



## INDEPENDENT AUDITORS' REPORT

T 505-878-7200  
800-827-2370  
F 505-878-7282

Michael Wheeler, Chair, County Council  
Members of the Council, and Anthony J. Mortillaro, County Administrator  
State of New Mexico – Incorporated County of Los Alamos  
Los Alamos, New Mexico 87544, and  
Hector H. Balderas, State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Incorporated County of Los Alamos, New Mexico (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and the respective budgetary comparisons of each non-major governmental fund, the major capital projects fund, non-major enterprise funds and internal service funds as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds of the County as of June 30, 2009, and the respective changes in

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financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds, major capital projects funds, non-major enterprise funds, and non-major internal service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund financial statements and, accordingly, we express no opinion on them.

*Moss Adams LLP*

Albuquerque, New Mexico  
November 19, 2009



## **Management's Discussion and Analysis**

# INCORPORATED COUNTY OF LOS ALAMOS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

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Management of the County of Los Alamos offers this discussion and analysis about the County government's financial position and financial activities for the fiscal year that ended June 30, 2009. This analysis is intended to serve as an introduction to the County's basic financial statements and to provide an analytical overview of the County's operations. Please read it along with the County's *Basic Financial Statements* starting on page 26, the *Notes to the Financial Statements* starting on page 63, and the *Letter of Transmittal* on page i. Additional data about the County is provided in the Statistical Section, beginning on page 155.

### FINANCIAL HIGHLIGHTS

- The County's total net assets, the amount of assets after subtracting related liabilities, were \$502.4 million at fiscal year ended June 30, 2009. This is an increase of \$38.2 million in net assets, or 8.2%, as compared to the prior fiscal year end. The largest factors contributing to the increase in net assets were higher Gross Receipts Tax (GRT) revenues and the donation of the Airport to the County from the Department of Energy (DOE). Of the total net assets, \$130.6 million (26% of total) is unrestricted. This compares to \$131.1 million for the prior year-end.
- Business-type activities increased the County's net assets by \$26.2 to \$201.6 million for the fiscal year ended June 30, 2009. This compares to a \$13.2 million increase during the previous fiscal year. Total revenue from business-type activities, including transfers and contributions, was \$99.4 million for fiscal year 2009, approximately \$15.2 million higher than the previous year. The most significant reason for the increase was the donation of the Airport to the County from DOE.
- For the fiscal year ended June 30, 2009, the County's Governmental Funds reported combined ending fund balance of approximately \$155.5 million. Overall, this was \$34.5 million more than the prior year ended. This change is almost entirely the result of unspent bond proceeds from the new GRT Improvement Revenue bonds that were issued during FY 2009.
- General Fund Expenditures increased by approximately \$5.2 million over the prior year. This single largest reason for the increase is a requirement in the new cooperative agreement for enhanced fire services with DOE that requires the County to share those costs. This new expenditure was \$2.4 million in fiscal year 2009, for nine months of activity.
- General Fund resources available for spending on budgeted needs were \$5.8 million more than the final revised budget of \$60.7 million. The two largest variances in revenues were associated with GRT revenue and interest income. GRT revenue was higher than anticipated due to the size and number of construction projects occurring in the community as well as a change in the timing pattern of spending (and related GRT) at LANL. Interest income was negatively impacted by the decline in the overall economy.
- In October 2008 the County issued \$75 million in Gross Receipts Tax (GRT) Revenue Improvement Bonds for the purpose of funding the County's Capital Improvement Program. The debt has a final maturity date of June 1, 2028 and interest rates range from 3.75 to 6%. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. The bonds were issued for the purpose of providing funds for public projects related to public facilities, roads, streets, public works, parks and recreation and community services. The two largest projects to be funded with the bond proceeds are the Airport Basin Site Project and the Judicial/ Police/ Jail Complex Project.

## USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report (CAFR) is presented in four sections:

- 1) Introductory section, that includes the Transmittal Letter and general information;
- 2) Financial section that includes:
  - a. Independent Auditors' Report,
  - b. Management's Discussion and Analysis (this part),
  - c. The Basic Financial Statements, that include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
  - d. Other financial statements and required supplementary information;
- 3) Statistical Section; and
- 4) Other Information

Non-financial factors that help shape the County's finances are presented in both the Statistical Section and in the section entitled Other Information. Examples of non-financial factors are characteristics of the County population and assessed property values. Please consider non-financial factors when analyzing the County's overall financial condition.

### The Basic Financial Statements

The County's basic financial statements are comprised of three components 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the financial statements. This set of financial statements provides both long-term and short-term views of the County's financial activities and financial position. See Table 1 for a comparison of the major features of these statements. Required Supplementary Information is included in addition to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to that used by private-sector businesses. These statements are reported using the economic resources measurement focus and the accrual basis of accounting and include:

The Statement of Net Assets presents information about the financial position of the County as a whole, including all its capital assets and long-term liabilities on a full accrual basis of accounting with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. There are three categories of net assets reported:

- a) Capital assets, net of related debt represent land, buildings, machinery, equipment and infrastructure, such as pavement, bridges, parks and streetlights, less the amount of unpaid debt related to make or buy them.
- b) Restricted net assets are restricted either by contract or by law.
- c) Unrestricted net assets are available to run the daily operations of the government and pay its current expenses.

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

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

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

**Governmental Activities** - All of the County's basic services are considered to be governmental functions, including County Council, Municipal Court, County Administrator, County Attorney, County Clerk, County Assessor, Administrative Services, Community Development, Community Services, Police, Public Works, and Cemetery. These services are supported by general County revenues such as taxes, and by specific program revenues such as fees.

**Business-type Activities** - All of the County's enterprise activities are reported here, including Joint Utility System (Electric, Gas, Water, and Wastewater), Environmental Services, Golf Course, Transit, Fire, and Airport. Unlike governmental services, these services are generally supported by charges paid by users based on the amount of service they use.

Government-wide Financial Statements are prepared on the accrual basis of accounting that means they include all economic resources of the County as a whole. The Government-wide financial statement can be found on pages 26-28 of this report.

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

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

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities. The governmental funds financial statements can be found on pages 30-51 of this report.



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

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

**Notes to Financial Statements** are provided on pages 63-102 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**

	<b>County-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required financial statements</b>	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of net fiduciary net assets Statement of changes in fiduciary net assets
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

The County's net assets, the amount of assets after subtracting related liabilities, were \$502.4 million at fiscal year ended June 30, 2009. This is an increase of \$38.2 million in net assets, or 8.2%, as compared to the prior fiscal year end. Analyzing changes in the relative mix of capital assets, restricted and unrestricted net assets provides additional indicators of financial position. Please see Table 2 below for a high level summary of net assets for fiscal year 2009 compared to fiscal year 2008.

<b>Table 2</b> <b>Los Alamos County's Net Assets</b> <b>As of June 30, 2009</b> <b>(in millions of \$)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
<b>Assets:</b>						
Current and other assets	\$ 168.3	126.4	74.2	72.3	242.5	198.7
Capital assets	<u>220.3</u>	<u>171.1</u>	<u>214.6</u>	<u>194.7</u>	<u>434.9</u>	<u>365.8</u>
Total assets	<u>388.6</u>	<u>297.5</u>	<u>288.8</u>	<u>267.0</u>	<u>677.4</u>	<u>564.5</u>
<b>Liabilities:</b>						
Current and other liabilities	11.2	4.6	4.1	4.1	15.3	8.7
Long-term liabilities	<u>76.6</u>	<u>4.1</u>	<u>83.1</u>	<u>87.5</u>	<u>159.7</u>	<u>91.6</u>
Total liabilities	<u>87.8</u>	<u>8.7</u>	<u>87.2</u>	<u>91.6</u>	<u>175.0</u>	<u>100.3</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	183.0	169.4	142.6	115.4	325.6	284.8
Restricted net assets	28.0	27.0	18.4	21.3	46.4	48.3
Unrestricted net assets	<u>89.8</u>	<u>92.4</u>	<u>40.6</u>	<u>38.7</u>	<u>130.4</u>	<u>131.1</u>
Total net assets	<u>\$ 300.8</u>	<u>288.8</u>	<u>201.6</u>	<u>175.4</u>	<u>502.4</u>	<u>464.2</u>

The largest portion of the County's net assets is invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), net of any related debts. As of June 30, 2009 this amount was \$325.6 million (64.8% of total net assets). This compares to \$284.8 million (61.4% of total) invested in capital assets net of related debts for the previous year-end for a net increase of \$40.8 million or 14.3%. The primary reasons for this increase are significant investments into replacement of governmental facilities (e.g. shops and warehouses at the Airport Basin Project and the Judicial/Police Jail complex project), the donation of the Airport to the County from DOE, and ongoing replacement and upgrade of business capital assets (e.g. completion of the solid waste transfer station and additions Joint Utility plant in service). Capital assets are not available for future spending because the County uses them to provide its services. Although the County's capital assets are reported net of related debt, the resources needed to repay debt must come from other sources, since the capital assets themselves cannot be used to settle these debts.

Restricted net assets are \$46.4 million (9.2% of total) for fiscal year end 2009, a \$1.9 million decrease as compared to the prior year. This 3.9% decrease consists mostly of two significant changes: (a) a \$3.1 million decrease in Net Assets Restricted for Debt Service for business type activities which resulted mostly from spending previously unspent intergovernmental loan proceeds; and (b) an increase in Net Assets Restricted for Capital Projects of \$1.0 million for governmental activities which is mostly a result of the County Charter restriction of the principal (non-expendable) balance within the Capital Projects Permanent Fund.

The remaining balance of net assets is \$130.4 million (26% of total) and is known as the unrestricted net assets because this amount may be used to meet the government's ongoing obligations to citizens and creditors. This compares to \$131.1 million for the prior year-end. This \$0.7 million decrease is primarily the result of higher levels of GRT revenues offset by the use of those revenues for capital projects.

### Changes in Net Assets

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

<b>Table 3</b> <b>Los Alamos County's Changes in Net Assets</b> <b>For Fiscal Year Ended June 30, 2009</b> <b>(in millions of \$)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1.9	1.8	68.0	78.1	69.9	80.0
Operating grants and contributions	3.4	1.9	11.2	0.8	14.6	2.7
Capital grants and contributions	<u>0.6</u>	<u>2.9</u>	<u>15.5</u>	<u>0.3</u>	<u>16.1</u>	<u>3.2</u>
Total program revenues	<u>5.9</u>	<u>6.6</u>	<u>94.7</u>	<u>79.2</u>	<u>100.6</u>	<u>85.9</u>
General revenues:						
Gross Receipts taxes	32.9	25.9	3.2	2.6	36.1	28.5
Property taxes	6.3	6.0	0.0	0.0	6.3	6.0
Franchise taxes	0.5	0.5	0.0	0.0	0.5	0.5
Grants and contributions not restricted to specific programs	0.9	0.8	0.0	0.0	0.9	0.8
State shared revenue	22.2	17.2	0.0	0.0	22.2	17.2
Unrestricted interest and investment earnings (loss)	<u>(2.6)</u>	<u>2.4</u>	<u>1.5</u>	<u>2.4</u>	<u>(1.1)</u>	<u>4.8</u>
Total general revenues	<u>60.2</u>	<u>52.8</u>	<u>4.7</u>	<u>5.0</u>	<u>64.9</u>	<u>57.8</u>
Total Revenues	<u>66.1</u>	<u>59.4</u>	<u>99.4</u>	<u>84.2</u>	<u>165.5</u>	<u>143.7</u>
<b>Program expenses:</b>						
General government	15.4	14.4	0.0	0.0	15.4	14.4
Public Safety	9.7	7.0	0.0	0.0	9.7	7.0
Cerro Grande Fire Recovery	0.1	0.4	0.0	0.0	0.1	0.4
Physical and economic environment	2.0	1.7	0.0	0.0	2.0	1.7
Transportation	11.3	12.4	0.0	0.0	11.3	12.4
Health and welfare	1.9	1.9	0.0	0.0	1.9	1.9

Culture and recreation	8.7	9.1	0.0	0.0	8.7	9.1
Interest on long-term debt	2.7	0.1	0.0	0.0	2.7	0.1
Electric	0.0	0.0	34.4	45.2	34.4	45.2
Gas	0.0	0.0	6.4	8.4	6.4	8.4
Water	0.0	0.0	5.4	5.4	5.4	5.4
Wastewater	0.0	0.0	3.7	2.9	3.7	2.9
Environmental Services	0.0	0.0	3.2	3.1	3.2	3.1
Golf	0.0	0.0	1.1	1.0	1.1	1.0
Transit (Atomic City Transit)	0.0	0.0	2.1	1.5	2.1	1.5
Fire-LANL Contract	0.0	0.0	18.4	15.1	18.4	15.1
Airport	<u>0.0</u>	<u>0.0</u>	<u>0.8</u>	<u>0.5</u>	<u>0.8</u>	<u>0.5</u>
Total expenses	<u>51.8</u>	<u>47.0</u>	<u>75.5</u>	<u>83.1</u>	<u>127.3</u>	<u>130.1</u>
<b>Change in net assets before transfers</b>	<b>14.3</b>	<b>12.4</b>	<b>23.9</b>	<b>1.1</b>	<b>38.2</b>	<b>13.5</b>
Transfers	<u>(2.3)</u>	<u>(12.1)</u>	<u>2.3</u>	<u>12.1</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Change in net assets</b>	<b>12.0</b>	<b>0.3</b>	<b>26.2</b>	<b>13.2</b>	<b>38.2</b>	<b>13.5</b>
Beginning net assets	<u>288.8</u>	<u>288.5</u>	<u>175.4</u>	<u>162.2</u>	<u>464.2</u>	<u>450.7</u>
Ending net assets	\$ <u>300.8</u>	<u>288.8</u>	<u>201.6</u>	<u>175.4</u>	<u>502.4</u>	<u>464.2</u>

### Governmental Activities

Governmental activities increased the County's net assets by \$12 million for fiscal year 2009 as compared to the prior year. This section compares results of governmental activities for fiscal year 2009 to fiscal year 2008 as summarized in Table 3.

Total revenues were \$66.1 million in fiscal year 2009, approximately \$6.7 million more than the previous year. Key variances include:

- An increase of \$7 million in GRT revenue, and an increase of \$5 million of state shared GRT revenues (reported as intergovernmental revenues). These variances are a result of changes in the timing of spending at LANL and higher levels of large construction activity throughout the community; and,
- A decrease of \$5 million in unrestricted interest and investment earnings, which was a result of the generally poor performance of the financial markets.

Total expenses for governmental activities were \$51.8 million in fiscal year 2009 or \$4.8 million more than the previous year end primarily due to increased spending in the following programs:

- \$2.6 million in Public Safety expenses associated with County share of costs required by the new cooperative agreement with DOE regarding fire protection;
- \$2.6 million increase in interest payments on long term debt related to the new GRT revenue bond issue.

Figure 1 compares program revenues to expenses for governmental activities at the fiscal year ended 2009. 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 \$45.9 million in general

revenues from governmental activities. The proportion of governmental program expenses covered by program revenues was approximately 11.38% at the end of fiscal year 2009, less than the 14.0% ratio for the prior fiscal year.

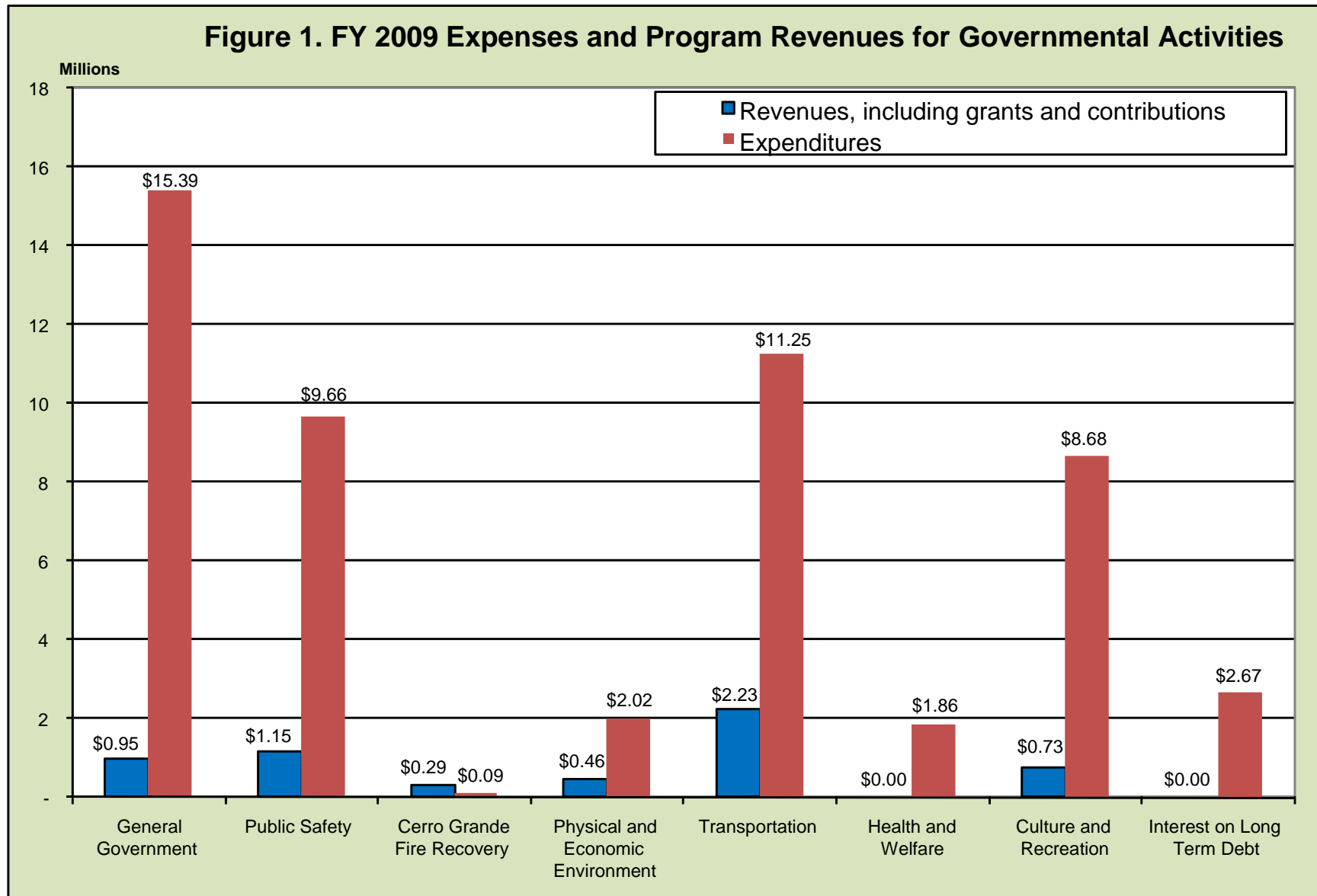
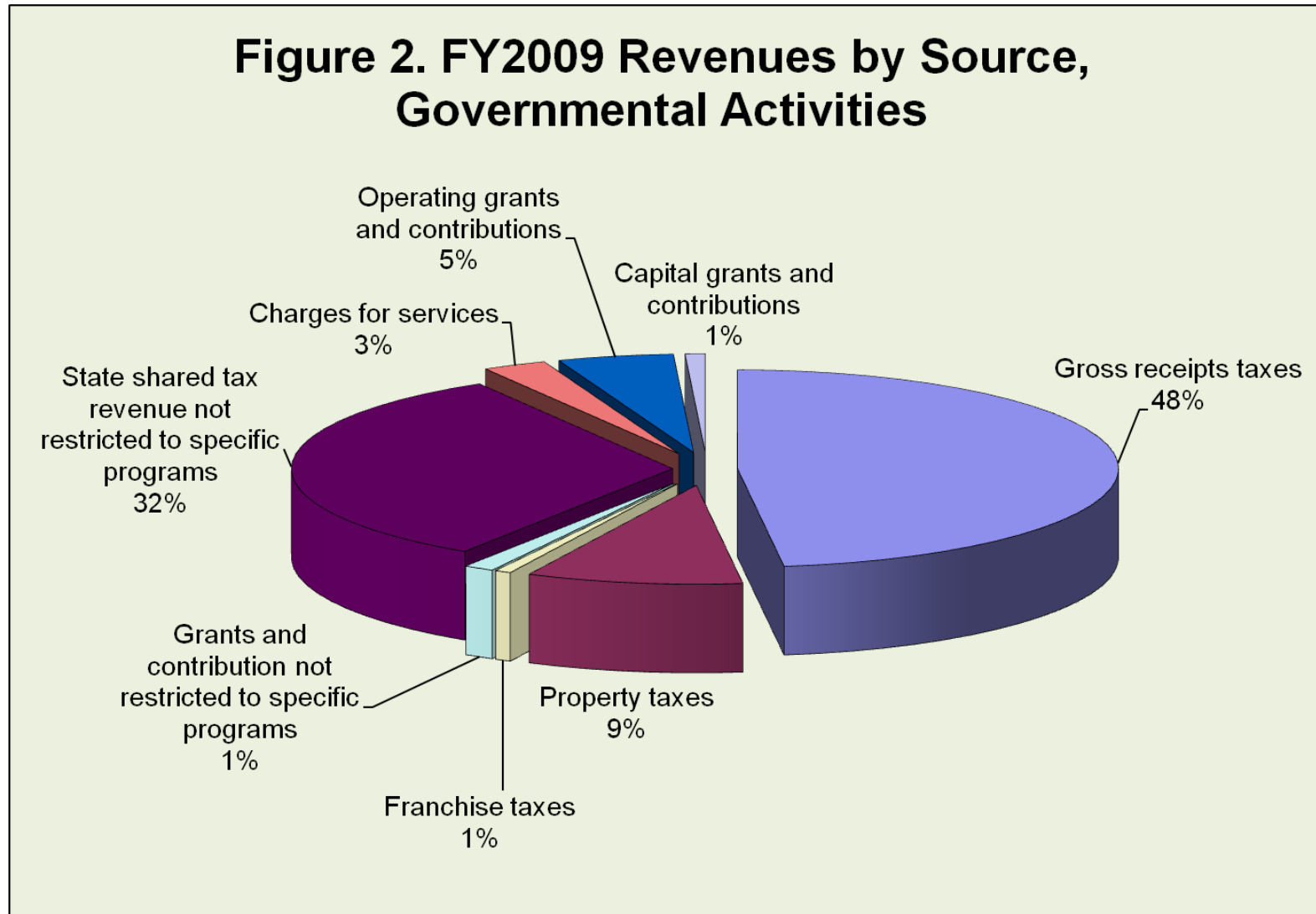


Figure 2 shows the mix of revenue by source for Governmental Activities. This chart demonstrates the relative importance of different types of taxes to the mix of general revenue as well as the significance of operating and capital grants and contributions in 2009. It should be noted that the Stated Shared tax revenue not restricted to specific programs is almost entirely State Shared GRT revenues, so combined with locally imposed GRT tax increments, total GRT revenues make up approximately 80% of Governmental Activities revenues.





**Business-type Activities**

Business-type activities increased the County's net assets by \$26.2 for the fiscal year ended June 30, 2009. This compares to a \$13.2 million increase during the previous fiscal year. This section compares results of Business-type Activities for fiscal year 2009 to fiscal year 2008 as summarized in Table 3.

Total revenues including transfers and contributions were \$99.4 million in fiscal year 2009, approximately \$15.2 million higher than the previous year. This includes an increase of \$25.6 million of operating and capital grants and contributions and a decrease of \$10.1 million in charges for services. The decrease in charges for services and increase in operating grants is mostly attributable to the change in the Fire Fund from a contract to a financial award (cooperative agreement). The increased contribution is a result of DOE transferring the Airport to the County in FY 2009.

Total expenses including transfers were \$75.5 million in fiscal year 2009, approximately \$7.6 million less than the previous year. The largest components of this change were a decrease in Electric utility expense associated with a change in the electric generating station salvage expense, a decrease in the Gas utility expense associated with lower commodity prices and an increase in the Fire Fund associated with being more fully staffed and higher staffing requirements within the new cooperative agreement with DOE.

Figure 3 compares program revenues to expenses for business-type activities for fiscal year 2009. This chart demonstrates by type of activity to what degree revenues covered expenses for each program. Overall, total business-type program revenues exceeded total program expenditures by an approximately \$19.2 million surplus in fiscal year 2009 as compared to a \$3.9 million deficit in fiscal year 2008. Notably, Airport revenues exceeded expenses by \$13.8 million associated with the contribution of the Airport to the County from the DOE. Electric utility program revenues exceeded expenditures by approximately \$6.4 million. Most of that change resulted from a reduction of salvage expense at the electric generating station and the associated County-owned share of that item.

**Figure 3. FY 2009 Expenses and Program Revenues for Business Type Activities**

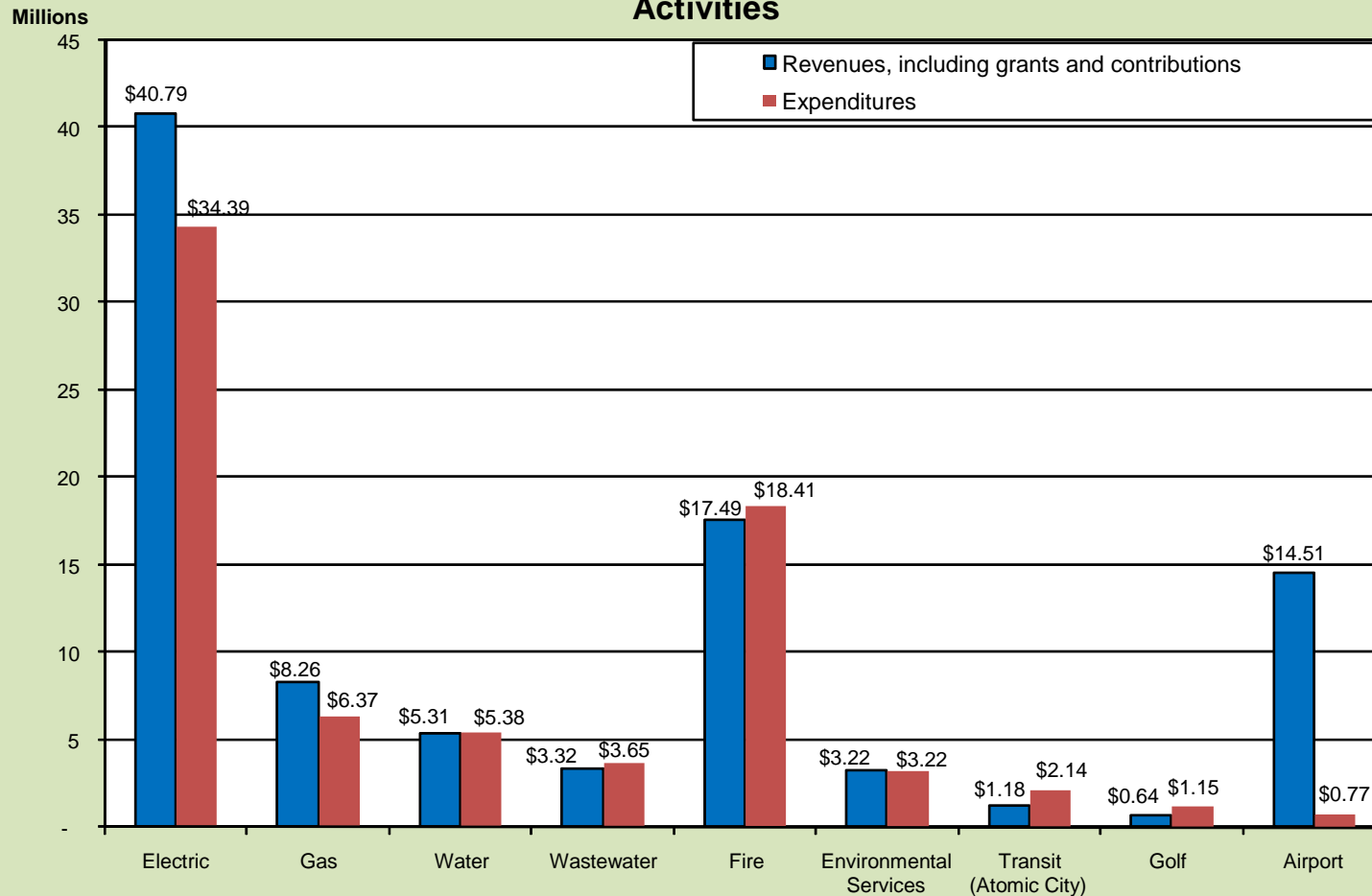
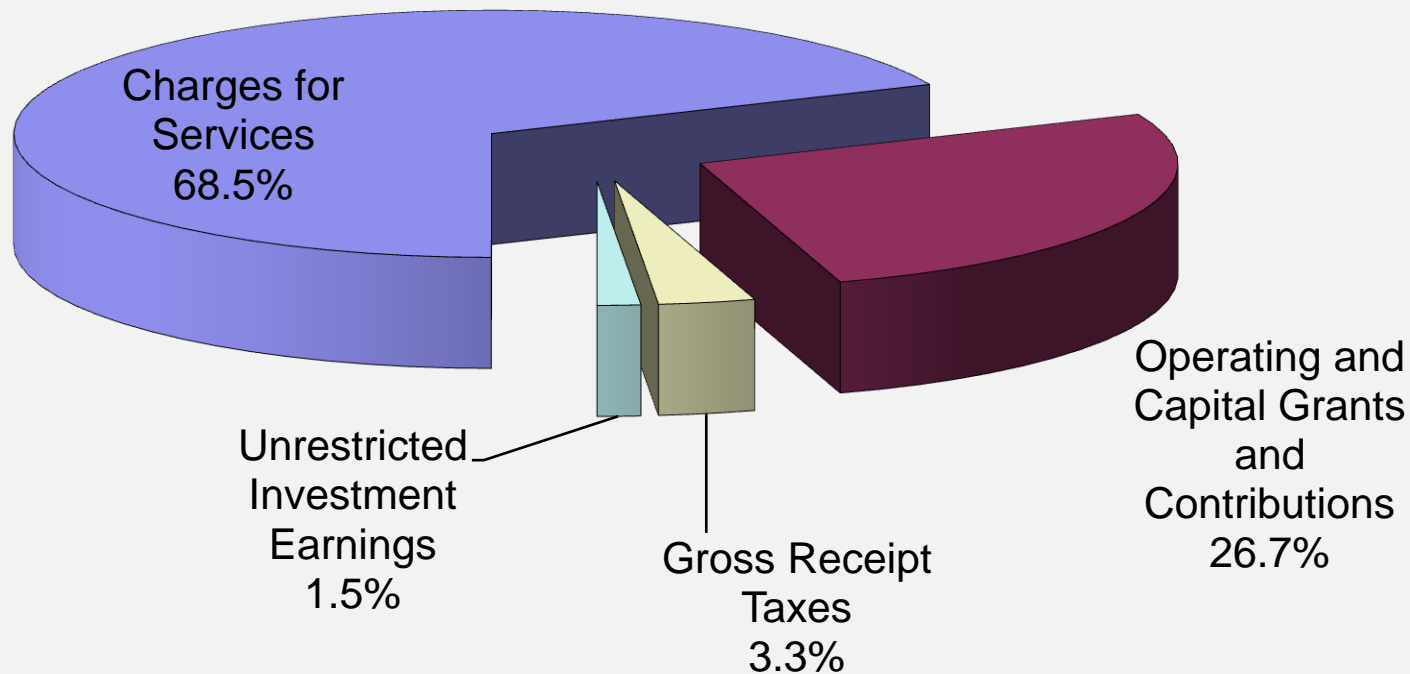


Figure 4 demonstrates that approximately 68.4% of business-type activities daily operations were financed by charges for services in fiscal year 2009. This is in sharp contrast to fiscal year 2008 when approximately 93% of revenue was generated by charges for services. In fiscal year 2008, operating and capital grants combined amounted to \$1.1 million revenue. By contrast, in 2009, capital grants and contributions provided \$15.5 million and operating grants and contributions provided \$11.2 million of revenue. The decrease in charges for services and increase in operating grants is mostly attributable to the change in the Fire Fund from a contract to a financial award (cooperative agreement). The increased contribution is a result of DOE transferring the Airport to the County in fiscal year 2009.

## Figure 4. FY2009 Revenues by Source, Business-type Activities



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S MAJOR FUNDS

**Analysis of Total Governmental Funds** - County Governmental Funds account for current year revenue, expenditures, and balances of resources available for spending. For the fiscal year ended June 30, 2009, the County's Governmental Funds reported combined ending fund balance of approximately \$155.5 million. Overall, this was \$34.5 million more than the prior year ended. Almost all of this change is associated with unspent bond proceeds off \$35.8 million remaining from a new issue. Fund balances are comprised of three major categories:

- \$107.5 million was reserved; an amount not available for current spending because it has already been committed or its use is legally restricted. This amount is \$47.3 million more than the prior year ended primarily due to \$35.8 million of unspent bond proceeds being reserved for capital projects and a \$7.7 million increase in encumbrances associated with larger ongoing capital projects;
- \$34.7 million was designated, indicating intended uses of these balances. This is \$12.8 million less than the prior year primarily due to a decrease in unreserved CIP Fund balance resulting from the use of resources for capital projects.
- \$13.3 million was unreserved and undesignated, available for current uses, a \$3 million increase over the prior year. This increase is based upon the County Council financial policy of targeting an unreserved and undesignated fund balance of 20% of revenues. As revenues have increased, so has this balance.

**General Fund** - The General Fund is the main governmental operating fund of the County and its total fund balance for the fiscal year ended June 30, 2009 was approximately \$41.7 million as compared to \$34.8 million at the prior year end. Of this total, the unreserved portion (designated and undesignated) was approximately \$34.4 million, as compared to \$28.5 million at the prior year end. The primary reasons for the overall fund balance increase were higher than anticipated GRT revenues and lower than anticipated expenditures. See page 22 for a more detailed explanation of General Fund Budgetary Highlights. Two measures of the General Fund's liquidity are: (1) the percent of total fund balance as a percent of expenditures and (2) the unreserved fund balance as a percent of expenditures. The total fund balance was 102.7% of expenditures and the unreserved component was 84.7% of expenditures. Significant account balances and transactions in the General Fund included:

- \$24.1 million transferred out to other funds from the General Fund, notably \$11.2 million of this was transferred to the Gross Receipts Tax Revenue Bond Debt Service Fund (for debt service and to fund an additional designated debt service reserve of \$6.4 million above the amount required in the bond agreement), \$5.5 million to the CIP Fund (for capital projects), and \$4 million to the CIP Permanent Fund (to make up for investment losses and move toward meeting the principal requirement of the fund);
- \$18.8 million designated for revenue stabilization represents surpluses that have accumulated in recent years associated with higher than anticipated GRT revenue levels. As part of the FY 2010 Budget, the County Council approved a new financial policy that sets a minimum target level for this balance of 5% of General Fund actual revenues. In fiscal year 2009, that amount would have been \$3.3 million.
- \$8.5 million due from other governments, due primarily from the State of New Mexico for their portion of gross receipts taxes that is shared locally with the County and the GRT that the State collects on behalf of the County for locally imposed GRT increments. The increase in this balance is a result of higher GRT revenue levels;
- \$4.1 million reserved for cash requirements. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve;
- \$2.1 million reserved for encumbrances, representing commitments of the County under existing contracts, and unavailable for future use;

- The County's financial policies set a target level for the unreserved and undesignated portion of the General Fund of 20% of budgeted General Fund revenue. This target was achieved and was approximately \$13.3 million at June 30, 2009;
- General Fund Expenditures increased by approximately \$5.2 million over the prior year. The largest reason for the increase was a new expenditure of \$2.4 million for the County share of Fire Department costs. This item is a result of entering into a cooperative agreement with the DOE for enhanced fire protection services to LANL which includes a new requirement that the County share in the costs; and
- General Fund Revenues increased by \$14.6 million over the prior year. A significant portion of this increase relates to a change in budgeting and accounting for certain increments of GRT revenue. In FY 2008, three 1/8<sup>th</sup> cent GRT increments that were adopted in previous years to help fund the capital program were budgeted and accounted for in the CIP Fund. In fiscal year 2009, along with the issuance of the GRT bonds, those increments were moved to the General Fund. This change accounts for \$6.5 million of the total change in revenues. Most of the remaining change is a result of higher GRT revenues (locally imposed and State Shared). This increase is associated with higher levels of large construction occurring throughout the County as well as a change in the overall timing of LANL spending.

**Self-Sufficiency Fund** - The Self-Sufficiency Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act. The designation of \$5.9 million of fund balance recognizes that this is a one-time resource for the County to use to help develop the local economy so that it is less dependent upon the Los Alamos National Laboratory (LANL). The total fund balance at the end of FY 2009 was \$13.3 million, compared to the fund balance of \$14.1 million at the prior fiscal year end. The decrease in fund balance relates primarily to expenditure for land. The LA Apartments Site was purchased directly from federal government (after a HUD foreclosure) with the intention that it be sold in the future for economic development purposes.

**Gross Receipts Tax Revenue Bond Debt Service Fund** - In October 2008 the County issued \$75 million in GRT Revenue Improvement Bonds for the purpose of funding the County's Capital Improvement Program. The bonds were rated "A1" by Moody's and "AA+" by Standard and Poor's. This fund was established for the purpose of paying principal and interest payments as part of debt service on this bond issue. The fund balance at the year-end was \$7 million. Transfers in equaled \$11.2 million, and debt service expenditures equaled \$4.2 million. \$6.4 million of the fund balance has been designated for debt service, by the County Council, as an additional reserve above the amount required in the bond agreement.

**Capital Improvement Projects Fund** - The Capital Improvement Projects Fund accounts for the financing and construction of structures and improvements approved by the County Council. 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 proceeds along with related discounts and premiums are reflected in the Other Financing Sources (Uses) section of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance. The total fund balance was approximately \$70.8 million, which represented the unspent portion of previously approved and funded capital projects, including approximately \$35.8 million in unspent bond proceeds classified as restricted assets. The two largest ongoing facility construction projects are the Airport Basin Site and the Judicial/Police/Jail Complex.

**Capital Projects Permanent Fund** – The Capital Projects Permanent Fund accounts for amounts received as a settlement of prior years' gross receipts taxes, and that was set aside by the County Council and the County Charter for capital projects. These amounts are invested, and the real value of the fund principal is required by County Charter to be maintained at an annual level that keeps pace with the implicit price deflator for the gross domestic product. At the beginning of the fiscal year, the fund balance was approximately \$19.8 million. The minimum principal requirement of approximately \$20 million, as of June 30, 2009, is reserved as a portion of fund balance to recognize the County Charter restrictions. When there is investment income in excess of the principal maintenance requirement, it is made available for expenditure in the Capital Improvement Projects Fund. During fiscal year 2009, no transfers out to the CIP fund were made. There was an investment loss of \$3.8

million which related to the longer-term nature of the investment and overall association with general market performance in this fund. As a result, there was a transfer in from the General Fund of \$4.0 million to maintain the minimum principal requirement. The balance in this fund is invested in long-term pooled funds with the New Mexico State Investment Council. Total ending fund balance at June 30, 2009 was \$20 million.

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

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

- \$166.1 million in Capital assets (net of accumulated depreciation of \$87.8 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 \$5.1 million in fiscal year 2009. The largest component of this change relates to the change in Utility plant in service. In the electric utility, there was an addition to the electric production generating station and the related proportionate share owned by the County;
- \$62.8 million in debt related to the Utility plant in service, which is lower than the prior year as a result of regularly scheduled debt service payments;

**Environmental Services Fund** – The Environmental Services Fund has a liability balance of \$8.2 million. Of this, \$2.3 million was for landfill closure and \$5.5 million was for intergovernmental debt payable that is a loan from the New Mexico Finance Authority that was used to fund the construction of a Solid Waste Transfer Station (EcoStation). Significant landfill closure activities began in fiscal year 2006.

**Golf Course Fund** – The Golf Course Fund received new fencing along Diamond Drive (associated with the Diamond Drive Phase 2 project) which is reflected in an increase in the balance of Improvements other than buildings and in contributed capital assets – governmental activities.

**Transit Fund** – The Transit Fund accounts for public transportation services provided to the community, with no additional user fees or charges, under the name Atomic City Transit (ACT). This fund was first established in FY 2008 and operations began on October 1, 2007. New bus shelters were added during fiscal year 2009, increasing the balance of Improvements other than buildings. The increase in operating expenses reflects a full year of service in fiscal year 2009 compared to only nine months in the prior year. Intergovernmental revenues and transfers from the General Fund are also higher in fiscal year 2009 because of the full year of operations.

**Fire Fund** – On October 1, 2008 the County was awarded a cooperative agreement with the Department of Energy to provide enhanced fire protection services to the Los Alamos National Laboratory (LANL). Under the new agreement with DOE, the County's annual cost share for operating the fire department will be in excess of \$3 million. Prior to that date, the County had provided fire protection services to LANL under a pre-contract cost agreement (PCCA) directly with LANL. The increase in the balance of Due from other governments from \$2.8 million in FY 2008 to \$5.6 million in FY 2009 is associated with the transition from the PCCA to the new cooperative agreement. The County still has a final invoice outstanding under the PCCA, in addition to new regular monthly billings unpaid under the new cooperative agreement. The intergovernmental revenue of \$14.6 million in the Fire Fund includes approximately \$10.3 million in operating grant revenue under the new cooperative agreement and approximately \$3.3 million in charges for services under the prior PCCA.

**Airport Fund** – During fiscal year 2009, the DOE transferred the Airport to the County. The estimated fair value of the assets transferred was \$14.4 million. Those assets included land, buildings, and improvements other than building (runways, taxiways, etc.). Associated with the new assets, there was a significant increase in depreciation expense when compared to the prior year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund resources available for spending on budgeted needs were \$5.8 million more than the final revised budget of \$60.7 million. The two largest variances in revenues were associated with GRT revenue and interest income. GRT revenue was higher than anticipated due to the size and number of construction projects occurring in the community as well as a change in the timing pattern of spending (and related GRT) at LANL. Interest income was negatively impacted by the decline in the overall economy. The County's longer-term investments lost significant value, similar in magnitude to the overall financial markets, while the much larger majority of the County's investment portfolio performed better due to using a limited number of investment vehicles that focus on principal preservation, with shorter duration and lower market risk.

Actual General Fund expenditures were approximately \$6.3 million less than the final revised fiscal year 2009 budget. The primary reasons for this variance are position vacancies, delays in certain projects, and the timing of grant expenditures. As permitted by individual grant's governing agreements, unused grant appropriations will be carried over into the next fiscal year. In addition, the County Shared Cost for Fire services was less than planned because the terms of the new cooperative agreement with the DOE were not effective until the start of the second quarter of the fiscal year, rather than at the beginning of the year as originally planned.

Actual transfers from the General Fund to the Capital Projects Fund were approximately \$7.8 million less than the revised budget. This variance resulted primarily from using more bond proceeds to fund projects that originally anticipated, thereby requiring less General Fund resources.

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

## ADMINISTRATION OF CAPITAL ASSETS AND DEBT

**Capital Assets** - The County's total investment in capital assets for its governmental and business type activities as of June 30, 2009 amounted to \$434.9 million, net of \$192.1 million in accumulated depreciation. This investment in capital assets includes land, utility plant, facilities and buildings, machinery and equipment, parks and recreation facilities and improvements and infrastructure such as highways, roads, sidewalks, storm drains, storm inlets, bridges, traffic lights, flasher beacons and streetlights.

Capital assets increased by approximately \$70 million from 2009 to 2008 or 19.2%. Capital assets associated with business-type activities increased by \$21 million. The three largest components of the increase were completion of the Bayo Wastewater Treatment Plant, completion of the solid waste transfer station (EcoStation) and the transfer of the Airport from the Department of Energy to the County. Capital assets associated with governmental activities increased by \$49 million. The change include the completion of roadway (Diamond Drive Phase 2) and a significant increase in Construction in Progress, which includes Diamond Drive Phase 3, replacement shops and warehouse facilities being built as part of the Airport Basin Site project, and the replacement Judicial Police Jail Complex project. Additional information about the County's capital assets can be found on pages 84-86. A year over year comparison of changes in capital assets is shown in Table 4.

**Table 4**  
**Los Alamos County's Capital Assets, Net of Accumulated Depreciation**  
**As of June 30, 2009 and 2008**  
**(in millions of \$)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>FY 2009</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2008</u></b>
Land	\$ 38.6	39.5	13.3	8.9	51.9	48.4
Right of Way	18.0	18.0	0.0	0.0	18.0	18.0
Utility Plant in Service	0.0	0.0	239.5	227.6	239.5	227.6
Buildings	26.5	26.4	23.0	16.5	49.5	42.9
Improvements other than buildings	8.0	7.2	13.0	2.2	21.0	9.4
Machinery and Equipment, Art and Historic Treasure	12.2	12.4	19.7	18.5	31.9	30.9
Infrastructure	151.0	146.9	0.0	0.0	151.0	146.9
Less Accumulated Depreciation	(91.3)	(87.3)	(100.8)	(92.9)	(192.1)	(180.2)
Construction in Progress	57.3	8.1	6.9	12.8	64.2	20.9
Total	<u>\$ 220.3</u>	<u>171.2</u>	<u>214.6</u>	<u>193.6</u>	<u>434.9</u>	<u>364.8</u>

**Administration of Debt** - From fiscal year 2009 to 2008, the County's total non-current liabilities due in more than one year for governmental and business-type activities combined increased by \$64.3 million or 81.3% primarily due to a \$70.6 million increase in Revenue bonds payable. On October 21, 2008, the County closed on the sale of The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax Improvement Revenue Bonds Series 2008. The new bonds were issued in the amount of \$75,000,000 with a final maturity date of June 1, 2028. The bonds were issued for the purpose of providing funds for public projects related to public facilities, roads, streets, public works, parks and recreation and community services. The two largest projects to be funded with the bond proceeds are the Airport Basin Site Project and the Judicial/ Police/ Jail Complex Project. The County has no General Obligation debt outstanding. See additional information in Note 9 in the Notes to Financial Statements, starting on page 90.



## **ECONOMIC FACTORS AND THE FISCAL YEAR 2010 ADOPTED BUDGET**

In the fiscal year 2010 Adopted Budget, the County's long-term financial outlook has become more stable than the past few years. While GRT revenues increased in fiscal year 2009, only small declines are projected in the near future. Given the unusually large concentration of employment and tax revenues in one employer – LANL - the County continues to adopt a conservative fiscal posture to lessen any potential negative revenue impacts that may arise from unforeseen future changes by LANL. LANL expects that its total annual expenditure budgets will remain flat over the next few fiscal years, characterized by shifts in the mix of program spending to meet the strategic needs of the DOE's Complex Transformation strategy.

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 estimated that LANL will directly generate approximately 70-80% of the County's GRT revenue during FY2010.

Although there are no significant known changes at LANL operations, the County continues to closely monitor federal legislative budget activities associated with the DOE and other federal agencies, and the County will continue to consider such potential legislative impacts in its long-range financial projections.

As originally adopted, the FY 2010 Budget projects combined ending fund balance / working capital of \$107 million, a decrease of \$13.9 million from the FY 2009 projected ending balance of \$120.9 million. The largest planned reductions of Fund Balance were within the General Fund and the Joint Utilities System Fund where balances are being used to fund larger capital projects.

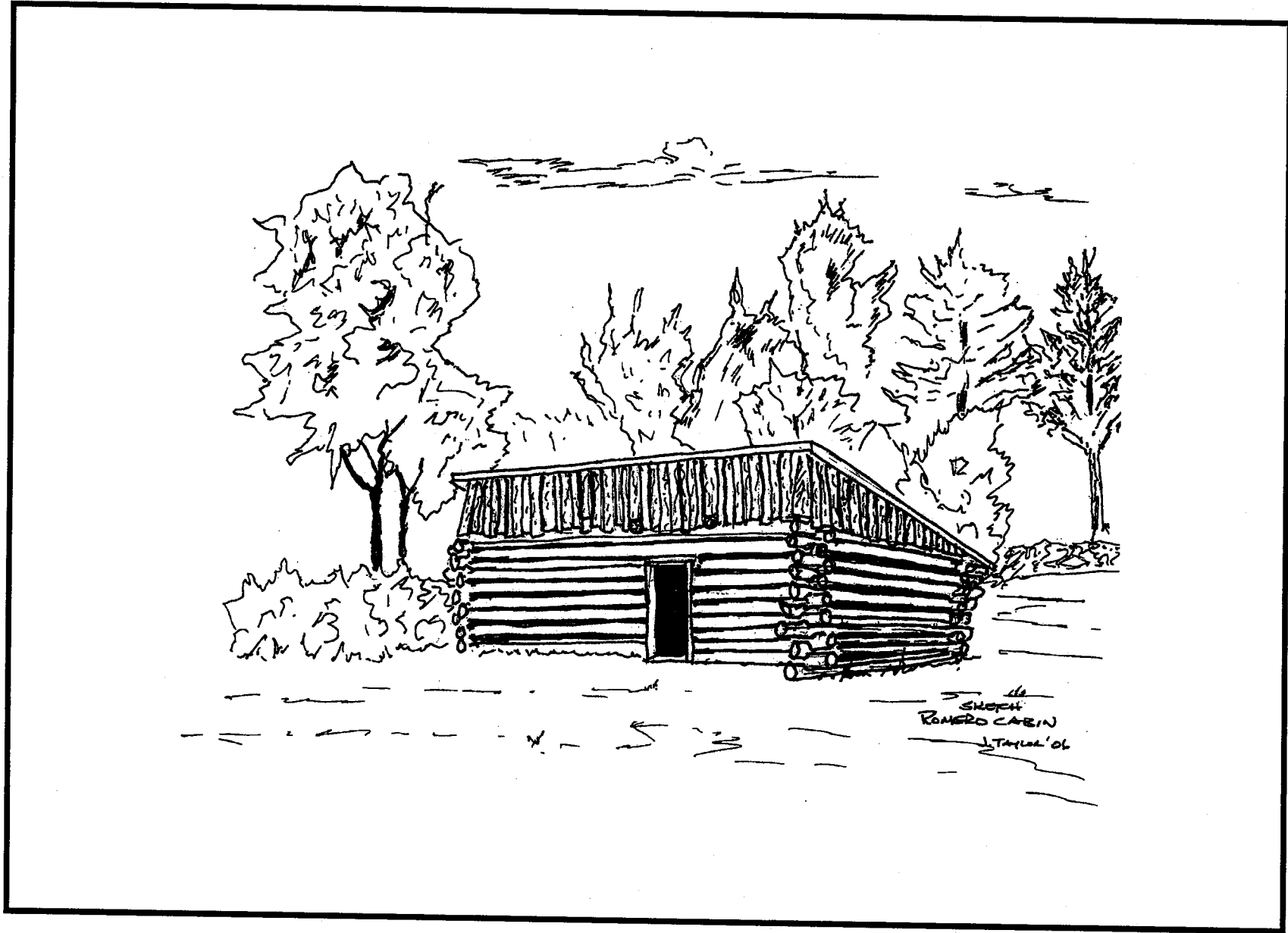
The County is a net investor and diversifies its portfolio to minimize the impact of market risk. Within the context the national economic decline and related volatility of FY2009, the County's longer-term investments have lost significant value, similar in magnitude to the overall financial markets. The much larger majority of the County's investment portfolio performed better due to using a limited number of investment vehicles that focus on principal preservation, with shorter duration and lower market risk. Projected investment revenue in FY 2010 is higher than FY 2009, but still below historically normal average returns as the overall economy is still recovering quite slowly.

Property tax revenues are projected to make up approximately 9.6% of the County's General Fund revenue in FY 2010. While taxable property values have declined approximately 4% in calendar 2009, estimated FY 2010 revenues are not yet negatively impacted because of the effect of the State of New Mexico's property tax yield control laws. Another 5% decline is estimated to occur in calendar 2010 and these revenues might decline slightly as a result. In addition, the County Council has recently established a goal of reducing spending and property taxes by \$1.5 million per year for each of the next three years (FY 2011, 2012 and 2013), so there will likely be some self-imposed reduction of property tax revenues in future years.

## **REQUESTS FOR INFORMATION**

The Comprehensive Annual Financial Report is designed to provide a general overview of the County's financial position. Questions about the information provided in this report and requests for more information should be addressed to the County of Los Alamos, Steven Lynne, Chief Financial Officer, Office of Management and Budget, P.O. Box 30, Los Alamos, New Mexico 87544.

## **Government-wide Financial Statements**



# INCORPORATED COUNTY OF LOS ALAMOS

## Government-wide

### Statement of Net Assets

June 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 87,676,443	33,955,336	121,631,779
Investments	20,662,038	6,091,365	26,753,403
Receivables, net of allowance for uncollectibles			
Accounts	73,474	5,325,451	5,398,925
Interest	2,112,538	25,930	2,138,468
Pension forfeitures	1,598	0	1,598
Property taxes	196,469	0	196,469
Unbilled	27,221	963,761	990,982
Loans receivable, net of discounts/allowance for uncollectibles	2,884,663	0	2,884,663
Due from other governments	10,695,248	5,999,688	16,694,936
Internal balances	5,349,922	(5,349,922)	0
Inventories and prepayments			
Inventories	397,959	476,845	874,804
Power plant inventories	0	685,077	685,077
Prepayments	6,820	196,087	202,907
Restricted assets			
Temporarily Restricted			
Cash and cash equivalents			
Debt reserves and debt service	587,263	1,720,821	2,308,084
Operations and maintenance	0	4,851,961	4,851,961
Capital projects	15,033,043	69,471	15,102,514
Investments			
Debt reserves and debt service	0	14,766,658	14,766,658
Operations and maintenance	0	3,420,621	3,420,621
Capital projects	20,547,942	0	20,547,942
Accrued interest	257,918	27,901	285,819
Building held for resale	1,194,804	0	1,194,804
Capital assets			
Land	38,615,842	13,321,135	51,936,977
Right of way	18,001,114	0	18,001,114
Utility plant in service	0	239,450,451	239,450,451
Buildings	26,499,968	23,131,138	49,631,106
Improvements other than buildings	7,981,364	12,970,652	20,952,016
Machinery, equipment, art and historic treasures	12,245,629	19,650,372	31,896,001
Infrastructure	150,972,556	0	150,972,556
Less accumulated depreciation	(91,345,342)	(100,781,284)	(192,126,626)
Construction in progress	57,321,056	6,922,311	64,243,367
Bond issuance costs, net of amortization	604,384	871,020	1,475,404
<b>TOTAL ASSETS</b>	<b>388,601,934</b>	<b>288,762,846</b>	<b>677,364,780</b>

**LIABILITIES**

Accounts payable	8,694,149	2,945,145	11,639,294
Accrued salaries and benefits payable	1,491,739	846,930	2,338,669
Customer deposits payable	353,103	155,063	508,166
Due to other governments	42,070	107,532	149,602
Unearned revenue	561,730	47,990	609,720
Contractors retentions payable	0	8,027	8,027
Donations held in trust	40,284	0	40,284
Noncurrent liabilities			
Due within one year			
Accrued compensated absences	1,785,133	1,525,533	3,310,666
Claims and judgments payable	0	490,275	490,275
Revenue bonds payable	3,090,000	6,560,000	9,650,000
Contracts and intergovernmental debt payable	0	143,890	143,890
Interest payable on non-current liabilities	318,470	2,312,229	2,630,699
Due in more than one year			
Accrued compensated absences	796,545	740,572	1,537,117
Claims and judgments payable	0	697,665	697,665
Revenue bonds payable	70,644,775	47,045,077	117,689,852
Contracts and intergovernmental debt payable	0	18,342,622	18,342,622
Special closure costs	0	5,194,982	5,194,982
<b>TOTAL LIABILITIES</b>	<b>87,817,998</b>	<b>87,163,532</b>	<b>174,981,530</b>

**NET ASSETS**

Invested in capital assets, net of related debt	183,000,699	142,618,564	325,619,263
Restricted for (Restricted by):			
Capital projects - nonexpendable (County code)	20,024,453	0	20,024,453
Debt service (Bond and loan agreements)	587,263	18,213,243	18,800,506
Perpetual care (County code)	571,489	0	571,489
Lodgers' tax (State law)	282,937	0	282,937
Clerk records and files (State law)	71,808	0	71,808
Indigent health care (State law)	1,554,563	0	1,554,563
Property tax valuation (State law)	285,138	0	285,138
Grants (Granting entities)	343,715	0	343,715
Cash requirements (State law)	4,085,397	0	4,085,397
Recreation (County code and contributors)	172,754	0	172,754
Library operations (Contributors)	19,731	0	19,731
Municipal court (County code)	18,637	0	18,637
Unrestricted	89,765,352	40,767,507	130,532,859
<b>TOTAL NET ASSETS</b>	<b>\$ 300,783,936</b>	<b>201,599,314</b>	<b>502,383,250</b>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS**  
**Government-wide**  
**Statement of Activities**  
**Year ended June 30, 2009**

FUNCTIONS / PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 15,392,748	909,928	40,403	0	(14,442,417)	0	(14,442,417)
Public safety	9,657,214	70,792	794,500	282,215	(8,509,707)	0	(8,509,707)
Cerro Grande fire recovery	94,245	0	292,076	0	197,831	0	197,831
Physical and economic environment	2,017,455	274,041	185,767	0	(1,557,647)	0	(1,557,647)
Transportation	11,250,407	0	1,934,477	297,500	(9,018,430)	0	(9,018,430)
Health and welfare	1,860,474	0	0	0	(1,860,474)	0	(1,860,474)
Culture and recreation	8,682,314	604,296	120,812	0	(7,957,206)	0	(7,957,206)
Interest on long-term debt	2,672,018	0	0	0	(2,672,018)	0	(2,672,018)
Total governmental activities	51,626,875	1,859,057	3,368,035	579,715	(45,820,068)	0	(45,820,068)
<b>Business-type activities</b>							
Joint Utilities							
Electric	34,387,216	40,793,945	0	0	0	6,406,729	6,406,729
Gas	6,365,053	8,261,673	0	0	0	1,896,620	1,896,620
Water	5,377,817	4,618,583	0	688,232	0	(71,002)	(71,002)
Wastewater	3,654,838	3,316,698	0	0	0	(338,140)	(338,140)
Environmental Services	3,221,222	3,121,708	0	97,790	0	(1,724)	(1,724)
Golf	1,150,136	636,358	0	0	0	(513,778)	(513,778)
Transit (Atomic City Transit)	2,144,194	14,180	919,561	246,344	0	(964,109)	(964,109)
Fire	18,411,656	7,232,513	10,252,516	9,900	0	(916,727)	(916,727)
Airport	767,161	84,429	0	14,426,285	0	13,743,553	13,743,553
Total business-type activities	75,479,293	68,080,087	11,172,077	15,468,551	0	19,241,422	19,241,422
Total government	\$ 127,106,168	69,939,144	14,540,112	16,048,266	(45,820,068)	19,241,422	(26,578,646)
<b>General revenues:</b>							
Gross receipts taxes and excise tax					32,912,239	3,242,150	36,154,389
Property taxes					6,268,614	0	6,268,614
Franchise taxes					469,347	0	469,347
Grants and contributions not restricted to specific programs					872,736	0	872,736
State shared tax revenue not restricted to specific programs					22,164,216	0	22,164,216
Unrestricted investment earnings					(2,619,223)	1,454,015	(1,165,208)
<b>Transfers:</b>							
Transfers					(2,285,325)	2,285,325	0
Total general revenues, and transfers					57,782,604	6,981,490	64,764,094
Change in net assets					11,962,536	26,222,912	38,185,448
Net assets - beginning					288,821,400	175,376,402	464,197,802
Net assets - ending					\$ 300,783,936	201,599,314	502,383,250

## **Major Governmental Funds**

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

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

**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.



THE BAKER HOUSE  
"Baker's Place"  
J. Taylor, '06



**INCORPORATED COUNTY OF LOS ALAMOS**  
**Governmental Funds**  
 Balance Sheet  
 June 30, 2009

	GENERAL	SELF - SUFFICIENCY SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 30,473,297	3,040,016	6,424,030	40,596,778	4,781,727	2,360,595	87,676,443
Investments	475,283	4,931,728	0	0	15,242,726	12,301	20,662,038
Receivables, net of allowance for uncollectibles							
Accounts	71,974	0	0	0	0	1,500	73,474
Interest	2,107,253	5,018	0	0	0	267	2,112,538
Property taxes	196,469	0	0	0	0	0	196,469
Unbilled	0	0	0	0	0	0	0
Loans receivable, net of discounts/reserve for loan losses	0	2,884,663	0	0	0	27,221	27,221
Due from other governments	8,511,923	0	0	0	0	0	2,884,663
Due from other funds	2,932,962	637,677	0	1,748,942	0	434,383	10,695,248
Inventories and prepayments							
Inventories	397,959	0	0	0	0	0	3,570,639
Prepayments	6,820	0	0	0	0	0	397,959
Advances to other funds	0	1,248,787	0	0	0	0	6,820
Restricted assets							
Temporarily Restricted							
Cash and cash equivalents							
Debt reserves and debt service	0	0	587,263	0	0	0	587,263
Capital projects	0	0	0	15,033,043	0	0	15,033,043
Investments							
Capital projects	0	0	0	20,547,942	0	0	20,547,942
Accrued interest	0	0	0	257,918	0	0	257,918
Asset held for resale (LA Apartments Land)	0	1,194,804	0	0	0	0	1,194,804
<b>TOTAL ASSETS</b>	<b>\$ 45,173,940</b>	<b>13,942,693</b>	<b>7,011,293</b>	<b>78,184,623</b>	<b>20,024,453</b>	<b>2,836,267</b>	<b>167,173,269</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,486,114	39,912	0	7,102,246	0	65,877	8,694,149
Accrued salaries and benefits payable	1,290,133	134	0	26,156	0	4,634	1,321,057
Customer deposits payable	78,998	14,105	0	260,000	0	0	353,103
Due to other governments	0	0	0	0	0	42,070	42,070
Due to other funds	170,682	0	0	0	0	0	170,682
Deferred revenues	411,179	561,730	0	33,851	0	9,648	1,016,408
Donations held for recreation programs	40,284	0	0	0	0	0	40,284
<b>TOTAL LIABILITIES</b>	<b>3,477,390</b>	<b>615,881</b>	<b>0</b>	<b>7,422,253</b>	<b>0</b>	<b>122,229</b>	<b>11,637,753</b>

# **FUND BALANCE**

## Reserved fund balance

Reserved by law or contract								
Clerk records and files	0	0	0	0	0	0	71,808	71,808
Debt service	0	0	587,263	0	0	0	0	587,263
Encumbrances	2,137,862	2,618,251	0	33,688,457	0	0	296,492	38,741,062
Grants	0	0	0	0	0	0	68,354	68,354
Library operations	0	0	0	0	0	0	19,731	19,731
Lodgers tax-capital	0	0	0	0	0	0	150,829	150,829
Lodgers tax-promotion	0	0	0	0	0	0	116,049	116,049
Indigent health care	0	0	0	0	0	0	1,554,563	1,554,563
Municipal Court	0	0	0	0	0	0	18,637	18,637
Capital projects	0	0	0	35,838,903	20,024,453	0	0	55,863,356
Perpetual care	571,489	0	0	0	0	0	0	571,489
Property tax valuation	0	0	0	0	0	0	280,066	280,066
Recreation	119,909	0	0	0	0	0	52,845	172,754
Cash requirements	4,085,397	0	0	0	0	0	0	4,085,397
Reserved and not available for appropriation								
Advances	0	1,248,787	0	0	0	0	0	1,248,787
Inventories	397,959	0	0	0	0	0	0	397,959
Petty cash and prepayments	9,955	0	0	0	0	0	0	9,955
Loans receivable	0	2,322,932	0	0	0	0	0	2,322,932
Asset held for resale	0	1,194,804	0	0	0	0	0	1,194,804
Unreserved fund balance								
Designated for special purposes								
Capital improvements - capital projects funds	0	0	0	1,235,010	0	0	0	1,235,010
Debt service	0	0	6,424,030	0	0	0	0	6,424,030
Continuing appropriations - general fund	818,368	0	0	0	0	0	0	818,368
Revenue stabilization - general fund	18,792,039	0	0	0	0	0	0	18,792,039
Fire services - general fund	1,454,278	0	0	0	0	0	0	1,454,278
Major street maintenance	0	0	0	0	0	0	84,664	84,664
Self-sufficiency - special revenue fund	0	5,942,038	0	0	0	0	0	5,942,038
Unreserved and undesignated	13,309,294	0	0	0	0	0	0	13,309,294
<b>TOTAL FUND BALANCE</b>	<b>41,696,550</b>	<b>13,326,812</b>	<b>7,011,293</b>	<b>70,762,370</b>	<b>20,024,453</b>	<b>2,714,038</b>	<b>155,535,516</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 45,173,940</b>	<b>13,942,693</b>	<b>7,011,293</b>	<b>78,184,623</b>	<b>20,024,453</b>	<b>2,836,267</b>	<b>167,173,269</b>	

See accompanying notes to financial statements



# INCORPORATED COUNTY OF LOS ALAMOS

## Governmental Funds

Reconciliation of Balance Sheet to the Statement of Net Assets  
June 30, 2009

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

Total fund balance as reported in governmental funds balance sheet:	\$	155,535,516
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		220,292,187
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds.		(75,712,069)
Accrued interest payable on long-term liabilities not recorded in the governmental funds, but included in the government-wide statement of net assets.		(318,470)
Other long-term receivables are not available to pay for current period expenditures and, therefore are recorded as deferred revenue in the governmental funds.		454,678
Internal service funds are used by the County to charge the costs of equipment and risk management functions to individual funds. An internal balance is shown on the government-wide statement of net assets to reflect the allocation of the internal service fund loss to the governmental funds from the business-type funds, where the internal service funds balances are combined.		532,094
Net assets of governmental activities	\$	<u><u>300,783,936</u></u>

**INCORPORATED COUNTY OF LOS ALAMOS**  
**Governmental Funds**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Year ended June 30, 2009

	GENERAL	SELF - SUFFICIENCY SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
<b>REVENUES</b>							
Taxes							
Property taxes-current	\$ 6,268,614	0	0	0	0	0	6,268,614
Local units in-lieu taxes	172,527	0	0	0	0	0	172,527
Gross receipts taxes	30,483,135	0	0	0	0	2,157,587	32,640,722
Lodgers' tax	0	0	0	0	0	271,517	271,517
Franchise tax-privately owned	94,822	0	0	0	0	0	94,822
Franchise tax-County owned	375,232	0	0	0	0	0	375,232
Penalties and interest-taxes	41,436	0	0	0	0	3,011	44,447
	<u>37,435,766</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,432,115</u>	<u>39,867,881</u>
Licenses and permits							
Business	36,604	0	0	0	0	0	36,604
Nonbusiness	179,630	0	0	0	0	0	179,630
	<u>216,234</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>216,234</u>
Intergovernmental							
Federal direct	0	0	0	0	0	292,076	292,076
Federal indirect	397,410	0	0	17,500	0	0	414,910
Federal shared revenues	35,147	0	0	0	0	0	35,147
Federal in-lieu taxes	306,470	0	0	0	0	0	306,470
State grants-fire	0	0	0	0	0	390,749	390,749
State grants-library	22,559	0	0	0	0	0	22,559
State grants-police	99,651	0	0	0	0	66,698	166,349
State grants-other	116,123	0	0	1,715,091	0	0	1,831,214
State shared revenues	21,819,523	0	0	0	0	501,686	22,321,209
	<u>22,796,883</u>	<u>0</u>	<u>0</u>	<u>1,732,591</u>	<u>0</u>	<u>1,251,209</u>	<u>25,780,683</u>
Fines and forfeitures							
Fines	106,058	0	0	0	0	0	106,058
Correction fees	49,284	0	0	0	0	0	49,284
Special fees	9,491	0	0	0	0	0	9,491
Court ordered reimbursements	1,760	0	0	0	0	36,921	38,681
	<u>166,593</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,921</u>	<u>203,514</u>

Charges for services								
Court fees	3,915	0	0	0	0	0	0	3,915
Clerk fees	56,063	0	0	0	0	16,269	0	72,332
Planning fees	57,807	0	0	0	0	0	0	57,807
Finance/treasurer fees	0	0	0	0	0	128,661	0	128,661
Administrative charges for services	39,622	0	0	0	0	0	0	39,622
Sales of food or merchandise	25,067	0	0	0	0	0	0	25,067
Other charges for services	40,920	0	0	0	0	0	0	40,920
Sheriff fees	8,750	0	0	0	0	0	0	8,750
Police charges for services	69,607	0	0	0	0	0	0	69,607
Cemetery services	11,005	0	0	0	0	0	0	11,005
Perpetual care services	20,140	0	0	0	0	0	0	20,140
Animal shelter fees	1,185	0	0	0	0	0	0	1,185
Daily fees/passes	57,387	0	0	0	0	0	0	57,387
Annual passes	75,377	0	0	0	0	0	0	75,377
Three-month passes	34,979	0	0	0	0	0	0	34,979
Punch passes	63,914	0	0	0	0	0	0	63,914
Recreation fees	324,231	0	0	0	0	0	0	324,231
Other fees	10,730	0	0	0	0	0	0	10,730
	<u>900,699</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,930</u>	<u>0</u>	<u>1,045,629</u>
Interfund/interdepartmental charges								
Interdepartmental services	1,995,286	0	0	0	0	0	0	1,995,286
Indirect overhead-LANL fire services contract	2,721,484	0	0	0	0	0	0	2,721,484
Charges for special services	2,651	0	0	0	0	0	0	2,651
Loan interest	0	116,213	0	0	0	0	0	116,213
	<u>4,719,421</u>	<u>116,213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,835,634</u>
Miscellaneous revenue								
Investment income (loss)	(142,107)	75,949	11,292	1,235,241	(3,817,088)	17,490		(2,619,223)
Interest charges-delinquent accounts	16,270	0	0	0	0	0	0	16,270
Building rental	57,971	109,496	0	0	0	0	0	167,467
Land rental	164,747	0	0	0	0	0	0	164,747
Other rentals	45,196	0	0	0	0	0	0	45,196
Pension forfeitures	69,616	0	0	0	0	0	0	69,616
Loan interest	0	31,851	0	0	0	0	0	31,851
Donations	90,500	0	0	0	0	0	0	94,865
Other judgments and settlements	0	0	0	0	0	4,365	0	3,803
Other	8,678	83,984	0	185,767	0	0	0	278,429
	<u>310,871</u>	<u>301,280</u>	<u>11,292</u>	<u>1,421,008</u>	<u>(3,817,088)</u>	<u>25,658</u>	<u>(1,746,979)</u>	
<b>TOTAL REVENUES</b>	<u>66,546,467</u>	<u>417,493</u>	<u>11,292</u>	<u>3,153,599</u>	<u>(3,817,088)</u>	<u>3,890,833</u>	<u>70,202,596</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, 2009

	GENERAL	SELF - SUFFICIENCY SPECIAL REVENUE	GROSS RECEIPTS TAX REVENUE BOND DEBT SERVICE	CAPITAL IMPROVEMENT PROJECTS	CAPITAL PROJECTS PERMANENT	OTHER GOVERNMENTAL	TOTAL
<b>EXPENDITURES</b>							
Current expenditures:							
General government							
County Council	367,991	0	0	0	0	0	367,991
Municipal Court	325,683	0	0	0	0	0	391,976
County Administrator	2,398,477	0	0	0	0	66,293	2,398,477
County Administrator-Comm. and Public Relations	650,073	0	0	0	0	0	650,073
County Assessor	380,810	0	0	0	0	110,040	490,850
County Attorney	751,754	0	0	0	0	0	751,754
County Clerk	484,783	0	0	0	0	0	528,858
County Sheriff	58,654	0	0	0	0	44,075	58,654
Administrative Services-Human Resources	1,423,916	0	0	0	0	0	1,423,916
Administrative Services-Information Technologies	3,632,241	0	0	0	0	0	3,632,241
Administrative Services-Office of Management and Budget	1,163,893	0	0	0	0	0	1,163,893
Administrative Services-Procurement and Risk	682,437	0	0	0	0	0	682,437
Public Works	976,157	0	0	0	0	0	976,157
Capital Projects and Facilities	4,471,039	0	0	319,146	0	0	4,790,185
Cemetery	172,884	0	0	0	0	0	172,884
	<u>17,940,792</u>	<u>0</u>	<u>0</u>	<u>319,146</u>	<u>0</u>	<u>220,408</u>	<u>18,480,346</u>
Public safety							
Fire Department-County share	2,398,485	0	0	0	0	0	2,398,485
Cerro Grande Fire recovery	0	0	0	0	0	165,171	165,171
Fire Marshal	0	0	0	0	0	261,026	261,026
Fire-E.M.S. grant	0	0	0	0	0	23,025	23,025
Police	6,935,592	0	0	0	0	70,933	7,006,525
	<u>9,334,077</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>520,155</u>	<u>9,854,232</u>
Physical and economic environment							
County Administrator	0	1,246,468	0	0	0	254,520	1,500,988
Community Development	1,093,315	0	0	0	0	0	1,093,315
	<u>1,093,315</u>	<u>1,246,468</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>254,520</u>	<u>2,594,303</u>
Transportation							
Public Works	4,056,407	0	0	0	0	0	4,056,407
	<u>4,056,407</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,056,407</u>
Health and welfare							
Administrative Services-OMB	0	0	0	0	0	1,860,474	1,860,474

Culture and recreation							
Community Services-Administration	1,368,459	0	0	0	0	0	1,368,459
Community Services-Library	2,506,541	0	0	0	0	5,758	2,512,299
Community Services-Parks	1,953,937	0	0	0	0	0	1,953,937
Community Services-Recreation	2,341,486	0	0	0	0	5,226	2,346,712
	<u>8,170,423</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,984</u>	<u>8,181,407</u>
Capital outlay:							
General government							
Administrative Services	0	0	0	723,613	0	0	723,613
Public Works	0	0	0	51,861,682	0	0	51,861,682
Public safety-Public Works	0	0	0	8,274	0	0	8,274
Transportation-Public Works	0	0	0	6,197,521	0	0	6,197,521
Health and welfare-Community Services	0	0	0	12,695	0	0	12,695
Culture and recreation							
Community Services	0	0	0	636,639	0	0	636,639
	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,440,424</u>	<u>0</u>	<u>0</u>	<u>59,440,424</u>
Debt service	0	0	4,225,545	0	0	1,839,982	6,065,527
TOTAL EXPENDITURES	<u>40,595,014</u>	<u>1,246,468</u>	<u>4,225,545</u>	<u>59,759,570</u>	<u>0</u>	<u>4,706,523</u>	<u>110,533,120</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	25,951,453	(828,975)	(4,214,253)	(56,605,971)	(3,817,088)	(815,690)	(40,330,524)
OTHER FINANCING SOURCES (USES)							
Transfers in	4,991,120	0	11,225,546	5,541,366	4,000,000	1,078,107	26,836,139
Transfers out	(24,080,667)	0	0	(2,110,354)	0	(1,509,488)	(27,700,509)
Proceeds from long-term debt	0	0	0	75,000,000	0	0	75,000,000
Discount on long-term debt	0	0	0	(348,381)	0	0	(348,381)
Premiums on long-term debt	0	0	0	1,024,671	0	0	1,024,671
	<u>(19,089,547)</u>	<u>0</u>	<u>11,225,546</u>	<u>79,107,302</u>	<u>4,000,000</u>	<u>(431,381)</u>	<u>74,811,920</u>
NET CHANGE IN FUND BALANCE	6,861,906	(828,975)	7,011,293	22,501,331	182,912	(1,247,071)	34,481,396
FUND BALANCE - BEGINNING OF FISCAL YEAR							
Beginning of fiscal year	34,834,644	14,155,787	0	48,261,039	19,841,541	3,961,109	121,054,120
FUND BALANCE - END OF FISCAL YEAR	<u>\$ 41,696,550</u>	<u>13,326,812</u>	<u>7,011,293</u>	<u>70,762,370</u>	<u>20,024,453</u>	<u>2,714,038</u>	<u>155,535,516</u>

See accompanying notes to financial statements





# INCORPORATED COUNTY OF LOS ALAMOS

## Governmental Funds

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Year ended June 30, 2009

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

Total excess (deficiency) of revenues and other sources under expenditures and other uses as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance:	\$ 34,481,396
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 (\$59,061,788) exceeded depreciation (\$7,118,382) in the current period.	51,943,406
Loss on disposal of capital assets is not recorded in governmental funds.	(1,388,411)
Transfers of capital assets to/from governmental capital assets from/to proprietary funds are not recorded in governmental funds.	(1,420,955)
The issuance of debt is reflected as a source of current financial resources in the governmental funds, but has no effect on net assets.	(75,676,290)
The repayment of debt is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	3,605,686
The cost of issuing debt during FY2009 is reflected as a use of current financial resources in the governmental funds, but has no effect on net assets.	619,627
The amortization of debt premiums, discounts and issuance costs does not use current financial resources, and therefore is not reported in the governmental funds.	81,272
Accrued interest payable on long-term liabilities is not recorded in the governmental funds, but is included in the government-wide statement of net assets.	(308,692)
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.	(202,717)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	391,561
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.	(163,347)
Change in net assets of governmental activities	\$ <u>11,962,536</u>

**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, 2009

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Property taxes-current	\$ 6,234,736	6,234,736	6,268,614	33,878
Local units in-lieu taxes	98,438	98,438	172,527	74,089
General gross receipts taxes	20,464,844	25,991,935	30,483,135	4,491,200
Franchise tax-privately owned	96,472	96,472	94,822	(1,650)
Franchise tax-County owned	363,795	363,795	375,232	11,437
Penalties and interest-taxes	38,955	38,955	41,436	2,481
	<u>27,297,240</u>	<u>32,824,331</u>	<u>37,435,766</u>	<u>4,611,435</u>
<b>Licenses and permits</b>				
Business	41,964	41,964	36,604	(5,360)
Nonbusiness	214,121	214,121	179,630	(34,491)
	<u>256,085</u>	<u>256,085</u>	<u>216,234</u>	<u>(39,851)</u>
<b>Intergovernmental</b>				
Federal indirect	148,827	590,305	397,410	(192,895)
Federal shared revenues	5,343	5,343	35,147	29,804
Federal in-lieu taxes	271,270	271,270	306,470	35,200
State grants-library	29,500	36,405	22,559	(13,846)
State grants-police	260,000	375,465	99,651	(275,814)
State grants-other	40,000	248,538	116,123	(132,415)
State shared revenues	18,589,857	18,589,857	21,819,523	3,229,666
	<u>19,344,797</u>	<u>20,117,183</u>	<u>22,796,883</u>	<u>2,679,700</u>
<b>Fines and forfeitures</b>				
Fines	138,041	138,041	106,058	(31,983)
Correction fees	48,029	48,029	49,284	1,255
Special fees	12,919	12,919	9,491	(3,428)
Court ordered reimbursements	3,823	3,823	1,760	(2,063)
	<u>202,812</u>	<u>202,812</u>	<u>166,593</u>	<u>(36,219)</u>

**Charges for services**

Court fees	0	0	3,915	3,915
Clerk fees	51,914	51,914	56,063	4,149
Planning fees	92,464	92,464	57,807	(34,657)
Administrative charges for services	25,019	25,019	39,622	14,603
Sales of food or merchandise	25,527	25,527	25,067	(460)
Other charges for services	27,291	51,396	40,920	(10,476)
Sheriff fees	6,206	6,206	8,750	2,544
Police charges for services	15,733	15,733	69,607	53,874
Cemetery services	12,517	12,517	11,005	(1,512)
Perpetual care services	22,584	22,584	20,140	(2,444)
Animal shelter fees	3,888	3,888	1,185	(2,703)
Daily fees/passes	67,678	67,678	57,387	(10,291)
Annual passes	82,520	82,520	75,377	(7,143)
Three-month passes	33,896	33,896	34,979	1,083
Punch passes	62,994	62,994	63,914	920
Recreation fees	345,141	345,141	324,231	(20,910)
Other fees	3,835	8,557	10,730	2,173
	<b>879,207</b>	<b>908,034</b>	<b>900,699</b>	<b>(7,335)</b>

**Interfund/interdepartmental charges**

Interdepartmental services	1,513,489	1,513,489	1,995,286	481,797
Indirect overhead-fire services	2,517,847	2,517,847	2,721,484	203,637
Charges for special services	0	0	2,651	2,651
	<b>4,031,336</b>	<b>4,031,336</b>	<b>4,719,421</b>	<b>688,085</b>

**Miscellaneous revenue**

Interest income	1,838,098	1,838,098	(142,107)	(1,980,205)
Interest charges-delinquent accounts	0	0	16,270	16,270
Buildings rental	81,309	81,309	57,971	(23,338)
Land rental	150,568	150,568	164,747	14,179
Other rental	48,875	48,875	45,196	(3,679)
Pension forfeitures	136,469	136,469	69,616	(66,853)
Donations	10,267	97,467	90,500	(6,967)
Other	68,370	68,370	8,678	(59,692)
	<b>2,333,956</b>	<b>2,421,156</b>	<b>310,871</b>	<b>(2,110,285)</b>

**TOTAL REVENUES**

<b>54,345,433</b>	<b>60,760,937</b>	<b>66,546,467</b>	<b>5,785,530</b>
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**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, 2009

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
<b>County Council</b>				
Employee salaries and benefits	80,724	80,724	81,145	(421)
Outside services	252,806	274,686	261,282	13,404
Materials and supplies	36,000	36,000	24,772	11,228
Intrafund/interfund services	792	792	792	0
	<u>370,322</u>	<u>392,202</u>	<u>367,991</u>	<u>24,211</u>
<b>Municipal Court</b>				
Employee salaries and benefits	313,390	313,390	275,840	37,550
Outside services	58,000	58,000	43,746	14,254
Materials and supplies	15,000	11,929	33,756	(21,827)
Intrafund/interfund services	2,622	2,622	2,622	0
Capital outlay	11,000	11,000	0	11,000
Debt and fiscal charges	1,000	1,000	869	131
	<u>401,012</u>	<u>397,941</u>	<u>356,833</u>	<u>41,108</u>
<b>Grants</b>				
Municipal Court Automation	0	6,553	6,553	0
	<u>401,012</u>	<u>404,494</u>	<u>363,386</u>	<u>41,108</u>
<b>County Administrator</b>				
<b>Operations</b>				
Employee salaries and benefits	901,872	901,872	804,727	97,145
Outside services	1,830,200	2,171,908	1,736,438	435,470
Materials and supplies	32,300	33,035	16,300	16,735
Intrafund/interfund services	9,914	9,914	9,914	0
	<u>2,774,286</u>	<u>3,116,729</u>	<u>2,567,379</u>	<u>549,350</u>
<b>Communications and Public Relations</b>				
Employee salaries and benefits	351,722	351,722	353,103	(1,381)
Outside services	293,283	317,043	270,574	46,469
Materials and supplies	26,350	41,908	39,506	2,402
Intrafund/interfund services	11,124	11,124	11,124	0
Capital outlay	5,500	5,500	0	5,500
	<u>687,979</u>	<u>727,297</u>	<u>674,307</u>	<u>52,990</u>
<b>Total County Administrator</b>	<u>3,462,265</u>	<u>3,844,026</u>	<u>3,241,686</u>	<u>602,340</u>

**County Assessor**

Employee salaries and benefits	395,381	395,381	362,142	33,239
Outside services	23,550	23,550	15,707	7,843
Materials and supplies	72,000	72,000	2,961	69,039
Capital outlay	1,000	1,000	0	1,000
	<b>491,931</b>	<b>491,931</b>	<b>380,810</b>	<b>111,121</b>

**County Attorney**

Employee salaries and benefits	570,856	570,856	566,876	3,980
Outside services	164,410	164,430	160,486	3,944
Materials and supplies	21,200	22,174	20,033	2,141
Intrafund/interfund services	4,359	4,359	4,359	0
	<b>760,825</b>	<b>761,819</b>	<b>751,754</b>	<b>10,065</b>

**County Clerk**

Employee salaries and benefits	337,917	337,917	357,517	(19,600)
Outside services	112,535	138,335	87,837	50,498
Materials and supplies	20,300	20,713	25,496	(4,783)
Intrafund/interfund services	2,610	2,610	2,610	0
Capital outlay	7,500	22,273	13,272	9,001
Debt and fiscal charges	0	0	10	(10)
	<b>480,862</b>	<b>521,848</b>	<b>486,742</b>	<b>35,106</b>

**County Sheriff**

Employee salaries and benefits	51,323	51,323	51,000	323
Outside services	11,720	11,720	3,725	7,995
Materials and supplies	5,100	5,280	3,603	1,677
Intrafund/interfund services	452	452	452	0
Capital outlay	2,500	2,500	0	2,500
	<b>71,095</b>	<b>71,275</b>	<b>58,780</b>	<b>12,495</b>

**Community Development**

Employee salaries and benefits	982,126	982,126	978,555	3,571
Outside services	167,300	183,006	85,404	97,602
Materials and supplies	13,100	13,100	19,053	(5,953)
Intrafund/interfund services	25,106	25,106	25,106	0
Capital outlay	2,000	2,853	0	2,853
Debt and fiscal charges	500	500	0	500
	<b>1,190,132</b>	<b>1,206,691</b>	<b>1,108,118</b>	<b>98,573</b>

**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, 2009

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>Administrative Services</b>				
Human Resources				
Employee salaries and benefits	917,582	1,034,924	1,035,651	(727)
Outside services	146,583	329,662	289,237	40,425
Materials and supplies	195,156	195,498	89,853	105,645
Intrafund/interfund services	81,262	86,138	84,623	1,515
Flexible	7,964	7,964	7,964	0
Debt and fiscal charges	0	0	178	(178)
	<u>1,348,547</u>	<u>1,654,186</u>	<u>1,507,506</u>	<u>146,680</u>
Information Technologies				
Employee salaries and benefits	1,994,106	1,876,764	1,839,286	37,478
Outside services	1,436,502	1,498,668	1,494,843	3,825
Materials and supplies	218,853	230,298	234,702	(4,404)
Intrafund/interfund services	34,866	34,866	34,866	0
Capital outlay	365,155	458,362	338,513	119,849
	<u>4,049,482</u>	<u>4,098,958</u>	<u>3,942,210</u>	<u>156,748</u>
Office of Management and Budget (O.M.B.)				
Employee salaries and benefits	1,038,147	1,038,147	961,103	77,044
Outside services	203,500	214,510	158,084	56,426
Materials and supplies	109,000	110,600	43,273	67,327
Intrafund/interfund services	16,035	16,035	16,035	0
Capital outlay	5,000	5,000	0	5,000
Debt and fiscal charges (bad debt adjustment)	500	500	278	222
	<u>1,372,182</u>	<u>1,384,792</u>	<u>1,178,773</u>	<u>206,019</u>
Procurement and Risk				
Employee salaries and benefits	633,069	633,069	619,623	13,446
Outside services	37,000	38,493	18,497	19,996
Materials and supplies	25,100	25,100	40,621	(15,521)
Intrafund/interfund services	19,167	19,167	19,167	0
Capital outlay	0	10,000	10,000	0
	<u>714,336</u>	<u>725,829</u>	<u>707,908</u>	<u>17,921</u>
<b>Total Administrative Services</b>	<b>7,484,547</b>	<b>7,863,765</b>	<b>7,336,397</b>	<b>527,368</b>
<b>Fire - County Shared Cost</b>				
Intrafund/interfund services	<u>3,148,485</u>	<u>3,148,485</u>	<u>2,398,485</u>	<u>750,000</u>
	<b>3,148,485</b>	<b>3,148,485</b>	<b>2,398,485</b>	<b>750,000</b>

**Community Services-Administration**

## Operations

Employee salaries and benefits	233,497	233,497	228,593	4,904
Outside services	1,022,809	1,116,776	986,075	130,701
Materials and supplies	8,200	8,200	9,591	(1,391)
Intrafund/interfund services	37,450	37,450	30,961	6,489
Capital outlay	0	44,701	0	44,701
	<u>1,301,956</u>	<u>1,440,624</u>	<u>1,255,220</u>	<u>185,404</u>

## Grants

State Agency on Agency Phone Repairs	0	3,800	3,800	0
CYFD Juvenile Justice Continuum	120,000	165,439	165,439	0
	<u>120,000</u>	<u>169,239</u>	<u>169,239</u>	<u>0</u>
<b>Total Community Services-Admin.</b>	<b>1,421,956</b>	<b>1,609,863</b>	<b>1,424,459</b>	<b>185,404</b>

**Community Services-Library**

## Library administration

Employee salaries and benefits	303,229	303,229	303,816	(587)
Outside services	36,020	52,591	49,536	3,055
Materials and supplies	31,125	33,741	34,984	(1,243)
Intrafund/interfund services	25,754	25,754	25,754	0
Capital outlay	0	11,100	11,079	21
	<u>396,128</u>	<u>426,415</u>	<u>425,169</u>	<u>1,246</u>

## Public services

Employee salaries and benefits	1,169,097	1,206,990	1,157,825	49,165
Outside services	68,891	68,891	61,533	7,358
Materials and supplies	27,010	30,596	45,263	(14,667)
Intrafund/interfund services	2,938	2,938	2,938	0
Capital outlay	16,165	249,049	207,726	41,323
	<u>1,284,101</u>	<u>1,558,464</u>	<u>1,475,285</u>	<u>83,179</u>

## Support services

Employee salaries and benefits	287,790	287,790	285,738	2,052
Outside services	41,682	50,182	49,788	394
Materials and supplies	13,484	13,350	13,610	(260)
Capital outlay	300	300	0	300
Debt and fiscal charges	0	0	423	(423)
	<u>343,256</u>	<u>351,622</u>	<u>349,559</u>	<u>2,063</u>

## Collection development

Materials and supplies	198,725	227,441	227,260	181
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## Outside funding/grants

Outside Funding	0	65,506	24,274	41,232
Grant-NM State Library	0	4,997	4,997	0
Grant-State Library GO Bonds	0	14,850	14,850	0
	<u>0</u>	<u>85,353</u>	<u>44,121</u>	<u>41,232</u>

<b>Total Community Services-Library</b>	<b>2,222,210</b>	<b>2,649,295</b>	<b>2,521,394</b>	<b>127,901</b>
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See accompanying notes to financial statements



# INCORPORATED COUNTY OF LOS ALAMOS

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
Year ended June 30, 2009

	ANNUAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE POSITIVE (NEGATIVE)
<b>Community Services-Parks</b>				
Parks Maintenance				
Employee salaries and benefits	1,130,454	1,130,454	1,038,277	92,177
Outside services	177,700	499,400	219,190	280,210
Materials and supplies	245,112	252,932	250,106	2,826
Intrafund/interfund services	559,997	559,997	500,101	59,896
Capital outlay	12,000	20,771	16,296	4,475
	2,125,263	2,463,554	2,023,970	439,584
Parks Maintenance Projects				
Employee salaries and benefits	0	0	825	(825)
Outside services	150,000	57,154	29,943	27,211
Materials and supplies	0	0	3,814	(3,814)
Intrafund/interfund services	0	0	72	(72)
	150,000	57,154	34,654	22,500
Cemetery				
Employee salaries and benefits	82,067	82,067	110,263	(28,196)
Outside services	3,063	3,063	247	2,816
Materials and supplies	11,000	14,791	15,336	(545)
Intrafund/interfund services	65,000	65,000	47,038	17,962
Capital outlay	5,000	5,000	0	5,000
	166,130	169,921	172,884	(2,963)
<b>Total Community Svcs.-Parks</b>	<b>2,441,393</b>	<b>2,690,629</b>	<b>2,231,508</b>	<b>459,121</b>
<b>Community Services-Recreation</b>				
Recreation				
Employee salaries and benefits	541,301	541,301	500,303	40,998
Outside services	160,420	161,763	114,036	47,727
Materials and supplies	88,492	136,066	146,024	(9,958)
Intrafund/interfund services	28,295	28,295	29,142	(847)
Capital outlay	10,000	10,000	9,995	5
Debt and fiscal charges	0	0	2,328	(2,328)
	828,508	877,425	801,828	75,597
Recreation - Aquatic Center				
Employee salaries and benefits	990,463	990,463	989,905	558
Outside services	93,088	94,874	124,314	(29,440)
Materials and supplies	53,210	57,445	90,789	(33,344)
Intrafund/interfund services	248,781	248,781	190,925	57,856
Capital outlay	10,612	59,712	0	59,712
Debt and fiscal charges	986	986	2,328	(1,342)
	1,397,140	1,452,261	1,398,261	54,000

Recreation - Fair and Rodeo				
Materials and supplies	0	1,531	1,313	218
Recreation - Ice Rink				
Employee salaries and benefits	161,121	161,121	140,228	20,893
Outside services	35,530	35,615	11,178	24,437
Materials and supplies	32,630	37,313	77,905	(40,592)
Intrafund/interfund services	12,196	12,196	12,558	(362)
Capital outlay	4,000	4,000	6,500	(2,500)
Debt and fiscal charges	350	350	725	(375)
	<u>245,827</u>	<u>250,595</u>	<u>249,094</u>	<u>1,501</u>
<b>Total Community Svcs.-Recreation</b>	<b>2,471,475</b>	<b>2,581,812</b>	<b>2,450,496</b>	<b>131,316</b>
<b>Total Community Svcs Department</b>	<b>8,557,034</b>	<b>9,531,599</b>	<b>8,627,857</b>	<b>903,742</b>
<b>Police</b>				
Operations				
Employee salaries and benefits	5,669,739	5,669,739	5,232,341	437,398
Outside services	490,368	675,499	517,573	157,926
Materials and supplies	157,900	188,741	296,307	(107,566)
Intrafund/interfund services	354,479	354,479	354,479	0
Capital outlay	120,500	127,559	24,537	103,022
	<u>6,792,986</u>	<u>7,016,017</u>	<u>6,425,237</u>	<u>590,780</u>
Emergency Management				
Employee salaries and benefits	89,752	89,752	76,744	13,008
Outside services	42,080	43,855	43,732	123
Materials and supplies	2,000	48,338	44,590	3,748
Intrafund/interfund services	7,544	7,544	7,544	0
	<u>141,376</u>	<u>189,489</u>	<u>172,610</u>	<u>16,879</u>
Grants				
Community DWI Program	3,690	3,643	2,510	1,133
DWI/Buckledown/Child Restraint (FY2008)	19,000	11,023	10,658	365
DWI/Buckledown/Child Restraint (FY2008 9)	0	21,615	6,841	14,774
FEMA - State & Local Assistance	77,794	77,794	77,794	0
Office Domestic Preparedness -Equip Program	0	541,289	415,517	125,772
Enhanced 911	0	363,399	91,229	272,170
Bullet Proof Vest	5,000	8,970	7,533	1,437
Bomb Squad Training Grant	0	16,713	16,696	17
CYFD-Enforce Underage Drinking Laws	23,000	20,000	13,995	6,005
	<u>128,484</u>	<u>1,064,446</u>	<u>642,773</u>	<u>421,673</u>
<b>Total Police</b>	<b>7,062,846</b>	<b>8,269,952</b>	<b>7,240,620</b>	<b>1,029,332</b>

**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, 2009

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>Public Works</b>				
Administration				
Employee salaries and benefits	295,069	295,069	293,359	1,710
Outside services	24,765	24,765	21,932	2,833
Materials and supplies	8,480	9,954	9,341	613
Intrafund/interfund services	11,993	11,993	11,993	0
Capital outlay	38,500	38,500	25,190	13,310
	<u>378,807</u>	<u>380,281</u>	<u>361,815</u>	<u>18,466</u>
Engineering services				
Employee salaries and benefits	512,957	512,957	532,086	(19,129)
Outside services	37,101	37,101	32,717	4,384
Materials and supplies	19,820	22,483	18,099	4,384
Intrafund/interfund services	30,648	30,648	30,648	0
Capital outlay	3,250	3,250	1,501	1,749
	<u>603,776</u>	<u>606,439</u>	<u>615,051</u>	<u>(8,612)</u>
Traffic management				
Employee salaries and benefits	847,928	847,928	801,496	46,432
Outside services	136,115	187,260	117,191	70,069
Materials and supplies	385,492	470,878	411,649	59,229
Intrafund/interfund services	193,456	193,456	196,365	(2,909)
Capital outlay	56,600	184,413	260,346	(75,933)
	<u>1,619,591</u>	<u>1,883,935</u>	<u>1,787,047</u>	<u>96,888</u>
Pavement management				
Employee salaries and benefits	1,048,341	1,048,341	1,147,578	(99,237)
Outside services	1,052,661	1,300,962	1,162,284	138,678
Materials and supplies	247,293	271,280	336,529	(65,249)
Intrafund/interfund services	641,820	641,820	357,537	284,283
Capital outlay	14,000	14,000	17,587	(3,587)
	<u>3,004,115</u>	<u>3,276,403</u>	<u>3,021,515</u>	<u>254,888</u>
<b>Total Public Works</b>	<b>5,606,289</b>	<b>6,147,058</b>	<b>5,785,428</b>	<b>361,630</b>

<b>Capital Projects &amp; Facilities (CPFD)</b>				
CPFD - Administration				
Employee salaries and benefits	283,529	283,529	242,144	41,385
Outside services	0	0	25,608	(25,608)
Materials and supplies	0	0	15,202	(15,202)
Intrafund/interfund services	0	0	0	0
	<u>283,529</u>	<u>283,529</u>	<u>282,954</u>	<u>575</u>
CPFD - Facilities maintenance projects				
Employee salaries and benefits	0	0	10,748	(10,748)
Outside services	700,000	2,852,527	1,084,214	1,768,313
Materials and supplies	0	62	75,171	(75,109)
Intrafund/interfund services	0	0	108	(108)
Debt and fiscal charges	0	7,587	27,550	(19,963)
	<u>700,000</u>	<u>2,860,176</u>	<u>1,197,791</u>	<u>1,662,385</u>
CPFD - Facilities maintenance				
Employee salaries and benefits	1,012,681	1,012,681	952,350	60,331
Outside services	370,268	382,703	307,975	74,728
Materials and supplies	162,885	165,775	230,707	(64,932)
Intrafund/interfund services	558,250	558,250	598,791	(40,541)
Capital outlay	9,500	9,500	0	9,500
Debt and fiscal charges	0	0	199	(199)
	<u>2,113,584</u>	<u>2,128,909</u>	<u>2,090,022</u>	<u>38,887</u>
CPFD - Project Management				
Employee salaries and benefits	213,016	213,016	159,516	53,500
Outside services	0	0	3,016	(3,016)
Materials and supplies	20,000	20,000	9,667	10,333
	<u>237,269</u>	<u>237,269</u>	<u>176,452</u>	<u>60,817</u>
CPFD - Custodial				
Employee salaries and benefits	718,410	718,410	691,389	27,021
Outside services	37,142	38,837	33,534	5,303
Materials and supplies	62,172	62,172	71,493	(9,321)
Intrafund/interfund services	35,810	35,810	35,810	0
Capital outlay	4,500	4,500	0	4,500
	<u>858,034</u>	<u>859,729</u>	<u>832,226</u>	<u>27,503</u>
<b>Total Capital Projects and Facilities</b>	<u><b>4,192,416</b></u>	<u><b>6,369,612</b></u>	<u><b>4,579,445</b></u>	<u><b>1,790,167</b></u>
<b>TOTAL EXPENDITURES AND ENCUMBRANCES</b>	<b>43,280,061</b>	<b>49,024,757</b>	<b>42,727,499</b>	<b>6,297,258</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES</b>	<b>11,065,372</b>	<b>11,736,180</b>	<b>23,818,968</b>	<b>12,082,788</b>

**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, 2009

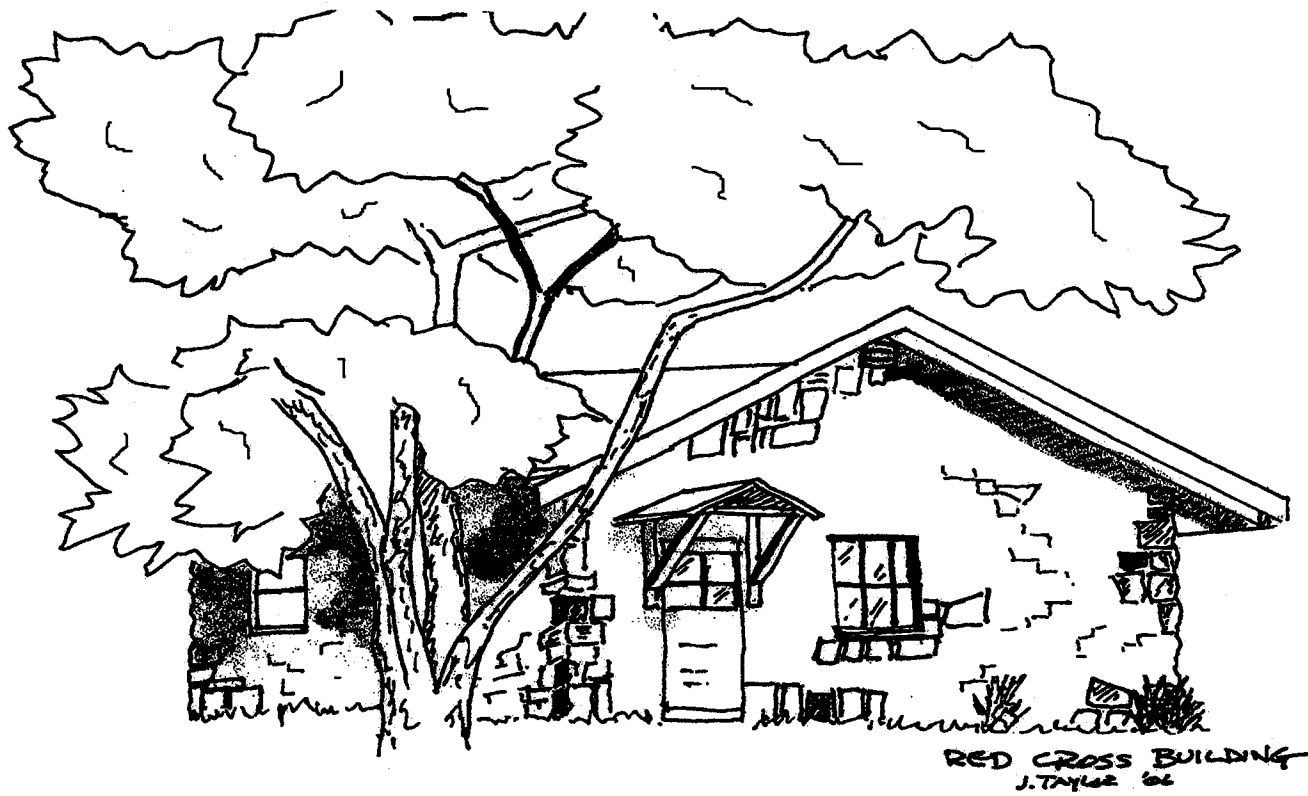
	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from:				
Capital Improvement Project Fund	0	2,110,354	2,110,354	0
Joint Utility System Fund-Electric	415,000	415,000	442,643	27,643
Joint Utility System Fund-Gas	400,000	400,000	402,342	2,342
Cerro Grande Fire Fund	0	1,100,000	1,042,500	(57,500)
Fire Fund	1,324,375	1,324,375	993,281	(331,094)
	<u>2,139,375</u>	<u>5,349,729</u>	<u>4,991,120</u>	<u>(358,609)</u>
Transfers out to:				
Other Special Revenues Fund	(25,000)	(25,000)	(2,363)	22,637
Gross Receipts Tax Revenue Bonds Fund	(814,409)	(11,225,546)	(11,225,546)	0
State Loans Fund	(670,000)	(1,120,000)	(1,075,744)	44,256
Capital Improvement Projects Fund	(12,486,617)	(12,848,987)	(5,074,378)	7,774,609
Capital Projects Permanent Fund	0	(4,000,000)	(4,000,000)	0
Joint Utility System Fund-Electric	(150,000)	(213,292)	(213,292)	0
Joint Utility System Fund-Water	(385,000)	(385,000)	(385,000)	0
Golf Course Fund	(460,000)	(460,000)	(460,000)	0
Transit Fund	(1,349,433)	(1,415,969)	(1,415,969)	0
Airport Fund	(488,375)	(488,375)	(228,375)	260,000
	<u>(16,828,834)</u>	<u>(32,182,169)</u>	<u>(24,080,667)</u>	<u>8,101,502</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>(14,689,459)</b></u>	<u><b>(26,832,440)</b></u>	<u><b>(19,089,547)</b></u>	<u><b>7,742,893</b></u>
<b>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ (3,624,087)</b>	<b>(15,096,260)</b>	<b>4,729,421</b>	<b>19,825,681</b>
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			2,137,862	
Adjustments to inventory			(5,377)	
			<u>2,132,485</u>	
<b>GAAP BASIS</b>			<b>6,861,906</b>	
<b>FUND BALANCE</b>				
Beginning of fiscal year			34,834,644	
<b>FUND BALANCE - END OF FISCAL YEAR</b>			<b>\$ 41,696,550</b>	

**INCORPORATED COUNTY OF LOS ALAMOS  
SELF-SUFFICIENCY FUND**

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
Year ended June 30, 2009

	<u>ANNUAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUALS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Interfund/interdepartmental charges				
Interfund loan principal	\$ 516,812	437,787	437,787	0
Interfund loan interest	0	116,213	116,213	0
	<u>516,812</u>	<u>554,000</u>	<u>554,000</u>	<u>0</u>
Miscellaneous revenues				
Investment income	195,000	195,000	75,949	(119,051)
Buildings rental	0	0	109,496	109,496
Economic development loan repayment (principal)	0	0	82,670	82,670
Economic development loan repayment (interest)	0	0	31,851	31,851
	<u>195,000</u>	<u>195,000</u>	<u>299,966</u>	<u>104,966</u>
<b>TOTAL REVENUES</b>	<b>711,812</b>	<b>749,000</b>	<b>853,966</b>	<b>104,966</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Administrative Services - O.M.B.				
Employee salaries and benefits	0	0	10,608	(10,608)
Outside services	890,000	1,615,594	267,900	1,347,694
Capital outlay	0	1,200,000	1,799,675	(599,675)
Economic development loans	1,500,000	5,747,992	4,297,992	1,450,000
<b>TOTAL EXPENDITURES AND ENCUMBRANCES</b>	<b>2,390,000</b>	<b>8,563,586</b>	<b>6,422,461</b>	<b>2,141,125</b>
<b>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ (1,678,188)</b>	<b>(7,814,586)</b>	<b>(5,568,495)</b>	<b>2,246,091</b>
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			2,618,251	
Economic development loan distributions			1,693,168	
Economic development loan discount activity			49,770	
Principal on interfund loan repayments			(437,787)	
Principal on economic development loan repayments			(82,670)	
Interest added to principal of loans receivable			83,984	
Bad debt expense (reserve for loan losses)			(380,000)	
Asset held for resale (added as financial asset to balance sheet)			1,194,804	
			<u>4,739,520</u>	
			<u>(828,975)</u>	
<b>GAAP BASIS</b>				
<b>FUND BALANCE</b>				
Beginning of fiscal year			14,155,787	
<b>FUND BALANCE - END OF FISCAL YEAR</b>			<u>\$ 13,326,812</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.

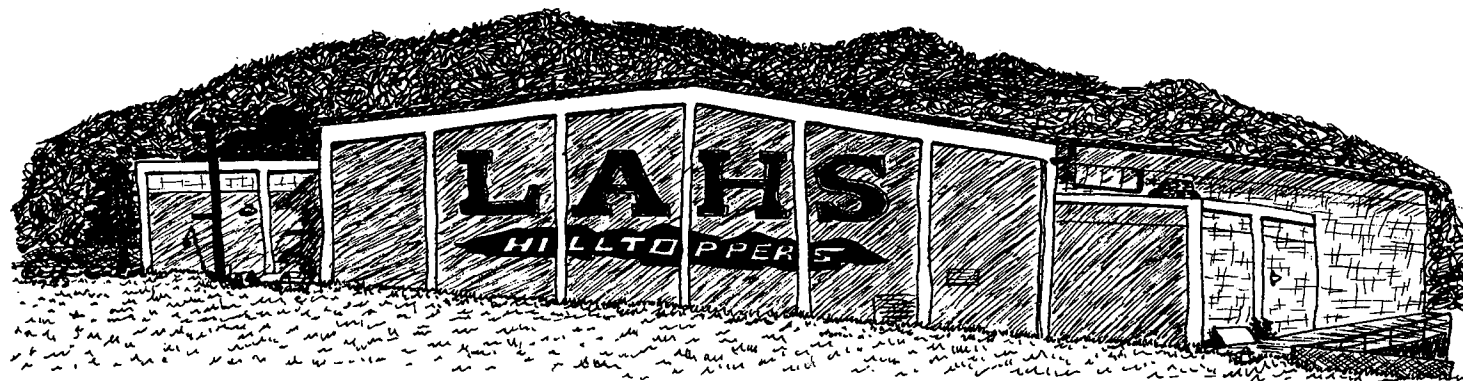
**Golf Course Fund 623** - accounts for the operation and maintenance of the County-owned golf course.

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

**Fire Fund 660** - accounts for fire protection services provided under contract with Los Alamos National Laboratory and 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.





*Los Alamos High School*

**INCORPORATED COUNTY OF LOS ALAMOS**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2009**

ENTERPRISE FUNDS								BUSINESS- TYPE ACTIVITIES - INTERNAL SERVICE FUNDS	
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL		
<b>ASSETS</b>									
<b>Current Assets:</b>									
Equity in pooled cash and investments	\$ 15,402,747	3,479,595	216,418	72,472	0	211,324	19,382,556	14,572,780	
Investments	6,091,365	0	0	0	0	0	6,091,365	0	
Receivables, net of allowance for uncollectibles									
Accounts	4,982,338	227,768	0	0	76,966	36,790	5,323,862	1,589	
Interest	25,930	0	0	0	0	0	25,930	0	
Unbilled	876,718	87,043	0	0	0	0	963,761	0	
Due from other governments	48,987	176,120	0	182,613	5,591,968	0	5,999,688	0	
Inventories and prepayments									
Inventories	413,802	0	63,043	0	0	0	476,845	0	
Power plant inventories	685,077	0	0	0	0	0	685,077	0	
Prepayments	116,542	0	0	0	0	0	116,542	79,545	
<b>Total Current Assets</b>	<b>28,643,606</b>	<b>3,970,526</b>	<b>279,461</b>	<b>255,085</b>	<b>5,668,934</b>	<b>248,114</b>	<b>39,065,626</b>	<b>14,653,914</b>	
<b>Non-current assets:</b>									
<b>Restricted assets</b>									
<b>Temporarily Restricted</b>									
<b>Cash and cash equivalents</b>									
Debt reserves and debt service	1,290,493	430,328	0	0	0	0	1,720,821	0	
Operations and maintenance	2,549,101	2,302,860	0	0	0	0	4,851,961	0	
Capital Projects	0	69,471	0	0	0	0	69,471	0	
<b>Investments</b>									
Debt reserves and debt service	14,766,658	0	0	0	0	0	14,766,658	0	
Operations and maintenance	3,420,621	0	0	0	0	0	3,420,621	0	
Accrued interest	27,808	93	0	0	0	0	27,901	0	
<b>Capital assets</b>									
Land	2,959,328	0	4,711,478	0	1,263,289	4,387,040	13,321,135	0	
Utility plant in service	239,450,451	0	0	0	0	0	239,450,451	0	
Buildings	0	6,076,235	616,884	0	15,338,019	1,100,000	23,131,138	0	
Improvements other than buildings	0	2,162,706	1,013,911	191,780	143,285	9,458,970	12,970,652	0	
Machinery and equipment	4,674,669	366,339	73,213	0	662,649	65,386	5,842,256	13,808,116	
Less accumulated depreciation	(87,849,810)	(899,138)	(1,263,252)	(6,516)	(1,439,025)	(640,775)	(92,098,516)	(8,682,768)	
Construction in progress	6,861,488	0	0	0	0	60,823	6,922,311	0	
Bond issuance costs, net of amortization	871,020	0	0	0	0	0	871,020	0	
<b>Total Non-current Assets</b>	<b>189,021,827</b>	<b>10,508,894</b>	<b>5,162,234</b>	<b>185,264</b>	<b>15,968,217</b>	<b>14,431,444</b>	<b>235,267,880</b>	<b>5,125,348</b>	
<b>TOTAL ASSETS</b>	<b>217,665,333</b>	<b>14,479,420</b>	<b>5,431,695</b>	<b>440,349</b>	<b>21,637,151</b>	<b>14,679,558</b>	<b>274,333,506</b>	<b>19,779,262</b>	
<b>LIABILITIES</b>									
<b>Current Liabilities:</b>									
Accounts payable	2,443,879	70,230	21,069	18,034	65,907	845	2,619,964	325,181	
Accrued salaries and benefits payable	175,470	20,756	29,182	27,083	320,238	2,122	574,851	272,079	
Customer deposits payable	149,063	6,000	0	0	0	0	155,063	0	
Due to other governments	98,247	9,285	0	0	0	0	107,532	0	
Due to other funds	0	0	0	0	2,931,364	0	2,931,364	0	
Deferred revenues	0	0	47,990	0	0	0	47,990	0	
Contractors retentions payable	8,027	0	0	0	0	0	8,027	0	

<b>Current portion of long-term liabilities</b>								
Accrued compensated absences	392,235	89,994	38,408	47,392	918,306	9,372	1,495,707	29,826
Claims and judgments payable	0	0	0	0	0	0	0	490,275
Revenue bonds payable	6,560,000	0	0	0	0	0	6,560,000	0
Contracts and intergovernmental debt payable	7,191	136,699	0	0	0	0	143,890	0
Due to other funds (current portion of advances)	0	0	0	0	637,677	0	637,677	0
Interest payable on revenue bonds and other debt	2,274,757	37,472	0	0	0	0	2,312,229	0
<b>Total Current Liabilities</b>	<b>12,108,869</b>	<b>370,436</b>	<b>136,649</b>	<b>92,509</b>	<b>4,873,492</b>	<b>12,339</b>	<b>17,694,294</b>	<b>1,117,361</b>
<b>Noncurrent Liabilities:</b>								
Due in more than one year								
Accrued compensated absences	191,245	51,095	10,826	10,731	455,394	1,959	721,250	19,322
Claims and judgments payable	0	0	0	0	0	0	0	697,665
Revenue bonds payable	47,045,077	0	0	0	0	0	47,045,077	0
Contracts and intergovernmental debt payable	12,870,994	5,471,628	0	0	0	0	18,342,622	0
Advances from other funds	0	0	0	0	1,248,787	0	1,248,787	0
Special closure costs	2,892,122	2,302,860	0	0	0	0	5,194,982	0
<b>Total Noncurrent Liabilities</b>	<b>62,998,438</b>	<b>7,825,583</b>	<b>10,826</b>	<b>10,731</b>	<b>1,704,181</b>	<b>1,959</b>	<b>72,562,718</b>	<b>716,987</b>
<b>TOTAL LIABILITIES</b>	<b>75,108,307</b>	<b>8,196,019</b>	<b>147,475</b>	<b>103,240</b>	<b>6,577,673</b>	<b>14,298</b>	<b>90,147,012</b>	<b>1,834,348</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	99,588,771	2,167,286	5,152,234	185,264	15,968,217	14,431,444	137,493,216	5,125,348
Restricted, net of related liabilities, for:								
Debt service	17,782,915	430,328	0	0	0	0	18,213,243	0
Unrestricted	25,185,340	3,685,787	131,986	151,845	(908,739)	233,816	28,480,035	12,819,566
<b>TOTAL NET ASSETS</b>	<b>\$ 142,557,026</b>	<b>6,283,401</b>	<b>5,284,220</b>	<b>337,109</b>	<b>15,059,478</b>	<b>14,665,260</b>	<b>184,186,494</b>	<b>17,944,914</b>
Net assets of business-type internal service funds							17,944,914	
Net activity of internal service funds							(532,094)	
<b>TOTAL NET ASSETS AS SHOWN ON GOVERNMENT WIDE STATEMENT OF NET ASSETS</b>							<b>\$ 201,599,314</b>	

## INCORPORATED COUNTY OF LOS ALAMOS

## Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets  
Year ended June 30, 2009

	ENTERPRISE FUNDS						BUSINESS- TYPE ACTIVITIES - INTERNAL SERVICE FUNDS
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	
<b>OPERATING REVENUES</b>							
Utility sales and other services	\$ 56,914,001	2,959,948	0	2,583	442,522	43,604	60,362,658
Recreation fees	0	0	387,070	0	0	0	387,070
Sales of food or merchandise	0	11,685	132,708	0	0	0	144,393
Interfund charges for services	0	103,973	0	11,597	2,398,485	0	2,514,055
Insurance and pension contributions							
County	0	0	0	0	0	0	1,901,771
Employees and retirees	0	0	0	0	0	0	81,483
Rentals	22,262	0	116,580	0	0	40,825	179,667
Intergovernmental	0	0	0	919,561	14,640,665	0	15,560,226
Miscellaneous operating revenue	54,636	46,102	0	0	3,357	0	104,095
	<u>56,990,899</u>	<u>3,121,708</u>	<u>636,368</u>	<u>933,741</u>	<u>17,486,029</u>	<u>84,429</u>	<u>79,262,164</u>
<b>OPERATING EXPENSES</b>							
Employee salaries and benefits	6,957,945	1,118,652	606,198	1,329,414	12,878,643	120,257	23,011,109
Contractual services	35,948,613	1,655,322	269,500	704,925	3,553,677	84,869	42,216,906
Materials and supplies	844,058	199,621	216,084	58,938	892,596	5,692	2,216,989
Depreciation and amortization	8,206,077	116,013	47,790	6,516	450,278	554,667	9,381,341
Special closure costs	210,947	50,494	0	0	0	0	261,441
Other	25,510	0	6,250	0	87,927	0	119,687
	<u>52,193,160</u>	<u>3,140,102</u>	<u>1,145,822</u>	<u>2,099,793</u>	<u>17,863,121</u>	<u>766,485</u>	<u>77,207,473</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,797,749</u>	<u>(18,394)</u>	<u>(509,464)</u>	<u>(1,166,052)</u>	<u>(378,092)</u>	<u>(681,066)</u>	<u>2,044,691</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Gross receipts taxes for solid waste recycling	0	1,084,563	0	0	0	0	1,084,563
Fire excise tax	0	0	0	0	2,157,587	0	2,157,587
Intergovernmental - grants	688,232	97,790	0	246,344	9,900	60,749	1,103,015
Gain (loss) on disposition of capital assets	5,615,420	5,723	0	0	(399,277)	0	5,221,866
Investment income	1,395,053	56,721	759	958	0	524	1,454,015
Interest on long-term debt	(3,119,724)	(11,458)	0	0	(116,213)	0	(3,247,395)
Inventory adjustment	1,958	0	0	0	0	0	1,958
	<u>4,680,939</u>	<u>1,233,339</u>	<u>769</u>	<u>247,302</u>	<u>1,661,997</u>	<u>61,273</u>	<u>7,776,609</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<u>9,378,688</u>	<u>1,214,945</u>	<u>(508,705)</u>	<u>(918,750)</u>	<u>1,273,905</u>	<u>(619,793)</u>	<u>9,820,300</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>							
Transfers in	598,292	0	460,000	1,415,969	0	228,375	2,702,636
Transfers out	(944,818)	0	0	(356,655)	(993,281)	0	(2,294,754)
Contributed capital assets - Department of Energy	0	0	0	0	0	14,365,536	14,365,536
Contributed capital assets - governmental activities	649,349	0	229,523	165,375	54,689	0	1,098,936
	<u>302,823</u>	<u>0</u>	<u>689,523</u>	<u>1,224,689</u>	<u>(938,592)</u>	<u>14,593,911</u>	<u>16,872,364</u>
<b>CHANGE IN NET ASSETS</b>	<u>9,681,511</u>	<u>1,214,945</u>	<u>180,818</u>	<u>306,939</u>	<u>335,313</u>	<u>13,974,128</u>	<u>26,692,664</u>
<b>NET ASSETS</b>							
Beginning of fiscal year	132,875,515	5,068,456	5,103,402	31,170	14,724,165	691,132	158,493,840
<b>NET ASSETS - END OF FISCAL YEAR</b>	<u>\$ 142,557,026</u>	<u>6,283,401</u>	<u>5,284,220</u>	<u>337,109</u>	<u>15,059,478</u>	<u>14,665,260</u>	<u>184,186,494</u>

See accompanying notes to financial statements

# INCORPORATED COUNTY OF LOS ALAMOS

## Proprietary Funds

### Reconciliation of Statement of Revenues, Expenses and Changes in Net Assets to the Statement of Activities

Year ended June 30, 2009

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

Total change in net assets for enterprise funds as reported in the proprietary funds statement of revenues, expenses, and changes in net assets:

\$ 25,692,654

Total change in net assets for business-type internal service funds as reported in the proprietary funds statement of revenues, expenses, and changes in net assets.

366,911

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.

163,347

Change in net assets of business-type activities

\$ 26,222,912

**INCORPORATED COUNTY OF LOS ALAMOS**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2009**

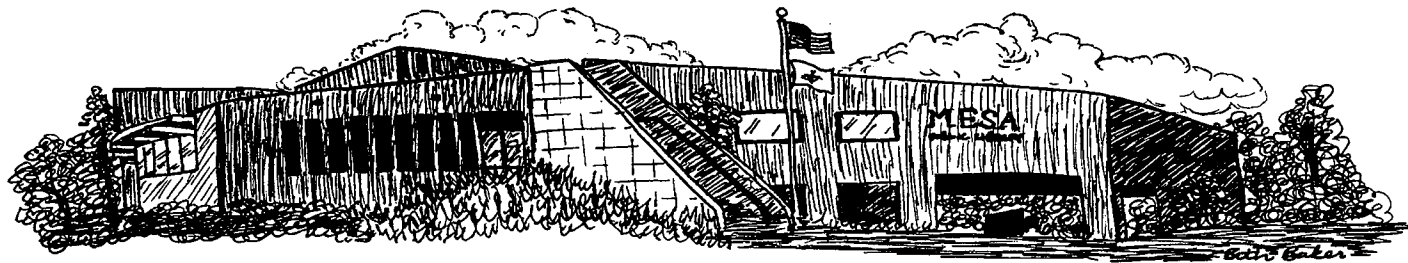
	JOINT UTILITY SYSTEM	ENVIRONMENTAL SERVICES	GOLF COURSE	TRANSIT	FIRE	AIRPORT	TOTAL	BUSINESS-TYPE ACTIVITIES INTERNAL SERVICE FUNDS
<b>CASH FLOWS - OPERATING ACTIVITIES</b>								
Cash received from customers and users	\$ 58,796,656	3,143,699	633,912	14,180	7,995,847	47,639	70,631,933	3,320,069
Cash received from contributions-employer and employees	0	0	0	0	0	0	0	1,994,014
Cash paid to suppliers for goods and services	(36,391,424)	(2,499,156)	(493,269)	(768,631)	(4,450,046)	(90,469)	(44,692,995)	(3,217,457)
Cash paid to employees	(6,866,845)	(1,114,229)	(609,992)	(1,309,982)	(12,756,723)	(121,180)	(22,778,951)	(874,231)
Taxes received from customers and users	1,840,059	108,164	0	0	0	0	1,948,223	0
Taxes remitted to State (from customers and users)	(1,837,739)	(107,918)	0	0	0	0	(1,945,657)	0
<b>NET CASH FLOWS - OPERATING ACTIVITIES</b>	<b>15,540,707</b>	<b>(469,440)</b>	<b>(469,349)</b>	<b>(2,064,433)</b>	<b>(9,210,922)</b>	<b>(164,010)</b>	<b>3,162,553</b>	<b>1,222,395</b>
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</b>								
Cash received from grants	0	0	0	1,232,532	6,677,483	60,749	7,970,764	0
Transfers to other funds	(849,985)	0	0	0	(993,280)	0	(1,843,265)	0
Transfers from other funds	598,292	0	460,000	1,415,969	0	228,375	2,702,636	5,000
Gross receipts taxes received	0	1,056,849	0	0	2,119,463	0	3,176,312	0
Cash received from short-term interfund loans	25,366	0	0	0	1,960,406	0	1,985,772	0
Cash paid on short-term interfund loans	0	0	0	(391,830)	0	0	(391,830)	0
<b>NET CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</b>	<b>(226,327)</b>	<b>1,056,849</b>	<b>460,000</b>	<b>2,266,671</b>	<b>9,764,072</b>	<b>289,124</b>	<b>13,600,389</b>	<b>5,000</b>
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Cash received from capital grants	688,232	97,790	0	262,336	9,900	0	1,058,258	0
Proceeds received from loans	540,202	0	0	0	0	0	540,202	0
Principal repaid	(6,278,592)	(131,899)	0	0	(437,787)	0	(6,848,278)	0
Interest and other debt service paid	(3,275,394)	(229,619)	0	0	(116,213)	0	(3,621,226)	0
Cash paid for acquisition of capital assets	(6,674,763)	(2,006,573)	0	(383,060)	(9,900)	(60,823)	(9,135,119)	(770,899)
Proceeds from sale of capital assets	0	6,501	0	0	0	0	6,501	116,735
<b>NET CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(15,000,315)</b>	<b>(2,263,800)</b>	<b>0</b>	<b>(120,724)</b>	<b>(654,000)</b>	<b>(60,823)</b>	<b>(17,999,662)</b>	<b>(654,164)</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>								
Proceeds from sale of investment securities	14,457,893	0	0	0	0	0	14,457,893	0
Interest received on investments	1,609,893	61,174	759	958	0	524	1,673,308	27,095
Purchase of investment securities	(15,121,578)	0	0	0	0	0	(15,121,578)	0
<b>NET CASH FLOWS - INVESTING ACTIVITIES</b>	<b>946,208</b>	<b>61,174</b>	<b>759</b>	<b>958</b>	<b>0</b>	<b>524</b>	<b>1,009,623</b>	<b>27,095</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,260,273</b>	<b>(1,615,217)</b>	<b>(8,590)</b>	<b>72,472</b>	<b>(850)</b>	<b>64,815</b>	<b>(227,097)</b>	<b>600,326</b>
<b>EQUITY IN POOLED CASH AND INVESTMENTS - BEGINNING OF FISCAL YEAR</b>	<b>17,982,068</b>	<b>7,897,471</b>	<b>225,008</b>	<b>0</b>	<b>850</b>	<b>146,509</b>	<b>26,251,906</b>	<b>13,972,454</b>
<b>EQUITY IN POOLED CASH AND INVESTMENTS - END OF FISCAL YEAR</b>	<b>\$ 19,242,341</b>	<b>6,282,254</b>	<b>216,418</b>	<b>72,472</b>	<b>0</b>	<b>211,324</b>	<b>26,024,809</b>	<b>14,572,780</b>
(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)								
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES</b>								
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 4,797,749</b>	<b>(18,394)</b>	<b>(509,464)</b>	<b>(1,166,052)</b>	<b>(378,092)</b>	<b>(681,056)</b>	<b>2,044,691</b>	<b>(552,541)</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES</b>								
Depreciation and amortization expense	8,206,077	116,013	47,790	6,516	450,278	554,667	9,381,341	1,233,029
Operating grants included in operating revenues	0	0	0	(919,561)	(10,252,516)	0	(11,172,077)	0
Amortization of special closure costs	210,947	50,494	0	0	0	0	261,441	0
Provision for uncollectible accounts receivable	13,730	(6,124)	0	0	45,550	0	53,156	0
Bad debt expense	0	0	0	0	0	0	0	0
Change in assets and liabilities:								
Accounts and other receivables	1,807,438	28,115	0	0	763,332	(36,790)	2,562,095	23,272
Inventories	(98,725)	0	(8,747)	0	0	0	(107,472)	0
Prepayments and other	81,018	0	0	0	0	0	81,018	32,134
Accounts and retentions payable	428,998	(644,213)	7,312	(4,768)	38,606	92	(173,973)	191,516
Salaries and benefits payable	91,100	4,423	(3,794)	19,432	121,920	(923)	232,158	(9,647)
Taxes payable	2,320	246	0	0	0	0	2,566	0

Other current liabilities	55	0	0	0	0	0	55	0
Deferred revenues and credits	0	0	(2,446)	0	0	0	(2,446)	0
Claims and judgements payable	0	0	0	0	0	0	0	218,234
Group insurance payable	0	0	0	0	0	0	0	87,654
Total adjustments	<u>10,742,958</u>	<u>(451,046)</u>	<u>40,116</u>	<u>(898,381)</u>	<u>(8,832,830)</u>	<u>517,046</u>	<u>1,117,862</u>	<u>1,774,936</u>
NET CASH FLOWS - OPERATING ACTIVITIES	<u>\$ 15,540,707</u>	<u>(459,440)</u>	<u>(459,349)</u>	<u>(2,064,433)</u>	<u>(9,210,922)</u>	<u>(164,010)</u>	<u>3,162,553</u>	<u>1,222,395</u>

## SCHEDULE OF NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES

### NON CASH TRANSACTIONS:

Asset transfers - proprietary funds	\$ (94,833)	0	0	(356,655)	0	0	(451,488)	451,488
Contributed capital assets - governmental activities	649,349	0	229,523	165,375	54,689	0	1,098,936	322,019
Contributed capital assets - Department of Energy	0	0	0	0	0	14,365,536	14,365,536	0
Fair value adjustment for investments	545,047	0	0	0	0	0	545,047	0
TOTAL NON CASH TRANSACTIONS	<u>\$ 1,099,563</u>	<u>0</u>	<u>229,523</u>	<u>(191,280)</u>	<u>54,689</u>	<u>14,365,536</u>	<u>15,558,031</u>	<u>773,507</u>



***Mesa Public Library***



## **Fiduciary Funds**

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

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

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

**INCORPORATED COUNTY OF LOS ALAMOS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<b>PENSION TRUST</b>	<b>AGENCY</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 4,639	80,666
Investments (participant directed mutual funds), at fair value	24,132,740	0
Receivables, net of allowance for uncollectibles		
Property taxes	0	183,214
Employee loans	981,105	0
Other	0	1,634
Due from other funds	170,682	0
<b>TOTAL ASSETS</b>	<b>25,289,166</b>	<b>265,514</b>
<b>LIABILITIES</b>		
<b>LIABILITIES</b>		
Accounts payable	88,407	0
Due to other governments		
Taxes and fees payable to state	0	10,435
Property taxes payable	0	242,518
Due to other funds	1,598	0
Donations held for others	0	12,561
<b>TOTAL LIABILITIES</b>	<b>90,005</b>	<b>265,514</b>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	25,199,161	0
<b>TOTAL NET ASSETS</b>	<b>\$ 25,199,161</b>	<b>0</b>

See accompanying notes to financial statements

**INCORPORATED COUNTY OF LOS ALAMOS**  
**PENSION TRUST FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended June 30, 2009**

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**ADDITIONS TO NET ASSETS**

Investment income (loss), net of investment expense	\$	(5,386,023)
Contributions		
Employer, net of forfeitures		2,732,980
Employee (plan member)		323,279
		<u>(2,329,764)</u>

**DEDUCTIONS FROM NET ASSETS**

Benefits and refunds paid to plan members and beneficiaries		<u>2,144,412</u>
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**NET INCREASE (DECREASE) IN NET ASSETS**

**(4,474,176)**

**NET ASSETS**

Beginning of fiscal year		<u>29,673,337</u>
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**NET ASSETS - END OF YEAR**

**\$ 25,199,161**

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**INCORPORATED COUNTY OF LOS ALAMOS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The County of Los Alamos (County) was incorporated on December 10, 1968. Under the County Charter and State statutes, the County has all the rights and responsibilities of both a county and a municipality. The County provides traditional city and county services, operating under a council-manager form of government, in which the County Administrator is the chief administrative officer.

The accounting and reporting policies of the County relating to the government-wide financial statements and governmental funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (FASB), when applicable. The County has elected not to apply to its enterprise fund activities the FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. This election is allowed in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

The more significant accounting policies of the County are described as follows.

**B. Financial Reporting Entity**

The County's basic financial statements include the accounts of all County operations. To include organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 39, *The Financial Reporting Entity*, would need to meet all of the following criteria:

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

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

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

### **C. Implementation of New Accounting Standards**

The GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," which became effective for the fiscal year ended June 30, 2009. The statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The County considered the requirements of this statement and did not find it applicable to current operations and conditions. The County will apply the requirements in the future should the County have obligations of this nature.

The GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)" which became effective for the fiscal year ended June 30, 2009. The statement provides guidance on all aspects of OPEB reporting by employers. The County participates in the State of New Mexico Retiree Health Care Plan which is a postemployment benefits plan. The County believe that its presentation of the benefits offered under this plan meet the requirements of this statement.

### **D. Basic Financial Statements**

Basic financial statements consist of the following:

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

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the non-fiduciary activities of the County. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

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

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

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

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

### **Measurement Focus and Basis of Accounting**

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

**It is important to note that the Internal Service Funds of the County are unusual in nature, since they predominantly serve (60% of interfund revenues) enterprise funds. As such, the net assets of these funds are reflected in the government-wide financial statements in the business-type activities.**

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

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

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

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

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

## Presentation of Funds

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

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

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

- **General Fund** – The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For the County, the General Fund includes most basic services, such as police, parks, recreation facilities and programs, library, and general administration.
- **Self-sufficiency Fund** – The Self-sufficiency Fund (Special Revenue Fund) accounts for receipt, management, investment, and expenditure of the buyout payment received from the Department of Energy under the Atomic Energy Communities Act.
- **GRT Revenue Bonds Debt Service Fund** – The GRT Revenue Bond Debt Service Fund accounts for amounts to be accumulated for payment of principal and interest on gross receipts tax revenue bonds issued for the construction of specific capital projects. Debt service is financed by a portion of the gross receipts tax imposed and collected by the State and distributed to the County.
- **Capital Improvement Projects Fund** – The Capital Improvement Projects Fund (Capital Projects Fund) accounts for the financing and construction of structures and improvements approved by the County Council.
- **Capital Projects Permanent Fund** – The Capital Projects Permanent Fund accounts for amounts received under a settlement of prior year's gross receipts taxes, set aside by the County Council and the County Charter for capital projects. The original principal of this fund, adjusted for inflation, is restricted and non-expendable.

The County also reports the following non-major governmental funds: State Shared Revenue, Lodgers' Tax, State/Other Grant, Indigent Health Care, Other Special Revenues Fund, Cerro Grande Fire Fund, and the State Loans Debt Service Fund.

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

- **Joint Utility System** – The Joint Utility System Fund accounts for the provision of electric, gas, water, and wastewater utility services to the community.
- **Environmental Services Fund** – The Environmental Services Fund (formerly Refuse Fund) accounts for the operation of the County landfill, commercial and residential refuse collection, curbside and drop off recycling, and composting of yard waste.
- **Golf Course Fund** – The Golf Course Fund accounts for the operations and maintenance of the County-owned golf course.



- **Transit Fund** – The Transit Fund accounts for public transportation services provided to the community under the name Atomic City Transit (ACT). This fund was new in FY2008.
- **Fire Fund** – The Fire Fund accounts for fire protection services provided under a contract with Los Alamos National Laboratory (LANL) which concluded September 30, 2009. Beginning October 1, 2009 this fund accounts for fire protective services provided under a cooperative agreement between the County and the National Nuclear Security Administration, an agency of the U.S. Department of Energy (DOE).
- **Airport Fund** – The Airport Fund accounts for the operation and maintenance of the Los Alamos Airport.

The County has the following additional fund types:

- **Internal Service Funds** – The Internal Service Funds are used to account for vehicle maintenance and operation, and risk management operations that provide services to other funds and departments of the County. As previously mentioned, the Internal Service Funds of the County are unusual in nature, since they predominantly serve enterprise funds.
- **Fiduciary Funds** – The Fiduciary Funds of the County consist of a Pension Trust Fund and an Agency Fund. The Pension Trust Fund is used to account for the Los Alamos County Employees Pension Plan, which is administered by the County. The Agency Fund primarily is used to account for property taxes and other fees and assessments collected for and distributed to other government entities.

#### **F. Budgetary Control**

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

Actual expenditures and encumbrances may not exceed the budget at the department level within a fund, which is the legal level of budgetary control. Increases of appropriations within a fund or department and transfers between departments within a fund require approval of the County Council. Management may make transfers of appropriations within departments.

The budget process for the County is an on-going, year-round process. It formally begins in October when the Department Directors, the County Administrator, and the County Council hold meetings. Following these preliminary meetings, departments begin to prepare plans for maintaining, reducing, or deleting current services, and planning for new services. The Office of Management and Budget provides detailed budget guidelines to the departments in December and meets with departmental staff to discuss the guidelines and the County's goals for the upcoming year. From these guidelines, the departments develop their preliminary budgets. The County Council holds public hearings in April and adopts the annual operating budget and capital improvement program in May. Finally, the budget is submitted to the State of New Mexico Department of Finance and Administration (DFA) for its review and approval.

The Statements (or Schedules) of Revenues, Expenditures (or Expenses), Encumbrances, and Changes in Fund Balance (or Net Assets) - Budget and Actual present comparisons of actual results of operations to budgetary data for those funds for which annual operating budgets are legally adopted. The effect of encumbrances is added to actual results for these comparisons.

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

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

#### **G. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in all funds. In Governmental Fund Types, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances are re-appropriated through a revision of the subsequent year's budget.

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

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

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

All of the County's investments are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. There were investments in the Joint Utility Fund, which required a fair value adjustment of \$545,057 at June 30, 2009. Therefore, there is a change in fair value disclosed in the schedule of non-cash activities to the statement of cash flows. The County does not have investments that are reported at amortized cost.

#### **I. Accounts and Loans Receivable – Allowance for Doubtful Accounts**

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

#### **J. Property Taxes Receivable**

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

#### **K. Prepaid Items**

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

#### **L. Interfund Receivables and Payables**

Current amounts owed between funds are classified as "Due from/to other funds" in the governmental fund financial statements. Any non-current balance of interfund loans would be reported in the fund financial statements, classified as "Advances to/from other funds" and offset by a fund balance reserve account in governmental funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

#### **M. Inventories**

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

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

#### **N. Restricted Assets**

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

## **O. Capital Assets**

Capital assets, which include property, plant, equipment (includes externally developed software), and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements. County policy requires capitalization of assets with an initial, individual cost of \$5,000 or more. All capital assets are recorded at cost or, if contributed property, at their estimated fair market value at the time of contribution. Repairs and maintenance that do not add to the value of the asset or materially extend the life are recorded as expenses; improvements are capitalized. The County does not capitalize or depreciate the cost of library books. Additionally, the County is not internally developing computer software, which would require capitalization or depreciation.

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

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

Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, except for Electric Utility Fund assets financed by long-term debt which are depreciated by charges to expense approximately equal to the principal payments on the debt (sinking fund method). This is the depreciation method utilized for ratemaking purposes. The difference between this depreciation method and the straight-line method was an increase in depreciation expense of \$1,742,000 in the year ended June 30, 2009, and a cumulative reduction in accumulated depreciation of \$370,000 at June 30, 2009.

The County does not report capital assets purchased under the terms of the LANL Fire Services Contract, because LANL retained title to those assets. Those assets are maintained on LANL's listing of capital assets.

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

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

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

#### **P. Compensated Absences**

The County permits employees to accumulate a limited amount of earned but unused vacation, compensatory time, and sick leave. These compensated absences are accrued when they are earned in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. In proprietary funds and in the government-wide financial statements, the County has recorded liabilities for accumulated vacation leave, compensatory time, termination payments for sick leave, and associated benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

The County allows employees to accrue compensatory time up to 60 hours for exempt employees, 120 hours for nonexempt employees, and 240 hours for public safety employees. Sick leave accrues at 8 hours per month for all active regular and limited-term employees. Sick leave expense is recognized as employees utilize it, but the County does provide a termination payment of up to 520 hours (65 days) of sick leave when an employee retires under PERA retirement rules [see Note (8)].

The basis for recording these compensated absences is at the current hourly rate of each employee plus associated employer paid benefits except for termination sick leave which has been accrued based on ten years of retiree payment experience and utilizing a composite hourly wage rate. The termination sick leave calculation provided an estimated benefit cost of approximately \$316 per year of service for active Fire Department employees at June 30, 2009, and approximately \$225 for other active County employees.

### **Q. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other expenditures.

### **R. Fund Balance**

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

### **S. Net Assets**

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

### **T. Interfund Transactions**

Interfund transactions are classified as follows:

- **Services provided** – Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services are similarly treated when they involve other funds. These transactions are not eliminated in the consolidation to the government-wide financial statements.
- **Transfers** – Transactions to support the operations of other funds are recorded as “Transfer out/transfers in” and classified with “Other Financing Sources and Uses” in the fund financial statements. Transfers within governmental or proprietary fund groups are netted as part of the reconciliation to the government-wide financial statements.
- **Contributions** – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as non-operating revenue.

## **U. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **(2) LEGAL COMPLIANCE - BUDGETS**

During fiscal year 2009, the County Council and the New Mexico Department of Finance and Administration approved a total of approximately \$155 million of budget revisions (transfers and supplemental appropriations) for the General Fund, Joint Utility Systems, and other funds. The approximately \$155 million of budget revisions include the following re-appropriations and carryovers: \$95 million for Capital Improvement Projects Fund projects, \$38 million in encumbrances, and \$3 million in other project and grant re-appropriations. Other major revisions include: approximately \$4 million for additional Capital Improvement costs, \$7 million in debt service revisions related to revenue bonds and approximately \$8 million for various other items and projects. For the fiscal year ended June 30, 2009 expenditures did not exceed appropriations at the legal level of budgetary control for any County department, project, or fund.

## **(3) POOLED CASH AND INVESTMENTS**

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

### **A. Cash**

#### **Policies**

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

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

Petty cash and change funds	\$	4,732
Carrying amount of deposits		95,371,730
Cash equivalents		2,262,806
Book value of investments		<u>135,961,739</u>
Total reported in notes to financial statements	\$	<u>233,601,007</u>
Government-wide Statement of Net Assets:		
Equity in pooled cash and investments	\$	121,631,779
Investments		26,753,403
Restricted assets-Cash & cash equivalents		22,262,559
Restricted assets-Investments		38,735,221
Fiduciary Funds:		
Equity in pooled cash and investments		85,305
Investments (mutual funds), at fair value		<u>24,132,740</u>
Total reported in financial statements	\$	<u>233,601,007</u>

### **Custodial Credit Risk – Deposits**

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

- (1) Equity-to-asset ratio is equal to or greater than the level recommended by the federal deposit insurance corporation;
- (2) A current audited annual financial statement has been submitted to the County
- (3) No successive losses for two preceding years
- (4) If not a local financial institution, its assets must be in excess of \$1,000,000,000 and
- (5) Not operating under a letter of agreement or cease and desist order issued by any regulatory agency.

Under New Mexico law, financial institutions holding public deposits must pledge collateral in an amount not less than 50% of the uninsured balance. At June 30, 2009 the County had deposits of \$96,004,020 that were fully insured or collateralized and therefore not exposed to custodial credit risk under New Mexico law.



## B. Investments

### **Credit Risk**

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

The County's government's rated debt investments as of June 30, 2009 are presented below using the Standard and Poor's rating scale:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>		
		<u>AAA</u>	<u>AA</u>	<u>A</u>
U.S. Government Agencies	\$ 39,677,032	39,677,032	0	0
New Mexico State Local Government Investment Pool (LGIP)	38,664,297	38,664,297		
<u>Unrated investments:</u>				
Repurchase agreements	6,649,150			
New Mexico State Investment Council	26,316,372			
New Mexico State Local Government Investment Pool (LGIP)	522,147			
non performing reserve pool				
<u>Exempt from credit risk disclosure:</u>				
LAC Pension	24,132,740			
Total Investments	\$ <u>135,961,738</u>			

**Interest rate risk**

Interest rate risk is the risk that changes in the interest rates of debt investments will adversely affect the fair value of investment.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
<u>Debt Securities</u>					
U.S. Agencies	\$ 39,677,032	21,577,161	18,099,871	0	0
Repurchase Agreements	6,649,150	0	0	6,649,150	0
	46,326,182	21,577,161	18,099,871	6,649,150	0
<u>Other Investments</u>					
New Mexico State Investment Council	26,316,372				
LAC Pension Plan	24,132,740				
New Mexico State Local Government Investment Pool	39,186,444				
Total Investments	\$ 135,961,738				

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

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

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

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

The LGIP had investments in The Reserve Primary Fund, a money market fund whose value fell below one dollar on September 15, 2008. The Reserve Fund's assets were frozen at that point. The LGIP transferred the value of each entities investment in the Reserve into separate Reserve Contingency Fund accounts on March 6, 2009. The County's balance was \$893,336 at that time. At June 30, 2009 the balance was \$622,790. Several lawsuits have been filed against The Reserve Primary Fund with the outcome undetermined at this point. The LGIP is therefore unable to anticipate the full amount of the loss but expects to recover between 83.84% and 87.78%. The County used the lower value to calculate a \$100,643 adjustment to fair value on the value of the reserve accounts. For more information regarding the LGIP's investment status in The Reserve Fund go to the LGIP website at <http://www.stonm.org/NewMexiGROWLGIP>.

#### **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, 2009 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, 2009 less the pension fund which is disclosed separately are as follows:

	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>% of Total Government-wide Investments</u>
Governmental Activities	FHLB	Federal agency securities	\$ 7,970,315	8.3%
Business-type Activities	MBIA	Investment repurchase agreement	17,937,863	18.6%

Investments in the securities of any individual issuers that represent 5% or more of the total investments by individual funds at June 30, 2009 are as follows:

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

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

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

#### (4) ACCOUNTS RECEIVABLE AND OPERATING LEASES

Accounts receivable balances at June 30, 2009, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
Governmental funds:			
General	\$ 145,485	(73,511)	71,974
Capital Improvement Projects	147,329	(147,329)	0
Other Governmental	1,500	0	1,500
Proprietary funds:			
Joint Utility Fund	5,016,528	(34,190)	4,982,338
Environmental Services	234,965	(7,197)	227,768
Fire	790,569	(713,603)	76,966
Airport	36,790	0	36,790
Internal Service	6,379	(4,790)	1,589
Totals	<u>\$ 6,379,545</u>	<u>(980,620)</u>	<u>5,398,925</u>

On the Government-wide Statement of Net Assets an additional \$1,598 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, 2009:

Fiscal Year Ending June 30,		Amount
2010	\$	55,050
2011		55,050

2012	55,050
2013	55,050
2014	55,050
Thereafter	<u>1,140,900</u>
	<u>\$ 1,416,150</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, 2009 the County had seven outstanding loans receivable recorded in the Self-sufficiency Special Revenue Fund.

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

Payments are due as follows:

<u>Installment Due Date</u>	<u>Principal Installment</u>
June 30, 2010	\$ 29,575
June 30, 2011	32,331
June 30, 2012	32,331
June 30, 2013	32,331
June 30, 2014	32,331
June 30, 2015	32,331
June 30, 2016	484,960
LACDC Loan Receivable as of June 30, 2009	<u>\$ 676,190</u>

On May 30, 2002 the County entered into a loan agreement with Veriscape Inc. in the amount of \$527,000. As of June 30, 2009 the County had distributed \$525,716 of the loan amount to Veriscape. As of February 28, 2006, the loan agreement was amended to defer the first repayment to July 1, 2007. The loan bears interest at 5% per annum beginning June 1, 2007. The loan is secured by any and all assets that Veriscape purchases in whole, or in part, with the loan proceeds. Prior to the loan being amended in FY 2006, Veriscape made three "good faith" principal payments totaling \$9,600. Additionally, Veriscape was given credit of \$3,261 for furniture purchased with the loan and given to the County. The loan was further amended in FY 2008 to provide for graduated monthly payments beginning September 1, 2007 through August 1, 2014. As of June 30, 2009 the loan was current and there was no delinquent balance.

A summary of monthly payments due are as follows:

<u>Total of monthly payments for fiscal year ending</u>	<u>Principal Installment</u>
June 30, 2010	\$ 42,350
June 30, 2011	69,075
June 30, 2012	97,166
June 30, 2013	114,417
June 30, 2014	144,828
June 30, 2015	24,392
Veriscape Loan Receivable as of June 30, 2009	<u>\$ 492,228</u>

On November 1, 2002 the County entered into a loan agreement with Frola Inc. in the amount of \$57,000. As of June 30, 2009 the County had distributed the entire \$57,000 loan amount to Frola Inc. The loan bears interest at 5% per annum beginning November 1, 2007. The loan is secured by any and all assets that Frola Inc. purchases in whole, or in part, with the loan proceeds. The loan requires Frola Inc. to make sixty monthly payments of \$1,076 beginning November 1, 2007 through October 1, 2012. During FY 2008, Frola Inc. made only three monthly payments. During FY2009, Frola, Inc. made \$5,800 of payments including interest and penalties. At June 30, 2009 Frola was delinquent in the amount of \$13,686 including penalties and interest.

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, 2009 the County had distributed \$73,027 of the loan amount to Elemetric Instruments, Inc.. The loan bears interest at 5% per annum beginning June 1, 2008. The loan is secured by any and all assets that Elemetric Instruments, Inc. purchases in whole, or in part, constructed or installed prior to December 31, 2005. The loan requires Elemetric Instruments, Inc. to make sixty monthly payments of \$1,415 beginning July 1, 2008 through June 2013. During FY2009, Elemetric Instruments Inc. made \$15,569 of payments including interest. At June 30, 2009 Elemetric Instruments, Inc. was delinquent in the amount of \$1,488 including penalties and interest.

On July 30, 2003 the County entered into a loan agreement with Avanza Technologies, Inc. in the amount of \$235,000. As of June 30, 2008 the County had distributed the entire \$235,000 loan amount to Avanza Technologies, Inc. The loan bears interest at 5% per annum beginning July 30, 2006. The loan is secured by any and all assets that Avanza Technologies, Inc. purchases in whole or in part with the loan proceeds constructed or installed prior to

December 31, 2004. The loan requires Avanza Technologies, Inc. to make eighty-four monthly payments of \$3,321 beginning July 30, 2006 through January 30, 2012. Over the life of this loan, Avanza Technologies, Inc. has only made three payments totaling \$7,056. On October 17, 2006, Avanza Technologies Inc. sent a letter notifying the County that it was no longer a viable entity and that it would not be making any further loan payments. A reserve for loan losses has been recorded for the outstanding balance on the loan. The County is pursuing legal measures to collect the balance due.

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, 2009 the County had distributed \$302,009 of the loan amount to Caldera and an additional \$30,244 of accrued interest was added to principal. The loan bears interest at 5% per annum beginning September 21, 2009. Caldera will pledge as collateral a security interest in the building it constructs and in equipment purchased in whole or in part with the loan distributions. The 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 subsequent to June 30, 2009 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.

On March 14, 2007, the County entered into a loan agreement with HYTEC Inc. (name since changed to IMTEC Inc.) in the amount of \$2,400,000. As of June 30, 2009 the County had distributed \$1,693,166 of the loan amount to IMTEC Inc. and an additional \$53,740 of accrued interest was added to principal. The loan bears interest at 5.5% per annum. The loan is secured by land and the building being constructed with the proceeds of the loan. The original loan requires Caldera to make one hundred twenty monthly payments of \$31,806 beginning November 1, 2011 based on the \$2,400,000 commitment. This repayment schedule will be updated to reflect the actual amount drawn if all loan proceeds are not drawn down by March 14, 2010.

As of June 30, 2009 the total reserve for loan losses balance was \$1,090,000. The reserve was established since several of these are loans to start up companies and may not prove to be fully collectible.

As of June 30, 2009 the County has a balance of \$223,093 in discounts on the loans receivables. The discounts were established since one of the loans is interest free, and others had initial interest free periods ranging from two to five years. Amortization of loan discounts of \$49,770 was recorded for the fiscal year ended June 30, 2009.

#### **Mortgage Loans Receivable**

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

The detail of loan receivable balances at June 30, 2009, is as follows:

Principal, economic development loans:		
Los Alamos Economic Development Corporation	\$	676,190
Veriscape Inc.		492,228
Frola Inc.		50,185
Elemetric Instruments Inc (formerly Advanced Realtime Technologies, LLC)		60,548
Avanza Technologies, Inc.		227,944
Caldera Pharmaceuticals Inc.		332,253
Hyttec Inc.		1,746,908
Subtotal economic development loans		<u>3,586,256</u>
Principal, mortgage loans:		
Casa Mesita Inc.		211,730
Los Alamos Group Home Inc.		350,000
Subtotal mortgage loans		<u>561,730</u>
Less: Discounts on economic development loans		(173,323)
Less: Discounts reserve for loan losses		<u>(1,090,000)</u>
Total loans receivable, net of discounts and reserve for loan losses (as reflected in Self-sufficiency Fund)	\$	<u><u>2,884,663</u></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, 2009 are presented on the facing page:

Transfers in (from other funds)	Transfers out (to other funds)						Total
	General	Capital Improvement Projects	Joint Utility System	Fire	Transit	Other Governmental	
General	\$ 0	2,110,354	844,985	993,281	0	1,042,500	4,991,120
GRT Revenue Bonds	11,225,546	0	0	0	0	0	11,225,546
Capital Improvement Projects	5,074,378	0	0	0	0	466,988	5,541,366
Capital Projects Permanent	4,000,000	0	0	0	0	0	4,000,000
Joint Utility System	598,292	0	0	0	0	0	598,292
Golf Course	460,000	0	0	0	0	0	460,000
Transit	1,415,969	0	0	0	0	0	1,415,969
Airport	228,375	0	0	0	0	0	228,375
Internal Service Funds	0	0	99,833	0	356,655	0	456,488
Other Governmental	1,078,107	0	0	0	0	0	1,078,107
	<u>\$ 24,080,667</u>	<u>2,110,354</u>	<u>944,818</u>	<u>993,281</u>	<u>356,655</u>	<u>1,509,488</u>	<u>29,995,263</u>
Capital assets were transferred into the following funds from governmental activities:							
Joint Utility System	\$ 649,349						
Golf Course	229,523						
Transit	165,375						
Fire	54,689						
Internal Service	322,019						
Total	<u>\$ 1,420,955</u>						

### Interfund assets and liabilities:

At June 30, 2009 there was one advance due from the Fire Fund to the Self-sufficiency Fund for construction costs of the new White Rock Fire Station 3. The amount due to be repaid in more than one year is reported as an advance in both funds in the amount of \$1,248,787, and the amount due within one year is included as due to/due from other funds in the amount of \$637,677. All other interfund balances were expected to be repaid within a year and are classified as due to/due from balances. These balances represent pension contributions payable, pension forfeitures receivables, and the reclassification of negative pooled cash balances.

Due to/due from balances at June 30, 2009 are presented below:

	Due to other funds	Due from other funds		
		General	Self-sufficiency	Pension Trust
General	\$	0	0	170,682
Fire		2,931,364	637,677	0
Pension Trust		1,598	0	0
	\$	<u>2,932,962</u>	<u>637,677</u>	<u>170,682</u>
				<u>3,741,321</u>

## (7) CAPITAL ASSETS

As part of the Entrada Development, the County sold land which had been recorded in the governmental activities capital assets at a historical value of \$834,569. The land and \$604,871 in cash was exchanged for roadway and utility infrastructure. The roadway infrastructure is included in governmental activities construction in progress in the amount of \$1,020,504. The utility portion of the infrastructure is shown as an addition to the general government infrastructure and a transfer to the business-type activities in the amount of \$648,858. A gain on the disposal of land was recognized in the amount of \$229,922.

Golf course fencing and bus shelters created as part of the governmental activities capital construction activities were transferred out of governmental activities capital assets to business-type activities in the amount of \$394,898. Additionally, machinery and equipment in the amount of \$377,199 was transferred from governmental activities to business-type activities.

During FY 2009 the U.S. Department of Energy transferred ownership of the Los Alamos Airport to the County. The fair value of land was estimated by the County assessor's office based on the same criteria is uses to value other properties within the County. The fair value of buildings was estimated using the same criteria used for determining the insured values (estimate based on age and construction type) of all County properties. The fair value of other improvements was based on an estimate prepared by an airport construction contractor. The total fair value of assets transferred to the County was recorded in the Airport Fund, a business-type activity, in the amount of \$14,365,536.

Capital asset activity for the year ended June 30, 2009 was as follows:

	June 30, 2008 Balance	Additions	Disposals	Donations, Transfers and Adjustments	June 30, 2009 Balance
<b>Governmental activities capital assets:</b>					
Capital assets, not being depreciated:					
Land	\$ 39,450,411	0	(834,569)	0	38,615,842
Right of way land	18,001,114	0	0	0	18,001,114
Art and historic treasures	518,750	65,303	(2,650)	0	581,403
Construction in progress	8,081,923	58,882,791	(9,248,760)	(394,898)	57,321,056

Total capital assets, not being depreciated	<u>66,052,198</u>	<u>58,948,094</u>	<u>(10,085,979)</u>	<u>(394,898)</u>	<u>114,519,415</u>
Capital assets, being depreciated					
Buildings	26,487,273	12,695	0	0	26,499,968
Improvements other than buildings	7,161,148	820,216	0	0	7,981,364
Machinery and equipment	11,865,453	1,579,521	(1,403,549)	(377,199)	11,664,226
Infrastructure	<u>146,904,518</u>	<u>6,836,559</u>	<u>(2,119,663)</u>	<u>(648,858)</u>	<u>150,972,556</u>
Capital assets, being depreciated	<u>192,418,392</u>	<u>9,248,991</u>	<u>(3,523,212)</u>	<u>(1,026,057)</u>	<u>197,118,114</u>
Less accumulated depreciation for:					
Buildings	(10,102,128)	(600,288)	0	0	(10,702,416)
Improvements other than buildings	(3,130,791)	(396,651)	0	0	(3,527,442)
Machinery and equipment	(9,333,077)	(1,053,429)	1,395,121	0	(8,991,385)
Infrastructure	<u>(64,746,447)</u>	<u>(5,068,014)</u>	<u>1,690,362</u>	<u>0</u>	<u>(68,124,099)</u>
Total accumulated depreciation	<u>(87,312,443)</u>	<u>(7,118,382)</u>	<u>3,085,483</u>	<u>0</u>	<u>(91,345,342)</u>
Total capital assets, being depreciated, net	<u>105,105,949</u>	<u>2,130,609</u>	<u>(437,729)</u>	<u>(1,026,057)</u>	<u>105,772,772</u>
Total governmental activities capital assets	<u>\$ 171,158,147</u>	<u>61,078,703</u>	<u>(10,523,708)</u>	<u>(1,420,955)</u>	<u>220,292,187</u>
Business-type activities capital assets:					
Capital assets, not being depreciated:					
Land	<u>\$ 8,934,095</u>	<u>0</u>	<u>0</u>	<u>4,387,040</u>	<u>13,321,135</u>
Construction in progress	<u>12,777,950</u>	<u>14,617,245</u>	<u>(21,206,161)</u>	<u>733,277</u>	<u>6,922,311</u>
Total capital assets, not being depreciated	<u>21,712,045</u>	<u>14,617,245</u>	<u>(21,206,161)</u>	<u>5,120,317</u>	<u>20,243,446</u>
Capital assets, being depreciated					
Buildings	16,579,031	6,044,572	(647,154)	1,154,689	23,131,138
Improvements other than buildings	2,166,062	1,531,196	0	9,273,394	12,970,652
Utility plant in service	227,648,550	13,445,196	(1,643,295)	0	239,450,451
Machinery and equipment	<u>18,512,709</u>	<u>1,995,894</u>	<u>(1,172,488)</u>	<u>314,257</u>	<u>19,650,372</u>
Capital assets, being depreciated	<u>264,906,352</u>	<u>23,016,858</u>	<u>(3,462,937)</u>	<u>10,742,340</u>	<u>295,202,613</u>
Less accumulated depreciation for:					
Buildings	(1,716,171)	(518,429)	247,101	0	(1,987,499)
Improvements other than buildings	(1,363,054)	(608,039)	0	0	(1,971,093)
Utility plant in service	(81,082,480)	(7,773,886)	1,006,556	0	(87,849,810)
Machinery and equipment	<u>(8,786,508)</u>	<u>(1,281,825)</u>	<u>1,095,451</u>	<u>0</u>	<u>(8,972,882)</u>
Total accumulated depreciation	<u>(92,948,213)</u>	<u>(10,182,179)</u>	<u>2,349,108</u>	<u>0</u>	<u>(100,781,284)</u>
Total capital assets, being depreciated, net	<u>171,958,139</u>	<u>12,834,679</u>	<u>(1,113,829)</u>	<u>10,742,340</u>	<u>194,421,329</u>
Total business-type activities capital assets	<u>\$ 193,670,184</u>	<u>27,451,924</u>	<u>(22,319,990)</u>	<u>15,862,657</u>	<u>214,664,775</u>

Notes to Financial Statements

Depreciation expense for the year ended June 30, 2009 was as follows:

Depreciation expense was charged to governmental activities as follows:

General government	\$ 948,586
Public safety	267,154
Physical and economic environment	19,810
Transportation	5,187,072
Culture and recreation	695,760
Total depreciation expense - governmental activities	<u>\$ 7,118,382</u>

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

Joint Utility Fund	
Electric	\$ 5,263,471
Gas	199,732
Water	1,647,741
Wastewater	662,942
Environmental Services	116,013
Golf Course	47,790
Transit	6,516
Fire	450,278
Airport	554,667
Equipment - Internal Service	1,233,029
Total depreciation expense - business-type activities	<u>\$ 10,182,179</u>

The County acquired the Los Alamos Apartment's land and buildings in a U.S. Department of Housing and Urban Development foreclosure sale for \$1,194,804. Since the intent when purchasing the land was to clear the property and make it available for future resale for private development, this asset has not been added to the capital assets of the County. Instead, the asset is recorded in the Self-sufficiency Fund as an "Asset held for resale."

## **(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](http://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, 2009, active plan members and the County were each required by statute to contribute at actuarially determined rates of the members' annual covered payroll. These rates are summarized below:

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

The County's contributions to PERA for the years ended June 30, 2009, 2008, and 2007 were \$4,118,372, \$3,846,995, and \$3,671,510 respectively, which were equal to the required contributions for each year.

### **B. Los Alamos County Employees Pension Plan**

All County employees (except those classified as casual, temporary, or elected officials) also participate in a single-employer defined contribution plan (the Plan) administered under authority of the County Council. The Plan's financial position and results of operation are reported in the accompanying financial statements in the Pension Trust Fund. The Plan Agreement requires the County to contribute bi-weekly an amount equal to 9.0 percent of the compensation paid to all participating employees. Participants are required to contribute bi-weekly an amount equal to 1.0 percent of their individual compensation. The amount contributed by the participant, and four ninths of the amount contributed by the County, are vested immediately. Five ninths of the amount contributed by the County is subject to a seven-year step-vesting schedule. Participants are not allowed to make voluntary contributions to the Plan. Changes to plan provisions require approval by the County Council.

Total contributions for the year ended June 30, 2009 were \$3,056,259 (\$323,279 participant; and \$2,732,980 County, net of forfeitures of \$176,658). 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 \$50 loan origination fee is charged to the participant at the inception of the loan. An ongoing maintenance fee of \$25 is charged to the participant for each year that a loan is outstanding.

Financial statements for the Plan are prepared using the accrual basis of accounting. Employer and participant contributions are recognized in the period that the contributions are due. Administrative expenses of the plan for the year ended June 30, 2009 were \$53,206, which included allocated audit fees of \$8,536, trustee fees of \$34,254, legal fees of \$6,391, and loan origination fees of \$4,025 charged to individual participants.

The following are the plan investments at June 30, 2009, stated at fair value, based on the funds' share price:

Mutual funds at fair value:		
Alliance Growth and Income Fund	\$	3,190,793
American Bond Fund of America		1,743,808
American Balanced Fund		2,638,789
Franklin Small Capital Growth Fund		2,081
Columbia Acorn Trust Fund		2,477,597
Gabelli Small Cap Growth Fund		2,632,406
HB and T Short-term Income Fund		3,010,072
ING International Value Fund		4,579,370
Oppenheimer Capital Appreciation Fund		3,857,824
<hr/>		
Total investments	\$	<u>24,132,740</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 \$33,869 for the fiscal year ended June 30, 2009.

#### **D. New Mexico Retiree Health Care Act**

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

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

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

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

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

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The County began participation in the RHCA plan in January, 2006.

The County's contributions to the RHCA for the fiscal years ended June 30, 2009, 2008 and 2007 were \$421,859, \$393,300, and 369,583 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, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Accrued compensated absences	\$ 2,378,961	1,433,655	1,230,938	2,581,678	1,785,133
Contracts and intergovernmental debt	1,760,686	0	1,760,686	0	0
Revenue bonds payable	0	75,676,290	1,941,515	73,734,775	3,090,000
Total governmental activities	<u>\$ 4,139,647</u>	<u>77,109,945</u>	<u>4,933,139</u>	<u>76,316,453</u>	<u>4,875,133</u>
Business-type activities:					
Accrued compensated absences	\$ 1,980,626	1,386,283	1,100,804	2,266,105	1,525,533
Claims and judgments	969,706	1,800,344	1,582,110	1,187,940	490,275
Revenue bonds payable	59,514,641	360,436	6,270,000	53,605,077	6,560,000
Contracts and intergovernmental debt	18,086,801	540,202	140,491	18,486,512	143,890
Special closure costs	4,933,541	261,441	0	5,194,982	0
	<u>\$ 85,485,315</u>	<u>4,348,706</u>	<u>9,093,405</u>	<u>80,740,616</u>	<u>8,719,698</u>

In prior years, resources of the General Fund have been used to liquidate the liability for compensated absences. Internal service funds of the County predominantly serve the proprietary funds. Accordingly, compensated absences in the amount of \$49,148 and claims and judgments in the amount of \$1,187,940 from internal service funds are included as part of the business-type activities.

### B. Utility System Revenue Bonds

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

On July 8, 2004 the County issued \$69,445,000 in Utility Revenue bonds (2004 Series A) with an average interest rate of 4.92 percent to retire the outstanding 1994 Series Utility Revenue Bonds, which had an average interest rate of 6 percent and a maturity date of 2017. The net proceeds of \$76,362,372 (including \$4,035,073 in premiums, \$14,245,628 from the 1994 Series sinking fund proceeds, \$403,507 additional funding from the County less \$1,212,708 in underwriting, insurance and issuance costs) were used to retire the outstanding 1994 Series Utility Revenue Bonds plus accrued July



interest, provide \$7,348,007 for future debt service payments and \$3,206,121 in rate stabilization funds. As a result, the 1994 Series Utility Revenue Bonds have been removed from the government wide statement of net assets.

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

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, 2009 are as presented below.**

Year ending June 30	2004A Series		2004B Series		2006A Series		2006B Series		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 6,100,000	2,358,437	55,000	58,275	160,000	108,000	245,000	234,575	9,319,287
2011	6,375,000	2,064,000	60,000	56,213	170,000	101,600	260,000	221,958	9,308,771
2012	6,675,000	1,745,250	60,000	53,963	175,000	94,800	270,000	208,567	9,282,580
2013	6,990,000	1,411,500	65,000	51,562	185,000	87,800	285,000	194,663	9,270,525
2014	7,320,000	1,062,000	65,000	48,962	190,000	80,400	300,000	179,985	9,246,347
2015-2019	13,920,000	1,009,000	375,000	197,213	1,070,000	281,400	1,755,000	646,135	19,253,748
2020-2024	0	0	585,000	105,375	750,000	60,800	1,295,000	143,607	2,939,782
	<u>\$ 47,380,000</u>	<u>9,650,187</u>	<u>1,265,000</u>	<u>571,563</u>	<u>2,700,000</u>	<u>814,800</u>	<u>4,410,000</u>	<u>1,829,490</u>	<u>68,621,040</u>
2004A Series Principal	\$ 47,380,000								
2004B Series Principal	1,265,000								
2006A Series Principal	2,700,000								
2006B Series Principal	4,410,000								
Unamortized balances:									
Refunding costs	(4,376,478)								
Discounts and premiums	2,226,555								
	<u>\$ 53,605,077</u>								

### C. Gross Receipts Tax Improvement Revenue Bonds

On October 21, 2008, the County closed on the sale of The Incorporated County of Los Alamos, New Mexico Gross Receipts Tax (GRT) Improvement Revenue Bonds, Series 2008. The new bonds were issued in the amount of \$75,000,000 with a final maturity date of June 1, 2028. Interest on the bonds is payable semi-annually beginning June 1, 2009 at rates ranging from 3.75% to 6.00%, with an average coupon rate of 5.52%.

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

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

	Original Balances	FY 2009 Activity: Principal payment, premium amortization, & discount amortization	June 30 Balances
Original par amount	\$ 75,000,000	(1,845,000)	73,155,000
Bond premium	1,024,671	(120,160)	904,511
Bond discount	(348,381)	23,645	(324,736)
Total	<u>\$ 75,676,290</u>	<u>(1,941,515)</u>	<u>73,734,775</u>
Current			3,090,000
Long-Term			\$ 70,644,775
Total			<u>\$ 73,734,775</u>
Year ending June 30	Principal	Interest	Total
2010	\$ 3,090,000	3,821,638	6,911,638
2011	3,215,000	3,698,038	6,913,038
2012	3,345,000	3,569,438	6,914,438
2013	3,470,000	3,442,225	6,912,225
2014	3,615,000	3,303,425	6,918,425
2015-2019	20,955,000	13,615,356	34,570,356
2020-2024	17,505,000	8,318,557	25,823,557
2025-2028	17,960,000	2,696,155	20,656,155
	<u>\$ 73,155,000</u>	<u>42,464,832</u>	<u>115,619,832</u>

#### **D. Intergovernmental Notes Payable**

##### **General Government Activities**

In May 1994, the County borrowed \$2,557,688 from the New Mexico Environment Department to pay for the construction of an effluent water line from the Bayo Canyon Wastewater Treatment Facility to the Golf Course. The County paid off the remaining balance on this loan on June 25, 2009 in the amount of \$648,832. There is no future obligation under this loan agreement.

On July 3, 2000 the County entered into a loan agreement with the New Mexico Finance Authority (NMFA). The proceeds of the loan were used to finance roads and buildings projects. The loan amount was \$3,959,444, for a term of ten years, at a rate of 4.975% with a maximum annual debt service payment of \$519,419. The County paid off the remaining balance on this loan on June 26, 2009 in the amount of \$497,668. There is no future obligation under this loan agreement. This loan was payable solely from pledged gross receipts tax revenue and was not a general obligation of the County.

##### **Business-type Activities**

In December 2005, the County entered into an agreement to borrow up to \$15,000,000 from the New Mexico Environment Department to partially fund the construction of a new wastewater treatment facility. The loan proceeds will be drawn as they are needed for construction expenses. As of June 30, 2009, the County received \$12,741,785 in loan proceeds, which are recorded in the Joint Utility System Fund. The term of the loan will be 20 years, at an interest rate of 3%. The repayment of the loan will begin one year after the facility is placed in service in an amount to be determined by the actual amount drawn down on the loan. The loan will be payable solely from the net revenues from the operation of only the Wastewater subfund, which is a part of the joint Utility System Fund.

In April 2007 the County entered in to a loan and grant agreement with the Water Trust Board and the New Mexico Finance Authority (NMFA). The agreement includes a \$585,720 grant with a \$65,080 loan for the purpose of constructing a water line to transfer treated effluent water to County parks and ball fields. The loan is to be repaid from existing Utility system revenues. During fiscal year 2008 the County received the \$65,080 of loan proceeds under this agreement. The loan is interest free with a term of 15 years. Principal and administration fees that were payable at June 30, 2009 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,195	147	3,342
2011	3,203	139	3,342
2012	3,211	131	3,342
2013	3,219	123	3,342
2014	3,227	115	3,342
2015-2019	16,255	452	16,707
2020-2024	16,461	248	16,709
2025-2027	9,975	50	10,025
	<u>\$ 58,746</u>	<u>1,405</u>	<u>60,151</u>

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

Year ending June 30	Principal	Interest	Total
2010	\$ 3,996	194	4,190
2011	4,006	184	4,190
2012	4,016	174	4,190
2013	4,026	164	4,190
2014	4,036	154	4,190
2015-2019	20,331	618	20,949
2020-2024	20,587	363	20,950
2025-2027	16,656	104	16,760
	<u>\$ 77,654</u>	<u>1,955</u>	<u>79,609</u>

In May 2007 the County entered into a loan agreement with NMFA to borrow \$5,861,189 to construct a solid waste transfer station. The loan term is twenty-seven (27) years with an interest rate of 4.059%. The loan is to be repaid from Municipal Environmental Services Gross Receipts Tax revenues. Principal and interest that were payable at June 30, 2009 are as follows:

Year ending June 30	Principal	Interest	Total
2010	\$ 136,699	224,831	361,530
2011	141,688	219,855	361,543
2012	146,872	214,683	361,555
2013	152,276	209,293	361,569
2014	157,924	203,659	361,583
2015-2019	884,245	923,906	1,808,151
2020-2024	1,073,207	735,416	1,808,623
2025-2029	1,310,571	498,645	1,809,216
2030-2034	1,604,845	205,108	1,809,953
	<u>\$ 5,608,327</u>	<u>3,435,396</u>	<u>9,043,723</u>

## **(10) POWER SUPPLY**

The Federal Energy Regulatory Commission (FERC) has approved a settlement of PNM's 2005 transmission rate case effective October 1, 2005. The settlement increases PNM's Annual Transmission Revenues (ATRR) by approximately 53%, to \$58,500,000 and maintains the loss percentage at 3%. There is no minimum payment required under this contract; however, the County paid an average monthly cost under the NITSA of \$89,880 inclusive of ancillary services during fiscal year 2009.

In July 1987, the County entered a "life-of-plant" agreement with the City of Lincoln, Nebraska (Lincoln) for the long-term purchase of approximately 10 megawatts of capacity and energy from the Lincoln ownership interest in the Laramie River Station (LRS). The agreement requires the County to pay an annual fixed power cost of approximately \$1,322,000, adjusted for certain items in accordance with the contract through August 2016. Additionally, the County is required to pay a share of Lincoln's costs and assessments resulting from Lincoln's ownership interest in Laramie River Station, including fuel, operation and maintenance costs, and costs of renewals, replacements, and capital improvements. During the year ended June 30, 2009, the County paid \$3,103,932 under this agreement, which is included in purchased power expense. The energy from LRS is delivered to New Mexico over the WAPA transmission path described below.

The County also has a firm transmission services agreement with the Western Area Power Administration (WAPA) that requires monthly payments of \$14,800 at the current transmission rate.

Furthermore, the County has transmission service agreements with Jemez Mountain Electric Cooperative (Jemez), Tri-State Generation and Transmission Cooperative, PNM, and Northern Rio Arriba Electric Cooperative (NORA) for transmission of County hydroelectric power to the County service area. The County's contract with NORA has an annual minimum payment of \$32,700 plus gross receipts taxes. The County and Jemez are currently operating under the rate schedule which expired June 30, 2006. The payment to Jemez for FY 2009 was \$40,928.

The County also has the following annual obligations to pay for water to power its hydroelectric plants: a minimum of \$50,000 to pay the Middle Rio Grande Conservancy District for the El Vado Hydroelectric Plant; and approximately \$150,000 to pay the FERC for headwater benefits associated with the San Juan-Chama Diversion Project. FERC also collects approximately \$94,000 annually in administrative and falling water fees.

## **(11) RESOURCE POOL**

In 1985 the County and the U.S. Department of Energy (DOE) entered into a contract to create a Resource Pool (Pool) to which each party contributes the capacity and energy of their individual electric supply and transmission resources to meet their combined requirements. The County's major contributions to the Pool consist of energy from its San Juan Unit 4 Interest, the El Vado Hydroelectric Project, the Abiquiu Hydroelectric Project, the Laramie River Station, the WAPA entitlement, the PNM NITSA, and various transmission service agreements. The County received \$28,843,049 in fiscal year 2009 from DOE, which is included in utility sales and services, as a result of this contract.

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

In May 2002, the Grand Canyon Trust and the Sierra Club filed a "citizen suit" against PNM (but not against the co-owners of the San Juan Generating Station (SJGS), such as the County) under the Federal Clean Air Act. The suit alleged two violations of the Federal Clean Air Act: (a) that the SJGS has

violated and is currently in violation of the Federal Prevention of Significant Deterioration rules as well as corresponding provisions of the New Mexico Administrative Code; and (b) that the SJGS has "regularly violated" the 20% opacity limit contained in the SJGS operating permit. On March 9, 2005, PNM, the Grand Canyon Trust, the Sierra Club and the New Mexico Environment Department entered into a cooperative agreement in the form of a Consent Decree by which SJGS will significantly reduce air emissions. This agreement resolves the lawsuit. The Consent Decree was approved by the Federal District Court, District of New Mexico on May 10, 2005. The Consent Decree requires SJGS to invest in new technologies to reduce emissions at SJGS. Total environmental project capital costs are estimated to be \$320 million, of which the County's share is estimated to be \$6.0 million. As of June 30, 2009, the County's share of costs has been \$5.9 million. The remaining estimated cost will be recorded in fiscal year 2009. In addition, the County's share of increased O&M expenses associated with the additional environmental control equipment is estimated to be about \$2 million over the next 10 years.

## **(12) SPECIAL CLOSURE COSTS**

### **A. Landfill (Refuse Fund)**

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

The landfill closure costs were updated in fiscal year 2007 as part of submitting the final closure plan to the New Mexico Environment Department (NMED) in November 2006. That closure plan was approved by NMED in May 2007. The new closure cost estimate no longer includes the cost for groundwater monitoring or Phase I & II Assessment since NMED granted the County a waiver from groundwater monitoring at the County Landfill. As of June 30, 2009 the total closure and post closure care cost estimate was \$3,366,269. The waste relocation portion of the landfill closure activities was undertaken at a cost of \$1,046,578. Since the landfill will be open for less than one more fiscal year and is taking limited types of waste, the liability will be funded at 99.5% resulting in a closure liability at June 30, 2009 of \$2,302,860 (calculated liability of \$3,349,438 less the expenditures to date of \$1,046,578). It should also be noted that the total cost of landfill closure is based on an estimate, which is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

In fiscal year 2009, the construction of the new solid waste transfer station was completed and operations began in April 2009. The closure of the current landfill will occur within six months of acceptance of final waste according to the solid waste regulations. The final acceptance of waste is projected to occur in May 2010 with closure completion estimated in October 2010.

## **B. Generating Station (Electric Utility Fund)**

The County owns a 7.2% undivided interest in Unit 4 of the San Juan Electric Generating Station which is operated by the Public Service Company of New Mexico (PNM). The station consists of four pulverized coal-fired generating units. Unit 4, built in 1982, will expend its planned useful life by the year 2022, however PNM has engaged a consultant to evaluate extension of the life of Unit four until the year 2037.

In 1992, an engineering firm conducted a decommissioning study that estimated the County's portion of the decommissioning costs to be \$2,932,770 in 1992 dollars. Using a factor of 4% for inflation, the County anticipates an actual decommissioning cost of approximately \$9.5 million in the year 2022, and approximately \$13 million in the year 2030. In June 2003, an updated demolition study was conducted on the generating station, which materially agreed to the previous estimate. During fiscal year 2005, in conjunction with the refinancing of the 1994 bond issue, \$403,507 of the decommissioning reserves was applied to reduce the size of the 2004A refunding bonds. An annual accrual of \$177,600 invested at market rates will result in a future value sufficient to pay the closure costs in the year 2030. In fiscal year 2009, \$177,600 was set-aside for this purpose. As of June 30, 2009 \$2,892,122 was invested for this purpose.

## **(13) RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In fiscal year 1993, the County created an internal service fund to account for its risk management programs. On July 1, 1993, the general liability activities of the County were added to this fund. All funds of the County participate in the programs and make payments to the Risk Management Fund. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. The table below displays a summary of the County's major commercial insurance coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

<u>Insurance Coverage</u>	<u>Deductible</u>	<u>Insurance Liability Limits</u>
General and Automotive Liability, and Emergency Medical Malpractice	\$25,000	\$400,000 per person and \$750,000 per occurrence for bodily injury \$100,000 per occurrence property damage \$300,000 per year for medical expenses
Law Enforcement Liability	\$25,000	\$1,000,000 per occurrence, \$1,000,000 per year in aggregate
Public Officials Errors and Omissions	\$25,000	\$1,000,000 per occurrence, \$1,000,000 per year in aggregate
Buildings and Property	\$25,000	Limited by individual property's insured value
Earthquake and Flood	\$50,000	Limited by individual property's insured value
Inland Marine (Large Equipment)	\$25,000	Limited by individual property's insured value
Boiler Machinery	\$2,500	Limited by individual property's insured value
Crime and Fraud	\$10,000	\$500,000 Employee dishonesty blanket coverage \$50,000 Depositor's forgery \$50,000 Theft of money/securities

The claims liability of \$1,187,940 reported in the Fund at June 30, 2009, is based on the requirements of GASB Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims payable also includes an estimate for claims incurred but not reported.

Changes in the fund's claims liability amount in fiscal year 2008 and 2009 are summarized below.

	Group Insurance (Dental)	Unemployment Compensation	Workers Compensation	General Liability	Total
Claims liability, June 30, 2007	\$ 0	0	989,689	85,904	1,075,593
Current year claims, insurance, and changes in estimates	363,260	10,086	296,816	621,672	1,291,834
Claims and insurance payments	(363,260)	(10,086)	(344,102)	(680,273)	(1,397,721)
Claims liability, June 30, 2008	\$ 0	0	942,403	27,303	969,706
Current year claims, insurance, and changes in estimates	377,031	8,498	550,298	864,517	1,800,344
Claims and insurance payments	(377,031)	(8,498)	(386,317)	(810,264)	(1,582,110)
Claims liability, June 30, 2009	\$ 0	0	1,106,384	81,556	1,187,940

### Employee Group Insurance

The County offers all regular and limited-term employees, the choice of two medical insurance options, which are HMO and Preferred Provider. The County pays 80 percent of the premium for full-time employees, 60 percent for three-quarter-time employees, and 40 percent for half-time employees. Under these medical plans, the County is neither self-insured nor retaining risk. Therefore, claims liability is \$0 as of June 30, 2009. The County also offers Dental and Vision Insurance. The County pays actual dental claims, which are capped based on the individual procedure. The County chose this method as the premiums were much more expensive than paying the actual claims. Claims are paid monthly with one month prepaid, thus no claims liability is recorded.

### Retiree Health Care (Post-employment benefit)

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

The County retains no self-insurance, nor any risk in connection with its participation in the New Mexico Retiree Health Care plan. Therefore, the County has no claims liability for post-employment benefits as of June 30, 2009.



### **Unemployment Compensation**

The County makes reimbursable prepayments to the New Mexico Department of Labor for unemployment compensation claims, which are processed through the Department. Accordingly, no liability is reported for those claims.

### **Worker Compensation/General Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico Self-Insurer's Fund (NMSIF), a public entity risk pool currently operating as a common risk management insurance program for its members. The County pays a premium to NMSIF for its general and worker's compensation insurance coverage. Additionally, the County reimburses the NMSIF for sums paid by NMSIF on the County's behalf, which fall within the County's selected deductible amounts. The NMSIF reinsures through commercial insurance for claims in excess of deductible amounts.

### **(14) FINANCIAL ASSISTANCE**

The County provided fire protection, emergency medical, and rescue services to county and federal facilities in the county through a contract funded by the federal government. The Los Alamos National Laboratory administered the contract from December 1997 through September 30, 2009. For fiscal year 2009, the County recognized revenue of approximately \$4.4 million under the terms of this contract, which is included in intergovernmental revenue in the Fire Fund (an enterprise fund). Revenues and expenditures under this contract have been subject to audit by LANL internal auditors. The County has submitted a final billing under this contract and is awaiting final payment and contract closeout.

Beginning October 1, 2009, the County provides fire protection, emergency medical, and rescue services to all citizens and property located within the County, including federal facilities and employees, through a cooperative agreement with the National Nuclear Security Administration (NNSA), an agency of the U.S. Department of Energy (DOE). During FY2009, the County recognized revenue of approximately \$10.3 million under the terms of this cooperative agreement.

Intergovernmental operating revenues of approximately \$0.9 million were recorded in the Transit Fund for Federal Transit Administration grant funds, which flowed through the New Mexico Department of Transportation.

In addition, the County receives various other financial assistance payments from federal and state grantors 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, 2009, Health Facility Revenue Bonds outstanding aggregated approximately \$9 million.

**(16) COMMITMENTS AND CONTINGENCIES****A. Gas Purchases**

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

**B. Fire Contract - LANL**

As described in Note (14), the County provided fire protection, emergency medical, and rescue services to all citizens and property located within the County, including federal facilities and employees, through a contract with LANL that was substantially funded by the federal government. The U.S. Department of Energy (DOE) directly administered this contract until November 1997, when DOE transferred the contract administration to Los Alamos National Laboratory (LANL). The activity continued to be funded indirectly by DOE. For the period beginning in December 1997 through September 30, 2009, these services were provided through a pre-contract cost agreement while a new contract was negotiated. The County submitted a final billing to LANL July 10, 2009, but has not received final payment.

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

**C. Fire Cooperative Agreement with NNSA**

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

The County's share of costs under the cooperative agreement is fixed on a federal fiscal year basis with the remainder paid by NNSA. The County believes that substantially all of the costs billed to NNSA under this cooperative agreement will be reimbursed; however, due to this uncertainty a designation of fund balance is recorded in the General Fund to recognize that some costs may be disallowed at closeout. The designation is calculated to equal 1% of cooperative agreement, life-to-date expenses.

#### **D. Construction Contracts**

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

#### **E. Litigation**

The County is subject to various legal proceedings, claims, and liabilities, which arise in the ordinary course of the County's business. In the opinion of the County's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse affect on the financial position or results of operations of the County.

#### **F. 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, 2009 was \$916,735.

The future minimum lease payments under operating leases as of June 30, 2009, are approximately as follows:

Fiscal Year Ending June 30:	Amount
2010	\$ 649,437
2011	478,601
2012	383,286
2013	98,647
2014	25,054
	<u>\$ 1,609,971</u>

### **(17) SUBSEQUENT EVENTS**

#### **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. The County anticipates annual savings of approximately \$200 thousand under this transaction.

**B. Joint Utility System – Financial Assistance**

Federal stimulus funding of \$4.5 million from the American Reinvestment and Recovery Act ("ARRA") was designated on November 4, 2009 for a low flow turbine installation at the County's Hydroelectric Plant at Abiquiu. The \$8,494,000 project will see the installation of a new three megawatt low flow turbine to increase production at the Abiquiu facility by 22 percent. The County built the existing plant in 1989 at the foot of the Abiquiu Dam which is owned and operated by the U.S. Army Corps of Engineers. The new turbine will qualify, under the Energy Policy Act of 2005, for Renewable Energy Credits. Existing clean power production capacity at the Abiquiu Hydroelectric Plant is about 14 megawatts. The low flow turbine will add three megawatts. The ARRA grant is designated to come from the U.S. Department of Energy, Wind and Hydropower Technologies Program. The Northern New Mexico region is expected to benefit from the turbine project through gross receipts taxes on \$8,494,000; the continuance of annual property tax payments, with an additional amount estimated at \$90,000 annually; and an increase in power transmission revenues for the local electric coop.

**(18) ECONOMIC DEPENDENCY**

The County has significant economic dependence upon LANL. It is the County's largest employer, and it was estimated in an August 2004 POLICOM report "Creating a Sustainable Los Alamos" that LANL's expenditures provide, either directly or indirectly, approximately 97% of the County's economy. For the year ended June 30, 2009, an estimated 65-70% of GRT revenues related directly to LANL operations.

**(19) ACCOUNTING STANDARD PRONOUNCEMENTS**

GASB has issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" which is effective for the County's fiscal year ending June 30, 2010. The County has not fully explored the potential impacts of implementing this statement. The County will use the next six to nine months to plan for the implementation of this standard FY2010.

GASB has issued Statement No. 53, "Accounting for Financial Reporting for Derivative Instruments" which is effective for the County's fiscal year ending June 30, 2010. The County will use the next six to nine months to explore how this standard may apply to County agreements for utility commodity purchases.