

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS

Financial Statements

June 30, 2016



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**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**

**Official Roster**  
**June 30, 2016**

Charles Griego	Mayor
Gerard Saiz	Mayor Pro-Tem
Amanda Perea	Councilor
Paulette Sanchez-Montoya	Councilor
Gino Romero	Councilor
Christopher Ortiz	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, 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, 2016, 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, 2016, 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, 2016, 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, 2016, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 17, Schedule of the Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on page 63 and 64 to 67, 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 Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. 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 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 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 December 9, 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  
December 9, 2016

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

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 \$ 41,518,925 for fiscal year 2016.
- The Village's governmental revenues are \$ 20,391,874 for fiscal year 2016.
- The total cost of all Village governmental programs is \$ 16,637,854 for fiscal year 2016.

**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  
June 30, 2016**

**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 18 through 19 of this report.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**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  
June 30, 2016**

**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, 2016.

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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	17,565,810	14,636,758	8,159,152	7,707,101	25,724,962	22,343,859
Capital and non-current assets	47,509,800	44,970,915	54,116,514	54,637,859	101,626,314	99,608,774
<b>Total assets</b>	<b>65,075,610</b>	<b>59,607,673</b>	<b>62,275,666</b>	<b>62,344,960</b>	<b>127,351,276</b>	<b>121,952,633</b>
Current liabilities	2,777,119	1,991,474	2,914,036	2,580,263	5,691,155	4,571,737
Long-term liabilities	21,944,479	16,911,681	20,236,951	20,741,919	42,181,430	37,653,600
<b>Total liabilities</b>	<b>24,721,598</b>	<b>18,903,155</b>	<b>23,150,987</b>	<b>23,322,182</b>	<b>47,872,585</b>	<b>42,225,337</b>
<b>Net Position:</b>						
Invested in capital assets, net of related debt and unspent bond proceeds	38,633,672	39,257,355	34,357,572	33,324,138	72,991,244	72,581,493
Restricted	5,865,832	3,687,525	1,337,872	-	7,203,704	3,687,525
Unrestricted	(2,980,579)	(3,800,755)	3,619,329	5,548,595	638,750	1,747,840
<b>Total net position</b>	<b>41,518,925</b>	<b>39,144,125</b>	<b>39,314,773</b>	<b>38,872,733</b>	<b>80,833,698</b>	<b>78,016,858</b>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**Financial Analysis of the Village as a Whole (Continued)**

For the fiscal year ending June 30, 2016, the Village had \$47,509,800 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 an increase from prior year. In fiscal year 2016, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 73% 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 2016, the long-term liabilities in government activities increased from prior year as a result of the implementation of GASB 68 and the issuance of Series 2016 GRT Revenue Bonds. 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 member's 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, 2016, the net pension liability for governmental funds is \$10,057,650 and \$1,641,237 for enterprise funds.

For fiscal year 2016, there is \$5,865,832 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 sales, franchise and property tax revenues.

In 2016, the net position of our business-type activities increased by 1% 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. In fiscal year 2016, the Enterprise Funds recognized the annual impact of the rate study as it correlates to the residential and commercial structured user rate system and sales revenue. 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  
June 30, 2016**

**Debt**

At year end, the Village had approximately \$ 21,944,479 in long-term liabilities including bonds, notes, capital leases, and net pension liability (\$10,057,650) outstanding for governmental activities.

The Village issued Series 2016 GRT Revenue Bonds, \$4,180,000 par amount, with a closing date of June 15, 2016. The bond proceeds will be used for property acquisition and infrastructure improvements. The property acquisitions are described below:

- 1) El Molino is a 20.5 acre parcel and a key site in the redevelopment of the Village's Transportation Center Area for transit-oriented development as envisioned by the Station Area Plan and the Transportation Center MRA Plan. The property was acquired by the Village for the development of a charter school and other complementary uses. The Village has entered into a long-term lease agreement with the School of Dreams Academy that will be converted into a lease to purchase option.
- 2) Mireles property is a 5 acre parcel adjacent to the Transportation Center property. The property was identified in the Transportation Center MRA Plan for acquisition by the Village as it provides vehicular access to Los Lentos Road and will allow for the development of future projects such as a Village multi-use facility or high density, affordable housing.

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  
June 30, 2016**

**Changes in Net Position**

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2016.

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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	1,734,280	1,637,936	9,931,251	11,451,907	11,665,531	13,089,843
Operating grants & contributions	985,068	968,900	-	-	985,068	968,900
Capital grants & contributions	1,572,852	1,211,954	-	-	1,572,852	1,211,954
General revenues:						
Property taxes	2,435,422	2,522,583	-	-	2,435,422	2,522,583
Other taxes	12,826,818	11,891,169	-	-	12,826,818	11,891,169
Miscellaneous interest & other revenues	837,434	968,808	1,065,745	927,154	1,903,179	1,895,962
	-	-	-	-	(407,030)	(437,268)
Total revenues	20,391,874	19,201,350	10,996,996	12,379,061	30,981,840	31,143,143
Expenses:						
General government	3,193,443	3,674,603	-	-	3,382,067	3,080,611
Public safety	5,878,601	6,319,408	-	-	6,827,643	6,778,515
Highways & streets	3,667,511	4,252,692	-	-	3,838,157	3,861,321
Culture & recreation	3,769,328	4,279,429	-	-	4,178,213	4,034,417
Health & welfare	-	-	-	-	18,445	646,275
Interest on long-term debt	128,971	335,110	-	-	26,236	298,725
Water/sewer	-	-	7,953,157	7,637,816	6,412,426	6,358,078
Solid waste	-	-	2,509,193	2,260,844	2,037,750	1,655,729
Transportation	-	-	-	-	-	155,768
Total expenses	16,637,854	18,861,242	10,462,350	9,898,660	26,720,937	26,869,439
Net revenues (loss) before Transfers	3,754,020	340,107	534,646	2,480,401	4,288,666	2,820,508
	-	-	-	-	-	-



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

Transfers	98,152	94,817	(76,106)	(73,427)	22,046	21,390
Disposition of capital asset	(1,477,372)	-	(16,500)	-	-	-
Change in Net Position	2,374,800	434,924	442,040	2,406,974	2,816,840	2,841,898
Net Position, beginning	39,144,125	48,941,942	38,872,733	37,119,343	78,016,858	86,061,285
Restatement	-	(10,232,742)	-	(653,584)	-	(10,886,326)
Net Position, beginning as restated	39,144,125	38,709,200	38,872,733	36,465,759	78,016,858	75,174,959
Net Position end of year	41,518,925	39,144,124	39,314,773	38,872,733	80,833,698	78,016,857

**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 \$ 14,495,814 and actual revenues received were \$15,161,018 (cash basis), which is a positive variance of \$665,204 and primarily attributable to sales tax revenue. In addition, the total General Fund expense budget was \$16,387,129 and actual expenditures were \$13,081,357, which is a positive variance of \$3,305,772.

**Progress Highlights for Fiscal year 2016**

- 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
- Land Acquisition - El Molino - \$2,203,025
- Continued construction work on Transportation Building Project - \$907,282
- Completed 1-25 Interchange Beautification Project - \$2,648,343

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

- Purchased 3 new vehicles for the Police Department (\$75,939), and 1 new ambulance for the Fire Department (\$110,341)
- Purchased SCBA Gear for Fire Department - \$164,456
- Completed NM 314 Road Improvements - \$607,665
- Panda Road Improvements - \$492,983
- Park Improvements at Huning Ranch and Valley View Parks - \$343,046
- Enchantment Little League Improvements - \$31,759

**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 2016-17 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. In Fiscal Year 2016-17, \$23,771,395 has been budgeted for capital purchases and capital projects, of which \$3,535,200 is within the General Fund. The Village continues to focus on repairing, replacing and upgrading Village infrastructure such as water/sewer systems, waste water treatment facilities, streets, parks and open space, buildings and grounds, and information technology, in addition to entering into lease/purchase arrangements using grants and Special or Enterprise Fund revenues for certain capital purchases. 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 2016-17 Budget highlights:

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
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June 30, 2016**

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund decreased by \$4,988 (-.2%) due to a decrease in the residential and non-residential property tax projections 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 4.1% due primarily to economic growth. The General Fund enters into its second year of the Hold Harmless revenue with 12% withheld for food and medical tax.
3. **Impact Fees** – This is the first year impact fees have been budgeted at 100% since the Council-approved moratorium on July 12, 2012. Last year, the impact fees were re-implemented and budgeted at 50% of current fees according to Ordinance 391, approved by Council on May 22, 2014. In Fiscal Year 2016-17, impact fees are projected to generate the following revenue in their respective funds:
  - a. Park Impact Fees (General Fund) - \$102,000
  - b. Sewer Impact Fees (Water/Sewer Fund) - \$40,000
  - c. Water Impact Fees (Water/Sewer Fund) - \$47,726
4. **Legislative Appropriations** – Legislative appropriations totaling \$2,450,000, including \$510,000 in new legislative appropriations, and \$1,940,000 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, \$860,000
  - b. Fred Luna Senior Center Improvements, \$1,590,000

In the Infrastructure Fund, \$325,000 in new legislative appropriation is being budgeted to complete the Camelot Road Extension Project. Additionally, \$149,000 in legislative appropriation has been reauthorized and carried over from the MBR Upper Cassettes Installation Project in the Water/Sewer Fund.

5. **Grants** – Following is a list of selected grant revenue included in various funds within the budget to help offset the cost of specific Village projects or programs:
  - a. Route 66 Museum Fiber Optic Cable Installation - E-Rate Grant - \$56,000
  - b. OHV Law Enforcement/Training/Equipment - New Mexico Game and Fish - \$45,500
  - c. Economic Development Travel Expenses - New Mexico Economic Development Department LEADS Program - \$7,500
  - d. Route 66 Museum/Pocket Parking Design - National Endowment for the Arts - \$50,000
  - e. Panda Road Improvements - NMDOT HWY CO-OP Funding - \$85,000
  - f. NM 6/NM 47 Intersection Project - NMDOT HSIP Funding - \$471,000

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June 30, 2016**

- g. NM 314 Pedestrian Improvements - NMDOT STP-E Funding - \$2,200,000
- h. NM 6 Drainage Improvements - NMDOT GRANT MAP Funding - \$280,000
- i. Water Conservation Grant - New Mexico Environment Department - \$23,465

Expenses

1. **Personnel Services**

- a. Salaries – In Fiscal Year 2016-17, no across-the-board or cost of living adjustment (COLA) for full-time or part-time employees has been budgeted.
- b. Position Reclassification – The following position reclassification was approved as part of the Fiscal Year 2016-17 Budget:
  - Fleet Maintenance Supervisor in Fleet Maintenance Division of Public Works Department reclassified due to internal equity and new certifications.
- c. Staffing – Six new positions were created and funded in the Fiscal Year 2016-17 Budget:
  - Two (2) new Firefighter/EMT positions in Fire Department
  - Assistant Streets Supervisor position in Streets Division of Public Works Department
  - Open Space Supervisor position in Open Space Division of Community Services Department
  - Planning Intern, Community Development Department
  - Water/Sewer Superintendent position in Water/Sewer Division of Public Works Department

2. **Capital Outlay** – The following is a list of Capital Outlay items that will be included in the FY 2016-17 Budget:

- Fire Station Building (GO Bond Issue, Series 2016) - \$5,705,000
- Fred Luna Senior Center Improvements - \$1,590,000
- Transportation Center Improvements, Phase II - \$20,000
- Two new police vehicles - \$50,200
- Fire Department ambulance - \$100,000
- Park Improvements - \$1,100,000
- HSIP NM 6/NM 47 Intersection Improvement Project - \$471,000
- Right-Of-Way Improvements - \$1,210,300
- STP-E NM 314 Pedestrian Improvements - \$2,250,000
- WWTP Sludge Management - \$690,000
- Water/Sewer Vactor Truck - \$404,000
- Eastside Water Loop Project - \$2,700,000
- Solid Waste Semi-Tractor - \$137,754
- Solid Waste Garbage Truck - \$260,000

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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 2016-17, 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 worker's 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.

Over the past several years, the Los Lunas economy has been stable, but relatively flat in terms of local GRT revenue. The primary industry continues to be retail, with several new retail shops, restaurants and small businesses opening recently including: Maurices, Famous Footwear, Hibbett Sports and Rue 21. Interest and activity in the light manufacturing industry is also continuing with the recent opening of Accurate Machine and Tool Company/ACIM, Inc. in the Los Morros Business Park, annexation of land for a new BNSF Rail Park west of Los Lunas on Highway 6, and the Village's public-private partnership with the School of Dreams Academy.

The Village of Los Lunas held a general obligation bond election on March 1, 2016 and the electors of the Village authorized the Village Council to contract bond indebtedness on behalf of the Village. As a result, the Village issued General Obligation Bonds in the Principal amount of \$5.7 million in August 2016 with the first principal maturity in 2017 and the final maturity in 2031. The General Obligation Bonds were issued for the purpose of providing fire protection, including purchasing, providing, enlarging, and improving fire protection apparatus, equipment, facilities and paying costs of issuance of the bonds. The bonds are to be paid from ad valorem taxes which may be levied against all taxable property within the Village of Los Lunas city limits.

The Village of Los Lunas received notification in September 2016, that the global company Facebook will build a data center in the Village of Los Lunas. This is great economic development news for the Village and the State of New Mexico. After competing aggressively with Utah, the Village of Los Lunas won out due to the pro-economic development, leadership of our elected officials and the

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

hard work and professionalism of the Village staff. Once the Facebook Data Center is complete, there will be 30 full-time jobs. The Facebook Project is estimated to have a \$250 million investment per phase. In addition, the project will stimulate 200-500 construction jobs through its duration. The Village of Los Lunas will receive \$10,000,000 in LEDA Funds from the State of New Mexico to support the project.

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, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 11,396,797	5,492,403	16,889,200
Restricted cash	2,004,150	267,431	2,271,581
Investments	462,933	440,000	902,933
Accounts receivable	-	937,642	937,642
Due from other governments	3,662,636	983,498	4,646,134
Other receivables	39,294	-	39,294
Inventories	-	38,178	38,178
<b>Total current assets</b>	<b>17,565,810</b>	<b>8,159,152</b>	<b>25,724,962</b>
Capital assets, net of depreciation	47,509,800	54,116,514	101,626,314
<b>Total assets</b>	<b>65,075,610</b>	<b>62,275,666</b>	<b>127,351,276</b>
<b>DEFERRED OUTFLOWS OF RESOURCES - Pension Related</b>	<b>1,710,219</b>	<b>279,079</b>	<b>1,989,298</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	863,328	576,590	1,439,918
Accrued payroll expenses	315,493	63,401	378,894
Customer deposits	-	267,431	267,431
Interest payable	39,464	309,384	348,848
Due within one year			
Bonds, notes and capital leases	1,251,958	1,589,315	2,841,273
Compensated absences	306,876	107,915	414,791
<b>Total current liabilities</b>	<b>2,777,119</b>	<b>2,914,036</b>	<b>5,691,155</b>
Due in more than one year			
Bonds, notes and capital leases	7,624,170	18,061,712	25,685,882
Compensated absences	60,128	-	60,128
Post-closure landfill costs	-	534,002	534,002
Net other postemployment benefits obligation	4,202,531	-	4,202,531
Net pension liability	10,057,650	1,641,237	11,698,887
<b>Total liabilities</b>	<b>24,721,598</b>	<b>23,150,987</b>	<b>47,872,585</b>
<b>DEFERRED INFLOWS OF RESOURCES - Pension Related</b>	<b>545,306</b>	<b>88,985</b>	<b>634,291</b>
<b>NET POSITION</b>			
Net investment in capital assets	38,633,672	34,357,572	72,991,244
Restricted for			
Capital projects	217,663	-	217,663
Special projects and statutory requirements	5,545,002	-	5,545,002
Debt service	103,167	1,070,441	1,173,608
Customer deposits	-	267,431	267,431
Unrestricted	(2,980,579)	3,619,329	638,750
<b>Total net position</b>	<b>\$ 41,518,925</b>	<b>39,314,773</b>	<b>80,833,698</b>

See Notes to Financial Statements.



STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

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
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 3,193,443	1,441,067	283,375	793,672	(675,329)	-	(675,329)
Public safety	5,878,601	183,623	701,693	-	(4,993,285)	-	(4,993,285)
Public works	3,667,511	-	-	779,180	(2,888,331)	-	(2,888,331)
Culture and recreation	3,769,328	109,590	-	-	(3,659,738)	-	(3,659,738)
Interest on long-term debt	128,971	-	-	-	(128,971)	-	(128,971)
<b>Total governmental activities</b>	<b>16,637,854</b>	<b>1,734,280</b>	<b>985,068</b>	<b>1,572,852</b>	<b>(12,345,654)</b>	<b>-</b>	<b>(12,345,654)</b>
<b>Business-Type Activities</b>							
Water and sewer	7,953,157	7,396,218	-	-	-	(556,939)	(556,939)
Solid waste	2,509,193	2,535,033	-	-	-	25,840	25,840
<b>Total business-type activities</b>	<b>10,462,350</b>	<b>9,931,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(531,099)</b>	<b>(531,099)</b>
<b>Total primary government</b>	<b>\$ 27,100,204</b>	<b>11,665,531</b>	<b>985,068</b>	<b>1,572,852</b>	<b>(12,345,654)</b>	<b>(531,099)</b>	<b>(12,876,753)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					\$ 2,435,422	-	2,435,422
Franchise tax					416,662	-	416,662
Sales tax					11,732,046	-	11,732,046
Other taxes					678,110	-	678,110
Loss on disposition of capital assets					(1,477,372)	(16,500)	(1,493,872)
Unrestricted investment earnings					7,552	4,497	12,049
Miscellaneous					391,140	3,091	394,231
Legislative appropriations					438,742	1,058,157	1,496,899
Transfers, agency funds					22,046	-	22,046
Transfers					76,106	(76,106)	-
<b>Total general revenues, special items, and transfers</b>					<b>14,720,454</b>	<b>973,139</b>	<b>15,693,593</b>
<b>Change in net position</b>					<b>2,374,800</b>	<b>442,040</b>	<b>2,816,840</b>
Net position, beginning					<b>39,144,125</b>	<b>38,872,733</b>	<b>78,016,858</b>
<b>Net position, ending</b>					<b>\$ 41,518,925</b>	<b>39,314,773</b>	<b>80,833,698</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016**

	General Fund	Infrastructure Fund	Bond Acquisition Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,898,333	353,554	1,557,558
Restricted Cash	2,004,150	-	-
Investments	462,933	-	-
Receivable from other governments	2,407,598	1,022,064	-
Other receivables	-	-	-
<b>Total assets</b>	<b>\$ 12,773,014</b>	<b>1,375,618</b>	<b>1,557,558</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 582,267	251,818	-
Accrued payroll expenditures	303,996	-	-
<b>Total liabilities</b>	<b>886,263</b>	<b>251,818</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	144,531	-	-
<b>Total deferred inflows</b>	<b>144,531</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	1,365,594	-	1,557,558
Committed	-	-	-
Assigned	-	1,123,800	-
Unassigned	10,376,626	-	-
<b>Total fund balances</b>	<b>11,742,220</b>	<b>1,123,800</b>	<b>1,557,558</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 12,773,014</b>	<b>1,375,618</b>	<b>1,557,558</b>

*See Notes to Financial Statements*

Other Governmental Funds	Total Governmental Funds
1,587,352	11,396,797
-	2,004,150
-	462,933
232,974	3,662,636
39,294	39,294
<u>1,859,620</u>	<u>17,565,810</u>

29,243	863,328
11,497	315,493
<u>40,740</u>	<u>1,178,821</u>

-	144,531
<u>-</u>	<u>144,531</u>

-	-
1,054,258	3,977,410
-	-
764,622	1,888,422
-	10,376,626
<u>1,818,880</u>	<u>16,242,458</u>

<u>1,859,620</u>	<u>17,565,810</u>
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**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, 2016**

	<u>Governmental Activities</u>
<b>Total Fund Balance Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 16,242,458
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>	
Cost of capital assets	110,992,469
Accumulated depreciation	<u>(63,482,669)</u>
<b>Total capital assets</b>	<u>47,509,800</u>
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:	144,531
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	1,710,219
Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	(545,306)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(39,464)
Bonds, notes and loans payable	(8,876,128)
Compensated absences payable	(367,004)
Net pension liability	<u>(10,057,650)</u>
<b>Total long-term and other liabilities</b>	(19,340,246)
The liability recorded for the year ended June 30, 2016 related to postemployment benefits obligation is:	<u>(4,202,531)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u>\$ 41,518,925</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, 2016**

	General Fund	Infrastructure Fund	Bond Acquisition Fund
<b>Revenues</b>			
Sales and miscellaneous taxes	\$ 12,622,927	2,113,308	-
Fees and fines	56,664	-	-
Licenses and permits	129,978	-	-
State grants	191,425	605,699	-
Federal grants	91,949	173,481	-
Charges for Services	1,254,425	-	-
Investment earnings	7,420	-	-
Miscellaneous	391,140	-	-
<b>Total revenues</b>	<b>14,745,928</b>	<b>2,892,488</b>	<b>-</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	2,380,693	-	-
Public safety	5,568,224	-	-
Public works	987,182	369,085	-
Culture and recreation	3,345,705	-	-
<b>Debt service</b>			
Principal	64,856	-	-
Interest and other charges	-	-	-
Capital outlay	1,156,394	3,087,577	2,712,832
<b>Total expenditures</b>	<b>13,503,054</b>	<b>3,456,662</b>	<b>2,712,832</b>
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	1,242,874	(564,174)	(2,712,832)
<b>Other financing sources (uses)</b>			
Legislative appropriations	438,742	-	-
Proceeds from issuance of debt	-	-	4,270,390
Transfers, in - governmental funds	315,495	-	-
Transfers, in - agency funds	22,046	-	-
Transfers, out	(416,461)	(550,000)	-
<b>Total other financing sources (uses)</b>	<b>359,822</b>	<b>(550,000)</b>	<b>4,270,390</b>
<b>Net change in fund balances</b>	<b>1,602,696</b>	<b>(1,114,174)</b>	<b>1,557,558</b>
Fund balances, beginning of year	10,139,524	2,237,974	-
<b>Fund balances, end of year</b>	<b>\$ 11,742,220</b>	<b>1,123,800</b>	<b>1,557,558</b>

*See Notes to Financial Statements*

Other Governmental Funds	Total Governmental Funds
550,649	15,286,884
-	56,664
-	129,978
743,292	1,540,416
752,073	1,017,503
293,213	1,547,638
132	7,552
-	391,140
<u>2,339,359</u>	<u>19,977,775</u>
12,718	2,393,411
783,894	6,352,118
189,784	1,546,051
79,471	3,425,176
942,966	1,007,822
124,073	124,073
648,748	7,605,551
<u>2,781,654</u>	<u>22,454,202</u>
<u>(442,295)</u>	<u>(2,476,427)</u>
-	438,742
-	4,270,390
793,400	1,108,895
-	22,046
<u>(66,328)</u>	<u>(1,032,789)</u>
<u>727,072</u>	<u>4,807,284</u>
284,777	2,330,857
<u>1,534,103</u>	<u>13,911,601</u>
<u>1,818,880</u>	<u>16,242,458</u>

**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, 2016**

**Net Change in Fund Balances - Total Governmental Funds  
(Statement of Revenue, Expenditures, and Changes  
in Fund Balances)** \$ 2,330,857

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	8,527,266
Loss on disposition of capital assets	(1,477,372)
Depreciation expense	(4,411,009)
	2,638,885

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

Loan payable	(4,270,390)
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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	(24,643)
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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	1,007,822
Change in compensated absences	11,109
Change in accrued interest on long-term debt	(4,898)
Change in other postemployment benefit obligation	(579,323)
Change in net pension liability	1,265,381
	1,265,381

<b>Change in net position governmental activities</b>	<b>\$ 2,374,800</b>
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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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 12,373,424	12,373,424	13,038,017	664,593
Fees and fines	69,100	69,100	56,664	(12,436)
Licenses and permits	75,137	75,137	129,978	54,841
State grants	328,979	328,979	191,425	(137,554)
Federal grants	66,000	66,000	91,949	25,949
Charges for services	1,311,938	1,311,938	1,254,425	(57,513)
Investment earnings	-	-	7,420	7,420
Miscellaneous	271,236	271,236	391,140	119,904
<b>Total revenues</b>	<b>14,495,814</b>	<b>14,495,814</b>	<b>15,161,018</b>	<b>665,204</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,628,350	2,725,850	2,380,693	345,157
Public safety	6,080,659	6,080,659	5,568,224	512,435
Public works	981,725	978,670	565,485	413,185
Culture and recreation	3,573,548	3,673,548	3,345,705	327,843
<b>Debt service</b>				
Principal	64,856	64,856	64,856	-
Interest and other charges	-	-	-	-
Capital outlay	2,948,991	2,863,546	1,156,394	1,707,152
<b>Total expenditures</b>	<b>16,278,129</b>	<b>16,387,129</b>	<b>13,081,357</b>	<b>3,305,772</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,782,315)	(1,891,315)	2,079,661	3,970,976
<b>Other Financing Sources (Uses)</b>				
Legislative appropriations	2,058,000	2,058,000	438,742	(1,619,258)
Transfers, in	(337,541)	(337,541)	337,541	675,082
Transfers, out	416,461	416,461	(416,461)	(832,922)
<b>Total other financing sources (uses)</b>	<b>2,136,920</b>	<b>2,136,920</b>	<b>359,822</b>	<b>(1,777,098)</b>
<b>Net change in fund balances</b>	<b>\$ 354,605</b>	<b>245,605</b>	<b>2,439,483</b>	<b>2,193,878</b>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(415,090)	
Adjustments to expenditures			(421,697)	
Net change in fund balance (GAAP)			\$ 1,602,696	

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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 1,880,718	1,880,718	2,150,606	269,888
State grants	1,119,050	1,119,050	605,699	(513,351)
Federal grants	2,910,000	2,910,000	173,481	(2,736,519)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>5,910,768</u>	<u>5,910,768</u>	<u>2,929,786</u>	<u>(2,980,982)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,432,000	2,532,000	233,561	2,298,439
Culture and recreation	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	3,217,844	3,117,844	3,087,577	30,267
<b>Total expenditures</b>	<u>5,649,844</u>	<u>5,649,844</u>	<u>3,321,138</u>	<u>2,328,706</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>260,924</u>	<u>260,924</u>	<u>(391,352)</u>	<u>(652,276)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	550,000	550,000	(550,000)	(1,100,000)
<b>Total other financing sources (uses)</b>	<u>550,000</u>	<u>550,000</u>	<u>(550,000)</u>	<u>(1,100,000)</u>
<b>Net change in fund balances</b>	<u>\$ 810,924</u>	<u>810,924</u>	<u>(941,352)</u>	<u>(1,752,276)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(37,298)	
Adjustments to expenditures			<u>(135,524)</u>	
Net change in fund balance (GAAP)			<u>\$ (1,114,174)</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)  
BOND ACQUISITION FUND  
Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	4,500,000	2,712,832	1,787,168
<b>Total expenditures</b>	<u>-</u>	<u>4,500,000</u>	<u>2,712,832</u>	<u>1,787,168</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>(4,500,000)</u>	<u>(2,712,832)</u>	<u>1,787,168</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	-	-	4,270,390	-
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>4,270,390</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>(4,500,000)</u>	<u>1,557,558</u>	<u>1,787,168</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues	-	-	-	-
Adjustments to expenditures	-	-	-	-
Net change in fund balance (GAAP)			<u>\$ 1,557,558</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2016**

	Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 2,376,468	3,115,935	5,492,403
Restricted cash	267,431	-	267,431
Investments	240,000	200,000	440,000
Accounts receivable	588,675	348,967	937,642
Due from other governments	742,015	241,483	983,498
Inventories	38,178	-	38,178
<b>Total current assets</b>	<b>4,252,767</b>	<b>3,906,385</b>	<b>8,159,152</b>
Noncurrent Assets			
Capital assets	84,343,379	5,104,859	89,448,238
Less accumulated depreciation	(31,949,740)	(3,381,984)	(35,331,724)
<b>Total noncurrent assets</b>	<b>52,393,639</b>	<b>1,722,875</b>	<b>54,116,514</b>
<b>Total assets</b>	<b>56,646,406</b>	<b>5,629,260</b>	<b>62,275,666</b>
<b>DEFERRED OUTFLOWS - Pension Related</b>	<b>155,046</b>	<b>124,033</b>	<b>279,079</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	256,435	320,155	576,590
Salaries payable	35,285	28,116	63,401
Customer deposits	267,431	-	267,431
Interest payable	309,384	-	309,384
Current portion of debt	1,653,937	43,293	1,697,230
<b>Total current liabilities</b>	<b>2,522,472</b>	<b>391,564</b>	<b>2,914,036</b>
Non-Current Liabilities			
Post-closure landfill costs	-	534,002	534,002
Bonds, notes, loans and capital leases	18,061,712	-	18,061,712
Net pension liability	911,811	729,426	1,641,237
<b>Total liabilities</b>	<b>21,495,995</b>	<b>1,654,992</b>	<b>23,150,987</b>
<b>DEFERRED INFLOWS - Pension Related</b>	<b>49,437</b>	<b>39,548</b>	<b>88,985</b>
<b>NET POSITION</b>			
Net investment in capital assets	32,677,990	1,679,582	34,357,572
Restricted			
Debt service	1,070,441	-	1,070,441
Customer deposits	267,431	-	267,431
Unrestricted	1,240,158	2,379,171	3,619,329
<b>Total net position</b>	<b>\$ 35,256,020</b>	<b>4,058,753</b>	<b>39,314,773</b>

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, 2016**

	Enterprise Funds		Total
	Water Sewer Fund	Solid Waste Fund	
Operating Revenues			
Charges for services	\$ 7,396,218	2,535,033	9,931,251
Miscellaneous	-	3,091	3,091
<b>Total operating revenues</b>	<b>7,396,218</b>	<b>2,538,124</b>	<b>9,934,342</b>
Operating Expenses			
Personnel services	1,476,735	1,171,773	2,648,508
Non-payroll expenses	3,622,343	1,159,759	4,782,102
Depreciation	2,346,301	177,661	2,523,962
<b>Total operating expenses</b>	<b>7,445,379</b>	<b>2,509,193</b>	<b>9,954,572</b>
Operation (loss) income	(49,161)	28,931	(20,230)
Non-Operating Revenues (Expenses)			
Interest and investment revenue	3,704	793	4,497
Legislative appropriation	1,058,157	-	1,058,157
Loss on disposition of assets	(16,500)	-	(16,500)
Interest expense	(507,778)	-	(507,778)
<b>Total non-operating revenue (expenses)</b>	<b>537,583</b>	<b>793</b>	<b>538,376</b>
(Loss) income before contributions and transfers	488,422	29,724	518,146
Transfers			
Transfers, in	60,610	-	60,610
Transfers, out	(120,643)	(16,073)	(136,716)
<b>Change in net position</b>	<b>428,389</b>	<b>13,651</b>	<b>442,040</b>
Net position, beginning of year	34,827,631	4,045,102	38,872,733
<b>Net position, end of year</b>	<b>\$ 35,256,020</b>	<b>4,058,753</b>	<b>39,314,773</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2016**

	Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers and others	\$ 7,528,319	2,399,373	9,927,692
Cash paid for goods and services	(3,499,409)	(988,999)	(4,488,408)
Cash paid to employees	(1,036,412)	(830,085)	(1,866,497)
<b>Net cash provided by operating activities</b>	<b>2,992,498</b>	<b>580,289</b>	<b>3,572,787</b>
Cash Flows From Investing Activities			
Purchases of capital assets	(1,403,923)	(615,194)	(2,019,117)
Cash received on legislative appropriations	1,058,157	-	1,058,157
Interest received	3,704	793	4,497
<b>Net cash used by investing activities</b>	<b>(342,062)</b>	<b>(614,401)</b>	<b>(956,463)</b>
Cash Flows From Non-Capital Financing			
Activities Operating transfers, net	(60,033)	(16,073)	(76,106)
<b>Net cash used by non-capital financing activities</b>	<b>(60,033)</b>	<b>(16,073)</b>	<b>(76,106)</b>
Cash Flows From Capital and Related Financing Activities			
Debt payment	(1,576,426)	-	(1,576,426)
Interest paid	(507,778)	-	(507,778)
<b>Net cash used by capital and related financing activities</b>	<b>(2,084,204)</b>	<b>-</b>	<b>(2,084,204)</b>
Net (decrease) increase in cash and cash equivalents	506,199	(50,185)	456,014
Cash and restricted cash and cash equivalents, beginning of year	2,137,700	3,166,120	5,303,820
<b>Cash and restricted cash and cash equivalents, end of year</b>	<b>\$ 2,643,899</b>	<b>3,115,935</b>	<b>5,759,834</b>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ (49,161)	28,931	(20,230)
Adjustments to operating (loss) income to net cash provided by operating activities:			
Depreciation expense	2,346,301	177,661	2,523,962
Change in net pension liability	440,739	331,688	772,427
Change in assets and liabilities:			
Accounts receivable	174,911	(135,163)	39,748
Due from other governments	(42,810)	(3,588)	(46,398)
Inventory	10,613	-	10,613
Accounts payable	101,980	144,600	246,580
Customer deposits	10,341	-	10,341
Accrued liabilities	13,317	9,998	23,315
Compensated absences	(13,733)	2	(13,731)
Post closure landfill liability	-	26,160	26,160
<b>Net cash provided by operating activities</b>	<b>\$ 2,992,498</b>	<b>580,289</b>	<b>3,572,787</b>

*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, 2016**

**ASSETS**

Cash and cash equivalents	\$	1,907,870
Due from other agencies		<u>257,825</u>
<b>Total assets</b>	<b>\$</b>	<b><u><u>2,165,695</u></u></b>

**LIABILITIES**

Accounts payable	\$	39,887
Accrued liabilities		49,816
Long-term loan payable		107,760
Due to others		<u>1,968,232</u>
<b>Total liabilities</b>	<b>\$</b>	<b><u><u>2,165,695</u></u></b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**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.

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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *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.

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



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation - Fund Accounting (Continued)**

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.

Bond Acquisition Fund – The Gross Receipts Tax Revenue Bond Acquisition Fund has been established to track expenditures for the purpose of acquiring, purchasing, improving and rehabilitating land for government purposes.

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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation - Fund Accounting (Continued)**

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: 2014 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.

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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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.

**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 2016 budget year, the Village 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 Village 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;

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Information (Continued)**

- 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 2015 were collected in 2016, and taxes certified in 2016 will be collected in 2017. 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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Fund Balance (Continued)**

- 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.

**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



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Use of Estimates (Continued)**

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 1/12<sup>th</sup> of the general funds budgeted expenditures for subsequent year expenditures.

**NOTE 3. DEPOSITS AND INVESTMENTS**

**A. Cash and Investments**

As of June 30, 2016, the Village had the following deposits and investments:

Demand deposits	\$	21,068,651
Certificates of deposits		902,933
Total		<u>21,971,584</u>
Governmental funds		13,863,880
Proprietary funds		6,199,834
Agency funds		1,907,870
Total	\$	<u>21,971,584</u>

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2016. See pledged collateral statement on pages 93 and 94. 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 95 through 96.

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, 2016.

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2016 consisted of the following. All receivables as of June 30, 2016 were deemed to be fully collectible.

	General Fund	Infrastructure Fund	Bond Acquisition Fund	Other Governmental Funds	Enterprise Funds	Total
Receivables:						
Trade accounts	\$ -	-	-	-	937,642	937,642
Grants and other governments	2,407,598	1,022,064	-	232,974	983,498	4,646,134
Other tax	-	-	-	39,294	-	39,294
Total receivables	<u>\$ 2,407,598</u>	<u>1,022,064</u>	<u>-</u>	<u>272,268</u>	<u>1,921,140</u>	<u>5,623,070</u>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 5. CAPITAL ASSETS**

A summary of changes in capital assets follows:

<i>Governmental Activities:</i>	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance June 30, 2016</b>
Capital assets not being depreciated				
Land	\$ 2,473,929	2,203,025	-	4,676,954
Construction in process	2,634,339	1,190,202	(1,464,756)	2,359,785
<b>Total capital assets not being depreciated</b>	<b>5,108,268</b>	<b>3,393,227</b>	<b>(1,464,756)</b>	<b>7,036,739</b>
Capital assets being depreciated				
Land improvements	8,143,811	374,804	-	8,518,615
Building and improvements	16,219,309	140,023	-	16,359,332
Vehicles	4,828,694	292,121	(330,729)	4,790,086
Machinery and equipment	4,265,232	219,453	(459,900)	4,024,785
Capital Leases	406,000	-	-	406,000
Infrastructure	65,749,274	4,107,638	-	69,856,912
<b>Total capital assets being depreciated</b>	<b>99,612,320</b>	<b>5,134,039</b>	<b>(790,629)</b>	<b>103,955,730</b>
<b>Total capital assets</b>	<b>104,720,588</b>	<b>8,527,266</b>	<b>(2,255,385)</b>	<b>110,992,469</b>
Less accumulated depreciation for				
Land Improvements	(3,979,533)	(704,813)	-	(4,684,346)
Building and improvements	(6,168,446)	(489,675)	-	(6,658,121)
Vehicles	(4,099,403)	(302,578)	321,583	(4,080,398)
Machinery and equipment	(3,346,027)	(242,530)	456,430	(3,132,127)
Capital Lease	(243,600)	(81,200)	-	(324,800)
Infrastructure	(42,012,664)	(2,590,213)	-	(44,602,877)
<b>Total accumulated depreciation</b>	<b>(59,849,673)</b>	<b>(4,411,009)</b>	<b>778,013</b>	<b>(63,482,669)</b>
<b>Total capital assets being depreciated, net</b>	<b>39,762,647</b>	<b>723,030</b>	<b>(12,616)</b>	<b>40,473,061</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 44,870,915</b>	<b>4,116,257</b>	<b>(1,477,372)</b>	<b>47,509,800</b>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 5. Capital Assets (Continued)**

A summary of changes in capital assets follows:

<i>Business-Type Activities:</i>	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2016</b>
Capital assets not being depreciated					
Land	\$ 1,207,228	-	-	-	1,207,228
Construction in process	448,554	-	-	-	448,554
Water Rights	3,467,910	-	-	-	3,467,910
<b>Total capital assets not being depreciated</b>	<b>5,123,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,123,692</b>
Capital assets being depreciated					
Land improvements	11,671	-	-	-	11,671
Building and improvements	19,542,721	9,818	-	-	19,552,539
Vehicles	3,820,955	779,038	(199,463)	359,524	4,760,054
Machinery and equipment	1,028,658	14,970	(30,981)	(359,524)	653,123
Water/sewer plant	58,131,868	1,215,290	-	-	59,347,158
Landfill Open/Close in Progress	-	-	-	-	-
<b>Total capital assets being depreciated</b>	<b>82,535,873</b>	<b>2,019,116</b>	<b>(230,444)</b>	<b>-</b>	<b>84,324,545</b>
<b>Total capital assets</b>	<b>87,659,565</b>	<b>2,019,116</b>	<b>(230,444)</b>	<b>-</b>	<b>89,448,237</b>
Less accumulated depreciation for					
Land Improvements	(10,213)	(584)	-	-	(10,797)
Building and improvements	(2,956,929)	(592,353)	-	-	(3,549,282)
Vehicles	(3,542,719)	(160,098)	199,463	-	(3,503,354)
Machinery and equipment	(883,949)	(24,842)	14,481	-	(894,310)
Water/sewer plant	(25,627,896)	(1,746,084)	-	-	(27,373,980)
<b>Total accumulated depreciation</b>	<b>(33,021,706)</b>	<b>(2,523,961)</b>	<b>213,944</b>	<b>-</b>	<b>(35,331,723)</b>
<b>Total capital assets being depreciated, net</b>	<b>49,514,167</b>	<b>(504,845)</b>	<b>(16,500)</b>	<b>-</b>	<b>48,992,822</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 54,637,859</b>	<b>(504,845)</b>	<b>(16,500)</b>	<b>-</b>	<b>54,116,514</b>

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

<b>Governmental Activities:</b>		<b>Business-type activities:</b>	
General government	\$ 617,541	Water/sewer	\$ 2,346,300
Public safety	352,881	Solid waste	177,661
Public works	2,955,376		\$ 2,523,961
Culture and recreation	485,211		
	\$ 4,411,009		

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**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, 2016:

Fiscal Year Ending June 30,	Principal
2017	\$ 64,856
2018	64,856
2019	64,856
Total	<u>\$ 194,568</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
2017	\$ 54,000	7,980
2018	57,000	5,415
2019	57,000	2,708
Total	<u>\$ 168,000</u>	<u>16,103</u>

**Gross Receipts Tax Revenue Bonds - Government**

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 755,000	157,074
2018	760,000	167,350
2019	770,000	144,800
2020	135,000	121,700
2021	140,000	117,650
2022-2026	755,000	528,950
2027-2031	875,000	410,250
2032-2036	1,020,000	270,600
2037-2041	1,180,000	108,450
Total	<u>\$ 6,390,000</u>	<u>2,026,824</u>

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**Government Notes Payable**

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 227,084	46,026
2018	231,360	42,222
2019	194,277	37,951
2020	198,508	33,258
2021	202,943	29,927
2022-2026	959,774	74,516
2027	187,224	3,744
Total	<u>\$ 2,201,170</u>	<u>301,344</u>

**Enterprise Notes Payable**

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 1,588,634	478,333
2018	1,628,928	443,083
2019	1,338,729	406,891
2020	1,374,568	376,363
2021	1,370,217	344,973
2022-2026	6,292,555	1,343,847
2027-2031	5,901,167	489,256
2032	7,229	18
Total	<u>\$ 19,502,027</u>	<u>3,882,764</u>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
<b>Business-type Activities:</b>						
<i>Water and Sewer Fund:</i>						
Wastewater facility construction loan	2.00%	\$ 956,202	-	(312,444)	643,758	312,444
Drinking water state revolving loan	2.54%	1,354,560	-	(216,907)	1,137,653	216,907
Clean water state revolving loan	2.00%	1,925,476	-	(158,232)	1,767,244	158,232
Clean water state revolving loan 2008	3.00%	13,445,917	-	(667,063)	12,778,854	667,063
Joint water/sewer system rev bond	4.75%	220,000	-	(52,000)	168,000	52,000
NMFA drinking water loan	2.00%	3,248,792	-	(187,795)	3,060,997	187,795
Water/sewer river crossing loan	0.25%	127,395	-	(13,874)	113,521	13,874
Compensated absences	N/A	27,465	37,997	(19,840)	45,622	45,622
Total Water and Sewer Fund		<u>21,305,807</u>	<u>37,997</u>	<u>(1,628,155)</u>	<u>19,715,649</u>	<u>1,653,937</u>
<i>Solid Waste Fund:</i>						
Compensated absences	N/A	43,290	27,223	(27,220)	43,293	43,293
Total Solid Waste Fund		<u>43,290</u>	<u>27,223</u>	<u>(27,220)</u>	<u>43,293</u>	<u>43,293</u>
<i>Total Business-type Activities:</i>		<u>\$ 21,349,097</u>	<u>65,220</u>	<u>(1,655,375)</u>	<u>19,758,942</u>	<u>1,697,230</u>
<b>Governmental Activities:</b>						
2016 Series GRT Revenue Bond	2.80%	\$ -	4,180,000	-	4,180,000	25,000
2014 Gross Receipts Tax	3.80%	2,930,000	-	(720,000)	2,210,000	720,000
NMED Loan	2.00%	2,019,560	-	(150,578)	1,868,982	150,578
NMFA Fire Truck	3.01%	282,500	-	(32,100)	250,400	32,100
NMFA Road Equipment	1.21%	122,076	-	(40,288)	81,788	259,424
Premium on long-term debt	N/A	-	90,390	-	90,390	-
Equipment Lease	Various	259,424	-	(64,856)	194,568	64,856
Compensated absences	N/A	378,113	295,768	(306,876)	367,004	306,876
Total Governmental Activities		<u>5,991,673</u>	<u>4,475,768</u>	<u>(1,314,698)</u>	<u>9,243,132</u>	<u>1,558,834</u>
Grand Total Long-term Debt		<u>\$ 27,340,770</u>	<u>4,566,158</u>	<u>(2,970,073)</u>	<u>29,002,074</u>	<u>3,256,064</u>
<i>Agency Fund (Central Dispatch)</i>						
USDA loan	4.38%	\$ 213,760	-	(106,000)	107,760	106,000
Total Agency Fund (Central Dispatch)		<u>\$ 213,760</u>	<u>-</u>	<u>(106,000)</u>	<u>107,760</u>	<u>106,000</u>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
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June 30, 2016**

**NOTE 7. OPERATING TRANSFERS**

General Fund transfers to other funds were for debt service and employee benefit payments and for the operations of the enterprise funds. Infrastructure transfers and other governmental funds transfers were for debt service liabilities. The transfers from the Water Sewer Fund, Solid Waste Fund, and Central Dispatch were for were for employee benefit payments.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds:</b>		
General Fund	\$ 337,541	416,461
Infrastructure	-	550,000
Local DWI Grant	-	5,718
Municipal Street Improvement	-	60,610
<b>Debt Service Funds:</b>		
2014 GRT Revenue	793,400	-
<b>Enterprise Funds:</b>		
Water Sewer	60,610	120,643
Solid Waste	-	16,073
<b>Agency Fund:</b>		
Central Dispatch	-	22,046
Total	\$ <u>1,191,551</u>	<u>1,191,551</u>

**NOTE 8. 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 9. 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



**STATE OF NEW MEXICO  
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June 30, 2016**

**NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE**

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 2016 for the care of the landfill amounted to \$23,443.

**NOTE 10. 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.

PERA 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, 2015 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.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 FY15 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 FY15 annual audit report at [http://www.saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.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 \$881,803, however only \$881,499 was contributed. See related finding 2013-002.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

***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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Village reported a liability of \$5,376,280 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.5273% percent, which increased 0.0006% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$897,022. At June 30, 2016, 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:

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	119,057
Changes in assumptions	-	2,094
Net difference between projected and actual earnings on pension plan investments	-	17,007
Changes in proportion and differences between Village's contributions and proportionate share of contributions	35,742	-
Village's contributions subsequent to the measurement date	<u>706,039</u>	<u>-</u>
Total	<u>\$ 741,781</u>	<u>138,158</u>

\$706,039 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

2017	\$ (131,331)
2018	(131,331)
2019	(131,331)
2020	291,577
2021	-
Thereafter	-

**For PERA Fund Division Municipal Police Plan 5**, at June 30, 2016, the Village reported a liability of \$3,706,919 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.7709% percent, which decreased 0.0725% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$81,323. At June 30, 2016, 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:

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 259,022	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	153,363
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	10,282
Village's contributions subsequent to the measurement date	<u>486,811</u>	<u>180,469</u>
Total	<u>\$ 745,833</u>	<u>344,114</u>

\$486,811 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

2017	\$ (87,436)
2018	(87,436)
2019	(87,436)
2020	177,216
2021	-
Thereafter	-

**For PERA Fund Division Municipal Fire Plan 5**, at June 30, 2016, the Village reported a liability of \$2,615,687 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.5068% percent, which decreased 0.0467% from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$65,056. At June 30, 2016, 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:

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 103,011	-
Changes in assumptions	55,168	-
Net difference between projected and actual earnings on pension plan investments	-	3,176
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	148,843
Village's contributions subsequent to the measurement date	<u>343,505</u>	<u>-</u>
Total	<u>\$ 501,684</u>	<u>152,019</u>

\$343,505 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

2017	\$	(15,021)
2018		(15,021)
2019		(15,021)
2020		51,223
2021		-
Thereafter		-

**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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay, open
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
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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>	

**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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

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%) that 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	\$ 9,153,672	5,376,280	2,235,636

**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	\$ 6,121,754	3,706,919	1,725,937

**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	\$ 3,547,519	2,615,687	1,847,731

***Payables to the pension plan:*** The Village accrued \$4,547 in PERA benefits at June 30, 2016 for the pay period beginning June 18, 2016, and ending July 8, 2016.

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 11. 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 2016, the Village contributed \$237,541 to the Plan. Plan members receiving benefits contributed \$37,343 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	<u>-</u>
Annual OPEB cost	854,207
Contributions made	<u>(274,884)</u>
Increase in net OPEB obligation	579,323
Net OPEB obligation, beginning of year	<u>3,623,208</u>
Net OPEB obligation, end of year	<u>\$ 4,202,531</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 854,207	28.1%	3,035,645
2015	\$ 854,207	23.6%	3,623,208
2016	\$ 854,207	20.3%	4,202,531

**Funded Status and Funding Progress.** As of June 30, 2016, the unfunded actuarial accrued liability (UAAL) was estimated at \$7,573,596.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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.

**NOTE 12. 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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 12. CONDUIT DEBT OBLIGATIONS (CONTINUED)**

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 13. 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, 2016:

Local Government Correction	
Public Safety	\$ (20,263)

**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the Village's Financial Statements.

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the Village's Financial Statements.

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 2016, with no significant impact to the Village's financial statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the Village's financial statements.

**NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

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*

GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Units – an amendment to GASB Statement No. 14*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

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.

**NOTE 17. SUBSEQUENT EVENTS**

The Village of Los Lunas has entered into a loan agreement to borrow \$3,403,856 from the New Mexico Finance Authority for the construction of a new VRECC dispatch building. The Village entered into the loan agreement on December 9, 2016.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 17. SUBSEQUENT EVENTS (CONTINUED)**

The Village of Los Lunas has started negotiating an intergovernmental agreement with Facebook, Inc. to purchase water rights and build an industrial water treatment facility. The agreement guarantees Facebook 1.5 million gallons of water a day for the data center in the project's initial phase, up to 4.5 million gallons a day after the completion of the project. At the date of our audit report, December 9, 2016, the agreement has not yet been signed.

**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, 2016**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Village's Proportion of the Net Pension Liability (Asset)	0.27%	0.27%	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	11,699	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 6,245	7,269	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	146.13%	160.95%	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%	76.99%	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 30, 2015

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2016

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	828	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,580	828	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (762)	-	-	-	-	-	-	-	-	-

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	\$ 3,080	5		\$ 769	769	769	769	4				
2015	179	5			233	233	233	(520)				
2016	-	5				-	-	-				
2017	-	5				-	-	-				
2018	-	5				-	-	-				
2019	-	5				-	-	-				
2020	-	5				-	-	-				
2021	-	5				-	-	-				
2022	-	5				-	-	-				
2023	-	5				-	-	-				
	<u>\$ 3,259</u>			<u>\$ 769</u>	<u>1,002</u>	<u>1,002</u>	<u>1,002</u>	<u>(516)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2016

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	417	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	850	417	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (463)	-	-	-	-	-	-	-	-	-

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	\$ 1,594	5		\$ 398	398	398	398	2				
2015	101	5			131	131	131	(292)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	<u>\$ 1,695</u>			<u>\$ 398</u>	<u>529</u>	<u>529</u>	<u>529</u>	<u>(290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Excess contributions represent the employee portion covered by the employer



STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2016

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	286	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	517	286	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (217)	-	-	-	-	-	-	-	-	-

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	\$ 1,246	5		\$ 311	311	311	311	2				
2015	84	5			87	87	87	(177)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	\$ 1,330			\$ 311	398	398	398	(175)	-	-	-	-

\*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2016

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	125	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	213	125	-	-	-	-	-	-	-	-
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	(6)	5			15	15	15	(51)				
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	<u>\$ 234</u>			<u>\$ 60</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Changes of Benefit Terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

**Assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

**Other.** The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NON-MAJOR FUNDS  
June 30, 2016**

**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 lodger's 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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NON-MAJOR FUNDS  
June 30, 2016**

**Special Revenue Funds (Continued)**

**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.

**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, 2016**

	Special Revenue Funds		
	Lodger's Tax	Municipal Street Improvement	Fire Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 172,015	748,065	-
Investments	-	-	-
Due from other funds	-	-	-
Receivable from other governments	-	-	-
Other Receivables	10,798	25,048	-
<b>Total assets</b>	<b>\$ 182,813</b>	<b>773,113</b>	<b>-</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 416	8,491	-
Due to other funds	-	-	-
Accrued payroll expenditures	-	-	-
<b>Total liabilities</b>	<b>416</b>	<b>8,491</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	182,397	-	-
Committed	-	-	-
Assigned	-	764,622	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>182,397</b>	<b>764,622</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 182,813</b>	<b>773,113</b>	<b>-</b>

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Services	Local DWI
336,305	13,097	98,226	-	-	116,477
-	-	-	-	-	-
-	-	-	-	-	15,311
-	-	-	3,448	-	-
336,305	13,097	98,226	3,448	-	131,788
<hr/>					
1,955	-	13,997	3,448	-	936
-	-	-	-	-	-
-	-	-	-	-	11,497
1,955	-	13,997	3,448	-	12,433
<hr/>					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
334,350	13,097	84,229	-	-	119,355
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
334,350	13,097	84,229	-	-	119,355
<hr/>					
336,305	13,097	98,226	3,448	-	131,788



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2016**

	Total Special Revenue	Transportation Building Project	Total Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,484,185	-	-
Investments	-	-	-
Due from other funds	-	-	-
Receivable from other governments	15,311	217,663	217,663
Other Receivables	39,294	-	-
<b>Total assets</b>	<b>\$ 1,538,790</b>	<b>217,663</b>	<b>217,663</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 29,243	-	-
Due to other funds	-	-	-
Accrued payroll expenditures	11,497	-	-
<b>Total liabilities</b>	<b>40,740</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	733,428	217,663	217,663
Committed	-	-	-
Assigned	764,622	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>1,498,050</b>	<b>217,663</b>	<b>217,663</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,538,790</b>	<b>217,663</b>	<b>217,663</b>

2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
103,167	103,167	1,587,352
-	-	-
-	-	-
-	-	232,974
-	-	39,294
<u>103,167</u>	<u>103,167</u>	<u>1,859,620</u>
-	-	29,243
-	-	-
-	-	11,497
<u>-</u>	<u>-</u>	<u>40,740</u>
-	-	-
-	-	-
-	-	-
103,167	103,167	1,054,258
-	-	-
-	-	764,622
-	-	-
<u>103,167</u>	<u>103,167</u>	<u>1,818,880</u>
<u>103,167</u>	<u>103,167</u>	<u>1,859,620</u>

**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, 2016**

	Special Revenue Funds		
	Lodger's Tax	Municipal Street Improvement	Fire Fund
<b>Revenues</b>			
Sales and miscellaneous taxes	\$ 60,447	482,686	-
State grants	-	-	233,677
Federal grants	-	-	-
Charges for services	-	-	-
Investment earnings	-	132	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>60,447</b>	<b>482,818</b>	<b>233,677</b>
<b>Expenditures</b>			
Current			
General government	12,718	-	-
Public safety	-	-	192,823
Public works	-	189,784	-
Culture and recreation	-	-	-
Debt service			
Principal	-	190,866	32,100
Interest and other charges	-	41,920	8,754
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>12,718</b>	<b>422,570</b>	<b>233,677</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	47,729	60,248	-
Other financing sources (uses)			
Proceeds from issuance of debt	-	-	-
Transfers, in	-	-	-
Transfers, out	-	(60,610)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(60,610)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>47,729</b>	<b>(362)</b>	<b>-</b>
Fund balances, beginning of year	134,668	764,984	-
<b>Fund balances, end of year</b>	<b>\$ 182,397</b>	<b>764,622</b>	<b>-</b>

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Service	Local DWI
7,516	-	-	-	-	-
-	9,971	-	41,600	-	458,044
-	-	-	-	-	-
109,590	-	54,724	-	63,920	64,979
-	-	-	-	-	-
-	-	-	-	-	-
117,106	9,971	54,724	41,600	63,920	523,023
-	-	-	-	-	-
-	7,731	48,408	-	9,810	525,122
-	-	-	-	-	-
79,471	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,342	-	-	41,599	54,110	-
88,813	7,731	48,408	41,599	63,920	525,122
28,293	2,240	6,316	1	-	(2,099)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(5,718)
-	-	-	-	-	(5,718)
28,293	2,240	6,316	1	-	(7,817)
306,057	10,857	77,913	(1)	-	127,172
334,350	13,097	84,229	-	-	119,355

**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, 2016**

	Total Special Revenue	Transportation Building Project	Total Capital Projects
<b>Revenues</b>			
Sales and miscellaneous taxes	\$ 550,649	-	-
State grants	743,292	-	-
Federal grants	-	752,073	752,073
Charges for services	293,213	-	-
Investment earnings	132	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>1,587,286</b>	<b>752,073</b>	<b>752,073</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	12,718	-	-
Public safety	783,894	-	-
Public works	189,784	-	-
Culture and recreation	79,471	-	-
<b>Debt service</b>			
Principal	222,966	-	-
Interest and other charges	50,674	-	-
Capital outlay	105,051	543,697	543,697
<b>Total expenditures</b>	<b>1,444,558</b>	<b>543,697</b>	<b>543,697</b>
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	142,728	208,376	208,376
<b>Other financing sources (uses)</b>			
Proceeds from issuance of debt	-	-	-
Transfers, in	-	-	-
Transfers, out	(66,328)	-	-
<b>Total other financing sources (uses)</b>	<b>(66,328)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>76,400</b>	<b>208,376</b>	<b>208,376</b>
Fund balances, beginning of year	1,421,650	9,287	9,287
<b>Fund balances, end of year</b>	<b>\$ 1,498,050</b>	<b>217,663</b>	<b>217,663</b>

2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
-	-	550,649
-	-	743,292
-	-	752,073
-	-	293,213
-	-	132
-	-	-
-	-	2,339,359
-	-	12,718
-	-	783,894
-	-	189,784
-	-	79,471
720,000	720,000	942,966
73,399	73,399	124,073
-	-	648,748
793,399	793,399	2,781,654
(793,399)	(793,399)	(442,295)
-	-	-
793,400	793,400	793,400
-	-	(66,328)
793,400	793,400	727,072
1	1	284,777
103,166	103,166	1,534,103
103,167	103,167	1,818,880

**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, 2016**

	Water Sewer			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 6,055,874	6,055,874	7,264,117	1,208,243
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>6,055,874</u>	<u>6,055,874</u>	<u>7,264,117</u>	<u>1,208,243</u>
<b>Expenses</b>				
Personnel services	1,087,359	1,087,359	1,463,418	(376,059)
Non-payroll expenses	7,108,702	7,273,004	3,520,363	3,752,641
<b>Total expenses</b>	<u>8,196,061</u>	<u>8,360,363</u>	<u>4,983,781</u>	<u>3,376,582</u>
<b>Other financing sources</b>				
Interest and investment revenue	3,500	3,500	3,704	204
Legislative appropriations	1,210,300	1,210,300	1,058,157	(152,143)
Interest expense	-	-	(507,778)	(507,778)
Operating transfers in	(60,610)	(60,610)	60,610	121,220
Operating transfers (out)	120,643	120,643	(120,643)	(241,286)
<b>Revenues and other financing sources</b> (uses) over (under) expenditures	<u>\$ (866,354)</u>	<u>(1,030,656)</u>	<u>2,774,386</u>	<u>3,805,042</u>
<b>Unbudgeted revenues and expenses:</b>				
Depreciation expense			(2,346,301)	
Loss on disposition of assets			(16,500)	
Changes in accounts receivable			132,101	
Changes in accounts payable			(101,980)	
Changes in accrued liabilities			<u>(13,317)</u>	
<b>GAAP change in net position</b>			<u>\$ 428,389</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, 2016**

	Solid Waste			
	Budgeted Amounts <sup>8</sup>		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 2,214,449	2,214,449	2,673,784	459,335
Miscellaneous	6,770	6,770	3,091	(3,679)
<b>Total revenues</b>	<u>2,221,219</u>	<u>2,221,219</u>	<u>2,676,875</u>	<u>455,656</u>
<b>Expenses</b>				
Personnel services	906,054	909,054	1,161,775	(252,721)
Non-payroll expenses	1,783,732	1,990,271	1,015,159	975,112
<b>Total expenses</b>	<u>2,689,786</u>	<u>2,899,325</u>	<u>2,176,934</u>	<u>722,391</u>
<b>Other financing sources</b>				
Interest and investment revenue	330	330	793	463
Legislative appropriations	-	-	-	-
Interest expense	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	16,073	16,073	(16,073)	(32,146)
<b>Revenues and other financing sources</b> (uses) over (under) expenditures	<u>\$ (452,164)</u>	<u>(661,703)</u>	484,661	<u>1,146,364</u>
<b>Unbudgeted revenues and expenses:</b>				
Depreciation expense			(177,661)	
Changes in accounts receivable			(138,751)	
Changes in accounts payable			(144,600)	
Changes in accrued liabilities			(9,998)	
<b>GAAP change in net position</b>			<u>\$ 13,651</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 56,359	56,359	58,277	1,918
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>56,359</u>	<u>56,359</u>	<u>58,277</u>	<u>1,918</u>
<b>Expenditures</b>				
Current				-
General government	53,000	53,000	12,463	40,537
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>53,000</u>	<u>53,000</u>	<u>12,463</u>	<u>40,537</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>3,359</u>	<u>3,359</u>	<u>45,814</u>	<u>42,455</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 3,359</u>	<u>3,359</u>	45,814	<u>42,455</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			2,170	
Adjustments to expenditures			<u>(255)</u>	
Net change in fund balance (GAAP)			<u>\$ 47,729</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 534,365	537,947	460,929	(77,018)
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	206	206	132	(74)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>534,571</b>	<b>538,153</b>	<b>461,061</b>	<b>(77,092)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	200,000	200,000	189,883	10,117
Culture and recreation	-	-	-	-
<b>Debt service</b>				
Principal	232,787	236,369	190,866	45,503
Interest and other charges	-	-	41,920	(41,920)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>432,787</b>	<b>436,369</b>	<b>422,669</b>	<b>13,700</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	101,784	101,784	38,392	(63,392)
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	60,610	60,610	(60,610)	(121,220)
<b>Total other financing sources (uses)</b>	<b>60,610</b>	<b>60,610</b>	<b>(60,610)</b>	<b>(121,220)</b>
<b>Net change in fund balances</b>	<b>\$ 162,394</b>	<b>162,394</b>	<b>(22,218)</b>	<b>(184,612)</b>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			21,757	
Adjustments to expenditures			99	
Net change in fund balance (GAAP)			\$ (362)	

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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	106,431	233,677	233,676	(1)
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>106,431</b>	<b>233,677</b>	<b>233,676</b>	<b>(1)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	65,576	192,822	192,822	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
<b>Debt service</b>				
Principal	40,855	40,855	32,100	8,755
Interest and other charges	-	-	8,754	(8,754)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>106,431</b>	<b>233,677</b>	<b>233,676</b>	<b>1</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ -	

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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 7,000	7,000	7,516	516
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	195,000	195,000	109,590	(85,410)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>202,000</u>	<u>202,000</u>	<u>117,106</u>	<u>(84,894)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	180,500	180,500	80,509	99,991
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	15,000	15,000	9,342	5,658
<b>Total expenditures</b>	<u>195,500</u>	<u>195,500</u>	<u>89,851</u>	<u>105,649</u>
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	<u>6,500</u>	<u>6,500</u>	<u>27,255</u>	<u>20,755</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 6,500</u>	<u>6,500</u>	<u>27,255</u>	<u>20,755</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>1,038</u>	
Net change in fund balance (GAAP)			<u>\$ 28,293</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	5,000	9,972	9,971	(1)
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>5,000</u>	<u>9,972</u>	<u>9,971</u>	<u>(1)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	5,000	9,972	7,731	2,241
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>5,000</u>	<u>9,972</u>	<u>7,731</u>	<u>2,241</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	2,240	2,240
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>2,240</u>	<u>2,240</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 2,240</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	49,328	54,724	54,724	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>49,328</u>	<u>54,724</u>	<u>54,724</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	49,328	54,724	74,987	(20,263)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>49,328</u>	<u>54,724</u>	<u>74,987</u>	<u>(20,263)</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,263)</u>	<u>(20,263)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>(20,263)</u>	<u>(20,263)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>26,579</u>	
Net change in fund balance (GAAP)			<u>\$ 6,316</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	44,450	44,450	45,048	598
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>44,450</u>	<u>44,450</u>	<u>45,048</u>	<u>598</u>
<b>Expenditures</b>				
Current				-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				-
Principal	33,176	33,176	1	33,175
Interest and other charges	658	658	-	658
Capital outlay	<u>10,616</u>	<u>10,616</u>	<u>41,599</u>	<u>(30,983)</u>
<b>Total expenditures</b>	<u>44,450</u>	<u>44,450</u>	<u>41,600</u>	<u>2,850</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,448</u>	<u>3,448</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>3,448</u>	<u>3,448</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(3,448)	
Adjustments to expenditures			<u>1</u>	
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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	63,920	63,920	-	(63,920)
Federal grants	-	-	-	-
Charges for services	-	-	63,920	63,920
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>63,920</u>	<u>63,920</u>	<u>63,920</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	9,810	9,810	9,810	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>54,110</u>	<u>54,110</u>	<u>54,110</u>	<u>-</u>
<b>Total expenditures</b>	<u>63,920</u>	<u>63,920</u>	<u>63,920</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	448,829	448,829	464,804	15,975
Federal grants	-	-	-	-
Charges for services	97,554	97,554	64,979	(32,575)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>546,383</u>	<u>546,383</u>	<u>529,783</u>	<u>(16,600)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	550,424	550,424	534,981	15,443
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>550,424</u>	<u>550,424</u>	<u>534,981</u>	<u>15,443</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(4,041)</u>	<u>(4,041)</u>	<u>(5,198)</u>	<u>(1,157)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	<u>5,718</u>	<u>5,718</u>	<u>(5,718)</u>	<u>(11,436)</u>
<b>Total other financing sources (uses)</b>	<u>5,718</u>	<u>5,718</u>	<u>(5,718)</u>	<u>(11,436)</u>
<b>Net change in fund balances</b>	<u>\$ 1,677</u>	<u>1,677</u>	<u>(10,916)</u>	<u>(12,593)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(6,760)	
Adjustments to expenditures			<u>9,859</u>	
Net change in fund balance (GAAP)			<u>\$ (7,817)</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	841,387	841,387	952,715	111,328
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>841,387</u>	<u>841,387</u>	<u>952,715</u>	<u>111,328</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	841,387	841,387	543,697	297,690
<b>Total expenditures</b>	<u>841,387</u>	<u>841,387</u>	<u>543,697</u>	<u>297,690</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	409,018	409,018
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	\$ <u>-</u>	<u>-</u>	409,018	<u>409,018</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(200,642)	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>208,376</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	32	32	-	(32)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>32</u>	<u>32</u>	<u>-</u>	<u>(32)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	720,000	720,000	720,000	-
Interest and other charges	73,400	73,400	73,399	1
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>793,400</u>	<u>793,400</u>	<u>793,399</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(793,368)</u>	<u>(793,368)</u>	<u>(793,399)</u>	<u>(31)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Transfers, in	(793,400)	(793,400)	793,400	1,586,800
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(793,400)</u>	<u>(793,400)</u>	<u>793,400</u>	<u>1,586,800</u>
<b>Net change in fund balances</b>	\$ <u>(1,586,768)</u>	<u>(1,586,768)</u>	<u>1</u>	<u>1,586,769</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>1</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, 2016**

	<b>Court Trust Fund</b>	<b>Central Solid Waste Authority</b>	<b>Central Dispatch</b>	<b>Municipal Court Bond</b>	<b>Total Agency Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,679	1,331,401	540,474	31,316	1,907,870
Due from other agencies	-	2,961	254,864	-	257,825
<b>Total Assets</b>	<b>\$ 4,679</b>	<b>1,334,362</b>	<b>795,338</b>	<b>31,316</b>	<b>2,165,695</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,046	-	5,525	31,316	39,887
Accrued liabilities	-	-	49,816	-	49,816
Long-term loan payable	-	-	107,760	-	107,760
Due to others	1,633	1,334,362	632,237	-	1,968,232
<b>Total Liabilities</b>	<b>\$ 4,679</b>	<b>1,334,362</b>	<b>795,338</b>	<b>31,316</b>	<b>2,165,695</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL  
Year Ended June 30, 2016**

	Wells Fargo	U.S. Bank	SECU
<b>Deposits in Bank or Savings and Loan</b>			
Money market	\$ -	3,848,902	-
Bank deposits (checking)	11,733,932	2,907,081	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,000
	<u>11,733,932</u>	<u>6,755,983</u>	<u>100,000</u>
Less: FDIC insurance	250,000	250,000	250,000
<b>Total uninsured public funds</b>	<u>\$ 11,483,932</u>	<u>6,505,983</u>	<u>(150,000)</u>
<b>Collateral requirement @ 50%</b>	5,741,966	3,252,992	-
<b>Collateral requirement @ 102%</b>	-	-	-
<b>Total required collateralization</b>	<u>5,741,966</u>	<u>3,252,992</u>	<u>-</u>
<b>Pledges and securities</b>			
FNMA FNMS CUSIP #3138MQ4T7, 3.00%, due 12/01/2042	\$ 12,546,182	-	-
Federal Home Loan Bank of Cincinnati, LOC No.: 519663, Issued 4/1/2016	-	6,500,000	-
G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 3/20/2045	-	-	-
GNMA1 SF 30 YR CUSIP #36176W7E5, 3.50%, due 1/15/2042	-	-	-
GNMA2 ARM MULTIPLE CUSIP #36179M6H8, 2.00%, due 3/20/2043	-	-	-
FNMA CONV SF 30 YR CUSIP #3138MAKS6, 3.00%, due 9/1/2042	-	-	-
FNMA CONV SF 30 YR CUSIP #3138M8J61, 3.00%, due 9/1/2042	-	-	-
Santa Fe Cnty NM Security 801889LV6, 4.10%, due 7/1/2023	-	-	-
Total pledged securities	<u>12,546,182</u>	<u>6,500,000</u>	<u>-</u>
Excess (deficiency)	<u>\$ 6,804,216</u>	<u>3,247,008</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 the West	Nusenda	Bank of Albuquerque	New Mexico Bank & Trust	X-press Bill Pay	Total
-	854,463	-	-	-	-	4,703,365
-	2,003,554	-	-	-	-	16,644,567
-	-	-	-	-	-	-
100,000	300,048	100,485	100,000	200,000	-	900,533
100,000	3,158,065	100,485	100,000	200,000	-	22,248,465
250,000	500,000	250,000	-	250,000	-	2,000,000
(150,000)	2,658,065	(149,515)	-	(50,000)	-	20,248,465
-	1,329,033	-	-	-	-	10,323,991
-	-	-	-	-	-	-
-	1,329,033	-	-	-	-	10,323,991
-	-	-	-	-	-	12,546,182
-	-	-	-	-	-	6,500,000
-	511,228	-	-	-	-	511,228
-	558,275	-	-	-	-	558,275
-	32,115	-	-	-	-	32,115
-	89,298	-	-	-	-	89,298
-	149,077	-	-	-	-	149,077
-	-	-	-	439,380	-	439,380
-	1,339,993	-	-	439,380	-	20,825,555
-	10,960	-	-	439,380	-	10,501,564

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**Year Ended June 30, 2016**

	Wells Fargo	US Bank	SECU
Deposits in Bank or Savings and Loan			
Money Market	\$ -	3,848,902	-
Bank deposits (checking)	11,733,932	2,907,081	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,000
<b>Total bank balance</b>	11,733,932	6,755,983	100,000
Reconciling items			
Outstanding checks	(440,063)	-	-
Deposits in transit	12,921	-	-
Other adjustments	112,156	-	-
<b>Total adjustments</b>	(314,986)	-	-
<b>Total book balance</b>	11,418,946	6,755,983	100,000
Less agency fund balances included in bank balance	1,907,870	-	-
Total primary government	\$ 9,511,076	6,755,983	100,000

My Bank	Bank of the West	Nusenda	Bank of Albuquerque	New Mexico Bank & Trust	X-press Bill Pay	Total
-	854,463	-		-	-	4,703,365
-	2,003,554	-		-	-	16,644,567
-	-	-		-	-	-
100,000	300,048	100,485	100,000	200,000	-	900,533
100,000	3,158,065	100,485	100,000	200,000	-	22,248,465
-	-	-		-	-	(440,063)
-	-	-		-	37,641	50,562
-	464	-		-	-	112,620
-	464	-		-	37,641	(276,881)
100,000	3,158,529	100,485		200,000	37,641	21,971,584
-	-	-		-	-	1,907,870
100,000	3,158,529	100,485		200,000	37,641	20,063,714



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2016**

	<b>Court Trust Fund</b>	<b>Central Solid Waste Authority</b>	<b>Central Dispatch</b>	<b>Municipal Court Bond</b>	<b>Total Agency Fund</b>
Assets, July 1, 2015	\$ 1,996	1,171,187	854,564	18,025	2,045,772
Increase	24,814	344,572	411,374	-	780,760
Decrease	(22,131)	(181,397)	(470,600)	13,291	(660,837)
<b>Assets, June 30, 2016</b>	<b>\$ 4,679</b>	<b>1,334,362</b>	<b>795,338</b>	<b>31,316</b>	<b>2,165,695</b>
Liabilities, July 1, 2015	\$ 1,996	1,171,187	854,564	18,025	2,045,772
Increase	24,814	344,572	411,374	-	780,760
Decrease	(22,131)	(181,397)	(470,600)	13,291	(660,837)
<b>Liabilities, June 30, 2016</b>	<b>\$ 4,679</b>	<b>1,334,362</b>	<b>795,338</b>	<b>31,316</b>	<b>2,165,695</b>

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF JOINT POWERS AGREEMENTS  
June 30, 2016

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	March 8, 2016 through December 31, 2016	Cost of \$35,000	\$35,000	Responsible for own fiscal contribution
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)	January 1, 2015, and continuing on the 1st day of every month thereafter until December 31, 2024.	Monthly rental amount of \$3,163.75	\$0	Village of Los Lunas
Rio Metro Regional Transit District	State of New Mexico	Village of Los Lunas	Vehicle Maintenance, fuel, vehicle repairs and vehicle storage fees	July 1, 2015 through June 30, 2016	Estimated Annual Amount \$304,428	\$0	Village of Los Lunas
Medical Direction for EMS Services	Valencia County	Village of Los Lunas	Medical direction as necessary for the fire medical rescue services of the Village of Los Lunas Fire Department.	February 1, 2016 with automatic renewal each year for an additional year unless either party gives written notice	Cost of \$4,575	\$4,575	Village of Los Lunas
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	\$0	The Village of Los Lunas
Summer Recreation Program	Valencia County and Los Lunas Public Schools	Village of Los Lunas	Summer Recreation Program for the benefit of the children and youth of the Los Lunas School District, Village of Los Lunas and Valencia County to be conducted through the use of public parks, swimming pool, playgrounds and other recreational facilities owned and operated and located within the respective jurisdiction of the parties	May 30, 2016 through July 30, 2016	Los Lunas Schools - \$9,000 and Valencia County - \$3,000	\$21,000	The Village of Los Lunas
Central NM Correctional Facility	State of New Mexico	Village of Los Lunas	Provide mutual services to render assistance to one another to maintain safety, security, and control in accordance with the terms of the mutual assistance agreement	August 1, 2015 and will remain in full force and effect until canceled by mutual agreement of both parties	No Cost to Village	\$0	The Village of Los Lunas

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF JOINT POWERS AGREEMENTS  
June 30, 2016

Agreement	The Village Participates with	Party Responsible for Operation	Description	Period	Funds/ (Cost) to Village	Village Contributions	Audit Responsibility
NM General Services Department, Facilities Management	NM Interstate Stream Commission	Village of Los Lunas	The Village of Los Lunas will grant return flow credits approved by the OSE to the NMISC for flows from the facility that are attributable to diversion from NMISC well RG-5847-S based on the actual metered flows as measured by NMISC	October 21, 2015 through October 22, 2026	\$500 Annually	\$0	The Village of Los Lunas
Valencia County Regional Communications Center	City of Belen, Village of Bosque Farms and Valencia County	Village of Los Lunas	Regional dispatch service for police and EMS services	June 2006 - Terminated only by the mutual consent of all of the parties	Estimate: City of Belen - \$131,261; Village of Bosque Farms - \$60,211; Valencia County - \$202,312 (Based on calls for service)	Estimated \$165,000 Annually (Based on calls for service)	The Village of Los Lunas

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
Schedule of Vendor Information for Purchases Exceeding \$60,000  
June 30, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Railway Land Company, LLC.	Winner	\$220,700.00		Railway Land Company 49 Garden Park Cir. NW Albuquerque, NM 87107	Yes	No	Professional Services for the redevelopment of a 20 acre site for a charter school	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	SDV Construction	Winner	\$2,631,170.00		SDV Construction PO Box 44760 Rio Rancho, NM 87174	Yes	Yes	Construction for new 911 Center	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Platinum Builders	Loser			Platinum Builders 3230 Los Arboles Ave NE Albuquerque, NM 87107	Yes	No		
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	AnchorBuilt	Loser			AnchorBuilt 304 Indiana SE Albuquerque, NM 87125	Yes	No		
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Mick Rich Contractors	Loser			Mick Rich Contractors 8401 Firestone Lane NE Albuquerque, NM 87113	Yes	No		
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Weil Construction	Loser			Weil Construction PO Box 65606 Albuquerque, NM 87193	Yes	No		
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Grande Truck Center	Winner	\$271,378.00		Grande Truck Center PO Box 201210 San Antonio, TX 78220	No	No	Garbage Truck	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Sequoia Landscape, Inc.	Winner	\$877,923.33	\$839,677.98	Sequoia Landscape, Inc. 810 Rankin Rd NE Albuquerque, NM 87107	Yes	No	NM I-25 Beautification Project	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Star Paving	Winner	\$369,822.37	\$492,140.14	Star Paving PO Box 12333 Albuquerque, NM 87195	Yes	No	NM 314 GAP	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Franklin's Earth Moving, Inc.	Winner	\$274,550.00	\$418,436.42	Franklin's Earth Moving, Inc. 2425 Jefferson St NE Albuquerque, NM 87110	Yes	No	NM COOP Los Cerritos Rd.	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	TLC Plumbing	Winner	\$90,329.02	\$208,335.12	TLC Plumbing 5000 Edith Blvd NE Albuquerque, NM 87107	Yes	No	On Call Concrete Contract	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Desert Fox Paving	Winner	\$70,000.00	\$381,854.69	Desert Fox Paving PO Box 1499 Peralta, NM 87042	Yes	No	On Call Asphalt Contract	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Custom Grading	Winner	\$548,413.06	\$555,119.51	Custom Grading PO Box 94088 Albuquerque, NM 87199	Yes	No	Custom Grading on Carson & Aspen	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Veris Environmental	Winner	\$89,750.00	\$104,534.37	Veris Environmental 19173 RD 193 Limon, CO 80828	No	No	Digester Cleaning Project	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Ferguson Water Works	Winner	\$162,717.01		Ferguson Water Works File 56809 Los Angeles, CA 90074	Yes	No	Water Meter/Radio Project	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	NMED/CWSRS	Winner	\$1,789,718.40		NMED/CWSRS PO Box 5469 Santa Fe, NM 87502	Yes	No	CWSRF Loan	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	Molzen-Corbin & Associates	Winner	\$1,679,075.47		Molzen-Corbin & Associates 2701 Miles Rd SE Albuquerque, NM 87106	Yes	No	Engineering Services	
6110	Village of Los Lunas	Municipalities		Sole Source	PNM	Winner	\$1,093,689.81		PNM PO Box 27900 Albuquerque, NM 87125	Yes	No	Utility Services	
6110	Village of Los Lunas	Municipalities		Competitive (RFP or RFB)	RMCI, Inc.	Winner	\$1,044,990.05		RMCI, Inc. PO Box 91447 Albuquerque, NM 87199	Yes	No	MBR Wastewater Expansion	
6110	Village of Los Lunas	Municipalities		Sole Source	New Mexico Self Insurer's Fund	Winner	\$708,691.35		New Mexico Self Insurer's Fund PO Box 846 Santa Fe, NM 87504	Yes	No	Insurance	
6110	Village of Los Lunas	Municipalities		Sole Source	New Mexico Finance Authority	Winner	\$647,965.95		New Mexico Finance Authority 207 Shelby Street, Santa Fe, NM 87501	Yes	No	CSWA Bond Payment/Revolving Loan	
6110	Village of Los Lunas	Municipalities		Sole Source	Los Lunas Water Dept.	Winner	\$409,051.67		Los Lunas Water Dept. PO Box 1209 Los Lunas, NM 87031	Yes	No	Utility Services	
6110	Village of Los Lunas	Municipalities		Sole Source	Village of Los Lunas	Winner	\$330,203.04		Village of Los Lunas PO Box 1209 Los Lunas, NM 87031	Yes	No	Cost Allocation Dispatch Center	

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
Schedule of Vendor Information for Purchases Exceeding \$60,000  
June 30, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
			RFP	Competitive (RFP or RFB)	Alpha Southwest, Inc.	Winner	\$317,469.65		Alpha Southwest, Inc. PO Box 9263 Albuquerque, NM 87119	Yes	No	Upgrades to Wells 4 & 5	
6110	Village of Los Lunas	Municipalities	State Contract 30-805-13-09529	Competitive (RFP or RFB)	Hodges Oil	Winner	\$304,891.61		Hodges Oil PO Box 698 Belen, NM 87002	Yes	No	Fleet Fuel	
6110	Village of Los Lunas	Municipalities	Contract	Competitive (RFP or RFB)	Waste Management of NM	Winner	\$231,317.63		Waste Management of NM PO Box 15700 Rio Rancho, NM 87174	Yes	No	Tipping Fees	
6110	Village of Los Lunas	Municipalities	RFP 0045-13-CS	Competitive (RFP or RFB)	Artesia Fire Equip Inc.	Winner	\$179,670.11		Artesia Fire Equip. Inc. PO Box 1367 Artesia, NM 88210	Yes	No	SCBA Gear	
6110	Village of Los Lunas	Municipalities	RFP	Competitive (RFP or RFB)	Recycling Equipment Corp.	Winner	\$162,820.00		Recycling Equipment Corp. 831 W. 5th Street Landsale, PA 19446	No	No	Dual Ram Baler	
6110	Village of Los Lunas	Municipalities	RFP	Competitive (RFP or RFB)	Blue Cross Blue Shield of NM	Winner	\$123,891.36		Blue Cross Blue Shield of NM 25550 Network Place Chicago, IL 60673	Yes	No	Health Insurance	
6110	Village of Los Lunas	Municipalities	State Contract 20-000-00-00011	Competitive (RFP or RFB)	Advanced Tower Services, Inc.	Winner	\$123,623.90		Advanced Tower Services, Inc. 2417 Baylor Dr. SE Albuquerque, NM 87106	Yes	No	Generator/Other Services	
6110	Village of Los Lunas	Municipalities	State Contract 30-000-13-00054	Competitive (RFP or RFB)	4 Rivers Equipment, LLC.	Winner	\$117,843.28		4 Rivers Equipment, LLC. 924 11th St. Greeley, CO 87107	Yes	No	Backhoe	
6110	Village of Los Lunas	Municipalities	HGAC Contract	Competitive (RFP or RFB)	The Phoenix Group	Winner	\$110,341.00		The Phoenix Group 1000 Solon Road Waxahachie, TX 75165	No	No	Transit Van	
6110	Village of Los Lunas	Municipalities	RFB	Competitive (RFP or RFB)	John P. Haaland	Winner	\$107,962.57		John P. Haaland PO Box 21007 Albuquerque, NM 87154	Yes	No	Janitorial Services	
6110	Village of Los Lunas	Municipalities	State Contract 50-000-14-00034	Competitive (RFP or RFB)	Melloy Dodge	Winner	\$103,612.28		Melloy Dodge 1200 Lomas Blvd NE Albuquerque, NM 87102	Yes	No	Vehicle Purchases	
6110	Village of Los Lunas	Municipalities	Sole Source	Sole Source	Valencia Co. Dept of Detention	Winner	\$79,406.44		Valencia Co. Dept of Detention PO Box 1119 Los Lunas, NM 87031	Yes	No	Detention Services	
6110	Village of Los Lunas	Municipalities	RFP	Competitive (RFP or RFB)	Laurence P. Guggino, Jr.	Winner	\$79,378.14		Laurence P. Guggino, Jr. PO Box 2430 Los Lunas, NM 87031	Yes	No	Legal Services	
6110	Village of Los Lunas	Municipalities	RFB	Competitive (RFP or RFB)	Altor Construction, Inc.	Winner	\$79,067.17		Altor Construction, Inc. PO Box 1174 Los Lunas, NM 87031	Yes	No	Courthouse Rd. Pond Englargement/Schmidt Project	
6110	Village of Los Lunas	Municipalities	Contract	Competitive (RFP or RFB)	Rocky Mountain Offender	Winner	\$71,701.00		Rocky Mountain Offender 8787 Turnpike Dr. #200 Westminister, CO 80031	No	No	DWI Monitoring Services	
6110	Village of Los Lunas	Municipalities	Govt. Agreement	Competitive (RFP or RFB)	Sandoval County Landfill	Winner	\$66,690.26		Sandoval County Landfill PO Box 40 Bernalillo, NM 87004	Yes	No	Tipping Fees	
6110	Village of Los Lunas	Municipalities	RFP	Competitive (RFP or RFB)	Caselle	Winner	\$62,234.18		Caselle, Inc. 1656 S. East Bay Blvd Suite 100 Provo, UT 84606	No	No	Software	
6110	Village of Los Lunas	Municipalities	Contract 500001020658 RN10	Competitive (RFP or RFB)	Motorola Solutions, Inc.	Winner	\$60,661.75		Motorola Solutions, Inc. 1303 E. Algonquin Rd Schaumburg, IL 60196	No	No	Radio Service	

**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, 2016, 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 December 9, 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2016-001.

### **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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-002, 2016-002, 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 responses. 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.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico  
December 9, 2016

**STATE OF NEW MEXICO  
 VILLAGE OF LOS LUNAS  
 SCHEDULE OF FINDINGS AND RESPONSES  
 Year Ended June 30, 2016**

**2015-002 EXPENDITURES EXCEED BUDGET (Other Matter) - Revised and Repeated**

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

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Local Government Correction	\$ (20,263)

The Village is constantly reviewing its budget in comparison to year-to-date expenditures. The Village will submit budget adjustment requests throughout the year when considered necessary. The Village has made an improvement in the amount of expenditures in excess of budget in the current year.

CRITERIA: All Village funds, 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 cash basis budget in the current year during their year-end monitoring of budget.

RECOMMENDATION: We recommend the Village to establish policies and procedures in their budget monitoring process to ensure that all expenditures have an adequate budget.

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 cash basis budget to actual expenditures were not overspent. The full accrual budget to actual expenditures were not taken into consideration. The Finance Officer is responsible for implementing a change to the Village accounting policies to ensure that full-accrual transactions are reviewed during the year-end budget review processes. The accounting policies will be presented to the Village Governing Board by April 2017 to include budgeting compliance for full accrual transactions.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016**

**2016-001: CONTROLS OVER CASH DISBURSEMENTS (Significant Deficiency)**

CONDITION: During our testwork of cash disbursements, we noted the following:

- We noted that for one out of 40 transactions an invoice in the amount of \$750 was dated prior to the date on the purchase order.
- We noted that for three out of 40 transactions where the vendor invoice in the amount of \$33,382 was not signed by the department director or supervisor to indicate receipt of goods or services.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. In addition, *The Committee of Sponsoring Organizations (COSO) of the Treadway Commission* identifies that management should evaluate their control activities to a level that ensure their policies and procedures help ensure management directives are carried out. Control activities help to ensure that necessary actions are taken to address risk to achievement of the Organization's objectives. They include ensuring adequate segregation of duties, adequate authorization of transactions, and the recording of transactions.

EFFECT: Errors and misappropriation of assets should go unnoticed, which could further result in unreliable financial information.

CAUSE: The policies and procedures in place were by-passed by those involved in the purchasing process.

RECOMMENDATION: We recommend the Village develop and implement internal controls over the purchasing procedures to ensure that all purchases are approved in accordance with Village's policies and procedures.

MANAGEMENT RESPONSE: Management agrees with auditor's recommendation on the development and implementation of internal controls. The Finance Officer is responsible for resolving this audit finding. Since the audit field work revealed this deficiency the accounting department has met with the Village Management Team and provided training and an approval process for all invoices that meet the Village's internal control policies. In addition, the accounting policies will be revised to allow a Village purchase slip for automatic membership renewals, which was the cause of the invoice date/purchase order discrepancy. The accounting policies will be provided to the Village governing body for their review and approval in April 2017.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016**

**2016-002: TRAVEL AND PER DIEM COMPLIANCE (Other Matters)**

CONDITION: During our testwork of travel and per diem disbursements, we noted the following:

- We noted that for four out of ten transactions where the employee was advanced more than 80% of the per diem rates and mileage costs resulting in an aggregated \$135 overpayment.
- We noted that for three out of ten transactions where an employee was reimbursed in excess of the \$30 per day for in-state or \$45 for out-of-state for meals resulting in an aggregated \$16 overpayment.

CRITERIA: In accordance with NMAC Section 2.42.2.10, an employee may be advanced up to 80% of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC. In accordance with the New Mexico Per Diem and Mileage Act, Sections 10-8-1 to 10-8-8 NMSA 1978 a reimbursement for actual expenses for meals may not exceed \$30 per day for in-state travel and \$45 per day for our-of-state travel.

EFFECT: The Village is out of compliance with the New Mexico Mileage Per Diem and Mileage Act Sections 10-8-1 to 10-8-8 NMSA 1978 and 2.42.2.11 NMAC.

CAUSE: The Village has not properly implemented the New Mexico Mileage and Per Diem and Mileage Act.

RECOMMENDATION: We recommend that the Village follow their policies in place while processing travel and per diem transactions in order to comply with the New Mexico Mileage and Per Diem Act.

MANAGEMENT RESPONSE: Management agrees with the auditor's recommendation on establishing policies that comply with the New Mexico Mileage and Per Diem Act. The Finance Officer is responsible for resolving this audit finding. Since the audit field work revealed this deficiency the accounting department has revised the Village's Mileage and Per Diem Policy through Resolution 16-15, which was passed and approved by the Village's governing body on July 28, 2016. This resolution complies with the New Mexico Mileage and Per Diem Act. The Village has implemented the new policy and has provided training to employees.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016**

**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 respective employee and employer statutory contribution rates which resulted in a \$556 understatement for employee contributions and a \$304 understatement for employer contributions, resulting in a total \$860 understatement.

The Village's software conversion in the prior year presented the Village with new challenges with its PERA contributions. The Village has made significant progress in the current year towards resolving this finding and it is expected to be fully resolved within fiscal year 2017.

*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 PERA discrepancies occurred in the first quarter of the fiscal year. The Payroll Specialist has corrected these discrepancies and the Village does not anticipate any future findings of this nature in upcoming audits. The Finance Officer is responsible for ensuring compliance with PERA statutory requirements. 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 RESPONSES  
Year Ended June 30, 2016**

**STATUS OF PRIOR YEAR FINDINGS**

<b>Description</b>		<b>Status</b>
2015-001	Due Date of Audit Report	Resolved
2015-002	Expenditures Exceed Budget	Revised and Repeated
2014-001	Public Monies and Pledged Collateral	Resolved
2013-002	PERA Compliance	Revised and Repeated

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
EXIT CONFERENCE  
June 30, 2016**

The contents of this report were discussed in the exit conference held on December 15, 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.