>258,735</u>	<u>98,810</u>	<u>159,925</u>	
Total Comm. and Economic Development	7,956,283	9,912,734	8,130,512	1,782,222	

TOTAL EXPENDITURES				
AND ENCUMBRANCES	47,972,330	54,330,757	47,861,608	6,469,149

EXCESS REVENUES OVER (UNDER)	16,707,330	11,434,889	7,786,818	(3,648,071)
EXPENDITURES AND ENCUMBRANCES				

OTHER FINANCING SOURCES (USES)

Transfers in from:				
State/Other Grants Fund	0	27,252	27,252	0
Capital Improvement Project Fund	0	4,063,950	3,163,950	(900,000)
Joint Utility System Fund-Electric	531,997	531,997	486,879	(45,118)
Joint Utility System Fund-Gas	270,366	270,366	250,684	(19,682)
Fire Fund	1,600,000	1,600,000	1,440,603	(159,397)
	<u>2,402,363</u>	<u>6,493,565</u>	<u>5,369,368</u>	<u>(1,124,197)</u>

Transfers out to:				
Indigent Health Care Fund	0	(150,000)	0	150,000
Other Special Revenues Fund	(42,000)	(42,000)	(42,000)	0
Gross Receipts Tax Revenue Bonds Fund	(6,912,742)	(6,912,742)	(6,336,206)	576,536
Capital Improvement Projects Fund	(5,770,500)	(1,907,252)	(1,907,252)	0
Joint Utility System Fund-Waste water	0	(217,000)	(217,000)	0
Golf Course Fund	(650,000)	(757,100)	(616,607)	140,493
Transit Fund	(1,600,000)	(1,600,000)	(1,520,000)	80,000
Airport Fund	(200,000)	(208,000)	(208,000)	0
Interfund loans	(15,175,242)	(11,794,094)	(10,847,065)	947,029
	<u>0</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	(12,772,879)	(5,800,529)	(5,977,697)	(177,168)

NET CHANGE IN FUND BALANCE	\$ 3,934,451	5,634,360	1,809,121	(3,825,239)
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ADJUSTMENTS TO GAAP

Encumbrances	3,365,039			
Bad debt expense	(7,133)			
Adjustments to inventory	10,724			
Principal on interfund debt	500,000			
	<u>3,868,630</u>			
	<u>5,677,751</u>			

GAAP BASIS

FUND BALANCE				
Beginning of fiscal year	22,705,469			
FUND BALANCE - END OF FISCAL YEAR	28,383,220			

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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Interrund/interdepartmental charges				
Interfund loan principal	\$ 198,987	198,987	198,987	0
Interfund loan interest	9,949	9,949	9,949	0
	<u>208,936</u>	<u>208,936</u>	<u>208,936</u>	<u>0</u>
Miscellaneous revenues				
Investment income	183,000	183,000	333,751	150,751
Other	188,789	188,789	290	(188,499)
Economic development loan repayment (principal)	0	0	174,609	174,609
Economic development loan repayment (interest)	0	0	22,737	22,737
	<u>371,789</u>	<u>371,789</u>	<u>531,387</u>	<u>159,588</u>
TOTAL REVENUES	580,725	580,725	740,323	159,598
EXPENDITURES AND ENCUMBRANCES				
Community and Economic Development				
Employee salaries and benefits	0	0	847	(847)
Outside services	945,700	5,142,803	525,260	4,617,543
Materials and supplies	10,100	10,100	8,610	1,490
Economic development loans	2,000,000	2,000,000	0	2,000,000
	<u>2,955,800</u>	<u>7,152,903</u>	<u>1,069,434</u>	<u>6,618,186</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	(2,375,075)	(6,572,178)	205,606	6,777,784
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES				
OTHER FINANCING SOURCES (USES)				
Transfer in from:				
Capital Improvement Project Fund	0	51,700	51,700	0
Transfers out to:				
Airport Fund	0	(78,000)	(78,000)	0
	<u>(2,375,075)</u>	<u>(6,598,478)</u>	<u>179,306</u>	<u>6,777,784</u>
NET CHANGE IN FUND BALANCE				
ADJUSTMENTS TO GAAP				
Encumbrances				
Economic development loan discount activity			131,049	
Principal on interfund loan repayments			24,817	
Principal on economic development loan repayments			(198,987)	
Bad debt expense (reserve for loan losses)			(174,609)	
			<u>10,000</u>	
			<u>(207,730)</u>	
			<u>(28,424)</u>	
FUND BALANCE				
Beginning of fiscal year			10,821,627	
FUND BALANCE - END OF FISCAL YEAR			<u>10,793,203</u>	

See accompanying notes to financial statements

Major Proprietary Funds

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

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

Golf Course Fund 623 - accounted for the operation and maintenance of the County-owned golf course. This fund was closed at June 30, 2013. In the future, this function will be accounted for as a division in the General Fund.

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 Revenues, Expenses, and Changes in Net Position
 Year ended June 30, 2013

	ENTERPRISE FUNDS						BUSINESS-TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE (CLOSED JUNE 30, 2013)	TRANSIT	FIRE	AIRPORT	
OPERATING REVENUES							
Utility sales and other services	\$ 64,241,746	2,528,453	0	150,082	602,069	48,005	67,570,365
Recreation fees	0	0	318,177	0	0	0	318,177
Sales of food or merchandise	0	7,577	81,553	0	0	0	89,130
Inheriting charges for services	0	82,814	0	0	3,872,665	0	3,955,479
Insurance and pension contributions	0	0	0	0	0	0	3,893,135
County	0	0	0	0	0	0	0
Employees and retirees	0	0	0	0	0	0	0
Rentals	22,262	0	0	0	0	0	0
Intergovernmental	122,931	5,200	105,278	0	15,757,623	35,618	163,158
Miscellaneous operating revenue	114,155	78,137	72	2,548,606	10,655	190,597	18,624,957
	<u>64,501,094</u>	<u>2,712,181</u>	<u>505,080</u>	<u>2,698,698</u>	<u>20,243,012</u>	<u>275,921</u>	<u>90,935,986</u>
OPERATING EXPENSES							
Employee salaries and benefits	7,486,527	1,087,132	568,902	2,376,460	15,041,029	161,825	26,721,875
Contractual services	40,280,591	2,062,425	453,786	1,643,419	3,942,048	406,279	48,798,548
Materials and supplies	899,004	100,086	138,023	77,535	634,960	4,876	1,844,484
Depreciation and amortization	9,792,353	197,609	25,952	83,952	467,066	1,164,205	11,731,137
Special closure costs	617,258	0	0	0	0	0	617,258
Other	27,198	4,414	6,341	0	363,985	351	402,190
	<u>59,102,932</u>	<u>3,467,666</u>	<u>1,193,004</u>	<u>4,181,366</u>	<u>20,448,988</u>	<u>1,737,536</u>	<u>90,115,492</u>
OPERATING INCOME (LOSS)	<u>5,398,162</u>	<u>(739,485)</u>	<u>(687,924)</u>	<u>(1,482,668)</u>	<u>(205,976)</u>	<u>(1,461,615)</u>	<u>820,494</u>
NONOPERATING REVENUES (EXPENSES)							
Gross receipts taxes for solid waste recycling	0	797,575	0	0	0	0	797,575
Fire excise tax	0	0	0	0	1,595,084	0	1,595,084
Gain (loss) on disposition of capital assets	(753,631)	0	0	0	0	0	(753,631)
Investment income	886,676	84,991	12,230	0	0	0	983,895
Interest on long-term debt	(2,778,606)	(208,367)	0	28,933	0	10,065	(2,996,922)
Inventory adjustment	(20,661)	0	0	0	(9,949)	0	(20,661)
Miscellaneous nonoperating revenues (expenses)	0	0	0	0	0	0	0
Contributed capital assets - governmental activities	462,750	0	0	0	0	0	462,750
Donations	0	0	0	0	34,000	0	34,000
	<u>(2,403,472)</u>	<u>684,199</u>	<u>(4,963,815)</u>	<u>29,933</u>	<u>1,619,135</u>	<u>15,000</u>	<u>(5,008,555)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>2,994,690</u>	<u>(55,286)</u>	<u>(5,651,799)</u>	<u>(1,452,735)</u>	<u>1,413,159</u>	<u>(1,436,550)</u>	<u>(4,188,461)</u>
TRANSFERS AND CONTRIBUTIONS							
Transfers in	254,000	0	616,607	1,520,000	0	286,000	2,676,607
Transfers out	(737,563)	(37,000)	(798,181)	(288,618)	(1,456,891)	(288,618)	(3,316,253)
Intergovernmental - capital grants	900,000	0	0	724,809	0	238,618	1,863,427
	<u>416,437</u>	<u>(37,000)</u>	<u>616,607</u>	<u>1,446,628</u>	<u>(1,456,891)</u>	<u>236,000</u>	<u>1,221,781</u>
CHANGE IN NET POSITION	<u>3,411,127</u>	<u>(92,286)</u>	<u>(5,035,132)</u>	<u>(6,107)</u>	<u>(43,732)</u>	<u>(1,200,550)</u>	<u>(2,966,680)</u>
NET POSITION							
Beginning of fiscal year	180,547,806	5,792,746	5,035,132	1,896,704	15,250,364	17,482,666	206,005,418
NET POSITION - END OF FISCAL YEAR	<u>\$ 183,958,933</u>	<u>\$ 5,700,460</u>	<u>\$ 0</u>	<u>\$ 1,890,597</u>	<u>\$ 15,206,632</u>	<u>\$ 16,282,116</u>	<u>\$ 203,038,738</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
Proprietary Funds**

**Reconciliation of Statement of Revenues, Expenses and Changes in Net Position to the Statement of Activities
Year ended June 30, 2013**

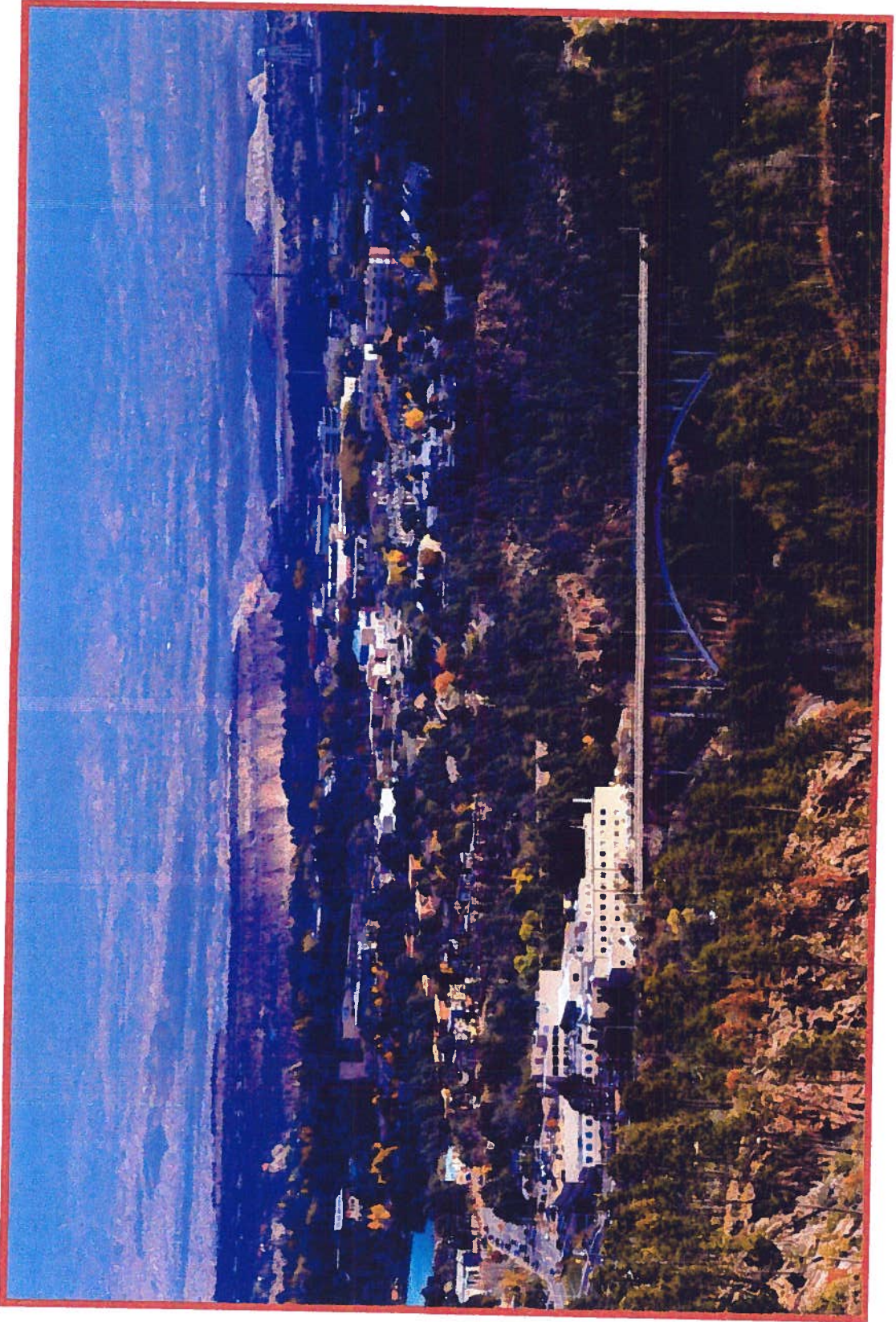
Amounts reported for business-type activities in the statement of activities are different from those reflected in the proprietary funds statement of revenues, expenses, and changes in net position because:

Total change in net position for enterprise funds as reported in the proprietary funds statement of revenues, expenses, and changes in net position:	\$ (2,966,680)
Total change in net position for business-type internal service funds as reported in the proprietary funds statement of revenues, expenses, and changes in net position:	1,129,045
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.	42,357
Change in net position of business-type activities	<u><u>\$ (1,795,278)</u></u>

**INCORPORATED COUNTY OF LOS ALAMOS
PROPRIETARY FUNDS**

COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2013

	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	\$ 63,335,949	2,731,695	454,234	150,608	3,974,756	85,324	70,732,766	3,914,100
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	6,047,389
Cash paid to suppliers for goods and services	(40,614,088)	(2,242,725)	(540,090)	(1,713,929)	(4,911,227)	(344,307)	(50,366,366)	(8,013,665)
Cash paid to employees	(7,477,110)	(1,080,739)	(578,992)	(2,369,698)	(14,889,150)	(159,231)	(26,555,921)	(948,989)
Taxes received from customers and users	1,479,940	106,087	0	0	0	0	1,586,027	0
Taxes remitted to State (from customers and users)	(1,461,348)	(107,016)	0	0	0	0	(1,568,364)	0
NET CASH FLOWS - OPERATING ACTIVITIES	15,243,343	(592,698)	(665,848)	(3,932,820)	(15,825,621)	(418,214)	(6,191,858)	998,845
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES								
Cash received from grants	0	0	0	2,365,259	16,311,445	119,474	18,796,178	0
Cash received from rebates	0	0	0	0	0	15,000	15,000	0
Transfers to other funds	(737,563)	(37,000)	0	0	(1,440,603)	(288,618)	(2,503,784)	0
Transfers from other funds	254,000	0	616,607	1,520,000	0	286,000	2,676,607	0
Gross receipts taxes received	0	823,515	0	0	1,595,084	0	2,424,599	0
Cash received from short-term interfund loans	500,000	0	0	49,379	0	0	549,379	0
Cash paid on short-term interfund loans	0	0	0	0	(347,940)	25,773	(322,167)	0
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	16,437	792,515	616,607	3,934,638	(16,117,986)	157,629	21,635,612	0
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES								
Cash received from capital grants	900,000	0	0	81,061	0	82,862	1,063,923	0
Proceeds received from loans	377,730	0	0	0	0	0	377,730	0
Principal repaid	(8,397,957)	(152,276)	0	0	(198,987)	0	(8,749,220)	0
Special closure costs paid	0	(18,398)	0	0	0	0	(18,398)	0
Interest and other debt service paid	0	(208,293)	0	0	(9,949)	0	(2,845,278)	0
Federal debt subsidy received	(2,626,037)	0	0	0	(9,949)	0	(2,635,986)	0
Cash paid for acquisition of capital assets	123,870	0	0	0	0	0	123,870	0
Cash paid for sale of capital assets	(14,601,237)	(41,127)	(57,095)	(809,800)	(83,429)	(75,590)	(15,668,278)	(760,544)
Proceeds from sale of capital assets	0	0	0	0	0	0	0	274,230
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	(24,223,631)	(422,095)	(57,095)	(728,739)	(292,365)	7,272	(25,716,653)	(486,314)
CASH FLOWS - INVESTING ACTIVITIES								
Proceeds from sale of investment securities	555,481	0	0	0	0	0	555,481	0
Interest received on investments	885,178	94,991	12,231	29,933	0	10,065	1,032,398	472,110
Purchase of investment securities	(7,079,969)	0	0	0	0	0	(7,079,969)	0
NET CASH FLOWS - INVESTING ACTIVITIES	(5,639,310)	94,991	12,231	29,933	0	10,065	(5,492,090)	472,110
NET INCREASE (DECREASE) IN CASH	(14,603,161)	(127,287)	(94,106)	(696,888)	0	(243,248)	(15,764,790)	984,641
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	39,127,675	4,251,579	94,106	696,988	0	243,248	44,413,596	14,391,789
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	\$ 24,524,514	\$ 4,124,292	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,648,806	\$ 15,376,430
(Joint Utility System Fund and Environmental Services Fund cash balances are shown in both Cash and Investments and Restricted Cash on the Proprietary Funds Statement of Net Assets)								
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
OPERATING INCOME(LOSS)	\$ 5,398,162	(739,485)	(687,924)	(1,482,668)	(205,976)	(1,461,615)	820,494	(821,221)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES								
Depreciation and amortization expense	9,792,353	197,609	25,952	83,952	487,066	1,164,205	11,731,137	1,784,883
Operating grants included in operating revenues	0	0	0	(2,548,606)	(15,757,623)	(190,597)	(18,496,826)	0
Amortization of special closure costs	617,258	0	0	0	0	0	617,258	0
Provision for uncollectible accounts receivable	27,199	4,414	0	0	363,885	0	395,498	0
Intergovernmental revenue	(122,931)	0	0	0	0	0	(122,931)	0
Inventory adjustments	0	0	59,541	0	0	0	59,541	0
Change in assets and liabilities:								
Accounts and other receivables	(1,046,594)	23,515	3,499	716	(510,633)	0	(1,529,497)	2,274
Inventories	(181,814)	0	0	0	0	0	(181,814)	0



Fiduciary Funds

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

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

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

**INCORPORATED COUNTY OF LOS ALAMOS
FIDUCIARY FUNDS**

STATEMENT OF NET POSITION
June 30, 2013

	<u>PENSION TRUST</u>	<u>AGENCY</u>
ASSETS		
Equity in pooled cash and investments	0	273,059
Investments (participant directed mutual funds), at fair value	35,463,128	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	312,435
Employee loans	1,381,977	0
Other	0	313
Due from other funds	68,724	0
TOTAL ASSETS	<u>36,913,829</u>	<u>585,807</u>
LIABILITIES		
LIABILITIES		
Accounts payable		0
Due to other governments	111,458	
Taxes and fees payable to state		6,278
Property taxes payable		388,481
Other		171,995
Due to other funds		0
Donations held for others	13,152	
TOTAL LIABILITIES	<u>124,610</u>	<u>19,053</u>
NET POSITION		
Held in trust for pension benefits and other purposes	36,789,219	0
TOTAL NET POSITION	<u>36,789,219</u>	<u>0</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
PENSION TRUST FUND**

STATEMENT OF CHANGES IN NET POSITION
Year ended June 30, 2013

ADDITIONS TO NET POSITION		
Investment income (loss), net of investment expense	\$	3,988,101
Contributions		
Employer, net of forfeitures		3,127,916
Employee (plan member)		356,504
		<u>7,472,521</u>
DEDUCTIONS FROM NET POSITION		
Benefits and refunds paid to plan members and beneficiaries		<u>2,947,979</u>
		4,524,542
NET INCREASE (DECREASE) IN NET POSITION		
NET POSITION		
Beginning of fiscal year		<u>32,264,677</u>
NET POSITION - END OF YEAR	\$	<u><u>36,789,219</u></u>

See accompanying notes to financial statements

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

June 30, 2013

(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. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and most recently, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and Statement No. 34*, the following criteria would need to be met:

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

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

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

C. Implementation of New Accounting Standards

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"), improves guidance on presentation of elements that result in the consumption of net assets applicable to future reporting periods (deferred outflows), and result in the acquisition of net assets applicable to future reporting periods (deferred inflows), which are distinct from assets and liabilities. GASB 63 amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County implemented GASB 63 in fiscal year 2013 and correspondingly reports changes in net position previously reported as net assets, but does not have any elements that meet the requirements to be reported as deferred outflows or deferred inflows at June 30, 2013.

D. Basic Financial Statements

Basic financial statements consist of the following:

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

The government-wide financial statements consist of the statement of net position and the statement of activities 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 position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities displays the extent to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, while program revenues are those items that are applicable to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment are also included.

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

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

Measurement Focus and Basis of Accounting

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

It is important to note that the Internal Service Funds of the County are unusual in nature, since they predominantly serve enterprise funds (58% of interfund revenues). As such, the net position of these funds is reflected in the government-wide financial statements in the business-type activities.

The Governmental Fund Types (General, Special Revenue, Debt Service, Capital Project, and Permanent Funds) use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter (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 Fund, and Capital Projects Permanent Fund would qualify using the basic criteria established by GASB 34. The major governmental funds are as follows:

- **General Fund** – The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For the County, the General Fund includes most basic services, such as police, parks, recreation facilities and programs, library, and general administration.
- **Economic Development Fund** – The Economic Development Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act.
- **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. This fund was closed to the General Fund at June 30, 2013.
- **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 along with the assets and liabilities of the Regional Coalition of LANL Communities of which the County serves as the fiscal agent.

F. Budgetary Control

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

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 Position) - Budget and Actual present comparisons of actual results of operations to budgetary data for those funds for which annual operating budgets are legally adopted. The effect of encumbrances is added to actual results for these comparisons.

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

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

G. Encumbrances

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

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

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

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

All of the County's investments are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In the Joint Utility Fund, there were investments that required a positive fair value adjustment. However, the fair value adjustment recorded in the previous year was \$30,392 higher. As a result, a negative change in fair value is disclosed in the schedule of non-cash activities in the statement of cash flows. The County does not have investments that are reported at amortized cost.

The County reports amounts encompassed by GASB Statement No. 59, *Financial Instruments Omnibus*, which indicates that a 2a7-like pool as described in Statement No. 31, represents an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

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 Joint Utility Fund because they are set aside for estimated closure and reclamation costs related to the San Juan Electric Generating Station and coalmine. Additionally, 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 \$2,436,000 in the year ended June 30, 2013, and a cumulative increase in accumulated depreciation of \$8,289,000 as of June 30, 2013.

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

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

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

P. 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 \$380 per year of service for active Fire Department employees at June 30, 2013, and approximately \$321 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 position. 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 Position

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

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. Committed fund balances are established in the financial policies adopted annually by the County Council as part of the formal budget adoption process.

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) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

During fiscal year 2013, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$153 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Debt Service Fund, Joint Utility System Fund, and other funds. The approximately \$153 million of budget revisions include the following re-appropriations and carryovers: \$44.1 million for Capital Improvement Projects (CIP) Fund project carryovers, \$25.5 million in encumbrance carryovers, and \$4 million in other project and grant re-appropriations. Other major revisions include: \$4 million to fund Economic Development priorities, \$50.2 million in the Debt Service Fund for refunding and bond issuance costs, \$3.3 million in the Risk Fund to fund the change to self insured medical insurance, \$4.8 million in the Utilities Fund for San Juan fuel costs and purchased power increases, \$10.5 million in various new or changed CIP and Utilities projects, and approximately \$6.6 million for various other items and projects. For the fiscal year ended June 30, 2013 expenditures did not exceed appropriations at the legal level of budgetary control for any County department, project, or fund.

Individual Deficit Fund Balance

At fiscal year end June 30, 2013, the Las Conchas Fire Fund, a non-major governmental fund, reported a deficit fund balance of \$605,171. The deficit in the fund arose because expenditures made under grant awards were not reimbursed within the 60 day period of availability, and were properly recorded as deferred revenue instead of revenue. The County anticipates that all deferred revenues in the fund will be received in fiscal year 2014, eliminating the fund deficit without the need for additional resources from other funds.

(3) POOLED CASH AND INVESTMENTS

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

A. Cash

Policies

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

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

Petty cash and change funds	5,760
Carrying amount of deposits	29,406,019
Cash equivalents	5,779,861
Book value of investments	158,726,967
Total reported in notes to financial statements	\$ 193,918,607
Government-wide Statement of Net Assets:	
Equity in pooled cash and investments	103,536,615
Investments	27,043,258
Restricted assets-Cash & Cash Equivalents	10,460,587
Restricted assets-Investments	17,141,960
Fiduciary Funds:	
Equity in pooled cash and investments	273,059
Investments (mutual funds), at fair value	35,463,128
Total reported in financial statements	\$ 193,918,607

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 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, 2013 the County had deposits with bank balances of \$29,406,019 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, 2013 are presented below using the Standard and Poor's rating scale:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Net Asset Value</u>	<u>Quality Ratings</u>
U.S. Government Agencies			AAA+ A
2a7 Like - New Mexico State Local Government Investment Pool (LGIP)	\$ 74,976,077	306,611	74,976,077 0
<u>Unrated investments:</u>			
Repurchase agreements	6,686,962		
New Mexico State Investment Council	41,294,189		
Exempt from credit risk disclosure:			
LAC Pension	35,463,128		
Total Investments	\$ 158,420,356	306,611	

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Net Asset Value</u>	<u>Investment Maturities (in years)</u>		
			<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
<u>Debt Securities</u>					<u>More Than 10</u>
U.S. Agencies	\$ 74,976,077		15,149,800	59,826,277	0
Repurchase Agreements	6,686,962		0	6,686,962	0
			15,149,800	66,513,239	0
<u>Other Investments</u>					
New Mexico State Investment Council	41,294,189				
LAC Pension Plan	35,463,128				
2a7 Like - New Mexico State Local Government Investment Pool		306,611			
Total Investments	\$ 158,420,356	306,611			

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. For more information regarding the LGIP's investment status in The Reserve Fund go to the LGIP website at <http://www.stonm.org/NewMexicoGROWLGIP>. The LGIP uses the weighted average maturity (WAM) to report interest rate risk. As of June 30, 2013 the LGIP WAM was 59 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, 2013 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, 2013 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	FNMA	Federal agency securities	\$ 20,313,850	16.5%
	FHLMC	Federal agency securities	15,441,300	12.5%
	FFCB	Federal agency securities	18,748,930	15.2%
	FHLB	Federal agency securities	10,017,000	8.5%
Business-type Activities	FHLB	Federal agency securities	10,454,997	8.5%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2013 are as follows:

<u>Funds</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Major Governmental Funds:			
General (pooled)	FNMA	Federal agency securities	\$ 20,313,850
General (pooled)	FHLMC	Federal agency securities	15,441,300
General (pooled)	FFCB	Federal agency securities	18,748,930
General (pooled)	FHLB	Federal agency securities	10,017,000
Major Proprietary Fund:			
Joint Utility System	FHLB	Federal agency securities	10,454,997

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, 2013, net of applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	Net
Governmental activities:			
General	\$ 83,751	(16,650)	67,101
Capital Improvement Projects	147,329	(147,329)	0
Total governmental activities	<u>231,080</u>	<u>(163,979)</u>	<u>67,101</u>
Business-type activities:			
Joint Utility System	4,407,919	(41,330)	4,366,589
Environmental Services	192,429	(10,451)	181,978
Fire	1,864,729	(1,646,042)	218,687
Internal Service	7,577	(6,177)	1,400
Total business-type activities	<u>6,472,654</u>	<u>(1,704,000)</u>	<u>4,768,654</u>
Totals	\$ <u>6,703,734</u>	<u>(1,867,979)</u>	<u>4,835,755</u>

On the Government-wide Statement of Net Position an additional \$13,152 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, 2013:

Fiscal Year Ending June 30,	Amount
2014	\$ 55,050
2015	55,050
2016	55,050
2017	55,050
2018	55,050
Thereafter	920,700
	<u>\$ 1,195,950</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, 2013 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, 2014	\$ 32,331
June 30, 2015	32,331
June 30, 2016	484,960
LACDC Loan Receivable as of June 30, 2013	<u>\$ 549,622</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, 2013 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, 2014	\$ 144,828
June 30, 2015	24,392
Veriscape Loan Receivable as of June 30, 2013	<u>\$ 169,220</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, FY2012, or FY2013. 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. As of June 30, 2013 the loan was current and there was no delinquent balance.

Payments due are as follows on the Caldera loan:

<u>Total of monthly payments for fiscal year ending</u>	<u>Principal Installment</u>
June 30, 2014	32,132
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, 2013	<u>\$ 225,577</u>

As of June 30, 2013 the total reserve for loan losses balance was \$540,000. 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, 2013 the County has a balance of \$72,065 in discounts on loans receivables. The discount was established since one of the loans is interest free. Amortization of loan discounts of \$24,817 was recorded for the fiscal year ended June 30, 2013.

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, which paid the balance in full. The balance in mortgage loans and related deferred revenue at June 30, 2013 was \$350,000.

The detail of the loan receivable balances at June 30, 2013, is as follows:

Principal, economic development loans:		
Los Alamos Commerce and Development Corporation	\$	549,622
Veriscape Inc.		169,220
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)		51,170
Avanza Technologies, Inc.		227,944
Caldera Pharmaceuticals Inc.		225,577
Subtotal economic development loans		<u>1,223,533</u>
Principal, mortgage loans:		
Los Alamos Group Home Inc.		350,000
Less: Discounts on economic development loans		(72,065)
Less: Discounts reserve for loan losses		<u>(540,000)</u>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Economic Development Fund)	\$	<u>961,468</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, 2013 are presented below:

Transfers in (from other funds)	Transfers out (to other funds)										Total
	General	Economic Development	Capital Improvement Projects	Capital Projects Permanent	Joint Utility System	Environmental Services	Transit	Fire	Airport	Other Governmental	
General	\$ 0	0	3,163,950	0	737,563	0	0	1,440,603	0	27,252	5,369,368
Economic Development	0	0	51,700	0	0	0	0	0	0	0	51,700
GRT Revenue Bond	6,336,206	0	0	0	0	0	0	0	0	0	6,336,206
Capital Improvement Projects	1,907,252	0	0	1,027,711	0	0	0	0	0	530,000	3,464,963
Joint Utility System	217,000	0	0	0	0	37,000	0	0	0	0	254,000
Golf Course	616,607	0	0	0	0	0	0	0	0	0	616,607
Transit	1,520,000	0	0	0	0	0	0	0	0	0	1,520,000
Airport	208,000	78,000	0	0	0	0	0	0	0	0	286,000
Internal Service	0	0	0	0	0	0	798,181	16,288	288,618	0	1,103,087
Other Governmental	42,000	0	0	0	0	0	0	0	0	0	42,000
	<u>\$ 10,947,065</u>	<u>78,000</u>	<u>3,215,650</u>	<u>1,027,711</u>	<u>737,563</u>	<u>37,000</u>	<u>798,181</u>	<u>1,456,891</u>	<u>288,618</u>	<u>557,252</u>	<u>19,043,931</u>

Capital assets were transferred into (out of) the following funds from (to) governmental activities:	
Joint Utility System	\$ 462,750
Golf	(5,054,018)
Fire	34,000
Internal Service	127,857
Total	<u>\$ (4,429,411)</u>

Long-term liabilities of \$77,973 were transferred from the Golf Course Fund to the governmental activities.

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. An advance of \$500,000 was made from the General Fund to the Joint Utility in FY2013, upon completion of the Smart House Project. Interest in the amount of \$15,000 per year is due on this advance. The advance will be repaid when the Smart House is sold.

Advance From/to balances at June 30, 2013 are presented below:

Advances from other funds	Advances to other funds
	General
Airport	\$ 146,799
Joint Utility System	500,000
	<u>646,799</u>

All other interfund balances were expected to be repaid within a year and are classified as due to/due from balances. These balances represent pension contributions payable, pension forfeitures receivable, and the reclassification of negative pooled cash in the Fire Fund, Transit Fund, Airport, and in Other Governmental Funds (Las Conchas Fire Fund).

Due to/due from balances at June 30, 2013 are presented below:

	Due to other funds		Due from other funds	
	General	Pension Trust	General	Total
General	\$ 0	68,724		68,724
Fire	1,282,814	0		1,282,814
Transit	49,379	0		49,379
Airport	25,773	0		25,773
Other Governmental	605,171	0		605,171
Pension Trust	13,152	0		13,152
	<u>\$ 1,976,289</u>	<u>68,724</u>		<u>2,045,013</u>

(7) CAPITAL ASSETS

During FY 2013, the County received a donation of land from the Department of Energy with fair value of \$299,890.

Machinery and equipment in the amount of \$127,857 was transferred from governmental activities to business-type activities. This represents vehicles purchased by the General Fund and transferred to the Equipment internal service fund. Construction work in progress of \$462,750 was transferred from governmental activities to the Joint Utility System for utility assets being constructed as part of the new Municipal Building project. Land, buildings, equipment, and improvements other than buildings with a net book value of \$5,054,018 were transferred from the Golf Course Fund to governmental activities upon closure of the Golf Course Fund.

The County capitalized approximately \$44.9 million in construction work in progress (CWIP) capital assets net of approximately \$750 thousand of losses on disposal of capital assets where expenditures initially accounted for as an addition to CWIP did not result in the creation of a capital asset. In addition, during FY 2013, the County added approximately \$37.7 million in new construction in progress. Of these additions, \$14.6 million related to business-type activities including roughly \$7.1 million in Electric and Gas Utility infrastructure projects, \$7.5 million additional Water and Wastewater infrastructure projects. The remaining additions of \$23.1 million related to various capital projects of the governmental activities during the year.

Capital asset activity for the year ended June 30, 2013 was as follows:

	June 30, 2012 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2013 Balance
Governmental activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 47,906,664	59,850	0	5,011,368	52,977,882
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	22,610,910	23,139,610	(34,025,445)	(496,750)	11,228,325
Total capital assets, not being depreciated	89,365,067	23,199,460	(34,025,445)	4,514,618	83,053,700
Capital assets, being depreciated					
Buildings	95,173,608	23,407,814	0	354,994	118,936,416
Improvements other than buildings	14,523,510	219,419	0	1,013,911	15,756,840
Machinery and equipment	14,090,373	2,197,088	(377,821)	(22,010)	15,887,630
Infrastructure	161,980,702	8,879,334	(678,603)	0	170,181,433
Capital assets, being depreciated	285,768,193	34,703,655	(1,056,424)	1,346,895	320,762,319

Less accumulated depreciation for:					
Buildings	(13,594,444)	(2,014,043)	0	(275,330)	(15,883,817)
Improvements other than buildings	(4,987,613)	(407,681)	0	(831,249)	(6,226,543)
Machinery and equipment	(8,879,224)	(698,927)	283,303	(25,633)	(9,320,481)
Infrastructure	(75,820,628)	(5,971,220)	650,159	0	(81,141,689)
Total accumulated depreciation	<u>(103,281,909)</u>	<u>(9,091,871)</u>	<u>933,462</u>	<u>(1,132,212)</u>	<u>(112,572,530)</u>
Total capital assets, being depreciated, net	182,486,284	25,611,784	(122,962)	214,683	208,189,789
Total governmental activities capital assets	\$ 271,851,351	48,811,244	(34,148,407)	4,729,301	291,243,489
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	\$ 13,321,135	0	0	(4,711,478)	8,609,657
Construction in progress	12,183,094	14,558,415	(10,862,622)	462,750	16,341,637
Total capital assets, not being depreciated	<u>25,504,229</u>	<u>14,558,415</u>	<u>(10,862,622)</u>	<u>(4,248,728)</u>	<u>24,951,294</u>
Capital assets, being depreciated					
Buildings	23,470,223	0	0	(320,994)	23,149,229
Improvements other than buildings	18,993,850	11,619	0	(1,013,911)	17,991,558
Utility plant in service	263,080,090	9,233,915	(1,112,631)	0	271,201,374
Machinery and equipment	24,205,672	2,141,900	(1,582,478)	22,010	24,787,104
Capital assets, being depreciated	<u>329,749,835</u>	<u>11,387,434</u>	<u>(2,695,109)</u>	<u>(1,312,895)</u>	<u>337,129,265</u>
Less accumulated depreciation for:					
Buildings	(3,436,966)	(575,125)	0	275,330	(3,736,761)
Improvements other than buildings	(4,388,055)	(1,227,790)	0	831,249	(4,784,596)
Utility plant in service	(108,675,554)	(9,332,175)	684,793	0	(117,322,936)
Machinery and equipment	(10,611,209)	(1,900,762)	1,514,889	25,633	(10,971,449)
Total accumulated depreciation	<u>(127,111,784)</u>	<u>(13,035,852)</u>	<u>2,199,682</u>	<u>1,132,212</u>	<u>(136,815,742)</u>
Total capital assets, being depreciated, net	202,638,051	(1,648,418)	(495,427)	(180,683)	200,313,523
Total business-type activities capital assets	\$ 228,142,280	12,909,997	(11,358,049)	(4,429,411)	225,264,817

Depreciation expense for the year ended June 30, 2013 was as follows:

Depreciation expense was charged to governmental activities as follows:	
General government	\$ 1,740,595
Public safety	578,726
Physical and economic environment	1,305
Transportation	6,045,729
Culture and recreation	725,516
Total depreciation expense - governmental activities	<u>\$ 9,091,871</u>
Depreciation expense was charged to business-type activities as follows:	
Joint Utility Fund	
Electric	\$ 6,397,865
Gas	283,139
Water	1,895,146
Wastewater	756,025
Environmental Services	197,609
Golf Course	25,952
Transit	83,952
Fire	467,066
Airport	1,164,205
Equipment - Internal Service	1,764,893
Total depreciation expense - business-type activities	<u>\$ 13,035,852</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, 2013, 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, 2013, 2012, and 2011 were \$4,587,284, \$4,282,923, and \$4,267,994 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, 2013 were \$3,484,420 (\$356,504 participant; and \$3,127,916 County, net of forfeitures of \$80,620). 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, 2013 were \$50,294, which included allocated audit fees of \$5,992, trustee fees of \$42,777, and legal fees of \$1,525.

The following are the plan investments at June 30, 2013, stated at fair value, based on the funds' share price:

Mutual funds at fair value:	
Alliance Bernstein Growth and Income Fund	\$ 6,010,950
American Balanced Fund	2,588,370
Columbia Acorn Trust Fund	3,895,714
Gabelli Small Cap Growth Fund	4,332,617
Invesco International Growth Fund	2,316,898
Loomis Sayles Strategic Income Fund	1,609,714
Mutual Global Discovery Fund	3,462,518
Nuveen Large Cap Growth Opportunities Fund	6,557,524
Pimco Stable Income Fund	3,469,145
Templeton Global Bond Fund	1,219,678
Total investments	<u>\$ 35,463,128</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 \$28,212 for the fiscal year ended June 30, 2013.

D. New Mexico Retiree Health Care Act

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

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

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

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 County began participation in the RHCA plan in January, 2006. The County's contributions to the RHCA for the fiscal years ended June 30, 2013, 2012, and 2011 were \$775,021, \$671,963, and \$602,514 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, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Accrued compensated absences	\$ 2,928,809	1,797,300	1,566,101	3,160,009	1,969,072
Revenue bonds payable	63,799,121	43,413,930	53,256,210	53,956,841	3,615,000
Total governmental activities	\$ 66,727,930	45,211,230	54,822,311	57,116,850	5,584,072
Business-type activities:					
Accrued compensated absences	\$ 2,773,512	1,641,472	1,548,296	2,866,688	1,899,948
Claims and judgments	3,096,426	4,918,484	5,345,324	2,669,586	1,740,290
Revenue bonds payable	47,310,039	0	7,430,886	39,879,153	8,130,000
Contracts and intergovernmental debt	19,182,482	377,730	775,233	18,784,979	798,271
Special closure costs	3,959,230	617,258	52,756	4,405,436	118,296
	\$ 76,321,689	7,554,944	15,152,495	68,605,842	12,686,805

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 \$111,083 and claims and judgments in the amount of \$2,669,586 from internal service funds are included as part of the business-type activities.

B. Gross Receipts Tax Improvement Revenue Bonds

GRT Revenue Bonds – 2008/2013 Series

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

2018. The unrefunded Series 2008 Revenue Bonds have principal outstanding of \$19,950,000 at June 30, 2013, with a final maturity date of June 1, 2018. Interest on the bonds is payable semi-annually at rates ranging from 3.45% to 5.00%, with an average coupon rate of 4.22%.

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

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

Revenues pledged to cover debt service include (1) the County's State-Shared Gross Receipts Tax Revenues, at the rate authorized (currently 1.225%), (2) the Municipal Gross Receipts Tax Revenues, which equal one and one quarter percent (1.25%), (3) the Municipal Infrastructure Gross Receipts Tax Revenues, in an amount of one-eighth of one percent (0.125%), and (4) the third one-eighth of one percent (0.125%) increment of County Gross Receipts Tax Revenues. The schedules of current year activity and annual maturity requirements of the 2008 GRT Bonds and 2013 GRT Advance Refunding Bonds are as follows:

Year ending June 30	2008 Series		2013 Series	
	Principal	Interest	Principal	Interest
2014	\$ 3,615,000	1,011,456	0	1,531,284
2015	3,795,000	829,838	0	1,645,559
2016	3,970,000	653,550	0	1,645,559
2017	4,175,000	444,088	0	1,645,559
2018	4,395,000	228,038	0	1,645,559
2019-2023	0	0	17,850,000	6,627,294
2024-2028	0	0	20,385,000	2,359,763
	<u>\$ 19,950,000</u>	<u>3,166,969</u>	<u>38,235,000</u>	<u>17,100,575</u>
2008 Series Principal	\$ 19,950,000			
2013 Series Principal	38,235,000			
Unamortized balances:				
Deferred amount	(9,653,817)			
Discounts and premiums	5,425,658			
	<u>\$ 53,956,841</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 position.

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, 2013 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	
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	0	0	80,000	36,175	220,000	48,000	370,000	111,998	866,173
2019-2023	0	0	450,000	121,500	980,000	100,000	1,685,000	235,439	3,571,939
2024-2025	0	0	215,000	16,250	0	0	0	0	231,250
	<u>\$ 21,240,000</u>	<u>2,071,000</u>	<u>1,025,000</u>	<u>351,550</u>	<u>2,010,000</u>	<u>422,600</u>	<u>3,350,000</u>	<u>969,727</u>	<u>31,439,877</u>
2004A Series Principal	\$ 21,240,000								
2004B Series Principal	1,025,000								
2006A Series Principal	2,010,000								
2006B Series Principal	3,350,000								
Unamortized balances:									
Refunding costs	(1,458,826)								
Discounts and premiums	750,647								
	<u>\$ 26,916,821</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, 2013 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	
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	480,000	98,950	0	84,364	0	222,167	185,000	180,868	1,251,349
2019-2023	2,100,000	213,350	585,000	421,818	0	1,110,837	1,050,000	769,691	6,250,696
2024-2028	0	0	950,000	71,448	2,255,000	948,366	1,360,000	454,935	6,039,749
2029-2030	0	0	0	0	1,425,000	130,720	665,000	61,104	2,281,824
	<u>\$ 3,690,000</u>	<u>807,706</u>	<u>1,535,000</u>	<u>915,084</u>	<u>3,680,000</u>	<u>3,300,759</u>	<u>3,930,000</u>	<u>2,251,923</u>	<u>20,110,472</u>
2010A Series Principal	\$ 3,690,000								
2010B Series Principal	1,535,000								
2010C Series Principal	3,680,000								
2010D Series Principal	3,930,000								
Unamortized balances:									
Discounts and premiums		127,332							
		<u>\$ 12,962,332</u>							

D. Intergovernmental Notes Payable

Business-type Activities

Beginning in December 2005 through November 2011, the County entered into various agreements to borrow up to \$21,393,598 from several State of New Mexico Agencies, to partially fund various projects. The purpose of each loan, the source of debt service payments, and other details are described below:

CWSRF 1438143: To partially fund the construction of a new wastewater treatment facility. The loan is to be repaid solely from the net revenues from the operation of only the Wastewater subfund, which is a part of the Joint Utility System Fund.

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

PP 1898: To construct a solid waste transfer station. The loan is to be repaid from Municipal Environmental Services Gross Receipts Tax revenues.

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

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

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

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

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

Loan terms and repayment schedules are shown below:

	New Mexico Environment Department	New Mexico Water Trust Board and Finance Authority	New Mexico Water Trust Board and Finance Authority	New Mexico Water Trust Board and Finance Authority	New Mexico Environment Department Construction Programs Bureau	New Mexico Water Trust Board and Finance Authority	New Mexico Water Trust Board and Finance Authority	New Mexico Water Trust Board and Finance Authority	Totals
	CWSRF	WTB 63	WTB 89	WTB 156	AFRA	WTB 157	WTB 220		
	1438143	WTB 63	WTB 89	WTB 156	CWSRF 09	WTB 157	WTB 220		
Date of agreement	Dec 2005	Apr 2007	Nov 2008	Jul 2010 (a)	Dec 2009	Jul 2010 (b)	Nov 2011		
Beginning principal	14,355,105	65,080	79,912	147,500	234,812	50,000	600,000		
Term of agreement, in years	20	20	20	20	20	20	20		
Interest rate	3%	-	4.06%	-	2.56%	-	-		
Administrative fee	-	0.25%	0.25%	0.25%	0.44%	0.25%	0.25%		
Payable in year ending 6/30/2014:									
Principal	\$ 583,774	\$ 3,227	\$ 4,036	\$ 7,256	\$ 9,271	\$ 2,460	\$ 30,324	\$ 798,271	
Interest and/or admin fee	381,115	115	154	315	6,512	107	1,393	593,370	
Total	964,889	3,342	4,190	7,571	15,783	2,567	31,717	1,391,642	
Payable in year ending 6/30/2015:									
Principal	601,287	3,235	4,046	7,274	9,549	2,466	30,398	822,085	
Interest and/or admin fee	363,602	107	144	296	6,234	100	1,317	569,568	
Total	964,889	3,342	4,190	7,570	15,783	2,566	31,715	1,391,653	
Payable in year ending 6/30/2016:									
Principal	619,325	3,243	4,056	7,292	9,835	2,472	30,472	846,716	
Interest and/or admin fee	345,563	99	134	278	5,948	94	1,241	544,949	
Total	964,888	3,342	4,190	7,570	15,783	2,566	31,713	1,391,665	
Payable in year ending 6/30/2017:									
Principal	637,905	3,251	4,066	7,310	10,131	2,478	30,546	872,202	
Interest and/or admin fee	326,983	90	124	260	5,653	88	1,165	519,477	
Total	964,888	3,341	4,190	7,570	15,784	2,566	31,711	1,391,679	
Payable in year ending 6/30/2018:									
Principal	657,042	3,259	4,076	7,328	10,434	2,484	30,620	898,589	
Interest and/or admin fee	307,846	82	113	241	5,349	82	1,089	493,102	
Total	964,888	3,341	4,189	7,569	15,783	2,566	31,709	1,391,691	

The County also has a firm transmission services agreement with the Western Area Power Administration (WAPA) that requires monthly payments at a rate of approximately \$12,000.

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 a rate schedule which expired June 30, 2006. The payment to Jemez for FY 2013 was \$157,510.

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 to 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.

The New Mexico State Environmental Improvement Board (EIB) unanimously approved a State Implementation Plan (SIP) for Best Available Retrofit Technology (BART) at San Juan Generating Station (SJGS) and forwarded to the EPA for their approval. Under the agreement, units 2 and 3 of SJGS would be retired by 12/31/17 and Selective Non Catalytic Reduction (SNCR) technology would be installed on the remaining units 1 and 4. Final EPA approval of the SIP is expected by October 2014. The County's share of the capital cost for this upgrade is estimated to be \$5 million, including costs associated with converting the plant to a Balanced Draft Configuration.

(11) RESOURCE POOL

In 1985 the County and the U.S. Department of Energy (DOE) entered into an Electric Coordination Agreement (ECA) to create a Resource Pool (Pool) to which each party contributes the capacity and energy of their individual electric supply and transmission resources to meet their combined requirements. The County's major contributions to the Pool consist of energy from its San Juan Unit 4 Interest, the El Vado Hydroelectric Project, the Abiquiu Hydroelectric Project, the Laramie River Station, the WAPA entitlement, the PNM NITSA, and various transmission service agreements. The County received \$26,932,230 for fiscal year 2013 from DOE, which is included in utility sales and services, as a result of this contract.

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 2004 revenue bonds associated with the County's generation assets. The County intends to renew the ECA with the DOE but is investigating alternatives for marketing bulk power should the agreement not be renewed.

(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 \$3,862,225.

As of June 30, 2013, the landfill closure liability is estimated to be \$444,943 (\$118,296 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. In June 2003, an updated demolition study was conducted on the generating station, which materially agreed to the previous estimate. In January 2012 another updated study was performed which estimated the County's portion of decommissioning costs to be \$3,388,233 in 2011 dollars. After the 1992 study the County began accumulating a decommissioning reserve fund to accumulate sufficient funds for the anticipated decommissioning and demolition costs, using an assumed 4% inflation factor. During fiscal year 2005, in conjunction with the refinancing of the 1994 bond issue, \$403,507 of the decommissioning reserves was applied to reduce the face amount of the 2004A refunding bonds. In fiscal year 2013, \$177,600 was set aside for this purpose. As of June 30, 2013 \$3,405,580 was invested for this purpose.

Using the 2012 updated study and the inflation factor of 4%, the County would incur an actual decommissioning cost of \$5.2 million in 2022 or \$7.1 million in 2030, and should have accumulated \$3.7 million as of June 30, 2013. Actual inflation has not been over 4% since 1991, and has averaged approximately 2.5% in that time, so the County believes the accumulated reserve is adequate as of June 30, 2013, but will periodically review the assumptions to determine whether more or less should be set aside each year.

C. Coalmine Reclamation (Electric Utility Fund)

The County is required under the San Juan Generation Project Participation Agreement (PPA) to assist in funding future reclamation costs for the San Juan surface coalmine. The mine currently is estimated for closure in 2038. Under the terms of the mine reclamation agreement, the current estimate of costs is \$133.1 million, of which \$2,928,200 is Los Alamos County's share. In FY2013, the County began funding a trust account as required for its share of the cost. As of June 30, 2013 the balance in this trust is \$330,192. The trust is funded based on the original cost estimate, but future contributions will be adjusted as cost estimates are updated.

(13) RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In fiscal year 1993, the County created an internal service fund to account for its risk management programs. 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 \$2,669,586 reported in the Risk Management Fund at June 30, 2013 is based on the requirements of GASB Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims payable also includes an estimate for claims incurred but not reported.
 FY 2013 Insurance coverage summary:

Insurance Coverage	Deductible	Insurance Liability Limits
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 Subject to tort claims limits
Emergency Medical Malpractice	\$25,000	\$1,000,000 per occurrence, \$2,000,000 per year in aggregate
Public Officials Errors and Omissions	\$25,000	Limited by individual property's insured value
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 2012 and 2013 are summarized below.

	Group Insurance	Medical Insurance	Unemployment Compensation	Workers Compensation	General Liability	Total
Claims liability, June 30, 2011	\$ 0	0	0	2,485,465	64,605	2,550,070
Current year claims, insurance, and changes in estimates	432,358	0	52,988	658,572	1,210,209	2,354,127
Claims and insurance payments	(432,358)	0	(52,988)	(652,168)	(1,055,352)	(2,192,866)
Claims liability, June 30, 2012	\$ 0	0	0	2,491,869	219,462	2,711,331
Current year claims, insurance, and changes in estimates	470,140	3,512,350	38,791	84,372	812,831	4,918,484
Claims and insurance payments	(470,140)	(2,817,553)	(38,791)	(683,330)	(950,415)	(4,960,229)
Claims liability, June 30, 2013	\$ 0	694,797	0	1,892,911	81,878	2,669,586

Employee Group Insurance

The County offers all regular and limited-term employees, the choice of two medical insurance options, which are HMO and Preferred Provider, both provided through Blue Cross Blue Shield of New Mexico (BCBS). The County pays 80 percent of the premium for full-time employees, 60 percent for three-quarter-time employees, and 40 percent for half-time employees. Under these medical plans, the County was neither self-insured nor retaining risk prior to January 1, 2013. Beginning January 1, 2013, the County changed the structure of the insurance program to be self-insured. The plans and contribution percentages remain the same. Since January 1, 2013, the County has accounted for contributions as revenue and paid BCBS for actual claims and claims processing. The County has reinsurance should claims for an individual participant exceed \$100,000 in a claim year. As of June 30, 2013 the estimated claims liability was \$694,797. 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, 2013. 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 FY2013, the County recognized intergovernmental revenue of approximately \$15.8 million under the terms of this cooperative agreement.

Intergovernmental revenues of approximately \$1.9 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 Las Conchas Fire Fund for grants from the United States Department of Homeland Security. 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, 2013, the balance of Health Facility Revenue Bonds outstanding was \$7,677,303.

(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.

Under the agreement with RBC, changes in bank regulatory requirements may result in restructuring of the agreement. In October 2013 RBC notified NMMEAA that certain regulatory requirements becoming effective in 2014 could make the agreement uneconomical. RBC intends to offer a restructure of the agreement that will probably reduce the net discount to the County in future years.

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, 2013 are as follows:

Major Governmental Funds:		
General Fund	\$	3,365,039
Economic Development		131,049
Capital Improvement Projects		7,620,368
Other Governmental		148,063
Total Governmental Funds		11,264,519
Major Proprietary Funds:		
Joint Utility System		3,118,549
Environmental Services		330,741
Golf Course		4,465
Transit		1,000,917
Fire		823,238
Airport		297,099
Total Proprietary Funds		5,575,009
Internal Service Funds:		
Equipment		174,803
Risk Management		7,280
Total Internal Service Funds		182,083
Outstanding Encumbrances at June 30, 2013	\$	17,021,611

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, 2013 was \$1,110,589.

The future minimum lease payments under operating leases as of June 30, 2013, are approximately as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2014	\$ 611,889
2015	362,264
2016	322,013
2017	283,487
2018	289,211
2019-2022	309,007
	<u>\$ 2,177,871</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, 2013, an estimated 75-80% of GRT revenues relate directly to LANL operations.

(18) ACCOUNTING STANDARD PRONOUNCEMENTS

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), will change how the County reports deferred inflows and outflows of resources previously recognized as assets and liabilities. GASB 65 will improve financial reporting by adding clarification to certain elements that do not represent assets or liabilities and to ensure consistency in financial reporting. The County will have elements previously reported as Assets and Liabilities that will be reported under the new financial reporting categories. GASB 65 will be effective for the County fiscal year 2014.

GASB Statement No. 66, *Technical Corrections - 2012* ("GASB 66"), resolve conflicting accounting and financial reporting guidance from the issuance of GASB 54 and GASB 62. The County does not believe it will be impacted by GASB 66 which will be effective for the County fiscal year 2014.

(19) RELATED PARTY TRANSACTION

On March 5, 2013, the County Council approved a Lease Agreement with 999, L.L.C., to rent office space for the Fire Administration staff for a term of sixty (60) months, which commenced on May 1, 2013. County Councilor Rick Reiss is the managing member and has a 25% ownership interest in the property. Councilor Reiss recused himself from the discussion and vote due to a conflict of interest. County staff prepared a staff justification report which detailed the processes and actions taken prior to recommending the said Lease Agreement. Because state law requires competition in the case of any agreement between a local governmental entity and a local government official, the County undertook a competitive process. The remaining 6 members of Council voted to grant a waiver from the conflict of interest of Councilor Reiss under the following grounds: 1. Councilor Reiss' financial interest in the subject property was publicly disclosed prior to solicitation for the subject property; 2. Councilor Reiss, by abstaining from any participation in the approval of the proposed lease, did not exercise any apparent bias or favoritism; 3. The approval of the lease would be in the best interests of the County; and 4. The lease was competitively procured. The total annual rental amount includes the sum of the total Base Rental, \$144,415, and an Operating Expense Pass through, of \$30,150, for a total amount of \$174,565 which is subject to no greater than 3% adjustment per year after the initial year of the lease term.

(20) SUBSEQUENT EVENT

During September, 2013 the County experienced severe flooding and sustained damage to infrastructure and utility assets within the County including damage at the Los Alamos Reservoir, sewer lines, the composting facility, and roads and waterlines in Guaje Canyon. A Presidential Declaration of a Disaster was made final on October 29, 2013 which included areas impacted in the County. The US Department of Homeland Security's Federal Emergency Management Agency (FEMA) announced that federal disaster aid has been made available to supplement state and local recovery efforts. The County has taken part in initial applicant meetings and plans to file a claim to assist with the costs of this event. The preliminary estimate of damage is approximately \$4 to \$6 million, but is subject to change as damage assessment continues. The County anticipates it will recover 75 percent of these damages through disaster assistance from FEMA.

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, 2013

	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	\$ 130,477	98,336	704,969	34,150	607,228	0	1,575,160
Investments	0	0	0	0	12,300	0	12,300
Receivables, net of allowance for uncollectibles							
Interest	0	0	0	0	39	0	39
Unbilled	0	23,284	0	0	0	0	23,284
Due from other governments	127,519	0	0	273,467	0	1,310,719	1,711,705
Prepayments	0	0	0	15,450	0	0	15,450
TOTAL ASSETS	\$ 257,996	121,620	704,969	323,067	619,567	1,310,719	3,337,938
LIABILITIES							
Accounts payable	\$ 0	30,636	362,098	245,944	16,716	0	655,394
Accrued salaries and benefits payable	0	0	1,403	1,584	1,712	0	4,699
Due to other governments	0	0	16,032	0	0	0	16,032
Due to other funds	0	0	0	0	0	605,171	605,171
Deferred revenues	0	0	0	987	0	1,310,719	1,311,706
TOTAL LIABILITIES	0	30,636	379,533	248,515	18,428	1,915,890	2,593,002
FUND BALANCE							
Restricted for							
Clerk records and files (State law)	0	0	0	0	61,119	0	61,119
Grants (Granting entities)	0	0	325,436	0	0	0	325,436
Library operations (contributors)	0	0	0	0	16,350	0	16,350
Lodgers' tax (State law)	0	90,984	0	0	0	0	90,984
Indigent health care claims (State law)	0	0	0	74,552	0	0	74,552
Municipal court (County code)	0	0	0	0	21,914	0	21,914
Property tax valuation (State law)	0	0	0	0	457,597	0	457,597
Recreation (County code and contributors)	0	0	0	0	44,159	0	44,159
Major street maintenance (State law)	257,996	0	0	0	0	0	257,996
Committed to							
Unassigned	0	0	0	0	0	(605,171)	(605,171)
TOTAL FUND BALANCE	257,996	90,984	325,436	74,552	601,139	(605,171)	744,936
TOTAL LIABILITIES AND FUND BALANCE	\$ 257,996	121,620	704,969	323,067	619,567	1,310,719	3,337,938

See accompanying notes to financial statements

Community Services-Social Services	0	0	2,308,026	0	0	0	0	0	2,308,026
Culture and recreation	0	0	0	0	0	0	0	0	0
Community Services-Library	0	0	0	0	2,641	0	0	2,641	2,641
Community Services-Recreation	0	0	0	0	3,109	0	0	3,109	3,109
Capital outlay:	0	0	0	0	5,750	0	0	5,750	5,750
General government	0	0	0	0	0	0	0	0	0
County Clerk	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	6,691	0	0	6,691	6,691
Community and Economic Development	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	6,691	0	0	6,691	650,852
EXCESS REVENUES OVER	0	0	0	0	6,691	0	0	6,691	657,543
(UNDER) EXPENDITURES	0	260,862	2,308,026	851,330	202,669	1,868,250	0	5,491,137	5,491,137
OTHER FINANCING SOURCES (USES)	584,970	(59,829)	(658,369)	(214,592)	10,829	(895,279)	(1,232,270)	(1,232,270)	(1,232,270)
Transfers in	0	0	0	0	42,000	0	0	42,000	42,000
Transfers out	(530,000)	0	0	(27,252)	0	0	0	(557,252)	(557,252)
NET CHANGE IN FUND BALANCE	54,970	(59,829)	(658,369)	(241,844)	52,829	(895,279)	(1,747,522)	(1,747,522)	(1,747,522)
FUND BALANCE	203,026	150,813	732,921	567,280	548,310	290,108	2,492,458	2,492,458	2,492,458
Beginning of fiscal year	257,996	90,984	74,552	325,436	601,139	(605,171)	744,936	744,936	744,936
FUND BALANCE - END OF FISCAL YEAR	203,026	150,813	732,921	567,280	548,310	290,108	2,492,458	2,492,458	2,492,458

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, 2013

	<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	584,970	54,970
EXPENDITURES AND ENCUMBRANCES				
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	530,000	530,000	584,970	54,970
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	<u>(530,000)</u>	<u>(530,000)</u>	<u>(530,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>0</u>	<u>54,970</u>	<u>54,970</u>
FUND BALANCE				
Beginning of fiscal year			203,026	
FUND BALANCE - END OF FISCAL YEAR			<u><u>\$ 257,996</u></u>	

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
 Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 303,000	303,000	197,803	(105,197)
Penalties and interest-taxes	1,000	1,000	325	(675)
Miscellaneous revenues				
Investment income	5,000	5,000	2,905	(2,095)
TOTAL REVENUES	<u>309,000</u>	<u>309,000</u>	<u>201,033</u>	<u>(107,967)</u>
EXPENDITURES AND ENCUMBRANCES				
Community and Economic Development				
Outside services	351,097	351,097	243,695	107,402
Intrafund/interfund services	17,167	17,167	17,167	0
Capital outlay	50,000	50,000	0	50,000
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>418,264</u>	<u>418,264</u>	<u>260,862</u>	<u>157,402</u>
NET CHANGE IN FUND BALANCE	<u>\$ (109,264)</u>	<u>(109,264)</u>	<u>(59,829)</u>	<u>49,435</u>
FUND BALANCE				
Beginning of fiscal year			150,813	
FUND BALANCE - END OF FISCAL YEAR			<u>90,984</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, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
State grants-fire	450,260	439,978	519,891	79,913
State grants-police	104,000	103,100	88,958	(14,142)
State grants-other	0	79,913	0	(79,913)
Miscellaneous revenues				
Investment income	1,000	1,000	27,889	26,889
TOTAL REVENUES	<u>555,260</u>	<u>623,991</u>	<u>636,738</u>	<u>12,747</u>
EXPENDITURES AND ENCUMBRANCES				
Fire				
Grants and contracts				
Fire - Fire marshal grant	439,760	1,045,398	896,858	148,540
Fire - Emergency medical services grant	10,500	10,073	9,373	700
Police	450,260	1,055,471	906,231	149,240
Grants and contracts				
Police - Law enforcement protection grant	40,000	45,298	44,464	834
Police - DWI local grant	64,000	88,752	47,358	41,394
Police - Seizure/Forfeiture	0	751	547	204
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>554,260</u>	<u>1,190,272</u>	<u>998,600</u>	<u>191,672</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	1,000	(566,281)	(361,862)	204,419
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
General Fund	0	(27,252)	(27,252)	0
NET CHANGE IN FUND BALANCE	<u>1,000</u>	<u>(593,533)</u>	<u>(389,114)</u>	<u>204,419</u>
ADJUSTMENTS TO GAAP				
Encumbrances			147,270	
GAAP BASIS			<u>(241,844)</u>	
FUND BALANCE				
Beginning of fiscal year			567,280	
FUND BALANCE - END OF FISCAL YEAR			<u>325,436</u>	
			\$	

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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes				
General gross receipts taxes	\$ 1,982,000	1,982,000	1,595,084	(386,916)
Miscellaneous revenues				
Investment income	26,000	26,000	11,924	(14,076)
Buildings rental	22,000	22,000	42,649	20,649
TOTAL REVENUES	<u>2,030,000</u>	<u>2,030,000</u>	<u>1,649,657</u>	<u>(380,343)</u>
EXPENDITURES AND ENCUMBRANCES				
Community Services-Social Services				
Employee salaries and benefits	68,587	68,587	77,423	(8,836)
Outside services	1,766,200	2,649,121	2,230,557	418,564
Materials and supplies	1,000	1,000	46	954
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>1,835,787</u>	<u>2,718,708</u>	<u>2,308,026</u>	<u>410,682</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	194,213	(688,708)	(658,369)	30,339
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	150,000	0	(150,000)
NET CHANGE IN FUND BALANCE	<u>\$ 194,213</u>	<u>(538,708)</u>	<u>(658,369)</u>	<u>(119,661)</u>
FUND BALANCE				
Beginning of fiscal year			732,921	
FUND BALANCE - END OF FISCAL YEAR			<u>74,552</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, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Fines and Forfeits				
Court ordered reimbursements	\$ 27,000	27,000	25,845	(1,155)
Charges for Services				
Clerk fee	17,000	17,000	29,435	12,435
Finance/treasurer fees	150,000	150,000	156,079	6,079
	167,000	167,000	185,514	18,514
Miscellaneous revenues				
Investment income	1,500	1,500	1,824	324
Donations	3,000	3,000	315	(2,685)
	4,500	4,500	2,139	(2,361)
TOTAL REVENUES	198,500	198,500	213,498	14,998
EXPENDITURES AND ENCUMBRANCES				
Municipal Court				
Bench warrant	18,603	18,603	12,203	6,400
Community service	25,000	25,000	20,738	4,262
Alternative sentencing	25,000	25,000	24,289	711
County Assessor				
Property tax valuation	135,222	135,222	108,869	26,353
County Clerk				
Recording and equipment	33,171	39,816	31,613	8,203
Community Services				
Aquatic center gift	3,000	4,267	3,109	1,158
Library gift	3,200	3,200	2,641	559
TOTAL EXPENDITURES AND ENCUMBRANCES	243,196	251,108	203,462	47,646
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	(44,696)	(52,608)	10,036	62,644

OTHER FINANCING SOURCES (USES)

Transfers in from:
General Fund

	<u>42,000</u>	<u>42,000</u>	<u>42,000</u>	<u>0</u>
	<u>\$ (2,696)</u>	<u>(10,608)</u>	<u>52,036</u>	<u>62,644</u>

NET CHANGE IN FUND BALANCE

ADJUSTMENTS TO GAAP

Encumbrances

GAAP BASIS

	<u>793</u>
	<u>52,829</u>

FUND BALANCE

Beginning of fiscal year

	<u>548,310</u>
	<u>\$ 601,139</u>

FUND BALANCE - END OF FISCAL YEAR

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, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 0	2,239,370	897,030	(1,342,340)
State grants-other	0	302,927	75,941	(226,986)
	<u>0</u>	<u>2,542,297</u>	<u>972,971</u>	<u>(1,569,326)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Outside services	0	2,196,732	1,868,250	328,482
	<u>0</u>	<u>345,565</u>	<u>(895,279)</u>	<u>(1,240,844)</u>
NET CHANGE IN FUND BALANCE	\$			
FUND BALANCE				
Beginning of fiscal year			290,108	
FUND BALANCE - END OF FISCAL YEAR			<u>(605,171)</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, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 154,000	154,000	214,743	60,743
EXPENDITURES AND ENCUMBRANCES				
Administrative Services - O.M.B.				
Principal payment on debt	3,470,000	10,170,000	10,170,000	0
Interest payment on debt	3,067,112	3,067,112	3,067,112	0
Bond Issuance costs (refunding)	375,113	375,113	375,113	0
	<u>6,912,225</u>	<u>13,612,225</u>	<u>13,612,225</u>	<u>0</u>
	<u>(6,758,225)</u>	<u>(13,458,225)</u>	<u>(13,397,482)</u>	<u>60,743</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES				
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	6,912,742	6,912,742	6,336,206	(576,536)
Proceeds - refunding debt	0	43,413,930	43,413,930	0
Payment to escrow - refunding debt	0	(43,413,930)	(43,413,930)	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,912,742</u>	<u>6,912,742</u>	<u>6,336,206</u>	<u>(576,536)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 154,517</u>	<u>(6,545,483)</u>	<u>(7,061,276)</u>	<u>(515,793)</u>
FUND BALANCE				
Beginning of fiscal year			7,322,140	
FUND BALANCE - END OF FISCAL YEAR			<u>260,864</u>	
			\$	

See accompanying notes to financial statements

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

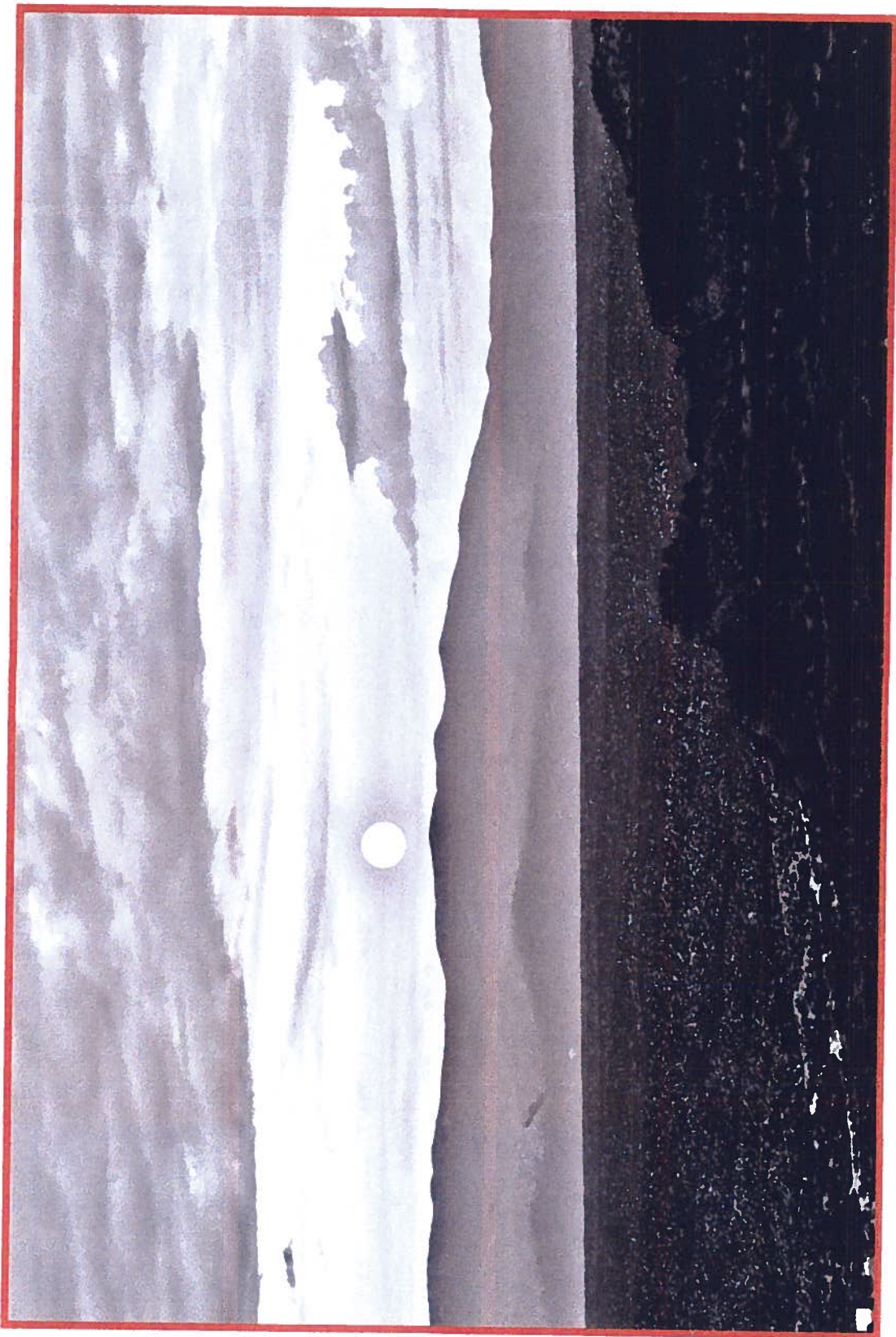
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous revenues				
Investment income	\$ 2,050,000	2,050,000	4,186,609	2,136,609
OTHER FINANCING SOURCES (USES)				
Transfers out to:				
Capital Improvement Project Fund	(1,107,000)	(1,107,000)	(1,027,711)	79,289
NET CHANGE IN FUND BALANCE	<u>\$ 943,000</u>	<u>943,000</u>	<u>3,158,898</u>	<u>2,215,898</u>
FUND BALANCE				
Beginning of fiscal year			25,637,999	
FUND BALANCE - END OF FISCAL YEAR			<u>\$ 28,796,897</u>	

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS
 Fiscal Year Ended June 30, 2013

PROJECT	PROJECT-LENGTH BUDGET APPROPRIATIONS	EXPENDED IN PRIOR YEARS	EXPENDED IN CURRENT YEAR	EXPENDED THROUGH June 30, 2013	UNEXPENDED AS OF June 30, 2013	ENCUMBRANCES AS OF June 30, 2013	REMAINING BALANCE AS OF June 30, 2013
CAPITAL IMPROVEMENT PROJECTS FUND							
Information Technology	\$ 2,140,471	407,690	146,872	554,562	1,585,909	225,129	1,360,780
Community Broadband Feasibility Study	129,491	0	0	0	129,491	0	129,491
Potential Public Schools Projects	1,187,954	0	0	0	1,187,954	0	1,187,954
Municipal Building (Residual)	1,016,246	0	0	0	1,016,246	0	805,154
Trinity Site Demolition	827,523	0	0	0	827,523	211,091	825,254
Golf Course Community Building	5,324,960	789,405	1,932,079	2,721,484	2,603,476	2,269	256,509
White Rock Civic Center	8,516,832	155,311	36,046	191,357	8,325,475	2,346,967	8,325,475
La Plaza Mainstreet	23,376	0	0	0	23,376	0	23,376
State Road 502 Improvements	1,125,000	0	0	0	1,125,000	0	1,125,000
Diamond Drive Phase 4	173,141	0	57,377	57,377	115,764	16,804	98,960
Western Area Road Replacement	1,491,662	15,749	236,064	251,813	1,239,849	898,352	341,497
White Rock Arroyo Trail	816,206	139,129	208,905	348,034	468,172	225,791	242,381
Iris Street Project	60,000	0	0	0	60,000	7,468	52,532
Eastern Area Project	5,827,381	435,980	2,700,767	3,136,747	2,690,634	2,221,660	468,974
Eastern Area Sound wall	651,741	0	12,617	12,617	639,124	8,352	629,772
Public Art (continuing)	996,922	0	12,000	12,000	984,922	8,862	976,060
Parks Small Capital Projects	250,417	0	0	0	250,417	19,220	231,197
White Rock Visitor Center / RV Lot	104,678	0	0	0	104,678	0	104,678
White Rock Gateway Structure	50,000	32,941	0	32,941	17,059	0	17,059
Stables Area Covered Arena	798,636	36,331	698,827	735,158	63,478	0	63,479
Ice Rink Improvements	240,000	169,231	8,528	177,759	62,241	0	62,241
Ashley Pond Improvements	2,329,428	28,030	688,494	716,524	1,612,904	1,424,926	187,978
Teen Center	4,110,396	188,442	52,749	191,191	3,919,205	0	3,919,205
Nature Center	4,377,426	119,669	22,305	141,974	4,235,452	2,477	4,232,975
	<u>42,569,887</u>	<u>2,467,908</u>	<u>6,813,630</u>	<u>9,281,538</u>	<u>33,288,349</u>	<u>7,620,368</u>	<u>25,667,981</u>
PROJECTS COMPLETED IN FY 2013							
Information Technology	384,367	46,598	337,769	384,367	0	0	0
Community Broadband Feasibility Study	994,011	928,970	65,041	994,011	0	0	0
Municipal Building Replacement	23,000,054	10,227,065	12,772,990	23,000,054	0	0	0
Trinity Site Demolition	89,491	0	89,491	89,491	0	0	0
Jail/Courts Replace (Justice Center)	49,279	0	42,538	42,538	6,741	0	0
New Fire Station #3 - White Rock (residual)	34,000	0	34,000	34,000	0	0	0
La Plaza Mainstreet	57,354	0	0	57,354	0	0	6,741
Canyon Rim Trail	5,255	0	5,255	5,255	0	0	0
White Rock Arroyo Trail	59,850	0	59,850	59,850	0	0	0
State Road 4 Improvements	6,575,682	5,668,865	906,817	6,575,682	0	0	0
Iris Street Project	962,922	10,650	952,272	962,922	0	0	0
Public Art (continuing)	93,324	50,000	43,324	93,324	0	0	0
Parks Small Capital Projects	209,205	0	209,205	209,205	0	0	0
White Rock Visitor Center /RV Lot	3,148,248	2,804,540	343,708	3,148,248	0	0	0
Golf Course Improvement Study	75,000	74,081	919	75,000	0	0	0
	<u>35,738,042</u>	<u>19,868,123</u>	<u>15,863,179</u>	<u>35,731,301</u>	<u>6,741</u>	<u>0</u>	<u>6,741</u>
TOTALS FY 2013	\$ 78,307,929	22,336,031	22,676,809	45,012,839	33,295,090	7,620,368	25,674,722



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 POSITION
 June 30, 2013

	<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					
Receivables, net of allowance for uncollectibles	\$ (6,983,416)	5,966,979	15,159,537	868,358	15,011,458
Accounts					
Unbilled	3,249,129	245,819	597,666	273,975	4,366,589
Inventories and prepayments	516,216	98,802	282,100	178,298	1,075,416
Inventories	779,948	49,391	177,075	18,573	1,024,987
Power plant inventories	783,856	0	0	0	783,856
Prepayments	307,456	0	177,917	0	485,373
	<u>(1,346,811)</u>	<u>6,360,991</u>	<u>16,394,295</u>	<u>1,339,204</u>	<u>22,747,679</u>
RESTRICTED ASSETS					
Cash and cash equivalents					
Debt reserves and debt service	4,486,691	0	191,062	562,852	5,240,605
Operations and maintenance	4,033,199	0	0	239,252	4,272,451
Investments					
Debt reserves and debt service	13,784,261	0	0	0	13,784,261
Operations and maintenance	3,030,821	0	0	0	3,030,821
Premiums and discounts	326,878	0	0	0	326,878
Accrued interest	14,339	0	0	0	14,339
	<u>25,676,189</u>	<u>0</u>	<u>191,062</u>	<u>802,104</u>	<u>26,669,355</u>
PROPERTY, PLANT AND EQUIPMENT					
Land	0	0	0	0	0
Utility plant in service	145,613,055	12,720,609	74,705,926	2,959,328	2,959,328
Machinery and equipment	2,851,074	175,769	868,716	38,161,784	271,201,374
Less accumulated depreciation	(85,150,393)	(3,615,007)	(19,952,094)	257,885	4,153,444
Construction in progress	7,996,341	753,395	6,399,372	(8,605,442)	(117,322,936)
	<u>71,310,077</u>	<u>10,034,766</u>	<u>62,021,920</u>	<u>33,966,084</u>	<u>177,332,847</u>
DEFERRED CHARGES AND OTHER ASSETS					
Bond issuance costs, net of amortization	453,933	0	6,048	0	459,981
Assets held for resale	948,236	0	0	0	948,236
	<u>97,041,624</u>	<u>16,395,757</u>	<u>78,613,325</u>	<u>36,107,392</u>	<u>228,158,098</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2,751,392	157,901	399,038	619,879	3,928,210
Accrued salaries including benefits payable	77,354	3,768	20,390	18,817	120,329
Accrued compensated absences	325,199	96,487	48,980	55,419	526,085
Customer deposits payable	66,341	44,411	43,482	0	154,234
Due to other governments	49,683	13,814	30,235	15,306	109,038
Donations held in trust	23,629	0	0	0	23,629
	<u>3,293,598</u>	<u>316,381</u>	<u>542,125</u>	<u>709,421</u>	<u>4,861,525</u>

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Current portion of revenue bonds payable	8,120,756	0	9,244	0	8,130,000
Contracts and intergovernmental debt payable	0	0	53,347	587,000	640,347
Interest payable on debt	731,957	0	9,301	87,718	828,976
	<u>8,852,713</u>	<u>0</u>	<u>71,892</u>	<u>674,718</u>	<u>9,599,323</u>

NON-CURRENT LIABILITIES

Revenue bonds payable	30,109,822	0	1,639,331	0	31,749,153
Special closure costs	4,078,789	0	0	0	4,078,789
Accrued compensated absences	147,203	74,598	50,219	24,515	296,535
Advances from other funds	500,000	0	0	0	500,000
Contracts and intergovernmental debt payable	0	0	951,086	12,162,754	13,113,840
	<u>34,835,814</u>	<u>74,598</u>	<u>2,640,636</u>	<u>12,187,269</u>	<u>49,738,317</u>
	<u>46,982,125</u>	<u>390,979</u>	<u>3,254,653</u>	<u>13,571,408</u>	<u>64,199,165</u>

TOTAL LIABILITIES

NET POSITION

Invested in capital assets, net of related debt	33,533,432	10,034,766	59,374,960	21,216,330	124,159,488
Restricted assets for, net of related liabilities:					
Debt service	20,865,443	0	181,761	714,386	21,761,590
Unrestricted	(4,339,376)	5,970,012	15,801,951	605,268	18,037,855
	<u>50,059,499</u>	<u>16,004,778</u>	<u>75,358,672</u>	<u>22,535,984</u>	<u>163,958,933</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 POSITION
Year ended June 30, 2013**

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL JOINT UTILITY SYSTEM</u>
OPERATING REVENUES					
Utility sales and service	\$ 49,044,461	5,477,726	5,722,392	3,997,167	64,241,746
Rentals	22,262	0	0	0	22,262
Intergovernmental	118,160	0	4,771	0	122,931
Miscellaneous operating revenue	21,660	29,502	53,597	9,396	114,155
	<u>49,206,543</u>	<u>5,507,228</u>	<u>5,780,760</u>	<u>4,006,563</u>	<u>64,501,094</u>
OPERATING EXPENSES					
Employee salaries and benefits	4,756,494	320,527	1,259,462	1,150,044	7,486,527
Contractual services	31,830,082	4,002,929	3,015,399	1,442,181	40,290,591
Materials and supplies	364,058	96,939	224,722	203,285	889,004
Depreciation and amortization	6,800,057	340,510	1,895,761	756,025	9,792,353
Special closure costs	617,258	0	0	0	617,258
Other	12,437	8,627	4,896	1,239	27,199
	<u>44,380,386</u>	<u>4,789,532</u>	<u>6,400,240</u>	<u>3,552,774</u>	<u>59,102,932</u>
OPERATING INCOME (LOSS)	4,826,157	737,696	(619,480)	453,789	5,398,162
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposition of capital assets	(382,635)	(8,629)	(294,616)	(67,751)	(753,631)
Investment income (loss)	(109,921)	187,094	543,276	66,227	686,676
Interest on long-term debt	(2,342,866)	0	(41,413)	(394,327)	(2,778,606)
Inventory adjustment	(21,589)	(1,523)	(3,258)	5,709	(20,661)
Contributed capital assets- governmental activities	309,645	41,210	40,236	71,659	462,750
	<u>(2,547,366)</u>	<u>218,152</u>	<u>244,225</u>	<u>(318,483)</u>	<u>(2,403,472)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	2,278,791	955,848	(375,255)	135,306	2,994,690
TRANSFERS AND CONTRIBUTIONS					
Transfers in	0	0	0	0	0
Transfers out	(486,879)	(250,684)	0	254,000	(737,563)
Intergovernmental - capital grants	0	0	900,000	0	900,000
NET INCOME (LOSS)	1,791,912	705,164	524,745	389,306	3,411,127
NET POSITION					
Beginning of fiscal year	48,267,587	15,299,614	74,833,927	22,146,678	160,547,806
NET POSITION - END OF FISCAL YEAR	\$ 50,059,499	16,004,778	75,358,672	22,535,984	163,959,933

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 COMBINING STATEMENT OF CASH FLOWS
 Year ended June 30, 2013

	ELECTRIC	GAS	WATER	WASTEWATER	TOTAL
CASH FLOWS - OPERATING ACTIVITIES					
Cash received from customers and users	\$ 48,250,401	5,404,259	5,662,601	4,018,688	63,335,949
Cash paid to suppliers for goods and services	(32,202,709)	(4,107,783)	(3,244,823)	(1,058,773)	(40,614,088)
Cash paid to employees	(4,757,165)	(333,720)	(1,246,648)	(1,139,577)	(7,477,110)
Taxes received from customers and users	677,942	359,733	245,281	196,984	1,479,940
Taxes remitted to State (from customers and users)	(683,299)	(360,180)	(239,200)	(198,669)	(1,481,348)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>11,285,170</u>	<u>962,309</u>	<u>1,177,211</u>	<u>1,818,653</u>	<u>15,243,343</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds					
Transfers from other funds	(486,879)	(250,684)	0	0	(737,563)
Cash received from short-term interfund loans	0	0	0	254,000	254,000
NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES	<u>13,121</u>	<u>(250,684)</u>	<u>0</u>	<u>254,000</u>	<u>16,437</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from capital grants	0	0	900,000	0	900,000
Proceeds received from loans	0	0	377,730	0	377,730
Principal repaid	(7,759,967)	0	(68,001)	(569,989)	(8,397,957)
Interest and other debt service paid	(2,183,334)	0	(44,463)	(398,240)	(2,626,037)
Federal debt subsidy received	119,063	0	4,807	0	123,870
Cash paid for acquisition of capital assets	(6,064,064)	(1,044,893)	(6,185,480)	(1,306,800)	(14,601,237)
Intrafund allocations of bond account balances	(779,833)	0	779,833	0	0
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(16,668,135)</u>	<u>(1,044,893)</u>	<u>(4,235,574)</u>	<u>(2,275,029)</u>	<u>(24,223,631)</u>
CASH FLOWS - INVESTING ACTIVITIES					
Proceeds from sale of investment securities	555,481	0	0	0	555,481
Interest received on investments	88,581	187,094	543,276	66,227	885,178
Purchase of investment securities	(7,079,969)	0	0	0	(7,079,969)
NET CASH FLOWS - INVESTING ACTIVITIES	<u>(6,435,907)</u>	<u>187,094</u>	<u>543,276</u>	<u>66,227</u>	<u>(5,639,310)</u>
NET INCREASE (DECREASE) IN CASH	<u>(11,805,751)</u>	<u>(146,174)</u>	<u>(2,515,087)</u>	<u>(136,149)</u>	<u>(14,603,161)</u>
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	13,342,225	6,113,153	17,865,686	1,806,611	39,127,675
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>1,536,474</u>	<u>5,966,979</u>	<u>15,350,599</u>	<u>1,670,462</u>	<u>24,524,514</u>
(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)	\$ 4,826,157	737,696	(619,480)	453,789	5,398,162

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

Depreciation and amortization expense	6,800,057	340,510	1,895,761	756,025	9,792,353
Amortization of special closure costs	617,258	0	0	0	617,258
Provision for uncollectible accounts receivable	12,437	8,627	4,896	1,239	27,199
Intergovernmental revenue	(118,160)	0	(4,771)	0	(122,931)
Change in assets and liabilities:					
Accounts and other receivables	(838,913)	(105,410)	(114,398)	12,127	(1,046,594)
Inventories	(138,640)	(4,860)	(19,179)	865	(161,814)
Prepayments and other	356,602	0	11,829	0	368,431
Accounts and retentions payable	(226,531)	(3,055)	2,649	585,826	358,889
Salaries and benefits payable	(671)	(13,193)	12,814	10,467	9,417
Other current liabilities	931	2,441	1,009	0	4,381
Due to other governments	(5,357)	(447)	6,081	(1,685)	(1,408)
Total adjustments	6,459,013	224,613	1,796,691	1,364,864	9,845,181
	<u>11,285,170</u>	<u>962,309</u>	<u>1,177,211</u>	<u>1,818,653</u>	<u>15,243,343</u>
	\$				

SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

NON CASH TRANSACTIONS:

Contributed capital assets - governmental activities	309,645	41,210	40,236	71,659	462,750
Fair value adjustment for investments	(30,932)	0	0	0	(30,932)
TOTAL NON CASH TRANSACTIONS	<u>278,713</u>	<u>41,210</u>	<u>40,236</u>	<u>71,659</u>	<u>431,818</u>
	\$				

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 1,000,000	1,000,000	1,022,931	22,931
Charges for services	60,638,283	64,638,283	64,329,701	(308,582)
Miscellaneous revenues	949,624	1,101,671	735,138	(366,533)
TOTAL REVENUES	<u>62,787,907</u>	<u>66,739,954</u>	<u>66,087,770</u>	<u>(652,184)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric Subfund	50,750,120	58,003,175	54,178,639	3,824,536
Gas Subfund	5,981,674	6,792,163	5,567,233	1,224,930
Water Subfund	10,311,798	13,433,877	11,739,658	1,694,219
Wastewater Subfund	5,636,552	6,893,444	6,071,734	821,710
TOTAL EXPENSES AND ENCUMBRANCES	<u>72,680,144</u>	<u>85,122,659</u>	<u>77,557,264</u>	<u>7,565,395</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(9,892,237)</u>	<u>(18,382,705)</u>	<u>(11,469,494)</u>	<u>6,913,211</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0			0
Transfers out	(802,363)	254,000	254,000	64,800
Proceeds from long-term debt	12,552,165	(802,363)	(737,563)	(12,552,165)
Proceeds from intergovernmental loans	0	12,552,165	0	377,730
Proceeds from interfund loans	0	0	377,730	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,749,802</u>	<u>12,503,802</u>	<u>394,167</u>	<u>(12,109,635)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,857,565</u>	<u>(5,878,903)</u>	<u>(11,075,327)</u>	<u>(5,196,424)</u>
ADJUSTMENTS TO GAAP				
Encumbrances			3,118,549	
Changes in compensated absences			(8,417)	
Bad debt adjustment			(23,989)	
Depreciation and amortization			(9,792,353)	
Adjustments to inventory			(20,661)	
Special closure costs			(617,258)	

Net book value of disposed capital assets
 Proceeds from intergovernmental loans
 Contributed capital assets - governmental activities
 Capital outlay capitalized
 Capital projects capitalized (budgeted by line item)
 Principal on interfund loan
 Principal on debt service

(753,631)
 (377,730)
 462,750
 24,233
 14,577,004
 (500,000)
 8,397,957
14,486,454
3,411,127

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

160,547,806
163,958,933
 \$

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
ELECTRIC SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal subsidy	\$ 0	0	118,160	118,160
	<u>0</u>	<u>0</u>	<u>118,160</u>	<u>118,160</u>
Charges for services				
Residential	12,372,034	12,372,034	5,744,107	(6,627,927)
Commercial and industrial	0	0	3,822,367	3,822,367
Public street and highway lighting	0	0	63,467	63,467
Municipal	0	0	1,683,615	1,683,615
Educational	0	0	447,456	447,456
Wholesale	33,162,974	36,962,974	36,932,692	(30,282)
Rent from utility properties	0	0	22,262	22,262
Miscellaneous services	183,750	183,750	350,757	167,007
	<u>45,718,758</u>	<u>49,518,758</u>	<u>49,066,723</u>	<u>(452,035)</u>
Miscellaneous revenues				
Interest income (loss)	250,000	250,000	(109,921)	(359,921)
Interest charges-delinquent accounts	0	0	21,660	21,660
Other	0	152,047	0	(152,047)
Interfund loans (principal)	58,945	58,945	0	(58,945)
	<u>308,945</u>	<u>460,992</u>	<u>(88,261)</u>	<u>(549,253)</u>
TOTAL REVENUES	46,027,703	49,979,750	49,056,622	(863,128)
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Electric production				
Employee salaries and benefits	1,310,663	1,310,663	1,375,948	(65,285)
Outside services	33,396,251	39,042,913	35,936,850	3,106,063
Materials and supplies	67,750	77,955	215,812	(137,857)
Intrafund/interfund services	1,329,947	1,329,947	1,035,332	294,615
Capital outlay	20,300	28,400	4,182	24,218
Debt and fiscal charges	9,084,275	9,084,275	9,287,790	(203,515)
	<u>45,209,186</u>	<u>50,874,153</u>	<u>47,855,914</u>	<u>3,018,239</u>
Electric distribution				
Employee salaries and benefits	1,055,045	1,055,045	1,028,498	26,547
Outside services	1,749,736	3,313,949	2,007,458	1,306,491

Materials and supplies	230,500	980,179	(748,442)
Intrafund/interfund services	1,593,036	1,430,434	162,602
Capital outlay	101,000	0	101,000
Debt and fiscal charges	845,939	818,252	27,687
	<u>5,575,256</u>	<u>6,264,821</u>	<u>875,885</u>
General and administrative			
Employee salaries and benefits	2,958,905	2,747,281	211,624
Outside services	830,044	459,205	388,284
Materials and supplies	130,558	121,387	14,364
Intrafund/interfund services	(3,993,829)	(3,279,072)	(714,757)
Capital outlay	40,000	9,103	30,897
	<u>(34,322)</u>	<u>57,904</u>	<u>(69,588)</u>
TOTAL EXPENSES AND ENCUMBRANCES	50,750,120	54,178,639	3,824,536

EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(4,722,417)	(5,082,017)	2,941,408
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OTHER FINANCING SOURCES (USES)

Transfers out to:			
General Fund	(531,997)	(486,879)	45,118
Proceeds from long-term debt		0	(65,532)
Revenue bonds	65,532	500,000	0
Interfund loans	<u>(466,465)</u>	<u>13,121</u>	<u>(20,414)</u>
	<u>(5,188,882)</u>	<u>(5,068,896)</u>	<u>2,920,994</u>

NET CHANGE IN FUND BALANCE

ADJUSTMENTS TO GAAP

Encumbrances	1,055,594		
Changes in compensated absences	2,305		
Bad debt adjustment	(9,227)		
Depreciation and amortization	(6,800,057)		
Adjustments to inventory	(21,589)		
Special closure costs	(617,258)		
Net book value of disposed capital assets	(382,635)		
Contributed capital assets - governmental activities	309,644		
Capital outlay capitalized	9,103		
Capital projects capitalized (budgeted by line item)	6,054,961		
Principal on interfund loan	(500,000)		
Principal on debt service	7,759,967		
	<u>6,860,808</u>		
	<u>1,791,912</u>		

GAAP BASIS

NET POSITION

Beginning of fiscal year	48,267,587
	<u>50,059,499</u>
	\$

NET POSITION - END OF FISCAL YEAR

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
GAS SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for services				
Residential	\$ 5,814,333	5,814,333	4,288,748	(1,525,585)
Commercial and industrial	0	0	782,496	782,496
Municipal	0	0	216,626	216,626
Educational	0	0	189,856	189,856
Miscellaneous services	14,639	14,639	18,359	3,720
	<u>5,828,972</u>	<u>5,828,972</u>	<u>5,496,085</u>	<u>(332,887)</u>
Miscellaneous revenues				
Interest income	50,000	50,000	187,094	137,094
Interest charges-delinquent accounts	0	0	11,143	11,143
	<u>50,000</u>	<u>50,000</u>	<u>198,237</u>	<u>148,237</u>
TOTAL REVENUES	<u>5,878,972</u>	<u>5,878,972</u>	<u>5,694,322</u>	<u>(184,650)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Gas				
Employee salaries and benefits	489,184	489,184	575,237	(86,053)
Outside services	4,067,743	4,848,403	3,800,611	1,047,792
Materials and supplies	127,350	157,179	199,757	(42,578)
Intrafund/interfund services	1,270,397	1,270,397	991,628	278,769
Capital outlay	27,000	27,000	0	27,000
TOTAL EXPENSES AND ENCUMBRANCES	<u>5,981,674</u>	<u>6,792,163</u>	<u>5,567,233</u>	<u>1,224,930</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(102,702)</u>	<u>(913,191)</u>	<u>127,089</u>	<u>1,040,280</u>

OTHER FINANCING SOURCES (USES)

Transfer out to:

General Fund

	<u>(270,366)</u>	<u>(270,366)</u>	<u>(250,684)</u>	<u>19,682</u>
	<u>(373,068)</u>	<u>(1,183,557)</u>	<u>(123,595)</u>	<u>1,059,962</u>
	\$			

NET CHANGE IN FUND BALANCE

ADJUSTMENTS TO GAAP

Encumbrances	97,290
Changes in compensated absences	4,655
Bad debt adjustment	(8,627)
Depreciation and amortization	(340,510)
Adjustments to inventory	(1,523)
Net book value of disposed capital assets	(8,629)
Contributed capital assets - governmental activities	41,210
Capital projects capitalized (budgeted by line item)	1,044,893
	<u>828,759</u>
	<u>705,164</u>

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

15,299,614
<u>16,004,778</u>
\$

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS WATER SUBFUND

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental				
Federal subsidy	0	0	4,771	4,771
State grants-other	0	0	900,000	900,000
	<u>0</u>	<u>0</u>	<u>904,771</u>	<u>904,771</u>
Charges for services				
Residential	4,195,466	4,195,466	3,559,699	(635,767)
Commercial and industrial	0	0	479,456	479,456
Municipal	77,925	77,925	379,986	302,061
Educational	0	0	139,435	139,435
Wholesale	865,180	865,180	1,163,816	298,636
Miscellaneous services	60,900	60,900	46,206	(14,694)
	<u>5,199,471</u>	<u>5,199,471</u>	<u>5,768,598</u>	<u>569,127</u>
Miscellaneous revenues				
Interest income	550,000	550,000	543,276	(6,724)
Interest charges-delinquent accounts	0	0	7,391	7,391
	<u>550,000</u>	<u>550,000</u>	<u>550,667</u>	<u>667</u>
TOTAL REVENUES	5,749,471	5,749,471	7,224,036	1,474,565
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Water distribution				
Employee salaries and benefits	523,764	523,764	634,415	(110,651)
Outside services	605,000	1,873,376	1,186,484	686,892
Materials and supplies	94,500	113,427	200,539	(87,112)
Intrafund/interfund services	732,500	732,500	771,150	(38,650)
Capital outlay	42,500	42,500	0	42,500
	<u>1,998,264</u>	<u>3,285,567</u>	<u>2,792,588</u>	<u>492,979</u>
Water production				
Employee salaries and benefits	898,989	898,989	888,448	10,541
Outside services	5,439,130	7,261,329	6,090,881	1,170,448
Materials and supplies	246,500	252,802	130,816	121,986
Intrafund/interfund services	1,520,293	1,520,293	1,721,236	(200,943)
Capital outlay	115,000	121,275	6,275	115,000
Debt and fiscal charges	93,622	93,622	109,414	(15,792)
	<u>8,313,534</u>	<u>10,148,310</u>	<u>8,947,070</u>	<u>1,201,240</u>
TOTAL EXPENSES AND ENCUMBRANCES	10,311,798	13,433,877	11,739,658	1,694,219

OTHER FINANCING SOURCES (USES)

Proceeds from long-term debt				
Revenue bonds	12,486,633			(12,486,633)
Intergovernmental loans	0	0		377,730
NET CHANGE IN FUND BALANCE	7,924,306	4,802,227		(8,940,119)

ADJUSTMENTS TO GAAP

Encumbrances	954,206			
Changes in compensated absences	(9,026)			
Bad debt adjustment	(4,896)			
Depreciation and amortization	(1,895,761)			
Adjustments to inventory	(3,258)			
Net book value of disposed capital assets	(294,616)			
Proceeds from intergovernmental loans	(377,730)			
Contributed capital assets - governmental activities	40,237			
Capital outlay capitalized	6,275			
Capital projects capitalized (budgeted by line item)	6,179,205			
Principal on debt service	68,001			
	4,662,637			
	524,745			

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

	74,833,927
\$	75,358,672

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
WASTEWATER SUBFUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental				
State grants-other	\$ 1,000,000	1,000,000	0	(1,000,000)
Charges for services				
Wastewater collection	4,087,945	4,087,945	3,997,167	(90,778)
Miscellaneous services	3,137	3,137	1,128	(2,009)
	<u>4,091,082</u>	<u>4,091,082</u>	<u>3,998,295</u>	<u>(92,787)</u>
Miscellaneous revenues				
Interest income	40,679	40,679	66,227	25,548
Interest charges-delinquent accounts	0	0	8,268	8,268
	<u>40,679</u>	<u>40,679</u>	<u>74,495</u>	<u>33,816</u>
TOTAL REVENUES	<u>5,131,761</u>	<u>5,131,761</u>	<u>4,072,790</u>	<u>(1,058,971)</u>
EXPENSES AND ENCUMBRANCES				
Utilities Department				
Wastewater				
Employee salaries and benefits	1,255,871	1,255,871	1,224,608	31,263
Outside services	1,709,921	2,948,374	2,366,828	581,546
Materials and supplies	274,250	292,669	281,221	11,468
Intrafund/interfund services	1,332,651	1,332,651	1,225,905	106,746
Capital outlay	63,000	63,000	8,855	54,145
Debt and fiscal charges	1,000,859	1,000,859	964,317	36,542
	<u>5,636,552</u>	<u>6,893,444</u>	<u>6,071,734</u>	<u>821,710</u>
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	<u>(504,791)</u>	<u>(1,761,683)</u>	<u>(1,998,944)</u>	<u>(237,261)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	0	217,000	217,000	0
Environmental Services Fund	0	37,000	37,000	0
	<u>0</u>	<u>254,000</u>	<u>254,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	<u>(504,791)</u>	<u>(1,507,683)</u>	<u>(1,744,944)</u>	<u>(237,261)</u>

ADJUSTMENTS TO GAAP

Encumbrances
Changes in compensated absences
Bad debt adjustment
Depreciation and amortization
Adjustments to inventory
Net book value of disposed capital assets
Contributed capital assets - governmental activities
Capital outlay capitalized
Capital projects capitalized (budgeted by line item)
Principal on debt service

1,011,459
(6,351)
(1,239)
(756,025)
5,709
(67,751)
71,659
8,855
1,297,945
569,989
2,134,250
389,306

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

22,146,678
22,535,984
\$

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:

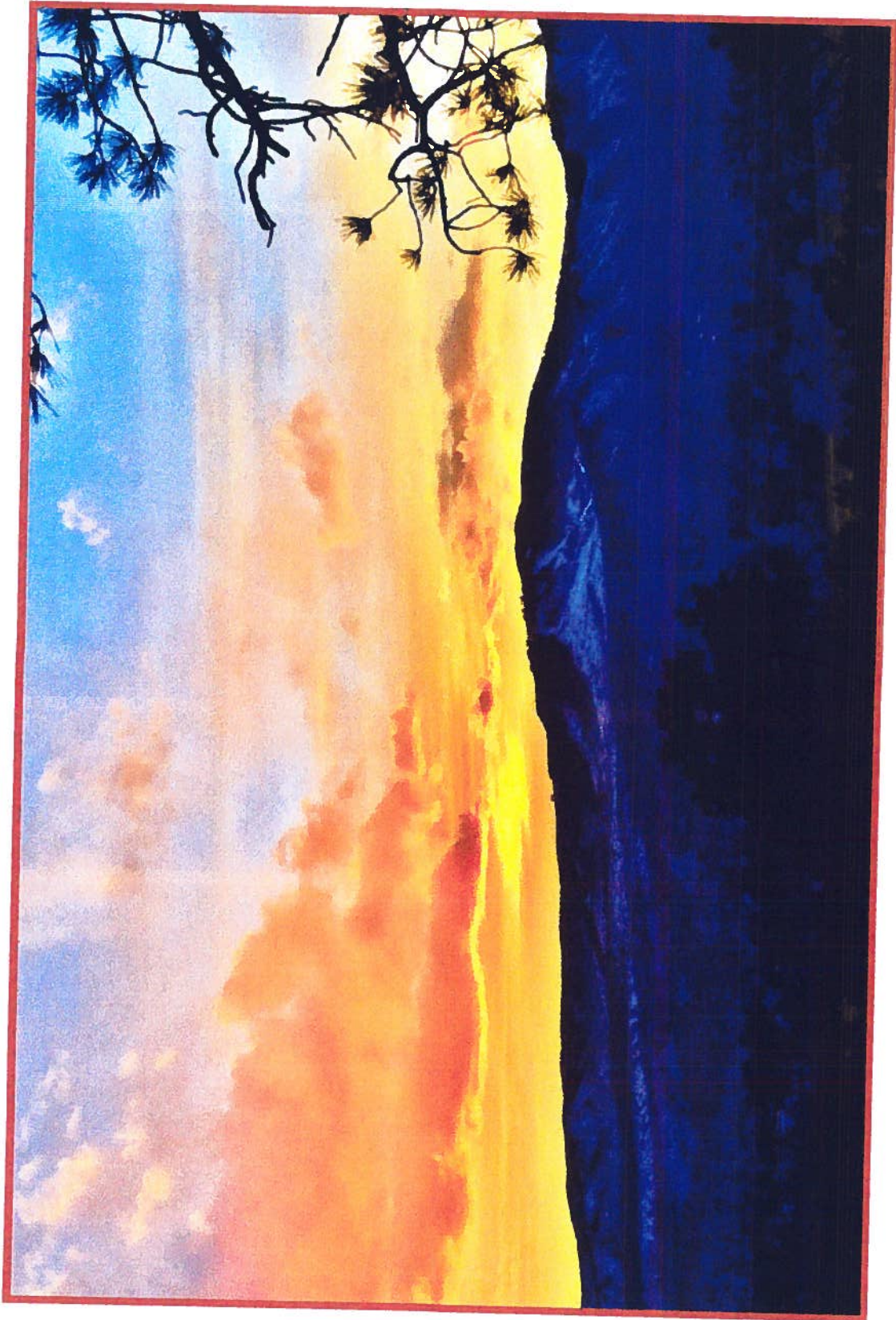
Environmental Services Fund 611 - accounts for the provision of refuse collection and landfill services to the county.

Golf Course Fund 623 - accounted for the operation and maintenance of the County-owned golf course. This fund was closed at June 30, 2013. In the future, this function will be accounted for as a division in the General Fund.

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 POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Selective gross receipt taxes	\$ 996,000	996,000	797,575	(198,425)
Intergovernmental				
State grants-other	0	0	5,200	5,200
Charges for services				
Sales of food or merchandise (trash bags)				
Residential	7,000	7,000	7,577	577
Commercial and industrial	1,530,000	1,530,000	1,543,877	13,877
Other charges for services	580,000	580,000	481,716	(98,284)
	770,000	770,000	502,860	(267,140)
	<u>2,887,000</u>	<u>2,887,000</u>	<u>2,536,030</u>	<u>(350,970)</u>
Interfund/interdepartmental charges				
Interdepartmental services	0	0	92,814	92,814
Miscellaneous revenues				
Interest income	73,000	73,000	94,990	21,990
Interest charges-delinquent accounts	0	0	5,174	5,174
Other	75,000	75,000	72,963	(2,037)
	<u>148,000</u>	<u>148,000</u>	<u>173,127</u>	<u>25,127</u>
TOTAL REVENUES	4,031,000	4,031,000	3,604,746	(431,454)
EXPENSES AND ENCUMBRANCES				
Public Works				
Environmental Services				
Employee salaries and benefits	1,145,886	1,145,886	1,083,195	62,691
Outside services	1,420,031	1,515,133	1,160,585	354,548
Materials and supplies	93,750	99,830	107,325	(7,495)
Intrafund/interfund services	962,327	962,327	957,025	5,302
Capital outlay	110,000	971,127	362,200	608,927
Debt and fiscal charges	361,569	361,569	360,643	926
	<u>4,093,563</u>	<u>5,055,872</u>	<u>4,030,973</u>	<u>1,024,899</u>
TOTAL EXPENSES AND ENCUMBRANCES		(1,024,872)	(426,227)	593,445
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	(62,563)			

OTHER FINANCING SOURCES (USES)

Transfers out to:				
Waste Water Fund	0	(37,000)	(37,000)	0
	<u>(62,563)</u>	<u>(1,061,872)</u>	<u>(463,227)</u>	<u>593,445</u>

NET CHANGE IN FUND BALANCE

ADJUSTMENTS TO GAAP

Encumbrances	330,741
Changes in compensated absences	(3,937)
Bad debt adjustment	(4,414)
Depreciation and amortization	(197,609)
Special closure costs	52,757
Capital outlay capitalized	41,127
Principal on debt service	152,276
	<u>370,941</u>
	<u>(92,286)</u>

GAAP BASIS

NET POSITION

Beginning of fiscal year	5,792,746
	<u>5,700,460</u>

NET POSITION - END OF FISCAL YEAR

\$

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS GOLF COURSE FUND

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for services				
Sales of food or merchandise	\$			
Daily fees/passes	135,000	135,000	81,553	(53,447)
Annual passes	0	0	139,973	139,973
Monthly passes	0	0	109,361	109,361
Punch passes	0	0	186	186
Recreation fees	0	0	29,666	29,666
Other fees	370,000	370,000	38,234	(331,766)
	0	0	757	757
	<u>505,000</u>	<u>505,000</u>	<u>399,730</u>	<u>(105,270)</u>
Miscellaneous revenues				
Interest income	0	0	12,230	12,230
Buildings rental	0	0	15,600	15,600
Concessions rental	120,000	120,000	1,764	(118,236)
Miscellaneous rental	0	0	87,914	87,914
Cash over and short	0	0	72	72
	<u>120,000</u>	<u>120,000</u>	<u>117,580</u>	<u>(2,420)</u>
	<u>625,000</u>	<u>625,000</u>	<u>517,310</u>	<u>(107,690)</u>
TOTAL REVENUES				
	<u>1,209,770</u>	<u>1,283,256</u>	<u>1,227,523</u>	<u>55,733</u>
EXPENSES AND ENCUMBRANCES				
Community Services-Recreation				
Parks				
Employee salaries and benefits	595,508	595,508	567,813	27,695
Outside services	50,711	51,961	71,879	(19,918)
Materials and supplies	208,542	223,678	142,488	81,190
Intrafund/interfund services	346,209	346,209	381,907	(35,698)
Capital outlay	3,800	60,900	57,095	3,805
Debt and fiscal charges	5,000	5,000	6,341	(1,341)
	<u>1,209,770</u>	<u>1,283,256</u>	<u>1,227,523</u>	<u>55,733</u>
TOTAL EXPENSES AND ENCUMBRANCES				
	<u>1,209,770</u>	<u>1,283,256</u>	<u>1,227,523</u>	<u>55,733</u>

OTHER FINANCING SOURCES (USES)

Transfers in from:
General Fund

650,000	757,100	616,607	(140,493)
<u>\$ 65,230</u>	<u>98,844</u>	<u>(93,606)</u>	<u><u>(192,450)</u></u>

NET CHANGE IN FUND BALANCE

ADJUSTMENTS TO GAAP

Encumbrances
Changes in compensated absences
Depreciation and amortization
Assets transferred - governmental activities
Liabilities transferred - governmental activities
Capital outlay capitalized

4,465
(1,090)
(25,951)
(5,054,018)
77,973
57,095
<u>(4,941,526)</u>
<u>(5,035,132)</u>

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

5,035,132
<u>0</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
TRANSIT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
Federal indirect	\$ 2,173,372	3,445,763	1,941,334	(1,504,429)
Other intergovernmental (NCRTD)	1,580,736	1,580,736	1,332,081	(248,655)
	<u>3,754,108</u>	<u>5,026,499</u>	<u>3,273,415</u>	<u>(1,753,084)</u>
Charges for services				
Transportation	0	0	150,092	150,092
Miscellaneous revenues				
Interest income	21,000	21,000	29,933	8,933
TOTAL REVENUES	<u>3,775,108</u>	<u>5,047,499</u>	<u>3,453,440</u>	<u>(1,594,059)</u>
EXPENSES AND ENCUMBRANCES				
Public Works				
Transit (Atomic City Transit)				
Employee salaries and benefits	2,555,525	2,555,525	2,368,863	186,662
Outside services	153,551	195,922	833,956	(638,034)
Materials and supplies	131,390	147,730	90,562	57,168
Intrafund/interfund services	1,442,636	1,483,636	1,443,133	40,503
Capital outlay	1,058,000	2,474,655	1,164,021	1,310,634
	<u>5,341,102</u>	<u>6,857,468</u>	<u>5,900,535</u>	<u>956,933</u>
TOTAL EXPENSES AND ENCUMBRANCES				
	<u>5,341,102</u>	<u>6,857,468</u>	<u>5,900,535</u>	<u>956,933</u>
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	1,600,000	1,600,000	1,520,000	(80,000)
NET CHANGE IN FUND BALANCE	<u>\$ 34,006</u>	<u>(209,969)</u>	<u>(927,095)</u>	<u>(717,126)</u>

ADJUSTMENTS TO GAAP

Encumbrances
Changes in compensated absences
Depreciation and amortization
Capital outlay capitalized
Assets transferred - proprietary funds

1,000,917
(7,596)
(83,952)
809,800
(798,181)
920,988
(6,107)

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

1,896,704
1,890,597
\$

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
FIRE FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes				
Fire excise tax	\$ 1,982,000	1,982,000	1,595,084	(386,916)
Intergovernmental revenue				
Federal direct - NNSA cooperative agreement	16,762,102	16,762,102	15,757,623	(1,004,479)
Charges for services				
Ambulance services	402,223	402,223	602,069	199,846
Interfund/interdepartmental charges				
County share of fire services	3,872,664	3,872,664	3,872,664	0
Miscellaneous revenues				
Other	0	0	10,655	10,655
TOTAL REVENUES	<u>23,018,989</u>	<u>23,018,989</u>	<u>21,838,095</u>	<u>(1,180,894)</u>
EXPENSES AND ENCUMBRANCES				
Fire Department				
Operations				
Employee salaries and benefits	14,270,190	13,684,190	12,731,886	952,304
Outside services	13,686	19,618	12,963	6,655
Materials and supplies	867,375	1,127,699	841,821	285,878
Capital outlay	0	23,976	128,182	(104,206)
Life Safety	15,151,251	14,855,483	13,714,852	1,140,631
Employee salaries and benefits	276,013	241,013	235,318	5,695
Outside services	31,200	31,200	25,631	5,569
Materials and supplies	32,625	34,539	35,859	(1,320)
Capital outlay	0	0	302	(302)
Training	339,838	306,752	297,110	9,642
Employee salaries and benefits	482,133	741,133	744,445	(3,312)
Outside services	157,500	58,500	57,381	1,119
Materials and supplies	124,260	98,516	66,991	31,525
Capital outlay	0	16,288	37,713	(21,425)
Emergency Medical Services	763,893	914,437	906,530	7,907
Employee salaries and benefits	312,830	312,830	261,557	51,273
Outside services	186,375	199,325	158,432	40,893
Materials and supplies	122,100	151,058	110,424	40,634
Capital outlay	44,200	178,200	230,592	(52,392)
TOTAL	<u>665,505</u>	<u>841,413</u>	<u>761,005</u>	<u>80,408</u>

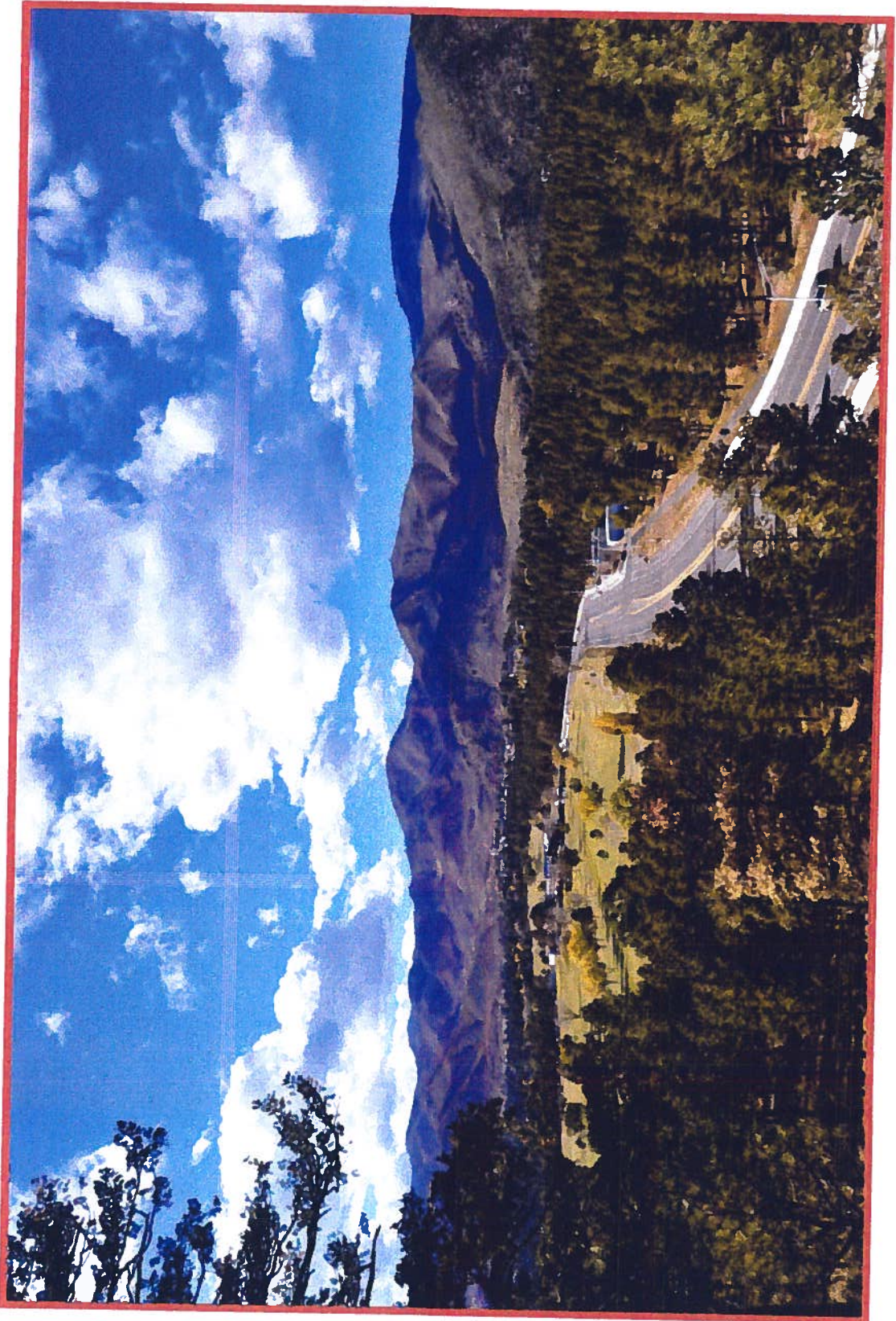
Non contract-administration					
Materials and supplies	0	2,839	0	(2,839)	
Interfund loan principal	198,987	198,987	0	0	
Interfund loan interest	9,949	9,949	0	0	
	<u>208,936</u>	<u>211,775</u>	<u>0</u>	<u>(2,839)</u>	
Administration					
Employee salaries and benefits	760,172	933,660	1,122,172	188,512	
Outside services	377,590	365,624	481,418	115,794	
Materials and supplies	59,956	76,307	70,108	(6,199)	
Intrafund/interfund services	2,918,784	3,330,398	2,918,784	(411,614)	
Capital outlay	0	2,216	0	(2,216)	
	<u>4,116,502</u>	<u>4,708,205</u>	<u>4,592,482</u>	<u>(115,723)</u>	
TOTAL EXPENSES AND ENCUMBRANCES	<u>21,245,925</u>	<u>20,599,477</u>	<u>21,719,503</u>	<u>1,120,026</u>	
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	1,773,064	1,238,618	1,299,486	(60,868)	
OTHER FINANCING SOURCES (USES)					
Transfers out to:					
General Fund	(1,600,000)	(1,440,603)	(1,600,000)	(159,397)	
	<u>173,064</u>	<u>(201,985)</u>	<u>(300,514)</u>	<u>(220,265)</u>	
NET CHANGE IN FUND BALANCE	\$ 173,064				
ADJUSTMENTS TO GAAP					
Encumbrances		823,238			
Changes in compensated absences		(134,162)			
Bad debt expense		(363,885)			
Depreciation and amortization		(467,066)			
Capital outlay capitalized		83,429			
Net book value of disposed capital assets		(16,288)			
Contributed capital assets - governmental activities		34,000			
Principal on interfund debt service		198,987			
		<u>158,253</u>			
GAAP BASIS		(43,732)			
NET POSITION					
Beginning of fiscal year		15,250,364			
NET POSITION - END OF FISCAL YEAR		<u>15,206,632</u>			
					\$

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AIRPORT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<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	1,701	1,701
Intergovernmental				
Federal direct	0	576,256	304,924	(271,332)
State grants-other	0	153,865	124,291	(29,574)
	<u>0</u>	<u>730,121</u>	<u>429,215</u>	<u>(300,906)</u>
Charges for services				
Airport fees	55,800	55,800	48,005	(7,795)
Miscellaneous revenues				
Interest income	6,000	6,000	10,065	4,065
Tie down rental	46,500	46,500	35,318	(11,182)
Facilities rental	0	0	300	300
Donations	0	15,000	15,000	0
	<u>52,500</u>	<u>67,500</u>	<u>60,683</u>	<u>(6,817)</u>
TOTAL REVENUES	108,300	853,421	539,604	(313,817)
EXPENSES AND ENCUMBRANCES				
Public Works				
Airport operations				
Employee salaries and benefits	176,022	176,022	160,960	15,062
Outside services	23,114	627,682	605,690	21,992
Materials and supplies	12,050	12,050	5,079	6,971
Intrafund/interfund services	99,520	99,520	97,485	2,035
Capital outlay	3,000	291,618	288,618	3,000
Debt and fiscal charges	36,750	36,750	351	36,399
	<u>350,456</u>	<u>1,243,642</u>	<u>1,158,163</u>	<u>85,459</u>
	(242,156)	(390,221)	(618,579)	(228,358)
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES				
OTHER FINANCING SOURCES (USES)				
Transfers in from:				
General Fund	200,000	208,000	208,000	0
Economic Development Fund	0	78,000	78,000	0
	<u>200,000</u>	<u>286,000</u>	<u>286,000</u>	<u>0</u>



Internal Service Funds

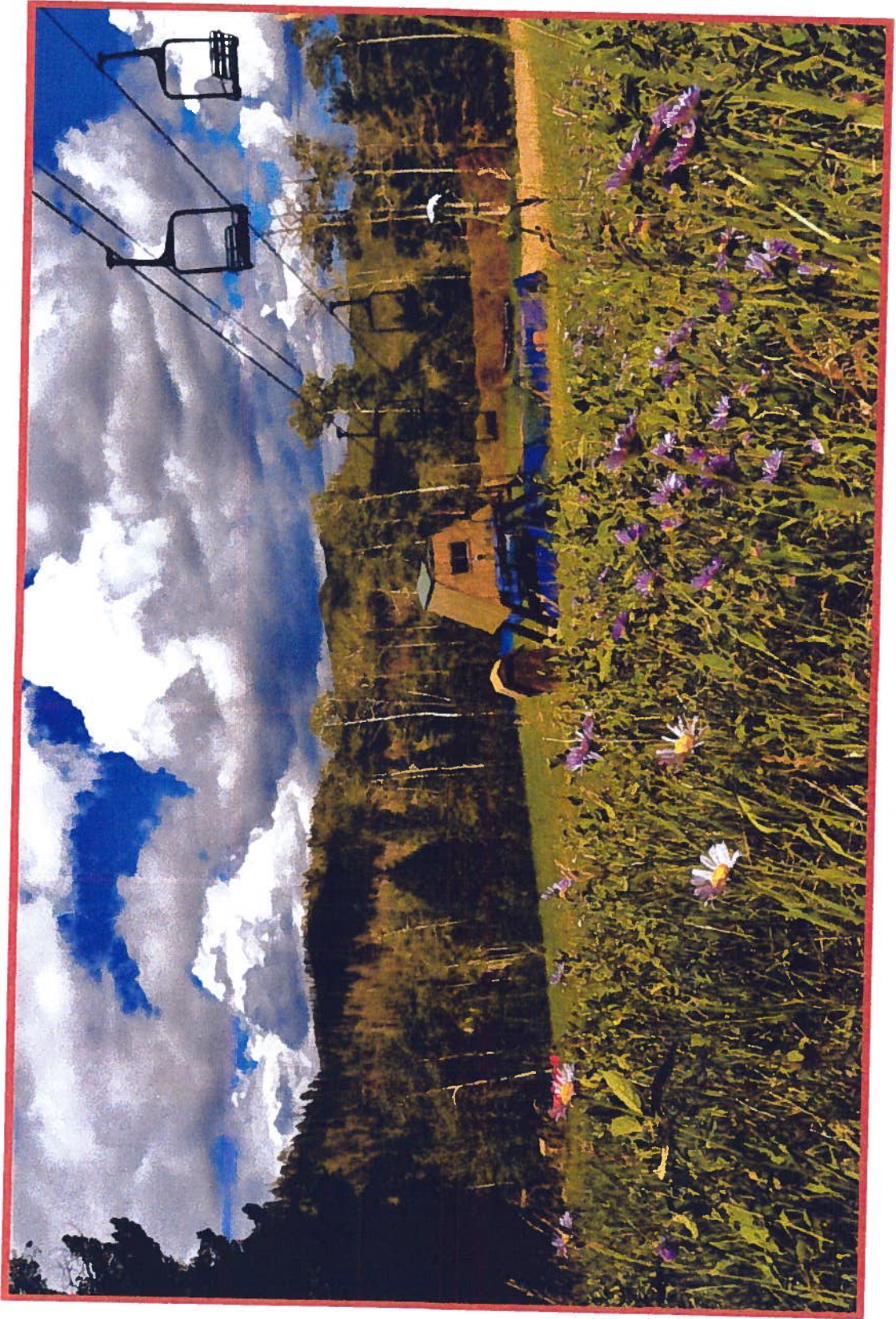
Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of a government on a cost-reimbursement basis. The County's internal service funds primarily serve the business-type activities of the County.

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 POSITION
 June 30, 2013

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Equity in pooled cash and investments			
Receivables, net of allowance for uncollectibles	\$ 6,768,152	8,608,278	15,376,430
Accounts	0	1,400	1,400
Prepayments	0	26,900	26,900
	<u>6,768,152</u>	<u>8,636,578</u>	<u>15,404,730</u>
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	19,426,324	0	19,426,324
Less accumulated depreciation	(10,462,378)	0	(10,462,378)
	<u>8,963,946</u>	<u>0</u>	<u>8,963,946</u>
	<u>15,732,098</u>	<u>8,636,578</u>	<u>24,368,676</u>
TOTAL ASSETS			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	71,740	252,472	324,212
Claims and judgments payable	0	1,740,290	1,740,290
Accrued salaries including benefits payable	8,589	18,290	26,879
Accrued compensated absences	64,214	15,338	79,552
	<u>144,543</u>	<u>2,026,390</u>	<u>2,170,933</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	27,772	3,759	31,531
Claims and judgments payable	0	929,296	929,296
	<u>27,772</u>	<u>933,055</u>	<u>960,827</u>
	<u>172,315</u>	<u>2,959,445</u>	<u>3,131,760</u>
TOTAL LIABILITIES			
NET POSITION			
Invested in capital assets, net of related debt	8,963,946	0	8,963,946
Unrestricted	6,595,837	5,677,133	12,272,970
	<u>15,559,783</u>	<u>5,677,133</u>	<u>21,236,916</u>
TOTAL NET POSITION			

See accompanying notes to financial statements

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2013

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Interfund charges for services	\$ 3,693,135	0	3,693,135
Insurance and pension contributions County	0	5,166,548	5,166,548
Employees and retirees	0	880,851	880,851
Miscellaneous operating revenue	202,198	16,493	218,691
	<u>3,895,333</u>	<u>6,063,892</u>	<u>9,959,225</u>
OPERATING EXPENSES			
Employee salaries and benefits	700,324	263,630	963,954
Contractual services	605,614	5,869,032	6,474,646
Materials and supplies	1,568,318	8,635	1,576,953
Depreciation and amortization	1,764,893	0	1,764,893
	<u>4,639,149</u>	<u>6,141,297</u>	<u>10,780,446</u>
OPERATING INCOME (LOSS)	<u>(743,816)</u>	<u>(77,405)</u>	<u>(821,221)</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposition of fixed assets	247,212	0	247,212
Investment income	207,101	265,009	472,110
Contributed capital assets - governmental activities	127,857	0	127,857
	<u>582,170</u>	<u>265,009</u>	<u>847,179</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(161,646)</u>	<u>187,604</u>	<u>25,958</u>
TRANSFERS AND CONTRIBUTIONS			
Transfers in	1,103,087	0	1,103,087
	<u>1,103,087</u>	<u>0</u>	<u>1,103,087</u>
NET INCOME (LOSS)	<u>941,441</u>	<u>187,604</u>	<u>1,129,045</u>
NET POSITION			
Beginning of fiscal year	14,618,342	5,489,529	20,107,871
	<u>15,559,783</u>	<u>5,677,133</u>	<u>21,236,916</u>
NET POSITION - END OF FISCAL YEAR	<u>\$ 15,559,783</u>	<u>5,677,133</u>	<u>21,236,916</u>

See accompanying notes to financial statements

INCORPORATED COUNTY OF LOS ALAMOS
INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 Year ended June 30, 2013

	<u>EQUIPMENT</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS - OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,895,333	18,767	3,914,100
Cash received from contributions-employer and employees	0	6,047,399	6,047,399
Cash paid to suppliers for goods and services	(2,259,838)	(5,753,827)	(8,013,665)
Cash paid to employees	(692,975)	(256,014)	(948,989)
NET CASH FLOWS - OPERATING ACTIVITIES	<u>942,520</u>	<u>56,325</u>	<u>998,845</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash paid for acquisition of capital assets	(760,544)	0	(760,544)
Proceeds from sale of capital assets	274,230	0	274,230
NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(486,314)</u>	<u>0</u>	<u>(486,314)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest received on investments	207,101	265,009	472,110
NET INCREASE (DECREASE) IN CASH	<u>663,307</u>	<u>321,334</u>	<u>984,641</u>
EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR	6,104,845	8,286,944	14,391,789
EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR	<u>6,768,152</u>	<u>8,608,278</u>	<u>15,376,430</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES			
OPERATING INCOME(LOSS)	\$ (743,816)	(77,405)	(821,221)

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

Depreciation and amortization expense	1,764,893	0	1,764,893
Change in assets and liabilities:			
Accounts and other receivables	0	2,274	2,274
Prepayments and other	0	6,491	6,491
Accounts payable	(85,906)	159,094	73,188
Salaries and benefits payable	7,349	7,616	14,965
Claims and judgments payable	0	(41,745)	(41,745)
Total adjustments	<u>1,686,336</u>	<u>133,730</u>	<u>1,820,066</u>
NET CASH FLOWS - OPERATING ACTIVITIES	<u>\$ 942,520</u>	<u>56,325</u>	<u>998,845</u>

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

NON CASH TRANSACTIONS:			
Asset transfers - proprietary funds	\$ 1,103,087	0	1,103,087
Contributed capital assets - governmental activities	127,857	0	127,857
TOTAL NON CASH CAPITAL ACQUISITIONS	<u>\$ 1,230,944</u>	<u>0</u>	<u>1,230,944</u>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
EQUIPMENT FUND**

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Interfund/interdepartmental charges				
Charges for special services	\$ 3,722,186	3,763,186	3,693,135	(70,051)
Miscellaneous revenues				
Investment income	127,000	127,000	207,101	80,101
Other	114,000	114,000	202,197	88,197
	<u>241,000</u>	<u>241,000</u>	<u>409,298</u>	<u>168,298</u>
TOTAL REVENUES	3,963,186	4,004,186	4,102,433	98,247
EXPENSES AND ENCUMBRANCES				
Public Works				
Fleet management-equipment maintenance				
Employee salaries and benefits	754,486	754,486	692,379	62,107
Outside services	154,510	154,510	193,470	(38,960)
Materials and supplies	1,607,527	1,650,755	1,558,600	92,155
Intrafund/interfund services	429,130	429,130	428,224	906
	<u>2,945,653</u>	<u>2,988,881</u>	<u>2,872,673</u>	<u>116,208</u>
Fleet management-equipment replacement				
Materials and supplies	0	0	35,149	(35,149)
Capital outlay	963,400	1,208,464	893,836	314,628
	<u>963,400</u>	<u>1,208,464</u>	<u>928,985</u>	<u>279,479</u>
TOTAL EXPENSES AND ENCUMBRANCES	3,909,053	4,197,345	3,801,658	395,687
EXCESS REVENUES OVER (UNDER) EXPENSES AND ENCUMBRANCES	54,133	(193,159)	300,775	493,934

OTHER FINANCING SOURCES (USES)

Proceeds from sale of capital assets

	<u>110,000</u>	<u>110,000</u>	<u>274,229</u>	<u>164,229</u>
\$	<u>164,133</u>	<u>(83,159)</u>	<u>575,004</u>	<u>658,163</u>

NET CHANGE IN NET POSITION

ADJUSTMENTS TO GAAP

- Encumbrances
- Changes in compensated absences
- Depreciation and amortization
- Net book value of disposed capital assets
- Capital outlay capitalized
- Asset transfers - proprietary funds
- Contributed capital assets - governmental activities

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

	<u>127,857</u>	<u>366,437</u>	<u>14,618,342</u>	
	<u>941,441</u>		<u>15,559,783</u>	
\$				

See accompanying notes to financial statements

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

SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (BUDGET BASIS)
Year ended June 30, 2013

	<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	197	197
Interfund/interdepartmental charges				
County insurance contributions	2,871,525	6,171,525	5,166,548	(1,004,977)
Miscellaneous revenues				
Investment income	155,000	155,000	265,009	110,009
Group insurance contributions	475,176	475,176	880,851	405,675
Employees	0	0	1,194	1,194
Retirees and others	0	0	14,055	14,055
Other judgments and settlements	630,176	630,176	1,161,109	530,933
TOTAL REVENUES	<u>3,501,701</u>	<u>6,801,701</u>	<u>6,327,854</u>	<u>(473,847)</u>
EXPENSES AND ENCUMBRANCES				
Administrative Services - Human Resources				
Group insurance				
Outside services	1,082,433	1,082,433	906,579	175,854
Intrafund/interfund services	(102,433)	(102,433)	(105,838)	3,405
Medical insurance	980,000	980,000	800,741	179,259
Unemployment insurance	0	3,300,000	3,135,043	164,957
Workers' compensation insurance	92,000	92,000	38,791	53,209
Administration and other insurance	755,000	755,000	683,330	71,670
Employee salaries and benefits	260,799	260,799	256,492	4,307
Outside services	1,032,400	1,044,051	997,266	46,785
Materials and supplies	20,500	21,311	8,635	12,676
Intrafund/interfund services	107,699	107,699	112,888	(5,189)
TOTAL EXPENSES AND ENCUMBRANCES	<u>3,248,398</u>	<u>6,560,860</u>	<u>6,033,186</u>	<u>362,717</u>

NET CHANGE IN NET POSITION

\$ 253,303 240,841 294,668 (111,130)

ADJUSTMENTS TO GAAP

- Encumbrances
- Changes in compensated absences
- Bad debt expense
- Incurred but not reported claims adjustment

7,280
(7,136)
1,047
(108,255)
(107,064)
187,604

GAAP BASIS

NET POSITION

Beginning of fiscal year

NET POSITION - END OF FISCAL YEAR

\$ 5,489,529
5,677,133

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS
AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2013

	BALANCE JUNE 30, 2012	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2013
ASSETS				
Equity in pooled cash and investments	\$ 283,693	17,609,291	17,619,925	273,059
Receivables				
Property taxes	310,810	15,602,806	15,601,181	312,435
Other	313	35,720	35,720	313
TOTAL ASSETS	<u>\$ 594,816</u>	<u>33,247,817</u>	<u>33,256,826</u>	<u>585,807</u>
LIABILITIES				
Due to other governments	\$ 574,088	15,870,281	15,877,615	566,754
Donations held in trust	20,728	6,214	7,889	19,053
TOTAL LIABILITIES	<u>\$ 594,816</u>	<u>15,876,495</u>	<u>15,885,504</u>	<u>585,807</u>

See accompanying notes to financial statements.

Statistical Section

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

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

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

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

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

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

**INCORPORATED COUNTY OF LOS ALAMOS
NET POSITION BY COMPONENT (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

Table 1

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	237,826,582
Restricted	23,823,524	23,351,168	23,546,640	25,953,706	26,988,503	28,017,885	28,325,491	35,352,438	33,651,944	35,537,750
Unrestricted	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	64,512,993
Total governmental activities net position	\$ 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	337,877,325
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	167,060,666
Restricted	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	22,202,599
Unrestricted	96,005,593	37,573,328	37,834,350	39,456,940	38,716,522	40,619,953	34,379,861	39,092,391	37,641,839	35,292,581
Total governmental activities net position	\$ 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	224,555,846
Primary government										
Invested in capital assets, net of related debt	\$ 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	404,887,248
Restricted	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	57,740,349
Unrestricted	116,410,610	107,624,515	106,815,262	122,602,889	131,141,958	130,385,305	137,886,496	144,859,321	125,843,733	99,805,574
Total primary government net position	\$ 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	562,433,171

Source: Los Alamos County CAFRs

Notes:

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

Table 2

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

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Expenses										
Governmental activities:										
General government	\$ 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	14,217,521
Public safety	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	14,126,300
Cerro Grande fire recovery	8,042,519	4,627,860	314,745	814,144	365,197	94,245	0	0	0	0
Physical and economic environment	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	1,820,183
Transportation	8,076,220	8,215,650	9,710,036	9,637,503	12,409,532	11,250,407	10,050,217	8,666,580	11,979,692	10,597,589
Health and welfare	1,266,433	895,551	680,980	993,076	1,892,186	1,660,474	2,068,607	2,154,670	2,671,201	2,812,257
Culture and recreation	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	8,630,805
Interest on long-term debt	190,167	169,483	146,837	122,631	96,932	2,672,018	3,699,791	3,595,170	3,476,881	3,651,044
Total governmental activities expenses	42,751,657	41,394,913	38,992,084	39,856,031	47,026,578	51,626,875	56,558,113	57,283,784	62,762,813	55,855,699
Business-type activities:										
Joint Utilities										
Electric	40,510,634	33,845,511	35,973,561	37,842,732	45,217,104	34,387,216	41,164,227	41,736,839	41,719,538	47,183,456
Gas	6,288,433	7,679,064	8,669,395	7,731,388	8,434,435	6,865,053	6,896,901	5,350,868	4,311,995	4,782,055
Water	4,581,289	4,714,635	4,924,965	4,756,917	5,419,693	5,377,817	5,877,689	5,949,329	5,551,378	6,743,730
Wastewater	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	4,013,751
Environmental Services	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	3,670,408
Golf	976,790	990,120	992,338	1,014,099	1,044,012	1,150,136	1,140,056	1,277,202	1,254,650	1,194,242
Transit (Atomic City Transit)	0	0	0	0	1,544,871	2,144,194	3,165,043	3,416,977	3,567,829	4,200,697
Fire	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	20,470,142
Airport	238,865	297,677	283,148	222,398	446,171	767,161	944,379	999,589	1,108,878	1,737,767
Total business-type activities expenses	71,080,556	67,128,492	71,415,303	72,317,959	83,165,041	75,479,293	85,852,410	86,523,072	86,838,177	93,946,248
Total primary government expenses	\$ 113,812,213	108,523,405	110,407,387	112,173,990	130,191,619	127,106,168	142,410,523	143,806,856	149,620,990	149,801,947
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 821,448	767,369	1,013,965	1,145,736	879,593	909,928	1,096,043	1,227,575	1,020,736	1,079,196
Public safety	65,726	60,922	37,917	100,100	92,377	70,792	84,106	72,192	39,254	30,892
Transportation	0	0	0	0	0	0	0	0	0	58,997
Physical and economic environment	651,785	399,885	379,018	327,333	296,965	274,041	696,216	281,256	229,336	278,557
Culture and recreation	474,911	470,866	604,924	538,676	574,193	604,296	608,966	558,720	500,258	485,245
Operating grants and contributions	7,979,137	3,780,244	2,830,061	1,864,592	1,901,447	3,368,035	1,896,905	1,710,444	2,188,367	2,944,958
Capital grants and contributions	2,213,458	4,695,476	2,963,466	1,517,988	2,921,918	579,715	2,582,496	5,678,971	482,299	1,254,628
Total governmental activities program revenues	12,206,465	10,154,782	7,823,351	5,584,365	6,666,493	5,806,807	6,964,732	9,529,158	4,440,250	6,132,473
Business-type activities:										
Charges for services:										
Joint Utilities										
Electric	40,498,428	34,627,323	35,557,701	36,475,970	42,521,330	40,793,945	40,688,122	42,884,754	44,840,758	49,066,724
Gas	8,444,036	8,653,166	8,923,993	9,163,827	8,836,735	8,261,673	7,954,116	6,239,881	5,453,744	5,496,085
Water	5,541,930	4,831,546	5,103,574	4,190,068	4,781,273	4,618,679	4,816,679	5,403,940	5,667,415	5,769,598
Wastewater	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	3,998,295

Environmental Services	2,777,937	2,541,365	3,017,966	3,150,748	3,121,708	3,126,334	3,250,412	2,827,628	2,701,807
Goif	682,258	680,747	633,094	661,826	636,358	641,433	584,432	521,004	505,080
Transit (Atomic City Transit)	0	0	0	332 [a]	14,180 [a]	18,548	68,944	39,132	150,092
Fire	13,256,884	14,008,238	14,879,607	14,781,394	7,232,513	3,813,047	3,980,920	4,111,381	4,485,389
Airport	118,373	81,839	107,352	94,267	84,429	82,883	86,784	88,933	85,324
Operating grants and contributions	71,296	20,283	170,925	772,110	11,172,077	16,456,680	16,941,411	18,545,761	18,639,957
Capital grants and contributions	175,000	60,000	653,120	283,738	15,468,551	7,230,200	5,764,144	1,734,061	1,863,427
Total business-type activities program revenues	73,629,712	67,521,451	71,819,000	79,217,783	94,720,715	88,350,847	87,976,951	92,760,778	92,760,778
Total primary government program revenues	85,836,177	77,676,213	77,513,365	85,884,286	100,527,522	95,315,579	98,441,424	92,417,201	98,983,251

Net (Expenses)/Revenues									
Governmental activities	\$ (30,545,192)	\$ (31,240,151)	\$ (34,261,666)	\$ (40,360,085)	\$ (45,820,068)	\$ (49,593,381)	\$ (47,754,626)	\$ (58,342,563)	\$ (48,723,226)
Business-type activities	2,569,156	382,959	(398,959)	(3,947,248)	19,241,422	2,498,437	2,388,194	1,138,774	(1,185,470)
Total primary government net expense	\$ (27,976,036)	\$ (30,847,192)	\$ (34,660,625)	\$ (44,307,333)	\$ (26,578,646)	\$ (47,094,944)	\$ (45,366,432)	\$ (57,203,789)	\$ (50,908,696)

General Revenues and Other Changes in Net Position									
Governmental activities:									
Taxes									
Gross receipts taxes	\$ 11,985,528	10,592,546	29,397,771	25,943,927	32,912,239	28,948,180	32,669,923	29,348,286	24,328,784
Property taxes	4,554,559	4,937,898	5,598,052	5,962,093	6,268,614	6,585,887	5,082,288	5,181,012	5,266,033
Franchise taxes	492,603	457,501	473,599	491,631	469,347	451,423	445,786	470,897	464,719
Grants and contribution not restricted to specific programs	276,083	246,304	837,047	821,381	872,736	797,199	846,484	654,647	523,589
State shared tax revenue not restricted to specific programs	10,293,141	8,987,334	19,465,338	17,172,099	22,164,216	19,284,774	21,799,159	19,562,710	16,273,672
Unrestricted investment earnings	4,416,317	4,087,721	8,328,587	2,377,360	(2,619,223)	6,619,681	9,357,730	310,908	6,423,031
Gain on exchange of capital assets	0	0	0	0	0	0	4,267,857	0	0
Special items	0	0	3,171,874	0	0	0	0	0	0
Transfers	(4,388,121)	(17,218,085)	(3,904,908)	(12,078,691)	(2,285,325)	(3,711,426)	(3,002,090)	(626,955)	3,889,997
Total governmental activities	27,830,110	12,091,219	60,195,486	40,689,800	57,782,604	58,975,718	71,460,137	54,901,505	57,169,825
Business-type activities:									
Gross receipts taxes	483,502	426,193	956,397	2,557,319	3,242,150	2,841,265	3,212,873	2,884,446	2,392,659
Grants and contribution not restricted to specific programs	0	0	0	0	0	0	18,000	7,500	0
Unrestricted investment earnings	1,974,231	1,815,387	3,121,214	2,440,479	1,454,015	944,882	584,831	911,137	887,530
Special items	0	0	1,025,000	0	0	0	0	0	0
Transfers	4,388,121	17,218,085	3,904,908	12,078,691	2,285,325	3,711,426	3,002,090	626,955	(3,889,997)
Total business-type activities	6,845,854	19,459,665	7,982,519	17,076,489	6,981,490	7,497,573	6,797,794	4,430,038	(609,808)
Total primary government	\$ 34,475,964	\$ 31,550,884	\$ 68,178,005	\$ 57,766,289	\$ 64,764,094	\$ 66,473,291	\$ 78,257,931	\$ 59,331,543	\$ 56,560,017

Change in Net Position									
Governmental activities	\$ (2,915,082)	\$ (19,148,932)	\$ 25,933,820	\$ 329,715	\$ 11,962,536	\$ 9,982,337	\$ 23,705,511	\$ (3,441,058)	\$ 7,446,599
Business-type activities	9,415,010	19,852,624	7,583,580	13,129,241	26,222,912	9,995,010	9,186,988	5,568,812	(1,795,278)
Total primary government net expense	\$ 6,499,928	\$ 703,692	\$ 9,829,759	\$ 13,458,956	\$ 38,185,448	\$ 19,378,347	\$ 32,892,499	\$ 2,127,754	\$ 5,651,321

Source: Los Alamos County CAFRs

Notes:

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

[b] 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**

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
General Fund										
Reserved	\$ 5,964,270	5,894,466	5,133,693	6,163,307	6,357,698	7,322,571	7,454,198	0	0	0
Unreserved	12,212,488	10,567,341	15,046,741	20,310,233	28,476,946	34,373,979	31,678,425	0	0	0
Nonspendable	0	0	0	0	0	0	0	1,266,859	1,304,638	2,082,306
Restricted	0	0	0	0	0	0	0	4,414,738	4,573,909	4,704,218
Committed	0	0	0	0	0	0	0	12,761,219	4,879,110	10,576,477
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0	0	13,570,673	11,947,812	11,020,219
Total General Fund	\$ 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	28,383,220
All Other Governmental Funds										
Reserved	\$ 42,897,939	29,032,956	31,529,075	36,097,731	53,828,212	100,153,224	38,926,491	0	0	0
Unreserved, reported in:										
Special revenue funds	36,587,906	42,658,411	30,552,033	13,161,264	8,747,551	6,026,702	8,400,370	0	0	0
Debt service funds	0	0	0	0	0	6,424,030	6,424,030	0	0	0
Capital projects funds	8,269,079	5,836,478	9,983,649	32,198,705	23,643,713	1,235,010	38,276,395	0	0	0
Permanent funds [a]	0	1,224,389	1,052,257	2,401,352	0	0	1,498,489	0	0	0
Nonspendable	0	0	0	0	0	0	0	24,492,490	24,982,806	25,214,071
Restricted	0	0	0	0	0	0	0	7,512,658	4,808,769	6,169,905
Committed	0	0	0	0	0	0	0	80,338,764	72,140,568	43,106,108
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	\$ 87,754,924	78,752,234	73,117,014	83,859,052	66,219,476	113,638,966	93,525,775	112,344,912	101,932,143	(605,171) [c]
										73,884,913

Source: Los Alamos County CAFRs

Notes:

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

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

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



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

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Revenues:										
Taxes and special assessments	\$ 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	30,353,771
Licenses and permits	453,696	292,515	265,649	243,071	223,071	216,234	409,123	240,507	182,160	232,506
Intergovernmental	20,036,821	17,975,784	15,529,217	23,017,584 [a]	21,408,769	25,780,683	22,143,759	26,095,049	21,714,390	19,420,500
Fines forfeitures and penalties	202,661	243,866	278,157	302,516	255,665	203,514	194,532	174,671	160,777	171,567
Charges for services	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	1,014,457
Interfund/Interdepartmental charges	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	6,436,301
Investment income	4,416,317	4,087,721	4,258,030	8,328,587 [b]	2,377,360 [c]	(2,619,223) [c]	6,619,681	9,357,730	310,908	6,423,031
Other revenues	623,528	315,274	380,948	711,931	493,595	872,244	1,161,464	1,092,145	820,470	706,646
Total revenues	47,261,352	43,471,456	44,809,827	73,275,445	62,388,162	70,202,596	72,545,594	80,611,555	63,589,620	64,758,779
Expenditures										
General government	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	18,639,060
Public safety	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	13,510,694
Cerro Grande fire recovery [a]	30,886,106	17,877,540	6,455,294	4,723,030	4,284,892	165,171	0	0	0	0
Physical and economic environment	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	1,723,777
Transportation	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	4,511,094
Health and welfare	1,266,433	895,551	690,980	993,076	1,882,186 [d]	1,860,474	2,088,607	2,154,210	2,671,161	2,811,364
Culture and recreation	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	7,840,837
Capital Projects/Outlay	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	24,017,766
Debt service										
Principal	499,154	520,269	542,887	566,926	592,494	3,605,686	3,090,000	3,215,000	3,345,000	9,794,887 [f]
Interest	194,080	172,965	150,480	126,447	100,933	2,459,841	3,821,638	3,698,038	3,569,438	3,442,225
Bond issuance costs	0	0	0	0	0	0	0	0	0	0
Total expenditures	65,072,273	55,017,112	47,201,451	53,780,148	53,865,690	110,533,120	95,305,934	65,339,122	82,655,370	86,666,817
Excess of revenues over (under) expenditures	(17,810,921)	(11,545,656)	(2,391,624)	19,495,297	8,522,472	(40,330,524)	(22,760,340)	15,272,433	(19,065,750)	(21,908,038)
Other Financial Sources (Uses)										
Transfers in										
Transfers out	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	15,264,237
Proceeds from long-term debt	(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)	(15,725,678)
Payment to escrow - refunding debt	0	0	0	0	0	75,676,290 [e]	0	0	0	43,413,930 [g]
Loss on disposal of asset held for resale	0	0	0	0	0	0	0	0	0	(43,413,930)
Total other financial sources (uses)	356,790	828,015	623,217	(2,460,153)	2,199,056	74,811,920	(116,778)	(3,572,430)	(655,039)	(461,441)
Net change in fund balance	\$ (17,454,131)	(10,717,641)	(1,768,407)	17,035,144	10,721,528	34,481,396	(22,877,118)	11,700,003	(19,720,789)	(22,369,479)
Debt service as a percentage of non-capital expenditures	1.08%	1.32%	1.70%	1.65%	1.59%	11.87%	13.05%	12.80%	11.88%	21.13%

Source: Los Alamos County CAFRs

Notes:

- [a] 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.
- [b] The increase in investment income reflects higher cash and investment balances resulting from increased gross receipts taxes.
- [c] The decrease in investment income reflects lower cash and investment balances and lower returns in the overall market.
- [d] The amount of State supported Medicaid payments effectively doubled as the calculation is based on prior year GRT receipts.
- [e] Proceeds from issuance of 2008 GRT Revenue Bonds are shown here net of premiums, discounts, and issuance costs.
- [f] The County refunded a portion of the 2008 GRT Revenue Bonds with Series 2013 GRT Refunding Revenue Bonds, and contributed \$6.7M to defray future debt service payments.
- [g] Proceeds from issuance of 2013 GRT Refunding Revenue Bonds are shown here net of premiums and discounts.

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

Table 5

Fiscal Year	Number of customer accounts			Wastewater
	Electric	Gas	Water	
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
2013	8,714	7,537	7,044	6,768

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]		
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
2013	49,206,543	570,882,779	5,507,228	8,385,907	5,780,760	1,254,647	4,006,563	64,501,094

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**

Type of Customer:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Electric Utility										
Residential	\$ 4,973,963	4,918,309	4,941,511	5,069,467	5,346,566	5,230,565	5,730,319	5,594,525	5,878,664	5,744,107
Commercial and industrial	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	3,822,367
Public street and highway lighting	60,956	61,151	55,457	60,342	58,060	61,221	65,567	56,135	69,953	63,467
Municipal	1,009,142	957,368	1,133,598	976,043	1,273,241	1,381,168	1,313,543	1,728,801	1,554,427	1,683,615
Educational	353,960	366,612	315,804	313,724	341,237	349,934	357,528	359,585	425,151	447,456
Wholesale	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	36,932,693
Miscellaneous	289,312	191,234	173,671	199,726	499,723	282,505	268,931	191,804	279,515	512,898
Total electric utility	40,498,428	34,627,323	35,557,701	36,475,970	42,521,330	40,793,945	40,668,122	42,894,754	44,954,861	49,206,543
Gas Utility										
Residential	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	4,288,747
Commercial and industrial	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	782,496
Municipal	415,971	361,697	380,777	370,165	378,729	426,102	400,936	326,138	215,625	216,626
Educational	215,310	330,276	327,746	339,136	305,086	297,291	265,683	203,497	193,036	189,857
Miscellaneous	106,671	71,031	66,662	50,939	106,078	46,609	55,149	54,720	59,731	29,502
Total gas utility	8,444,036	8,653,166	8,923,993	9,163,927	8,836,735	8,261,673	7,954,116	6,239,881	5,482,076	5,507,228
Water Utility										
Residential	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	3,559,699
Commercial and industrial	833,388	773,239	818,856	692,244	453,342	436,167	375,903	475,727	515,633	479,456
Municipal	265,750	235,691	264,234	166,737	371,081 [a]	327,690	355,465	384,581	413,283	379,986
Educational	143,418	119,937	111,849	70,453	135,963	112,101	96,981	119,391	157,613	139,435
Wholesale	848,908	854,417	816,880	780,414	806,247	983,763	1,025,587	1,048,609	1,017,619	1,163,816
Miscellaneous	118,713	95,581	70,209	61,263	65,851	52,550	68,972	48,006	55,228	58,368
Total water utility	5,541,930	4,831,546	5,103,574	4,190,088	4,781,273	4,618,583	4,816,679	5,403,940	5,872,022	5,780,760
Wastewater Utility										
Wastewater collection	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	3,997,167
Municipal (non-potable water)	64,153	51,196	65,172	45,073	0 [a]	0	0	0	0	0
Miscellaneous	6,725	11,708	9,227	7,712	22,383	12,191	13,186	11,476	10,843	9,396
Total wastewater utility	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	4,006,563
Total operating revenues- Joint Utility System	\$ 56,537,964	50,128,979	51,958,776	52,294,352	59,473,378	56,990,899	56,981,722	58,235,219	60,256,093	64,501,094

Source: CAFFs, 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

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Electric Utility										
Residential										
Rate per kilowatt hour	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0815	\$0.0907	\$0.0907	\$0.0952	\$0.0952	\$0.0952
Monthly flat service fee	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.67	\$5.95	\$5.95	\$5.95
Commercial										
Rate per kilowatt hour	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.0553 - .0772	\$.058 - .0859	\$.058 - .0859	\$.0613 - .902	\$.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	\$15.96 -16.80	\$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	8.50 - 8.91	8.50 - 8.91	8.93 - 9.35	8.93 - 9.35	8.93 - 9.35
Gas Utility										
Residential										
Rate per therm	\$0.85	\$0.85	\$1.05	\$0.92	\$0.92	\$0.92	\$0.70	\$0.55	\$0.55	\$0.55
Monthly flat service fee	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$9.50	\$9.50	\$9.50	\$9.50
Commercial										
Rate per therm	\$0.85	\$0.85	\$1.00 - 1.05	0.92	0.92	0.92	0.7	0.55	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	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50	\$9.50 - 28.50
Water Utility										
Residential										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.95	\$3.95	\$4.19	\$4.19
Monthly flat service fee	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.02	\$7.50	\$7.50	\$7.55	\$7.55
Commercial										
Rate per 1000 Gallons	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72	\$3.95	\$3.95	\$4.19	\$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	\$7.50 - \$150.00	\$7.50 - \$150.00	\$7.55 - \$275	\$7.55 - \$275
Wastewater Utility										
Residential										
Rate per 1000 Gallons	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.35	\$5.89	\$0.00
Monthly flat service fees	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$13.20	\$14.52	\$30.33 - \$34.81[a]
Commercial										
Rate per 1000 Gallons	\$2.90	\$3.70	\$4.60	\$4.60	\$4.85	\$4.85	\$5.35	\$5.35	\$5.89	\$11.91
Monthly flat service fee	\$7.50	\$7.50	\$7.50	\$7.50	\$12.00	\$12.00	\$13.20	\$13.20	\$14.52	\$7.00

Source: Utility rates approved by County Council

[a] In FY2013 the Residential monthly service fee was separated into two components made up of a flat service charge and a flat customer charge which replaced the variable rate.

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

LAST TEN FISCAL YEARS

Business Sector	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Services [a]	\$ 356,300	311,521	338,489	1,255,824 [b]	1,190,803	1,526,945	1,283,609	1,531,617	1,350,135	1,047,653
Construction	283,085	210,750	223,999	165,717	97,351	81,169	97,497	58,993	67,311	80,273
Retail & Food Service	90,918	79,509	68,867	59,019	57,987	68,459	64,603	62,959	59,933	64,501
Telecommunications	8,925	8,793	9,995	10,693	10,865	11,260	21,388	22,778	28,445	26,983
Manufacturing	2,186	2,800	2,636	2,696	3,939	6,770	2,883	4,727	3,706	5,471
Wholesale	26,059	25,682	18,535	14,736	7,165	9,387	6,418	4,397	6,195	2,944
Financial Services	10,305	8,268	10,247	10,360	8,808	9,253	10,036	10,088	11,456	8,962
Agriculture	4,901	1,568	35	9	29	38	0	0	0	0
Mining	0	0	0	0	105	0	0	0	0	4
Public Administration	4,350	1,343	0	(5) [c]	0	1,046	0	0	0	0
Other	26,457	29,490	31,657	25,280	20,477	15,218	17,533	15,175	14,991	14,805
Totals	\$ 813,486	679,724	704,460	1,544,329	1,397,529	1,729,543	1,503,967	1,710,734	1,542,172	1,251,596

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 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.

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



**INCORPORATED COUNTY OF LOS ALAMOS
GROSS RECEIPTS TAX (GRT) REVENUES AND RATES
LAST TEN FISCAL YEARS**

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
GRT Revenues										
General Fund - Local - Municipal	\$ 9,768,714	8,628,880	10,405,815	19,489,692	17,197,172	24,010,373	21,079,046	23,835,717	21,399,137	17,750,645
General Fund - Local - County	967,004	852,386	1,027,875	1,927,670	1,697,918	6,472,762 [g]	5,682,530	6,425,679	5,768,620	4,785,252
General Fund - State Shared	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	16,125,672
General Fund - sublocal	20,526,850	17,863,590	22,198,831	40,886,283	36,067,199	52,289,768	45,970,993	51,915,098	46,608,122	38,661,569
Fire Protection Excise Tax	0	0	0	0	1,703,782 [e]	2,157,587	1,894,177	2,141,893	1,922,940	1,595,084
Indigent Health Care (IHC) Fund	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	1,595,084
Capital Improvement Projects (CIP) Fund	0	0	572,786	5,787,044	5,093,755	0	0	0	0	0
Refuse Fund	483,502	426,193	513,684	956,397	853,537	1,084,563	947,088	1,070,980	961,506	797,575
Total GRT Revenues	\$ 21,977,356	19,162,169	24,313,176	49,557,394	45,416,181	57,689,505	50,646,435	57,269,864	51,415,508	42,649,312
Total GRT Revenues - Own source (excludes State Shared)	\$ 12,206,224	10,759,845	13,548,035	30,098,473	28,244,082	35,882,872	31,497,018	35,616,162	31,975,343	26,523,640
GRT Rates by Imposing Authority										
State Imposed Rate	4.5000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%	5.1250% [a]	5.1250%	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%	0.0625% [b]	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
Municipal - MIGRT - CIP	0.0000%	0.0000%	0.0625% [b]	0.0625%	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%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%
County - Correctional - CIP	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
County - Correctional - CIP	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%
County - Fire Protection Excise Tax	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%
North-Central Regional Transit District (NCRTD):										
Regional Transit 1/8th	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%
Subtotal - Local options:	1.5625%	1.5625%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%
Total GRT Rates	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%	7.3125%	7.3125%	7.3125%
GRT Rates by Recipient										
State Revenue	3.2750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.7750%	3.9000%	3.9000%	3.9000%
NCRTD	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	0.1250%	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%	1.6875%	1.9375%	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%
Total County Revenue	2.7875%	2.7875%	2.9125%	3.1625%	3.2875%	3.2875%	3.2875%	3.2875%	3.2875%	3.2875%
Total GRT Rates	6.0625%	6.5625%	6.6875%	6.9375%	7.0625%	7.1875%	7.1875%	7.3125%	7.3125%	7.3125%

Sources: Los Alamos County CAFRs and Adopted Budgets

Notes:

- [a] State Rate Changed July 1, 2010
- [b] Municipal Infrastructure GRT (MIGRT) effective January 1, 2006 (middle of FY2006)
- [c] Third 1/8 of the County Gross Receipts Tax effective July 1, 2006
- [d] County Correctional effective July 1, 2006
- [e] County Fire Protection Excise Tax effective July 1, 2007
- [f] Regional Transit increment effective July 1, 2009
- [g] Includes \$103,701 of Municipal Equivalent Distribution, which is intended to assist counties with a smaller than average per capita share of GRT base

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

TAX YEAR	[a]	ORIGINAL LEVY	ADJUSTMENTS	ADJUSTED LEVY	COLLECTED IN FIRST PERIOD		COLLECTIONS IN SUBSEQUENT PERIODS	TOTAL COLLECTIONS	
					AMOUNT	PERCENTAGE OF ORIGINAL LEVY		AMOUNT	PERCENTAGE OF ADJUSTED LEVY
2003	\$	10,261,396	\$ (2,853)	\$ 10,258,543	\$ 10,093,069	98.36%	\$ 164,751	\$ 10,257,820	99.99%
2004		10,554,529	(4,312)	10,550,217	10,225,444	96.88%	324,012	10,549,456	99.99%
2005		11,300,097	6,849	11,306,946	10,994,524	97.30%	310,626	11,305,150	99.98%
2006		12,096,750	(14,203)	12,082,547	11,805,510	97.59%	275,355	12,080,865	99.99%
2007		12,446,784	(14,663)	12,432,121	12,116,160	97.34%	314,126	12,430,286	99.99%
2008		12,934,268	(41,558)	12,892,710	12,384,692	95.75%	506,902	12,891,594	99.99%
2009		16,841,850	17,213	16,859,063	16,365,480	97.17%	488,010	16,853,490	99.97%
2010		15,347,068	(1,459)	15,345,609	14,954,165	97.44%	372,791	15,326,956	99.88%
2011		15,508,620	189,520	15,698,140	15,015,951	96.82%	646,549	15,662,500	99.77%
2012		15,602,806	198,642	15,801,448	15,272,274	97.88%	103,930	15,376,204	97.31%

Sources: Tax rolls, collection reports

Notes:

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

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

Table 12

TAX YEAR [b]	ASSESSED VALUE [a]				CENTRALLY ASSESSED PROPERTY [d]	EXEMPTIONS	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	TOTAL DIRECT MILL RATE [e]
	REAL PROPERTY	PERSONAL PROPERTY [c]	PERSONAL PROPERTY [c]	CENTRALLY ASSESSED PROPERTY [d]					
2003	\$ 543,532,823	\$ 10,763,890	\$ 7,712,120	\$ (6,954,610)	\$ 1,686,026,499	1.849%			
2004	600,656,370	10,672,460	7,367,200	(7,068,500)	1,856,088,090	1.726%			
2005	643,892,960	10,670,160	7,359,620	(7,584,420)	1,985,768,220	1.727%			
2006	681,136,700	11,046,990	7,688,420	(7,980,370)	2,099,616,330	1.748%			
2007	715,440,480	12,183,030	7,556,300	(8,151,920)	2,205,539,430	1.712%			
2008	724,658,990	11,300,110	8,046,650	(8,147,160)	2,232,017,250	1.758%			
2009	700,878,040	10,531,960	5,973,100	(8,291,310)	2,152,149,300	2.375%			
2010	682,140,660	10,955,750	7,027,020	(8,405,180)	2,100,370,290	2.219%			
2011	692,219,200	11,563,780	7,300,910	(8,732,840)	2,133,251,670	2.208%			
2012	693,444,690	9,321,500	6,051,950	(9,111,190)	2,126,454,420	2.230%			

Source: Tax rolls

Notes:

- [a] Assessed valuation is one third of estimated actual value for all ten years.
- [b] Tax Year 20XX corresponds to the fiscal year ended on June 30, 20XX+1. For example, taxes levied for Tax Year 2012 were collected during the fiscal year ended June 30, 2013.
- [c] Personal property includes mobile homes and livestock.
- [d] Assessed value of communications, pipeline and gas, public utility, airline, mineral, and certain construction property within the County is determined by the New Mexico State Property Tax Division. A breakdown of real and personal property is not available.
- [e] Weighted average rate applied to assessed value

Table 13

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

TAX YEAR		Tax Rates per \$1000 of Assessed Valuation					TOTAL
		STATE OF NEW MEXICO	CITY AND COUNTY OF LOS ALAMOS	LOS ALAMOS SCHOOL DISTRICT	UNIVERSITY OF NEW MEXICO LOS ALAMOS		
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	
2012	Residential	1.360	7.166	12.316	0.969	21.811	
	Non-Residential	1.360	10.598	12.506	1.000	25.464	

Source: Adopted rates

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

June 30, 2013

Table 14

TAXPAYER	TYPE OF BUSINESS	FY 2013			FY 2004		
		TAX YEAR 2012 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION	TAX YEAR 2003 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION
PHC-Los Alamos Inc. (LAMC)	Medical Services	\$ 8,405,430	1	1.20%	\$ 7,742,300	1	1.39%
Century Link	Telephone Utility	3,828,250	2	0.55%	0	-	-
Los Alamos National Bank	Banking	4,797,500	3	0.69%	4,294,470	3	0.77%
Neitschil Development Corporation	Real Estate	4,482,100	4	0.64%	2,420,120	5	0.44%
Oppenheimer Place Condo Assoc Inc	Real Estate	3,591,910	5	0.51%	0	-	-
Los Alamos Commerce and Development	Real Estate	3,719,130	6	0.53%	3,550,950	4	0.64%
Housing Solutions LLC	Real Estate	3,460,620	7	0.49%	0	-	-
Smith's Food & Drug Centers, Inc.	Food & Drug	2,160,950	8	0.31%	0	-	-
CC&F Los Alamos Invest Co.	Real Estate	2,011,760	9	0.29%	1,744,600	7	0.31%
Shannon Corporation	Real Estate	1,803,410	10	0.26%	1,977,940	6	-
Qwest Corp.	Telephone Utility	0	-	-	6,044,430	2	1.09%
Developers Diversified Realty	Real Estate	0	-	-	1,603,600	8	0.29%
Los Alamos Business Center	Real Estate	0	-	-	1,415,960	10	0.26%
Museum Park Inc.	Real Estate	0	-	-	1,471,080	9	0.27%
Total assessed valuation of ten principal taxpayers		38,261,060		5.47%	32,265,450		5.81%
Total assessed valuation of other taxpayers		661,445,892		94.53%	522,788,773		94.19%
Total assessed valuation		\$ 699,706,952		100.00%	\$ 555,054,223		100.00%

Source: Tax rolls

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General		Gross Receipts Tax		Joint Utility System		State Loans				
	Obligation Bonds	Revenue Bonds	Revenue Bonds	State Loans	Revenue Bonds	State Loans	Revenue Bonds	State Loans			
2004	\$ 0	\$ 0	\$ 3,983,262	\$ 0	\$ 74,641,455	\$ 0	\$ 0	\$ 78,624,717	9%	4,181	
2005	0	0	3,462,993	0	67,294,605	0	0	70,757,598	8%	3,765	
2006	0	0	2,920,105	0	62,347,149	1,064,890	[a]	66,332,144	7%	3,524	
2007	0	0	2,353,180	0	65,019,205	15,657,064	[c]	83,029,449	8%	4,386	
2008	0	0	1,760,686	0	59,514,641	18,086,801	[c]	79,362,128	7%	4,172	
2009	0	73,734,775	[d]	0	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	19,695,479	[f]	141,067,481	13%	7,859	
2012	0	63,799,121		0	47,310,039	19,182,482		130,291,642	12%	7,150	
2013	0	53,956,841	[g]	0	39,879,153	19,182,482		113,018,476	10%	6,224	

[a] Draws on New Mexico Environment Department (NMED) loan for Wastewater Treatment Facility. Total loan amount is not to exceed \$15,000,000.
 [b] Addition of \$7,695,000 Series 2006 Revenue Bonds.

[c] Additional draws on NMED loan for Wastewater Treatment Facility and new loan from New Mexico Finance Authority for Solid Waste Transfer Station.
 [d] Addition of 2008 Series Gross Receipts Tax Revenue Bonds.

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

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

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

Table 16

INCORPORATED COUNTY OF LOS ALAMOS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION [a]	ASSESSED VALUE [b]	GROSS BONDED DEBT	NET DEBT SERVICE FUNDS		NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2004	18,805	\$ 555,054,223	\$ 0	\$ 0	\$ 0	0	0.00%	\$ 0
2005	18,796	611,627,530	0	0	0	0	0.00%	0
2006	18,822	654,338,320	0	0	0	0	0.00%	0
2007	18,931	691,891,740	0	0	0	0	0.00%	0
2008	19,022	727,027,898	0	0	0	0	0.00%	0
2009	18,130	735,858,590	0	0	0	0	0.00%	0
2010	18,150	735,858,590	0	0	0	0	0.00%	0
2011	17,950	691,383,880	0	0	0	0	0.00%	0
2012	18,222	702,351,050	0	0	0	0	0.00%	0
2013	18,159	699,706,950	0	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 2012 tax year corresponds to FY2013)

INCORPORATED COUNTY OF LOS ALAMOS COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2013

Table 17

NAME OF GOVERNMENTAL UNIT	2012 CALENDAR YEAR		DEBT OUTSTANDING	PERCENT APPLICABLE TO GOVERNMENT	COUNTY OF LOS ALAMOS SHARE OF DEBT
	ASSESSED VALUATION				
Direct County of Los Alamos Debt					
General Obligation Bonds	\$ 699,706,950		\$ 0	100.00%	\$ 0
GRT Revenue Bonds	699,706,950		53,956,841	100.00%	53,956,841
Overlapping Debt	[a]				
State of New Mexico	54,490,961,619		296,890,000	1.28%	\$ 3,812,302
Los Alamos School District	699,706,950		36,650,000	100.00%	36,650,000
University of New Mexico					
- Los Alamos	699,706,950		0	100.00%	0
Total overlapping debt					<u>40,462,302</u>
Total direct and overlapping debt					<u>\$ 94,419,143</u>

Ratio of estimated direct and overlapping debt to 2012 assessed valuation: 13.49%

Ratio of direct general obligation debt to 2012 assessed valuation: .00%

Per capita direct and overlapping debt: \$6,206

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

County population - 2013 estimate: 18,159

Sources: Tax rolls, New Mexico Department of Finance and Administration, Los Alamos Public Schools, and University of New Mexico
 [a] Overlapping debt is calculated by dividing the total Governmental Unit assessed valuation by the County's assessed valuation and applying that percentage to the debt outstanding of each Governmental Unit.

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

June 30, 2013

Table 18

Assessed valuation, tax year 2012 (One third of full valuation)	\$ 699,706,950
Legal debt margin:	
Debt limitation - 4 percent of assessed valuation	27,988,278
Less: Debt applicable to limitation (general obligation debt)	0
Legal debt margin	<u>\$ 27,988,278</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%.

Table 19

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

FISCAL YEAR	GROSS REVENUES[a]	EXPENSES[b]	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS [c]		DEBT SERVICE COVERAGE RATIO
				PRINCIPAL	INTEREST	
					TOTAL	
2004	\$ 41,881,898	\$ 30,823,844	\$ 11,058,054	\$ 4,685,000	\$ 4,724,940	1.18
2005	35,652,533	26,474,671	9,177,862	5,310,000	3,299,251	1.07
2006	36,921,888	27,730,207	9,191,681	5,415,000	3,205,750	1.07
2007	38,074,522	28,553,817	9,520,705	5,865,000	3,124,113	1.06
2008	43,875,165	31,806,080	12,069,085	6,270,000	3,070,628	1.29
2009	42,308,373	31,665,784	10,642,589	6,560,000	2,759,288	1.14
2010	40,861,275	32,563,238	8,298,037	6,865,000	2,443,770	0.89
2011	42,549,827	32,531,701	10,018,126	7,180,000	2,592,193	1.03
2012	45,657,933	32,835,190	12,822,743	7,544,581	2,355,424	1.30
2013	45,657,933	32,835,190	12,822,743	7,544,581	2,355,424	1.30

WATER UTILITY

2004-2010	0	0	0	0	0	0
2011	8,629,047	3,722,191	4,906,856	0 [d]	28,192	174.05
2012	5,791,200	3,726,613	2,064,587	1,253	35,118	56.76
2013	5,791,200	3,726,613	2,064,587	1,253	35,118	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
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%
2013	18,159	1,106,416	60,719	3,528	3.70%

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 NewMexico Bureau of Business and Economic Research website.

Table 21

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

June 30, 2013

EMPLOYER	TYPE OF BUSINESS	FY2013			FY2004		
		NUMBER OF EMPLOYEES [a]	RANK	% of Total County Employment	NUMBER OF EMPLOYEES	RANK	% of Total County Employment
Los Alamos National Laboratory	Research and Development	10,402	1	52.83%	8633	1	43.01%
KSL Services, Inc.	Maintenance and Operations Services	-	-	-	1203	2	5.99%
Los Alamos County	Government	692	2	3.51%	601	4	2.99%
Los Alamos Public Schools	Education	563	3	2.86%	700	3	3.49%
SOC (Guard Force)	Security	396	4	2.01%	-	-	-
Los Alamos Medical Center	Medical Services	320	5	1.63%	315	8	1.57%
Comforce Technical	Engineering & Analysis Studies	-	-	-	415	7	2.07%
Weirich Technical Services	Engineering & Analysis Studies	-	-	-	435	6	2.17%
Los Alamos National Bank	Banking	216	6	1.10%	305	9	1.52%
Protection Technology Los Alamos	Security	-	-	-	594	5	2.96%
Other employers		7,101		36.06% [c]	6,872		34.24%
Total workforce [b]		19,690		100.00%	20,073		100.00%

Sources: Individual Employers, New Mexico Department of Labor

Notes:

[a] As of June 30, 2013

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

[c] Top six employers shown, which collectively represent greater than 73% of total employment

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

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
LAST TEN FISCAL YEARS**

Function/Program	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
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	4.56	4.56	4.80	4.80	4.80	4.80	4.80	4.80	4.80
County Administrator	10.54	11.56	13.00	13.50	13.50	12.00	13.23	11.00	11.50	22.00
County Assessor	5.72	6.59	6.59	7.00	7.00	7.00	7.00	7.00	7.00	7.00
County Attorney	4.04	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
County Clerk	6.72	7.33	6.97	6.75	6.72	6.70	6.70	6.70	6.70	6.69
County Sheriff	2.19	2.03	2.03	1.97	2.02	1.90	1.90	1.90	2.04	2.04
Administrative Services	51.15	52.11	50.50	53.86	54.75	55.25	58.25	60.22	59.76	50.00
Public Works	44.75	43.81	44.63	46.15	47.17	12.14	12.00	12.00	12.00	10.00
Capital Projects & Facilities (new FY2009)	0.00	0.00	0.00	0.00	0.00	38.50	37.00	37.00	37.00	39.00
Public Safety										
Police	59.97	60.13	60.13	75.55	75.57	77.53	76.54	77.54	77.98	77.99
Cerro Grande fire recovery	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Physical and economic environment	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	14.00
Transportation	25.50	27.40	25.52	25.53	27.53	27.41	27.37	26.87	26.62	26.60
Health and welfare	0	0	0	0	0	0	0	1.25	1.25	2.00
Culture and recreation	91.34	88.06	86.44	85.43	86.31	86.67	88.36	86.88	86.26	85.58
Business-type activities										
Joint Utilities										
Electric	40.00	44.00	44.00	45.00	45.00	54.00	54.00	54.00	52.00	54.44
Gas	26.64	27.13	27.22	25.74	25.37	25.83	24.39	23.40	25.17	24.04
Water	12.00	12.00	12.00	10.25	10.25	10.25	10.25	10.25	10.25	10.25
Wastewater	10.00	10.00	10.00	10.13	10.13	9.13	9.13	9.13	9.00	9.00
Environmental Services	19.82	20.04	19.26	19.26	19.26	18.75	18.75	19.00	18.50	18.00
Golf	11.96	12.96	12.82	12.73	12.79	13.60	13.02	12.48	12.20	12.09
Fire	135.00	135.00	135.00	141.00	141.00	148.00	150.00	150.00	150.00	150.00
Airport	0.50	1.50	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	22.00	24.00	31.50	31.75	32.00	40.00
Equipment-internal service	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00	11.00	11.00
Risk-internal service	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00
Totals	<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>	<u>692.02</u>

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

Table 24

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
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	9,047
Clerk-number of elections managed	2	3	3	4	1	3	2	2	2	3
Sheriff-number of processes administered	278	271	290	245	276	256	284	322	169	138
IT-Number of networked devices supported	not available	not available	not available	1,452	1,535	1,537	1,567	1,569	1,585	1,600
Public Safety										
Police-Part 1 UCR Offenses [a]	308	378	350	431	386	297	349	364	258	358
Police-number of service call responses	16,403	16,751	14,535	13,773	13,883	14,264	17,172	16,882	17,513	17,647
Police-number of reported traffic accidents	309	300	293	471	260	216	242	225	366	310
Police-number animal control cases	234	297	358	354	355	293	350	305	265	385
Physical & Economic Development										
Number of construction permits issued*	243	235	180	191	113	92	94	108	96	578 [b]
Transportation										
Traffic-miles of lane lines stripred	53	66	50	46	58	52	88	56	84	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	389,719
Number of park acres maintained	581	587	590	599	599	599	609	616	936	944
Number of cemetery interments	not available	not available	not available	41	32	39	34	36	59	55
Number of aquatic center visits	84,650	89,021	89,748	87,457	86,843	90,275	99,759	85,658	91,972	134,143
Number of rink visits	12,136	12,051	10,294	20,130	23,451	20,731	27,443	28,663	22,817	28,286
Sr. Center-number of seniors served	not available	not available	not available	2,263	2,348	2,410	3,800	4,040	3,790	2,787
Joint Utility System										
EP-Number of megawatt hrs supplied	583,987	512,387	562,015	590,117	550,623	567,821	559,542	563,109	589,362	570,883
ED-Number of electric utility customers	8,467	8,908	8,767	8,892	8,877	8,764	8,733	8,610	8,660	8,741
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	8,711,200
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	1,376,746
WD-M gallons of water sold	1,076,989	876,445	999,920	720,433	800,273	781,992	741,277	800,842	876,360	842,344
WW-K gallons sewage conveyed	not available	not available	530,375	363,182	441,351	451,640	447,516	445,685	479,870	429,117
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	22,186
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	573,967
Number of miles of service provided	not available	not available	not available	not available	not available	430,180	516,013	627,309	675,157	785,687
Fire Protection Services										
Number of responses	1,655	1,606	1,965	1,873	2,022	1,956	2,001	2,110	1,951	1,841
Airport										
Number of takeoffs & landings	not available	not available	not available	11,199	13,255	13,244	13,376	14,010	13,500	13,500

Sources: County departments

Note: Accurate indicators are not available before FY2004.

[a] Only calendar year data available

[b] High number of permits due to major hail storm damage (mainly roofs).

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

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Public Safety										
Police stations (includes WR substation)	2	2	2	2	2	2	2	2	2	2
Police vehicles	36	39	41	46	48	50	50	50	47	47
County owned fire stations	3	3	4	4	5	5	5	5	5	5
Dept. of Energy owned fire stations	3	3	2	2	2	2	2	2	2	2
Transportation										
Streets, miles	102.7	105.0	105.7	106.0	106.0	106.0	106.6	106.6	106.5	106.5
Sidewalk, square yards	221,377	223,207	227,407	229,048	231,099	235,356	241,612	241,612	245,440	245,440
Street lights, county owned	1,057	1,150	1,153	1,156	1,167	1,204	1,292	1,292	1,292	1,292
Traffic signals	11	11	11	11	11	11	11	11	11	11
School and station flashers	9	9	9	9	10	10	10	10	10	10
Public Parking Lots	28	28	28	30	31	27	34	35	37	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	32	33	33	33	34	35	35	35	35	35
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	9	9	9	9	9	9	9	9	9	9
Joint Utility System										
Electric generating capacity, owned										
resources MW	60	60	60	60	60	60	60	61	61	61
Electric distribution line miles	140.0	142.0	142.0	142.0	142.0	142.0	143.0	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	12
Water distribution line miles	145.0	147.0	147.0	147.0	147.0	147.0	148.5	148.5	148.5	149.5
Gas distribution line miles	118.0	120.0	120.0	120.0	120.0	120.0	122.0	122.0	122.0	125.0
Wastewater collection line miles	115.0	117.0	117.0	117.0	117.0	117.0	118.0	118.0	118.0	118.0
Refuse										
Collection trucks	7	8	8	9	10	10	10	10	10	10
Golf Course										
Holes	18	18	18	18	18	18	18	18	18	18
Airport										
Tie down spaces	77	83	83	83	98	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, 2013

PROPERTY TAX RECEIVABLE, JUNE 30, 2012	\$ 496,900
Net taxes charged to treasurer	15,602,806
Collections	(15,607,912)
Adjustments	1,229
PROPERTY TAX RECEIVABLE, JUNE 30, 2013	<u>\$ 493,023</u>

PROPERTY TAXES RECEIVABLE AS OF JUNE 30, 2013, LISTED BY YEAR:

	<u>TOTAL</u>	<u>INCORPORATED COUNTY OF LOS ALAMOS</u>	<u>STATE OF NEW MEXICO</u>	<u>UNIVERSITY OF NEW MEXICO</u>	<u>LOS ALAMOS PUBLIC SCHOOLS</u>
2003	\$ 722	319	60	47	296
2004	761	352	45	52	312
2005	1,796	901	119	115	661
2006	1,683	798	123	116	646
2007	1,835	920	126	84	705
2008	1,116	532	83	54	447
2009	5,574	2,205	270	213	2,886
2010	18,653	6,467	1,300	774	10,112
2011	35,640	12,391	2,192	1,508	19,549
2012	425,243	155,703	25,000	17,943	226,597
	<u>\$ 493,023</u>	<u>180,588</u>	<u>29,318</u>	<u>20,906</u>	<u>262,211</u>

DISTRIBUTION OF COLLECTED PROPERTY TAXES:

Incorporated County of Los Alamos	\$ (5,340,472)
State of New Mexico	(952,294)
University of New Mexico	(680,645)
Los Alamos Schools	(8,634,501)
	<u>\$ (15,607,912)</u>

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

Year ended June 30, 2013

Agency	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year End	Receivable at Year End
Incorporated County of Los Alamos:							
2003	\$ 4,587,398	6	4,587,079	6	4,587,079	0	319
2004	4,903,882	8	4,903,530	8	4,903,530	0	352
2005	5,277,028	5	5,276,127	5	5,276,127	0	901
2006	5,659,665	12	5,658,867	12	5,658,867	0	798
2007	6,034,002	540	6,033,082	540	6,033,082	0	920
2008	6,372,167	4,549	6,371,635	4,549	6,371,635	0	532
2009	6,682,978	26,829	6,680,773	26,829	6,680,773	0	2,205
2010	5,136,082	21,302	5,129,615	21,302	5,129,615	0	6,467
2011	5,311,297	108,559	5,298,906	108,559	5,298,906	0	12,391
2012	5,399,697	5,178,662	5,243,994	5,178,662	5,243,994	0	155,703
	55,364,196	5,340,472	55,183,608	5,340,472	55,183,608	0	180,588

State of New Mexico:

2003	843,805	1	843,745	1	843,745	0	60
2004	628,425	1	628,380	1	628,380	0	45
2005	808,399	1	808,280	1	808,280	0	119
2006	893,350	1	893,227	1	893,227	0	123
2007	887,993	58	887,867	58	887,867	0	126
2008	917,245	457	917,162	457	917,162	0	83
2009	816,703	2,376	816,433	2,374	816,431	2	270
2010	1,058,808	3,596	1,057,508	3,321	1,057,233	275	1,300
2011	969,065	18,656	966,873	18,189	966,406	467	2,192
2012	964,539	927,147	939,539	921,334	933,726	5,813	25,000
	8,786,332	952,294	8,759,014	945,737	8,752,457	6,557	29,318

University of New Mexico:

2003	666,527	1	666,480	1	666,480	0	47
2004	716,699	1	716,648	1	716,648	0	51
2005	773,952	1	773,837	1	773,837	0	115
2006	842,876	1	842,760	1	842,760	0	116
2007	581,103	41	581,019	41	581,019	0	84
2008	613,917	338	613,863	338	613,863	0	54
2009	643,301	2,030	643,088	2,028	643,086	2	213
2010	646,395	2,273	645,620	2,098	645,445	175	775
2011	671,214	12,998	669,706	12,672	669,380	326	1,508
2012	689,733	662,961	671,790	658,737	667,566	4,224	17,943
	6,845,717	680,645	6,824,811	675,918	6,820,084	4,727	20,906

Los Alamos Public Schools:

2003	4,160,811	4	4,160,515	4	4,160,515	0	296
2004	4,301,210	5	4,300,898	5	4,300,898	0	312
2005	4,447,567	4	4,446,906	4	4,446,906	0	661
2006	4,686,656	7	4,686,010	7	4,686,010	0	646
2007	4,929,023	331	4,928,318	331	4,928,318	0	705
2008	4,989,382	2,548	4,988,935	2,548	4,988,935	0	447
2009	8,716,082	25,683	8,713,196	25,658	8,713,171	25	2,886
2010	8,504,325	29,070	8,494,213	26,841	8,491,984	2,229	10,112
2011	8,746,564	168,183	8,727,015	163,961	8,722,793	4,222	19,549
2012	8,747,479	8,408,666	8,520,882	8,355,519	8,467,735	53,147	226,597
	62,229,099	8,634,501	61,966,898	8,574,877	61,907,264	59,624	262,211

Grand Total	\$ 133,227,344	15,607,912	132,734,321	15,537,004	132,663,413	70,908	493,023
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**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2013

	LOS ALAMOS NATIONAL BANK	COMMUNITY BANK	FIRST NATIONAL BANK OF SANTA FE	WELLS FARGO BANK MINNESOTA	TOTAL
TOTAL AMOUNT OF DEPOSITS (bank balances)	\$ 14,246,947	3,025,256	12,726,341	0	29,998,544
TOTAL AMOUNT OF REPURCHASE AGREEMENTS	0	0	0	6,686,962	6,686,962
Less: FDIC coverage	250,000	250,000	250,000	250,000	1,000,000
TOTAL UNINSURED PUBLIC FUNDS	13,996,947	2,775,256	12,476,341	6,436,962	35,685,506
COLLATERAL REQUIRED					
Deposits	6,998,473 [a]	1,387,628 [a]	6,238,170 [a]	0	14,624,272
Repurchase agreement	0	0	0	7,021,310 [b]	7,021,310
COLLATERAL					
Letters of Credit, Agencies, Municipal Bonds	25,517,220 [c]	3,003,730 [c]	12,889,670 [c]	0	41,410,620
Pledged securities-repurchase agreement	0	0	0	7,282,887 [d]	7,282,887
OVER(UNDER) SECURED	\$ 18,518,747	1,616,102	6,651,500	261,577	27,047,925

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, 2013

	ACQUISITION DATE	MATURITY DATE	CUSIP NUMBER	TYPE	PAR VALUE	BOOK/MARKET PER BANK
LOS ALAMOS NATIONAL BANK						
Letters of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
Agency Notes/Bonds						
	04/17/13	04/18/14	Letter of credit		\$ 20,000,000	20,000,000
	05/17/13	11/13/13	313385PE0	FHLB	1,000,000	999,940
	11/30/11	04/15/14	31359MUT8	FNMA	2,000,000	2,061,913
	11/20/12	09/27/17	3134G3J43	FHLMC	2,500,000	2,455,367
					<u>25,500,000</u>	<u>25,517,220</u>
COMMUNITY BANK						
Letter of Credit: Federal Home Loan Bank of Dallas						
Beneficiary: County of Los Alamos						
Agency Notes/Bonds						
	04/04/13	07/03/13	Letter of credit		2,000,000	2,000,000
	08/31/13	10/30/14	3135GODW0		1,000,000	1,003,730
					<u>3,000,000</u>	<u>3,003,730</u>
FIRST NATIONAL BANK OF SANTA FE						
Agency Notes/Bonds						
	11/30/11	10/01/21	31417Y6B8	FNMS	5,100,000	3,180,784
	06/30/12	03/01/27	3128PYKP8	FHLMC	4,000,000	2,926,854
	07/24/12	02/24/15	3135GOHH9	FNMA	5,000,000	5,019,853
	03/31/13	08/01/27	31306XEAT	FHLMC	2,000,000	1,762,179
					<u>16,100,000</u>	<u>12,889,670</u>
WELLS FARGO BANK MINNESOTA						
Custodians: AIG Inc., New York, NY						
Agency Notes/Bonds						
	Various	06/01/17	31359MEL3	FNMA	5,800,000	5,485,930
	Various	11/15/16	912833KK5	US Treas	1,500,000	1,458,045
	Various	02/01/27	83162CQV8	SBA	298,866	338,912
					<u>7,598,866</u>	<u>7,282,887</u>
Cash						
					<u>52,196,866</u>	<u>48,693,507</u>
TOTAL PLEDGED COLLATERAL						

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

June 30, 2013

<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	\$ 35,463,128
Bank of Albuquerque	Los Alamos County	FHLB	10,017,000
Bank of Albuquerque	Los Alamos County	FHLMC	15,441,300
Bank of Albuquerque	Los Alamos County	FNMA	20,313,850
Bank of Albuquerque	Los Alamos County	FFCB	18,748,930
First National Bank of Santa Fe	Los Alamos County	C.D.	8,144,106
First National Bank of Santa Fe	Los Alamos County	Savings	4,582,235
Community Bank	Los Alamos County	Savings	3,025,256
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	9,440
Los Alamos National Bank	Employee Fund	C.D.	9,613
Los Alamos National Bank	Flexible Spending Account	Checking	14,983
Los Alamos National Bank	General County	Checking	4,018,791
Los Alamos National Bank	GRT Bonds Debt Service	Checking	28,101
Los Alamos National Bank	Landfill Closure	Checking	498,452
Los Alamos National Bank	Municipal Court Bond	Checking	9,251
Los Alamos National Bank	Police Operations	Checking	3,263
Los Alamos National Bank	Small Purchase	Checking	18,333
Los Alamos National Bank	Manual Checks	Checking	20,001
Los Alamos National Bank	Utility Resource Pool	Checking	4,484,102
Los Alamos National Bank	Utilities - Bond Accounts	Savings	3,120,317
NMFA / Bank of Albuquerque	Trustee Loan Account	Cash Equivalent	474,487
Bank of Albuquerque	Trustee Loan Account - Utilities	Cash Equivalent	330,192
State Investment Council	Permanent Fund	Pool	26,232,359
State Investment Council	General Fund	Pool	14,263,231
State Investment Council	Cemetery Perpetual Care	Pool	798,598
State Treasurer's Pool	General County	Pool	306,611
Wells Fargo Bank Minnesota	Utility Bond Accounts	Cash Equivalent	4,975,183
Wells Fargo Bank Minnesota	Utility Bonds	FHLB	10,454,997
Wells Fargo Bank Minnesota	Utility Bond 2004	Repurchase	6,686,962
Total Depository Balances			194,505,372
Reconciling items to Bank Reconciliation			(592,525)
Peity Cash and Change Funds			5,760
Total Deposits and Investments reported in financial statements			\$ 193,918,607

**INCORPORATED COUNTY OF LOS ALAMOS
SUPPLEMENTAL SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING**
June 30, 2013

EXHIBIT 5

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, 2013, the County had approximately \$41.3 million invested with the SIC. The County paid approximately \$84,876 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 (NIM 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 maintain the information and installation costs associated with the LinX system. The County will use the existing manpower to populate the database and

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 remained in force and effect for five (5) years and has continued thereafter in good faith until renewed by either party. 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) Police Department (LAPD), the New Mexico Department of Public Safety (NMDPS), 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 NNSA, and/or Los Alamos National Laboratory (LANL). The MOU provides a basis for contingency response planning, coordination, and cooperation between the NMDPS, LAPD, and LASO to deal with off-site pursuit and/or recovery operations, to facilitate effective communication and exchange of information and assure timely, reliable, effective decision making and response actions. The MOU establishes guidelines for the use of force, public and officer safety, hostages, methods of pursuit, communications and coordination, and command and control. Although the MOU does not obligate funds, or is a basis for the transfer of funds, it is strictly for internal management purposes only and 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 January 17, 2013 and remains in force and effect for a period of 5 years thereafter. The MOU is subject to changes and modifications required by the Homeland Security's Final National Response Plan and may be terminated or amended with 60 days written notice to the other parties.

Incorporated County of Los Alamos (the County) Police Department (LAPD), the Federal Bureau of Investigation (FBI), 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, the FBI, and the NNSA to deal with incidence response and resolution, to facilitate effective communication and exchange of information and assure timely, reliable, effective decision making and response actions. The MOU establishes guidelines for LANL security incident response, including command and control, and LAPD response and pursuit operations. Although the MOU does not obligate funds, or is a basis for the transfer of funds, it is strictly for internal management purposes only and 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 May 16, 2013 and remains in force and effect for a period of 5 years thereafter. The MOU is subject to changes and modifications required by the Homeland Security's Final National Response Plan and may be terminated or amended with 60 days written notice to the other parties.

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. By subsequent County action, LAPS is not obligated to reimburse the County for general administrative expenses and overhead costs associated with this MOU.

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 this agreement and 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, Taos County, New Mexico, and Ohkay Owingeh 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. Ohkay Owingeh joined the coalition on October 9, 2012. 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 and renewed by Resolution, adopted on June 25, 2013.

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 (the County) and the North Central Regional Transit District (NCRTD)

The parties entered into this MOU to fund certain expenses and projects that aim to promote an efficient, sustainable, and multi-modal transportation system in the region. NCRTD is a political subdivision of the State of New Mexico, of which the County is a member of along with eleven (11) other political subdivisions. Through this regional partnership effort, the County agrees to fund \$500,000 for member local government matches of federal grants, additional reserve funds, and such other purposes as NCRTD deems appropriate. In return, NCRTD agrees to maintain midday service routes to Los Alamos County.

The MOU covers period October 1, 2012 through September 30, 2013, and may be terminated by either party upon thirty (30) days written notice. The MOU is typically renewed each year for an additional one (1) year period and may be subject to new funding amounts by the County.

Incorporated County of Los Alamos (the County) and the North Central New Mexico Economic Development District (NCNMEDD), Santa Fe County, the City of Espanola, Rio Arriba County, Ohkay Owingeh, the Pueblo of Santa Clara, the Pueblo of Pojoaque, and the Pueblo of Tesuque.

This Joint Powers Agreement (JPA) is entered into by all parties for the management of the Redi Middle-Mile Broadband Network (REDI Net), a high-speed, open access broadband network deployed within the jurisdictional boundaries of all parties involved. NCNMEDD was awarded federal funding from the Broadband Technology Opportunities Program (BTOP), National Technology and Information Administration (NTIA), United States Department of Commerce, to implement the REDI Net project. The project has an estimated total cost of \$13.4 million of which \$10.6 million will be paid with federal funds, and the remaining \$2.8 million is contributed by the various jurisdictional parties in the form of cash and in-kind contributions. REDI Net consists of approximately 150 miles of fiber optic cable and associated equipment and will be installed primarily on existing electric utility poles of all jurisdictional parties, subject to securing necessary easements and rights of way, for construction, permitting, and other construction-related activity. REDI Net will offer high-speed wholesale bandwidth to qualified service providers and anchor institutions that operate within the range of its network.

This agreement establishes a governance structure that includes a representative from each jurisdictional party on the Board of Directors and establishes powers and duties to oversee construction, implementation, and long-term management of the REDI Net project. This agreement obligates the County to contribute \$400,000 in cash into NCNMEDD's interest-bearing project account. This agreement was entered into by the County on November 9, 2011 and is effective for a period of 20 years thereafter. Amendments to this agreement shall be in writing and subject to approval by the New Mexico Department of Finance and Administration.

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

Year ended June 30, 2013

STATE GRANTOR/PROGRAM TITLE	PROGRAM OR AWARD AMOUNT	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2012	CASH RECEIVED	OTHER (SEE NOTES)	STATE PARTICIPATING EXPENDITURES	ACCRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2013
STATE OF NEW MEXICO:						
Administrative Office of the Courts Municipal Court Automation Project, Fund #126	\$	0	10,634	0	12,824	2,190
Fire Marshal's Office:						
Fire Protection Fund Distribution (FY 2013)		(535,579)	429,905	27,876 [1]	673,348	(320,012)
Fire Protection Grant (FY 2013)		0	79,913	0	79,913	0
Children, Youth and Families Department Juvenile Justice Continuum (11-690-12408)		14,216	97,101	0	105,999	23,114
Department of Finance and Administration:						
LDWI-Local Distribution (FY2013)		0	63,391	(16,032)	47,358	0
Enhanced E911 (11-E-12)		2,696	10,540	595,060 [2]	605,690	2,786
Law Enforcement Protection Fund Distribution		(3,698)	41,600	0	41,633	(3,655)
Total Department of Finance and Administration		(1,002)	115,531	579,028	694,681	(879)
Health Department Public Health Division Primary Care and EMS Grant - Fire		0	10,073	0	8,531	(1,542)
Economic Development Department Mainstreet Grant - Knecht Streetscape (10-419-A093767-1007)		24,459	24,459	0	0	0
Transportation Department Cooperative Agreement SP-5-12 (157)		61,137	61,137	0	0	0
Cooperative Agreement, SB-7798 (991)12		89,090	89,090	0	0	0
Cooperative Agreement, CAP-5-12 (461)		21,496	21,496	0	0	0
Airport Extension Grant-Construction, LAM-11-001		2,015	2,015	0	0	0
Airport Master Plan-LAM-12-01		591	2,845	0	0	0
AWOS-LAM-12-02		0	2,191	0	2,684	430
Airport Snow Plow Grant		0	0	0	2,191	0
Operation Buckledown (FY12)		990	1,959	0	119,416	119,416
Operation Buckledown (FY13)		0	0	0	969	0
Total Transportation Department		175,319	180,733	0	125,763	503
						120,349

Homeland Security and Emergency Management Department
 Disaster Assistance - FEMA 4047
 Disaster Assistance - FEMA 4079
 Total Homeland Security Department

 New Mexico Finance Authority
 Water Trust Board (Project #220)

 Tourism Department
 New Mexico Clean and Beautiful Grant

 Aging and Long-Term Services Department
 General Obligation Bond Capital Appropriation Project

 Office of Cultural Affairs:
 New Mexico State Library Grant - Operations
 Total Office of Cultural Affairs

TOTAL STATE OF NEW MEXICO FINANCIAL ASSISTANCE

32,453	59,495	0	99,452	72,410
<u>0</u>	<u>16,446</u>	<u>0</u>	<u>134,079</u>	<u>117,633</u>
<u>32,453</u>	<u>75,941</u>	<u>0</u>	<u>233,531</u>	<u>190,043</u>
0	900,000	0	900,000	0
0	5,200	0	5,200	0
0	0	0	24,839	24,839
0	8,508	0	8,508	0
<u>0</u>	<u>8,508</u>	<u>0</u>	<u>8,508</u>	<u>0</u>
<u>(290,134)</u>	<u>1,937,998</u>	<u>606,904</u>	<u>2,873,137</u>	<u>38,102</u>

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:
 State-shared Revenues
 Change in reserved balances
 Change in Deferred Revenue

16,897,082
(241,934)
<u>(182,932)</u>

TOTAL INTERGOVERNMENTAL REVENUES - STATE

\$ 19,345,353

NOTES:
 [1] Interest earned on reserved fund balance
 [2] Grant expenditures made by State on County's behalf



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

EXHIBIT 7

Year ended June 30, 2013

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	ACRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2012	CASH RECEIVED	OTHER	FEDERAL PARTICIPATING EXPENDITURES	ACRUED REIMBURSEMENT (RESERVED BALANCE) JUNE 30, 2013
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	\$ 3,412,719	16,247,567	2,606,639 [1]	18,371,428	2,929,941
United States Department of Homeland Security FEMA 4047, Flood Disaster Declaration, Public Assistance Program FEMA 4079, Flood Disaster Declaration, Public Assistance Program	97.036 97.036	194,716 0	356,967 118,260	0 0	596,712 804,475	434,461 686,215
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department Nonurbanized Area Formula Grant Program Section 5309 FY12 Contract M01064/1,2,3 Nonurbanized Area Formula Grant Program Section 5311 FY12 Contract M01130 FY13 Contract M01185	20.500 20.509 20.509	0 44,507 0	0 53,803 626,866	0 0 0	679,934 9,296 714,138	679,934 0 87,272
TOTAL MAJOR FEDERAL FINANCIAL ASSISTANCE		3,651,942	17,403,463	2,606,639	21,175,983	4,817,823
NONMAJOR FEDERAL FINANCIAL ASSISTANCE						
United States Department of Agriculture: United States National Forest Reserve	10-665 Public Law 106-393	0	4,697	0	4,697	0
United States Department of Homeland Security State and Local Assistance Program FEMA Fire Management Assistance Grant (Las Conchas Fire)	97.042 97.046	20,751 421,802	95,456 421,802	0 0	91,488 0	16,783 0
Office of Domestic Preparedness Bomb Equipment Enhancement Investment Planning and Public Safety Radio	97.067 EMW-2011-SS-00094-S01-LAC 2010-SHSGP-LAC-2010-SS-T0-0011	0 19,474	0 28,787	0 0	69,353 13,909	69,353 4,596

**INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
Year ended June 30, 2013

United States Department of Interior, Bureau of Land Management: Section 1 payment for Federal owned entitlement land	15.226 Public Law 100-343	0	83,130	0	83,130	0
United States Department of Justice: Drug Enforcement Administration-Asset Forfeiture	16.xxx	(751)	0	13	2	(217)
United States Department of Transportation-Federal Aviation Administration Flow through New Mexico State Transportation Department	20.106	74,679	0	0	0	0
Airport Extension Grant-Construction	20.106	6,168	0	0	0	0
Airport Drainage Improvement Construction	20.106	32,620	114,438	0	102,206	20,388
Airport Master Planning Grant	20.106	0	0	0	119,202	119,202
Airport Snow Plow Grant	20.106	0	0	0	83,516	83,516
Airport Small Community Air Service Development Program	20.930	0	0	0	0	0
United States Department of Transportation-Federal Highway Administration Flow through New Mexico State Transportation Department	20.608	9,378	16,846	0	7,468	0
Operation DWI (12-AL-64-055)	20.608	0	0	0	12,509	12,509
Operation DWI (13-AL-64-055)						
United States Department of Transportation-Federal Transit Administration Flow through the New Mexico State Transportation Department						
Job Access & Reverse Commute Section 5316 FY11/12 Contract M00974, M01129 FY12/13 Contract M01186	20.516 20.516	14,586 0	14,586 203,420	0 0	0 253,946	0 50,528
New Freedom Program Sections 5317 FY12 Contract M01131 FY13 Contract M01184	20.516 20.516	21,600 0	113,188 153,635	0 0	91,588 182,434	0 36,789
United States Institute of Museum and Library Services New Mexico State Library, Department of Cultural Affairs	45.310	0	2,949	0	2,949	0
TOTAL NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>620,307</u>	<u>1,333,781</u>	<u>13</u>	<u>1,128,942</u>	<u>415,465</u>
TOTAL MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE		<u>\$ 4,272,249</u>	<u>18,737,244</u>	<u>2,606,652</u>	<u>22,304,925</u>	<u>5,233,278</u>
RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:						
Change in deferred revenue - FEMA/FMAG					421,802	
Change in deferred revenue - FEMA 4047					(239,745)	
Change in deferred revenue - FEMA 4079					(686,215)	
Change in deferred revenue - Other					(77,894)	
Federal Subsidy Build America Bonds					(7,715)	
Ambulance billing and other receipts DOE Cooperative Agreement for fire services					122,931	
County Share of DOE Cooperative Agreement for fire services					(100,805)	
North Central Regional Transit District revenues					(2,505,834)	
INTERGOVERNMENTAL REVENUES - FEDERAL					<u>1,332,081</u>	
					<u>20,563,531</u>	

INTERGOVERNMENTAL REVENUES - STATE

TOTAL INTERGOVERNMENTAL REVENUES

19,345,353
\$ 39,908,884

INTERGOVERNMENTAL REVENUES REPORTED IN BASIC FINANCIAL STATEMENTS:

Governmental funds
Proprietary funds

\$ 19,420,500
18,624,957
1,863,427

TOTAL INTERGOVERNMENTAL REVENUES

\$ 39,908,884

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. 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] Interest earned on reserved fund balance

INCORPORATED COUNTY OF LOS ALAMOS
JOINT UTILITY SYSTEM SUBFUNDS
 SUPPLEMENTAL COMBINING BALANCE SHEET - INDUSTRY FORMAT
 June 30, 2013

ASSETS AND OTHER DEBITS	Electric	Gas	Water	Wastewater	Total
Utility Plant					
Utility plant in service	148,464,129		75,574,642	41,378,997	278,314,146
Construction work in progress	7,996,341		6,399,372	1,192,529	16,341,637
Less: Accumulated depreciation	(85,150,393)		(19,952,094)	(8,605,442)	(117,322,936)
Net plant in service	71,310,077		62,021,920	33,966,084	177,332,847
Other Property and Investments					
Investments and special funds	25,676,189	0	191,062	802,104	26,669,355
Nonutility property held for resale	948,236	0	0	0	948,236
	26,624,425	0	191,062	802,104	27,617,591
Current and Accrued Assets					
Cash and short-term investments	(6,983,416)	5,966,979	15,159,537	868,358	15,011,458
Customer accounts receivable	3,266,307	251,477	609,863	280,281	4,407,918
Less provision for uncollectible accounts	(17,178)	(5,658)	(12,187)	(6,306)	(41,329)
Fuel stock	459,908	0	0	0	459,908
Materials and supplies	1,103,896	49,391	177,075	18,573	1,348,935
Prepayments	307,456	0	177,917	0	485,373
Accrued utility revenues	516,216	98,802	282,100	178,298	1,075,416
	(1,346,811)	6,360,991	16,394,295	1,339,204	22,747,679
Other Assets					
Unamortized debt expenses	453,933				
Unamortized deferral on refunding of debt	1,458,826		6,048	0	459,981
	1,912,759	0	6,048	0	1,458,826
Adjustments to GAAP - Deferral on Refunding	(1,458,826)	0	0	0	(1,458,826)
Total Assets and Other Debits	97,041,624	16,395,757	78,613,325	36,107,392	228,156,098

LIABILITIES AND OTHER CREDITS

	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Equity					
Retained earnings	\$ 50,059,499	16,004,778	75,358,672	22,535,984	163,958,933
Long-Term Debt					
Bonds	30,716,721	0	1,613,279	0	32,330,000
Plus unamortized premium on long-term debt	851,927	0	26,052	0	877,979
Contracts and intergovernmental debt payable	500,000	0	951,086	12,162,754	13,613,840
	<u>32,068,648</u>	<u>0</u>	<u>2,590,417</u>	<u>12,162,754</u>	<u>46,821,819</u>
Other Noncurrent Liabilities					
Accumulated provision for benefits	147,203	74,598	50,219	24,515	296,535
Asset retirement obligations	<u>4,078,789</u>	<u>0</u>	<u>50,219</u>	<u>24,515</u>	<u>4,078,789</u>
	<u>4,225,992</u>	<u>74,598</u>	<u>50,219</u>	<u>24,515</u>	<u>4,375,324</u>
Current and Accrued Liabilities					
Accounts payable	2,775,021	157,901	399,038	619,879	3,951,839
Customer deposits	66,341	44,411	43,482	0	154,234
Tax collections payable	49,683	13,814	30,235	15,306	109,038
Current portion of revenue bonds payable	8,120,756	0	9,244	0	8,130,000
Current portion of contracts and other debt	0	0	53,347	587,000	640,347
Interest accrued	731,957	0	9,301	87,718	828,976
Miscellaneous current and accrued liabilities	<u>402,553</u>	<u>100,255</u>	<u>69,370</u>	<u>74,236</u>	<u>646,414</u>
	<u>12,146,311</u>	<u>316,381</u>	<u>614,017</u>	<u>1,384,139</u>	<u>14,460,848</u>
Adjustment to GAAP - deferral on refunding	(1,458,826)	0	0	0	(1,458,826)
Total Liabilities and Other Credits	<u><u>\$ 97,041,624</u></u>	<u><u>16,395,757</u></u>	<u><u>78,613,325</u></u>	<u><u>36,107,392</u></u>	<u><u>228,158,098</u></u>

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

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY CAPITAL - INDUSTRY FORMAT
Year ended June 30, 2013

	Electric	Gas	Water	Wastewater	Total
Utility Operating Revenues					
Sales for resale	\$ 36,838,589	0	0	0	36,838,589
Residential	5,744,106	4,288,748	3,559,699	0	17,589,720
Commercial and industrial	3,822,367	782,496	479,457	3,997,167	5,084,320
Sale to public authorities	2,131,071	406,482	1,683,236	0	4,220,789
Street lighting	63,467	0	0	0	63,467
Other operating revenues	606,943	29,502	58,368	0	704,209
Total Operating Revenues	49,206,543	5,507,228	5,780,760	4,006,563	64,501,094
Operating Expenses					
Purchased power or natural gas	15,530,286	2,841,975	0	0	18,372,261
Distribution	184,746	343,464	852,381	1,377,504	2,758,095
Administrative and general	2,955,544	920,138	1,441,294	888,355	6,205,331
Customer accounts	10,279	8,627	4,896	1,239	25,041
Steam power generation	8,883,425	0	0	0	8,883,425
Transmission	3,193,279	0	0	0	3,193,279
Other production expenses	1,407,200	0	0	0	1,407,200
Hydraulic power generation	580,529	0	0	0	580,529
Maintenance Expenses	32,745,288	4,114,204	2,298,571	2,267,098	41,425,161
Distribution	909,951	143,562	2,162,638	529,651	3,745,802
Steam power generation	2,113,225	0	0	0	2,113,225
Hydraulic power generation	255,624	0	0	0	255,624
Transmission	136,097	0	0	0	136,097
Depreciation Expense	3,414,897	143,562	2,162,638	529,651	6,250,748
Taxes	7,482,700	340,510	1,895,761	756,025	10,474,996
Taxes	737,501	171,256	43,270	0	952,027
Total utility operating expenses	44,380,386	4,769,532	6,400,240	3,552,774	59,102,932
Utility Operating Income	4,826,157	737,696	(619,480)	453,789	5,398,162

Other Income	0	187,094	1,443,276	325,936	1,956,306
Other Deductions	(1,001,024)	(260,836)	(297,874)	(67,751)	(1,627,485)
Utility income	3,825,133	663,954	525,922	711,974	5,726,983
Interest on Long-term Debt	0	0	(41,413)	0	0
Other Income Deductions	(2,342,866)	0	(394,327)	(394,327)	(2,778,606)
Income before extraordinary items	1,482,267	663,954	484,509	317,647	2,948,377
Proprietary Capital, Beginning of Year	48,267,587	15,299,614	74,833,927	22,146,678	160,547,806
Prior Year Adjustments	0	0	0	0	0
Residual Equity Transfer	0	0	0	0	0
Contributed Capital - Governmental Entities	309,645	41,210	0	0	0
Proprietary Capital, End of Year	50,059,499	16,004,778	75,358,672	22,535,984	163,958,933



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INDEPENDENT AUDITORS' 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

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplementary information and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. In the *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-001.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
November 27, 2013



CliftonLarsonAllen

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

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

Report on Compliance for Each Major Federal Program

We have audited the Incorporated County of Los Alamos's (County) compliance with the types of compliance requirements described in the *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, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Geoff Rodgers, Chair, County Council
Members of the Council, and Harry Burgess, County Administrator
Los Alamos, New Mexico 87544 and
Hector H. Balderas, State Auditor

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Albuquerque, New Mexico
November 27, 2013

INCORPORATED COUNTY OF LOS ALAMOS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

**INCORPORATED COUNTY OF LOS ALAMOS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013**

CFDA Number(s)	Name of Federal Program or Cluster
81.XXX	Fire protection, emergency medical and rescue services cooperative agreement
20.500	Federal transit cluster
20.509	Nonurbanized area formula program
97.036	Disaster grants – public assistance
Dollar threshold used to distinguish between type A and type B programs	\$669,148
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

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INCORPORATED COUNTY OF LOS ALAMOS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2013

Section II—Findings Related to Financial Statements

Finding 2012-01 Cash Receipts (Other) - Repeated

Condition: During our compliance test work over cash receipts, we noted seven 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.

Effect: 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's 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 has made efforts throughout the year, as this was a finding in the previous year, and will continue to take steps to make sure that those employees that handle cash are aware of the state statute along with the importance of timely deposits. To further safeguard receipts at remote locations, it is important to note that the County utilizes safes to physically protect funds held overnight or over weekends at remote locations. The County does not believe that the receipts are at risk, but does agree that the timeliness of deposits, to be in compliance with the statute, needs improvement and will continue to improve this process.

Section III – Federal Award Findings and Questioned Costs

There were no findings for the year ended June 30, 2013.

**INCORPORATED COUNTY OF LOS ALAMOS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2013**

Finding 2012-02 – Cash Disbursements – Cleared

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

**INCORPORATED COUNTY OF LOS ALAMOS
EXIT CONFERENCE
June 30, 2013**

An exit conference was held on November 22, 2013. The conference was held at the offices of the County in Los Alamos, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

INCORPORATED COUNTY OF LOS ALAMOS

Audit Committee:

Steven Lynne, Deputy County Administrator/Chief Financial Officer
Harry Burgess, County Administrator
Rick Reiss, County Councilor
Pete Sheehey, County Councilor
Fran Berting, County Councilor
Robert Westervelt, Deputy Utilities Manager - Finance & Administration

County Staff:

Joseph D'Anna, Deputy Chief Financial Officer
Helen Perraglio, Accounting Operations Manager

CLIFTONLARSONALLEN LLP

Janet Pacheco-Morton, Partner
Joel Blackman, Manager

