

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

Financial Statements

June 30, 2015



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

Official Roster
June 30, 2015

Charles Griego	Mayor
Gerard Saiz	Mayor Pro-Tem
Amanda Perea	Councilor
Paulette Sanchez-Montoya	Councilor
Gino Romero	Councilor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Los Lunas
and Mr. Tim Keller
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the Village of Los Lunas ("Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds, fiduciary funds and the budgetary comparisons for all of the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Village as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 20 to the financial statements, in 2015 the Village adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 to 20, Schedule of the Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on pages 67 to 70 and 71 to 75, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Schedule of Vendor Information for Purchases Exceeding \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the Village’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* in considering the Village’s internal control over financial reporting and compliance.



Albuquerque, New Mexico
March 1, 2016

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The State of New Mexico Village of Los Lunas' (the Village) discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (ability to address future year challenges), identify any material deviations from the financial plan, and identify any fund issues of concern.

The Management's Discussion and analysis (MD&A) is designed to focus on the past year's activities, resulting changes and currently known facts; please read it in conjunction with the transmittal letter at the front of this report and the Village's financial statements and notes which follow this section.

Financial Highlights

- The Village's governmental net position is \$ 39,144,125 for fiscal year 2015.
- The Village's governmental revenues are \$ 19,201,350 for fiscal year 2015.
- The total cost of all Village governmental programs is \$ 18,861,242 for fiscal year 2015.

Using This Annual Report

The focus of this report is on both the Village (government-wide) and the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison and enhance accountability. Although the Village is one of several agencies within the State of New Mexico Government, the primary government focus in this financial report is the Village and not the State of New Mexico as a whole.

Management's Discussion and Analysis

The MD&A should provide an objective and easily readable analysis of the Village's financial activities based on currently known facts, decisions or conditions. It should provide an analysis of the Village's overall financial position and results of operations to assist users in assessing whether the financial position has improved as a result of the year's activities. Additionally, it should provide an analysis of significant changes that occur in funds and significant budget variances.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, including budgetary comparison information, in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements include a combined balance sheet with all government funds and account types. In addition, a combined statement of revenues and expenditures for government activities and business activities is included.

The combined balances sheet contains the underlying information needed for the statement of net assets, which reports all financial and capital resources. The statement of net position presents information on all of the Village's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in assets may determine whether the financial position of the Village is improving or deteriorating.

The combined statement of revenues and expenses illustrates the statement of activities for the Village. The statement of activities presents information that illustrates how the Village's net assets changed during the most recent fiscal year. Again, revenues and expenses are recorded using the accrual basis of accounting. The statement of activities includes revenue from governmental activities as well as business-type activities.

The Village of Los Lunas, also known as the primary government, is predominantly financed through taxes, intergovernmental revenues and other non-exchange revenues. More specifically, these governmental activities include general government, public safety, streets, vehicle maintenance and culture and recreation. These governmental activities are classified and reported in governmental funds and special revenue funds. The business-type activities are financed primarily from user fees charged to external parties for goods or services. These activities are reported in enterprise funds in the financial statements. The Village's business-type activities include water and sewer systems, refuse, and transportation (transit) services.

The government-wide financial statements can be found on pages 21 through 22 of this report.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Fund Financial Statements

The Village accounts for its finances through several distinct fiscal and accounting entities called funds. Like other state and local governments, the Village uses fund accounting to comply with state statutes regarding all finance-related transactions.

The Village has created its respective funds to establish a measure of flow from financial resources and/or to determine net income or net loss. These funds allow the Village to manage its finances more effectively and more efficiently. The Village maintains the following categories of fund types: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the Village's services are included in governmental funds, which focus on (a) how cash and other financial assets that can be readily converted to cash flow in and out, and (b) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. This financial information is useful in determining whether or not there are sufficient financial assets to provide funding for the Village's current programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities. The governmental funds for the Village include General Fund, Special Revenue Funds, Debt Services Funds and Capital Projects Funds.

Proprietary Funds

Proprietary or enterprise funds are used to account for activities similar to those in the private sector, and focus on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position the Statement of Activities. In fact, the Village's enterprise funds are the same as the business-type activities that are reported in the government-wide statements; however the financial statements for the Proprietary funds provide more details with regard to cash flows of proprietary funds. The Village's intent is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through use charges. The Village has the following enterprise funds: Water and Sewer Fund and Solid Waste Fund.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Fiduciary Funds

Fiduciary or agency fund reporting focuses on assets and liabilities that are held in a trustee or agency capacity for other government agencies; and therefore, they cannot be used to support the Village's own programs. Consequently, the fiduciary funds are not reflected in the government-wide financial statement for the reason that their resources are not available to the Village. Agency funds are accounted for using the modified accrual basis of accounting. The basic fiduciary fund financial statements can be found in this report.

Notes to the Financial Statements

The notes to the financial statements consist of notes that provide information that is essential to user's understanding of the basic financial statements.

Financial Analysis of the Village as a Whole

Net Position

Table A-1 summarizes the Village's net position for the fiscal year ending June 30, 2015.

**Table A-1
Village of Los Lunas
Statement of Net Position**

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 14,636,758	14,423,885	7,707,101	5,703,565	22,343,859	20,127,450
Capital and non-current assets	44,970,915	45,083,396	54,637,859	55,662,436	99,608,774	100,745,832
Total assets	59,607,673	59,507,281	62,344,960	61,366,001	121,952,633	120,873,282
Deferred Outflows	1,391,856	-	57,143	-	1,448,999	-
Current liabilities	1,991,474	2,042,386	2,580,263	2,421,348	4,571,737	4,463,734
Long-term liabilities	16,911,681	8,522,953	20,741,919	21,825,310	37,653,600	30,348,263
Total liabilities	18,903,155	10,565,339	23,322,182	24,246,658	42,225,337	34,811,997
Deferred Inflows	2,952,249	-	207,188	-	3,159,437	-
Net Position:						
Invested in capital assets, net of related debt and unspent bond proceeds	39,257,355	38,559,236	33,324,138	32,801,659	72,581,493	71,360,895
Restricted	3,687,524	6,787,398	-	-	3,687,524	6,787,398
Unrestricted	(3,800,754)	3,595,308	5,548,595	4,317,684	1,747,841	7,912,992
Total net position	\$ 39,144,125	48,941,942	38,872,733	37,119,343	78,016,858	86,061,285

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Financial Analysis of the Village as a Whole (Continued)

For the fiscal year ending June 30, 2015, the Village had \$44,970,915 in governmental activities invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and sidewalks. This amount represents a slight decrease from prior year. In fiscal year 2015, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 75% of the Village's total assets from governmental activities. The Village utilized these assets to provide services to its citizens; therefore, these assets are not available for future spending.

In fiscal year 2015, the long-term liabilities in government activities increased from prior year as a result of the implementation of GASB 68. The scope of the GASB 68 Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets are also legally protected from creditors of the plan members.

The requirement of this Statement will improve the decision-usefulness of information in the Village's financial reports and will enhance the value for assessing accountability and inter-period equity. At June 30, 2015, the net pension liability for governmental funds is \$8,597,725 and \$528,671 for enterprise funds.

For fiscal year 2015, there is \$3,687,524 in restricted assets; restricted assets are mainly for capital projects and special purposes including the Village's self-funded Post Employment Benefit Program. In addition, net revenues benefited from increased grant and operating revenue along with an increase in sales and property tax revenues.

In 2015, the net position of our business-type activities increased by 4.7% over the prior fiscal year. This positive variance is due to an increase in current assets and a decrease in long-term liabilities. The Village implemented a structured rate increase based on usage beginning in January 2015 for water and sewer rates. FY 2015 is the first fiscal year to recognize the impact in the rate changes as they correlate to water and sewer sales. The Enterprise Funds disposed of worn-out, obsolete equipment during the fiscal year. Even with the reduction in capital assets, the Village continues to maintain a strong net position. The Village generally can only use these assets to finance the continuing operations of the water, sewer, and refuse services.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Debt

At year end, the Village had approximately \$ 18,903,155 in long-term liabilities including bonds, notes, capital leases, and the new net pension liability (\$8,597,725) outstanding for governmental activities.

The Village entered into a new lease agreement with Cisco Systems Capital Corporation for the purchase of a data center and infrastructure improvements in the amount of \$324,280. For business-related activities, there was not any new debt issued.

The major debt of the Village associated with governmental activities as well as business-type activities continues to be for capital projects. Other obligations include accrued vacation pay and post-employment benefits for retiree healthcare.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its governmental activities.

Financial Analysis of the Village as a Whole (Continued) on next page

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015
Changes in Net Position**

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2015.

**Table A-2
Village of Los Lunas
Statement of Net Activities**

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,637,936	1,709,536	11,451,907	8,593,158	13,089,843	10,302,694
Operating grants & contributions	968,900	985,739	-	-	968,900	985,739
Capital grants & contributions	1,211,954	689,440	-	-	1,211,954	689,440
General revenues:						
Property taxes	2,522,583	2,508,409	-	-	2,522,583	2,508,409
Other taxes	11,891,169	11,247,338	-	-	11,891,169	11,247,338
Miscellaneous interest & other revenues	968,808	1,354,767	927,154	140,987	1,895,962	1,495,754
revenues	-	-	-	-	-	(437,268)
Total revenues	19,201,350	18,495,229	12,379,061	8,734,145	31,580,411	26,792,106
Expenses:						
General government	3,674,603	3,330,061	-	-	3,674,603	3,080,611
Public safety	6,319,408	6,679,463	-	-	6,319,408	6,778,515
Highways & streets	4,252,692	3,952,756	-	-	4,252,692	3,861,321
Culture & recreation	4,279,429	3,669,974	-	-	4,279,429	4,034,417
Health & welfare	-	-	-	-	18,445	646,275
Interest on long-term debt	335,110	233,570	-	-	26,236	298,725
Water/sewer	-	-	7,637,816	6,569,881	6,412,426	6,358,078
Solid waste	-	-	2,260,844	2,173,456	2,037,750	1,655,729
Transportation	-	-	-	-	-	155,768
Total expenses	18,861,242	17,865,824	9,898,660	8,743,337	28,759,902	26,869,439
Net revenues (loss) before Transfers	340,108	629,404	2,480,401	(9,192)	2,820,509	620,212
Transfers	94,817	93,006	(73,427)	(72,436)	21,390	20,570
Disposition of capital asset	-	-	-	-	-	-
Change in Net Position	434,925	722,410	2,406,974	(81,628)	2,841,899	640,782
Net Position, beginning	48,941,942	48,219,532	37,119,343	37,200,971	86,061,285	85,420,503
Restatement (Note 16)	(10,232,742)	-	(653,584)	-	(10,886,326)	-
Net Position, beginning as restated	38,709,200	48,219,532	36,465,759	37,200,971	75,174,959	85,420,503
Net Position end of year	\$ 39,144,125	48,941,942	38,872,733	37,119,343	78,016,858	86,061,285

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Financial Analysis of the Village' Funds

The Village's proprietary funds provide the same type of information found in government-wide financial statements, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt, will be paid in a timely manner.

There were no significant or unexpected transactions in the Village's governmental funds.

Budget

For the General Fund budget, total revenues budgeted were \$ 15,145,311 and actual revenues received were \$14,336,492 (cash basis), which is a negative variance of \$808,819. In addition, the total General Fund expense budget was \$15,541,112 and actual expenditures were \$13,459,759, which is a positive variance of \$2,081,353.

The only difference between the original and final budgeted revenue amounts for the General Fund pertains to an economic development grant received by the Community Development Department in the amount of \$400,000. The expenditures increased by \$400,000 as well pertaining to the economic development grant used for the ACIM, Inc. plastic manufacturing company. ACIM, Inc. provided 50 jobs to the local economy and opened in late 2014.

Progress Highlights for Fiscal year 2015

- The Village has completed six of seven phases as defined by the Water Master Plan. The seven phases are as follows:
 - Phase I: Tank and Transmission Line
 - Phase II: Transmission Line
 - Phase III: Water Well
 - Phase IV: Reconstruct Pump Station
 - Phase V: South Water Loop Installation
 - Phase VI: South Water Loop Extension
 - Phase VII: North Water Loop Installation
- Landscape and Parking Improvements City Hall - \$241,269
- Continued design work on Transportation Building Project - \$110,955
- Implemented Caselle Clarity Financial Software in November 2014
- Purchased 3 new vehicles for the Police Department (\$82,230), and 1 new vehicle for the Fire Department (\$32,364)
- Completed Courthouse Road Improvements - \$1,110,049
- Completed Highway Co-op Los Cerritos - \$187,722
- Completed MAP Carson Drive Project - \$661,390
- Park Improvements at Huning Ranch Park - \$ 132,625
- Park improvements at River Park - \$49,759
- Enchantment Little League Improvements - \$140,263

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Economic Factors and Next Year's Budget and Rates

The coming year will continue to present many challenges for the Village of Los Lunas. The budget for fiscal year 2016 will accomplish the major priorities that the Village Council, staff and many citizens have identified. Using the Village's 5-year Infrastructure Capital Improvements Plan (ICIP), Federal, State and Village funds will be leveraged to the greatest degree possible for these necessary capital expenses. Sound fiscal and comprehensive planning will enable the Village to enter the next year in a strong financial position.

Every entity has a method (formal or informal) of prioritizing its needs, which services as a guide for developing a budget for the organization. On November 1, 2014, the Mayor and Village Council participated in a Strategic Planning Retreat for the purpose of identifying and building consensus around the Governing Body's top strategic priorities over the next four years. The resulting strategic priorities are listed below, in no particular order:

1. Better Traffic Flow/New I-25 Interchange/Congestion and Mobility
2. Improve Soccer and Little League Fields/Facilities at River Park
3. New Recreation Facility/Youth Programs
4. Complete Waste Water and Water and Sewer Improvements
5. New Main Fire Station
6. Community Policing/Public Safety

The following are some of the Fiscal Year 2015-16 Budget highlights:

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund will be budgeted with a decrease of \$20,672 (-.80%) due to a decrease in the operating tax rates for residential and non-residential properties assessed by the Valencia County Assessor's Office.
2. **Gross Receipts Taxes (GRT)** – Gross receipts tax revenue in the General Fund will be budgeted with an increase of 13.3% due primarily to an estimated increase of \$931,830 in GRT revenue as a result of the additional 0.25% in municipal local option tax approved by the Village Council on February 26, 2015, which will be in effect July 1, 2015. Consequently, the General Fund is estimated to receive \$89,376 less in GRT revenue in FY 2015-16 due to the first year of implementation of the loss of Hold Harmless revenue, as a result of legislation passed by the State during the 2013 legislative session.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

3. **Impact Fees** – Impact fees have not been budgeted for the past three years due to a Council-approved moratorium on July 12, 2012. In FY 2015-16 the moratorium will be lifted and impact fees are projected to generate the following in revenue in their respective funds:
 - a. Park Impact Fees (General Fund), \$59,703
 - b. Sewer Impact Fees (Water/Sewer Fund), \$20,454
 - c. Water Impact Fees (Water/Sewer Fund), \$47,726

4. **Legislative Appropriations** – Legislative appropriations totaling \$2,058,000, including \$1,105,000 in new legislative appropriations, and \$953,000 in carry-over funding, will be included in the General Fund revenue budget to continue or complete the following major projects:
 - a. Sports Complex Improvements, \$640,000
 - b. Fred Luna Senior Center Improvements, \$1,300,000
 - c. Transportation Center Improvements, Phase II, \$118,000

Additionally, in the Water/Sewer Fund, \$1,210,300, in legislative appropriation is being carried over from last year's budget to complete the MBR Upper Cassettes Project.

5. **Water/Sewer Revenue** - The Council approved through ordinance an increase in water and sewer rates of 8% per year over the next five years beginning in January 2015. The increase was necessary in order to support and sustain current and future water/sewer infrastructure maintenance, operation and expansion.

Expenses

1. **Personnel Services** – Based on a recently conducted Pay and Classification Plan Survey the Village will revise salaries with an overall fiscal impact of approximately \$275,000. Other than these pay adjustments, the FY 2015-16 budget will not include any across-the board or cost of living adjustment for full-time or part-time permanent employees.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

2. **Capital Outlay** – The following is a list of Capital Outlay items that will be included in the FY 2015-16 Budget:
- Fred Luna Senior Center Improvements, \$1,300,000
 - Transportation Center Improvements, Phase II, \$250,000
 - Two new police vehicles, \$60,000
 - Fire Department ambulance, \$75,754
 - Park Improvements, \$1,090,000
 - I-25 Interchange Beautification Project, \$780,000
 - WWTP MBR Upper Cassettes Project, \$1,210,300

 - Well #6 Security Fence, \$75,000
 - Commercial Baler for recycling, \$240,441
 - Residential garbage truck, \$264,000

Since the Village of Los Lunas is a service-oriented organization, a significant portion of the budgeted expenditures will be personnel services (i.e. payroll, health insurance, sick leave, retirement, etc.). Several other employee related expenditures are treated as operating expenses, and therefore, not categorized as personnel services. In fiscal year 2016, we will strive to provide the following:

1. Continue to emphasize the importance of employee training to enhance staff's education and skills.
2. Continue to emphasize the importance of employee safety through the Village Employee Safety Program, in an effort to protect employees and lower the Village's workers compensation modifier.
3. Continue the implementation of a salary plan based on a policy that the Village will pay employees at 100% of the prevailing rates paid for similar occupations by the public and private employers with whom we compete for high quality staff, if financially able, based on the non-weighted average rates of designated comparator employers.
4. Continue to offer 100% Village-paid health insurance for employees. Beginning in FY 2014-15, coverage for employees' dependents is cost-shared, with the Village paying between 90 and 80 percent of the cost, and employees paying between 10 and 20 percent of the cost, depending on income level.
5. Continue to offer tuition and gym membership reimbursement benefit to promote higher education and employee wellness.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2015**

Over the past several years, the Los Lunas economy has been stable, but relatively flat. The primary industry continues to be retail, with several new retail shops, restaurants and small businesses opening recently. Although revenue from gross receipt taxes has remained constant, economic indicators demonstrate that the local economy is stable. Major retail trade in Los Lunas includes a Wal-Mart Super Center, Home Depot, Lowe’s and two Walgreens stores. The Village continues to pursue the development of a hospital or expanded healthcare facility in Los Lunas, as well as the University of New Mexico Valencia Campus (UNM-VC) Westside Learning Center, both of which would have a significant positive impact on the local economy.

One economic challenge the Village of Los Lunas will continue to face is the gradual, eventual loss of “Hold Harmless” revenue. Despite this challenge, and any other challenges that may surface in the future, the Village staff remains committed to accomplishing the major priorities of the Council, staff and citizens, and, as in the past, maintaining a strong financial position through sound planning and responsible fiscal management.

Requests for Information

This financial report is designed to provide a general overview of the Village’s financial position for all those interested in our government finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Finance Officer
Village of Los Lunas
P.O. Box 1209
Los Lunas, New Mexico 87031

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF NET POSITION
June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 9,396,572	5,046,730	14,443,302
Restricted cash	1,808,129	257,090	2,065,219
Investments	360,151	440,000	800,151
Accounts receivable	-	977,390	977,390
Due from other governments	3,012,133	937,100	3,949,233
Other receivables	59,773	-	59,773
Inventories	-	48,791	48,791
Total current assets	14,636,758	7,707,101	22,343,859
Investments	100,000	-	100,000
Capital assets, net of depreciation	44,870,915	54,637,859	99,508,774
Total assets	59,607,673	62,344,960	121,952,633
DEFERRED OUTFLOWS OF RESOURCES - Pension Related	1,391,856	57,143	1,448,999
LIABILITIES			
Current liabilities			
Accounts payable	438,715	330,010	768,725
Accrued payroll expenses	217,268	40,086	257,354
Customer deposits	-	257,090	257,090
Interest payable	34,566	309,384	343,950
Due within one year			
Bonds, notes and capital leases	1,007,822	1,608,315	2,616,137
Compensated absences	293,103	35,378	328,481
Total current liabilities	1,991,474	2,580,263	4,571,737
Due in more than one year			
Bonds, notes and capital leases	4,605,738	19,670,028	24,275,766
Compensated absences	85,010	35,378	120,388
Post-closure landfill costs	-	507,842	507,842
Net other postemployment benefits obligation	3,623,208	-	3,623,208
Net pension liability	8,597,725	528,671	9,126,396
Total liabilities	18,903,155	23,322,182	42,225,337
DEFERRED INFLOWS OF RESOURCES - Pension Related	2,952,249	207,188	3,159,437
NET POSITION			
Net investment in capital assets	39,257,355	33,324,138	72,581,493
Restricted for			
Capital projects	9,287	-	9,287
Special projects and statutory requirements	3,575,072	-	3,575,072
Debt service	103,166	-	103,166
Unrestricted	(3,800,755)	5,548,595	1,747,840
Total net position	\$ 39,144,125	38,872,733	78,016,858

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 3,674,603	1,330,864	458,677	128,180	(1,756,882)	-	(1,756,882)
Public safety	6,319,408	101,906	510,223	-	(5,707,279)	-	(5,707,279)
Public works	4,252,692	-	-	1,083,774	(3,168,918)	-	(3,168,918)
Culture and recreation	4,279,429	205,166	-	-	(4,074,263)	-	(4,074,263)
Interest on long-term debt	335,110	-	-	-	(335,110)	-	(335,110)
Total governmental activities	18,861,242	1,637,936	968,900	1,211,954	(15,042,452)	-	(15,042,452)
Business-Type Activities							
Water and sewer	7,637,816	8,931,855	-	-	-	1,294,039	1,294,039
Solid waste	2,260,844	2,520,052	-	-	-	259,208	259,208
Total business-type activities	9,898,660	11,451,907	-	-	-	1,553,247	1,553,247
Total primary government	\$ 28,759,902	13,089,843	968,900	1,211,954	(15,042,452)	1,553,247	(13,489,205)
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,522,583	-	2,522,583
Franchise tax					421,083	-	421,083
Sales tax					10,740,705	-	10,740,705
Other taxes					729,381	-	729,381
Unrestricted investment earnings					6,803	5,059	11,862
Miscellaneous					385,792	229,895	615,687
Legislative appropriations					576,213	692,200	1,268,413
Transfers, agency funds					21,390	-	21,390
Transfers					73,427	(73,427)	-
Total general revenues, special items, and transfers					15,477,377	853,727	16,331,104
Change in net position					434,925	2,406,974	2,841,899
Net position, beginning					48,941,942	37,119,343	86,061,285
Restatement (Note 16)					(10,232,742)	(653,584)	(10,886,326)
Net position, beginning as restated					38,709,200	36,465,759	75,174,959
Net position, ending					\$ 39,144,125	38,872,733	78,016,858

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,495,455	1,369,502	1,531,615	9,396,572
Restricted Cash	1,808,129	-	-	1,808,129
Investments	460,151	-	-	460,151
Due from other funds	17,021	-	-	17,021
Receivable from other governments	1,992,508	984,766	34,859	3,012,133
Other receivables	-	-	59,773	59,773
Total assets	\$ 10,773,264	2,354,268	1,626,247	14,753,779
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 254,581	116,294	67,840	438,715
Due to other funds	-	-	17,021	17,021
Accrued payroll expenditures	209,985	-	7,283	217,268
Total liabilities	464,566	116,294	92,144	673,004
DEFERRED INFLOWS				
Property taxes	169,174	-	-	169,174
Total deferred inflows	169,174	-	-	169,174
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,918,405	-	769,120	3,687,525
Committed	-	-	-	-
Assigned	-	2,237,974	764,984	3,002,958
Unassigned	7,221,119	-	(1)	7,221,118
Total fund balances	10,139,524	2,237,974	1,534,103	13,911,601
Total liabilities, deferred inflows and fund balances	\$ 10,773,264	2,354,268	1,626,247	14,753,779

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2015**

	<u>Governmental Activities</u>
Total Fund Balance Governmental Funds	
Governmental Funds Balance Sheet	\$ 13,911,601
 Amounts reported for governmental activities in the statement of net position are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of capital assets	104,720,588
Accumulated depreciation	<u>(59,849,673)</u>
Total capital assets	<u>44,870,915</u>
 Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:	 169,174
 Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	 1,391,856
 Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	 (2,952,249)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(34,566)
Bonds, notes and loans payable	(5,613,560)
Compensated absences payable	(378,113)
Net pension liability	<u>(8,597,725)</u>
Total long-term and other liabilities	(14,623,964)
 The liability recorded for the year ended June 30, 2015 related to postemployment benefits obligation is:	 <u>(3,623,208)</u>
Net position of governmental activities (Statement of Net Position)	\$ <u>39,144,125</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Sales and miscellaneous taxes	\$ 11,870,499	1,932,753	610,499	14,413,751
Fees and fines	48,048	-	-	48,048
Licenses and permits	128,357	-	-	128,357
State grants	282,451	342,000	551,223	1,175,674
Federal grants	145,842	741,774	117,564	1,005,180
Charges for Services	1,154,459	-	307,072	1,461,531
Investment earnings	6,598	-	205	6,803
Miscellaneous	385,792	-	-	385,792
Total revenues	14,022,046	3,016,527	1,586,563	18,625,136
Expenditures				
Current				
General government	2,415,467	-	41,536	2,457,003
Public safety	5,366,378	-	635,665	6,002,043
Public works	998,238	96,695	241,126	1,336,059
Culture and recreation	3,634,829	-	190,922	3,825,751
Debt service				
Principal	-	-	4,609,880	4,609,880
Interest and other charges	-	-	152,641	152,641
Capital outlay	1,081,982	3,060,039	133,082	4,275,103
Total expenditures	13,496,894	3,156,734	6,004,852	22,658,480
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	525,152	(140,207)	(4,418,289)	(4,033,344)
Other financing sources (uses)				
Legislative appropriations	576,213	-	-	576,213
Proceeds from issuance of debt	-	-	3,616,811	3,616,811
Transfers, in - governmental funds	310,389	-	731,816	1,042,205
Transfers, in - agency funds	21,390	-	-	21,390
Transfers, out	(306,680)	(595,833)	(66,265)	(968,778)
Total other financing sources (uses)	601,312	(595,833)	4,282,362	4,287,841
Net change in fund balances	1,126,464	(736,040)	(135,927)	254,497
Fund balances, beginning of year	9,013,060	2,974,014	1,670,030	13,657,104
Fund balances, end of year	\$ 10,139,524	2,237,974	1,534,103	13,911,601

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds
(Statement of Revenue, Expenditures, and Changes
in Fund Balances)** \$ 254,497

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	4,275,103
Depreciation expense	<u>(4,387,585)</u>
	(112,482)

Issuance of debt provides financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Activities.

Loan payable	(3,799,280)
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Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	(1,456)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The following table represents the changes in long-term debt for the fiscal year:

Change in bonds, notes and capital leases	4,609,880
Change in compensated absences	(29,695)
Change in accrued interest on long-term debt	26,399
Change in other postemployment benefit obligation	(587,563)
Change in net pension liability	<u>74,625</u>

Change in net position governmental activities	\$ <u><u>434,925</u></u>
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See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 11,282,683	11,282,683	11,989,220	706,537
Fees and fines	69,000	69,000	48,048	(20,952)
Licenses and permits	75,137	75,137	128,357	53,220
State grants	285,577	285,577	282,451	(3,126)
Federal grants	197,672	197,672	145,842	(51,830)
Charges for services	1,251,807	1,251,807	1,154,459	(97,348)
Investment earnings	281	281	6,598	6,317
Miscellaneous	339,795	339,795	385,792	45,997
Total revenues	13,501,952	13,501,952	14,140,767	638,815
Expenditures				
Current				
General government	2,709,704	2,765,304	2,329,574	435,730
Public safety	5,967,013	5,967,013	5,366,378	600,635
Public works	923,268	923,268	998,238	(74,970)
Culture and recreation	3,450,645	3,850,645	3,634,829	215,816
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	1,984,925	1,929,325	1,081,982	847,343
Total expenditures	15,035,555	15,435,555	13,411,001	2,024,554
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,533,603)	(1,933,603)	729,766	2,663,369
Other Financing Sources (Uses)				
Legislative appropriations	1,247,200	1,647,200	576,213	(1,070,987)
Transfers, in	331,779	331,779	331,779	-
Transfers, out	(261,557)	(261,557)	(306,680)	(45,123)
Total other financing sources (uses)	1,317,422	1,717,422	601,312	(1,116,110)
Net change in fund balances	\$ (216,181)	(216,181)	1,331,078	1,547,259
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(118,721)	
Adjustments to expenditures			(85,893)	
Net change in fund balance (GAAP)			<u>\$ 1,126,464</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
INFRASTRUCTURE FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 1,850,000	1,850,000	1,663,117	(186,883)
State grants	532,000	532,000	342,000	(190,000)
Federal grants	3,967,000	3,967,000	741,774	(3,225,226)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
Total revenues	<u>6,350,000</u>	<u>6,350,000</u>	<u>2,746,891</u>	<u>(3,603,109)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,500,000	2,500,000	147,948	2,352,052
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	3,965,000	3,965,000	3,060,039	904,961
Total expenditures	<u>6,465,000</u>	<u>6,465,000</u>	<u>3,207,987</u>	<u>3,257,013</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(461,096)</u>	<u>(346,096)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(595,833)</u>	<u>(45,833)</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(595,833)</u>	<u>(45,833)</u>
Net change in fund balances	<u>\$ (665,000)</u>	<u>(665,000)</u>	<u>(1,056,929)</u>	<u>(391,929)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			269,636	
Adjustments to expenditures			<u>51,253</u>	
Net change in fund balance (GAAP)			<u>\$ (736,040)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2015

	Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,880,610	3,166,120	5,046,730
Restricted cash	257,090	-	257,090
Investments	240,000	200,000	440,000
Accounts receivable	763,586	213,804	977,390
Due from other governments	699,205	237,895	937,100
Inventories	48,791	-	48,791
Total current assets	3,889,282	3,817,819	7,707,101
Noncurrent Assets			
Capital assets	83,009,681	4,649,883	87,659,564
Less accumulated depreciation	(29,657,164)	(3,364,541)	(33,021,705)
Total noncurrent assets	53,352,517	1,285,342	54,637,859
Total assets	57,241,799	5,103,161	62,344,960
DEFERRED OUTFLOWS - Pension Related	30,769	26,374	57,143
LIABILITIES			
Current Liabilities			
Accounts payable	154,455	175,555	330,010
Salaries payable	21,968	18,118	40,086
Customer deposits	257,090	-	257,090
Interest payable	309,384	-	309,384
Current portion of debt	1,622,047	21,646	1,643,693
Total current liabilities	2,364,944	215,319	2,580,263
Non-Current Liabilities			
Compensated absences	13,733	21,645	35,378
Post-closure landfill costs	-	507,842	507,842
Bonds, notes, loans and capital leases	19,670,028	-	19,670,028
Net pension liability	284,669	244,002	528,671
Total liabilities	22,333,374	988,808	23,322,182
DEFERRED INFLOWS - Pension Related	111,563	95,625	207,188
NET POSITION			
Net investment in capital assets	32,060,442	1,263,696	33,324,138
Restricted	-	-	-
Unrestricted	2,767,189	2,781,406	5,548,595
Total net position	\$ 34,827,631	4,045,102	38,872,733

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2015**

	Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for services	\$ 8,931,855	2,520,052	11,451,907
Intergovernmental	-	-	-
Miscellaneous	125,811	104,084	229,895
Total operating revenues	9,057,666	2,624,136	11,681,802
Operating Expenses			
Personnel services	935,443	807,482	1,742,925
Non-payroll expenses	3,903,546	1,342,866	5,246,412
Depreciation	2,315,172	110,496	2,425,668
Total operating expenses	7,154,161	2,260,844	9,415,005
Operation (loss) income	1,903,505	363,292	2,266,797
Non-Operating Revenues (Expenses)			
Interest and investment revenue	3,879	1,180	5,059
Legislative appropriation	692,200	-	692,200
Interest expense	(483,655)	-	(483,655)
Total non-operating revenue (expenses)	212,424	1,180	213,604
(Loss) income before contributions and transfers	2,115,929	364,472	2,480,401
Transfers			
Transfers, in	60,610	-	60,610
Transfers, out	(118,713)	(15,324)	(134,037)
Change in net position	2,057,826	349,148	2,406,974
Net position, beginning of year	33,121,735	3,997,608	37,119,343
Restatement (Note 16)	(351,930)	(301,654)	(653,584)
Net position, beginning of year as restated	32,769,805	3,695,954	36,465,759
Net position, end of year	\$ 34,827,631	4,045,102	38,872,733

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2015**

	Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers and others	\$ 8,603,637	2,567,762	11,171,399
Cash paid for goods and services	(3,938,934)	(1,220,824)	(5,159,758)
Cash paid to employees	(931,599)	(786,745)	(1,718,344)
Net cash provided by operating activities	3,733,104	560,193	4,293,297
Cash Flows From Investing Activities			
Purchases of capital assets	(1,231,747)	(169,344)	(1,401,091)
Cash received on legislative appropriations	692,200	-	692,200
Interest received	3,879	1,180	5,059
Net cash used by investing activities	(535,668)	(168,164)	(703,832)
Cash Flows From Non-Capital Financing			
Activities Operating transfers, net	(58,103)	(15,324)	(73,427)
Net cash used by non-capital financing activities	(58,103)	(15,324)	(73,427)
Cash Flows From Capital and Related Financing Activities			
Debt payment	(1,538,928)	-	(1,538,928)
Interest paid	(483,655)	-	(483,655)
Net cash used by capital and related financing activities	(2,022,583)	-	(2,022,583)
Net (decrease) increase in cash and cash equivalents	1,116,750	376,705	1,493,455
Cash and restricted cash and cash equivalents, beginning of year	1,020,950	2,789,415	3,810,365
Cash and restricted cash and cash equivalents, end of year	\$ 2,137,700	3,166,120	5,303,820
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ 1,903,505	363,292	2,266,797
Adjustments to operating (loss) income to net cash provided by operating activities:			
Depreciation expense	2,315,172	110,496	2,425,668
Change in net pension liability	13,533	11,599	25,132
Change in assets and liabilities:			
Accounts receivable	19,296	144,129	163,425
Due from other governments	(473,325)	(200,182)	(673,507)
Inventory	-	-	-
Accounts payable	33,132	142,255	175,387
Customer deposits	(7,460)	-	(7,460)
Accrued liabilities	(60,532)	321	(60,211)
Compensated absences	(10,217)	8,817	(1,400)
Post closure landfill liability	-	(20,534)	(20,534)
Net cash provided by operating activities	\$ 3,733,104	560,193	4,293,297

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2015**

ASSETS

Cash and cash equivalents	\$	1,799,470
Due from other agencies		246,302
		<hr/>
Total assets	\$	2,045,772
		<hr/> <hr/>

LIABILITIES

Accounts payable	\$	46,280
Accrued liabilities		38,046
Long-term loan payable		213,760
Due to others		1,747,686
		<hr/>
Total liabilities	\$	2,045,772
		<hr/> <hr/>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. NATURE OF ORGANIZATION

The Village of Los Lunas, State of New Mexico, was incorporated under the provisions of Article II, Chapter 3, New Mexico statutes annotated 1978, codification and amendments thereto. The Village operates under a mayor-council form of government and provides the following services as authorized by the charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential unit within the reporting entity is the government body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. The Village has no component units.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The financial statements of the funds of the Village include those administered programs that are controlled by or dependent on the Village. Control by or dependence on the Village is determined on the basis of budget adoption, the Village's obligation to finance any deficits that may occur, and fiscal management.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The reporting model focus is on either the Village as a whole or major individual fund (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. The Village's police and fire protection, road maintenance, culture and recreation, and administration are classified as governmental activities. The Village's utilities (water and sewer and solid waste) are classified as business activities. In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide financial statements (i.e., the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Inter-fund balances have been eliminated in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or delivery of goods for the funds' ongoing operation.

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

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Village's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government- wide presentation.

C. Basis of Presentation - Fund Accounting

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

GASB No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses of either fund category or governmental and enterprise combined.

The following fund types and account groups are used by the Village:

Governmental Fund Types - All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. However, they are reported as liabilities in the general long-term debt account group.

The Village reports the following major governmental funds:

General Fund - This is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund.

Infrastructure Fund - The Infrastructure Fund, a special revenue fund, is funded primarily from Village imposed gross receipts taxes. The Village has imposed a 1/4% Special Municipal Gross Receipts Tax and 1/4% Municipal Infrastructure Gross Receipts Tax and dedicated them to this fund. [Note: 1/8 was added by special election during fiscal year 2001. It became effective on 1/1/2002.] The Village Council approved the change in the dedication of 1/16th of 1 percent to provide for property acquisition. State Highway Cooperative funding is also utilized in this fund. This fund accounts for the repair and replacement of sanitary sewer lines, storm sewers and other drainage improvements; streets and alleys and acquisition of right of ways; and related facilities within the municipality financing is provided by a special gross receipts tax of one-fourth and one-eighth of one percent, enacted by Village Ordinances 181 and 182.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

The Village reports the following major proprietary (enterprise) funds:

Water and Sewer Fund - This fund is used to account for the provisions of water and sewer services to Village residents.

Solid Waste Fund - This accounts for the collection and disposal of solid waste of Village residents.

In addition, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the accumulation and disbursement of restricted resources: Lodger's Tax, Municipal Street Improvements, Fire, Recreation, Police Program, Local Government Correction, Law Enforcement Protection, Emergency Medical Services and Local DWI.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities: Transportation Building.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation bond principal, interest and related costs: 2003A GRT Revenue Bonds.

Agency Funds - Assets held by the Village in an agency capacity for individuals, other governmental units and/or other funds: Court Trust Fund, Central Solid Waste Authority, Central Dispatch, and Municipal Court Bond.

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes, grants and appropriations. Revenue and receivables from gross receipts taxes are recognized when the underlying exchange transaction occurs.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Governmental fund types follow the current financial resources measurement focus and modified accrual basis of accounting for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and amounts collected within 60 days after year end).

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivable when the related costs are incurred. Interest earned is accrued currently by the appropriate funds. Contributions, gross receipts tax and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when received and are not susceptible to accrual.

Expenditures, other than vacation, compensatory, and sick pay, are recorded when they are incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

When both restricted and unrestricted net position is available for expenses, restricted funds are applied first.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

Budgets are adopted on a non-GAAP budgetary basis, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level, or a cash balance must be available to cover the current year deficit. All appropriations lapse at year end.

- For the 2015 budget year, the County Assessor sent to the Village an assessed valuation of all taxable property with the Village's boundaries.
- The Mayor, or other qualified person appointed by the Council, submitted to the Council a recommended budget which detailed the necessary property taxes needed, along with other available revenues to meet the Village's operating requirements.
- A public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes in the proposed budget, and the Council adopted the proposed budget and an appropriation resolution that legally appropriated expenditures for the upcoming year.
- After adoption of the budget resolution, the Village may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2014 were collected in 2015, and taxes certified in 2015 will be collected in 2016. Taxes are due on July 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is not employed by the Village because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash, Restricted Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty, and investments with maturities of three months or less. Restricted cash consists of cash held in the general fund which accounts for employee benefit activity.

G. Investments

Investments consist of certificates of deposit and are stated at fair value. The Village considers all liquid investments with a maturity date of three months or less as cash equivalents.

H. Receivables

Receivables are reported net of an allowance for uncollectible accounts, if applicable. Based upon management's estimate, all receivables are deemed fully collectible.

I. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as a deferred inflow of resources.

J. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to/from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

K. Inventory

Inventory consists of supplies for the Village's use and is carried at cost using the first-in, first-out method.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000, per Section 12-6-10 NMSA 1978 that significantly extend the useful life of an asset are capitalized. In addition, furniture and equipment with lives of one year or less, and repairs and maintenance that do not extend the useful lives of premises and equipment are expensed as incurred.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

Buildings and building improvements	33
Vehicles	5
Machinery and equipment	10
Water/Sewer Plant	33
Infrastructure	20

M. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is recognized in the governmental fund financial statements only if the liability is required to be paid out within 60 days of year-end. In the government-wide financial statements, a liability is created for all of the employee's vacation benefits accrued. In addition, a liability is created for all accrued sick leave that exceeds 576 hours at seventy-five percent of the employee's hourly rate.

N. Long-term Debt Obligations

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-term Debt Obligations (Continued)

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 statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 expenditures.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), The Village classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (The Village of Los Lunas Village Council) and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted resources. Any residual balances are classified using the default policy for unrestricted fund balance: committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

S. Fund Balance for Subsequent Years Expenditures

According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the Village is required to reserve 1/12th of the general funds budgeted expenditures for subsequent year expenditures.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3. DEPOSITS AND INVESTMENTS

A. Cash and Investments

As of June 30, 2015, the Village had the following investments:

	<u>Fair Value</u>	<u>Weighted Maturity Average (Months)</u>
Certificates of deposit – Governmental	\$ 460,151	7.52
Certificates of deposit - Enterprise	440,000	2.69

B. Interest Rate Risk

The Village's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Credit Risk

The Village's investments shall be in accordance with State Law, 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and U.S. Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10F NMSA 1978, 6-10-10 NMSA 1978.

D. Concentration of Credit Risk

The Village's investment policy places no limit on the amount the Village may invest in any one issuer.

E. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The portion of the Village's cash balances is exposed to custodial credit risk and was uncollateralized at June 30, 2015. See pledged collateral statement on pages 100 and 101 and related finding on page 115. The remaining balances are fully collateralized and the collateral is held in the Village's name. A full reconciliation of cash and investments and related pledged collateral statement for the Village is on pages 102 through 103.

The Village is required to obtain from each bank that is a depository for public funds, pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). The pledged collateral is stated at market value as of June 30, 2015.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2015 consisted of the following. All receivables as of June 30, 2015 were deemed to be fully collectible.

	<u>General Fund</u>	<u>Infrastructure Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Receivables:					
Trade accounts	\$ -	\$ -	\$ -	\$ 977,390	\$ 977,390
Grants and other governments	1,992,508	984,766	34,859	937,100	3,949,233
Other tax	-	-	59,773	-	59,773
Total receivables	<u>\$ 1,992,508</u>	<u>\$ 984,766</u>	<u>94,632</u>	<u>1,914,490</u>	<u>\$ 4,986,396</u>

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015**

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

Governmental Activities	Balance June 30, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 2,473,929	-	-	2,473,929
Construction in progress	2,652,152	356,910	(374,723)	2,634,339
Total capital assets not being depreciated	5,126,081	356,910	(374,723)	5,108,268
Capital assets being depreciated				
Land improvements	7,388,016	755,795	-	8,143,811
Buildings and improvements	16,183,501	35,808	-	16,219,309
Vehicles	4,672,340	226,425	(70,071)	4,828,694
Machinery and equipment	3,970,448	294,784	-	4,265,232
Capital leases	560,290	-	(154,290)	406,000
Infrastructure	62,769,169	2,605,382	374,723	65,749,274
Total capital assets being depreciated	95,543,764	3,918,194	150,362	99,612,320
Total capital assets	100,669,845	4,275,104	(224,361)	104,720,588
Less accumulated depreciation for				
Land improvements	(3,314,836)	(664,697)	-	(3,979,533)
Buildings and improvements	(5,680,773)	(487,673)	-	(6,168,446)
Vehicles	(3,754,324)	(415,150)	70,071	(4,099,403)
Machinery and equipment	(3,110,175)	(235,852)	-	(3,346,027)
Capital leases	(316,690)	(81,200)	154,290	(243,600)
Infrastructure	(39,509,651)	(2,503,013)	-	(42,012,664)
Total accumulated depreciation	(55,686,449)	(4,387,585)	224,361	(59,849,673)
Total capital assets being depreciated, net	39,857,315	(469,391)	374,723	39,762,647
Governmental activities Capital assets, net	\$44,983,396	(112,481)	-	44,870,915

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015**

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets follows:

Business-Type Activities	Balance June 30, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 1,207,228	-	-	1,207,228
Construction in progress	304,841	143,713	-	448,554
Water rights	3,467,910	-	-	3,467,910
Total capital assets not being depreciated	4,979,979	143,713	-	5,123,692
Capital assets being depreciated				
Land improvements	11,671	-	-	11,671
Buildings and improvements	19,542,721	-	-	19,542,721
Vehicles	3,660,625	160,330	-	3,820,955
Machinery and equipment	963,334	129,137	(63,813)	1,028,658
Water/sewer plant	57,100,143	1,031,725	-	58,131,868
Landfill Open/Close in Progress	-	-	-	-
Total capital assets being depreciated	81,278,494	1,321,192	(63,813)	82,535,873
Total capital assets	86,258,473	1,464,905	(63,813)	87,659,565
Less accumulated depreciation for				
Land improvements	(9,628)	(585)	-	(10,213)
Buildings and improvements	(2,364,725)	(592,204)	-	(2,956,929)
Vehicles	(3,453,057)	(89,662)	-	(3,542,719)
Machinery and equipment	(857,453)	(26,496)	-	(883,949)
Water/sewer plant	(23,911,174)	(1,716,722)	-	(25,627,896)
Total accumulated depreciation	(30,596,037)	(2,425,669)	-	(33,021,706)
Total capital assets being depreciated, net	50,682,457	(1,104,477)	(63,813)	49,514,167
Business-type activities Capital assets, net	\$ 55,662,436	(960,764)	(63,813)	54,637,859

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities		Business-type activities	
General government	\$ 634,240	Water/Sewer	\$ 2,315,172
Public safety	365,124	Solid Waste	110,496
Public works	2,919,618		<u>\$ 2,425,668</u>
Culture and recreation	468,603		
	<u>\$ 4,387,585</u>		

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6. LONG-TERM DEBT

In July 2014, the Village of Los Lunas entered into a capital lease with Cisco Systems Capital Corporation for equipment in which the related equipment will become the property of the Village when all terms of the lease agreement are met. The original principal balance of the lease was \$324,280.

The following is a schedule of the future minimum lease payments under this capital lease, and the value of the net minimum lease payments at June 30, 2015:

Fiscal Year Ending June 30,	Principal
2016	\$ 64,856
2017	64,856
2018	64,856
2019	64,856
Total	<u>\$ 259,424</u>

The Village's principal and interest requirements to retire the long-term obligations are as follows:

1998 RUS Bonds - Enterprise Fund

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 52,000	\$ 10,450
2017	54,000	7,980
2018	57,000	5,415
2019	57,000	2,708
Total	<u>\$ 220,000</u>	<u>\$ 26,553</u>

Gross Receipts Tax Revenue Bonds - Government

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 720,000	\$ 73,400
2017	730,000	59,000
2018	735,000	44,400
2019	745,000	22,350
Total	<u>\$ 2,930,000</u>	<u>\$ 199,150</u>

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6. LONG-TERM DEBT (CONTINUED)

Government Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 222,966	\$ 50,674
2017	227,084	46,611
2018	231,360	42,222
2019	194,277	37,488
2020	198,508	33,258
2021-2025	979,164	98,070
2026-2027	370,777	11,160
Total	<u>\$ 2,424,136</u>	<u>\$ 319,483</u>

Enterprise Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,556,315	\$ 564,339
2017	1,588,634	524,796
2018	1,628,928	484,527
2019	1,338,729	443,186
2020	1,374,568	407,373
2021-2025	6,337,257	1,512,621
2026-2030	6,180,208	669,459
2031-2032	1,053,703	31,232
Total	<u>\$ 21,058,342</u>	<u>\$ 4,637,533</u>

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 201**

NOTE 6. LONG-TERM DEBT (CONTINUED)

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2014	Increase	(Decrease)	Balance June 30, 2015	Amounts Due Within One Year
Business-type activities:						
Water and sewer fund						
Wastewater facility construction loan	2.00%	\$ 1,262,519	-	(306,317)	956,202	312,444
Drinking water state revolving loan	2.54%	1,565,599	-	(211,039)	1,354,560	216,907
Clean water state revolving loan	2.00%	2,080,605	-	(155,129)	1,925,476	158,232
Clean water state revolving loan 2008	3.00%	14,093,551	-	(647,634)	13,445,917	667,063
Joint water & sewer system revenue bond	4.75%	269,000	-	(49,000)	220,000	52,000
NMFA drinking water loan	2.00%	3,432,896	-	(184,104)	3,248,792	187,795
NMFA water/sewer river crossing loan	0.25%	127,395	-	-	127,395	13,874
Compensated absences	N/A	23,950	31,783	(28,268)	27,465	13,732
Total water and sewer fund		22,855,515	31,783	(1,581,491)	21,305,807	1,622,047
Solid Waste Fund						
Compensated absences		34,474	26,904	(18,088)	43,290	21,646
Total solid waste fund		34,474	26,904	(18,088)	43,290	21,646
Total business-type activities		\$ 22,889,989	58,687	(1,599,579)	21,349,097	1,643,693
Governmental Activities						
2014 Gross Receipts Tax	3.80%	\$ -	3,475,000	(545,000)	2,930,000	720,000
2003A Groos Receipts Tax	3.70%	3,750,000	-	(3,750,000)	-	-
NMED Loan	2.00%	2,167,186	-	(147,626)	2,019,560	150,578
NMFA Police Vehicles	1.78%	30,327	-	(30,327)	-	-
NMFA Fire Truck	3.01%	314,500	-	(32,000)	282,500	32,100
NMFA Road Equipment	1.21%	162,147	-	(40,071)	122,076	40,288
Equipment lease	Various	-	324,280	(64,856)	259,424	64,856
Compensated absences	N/A	348,418	322,798	(293,103)	378,113	293,103
Total governmental activities		6,772,578	4,122,078	(4,902,983)	5,991,673	1,300,925
Grand total long-term debt		\$ 29,662,567	4,180,765	(6,502,562)	27,340,770	2,944,618
Agency Fund (Central Dispatch)						
USDA loan	4.38%	\$ 313,260	-	(99,500)	213,760	106,000
Total agency fund (Central Dispatch)		\$ 313,260	-	(99,500)	213,760	106,000

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7. INTERFUND BALANCES

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2015.

<u>Due From Other Funds</u>	<u>Amount</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Major Governmental Funds:		Major Governmental Funds:	
General Fund	\$ 17,021	General Fund	\$ -
Total Major Governmental Funds	\$ -	Total Major Governmental Funds	\$ -
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Transportation Building Project	\$ -	Transportation Building Project	17,021
Total Nonmajor Governmental Funds	\$ -	Total Nonmajor Governmental Funds	\$ 17,021
Grand Total	\$ 17,021	Grand Total	\$ 17,021

NOTE 8. OPERATING TRANSFERS

General Fund transfers to other funds were for debt service payments and for the operations of the enterprise funds. Infrastructure transfers and other governmental funds transfers were for the employee benefits and debt service liabilities. The transfer to the Water Sewer Fund from the Bond Acquisition Fund was used for the expansion of the WWTP Facility.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 331,779	306,680
Infrastructure	-	595,833
Local DWI Grant	-	5,655
Municipal Street Improvement	-	60,610
Debt Service Funds:		
2014 GRT Revenue	731,816	-
Enterprise Funds:		
Water Sewer	60,610	118,713
Solid Waste	-	15,324
Agency Fund:		
Central Dispatch	-	21,390
Total	\$ 1,124,205	1,124,205

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 9. INSURANCE COVERAGE

The Village is exposed to various risks of loss from torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Village carries insurance through the New Mexico Self-Insurers' Fund. The following is a summary of some of the more significant insurance coverage information related to the Village.

Coverage provided to the Village through the New Mexico Self-Insurers' Fund included tort liability limits for casualty coverage (general, automobile, civil rights and public officials' liability) on a "claims made" basis. Property is subject to a limit of \$100,000 per occurrence. Law enforcement liability, public officials' errors and omissions, and foreign jurisdiction are all individually subject to \$1 million per occurrence / \$1 million aggregate.

NOTE 10. LANDFILL CLOSURE AND POST-CLOSURE CARE

The Village stopped accepting solid waste at its landfill in 1997. State and federal laws and regulations require the Village to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. There is a liability of \$507,842 reported in the Solid Waste Fund as an estimate of the landfill post-closure care costs. However, due to changes in technology, laws or regulations, these costs may change in the future. Actual costs incurred during 2015 for the care of the landfill amounted to \$19,137.

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT

Plan description: The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

ERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided: For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions: The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Village are Municipal Plan 3, Municipal Police Plan 5, and Municipal Fire Plan 5. Statutorily required contributions to the pension plan from the Village were \$914,149, however only \$849,611 was contributed. See related finding 2013-002. In addition, the employer paid member benefits that were “picked up” by the employer were \$599,388 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal Plan 3, at June 30, 2015, the Village reported a liability of \$4,066,699 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.5213% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$632,879. At June 30, 2015, the Village reported PERA Fund Division Municipal Plan 3 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,591,000
Changes in assumptions	-	2,756
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>714,203</u>	<u>-</u>
Total	<u>\$ 714,203</u>	<u>1,593,756</u>

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

\$714,203 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(398,436)
2017	(398,436)
2018	(398,436)
2019	(398,436)
2020	(12)
Thereafter	-

For PERA Fund Division Municipal Police Plan 5, at June 30, 2015, the Village reported a liability of \$2,749,392 for its proportionate share of the net pension liability. At June 30, 2014, the Village’s proportion was 0.8434% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$400,790. At June 30, 2015, the Village reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,022,345
Changes in assumptions	-	223,344
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>468,426</u>	<u>-</u>
Total	<u>\$ 468,426</u>	<u>1,245,689</u>

\$468,426 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(311,145)
2017	(311,145)
2018	(311,145)
2019	(311,145)
2020	(1,109)
Thereafter	-

For PERA Fund Division Municipal Fire Plan 5, at June 30, 2015, the Village reported a liability of \$2,310,305 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.5535% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$285,636. At June 30, 2015, the Village reported PERA Fund Division Municipal Fire Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 319,992
Changes in assumptions	80,202	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>186,268</u>	<u>-</u>
Total	<u>\$ 266,370</u>	<u>319,992</u>

\$186,168 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(60,047)
2017	(60,047)
2018	(60,047)
2019	(60,047)
2020	398
Thereafter	-

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Actuarial assumptions: As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level of percentage pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	<u>100.0%</u>	

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal Plan 3

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 7,666,643	4,066,699	1,285,571

PERA Fund Division Municipal Police Plan 5

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 5,243,095	2,749,392	887,378

PERA Fund Division Municipal Fire Plan 5

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 3,264,288	2,310,305	1,606,706

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan: The Village accrued \$4,470 in PERA benefits at June 30, 2015 for the pay period beginning June 19, 2015, and ending July 4, 2015.

The Village has decided not to participate in the state Retiree Health Care Fund.

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description. The Village’s Retiree Medical Insurance Plan (Plan) is a single-employer defined benefit healthcare plan. The Plan provides medical insurance benefits to eligible retirees and their spouses.

Funding Policy. The contribution requirements of plan members and the Village are established and may be amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For fiscal year 2015, the Village contributed \$226,444 to the Plan. Plan members receiving benefits contributed \$40,200 through their required contribution of 0.65% per pay period.

Annual OPEB Cost and Net OPEB Obligation. The Village's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Village's OPEB obligation:

Annual required contribution	\$ 854,207
Interest on net OPEB obligation	-
Adjustment to annual requirement contribution	-
Annual OPEB cost	854,207
Contributions made	<u>(266,644)</u>
Increase in net OPEB obligation	587,563
Net OPEB obligation, beginning of year	<u>3,035,645</u>
Net OPEB obligation, end of year	<u>\$ 3,623,208</u>

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 854,207	34.9%	\$ 2,447,601
2014	\$ 854,207	28.1%	\$ 3,035,645
2015	\$ 854,207	23.6%	\$ 3,623,208

Funded Status and Funding Progress. As of June 30, 2015, the unfunded actuarial accrued liability (UAAL) was estimated at \$7,573,596.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the Project Unit Credit actuarial cost method (PUC) was used. An annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 10 years, was used. Both rates included a 4.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2007 was 30 years. The 2007 ARC was based on a 45% discount rate and a 20% salary growth.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 13. CONDUIT DEBT OBLIGATIONS

The Village issued \$50,000,000 of taxable Industrial Revenue Bonds to provide financing for the acquisition and construction and equipping of an industrial revenue project. The bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. For a separate project, the Village approved to issue \$80,000,000 of taxable Industrial Revenue Bonds to provide financing acquisition, contraction and installation of an industrial revenue project in 2005. Neither the Village nor any political subdivision of the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In October 1998, the Village approved the issuance of Variable Rate Demand Limited Obligation Industrial Revenue Bonds in the amount of \$5,000,000. Neither the Village nor any political subdivision of the State is obligated in any manner for repayment of the bonds.

NOTE 14. OVERSPENT BUDGET LINE ITEMS

Generally accepted accounting principles require disclosures of certain information concerning individual funds excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2015:

2014 Gross Receipts Tax Revenue Bond	
Debt Service	\$ 3,604,600

NOTE 15. DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosures of certain information concerning individual funds including deficit fund balance of individual funds. The following fund had a deficit fund balance at June 30, 2015:

Law Enforcement Fund	\$ 3,449
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**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 16. NET POSITION RESTATEMENT

The Village has restated beginning net position in the amount of (\$10,232,742) for Governmental Activities and (\$653,584) for Business-Type Activities related to the implementation of GASB 68, which requires reporting of the Village's proportionate share of the New Mexico Public Employees Retirement Association's net pension liability.

NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Village provides substantially all of its employees with pension benefits through the state's multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the Village, to record their proportionate share, as defined in GASB Statement 68, of Village's unfunded pension liability. The Village has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The Village adopted GASB Statement No.68 during fiscal year 2015 and, as a result, restated beginning fund balance in the amount of \$10,886,326. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the Village's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.

In January 2013, the GASB issued statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis.

The Village was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the Village's financial statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In November 2013, the GASB issued statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Village adopted GASB Statement No. 71 during fiscal year 2015.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Village adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the Village’s financial statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 18. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 9,126	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 6,245	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	146.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS - WATER SEWER FUND
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 285	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 503	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	56.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS - SOLID WASTE FUND
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 244	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 431	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	56.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 818	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,580	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (762)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 3,079	5		\$ 769	769	769	769	3						
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 3,079</u>			<u>\$ 769</u>	<u>769</u>	<u>769</u>	<u>769</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
General Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 387	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	850	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (463)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,594	5		\$ 398	398	398	398	2						
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 1,594</u>			<u>\$ 398</u>	<u>398</u>	<u>398</u>	<u>398</u>	<u>398</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
Police Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 300	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	517	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (217)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,246	5		\$ 311	311	311	311	2						
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 1,246</u>			<u>\$ 311</u>	<u>311</u>	<u>311</u>	<u>311</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
Fire Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 131	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	213	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (82)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 240	5		\$ 60	60	60	60	-				
2015	-	5										
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	<u>\$ 240</u>			<u>\$ 60</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS - WATER SEWER FUND
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
General Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 27	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	60	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (33)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 112	5		\$ 28	28	28	28	-						
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 112</u>			<u>\$ 28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS - SOLID WASTE FUND
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2015**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data **
General Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 23	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	51	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (28)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 96	5		\$ 24	24	24	24	-						
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 96</u>			<u>\$ 24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

Changes of Benefit Terms. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NON-MAJOR FUNDS
June 30, 2015**

Special Revenue Funds

Lodgers Tax Fund (16)

To utilize lodgers tax revenues collected from area lodging facilities for the purpose of advertising, publicizing and promoting tourist related attractions and events within the Village. The Village has created the Lodgers Tax Advisory Board to advise the governing body on ways to spend lodgers tax funds for advertising, publicizing and promoting tourist related attractions and events within the Village.

Municipal Street Improvement Fund (17)

Gasoline tax revenues are intended for construction, reconstruction, resurfacing or other improvement or maintenance of public roads and streets, including right-of-way materials acquisition. In addition, these revenues can be designated for projects subject to cooperative agreements entered into with the state highway and transportation department.

Fire Fund (21)

To provide fire protection and life safety for the Village of Los Lunas. The Los Lunas Fire Department is responsible for the preservation of human life due to fire or rescue services as needed. To make the public aware of fire safety of all types and make available all fire prevention information. State fire money is generated through home owners insurance and the State of New Mexico.

Recreation Fund (22)

To provide recreation and entertainment to the citizens of Los Lunas and Valencia County and surrounding areas. This Department plans the annual holiday festivities for Christmas, the 4th of July, and the St. Patrick's Day Balloon Rally. Softball and basketball leagues are also planned throughout the year. Park improvements are also funded from this fund.

Police Program (23)

Envelops the Community Oriented Policing Services Grant (COPS) and the Canine Program. Revenues are used to enhance community policing programs and enhance public safety to the community by hiring personnel, purchasing equipment and performing public outreach.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NON-MAJOR FUNDS
June 30, 2015**

Special Revenue Funds (Continued)

Local Government Correction Fund (26)

Corrections fees are intended to off-set correction and detention costs per New Mexico Statutory requirements. A \$10.00 Correction fee is assessed for each criminal offense filed in Municipal Court. Correction fee revenues off-set the need for the General Fund to totally support the cost of the care and housing of adults and juveniles.

Law Enforcement Protection Fund (27)

The New Mexico Enforcement Protection Fund (LEPF) is a legislative established fund that accumulates fees generated from insurance corporations in New Mexico and annually distributes the funds to New Mexico law enforcement agencies annually to assist in police equipment/training cost. LEPF funds are distributed under a formula for jurisdictional population and number of certified police officers in the law enforcement agency serving that jurisdiction.

Emergency Medical Service Fund (39)

The professional staff of the Los Lunas Emergency Medical Services (EMS) is committed to delivering patient responsive emergency and non-emergency pre-hospital care to the citizens of Los Lunas and the surrounding communities through provision of a medically sophisticated advanced life support system. The principles determining the success of this mission include compassion, technical excellence and combined operational and fiscal efficiency.

Local DWI (29)

The Village of Los Lunas currently administers the DWI programs for Valencia County. Part of the funding for the program is a grant titled "Local Driving While Incapacitated" (LDWI). This program is administered through the Village's Community Services Program.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NON-MAJOR FUNDS
June 30, 2015**

Capital Projects Fund

Transportation Building (58)

To construct and track the costs for the transportation building and the other costs related to this project.

Debt Service Fund

Gross Receipt Tax Revenue Bond 2014 (32)

In June 2014, the Village of Los Lunas issued the "Gross Receipts Tax Refunding Revenue Bonds, Series 2014" at a par of \$3,475,000, a premium of \$141,811, and an interest rate of 2.00%.

The purpose of this issue was to defray the cost to 1) refund the Village's Gross Receipts Tax Improvement Revenue Bonds, Series 2003A, 2) acquire, extend, enlarge, better, repair, otherwise improve or maintain sanitary sewers, sewage treatment plants or water utilities, including but not necessarily limited to the acquisition of rights of way and water and water rights, or any combination of the foregoing, 3) construct, purchase, furnish, equip, rehabilitate, make additions to or make improvements to public buildings, 4) purchase, acquire, rehabilitate fire-fighting equipment or any combination of the foregoing, 5) acquire, construct, purchase, equip, furnish, make additions to, renovate, rehabilitate, beautify or otherwise improve public parking or recreational facilities, and 6) cover all costs incidental to the issuance of the Bonds.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Funds			
	Lodger's Tax	Municipal Street Improvement	Fire Fund	Recreation Fund
ASSETS				
Cash and cash equivalents	\$ 122,371	726,769	-	309,050
Investments	-	-	-	-
Due from other funds	-	-	-	-
Receivable from other governments	-	-	-	-
Other Receivables	12,968	46,805	-	-
Total assets	\$ 135,339	773,574	-	309,050
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 671	8,590	-	2,993
Due to other funds	-	-	-	-
Accrued payroll expenditures	-	-	-	-
Total liabilities	671	8,590	-	2,993
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	134,668	-	-	306,057
Committed	-	-	-	-
Assigned	-	764,984	-	-
Unassigned	-	-	-	-
Total fund balances	134,668	764,984	-	306,057
Total liabilities, deferred inflows and fund balances	\$ 135,339	773,574	-	309,050

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Services	Local DWI	Total Special Revenue
10,857	118,489	-	-	140,913	1,428,449
-	-	-	-	-	-
-	-	-	-	8,551	8,551
-	-	-	-	-	59,773
10,857	118,489	-	-	149,464	1,496,773
-	40,576	1	-	15,009	67,840
-	-	-	-	-	-
-	-	-	-	7,283	7,283
-	40,576	1	-	22,292	75,123
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,857	77,913	-	-	127,172	656,667
-	-	-	-	-	-
-	-	-	-	-	764,984
-	-	(1)	-	-	(1)
10,857	77,913	(1)	-	127,172	1,421,650
10,857	118,489	-	-	149,464	1,496,773

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2015**

	Transportation Building Project	Total Capital Projects	2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	-	103,166	103,166	1,531,615
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Receivable from other governments	26,308	26,308	-	-	34,859
Other Receivables	-	-	-	-	59,773
Total assets	\$ 26,308	26,308	103,166	103,166	1,626,247
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	-	-	-	67,840
Due to other funds	17,021	17,021	-	-	17,021
Accrued payroll expenditures	-	-	-	-	7,283
Total liabilities	17,021	17,021	-	-	92,144
DEFERRED INFLOWS					
Property taxes	-	-	-	-	-
Total deferred inflows	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	9,287	9,287	103,166	103,166	769,120
Committed	-	-	-	-	-
Assigned	-	-	-	-	764,984
Unassigned	-	-	-	-	(1)
Total fund balances	9,287	9,287	103,166	103,166	1,534,103
Total liabilities, deferred inflows and fund balances	\$ 26,308	26,308	103,166	103,166	1,626,247

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	Special Revenue Funds			
	Lodger's Tax	Municipal Street Improvement	Fire Fund	Recreation Fund
Revenues				
Sales and miscellaneous taxes	\$ 64,954	536,725	-	8,820
State grants	-	-	106,431	-
Federal grants	-	-	-	-
Charges for services	-	-	-	205,166
Investment earnings	-	205	-	-
Miscellaneous	-	-	-	-
Total revenues	64,954	536,930	106,431	213,986
Expenditures				
Current				
General government	41,536	-	-	-
Public safety	-	-	65,640	-
Public works	-	241,126	-	-
Culture and recreation	-	-	-	190,922
Debt service				
Principal	-	187,696	32,000	-
Interest and other charges	-	45,089	9,317	-
Capital outlay	-	-	-	11,511
Total expenditures	41,536	473,911	106,957	202,433
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	23,418	63,019	(526)	11,553
Other financing sources (uses)				
Proceeds from issuance of debt	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	-	(60,610)	-	-
Total other financing sources (uses)	-	(60,610)	-	-
Net change in fund balances	23,418	2,409	(526)	11,553
Fund balances, beginning of year	111,250	762,575	526	294,504
Fund balances, end of year	\$ 134,668	764,984	-	306,057

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Service	Local DWI	Total Special Revenue
-	-	-	-	-	610,499
11,284	-	41,000	-	392,508	551,223
-	-	-	-	-	-
-	37,923	-	10,287	53,696	307,072
-	-	-	-	-	205
-	-	-	-	-	-
11,284	37,923	41,000	10,287	446,204	1,468,999
-	-	-	-	-	41,536
7,619	45,281	-	10,287	506,838	635,665
-	-	-	-	-	241,126
-	-	-	-	-	190,922
-	-	29,727	-	-	249,423
-	-	658	-	-	55,064
-	-	10,616	-	-	22,127
7,619	45,281	41,001	10,287	506,838	1,435,863
3,665	(7,358)	(1)	-	(60,634)	33,136
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(5,655)	(66,265)
-	-	-	-	(5,655)	(66,265)
3,665	(7,358)	(1)	-	(66,289)	(33,129)
7,192	85,271	-	-	193,461	1,454,779
10,857	77,913	(1)	-	127,172	1,421,650

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2015**

	Transportation Building Project	Total Capital Projects	2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
Revenues					
Sales and miscellaneous taxes	\$ -	-	-	-	610,499
State grants	-	-	-	-	551,223
Federal grants	117,564	117,564	-	-	117,564
Charges for services	-	-	-	-	307,072
Investment earnings	-	-	-	-	205
Miscellaneous	-	-	-	-	-
Total revenues	117,564	117,564	-	-	1,586,563
Expenditures					
Current					
General government	-	-	-	-	41,536
Public safety	-	-	-	-	635,665
Public works	-	-	-	-	241,126
Culture and recreation	-	-	-	-	190,922
Debt service					
Principal	-	-	4,360,457	4,360,457	4,609,880
Interest and other charges	-	-	97,577	97,577	152,641
Capital outlay	110,955	110,955	-	-	133,082
Total expenditures	110,955	110,955	4,458,034	4,458,034	6,004,852
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	6,609	6,609	(4,458,034)	(4,458,034)	(4,418,289)
Other financing sources (uses)					
Proceeds from issuance of debt	-	-	3,616,811	3,616,811	3,616,811
Transfers, in	-	-	731,816	731,816	731,816
Transfers, out	-	-	-	-	(66,265)
Total other financing sources (uses)	-	-	4,348,627	4,348,627	4,282,362
Net change in fund balances	6,609	6,609	(109,407)	(109,407)	(135,927)
Fund balances, beginning of year	2,678	2,678	212,573	212,573	1,670,030
Fund balances, end of year	\$ 9,287	9,287	103,166	103,166	1,534,103

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (NON-GAAP BASIS)
Year Ended June 30, 2015**

	Water Sewer			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 9,500,327	9,500,327	8,477,826	(1,022,501)
Intergovernmental	-	-	-	-
Miscellaneous	-	-	125,811	125,811
Total revenues	<u>9,500,327</u>	<u>9,500,327</u>	<u>8,603,637</u>	<u>(896,690)</u>
Expenses				
Personnel services	1,032,349	1,012,949	1,003,435	9,514
Non-payroll expenses	11,066,305	11,085,705	3,869,853	7,215,852
Total expenses	<u>12,098,654</u>	<u>12,098,654</u>	<u>4,873,288</u>	<u>7,225,366</u>
Other financing sources				
Interest and investment revenue	6,135	6,135	3,879	(2,256)
Legislative appropriations	1,900,000	1,900,000	692,200	(1,207,800)
Interest expense	-	-	(483,655)	(483,655)
Operating transfers in	60,610	60,610	60,610	-
Operating transfers (out)	(118,713)	(118,713)	(118,713)	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ (750,295)</u>	<u>(750,295)</u>	<u>3,884,670</u>	<u>4,634,965</u>
Unbudgeted revenues and expenses:				
Depreciation expense			(2,315,172)	
Changes in accounts receivable			454,029	
Changes in accounts payable			(33,693)	
Changes in accrued liabilities			67,992	
GAAP change in net position			<u>\$ 2,057,826</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (NON-GAAP BASIS)
Year Ended June 30, 2015**

	Solid Waste			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,562,810	2,562,810	2,463,999	(98,811)
Intergovernmental	-	-	-	-
Miscellaneous	2,830	2,830	104,084	101,254
Total revenues	<u>2,565,640</u>	<u>2,565,640</u>	<u>2,568,083</u>	<u>2,443</u>
Expenses				
Personnel services	854,372	854,372	807,161	47,211
Non-payroll expenses	1,580,170	1,580,170	1,200,611	379,559
Total expenses	<u>2,434,542</u>	<u>2,434,542</u>	<u>2,007,772</u>	<u>426,770</u>
Other financing sources				
Interest and investment revenue	980	980	1,180	200
Legislative appropriations	-	-	-	-
Interest expense	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	(15,324)	(15,324)	(15,324)	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ 116,754</u>	<u>116,754</u>	<u>546,167</u>	<u>429,413</u>
Unbudgeted revenues and expenses:				
Depreciation expense			(110,496)	
Changes in accounts receivable			56,053	
Changes in accounts payable			(142,255)	
Changes in accrued liabilities			(321)	
GAAP change in net position			<u>\$ 349,148</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
LODGER'S TAX
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 56,359	56,359	68,533	12,174
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>56,359</u>	<u>56,359</u>	<u>68,533</u>	<u>12,174</u>
Expenditures				
Current				-
General government	53,000	53,000	42,137	10,863
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>53,000</u>	<u>53,000</u>	<u>42,137</u>	<u>10,863</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>3,359</u>	<u>3,359</u>	<u>26,396</u>	<u>23,037</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,359</u>	<u>3,359</u>	26,396	<u>23,037</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(3,579)	
Adjustments to expenditures			601	
Net change in fund balance (GAAP)			<u>\$ 23,418</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
MUNICIPAL STREET IMPROVEMENT
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 445,000	534,364	539,085	4,721
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	328	328	205	(123)
Miscellaneous	-	-	-	-
Total revenues	445,328	534,692	539,290	4,598
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	200,000	489,364	238,547	250,817
Culture and recreation	-	-	-	-
Debt service				
Principal	232,786	232,786	187,696	45,090
Interest and other charges	-	-	45,089	(45,089)
Capital outlay	-	-	-	-
Total expenditures	432,786	722,150	471,332	250,818
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	12,542	(187,458)	67,958	255,416
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(60,610)	(60,610)	(60,610)	-
Total other financing sources (uses)	(60,610)	(60,610)	(60,610)	-
Net change in fund balances	\$ (48,068)	(248,068)	7,348	255,416
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(2,360)	
Adjustments to expenditures			(2,579)	
Net change in fund balance (GAAP)			\$ 2,409	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
FIRE FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	84,279	106,431	106,431	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	84,279	106,431	106,431	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	43,534	65,686	65,640	46
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	41,271	32,000	9,271
Interest and other charges	41,271	-	9,317	(9,317)
Capital outlay	-	-	-	-
Total expenditures	84,805	106,957	106,957	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(526)</u>	<u>(526)</u>	<u>(526)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ <u>(526)</u>	<u>(526)</u>	(526)	<u>-</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (526)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
RECREATION FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 6,796	6,796	8,820	2,024
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	149,133	208,714	205,166	(3,548)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>155,929</u>	<u>215,510</u>	<u>213,986</u>	<u>(1,524)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	145,296	204,877	187,493	17,384
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	15,000	15,000	11,511	3,489
Total expenditures	<u>160,296</u>	<u>219,877</u>	<u>199,004</u>	<u>20,873</u>
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	<u>(4,367)</u>	<u>(4,367)</u>	<u>14,982</u>	<u>19,349</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (4,367)</u>	<u>(4,367)</u>	<u>14,982</u>	<u>19,349</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(3,429)</u>	
Net change in fund balance (GAAP)			<u>\$ 11,553</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
POLICE PROGRAM
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	5,000	11,284	11,284	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,000</u>	<u>11,284</u>	<u>11,284</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	5,000	11,284	7,745	3,539
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,000</u>	<u>11,284</u>	<u>7,745</u>	<u>3,539</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,539</u>	<u>3,539</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>3,539</u>	<u>3,539</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			126	
Net change in fund balance (GAAP)			<u>\$ 3,665</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
LOCAL GOVERNMENT CORRECTION
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	49,328	49,328	37,923	(11,405)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>49,328</u>	<u>49,328</u>	<u>37,923</u>	<u>(11,405)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	49,328	49,328	49,034	294
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>49,328</u>	<u>49,328</u>	<u>49,034</u>	<u>294</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,111)</u>	<u>(11,111)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>(11,111)</u>	<u>(11,111)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>3,753</u>	
Net change in fund balance (GAAP)			<u>\$ (7,358)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	44,450	44,450	41,000	(3,450)
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>44,450</u>	<u>44,450</u>	<u>41,000</u>	<u>(3,450)</u>
Expenditures				
Current				-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				-
Principal	33,176	33,176	33,176	-
Interest and other charges	658	658	658	-
Capital outlay	10,616	10,616	10,616	-
Total expenditures	<u>44,450</u>	<u>44,450</u>	<u>44,450</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,450)</u>	<u>(3,450)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>(3,450)</u>	<u>(3,450)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			3,449	
Net change in fund balance (GAAP)			<u>\$ (1)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
EMERGENCY MEDICAL SERVICE
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	10,015	10,287	-	(10,287)
Federal grants	-	-	-	-
Charges for services	-	-	10,287	10,287
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>10,015</u>	<u>10,287</u>	<u>10,287</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	10,015	10,287	10,287	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>10,015</u>	<u>10,287</u>	<u>10,287</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
LOCAL DWI GRANT
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	390,990	392,490	385,313	(7,177)
Federal grants	-	-	-	-
Charges for services	92,139	92,139	53,696	(38,443)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>483,129</u>	<u>484,629</u>	<u>439,009</u>	<u>(45,620)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	483,033	524,533	511,845	12,688
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>483,033</u>	<u>524,533</u>	<u>511,845</u>	<u>12,688</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>96</u>	<u>(39,904)</u>	<u>(72,836)</u>	<u>(32,932)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(5,655)</u>	<u>(5,655)</u>	<u>(5,655)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,655)</u>	<u>(5,655)</u>	<u>(5,655)</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,559)</u>	<u>(45,559)</u>	<u>(78,491)</u>	<u>(32,932)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			7,195	
Adjustments to expenditures			<u>5,007</u>	
Net change in fund balance (GAAP)			<u>\$ (66,289)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
TRANSPORTATION BUILDING PROJECT
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	905,954	905,954	140,453	(765,501)
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>905,954</u>	<u>905,954</u>	<u>140,453</u>	<u>(765,501)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>905,954</u>	<u>905,954</u>	<u>110,955</u>	<u>794,999</u>
Total expenditures	<u>905,954</u>	<u>905,954</u>	<u>110,955</u>	<u>794,999</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>29,498</u>	<u>29,498</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>29,498</u>	<u>29,498</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(22,889)	
Adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 6,609</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
2014 GROSS RECEIPTS TAX REVENUE BOND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	32	32	-	(32)
Miscellaneous	-	-	-	-
Total revenues	<u>32</u>	<u>32</u>	<u>-</u>	<u>(32)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	795,126	795,126	4,353,399	(3,558,273)
Interest and other charges	58,308	58,308	104,635	(46,327)
Capital outlay	-	-	-	-
Total expenditures	<u>853,434</u>	<u>853,434</u>	<u>4,458,034</u>	<u>(3,604,600)</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(853,402)</u>	<u>(853,402)</u>	<u>(4,458,034)</u>	<u>(3,604,632)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	3,616,811	3,616,811
Transfers, in	640,860	640,860	731,816	90,956
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>640,860</u>	<u>640,860</u>	<u>4,348,627</u>	<u>90,956</u>
Net change in fund balances	<u>\$ (212,542)</u>	<u>(212,542)</u>	<u>(109,407)</u>	<u>(3,513,676)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (109,407)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2015**

	Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
ASSETS					
Cash and cash equivalents	\$ 1,996	1,117,151	662,298	18,025	1,799,470
Due from other agencies	-	54,036	192,266	-	246,302
Total Assets	\$ 1,996	1,171,187	854,564	18,025	2,045,772
LIABILITIES					
Accounts payable	\$ 1,301	-	26,954	18,025	46,280
Accrued liabilities	-	-	38,046	-	38,046
Long-term loan payable	-	-	213,760	-	213,760
Due to others	695	1,171,187	575,804	-	1,747,686
Total Liabilities	\$ 1,996	1,171,187	854,564	18,025	2,045,772

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL
Year Ended June 30, 2015**

	Wells Fargo	U.S. Bank	SECU
Deposits in Bank or Savings and Loan			
Money market	\$ -	6,713,340	-
Bank deposits (checking)	9,610,811	18,025	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,151
	<u>9,610,811</u>	<u>6,731,365</u>	<u>100,151</u>
Less: FDIC insurance	250,000	250,000	100,151
Total uninsured public funds	<u>\$ 9,360,811</u>	<u>6,481,365</u>	<u>-</u>
Collateral requirement @ 50%	4,680,406	3,231,670	-
Collateral requirement @ 102%	-	-	-
Total required collateralization	<u>4,680,406</u>	<u>3,231,670</u>	<u>-</u>
Pledges and securities			
FG G06959 CUSIP #3128M9B43, 3.500%, due 10/1/2041	667,886	-	-
FG A93766 CUSIP #31292FF7, 4.000%, due 9/1/2040	12,371	-	-
FNR 2012-44 FE CUSIP #3136A5E93, 0.590%, due 6/25/2041	515,414	-	-
FN AH1559 CUSIP #3138A2WV7, 4.000%, due 12/1/2040	699,056	-	-
FN AK2674 CUSIP #3138E66L5, 3.500%, due 2/1/2042	443,022	-	-
FN AO2684 CUSIP #3138LS6W5, 3.500%, due 8/1/2042	834,968	-	-
FN AO6780 CUSIP #3138LXRA9, 3.000%, due 6/1/2042	994,445	-	-
FN AR3830 CUSIP #3138W1HG5, 3.000%, due 2/1/2043	17,259	-	-
FN AT0229 CUSIP #3138WMHF1, 3.000%, due 2/1/2043	3,286,494	-	-
FN AT2015 CUSIP #3138WPGZ1, 3.000%, due 4/1/2043	173,073	-	-
FN AT8139 CUSIP #3138WWBH1, 3.500%, due 8/1/2043	105,817	-	-
FN AU0924 CUSIP #3138X0A24, 3.500%, due 7/1/2043	710,778	-	-
FN AU4291 CUSIP #3138X3XV9, 4.000%, due 9/1/2043	68,450	-	-
FN AB2812 CUSIP #31416YDS4, 4.500%, due 4/1/2041	762,022	-	-
FN AB5735 CUSIP #31417CLR4, 3.000%, due 7/1/2042	4,880	-	-
FN AB6309 CUSIP #31417DAK9, 3.000%, due 9/1/2042	27,348	-	-
FN AD1656 CUSIP #31418NZW3, 4.500%, due 3/1/2040	1,001,295	-	-
FN AD6370 CUSIP #31418UCG7, 4.500%, due 5/1/2040	133,926	-	-
Federal Home Loan Bank of Cincinnati Letter of Credit	-	6,500,000	-
GN 11160E CUSIP #38378AR37, 3.000%, due 12/20/2034	-	-	-
GNMA1 CUSIP #36176W7E5, 3.500%, due 1/15/2042	-	-	-
CNMA2 CUSIP #36179M6H8, 2.000%, due 3/20/2043	-	-	-
FNMA CUSIP #3138MAKS6, 3.000%, due 9/1/2042	-	-	-
FNMA CUSIP #3138M8J61, 3.000%, due 9/1/2042	-	-	-
Santa Fe Cnty NM Security #801889LV6, 4.100%, due 7/1/2023	-	-	-
Total pledged securities	<u>10,458,504</u>	<u>6,500,000</u>	<u>-</u>
Excess (deficiency)	<u>\$ 5,778,098</u>	<u>3,268,330</u>	<u>-</u>

Safekeeping locations for the above securities are as follows:

Wells Fargo: Bank of New York Mellon
 US Bank: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)
 Bank of the West: Bank of the West (Omaha, NE)
 NM Bank & Trust: Sun Trust Bank

My Bank	Bank of Albuquerque	Bank of the West	Nusenda	New Mexico Bank & Trust	X-press Bill Pay	Total
-	-	854,292	-	-	-	7,567,632
-	-	1,678,473	-	-	171,864	11,479,173
-	-	-	-	-	-	-
100,000	100,000	300,000	100,000	200,000	-	900,151
100,000	100,000	2,832,765	100,000	200,000	171,864	19,946,956
100,000	100,000	500,000	100,000	200,000	171,864	1,772,015
-	-	2,332,765	-	-	-	18,174,941
-	-	1,166,383	-	-	-	9,078,459
-	-	-	-	-	-	-
-	-	1,166,383	-	-	-	9,078,459
-	-	-	-	-	-	667,886
-	-	-	-	-	-	12,371
-	-	-	-	-	-	515,414
-	-	-	-	-	-	699,056
-	-	-	-	-	-	443,022
-	-	-	-	-	-	834,968
-	-	-	-	-	-	994,445
-	-	-	-	-	-	17,259
-	-	-	-	-	-	3,286,494
-	-	-	-	-	-	173,073
-	-	-	-	-	-	105,817
-	-	-	-	-	-	710,778
-	-	-	-	-	-	68,450
-	-	-	-	-	-	762,022
-	-	-	-	-	-	4,880
-	-	-	-	-	-	27,348
-	-	-	-	-	-	1,001,295
-	-	-	-	-	-	133,926
-	-	621,231	-	-	-	7,121,231
-	-	616,338	-	-	-	616,338
-	-	44,227	-	-	-	44,227
-	-	94,557	-	-	-	94,557
-	-	163,182	-	-	-	163,182
-	-	-	-	-	-	-
-	-	-	-	437,676	-	437,676
-	-	1,539,535	-	437,676	-	18,935,715
-	-	373,152	-	437,676	-	9,857,256

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
Year Ended June 30, 2015

	Wells Fargo	US Bank	SECU
Deposits in Bank or Savings and Loan			
Money Market	\$ -	6,713,340	-
Bank deposits (checking)	9,610,811	18,025	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,151
Total bank balance	9,610,811	6,731,365	100,151
Reconciling items			
Outstanding checks	(1,037,121)	-	-
Deposits in transit	7,845	2,879	-
Other adjustments	117,124	-	-
Total adjustments	(912,152)	2,879	-
Total book balance	8,698,659	6,734,244	100,151
Less agency fund balances included in bank balance	1,799,470	-	-
Total primary government	\$ 6,899,189	6,734,244	100,151

My Bank	Bank of Albuquerque	Bank of the West	Nusenda	New Mexico Bank & Trust	X-press Bill Pay	Total
-	-	854,292	-	-	-	7,567,632
-	-	1,678,473	-	-	171,864	11,479,173
-	-	-	-	-	-	-
100,000	100,000	300,000	100,000	200,000	-	900,151
100,000	100,000	2,832,765	100,000	200,000	171,864	19,946,956
-	-	-	-	-	-	(1,037,121)
-	-	-	-	-	40,605	51,329
-	-	129,655	-	-	199	246,978
-	-	129,655	-	-	40,804	(738,814)
100,000	100,000	2,962,420	100,000	200,000	212,668	19,208,142
-	-	-	-	-	-	1,799,470
100,000	100,000	2,962,420	100,000	200,000	212,668	17,408,672

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2015**

	Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
Assets, July 1, 2014	\$ 3,521	1,057,886	740,756	27,779	1,829,942
Increase	18,572	317,598	1,046,068	-	1,382,238
Decrease	(20,097)	(204,297)	(932,260)	(9,754)	(1,166,408)
Assets, June 30, 2015	\$ 1,996	1,171,187	854,564	18,025	2,045,772
Liabilities, July 1, 2014	\$ 3,521	1,057,886	740,756	27,779	1,829,942
Increase	18,572	317,598	1,046,068	-	1,382,238
Decrease	(20,097)	(204,297)	(932,260)	(9,754)	(1,166,408)
Liabilities, June 30, 2015	\$ 1,996	1,171,187	854,564	18,025	2,045,772

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2015

Agreement	The Village Participates with	Party Responsible for Operation	Description	Period	Funds/ (Cost) to Village	Village Contributions	Audit Responsibility
Los Lunas Schools	Board of Education	Los Lunas Schools	Operation of the Los Lunas Schools Swimming Pool	January 01, 2015 through December 31, 2015	Maximum \$35,000	Unknown	Responsible for own fiscal contribution
New Mexico Department of Game and Fish	State of New Mexico	Los Lunas Open Space	Conducting OHV law enforcement patrols and education on public lands.	July 1, 2014 through June 24, 2015	Maximum \$14,000	Unknown	
New Mexico Department of Game and Fish	State of New Mexico	Village of Los Lunas	OHV Training Park Improvements (Phase 5) Project #15-17	October through March January 1, 2015, and continuing on the 1st day of every month thereafter until December 31, 2024.	Maximum \$10,000	Unknown	
Rio Metro Regional Transit District	State of New Mexico	Village of Los Lunas	Rental lease of 101 Courthouse Road, Los Lunas (approximately 1,265.5 square feet)	October through March	Monthly rental amount of \$3,163.75	Unknown	Village of Los Lunas
New Mexico Department of Game and Fish	State of New Mexico	Village of Los Lunas	OHV Training Park Improvements (Phase 4) Project#15-16	October through March	Maximum \$10,000	Unknown	
Plateau Telecommunications, Inc.	Plateau Telecommunications	Village of Los Lunas	Expand Plateau's capabilities to connect to customers and expand the Village's network by using fiber optic stands to Belen and to Bosque Farms.	The term of this Agreement shall be for 10 years from contract entry date November 5, 2014	The Village has received an appropriation of \$125,000.00 in order to upgrade its fiber optic network	Unknown	The Village of Los Lunas is responsible for the funds received for construction
Rio Metro Regional Transit District	Rio Metro Regional Transit District	Village of Los Lunas	Snow Removal	The term of this agreement shall be completed within two (2) years for the contract entry date February 24, 2014	Maximum of \$2,000	Unknown	The Village of Los Lunas
Los Lunas Public School District	Valencia County	Village of Los Lunas	Summer Recreation Program	July 1, 2014 through June 30, 2015	Cost of \$9,000	Unknown	The Village of Los Lunas

VILLAGE OF LOS LUNAS
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015
Prepared by Agency Staff Name: Tamie Manns, Purchasing Specialist. Date: 1/29/2016

RFB#/ RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
N/A	RFP	Molzen-Corbin & Associates	\$ 1,029,074	\$ -	2701 Miles Rd. SE, Albuquerque, NM 87106	Y	N/A	Engineering services
N/A	RFB	G. Sandoval Construction, Inc.	941,716	-	2000 E. Lohman Ave., Las Cruces, NM 88001	Y	N/A	Unavailable
N/A	RFB	RMCI, Inc.	675,619	-	6211 Chappell Rd. NE, Albuquerque, NM 87113	Y	N/A	Unavailable
N/A	RFB	Star Paving. Co.	553,034	-	3109 Love Rd. SW, Albuquerque, NM 87121	Y	N/A	Unavailable
N/A	NM State Purchasing Contract	Hodges Oil Company, Inc.	414,240	-	709 S. Main St., Belen, NM 87002	Y	N/A	Fuel for Fleet
N/A	Unavailable	Waste Management of NM	343,415	-	1600 Highway 6, NW, Los Lunas, NM 87031	Y	N/A	Trash Tipping Fees
N/A	RFB	Desert Fox, LLC	283,265	-	4838 E. Baseline Rd., Mesa, AZ 85206	Y	N/A	Unavailable
N/A	Cooperative Purchasing Agreement	Cooperative Educational Services	255,184	-	4216 Balloon Park Rd., NE, Albuquerque, NM 87109	Y	N/A	Unavailable
N/A	RFB	CG's Concrete, Inc.	248,267	-	10 Proctor Dr., Peralta, NM 87042	Y	N/A	Small Construction Services
N/A	RFB	LAV Construction & Septic LTD	204,440	-	51 Andres Sanchez Rd., Belen, NM 87002	Y	N/A	Small Construction Services
N/A	NM State Purchasing Contract	Argyle Welding Supply, Inc.	143,007	-	820 Comanche Rd., Albuquerque, NM 87107	Y	N/A	Chemicals
N/A	RFP	Sites Southwest, LLC	135,347	-	121 Tijeras Ave., NE, #3100, Albuquerque, NM 87102	Y	N/A	Unavailable
N/A	NM State Purchasing Contract	Advanced Communication & Electric Inc.	123,435	-	2417 Baylor Dr., SE, Albuquerque, NM 87106	Y	N/A	Unavailable
N/A	RFB	Altor Construction, Inc.	112,020	-	5215 Edith Blvd. NE, Albuquerque, NM 87107	Y	N/A	Unavailable
N/A	RFB	New Mexico Meters, LLC	107,613	-	9119 Anacapa Ave. NW, Albuquerque, NM 87121	Y	N/A	Unavailable
N/A	RFB	New Mexico Underground Contract	106,250	-	Unable to locate	Y	N/A	Unavailable
N/A	Sole Source	James, Cooke, & Hobson, Inc.	83,333	-	3810 Academy Pkwy S NE, Albuquerque, NM 87109	Y	N/A	Unavailable
N/A	RFP	Laurence P. Guggino, Jr.	81,375	-	435 Luna Ave. SE, Los Lunas, NM 87031	Y	N/A	Legal Services
N/A	RFB	Cochise Contractors, Inc.	79,340	-	333 N. Black Canyon Hwy, Phoenix, AZ 85009	N	N/A	Unavailable
N/A	RFB	Pavement Sealants & Supply, Inc.	64,152	-	15 Eddie Ln., Belen, NM 87002	Y	N/A	Small Construction Services
N/A	RFB	P.A.P., Inc.	61,737	-	Unable to locate	Y	N/A	Small Construction Services
N/A	RFP	Cemco, Inc.	61,648	-	80 Don Luis Trujillo Blvd., Belen, NM 87002	Y	N/A	Unavailable
N/A	Unavailable	All Motor Parts & Supply, Inc.	60,014	-	11 Stover Rd., Loas Lunas, NM 87031	Y	N/A	Small Purchases
N/A	MOA	Plateau Telecommunications, Inc.	132,023	-	410 Corona Ave., Santa Rosa, NM 88435	Y	N/A	Unavailable
N/A	RFP	Caselle, Inc.	108,135	-	1656 E. Bay Blvd., #100, Provo, UT 84606	N	N/A	Software
N/A	NM State Purchasing Contract	Cisco Systems Capital Corp.	68,338	-	Unable to locate	N	N/A	Unavailable
N/A	NM State Purchasing Contract	CDW Government Inc.	71,289	-	200 N. Milwaukee Ave., Vernon Hills, IL 60061	N	N/A	Unavailable
N/A	MOU	Rocky Mountain Offender	87,018	-	1100 4th St., NW, Suite C, Albuquerque, NM 87102	N	N/A	Offender Monitoring
N/A	LEDA Grant	ACIM, Inc.	400,000	-	2800 Purple Sage, Los Lunas, NM 87031	Y	N/A	Unavailable
N/A	RFB	John P. Haaland	99,298	-	Unable to locate	Y	N/A	Janitorial Services

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015**

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Justice			
Community Oriented Policing Services		16.710	\$ 60,649
Edward Byrne Memorial Justice Assistance		16.738	14,811
Bulletproof Vest Partnership		16.607	3,198
Total U.S. Department of Justice			78,658
U.S. Department of Transportation			
Transportation Building		20.526	97,509
Passed Through the Sate of New Mexico Department of Transportation			
NM 314 Bike Enhancements (1)	A300890	20.205	5,626
UTP Courthouse Road Improvements	A300190	20.205	660,000
STP-E Interchange Beautification Project	A301120	20.205	163,387
Total U.S. Department of Transportation			926,522
Total Federal Financial Asistance			\$ 1,005,180

(1) Denotes major federal assistance program

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,005,180
Total expenditures funded by other sources	21,653,300
Total expenditures	\$ 22,658,480

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Village Council
Village of Los Lunas
and Mr. Tim Keller
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Village of Los Lunas ("Village"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated March 1, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2014-001, and 2013-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Albuquerque, New Mexico
March 1, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Village Council
Village of Los Lunas
and Mr. Tim Keller
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the Village of Los Lunas's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2015. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to

determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

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



Albuquerque, New Mexico
March 1, 2016

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	
CFDA #20.205 – Highway Planning and Construction	
Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

2015-001 DUE DATE OF AUDIT REPORT (Other Matter)

CONDITION: The Village’s June 30, 2015 audit report was not filed under the time restrictions specified by the New Mexico State Auditor.

CRITERIA: The State Auditor Rule NMAC 2.2.2.9.A specifies the audit financial statement of local governmental entities are due by December 15 following the fiscal year-end, thus requiring the June 30, 2015 report to be filed no later than December 15, 2015.

EFFECT: The Village is in violation of the State Auditor Rule NMAC 2.2.2.9.A for the fiscal year ended June 30, 2015. This issue may result in not having accurate financial information for budget preparation or financial projections. Also, it causes the Village to be placed on the State of New Mexico’s “At-Risk Listing” and it may impact funding received from the State. Additionally, this issue may limit the borrowing ability of the Village precluding it from finishing undertaken projects.

CAUSE: The Village converted its accounting software during the fiscal year, as a result the accounting staff experienced several unexpected challenges with reconciling its accounting records.

RECOMMENDATION: The Village should implement accounting policies and procedures that would prevent unexpected challenges, such as the conversion to a new accounting system, from reconciling its accounting records.

MANAGEMENT RESPONSE: The Village implemented new financial software in the middle of the fiscal year (November 2015) including: General Ledger, Cash Receipting, Utility Billing, Payroll, Purchasing, and Human Resource modules. The Finance Officer is responsible for the reconciliation of financial records and was able to determine that the differences in fund balance were a result of audit adjustments from prior year. Village staff was unable to correct the carryover amounts since they were converted data from the prior financial system. The Village had to procure, Caselle, the new financial software company, to resolve the problem. The Village regrets the late audit finding; however, the integrity of the financial data is the priority for the Village in the audit process. This finding is resolved with the submittal of this audit report. This audit finding will not be repeated next fiscal year.

**STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2015**

2015-002 EXPENDITURES EXCEED BUDGET (Other Matter)

CONDITION: The Village has expenditures where actual expenditures exceeded budgetary authority:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
2014 Gross Receipts Tax Revenue Bond	(3,604,632)

CRITERIA: All Village fund, with the exception of agency funds, are to be budgeted by the local governing body and submitted to State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6 NMSA 1978 Compilation. Per Section 6-6-11 NMSA 1978 (the Bateman Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts or any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void.

CRITERIA: Any expenditures in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amount so allowed or paid may be held against the bondsmen such official.

CAUSE: The Village did not consider the effect of the debt refinancing that occurred during the current year during their year-end monitoring of budget.

RECOMMENDATION: We recommend that the Village establish policies and procedures to ensure that all non-cash transactions such as refinancing of debt are included in their budget monitoring process.

MANAGEMENT RESPONSE: The year-end budget review process did not warrant a budget resolution by the accounting department in view of the fact that the net effect of the non-cash transaction did not cause an excess of expense in the approved budget. The Finance Officer is responsible for implementing a change to the Village accounting policies to ensure that non-cash transactions are processes as a general ledger transaction and addressed in the budget process. The accounting policies will be presented to the Village Governing Board by July 2016 to include budgeting compliance for non-cash transactions.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

None.

**SECTION IV – Other Findings, AS REQUIRED BY NEW MEXICO STATUTE,
SECTION 12-6-5, NMSA 1978**

**2014-001 Public Monies and Pledged Collateral (Non-Compliance Other Matters) –
Revised and Repeated**

CONDITION: During our testing of public monies in accordance with the 2015 New Mexico State Audit Rule, it was identified that the Village had approximately \$212,668 in cash held with a third party vendor who is located outside of New Mexico. Further testing identified that the third party was not considered to be a financial institution covered under the Federal Deposit Insurance Corporation and no securities were pledged by the third party as collateral on the cash held by the Village with the third party.

The Village made progress as they reduced the total balance held in the third party bank from \$570,000 at June 30, 2014 to \$212,668 at June 30, 2015.

CRITERIA: Section 6-10-10(A) NMSA 1978 requires that municipalities who have on hand any public money shall make deposit of that money in banks and savings and loan associations or may make deposit of that money in credit unions whose deposits are insured by an agency of the United States. Section 6-10-10(B) NMSA 1978 further stipulates that municipalities may deposit money in one or more accounts with any such bank, saving and loan association or credit union located in their respective counties. Finally, section 6-10-17 NMSA 1978 requires that any bank or savings and loan association designated as a depository of public money shall deliver securities that have an aggregate value equal to one-half the amount of public money to a custodial bank.

EFFECT: Holding public monies in a third party account that is not considered to be a bank, savings and loan association or credit union as well as holding public monies in a third party account who does not pledge collateral on behalf of the Village with a custodial bank indicates non-compliance with state regulation as well as increases the Villages exposure for loss of the public monies.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

**SECTION IV – Other Findings, AS REQUIRED BY NEW MEXICO STATUTE,
SECTION 12-6-5, NMSA 1978 (CONTINUED)**

**2014-001 Public Monies and Pledged Collateral (Non-Compliance Other Matters) -
Revised and Repeated (Continued)**

CAUSE: The Village was unable to transfer the cash from the third party vendor to a financial institution within their respective county in a timely manner causing an increase in the balance on hand with the third party at June 30, 2015.

RECOMMENDATION: It is recommended that the Village implement a procedure which requires routine transfers of the cash from the third party to the Villages deposit accounts held within Valencia County. It is recommended that the Village transfer these monies on a recurring basis.

MANAGEMENT RESPONSE: Management agrees with auditor's recommendation regarding the transfer of funds in a timely manner from Xpress Bill Pay, the Village's third party on-line payment processor, to a local approved depository for the collected funds. To correct this finding the Village will establish policies to ensure that funds are transferred in a systematic and timely manner. The Finance Officer will be responsible for ensuring compliance with this new policy. The implementation of this new policy on procedures for depository transfers will commence with next year's audit for the period ending June 30, 2016.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

2013-002 PERA Compliance (Non-Compliance Other Matters) - Revised and Repeated

CONDITION: During our compliance testing with the New Mexico Office of the State Auditor Rule 2.2.2.10G(7) NMAC, we noted that the Public Employees Retirement Association (PERA) contribution percentages have not been remitted at the statutory contribution rate resulting in a \$66,949 understatement.

The Village anticipated the software conversion in the current fiscal year would resolve its noncompliance for employer and employee PERA contributions. However, no progress was made during fiscal 2015 as the computer conversion caused additional errors.

CRITERIA: Sections 10-11-1 to 10-11-141 NMSA 1978 set forth required contribution percentages for the employer and employee for various retirement plans.

EFFECT: Employer and employee contributions may be underpaid.

CAUSE: The Village has converted its accounting software during the fiscal year. The payroll department identified multiple occasions in which the correct wages were not reported to PERA on its contribution remittance. The incorrect wage reported on the PERA contribution remittance caused the Village to inadvertently remit the incorrect PERA contribution.

PERA has requested that the Village present payroll information differently than they have previously, by breaking out special pay rates on separate lines for each employee on payroll reports submitted to PERA. This has required the Village IT department to develop special coding which is an ongoing process which they are still refining in order to correctly calculate contribution percentage requirements.

RECOMMENDATION: The finance department, specifically payroll personnel, should ensure the correct wages are being remitted to PERA and the employer and employee contributions have been remitted at the correct rate.

MANAGEMENT RESPONSE: Management agrees with the auditor's recommendation on ensuring accuracy of wages that are remitted to PERA. The inaccuracies of wages reported to PERA have been identified and originates from a formula error in PERA wage calculation. The Payroll Specialist has corrected these discrepancies and the Village does not anticipate any future findings of this nature in upcoming audits. Furthermore, all employer and employee contributions will be calculated in accordance with the statutory contribution percentages as required by PERA.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

STATUS OF PRIOR YEAR FINDINGS

	Description	Status
2014-001	Public Monies and Pledged Collateral	Revised and Repeated
2013-002	PERA Compliance	Revised and Repeated

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
EXIT CONFERENCE
June 30, 2015**

The contents of this report were discussed in the exit conference held on February 10, 2016, with the following in attendance:

Representing the Village of Los Lunas:

Charles Griego	Mayor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

Representing Axiom:

Chris Garner, CPA	Partner
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the Village of Los Lunas.