

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**



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

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VILLAGE OF LOS LUNAS**

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

Official Roster

June 30, 2019

| | |
|-------------------|-----------------------|
| Charles Griego | Mayor |
| Christopher Ortiz | Mayor Pro-Tem |
| Cruz Munoz | Councilor |
| Gino Romero | Councilor |
| Phillip Jaramillo | Councilor |
| Gregory Martin | Village Administrator |
| Rebekah Klein | Finance Officer |

INDEPENDENT AUDITORS' REPORT

To Brian S. Colòn, Esq.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

Report on the 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 funds of the Village of Los Lunas (the "Village") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements 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' 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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Village's Proportionate Share of the Net Pension Liability, Schedule of Village Contributions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Village OPEB Contributions on pages 72-79 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 that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2 NMAC as noted in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 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 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.

A handwritten signature in cursive script that reads "Pattillo, Brown & Hill, LLP".

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 13, 2019

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 \$58,276,536 for fiscal year 2019.
- The Village's governmental revenues are \$42,790,047 for fiscal year 2019.
- The total cost of all Village governmental programs is \$25,068,913 for fiscal year 2019.

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Government-wide Financial Statements

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

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

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

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

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

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Government-wide Financial Statements

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**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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, 2019.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|--------------------------------|-------------------|---------------------------------|-------------------|--------------------|--------------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Current and other assets | \$ 32,547,809 | 32,167,653 | 11,102,830 | 10,612,291 | 43,650,639 | 42,779,944 |
| Capital and non-current assets | 63,920,799 | 55,672,623 | 59,859,444 | 55,024,439 | 123,780,243 | 110,697,062 |
| Total assets | 96,468,608 | 87,840,276 | 70,962,274 | 65,636,730 | 167,430,882 | 153,477,006 |
| Deferred Outflows of Resources – Pension Related | 5,988,563 | 3,947,465 | 417,679 | 290,745 | 6,406,242 | 4,238,210 |
| Deferred Outflows of Resources – OPEB Related | 375,963 | 47,670 | - | - | 375,963 | 47,670 |
| Total Deferred Outflows | 6,364,526 | 3,995,135 | 417,679 | 290,745 | 6,782,205 | 4,285,880 |
| Current liabilities | 2,912,939 | 3,544,947 | 3,455,561 | 2,327,200 | 6,368,500 | 5,872,147 |
| Long-term liabilities | 39,463,846 | 33,335,235 | 20,164,476 | 16,578,151 | 59,628,322 | 49,913,386 |
| Total liabilities | 42,376,785 | 36,880,182 | 23,620,037 | 18,905,351 | 65,996,822 | 55,785,533 |
| Deferred Inflows of Resources – Pension Related | 1,305,944 | 2,060,231 | 46,888 | 77,549 | 1,352,832 | 2,137,780 |
| Deferred Inflows of Resources – OPEB Related | 873,869 | 702,100 | - | - | 873,869 | 702,100 |
| Total Deferred Inflows | 2,179,813 | 2,762,331 | 46,888 | 77,549 | 2,226,701 | 2,839,880 |
| Net Position | | | | | | |
| Net investment in capital assets | 49,941,893 | 40,239,687 | 40,098,441 | 38,745,382 | 90,040,334 | 78,985,069 |
| Restricted | 5,742,059 | 6,325,637 | 1,070,441 | 1,070,441 | 6,812,500 | 7,396,078 |
| Unrestricted | 2,592,584 | 5,627,574 | 6,544,146 | 7,128,752 | 9,136,730 | 12,756,326 |
| Total net position | \$ 58,276,536 | 52,192,898 | 47,713,028 | 46,944,575 | 105,989,564 | 99,137,473 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Financial Analysis of the Village as a Whole (Continued)

For the fiscal year ending June 30, 2019, the Village had \$63,920,799 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 2019, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 66% 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 2019, the long-term liabilities in government activities decreased slightly from prior year as a result of payments made during the fiscal year and no new debt issued.

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, 2019, the net pension liability was \$18,477,747 and \$1,268,066 for governmental and enterprise funds, respectively.

For fiscal year 2019, there was \$5,742,059 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 gross receipt tax revenues, franchise tax revenues, property tax revenues and grants.

In 2019, the net position of our business-type activities increased by 1.64% over the prior fiscal year. This positive variance is due to an increase in sales revenue and assets in conjunction with a decrease in expenses and 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 2019, 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 Total Assets increased 8.11% over prior year. The Village generally can only use these assets to finance the continuing operations of the water, sewer, and refuse services. The increase in sales and reduction in expenditures and liabilities allowed for continued growth of Net Position in the Enterprise Funds.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Debt

At year-end, the Village had approximately \$39,463,846 in long-term liabilities including bonds, notes, capital leases, and net pension liability (\$18,477,747) outstanding for governmental activities.

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, pension liability and post-employment benefits for retiree healthcare.

At the end of the current fiscal year, the Village is able to report positive balances in 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, 2019**

Changes in Net Position

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2019.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|--------------------|-------------------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 2,110,492 | 2,040,678 | 11,637,496 | 11,950,761 | 13,747,988 | 13,991,439 |
| Operating grants and contributions | 1,794,907 | 11,787,783 | - | - | 1,794,907 | 11,787,783 |
| Capital grants and contributions | 3,837,951 | 145,764 | - | - | 3,837,951 | 145,764 |
| General revenues | | | | | | |
| Sales taxes | 20,347,202 | 20,933,189 | - | - | 20,347,202 | 20,933,189 |
| Property taxes | 2,646,746 | 3,131,466 | - | - | 2,646,746 | 3,131,466 |
| Other taxes | 1,351,334 | 579,687 | - | - | 1,351,334 | 579,687 |
| Legislative appropriations | - | 1,222,298 | - | - | - | 1,222,298 |
| Unrestricted investment earnings | 11,262 | 8,040 | 9,369 | 9,179 | 20,631 | 17,219 |
| Miscellaneous | 799,879 | 625,467 | 141,515 | 64,075 | 941,394 | 689,542 |
| Total revenues | 32,899,773 | 40,474,372 | 11,788,380 | 12,024,015 | 44,688,153 | 52,498,387 |
| Expenses | | | | | | |
| General government | 4,399,836 | 2,895,190 | - | - | 4,399,836 | 2,895,190 |
| Public safety | 11,263,362 | 9,258,631 | - | - | 11,263,362 | 9,258,631 |
| Public works | 3,919,945 | 5,413,005 | - | - | 3,919,945 | 5,413,005 |
| Health and welfare | 592,673 | 1,507,857 | - | - | 592,673 | 1,507,857 |
| Culture and recreation | 4,571,315 | 4,025,941 | - | - | 4,571,315 | 4,025,941 |
| Interest on long-term debt | 321,782 | 450,759 | - | - | 321,782 | 450,759 |
| Loss on disposition of capital assets | - | - | - | 88 | - | 88 |
| Water/sewer | - | - | 7,933,476 | 7,442,810 | 7,933,476 | 7,442,810 |
| Solid waste | - | - | 2,739,395 | 2,173,019 | 2,739,395 | 2,173,019 |
| Transfers | 1,747,222 | 3,762,479 | 347,056 | (1,155,545) | 2,094,278 | 2,606,934 |
| Total expenses | 26,816,135 | 27,313,862 | 11,019,927 | 8,460,372 | 37,836,062 | 35,774,234 |
| Change in net position | 6,083,638 | 13,160,510 | 768,453 | 3,563,643 | 6,852,091 | 16,724,153 |
| Net position, beginning | 52,192,898 | 39,812,201 | 46,944,575 | 43,380,932 | 99,137,473 | 83,193,133 |
| Prior period restatement | - | (779,813) | - | - | - | (779,813) |
| Net position, beginning as restated | 52,192,898 | 39,032,388 | 46,944,575 | 43,380,932 | 99,137,473 | 82,413,320 |
| Net position, ending | \$ 58,276,536 | 52,192,898 | 47,713,028 | 46,944,575 | 105,989,564 | 99,137,473 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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.

The governmental activities grant revenue decreased by approximately \$10,000,000 from the prior year revenues. This decrease is due to the State LEDA Facebook Fund grant for capital infrastructure improvements for economic development the Village received in the prior year in the amount of \$10,000,000.

Budget

For the General Fund budget, total revenues budgeted were \$24,718,226 and actual revenues received were \$20,004,530 (cash basis). In addition, the total General Fund expenditures budget was \$21,394,353 and actual expenditures were \$16,898,494, which is a positive variance of \$4,495,859.

Progress Highlights for Fiscal Year 2019

- The Village completed all 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
- Construction in Progress – Sludge Management Improvements, \$6,053,903
- Construction in Progress – NM 314 Bike/Pedestrian Improvements, \$2,998,084
- Construction in Progress – Camelot Boulevard, \$1,948,756
- Construction in Progress – NM 6 Bridge Utility Relocation, \$1,232,378

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 2019-20 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 2019-20, \$33,605,877 has been budgeted for capital purchases and capital projects, of which \$2,713,646 is in 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. 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 as follows:

1. Interstate 25 Interchange and East-West Corridor Project
2. Quality of Life Improvements
3. Evaluate Current Staffing Levels in the Police and Fire Departments
4. Evaluate and Improve the Infrastructure Needs of the Village
5. Evaluate Possible Options for Expansion of Village Hall and the Public Library, and Other Facility Improvements

The following are some of the Fiscal Year 2018-19 Budget highlights:

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund **increased** by \$271,940 (+9.3%), as projected by the Valencia County Assessor's Office.
2. **Gross Receipts Taxes (GRT)** – Budgeted gross receipts tax (GRT) revenue in the General Fund **decreased** by \$2,647,408 (-14.9%) due to a projected decrease in construction GRT compared to last fiscal year's actuals, in addition to a projected **decrease** of approximately \$440,920 in GRT revenue in the General Fund (\$551,150 ALL funds) due to the fifth year of implementation of the loss of Hold Harmless revenue because of legislation passed by the State in 2013, which first took effect in Fiscal Year 2015-16. Beginning April 1, 2019 the Village began tracking the GRT Administrative Fee as an expenditure as compared to recording the net GRT received. As a result, current year GRT revenues include 1% Municipal GRT (\$9,243,642), 1.225% State Shared GRT (6,211,604), and the GRT Administrative Fee (\$303,044).
3. **Impact Fees** – Impact fees are projected to generate the following revenue in their respective funds:
 - a. Park Impact Fees (General Fund), \$178,172, **decrease** of \$41,828 (-19.0%)
 - b. Sewer Impact Fees (Water/Sewer Fund), \$125,000, **increase** of \$50,000 (+66.7%)
 - c. Water Impact Fees (Water/Sewer Fund), \$100,000, **increase** of \$25,000 (+33.3%)

**STATE OF NEW MEXICO
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June 30, 2019**

4. **Legislative Appropriations** – Legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction, are budgeted as follows:
- a. Daniel Fernandez Memorial Park Improvements (Splash Pad), \$600,000
 - b. Museum of Heritage and Arts Improvements (New Outdoor Patio for Programming and Events), \$200,000
 - c. River Park and Bosque Open Space Improvements, \$75,000
 - d. Sports Complex Improvements, \$475,000
 - e. Interchange Access Change Request (IACR) Study, \$250,000
 - f. Camelot Road Improvement and Extension Project (Carry over from Fiscal Year 2018-2019), \$450,000
5. **Grants** – Following is a list of grant revenue included in the Fiscal Year 2019-20 Budget to help offset the cost of specific project costs and operations within the Village:

General Fund:

- a. COPS Hiring Grant – Fund two full-time Police Officer positions, \$78,441
- b. Workforce Innovation and Opportunity Act (WIOA) Grant – Employee Training Reimbursement Program, \$20,000
- c. New Mexico Game and Fish Grant – OHV Training and Equipment, \$40,680
- d. National Endowment for the Arts (NEA) Grant – Continue Rt. 66 Museum & Visitor Center Conceptual Design, \$18,487
- e. E-Rate Grant – Assist in obtaining affordable telecommunications and internet access, \$3,100
- f. Economic Development LEADS Grant – Fund ongoing Economic Development activities for the Village of Los Lunas, \$7,500
- g. Edward Byrne Grant – Fund equipment, supplies, contractual support, training, technical assistance, and information systems in the Police Department, \$16,220
- h. Bullet Proof Vest, NM Highway & Transportation Grants – Fund the purchase of bullet proof vests for Police Officers and reimbursement of overtime for Officers while monitoring traffic safety, \$30,000

Fire Fund:

- i. State Allotment, \$286,293

Police Program Fund:

- j. PAL Program Grant, \$22,500

Law Enforcement Protection Fund:

- k. State Allotment, \$44,600

LDWI Grant Fund:

- l. LDWI Distribution Allocation – Fund personnel services, employee benefits, travel, supplies, operation costs, and contractual services for the LDWI division, \$334,893
- m. LDWI Grant – Support programs, services and activities to reduce the incidence of driving while intoxicated, alcoholism, and alcohol abuse, \$84,000
- n. Office of Substance Abuse Prevention (OSAP) Grant – Utilize to fund DWI Prevention Specialist Position, \$103,600

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Infrastructure Fund:

- o. NMDOT HWY CO-OP Funding – Camino Del Rey, \$223,000
- p. NMDOT TIP Funding – Camelot Road Extension Construction, \$599,880
- q. NMDOT NM 314 Bike/Pedestrian Improvements – Ellen Dr./Griego Rd. Design, \$170,880
- r. NMDOT TIP Funding – NM 314 Bike/Pedestrian Improvements – Main St. to James St., \$1,700,000
- s. NMDOT NM 6 Trail/Sun Ranch Village Rd. and Jubilee Design, \$187,968
- t. NMDOT STP-E Funding – NM 314 Bike/Pedestrian Improvements – Courthouse Rd. to Morris Rd., \$980,000
- u. NMDOT STP-E Funding – I-25 Interchange Beautification Project, Phase II, \$494,367
- v. NMDOT – Los Lentos Rd. SE/Transportation Center Bike Path, \$598,081
- w. NMDOT TIP Funding – I-25 Beautification Phase II Design, \$325,000
- x. NMDOT TIP Funding – South Los Lentos Aspen/Lopez Design, \$142,000
- y. Grant MAP Revenue – Emilio Lopez Intersection, \$127,000

Expenses

1. Personnel Services

- a. **Salaries** – The Fiscal Year 2019-20 Budget includes a cost of living adjustment (COLA) of **2.0%** for all eligible full-time and part-time permanent employees. Additionally, as a result of a **Compensation and Classification Study** completed by Carlson Dettman Consulting in FY 2018-19, the FY 2019-20 Budget includes funding to implement Resolution 19-16, a resolution adopting the 2019-20 base salary plan for the Village of Los Lunas. This resolution was adopted by the Governing Body on July 11, 2019, and includes the following policy direction:
 - 1. Adopts the Grade Order List Step Plan and Appeal Policy attached to the Resolution.
 - 2. Directs the Village Administrator to implement the plan by placing all classified employees directly into Step 1, OR at their respective step exceeding Step 1, not to exceed the pay grade maximum, on the first full pay period subsequent to the approval of the resolution.
 - 3. Authorizes the Village Administrator to enter into a Professional Services Agreement with Carlson Dettman Consulting to measure staff engagement and strengthen the Village's employee development program.
 - 4. Directs the Village Administrator to recommend revisions to the Village Personnel Ordinance necessary to manage the plan.
- b. **Staffing** – As a result of the **Compensation and Classification Study** adopted by the Governing Body on July 11, 2019, the following staffing changes were implemented in the Fiscal Year 2019-20 Budget:
 - 1. **New Positions**
 - Eight (8) new part-time Recreation Aide positions were created in the Parks and Recreation Department (formerly classified as Seasonal Recreation Aides).

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2. Reclassifications

- The Office Specialist position in the Administration Department was reclassified as an Administrative Assistant.
- The Administrative Assistant position in the Community Development Department was reclassified as a Permit Technician.

3. Vacant Positions to Remain Vacant (Authorized, but not Funded)

- Computer Technician, IT Division/Administration Department
- Assistant Parks and Recreation Director, Parks and Recreation Department
- LDAC Treatment Provider, DWI Program/Parks and Recreation Department

4. Discontinued Positions

- Seasonal Recreation Aides, Parks and Recreation Department
- Seasonal Park Laborers, Parks and Recreation Department
- Seasonal Street Laborers, Public Works Department

5. Transfers – None

c. Benefits:

1. Medical Insurance – The Fiscal Year 2019-20 Budget includes the same **Blue Cross Blue Shield of New Mexico** medical insurance plans—Core Plan, and Buy-up Option—that were offered last fiscal year to all eligible employees, with an **increase** in the cost of premiums paid by both the Village and employees of **9.2%**. The Village will continue to pay **100%** of the medical insurance premium for all eligible Village employees, and **90%** of the premium for dependent coverage for employees with annual salaries of up to \$30,000, **85%** for dependent coverage for employees with annual salaries of up to \$60,000, and **80%** for dependent coverage for employees with annual salaries above \$60,000.
2. Dental Insurance – The Fiscal Year 2019-20 Budget includes the same **Delta Dental** insurance plan that was offered last fiscal year to all eligible employees, with **no change** in the cost of premiums. The Village will continue to pay **50%** of the premium for dental insurance.
3. Vision Insurance – The Fiscal Year 2019-20 Budget includes the same **Davis Vision** insurance plan that was offered last fiscal year to all eligible employees, with an **increase** in the cost of premiums paid by employees of **1.0%**. The Village will continue to offer a second vision insurance plan through Vision Care Direct (VCD), which has a higher premium, and includes different or additional eye care providers. Village employees will continue to pay **100%** of the premium for vision insurance.
4. Ancillary Insurance – The Fiscal Year 2019-20 Budget includes the same ancillary insurance through **Companion Life** that was offered last fiscal year to all benefits-eligible employees, such as basic life, AD&D life, and long-term disability coverage, as well as voluntary supplemental life insurance for employees and dependents, with **no change** in premiums.

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5. Other Benefits – The Village will continue to offer other benefits such as **tuition reimbursement** for job-related higher education, and a **gym membership reimbursement** program for up to \$20.00 per month for participating and eligible employees.

2. Operating Services

Operating services budget line items were carefully reviewed and reduced or increased, as needed, in order to cover projected expenses and accomplish Council priorities.

3. Capital Outlay

Following is a list of Capital Outlay items included in the Fiscal Year 2019-20 Budget:

a. General Fund

1. Administration Department

- Email Gateway System, \$30,000
- Village Hall Expansion Project Design, \$330,000

2. Police Department

- Six (6) Police Vehicles, \$318,390
- Motorola Premier One RMS Upgrade, \$68,000

3. Fire Department

- Fire Station 1 Ramp Replacement, \$76,000
- Refurbish One (1) Fire Engine, \$125,000

4. Parks and Recreation Department

- Aerator, \$28,500
- Truck, \$35,000
- Gator, \$10,000
- General Park Improvements, \$200,000
- Huning Ranch Park Tennis Courts, \$794,450
- Daniel Fernandez Memorial Park Improvements – Splash Pad, \$600,000 (Capital Projects Fund)
- River Park and Bosque Improvements, \$75,000 (Capital Projects Fund)
- Sports Complex Improvements, \$475,000 (Capital Projects Fund)

5. Library Department

- Library Property Acquisition, \$85,000
- Museum Improvements – New Patio for Outdoor Programs and Events, \$352,013 (\$200,000 Capital Projects Fund)

6. Fleet Maintenance Division/Public Works Department

- Fleet Maintenance Shop Addition, \$613,306

b. Fire Fund

- Fire Truck Principal-Interest Due, \$40,797

c. Recreation Fund

- Fitness Center & Exercise Equipment, \$15,000

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- d. Infrastructure Fund
 - Main St. Landscaping Improvements/Canal to Los Cerritos, \$150,000
 - Parking Lot/Drainage Improvements, \$250,000
 - NMDOT I-25 Interchange Beautification Phase II, \$740,068
 - Right-of-Way Improvements, \$300,000
 - NMDOT-TIP NM 314 Bike/Pedestrian Improvements Main to James St., \$1,850,000
 - Local Street Improvements, \$1,000,000
 - Highway CO-OP/Camino Del Rey, \$297,333
 - NMDOT-TAP NM 6 Trail/Sun Ranch Village Road & Jubilee Design, \$220,000
 - NMDOT-TAP N. NM 314 Bike/Pedestrian Improvements Ellen Dr. & Griego Rd. Design, \$200,000
 - Grant MAP Revenue/Emilio Lopez Intersection, \$435,521
 - NMDOT Los Lentes SE/Transportation Center Bike Path, \$700,001
 - Highway CO-OP/Castillo and Entrada, \$107,333
 - NMDOT-TIP South Los Lentes Aspen/Lopez Design, \$175,000
 - NMDOT-TIP I-25 Beautification Phase III Design, \$383,500
- e. Municipal Street Improvement Fund
 - Debt Service – Luna Hills, \$183,064
 - Cat Wheel Loader, \$147,816
- f. Local LEDA GRT Fund
 - Tank 3 Site Improvements, \$1,400,000
 - NM Rail Park Waterline, \$1,697,000
 - Rail Park Storage Tank 8, \$200,000
 - Westside Interceptor Sewer Study, \$60,000
 - Los Morros & Morris Sewer Capacity Expansion, \$350,000
- g. Lodger's Tax Fund
 - Village Hall Digital Sign, \$50,000
- h. State LEDA Facebook Project Fund
 - Well 7 Property Acquisition & Drilling/Arsenic Treatment Facility, \$1,130,000
 - Huning Ranch Loop East Sewer Line Interceptor, \$100,000
 - I-25 Off-Ramp Second Lane, \$1,167,000
- i. I-25 Interchange Capital Projects Fund
 - I-25 Interchange /E-W Corridor Project Design, \$597,955
 - Legislative Appropriation/IACR Study, \$250,000
 - NMDOT E-W Corridor ROW Acquisition, \$2,072,045

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- j. Water/Sewer Fund
 - WWTP: Sludge Management Design & Construction, \$5,134,300
 - WWTP: Effluent Tank BOR Grant, \$284,104
 - WWTP: Effluent Line Project \$654,548
 - WWTP: Service Truck, \$60,500
 - Water/Sewer: SCADA Software, \$40,000
 - Water/Sewer: Vactor Truck, \$35,000
 - Water/Sewer: Water Rights Acquisition, \$50,000
 - Water/Sewer: Meters, \$200,000
 - Water/Sewer: NM 6 Bridge Utility Relocation Project, \$100,000
 - Water/Sewer: Central NM Rail Park Utility Extension Project, \$1,300,000
 - Water/Sewer: North Waterline Loop Phase II, \$2,079,668
 - Water/Sewer: Well 7 Property Acquisition, \$300,000
 - Water/Sewer: Truck, \$35,000
 - Water/Sewer: Morris Road Manhole Improvements, \$400,000
 - Water/Sewer: Water/Sewer Extensions, \$250,000
- k. Solid Waste Fund
 - Composting Trummel Implement, \$192,844
 - Composting Facility, \$850,000
 - Brush Hog Implement, \$6,500
- l. Regional Dispatch Fund
 - CAD/RMS System Improvements, \$1,148,321 (Legislative Appropriation)

Since the Village of Los Lunas is a service-oriented organization, most of the budgeted operating expenditures are in personnel services (i.e. salaries, medical insurance, retirement, etc.). Several other employee-related expenditures are treated as operating expenses, and are, therefore, not categorized as personnel services. In Fiscal Year 2019-20, we will strive to provide for the following:

1. Continue to emphasize the importance of employee training to enhance Village employee's education and skills.
2. Continue to emphasize the importance of employee safety through the Village's Employee Safety Program, in an effort to protect employees, and lower the Village's workers' compensation modifier.
3. Continue to competitively compensate employees relative to market conditions, and maintain pay equity in comparable positions internally, by following the recently completed Compensation and Classification Study (2019-20 Base Salary Plan) by Carlson Dettman Consulting, which was adopted by the Governing Body by Resolution 19-16 on July 11, 2019.
4. Continue to cover 100% of Village-paid medical insurance for employees, and a major portion of the cost of medical insurance for dependent coverage (currently between 80-90%, depending on income level).
5. Continue to offer a tuition reimbursement and gym membership reimbursement benefit program to promote higher education and employee wellness.

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The Los Lunas economy continues to grow thanks to ongoing construction of the Facebook Data Center in the Huning Business Park, and other industrial, manufacturing, commercial and residential projects completed, underway, or planned for the future in Los Lunas. We expect this economic growth to remain strong over at least the next 3-5 years. Additional projects that have either been announced, or are in the early stages of development (such as the Central New Mexico Rail Park six miles west of I-25 on NM 6) should help keep the local economy strong over that same time period, and beyond.

With that being said, the Village remains concerned about the gradual and eventual loss of "Hold Harmless" revenue over the next 10 years, as a result of legislation passed in 2013, that will cost the Village an estimated \$2 million in revenue that supports the General Fund, used to provide a variety of services Los Lunas residents count on. For that reason, the Village is considering an increase to the Municipal Gross Receipts Tax (GRT) of 0.3625%, from the current rate of 8.3125% to 8.675%, which, if approved by the Council, would take effect January 1, 2020. Village staff remain committed to accomplishing the major budgetary and strategic priorities of the Council, staff, and citizens, and 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 and Administrative Services Director
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, 2019**

| | Primary Government | | |
|---|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 25,445,294 | 8,681,786 | 34,127,080 |
| Restricted cash | - | 267,065 | 267,065 |
| Investments | 463,270 | 440,000 | 903,270 |
| Accounts receivable | - | 1,626,846 | 1,626,846 |
| Receivable from other governments | 6,521,057 | - | 6,521,057 |
| Other receivables | 118,188 | - | 118,188 |
| Inventories | - | 87,133 | 87,133 |
| Total current assets | <u>32,547,809</u> | <u>11,102,830</u> | <u>43,650,639</u> |
| Capital assets, net of depreciation | 63,920,799 | 59,859,444 | 123,780,243 |
| Total assets | <u>96,468,608</u> | <u>70,962,274</u> | <u>167,430,882</u> |
| DEFERRED OUTFLOWS OF RESOURCES - Pension Related | 5,988,563 | 417,679 | 6,406,242 |
| DEFERRED OUTFLOWS OF RESOURCES - OPEB Related | 375,963 | - | 375,963 |
| Total deferred outflows | <u>6,364,526</u> | <u>417,679</u> | <u>6,782,205</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 1,286,405 | 1,228,243 | 2,514,648 |
| Accrued payroll expenses | 464,495 | 90,200 | 554,695 |
| Customer deposits | - | 267,065 | 267,065 |
| Interest payable | 82,020 | 419,231 | 501,251 |
| Due within one year | | | |
| Bonds, notes and capital leases | 763,087 | 1,460,712 | 2,223,799 |
| Compensated absences | 316,932 | 75,648 | 392,580 |
| Total current liabilities | <u>2,912,939</u> | <u>3,541,099</u> | <u>6,454,038</u> |
| Due in more than one year | | | |
| Bonds, notes and capital leases | 13,215,819 | 18,300,291 | 31,516,110 |
| Compensated absences | 110,167 | 30,509 | 140,676 |
| Post-closure landfill costs | - | 480,072 | 480,072 |
| Net pension liability | 18,477,747 | 1,268,066 | 19,745,813 |
| Net OPEB liability | 7,660,113 | - | 7,660,113 |
| Total liabilities | <u>42,376,785</u> | <u>23,620,037</u> | <u>65,996,822</u> |
| DEFERRED INFLOWS OF RESOURCES - Pension Related | 1,305,944 | 46,888 | 1,352,832 |
| DEFERRED INFLOWS OF RESOURCES - OPEB Related | 873,869 | - | 873,869 |
| Total deferred inflows | <u>2,179,813</u> | <u>46,888</u> | <u>2,226,701</u> |
| NET POSITION | | | |
| Net investment in capital assets | 49,941,893 | 40,098,441 | 90,040,334 |
| Restricted for | | | |
| Special projects and statutory requirements | 5,193,749 | - | 5,193,749 |
| Debt service | 548,310 | 267,065 | 815,375 |
| Customer deposits | - | - | - |
| Unrestricted | 2,592,584 | 7,347,522 | 9,940,106 |
| Total net position | <u>\$ 58,276,536</u> | <u>47,713,028</u> | <u>105,989,564</u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Activities
Year Ended June 30, 2019**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position Primary Government | | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 4,048,852 | 1,816,298 | 367,066 | 73,705 | (1,791,783) | - | (1,791,783) |
| Public safety | 10,900,477 | 113,565 | 891,374 | - | (9,895,538) | - | (9,895,538) |
| Public works | 4,634,166 | - | 536,467 | 3,764,246 | (333,453) | - | (333,453) |
| Health and welfare | 592,673 | - | - | - | (592,673) | - | (592,673) |
| Culture and recreation | 4,571,315 | 180,629 | - | - | (4,390,686) | - | (4,390,686) |
| Interest on long-term debt | 321,430 | - | - | - | (321,430) | - | (321,430) |
| Total governmental activities | 25,068,913 | 2,110,492 | 1,794,907 | 3,837,951 | (17,325,563) | - | (17,325,563) |
| Business-Type Activities | | | | | | | |
| Water and sewer | 7,933,476 | 8,846,539 | - | - | - | 913,063 | 913,063 |
| Solid waste | 2,739,395 | 2,790,957 | - | - | - | 51,562 | 51,562 |
| Total business-type activities | 10,672,871 | 11,637,496 | - | - | - | 964,625 | 964,625 |
| Total primary government | \$ 35,741,784 | 13,747,988 | 1,794,907 | 3,837,951 | (17,325,563) | 964,625 | (16,360,938) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Property taxes, levied for general purposes | \$ 2,646,746 | - | - | - | - | - | 2,646,746 |
| Franchise tax | 556,564 | - | - | - | - | - | 556,564 |
| Sales tax | 20,347,202 | - | - | - | - | - | 20,347,202 |
| Other taxes | 794,770 | - | - | - | - | - | 794,770 |
| Unrestricted investment earnings | 11,262 | - | - | 9,369 | - | - | 20,631 |
| Miscellaneous | 799,879 | - | - | 141,516 | - | - | 941,395 |
| Transfers in | 1,581,086 | - | - | 60,610 | - | - | 1,641,696 |
| Transfers out | (3,328,308) | - | - | - | (407,666) | - | (3,735,974) |
| Total general revenues, special items, and transfers | 23,409,201 | (196,171) | 23,213,030 | 6,083,638 | 768,454 | 6,852,092 | 6,852,092 |
| Change in net position | 6,083,638 | 768,454 | 6,852,092 | 52,192,898 | 46,944,575 | 99,137,473 | 99,137,473 |
| Net position, beginning | | | | | | | |
| Net position, ending | \$ 58,276,536 | 47,713,029 | 105,989,565 | 58,276,536 | 47,713,029 | 105,989,565 | 105,989,565 |

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Balance Sheet - Governmental Funds
June 30, 2019

| | General Fund | Infrastructure Fund | LEDA Facebook Fund | 2016 GO Bond Acquisition Fund | Non Major Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|--------------------|-------------------------------|------------------------------|--------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 15,647,066 | - | 7,903,756 | - | 1,894,472 | 25,445,294 |
| Restricted Cash | - | - | - | - | - | - |
| Investments | 463,270 | - | - | - | - | 463,270 |
| Due from other funds | 422,354 | - | - | - | - | 422,354 |
| Receivable from other governments | 3,496,385 | 2,993,896 | - | - | 30,776 | 6,521,057 |
| Other receivables | 20,895 | - | - | - | 97,293 | 118,188 |
| Total assets | \$ 20,049,970 | 2,993,896 | 7,903,756 | - | 2,022,541 | 32,970,163 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 252,510 | 514,445 | 411,414 | - | 108,036 | 1,286,405 |
| Due to other funds | - | 422,354 | - | - | - | 422,354 |
| Accrued payroll expenditures | 464,495 | - | - | - | - | 464,495 |
| Total liabilities | 717,005 | 936,799 | 411,414 | - | 108,036 | 2,173,254 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property taxes | 174,918 | - | - | - | - | 174,918 |
| Total deferred inflows of resources | 174,918 | - | - | - | - | 174,918 |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 1,770,457 | 2,057,097 | 7,492,342 | - | 1,914,505 | 13,234,401 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Unassigned | 17,387,590 | - | - | - | - | 17,387,590 |
| Total fund balances | 19,158,047 | 2,057,097 | 7,492,342 | - | 1,914,505 | 30,621,991 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 20,049,970 | 2,993,896 | 7,903,756 | - | 2,022,541 | 32,970,163 |

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2019**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Total Fund Balance Governmental Funds | |
| Governmental Funds Balance Sheet | \$ 30,621,991 |
| Amounts reported for governmental activities in the statement of net position are different | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Cost of capital assets | 140,004,196 |
| Accumulated depreciation | <u>(76,083,397)</u> |
| Total capital assets | 63,920,799 |
| Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds: | 174,918 |
| Defined benefit pension plan and OPEB deferred outflows are not financial resources and, therefore, are not reported in the funds | 6,364,526 |
| Defined benefit pension plan and OPEB deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds | (2,179,813) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not | |
| Accrued interest | (82,020) |
| Bonds, notes and loans payable | (13,978,906) |
| Compensated absences payable | (427,099) |
| Net OPEB liability | (7,660,113) |
| Net pension liability | <u>(18,477,747)</u> |
| Total long-term and other liabilities | <u>(40,625,885)</u> |
| Net position of governmental activities (Statement of Net Position) | \$ <u><u>58,276,536</u></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, 2019**

| | General Fund | Infrastructure Fund | LEDA Facebook Fund | 2016 GO Bond Acquisition Fund | Non Major Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|--------------------------|-------------------------------------|------------------------------------|--------------------------------|
| Revenues | | | | | | |
| Sales and miscellaneous taxes | \$ 20,014,011 | 3,256,846 | - | - | 1,032,853 | 24,303,710 |
| Fees and fines | 83,973 | - | - | - | - | 83,973 |
| Licenses and permits | 243,227 | - | - | - | - | 243,227 |
| State grants | 367,066 | 536,467 | - | - | 891,374 | 1,794,907 |
| Federal grants | 73,705 | 3,764,246 | - | - | - | 3,837,951 |
| Charges for Services | 1,489,098 | - | - | - | 294,194 | 1,783,292 |
| Investment earnings | 10,127 | - | - | - | 1,135 | 11,262 |
| Miscellaneous | 790,784 | - | - | - | 9,095 | 799,879 |
| Total revenues | 23,071,991 | 7,557,559 | - | - | 2,228,651 | 32,858,201 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 3,251,349 | - | - | - | 41,834 | 3,293,183 |
| Public safety | 6,847,868 | - | - | - | 764,240 | 7,612,108 |
| Public works | 1,294,549 | 628,997 | - | - | 154,281 | 2,077,827 |
| Health and welfare | 592,673 | - | - | - | - | 592,673 |
| Culture and recreation | 3,043,332 | - | - | - | 160,117 | 3,203,449 |
| Debt service | | | | | | |
| Principal | 85,263 | - | - | - | 1,368,768 | 1,454,031 |
| Interest and other charges | 89,777 | - | - | - | 324,201 | 413,978 |
| Capital outlay | 2,664,457 | 5,760,438 | 2,487,948 | 966,593 | 393,426 | 12,272,862 |
| Total expenditures | 17,869,268 | 6,389,435 | 2,487,948 | 966,593 | 3,206,867 | 30,920,111 |
| Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses) | 5,202,723 | 1,168,124 | (2,487,948) | (966,593) | (978,216) | 1,938,090 |
| Other financing sources (uses) | | | | | | |
| Legislative appropriations | - | - | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - | - | - |
| Transfers in - governmental funds | (1,458,262) | - | - | - | 914,800 | (543,462) |
| Transfers in - agency funds | 2,124,548 | - | - | - | - | 2,124,548 |
| Transfers out - agency funds | (30,270) | - | - | - | - | (30,270) |
| Transfers out | (2,576,345) | (653,065) | - | - | (68,628) | (3,298,038) |
| Total other financing sources (uses) | (1,940,329) | (653,065) | - | - | 846,172 | (1,747,222) |
| Net change in fund balances | 3,262,394 | 515,059 | (2,487,948) | (966,593) | (132,044) | 190,868 |
| Fund balances, beginning of year | 15,895,653 | 1,542,038 | 9,980,290 | 966,593 | 2,046,549 | 30,431,123 |
| Fund balances, end of year | \$ 19,158,047 | 2,057,097 | 7,492,342 | - | 1,914,505 | 30,621,991 |

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2019**

**Net Change in Fund Balances - Total Governmental Funds
(Statement of Revenue, Expenditures, and Changes
in Fund Balances)** \$ 190,868

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.

| | | |
|----------------------|--------------------|-----------|
| Capital Outlay | 12,905,358 | |
| Depreciation expense | <u>(4,657,182)</u> | 8,248,176 |

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 | 41,572 |
|----------------|--------|

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 | 1,454,031 | |
| Change in compensated absences | 8,172 | |
| Accrued interest | 92,548 | |
| Change in net pension and OPEB liability | <u>(3,951,729)</u> | <u>(2,396,978)</u> |

| | |
|---|----------------------------|
| Change in net position governmental activities | <u>\$ 6,083,638</u> |
|---|----------------------------|

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
General Fund
Year Ended June 30, 2019**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget Positive (Negative) |
|---|--------------------|--------------------|--|--|
| | Original | Final | | |
| Revenues | | | | |
| Sales and miscellaneous taxes | \$ 21,340,182 | 21,340,182 | 16,671,649 | (4,668,533) |
| Fees and fines | 46,000 | 46,000 | 83,973 | 37,973 |
| Licenses and permits | 210,680 | 210,680 | 243,227 | 32,547 |
| State grants | 375,216 | 387,128 | 367,066 | (20,062) |
| Federal grants | 173,100 | 173,100 | 73,705 | (99,395) |
| Charges for services | 1,515,262 | 1,515,262 | 1,489,098 | (26,164) |
| Investment earnings | - | - | 10,127 | 10,127 |
| Miscellaneous | 645,874 | 645,874 | 790,784 | 144,910 |
| Total revenues | 24,306,314 | 24,318,226 | 19,729,629 | (4,588,597) |
| Expenditures | | | | |
| Current | | | | |
| General government | 2,895,825 | 2,885,702 | 3,251,349 | (365,647) |
| Public safety | 7,924,081 | 7,883,863 | 6,847,868 | 1,035,995 |
| Public works | 1,221,843 | 1,218,843 | 577,544 | 641,299 |
| Health and welfare | 1,180,797 | 1,184,797 | 592,673 | 592,124 |
| Culture and recreation | 3,621,941 | 3,633,853 | 3,043,332 | 590,521 |
| Debt service | | | | |
| Principal | 178,327 | 178,327 | 85,263 | 93,064 |
| Interest and other charges | 93,857 | 93,857 | 89,777 | 4,080 |
| Capital outlay | 4,128,826 | 4,315,111 | 2,664,457 | 1,650,654 |
| Total expenditures | 21,245,497 | 21,394,353 | 17,152,263 | 4,242,090 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | 3,060,817 | 2,923,873 | 2,577,366 | (346,507) |
| Other Financing Sources (Uses) | | | | |
| Legislative appropriations | 400,000 | 400,000 | - | (400,000) |
| Proceeds from issuance of debt | 0 | 0 | - | - |
| Transfers, in | 360,000 | 360,000 | 666,286 | 306,286 |
| Transfers, out | (3,082,067) | (4,382,067) | (2,606,615) | 1,775,452 |
| Total other financing sources (uses) | (2,322,067) | (3,622,067) | (1,940,329) | 1,681,738 |
| Net change in fund balances | \$ 738,750 | (698,194) | 637,037 | 1,335,231 |
| <i>Reconciliation to GAAP Basis:</i> | | | | |
| Adjustments to revenues | | | 3,342,362 | |
| Adjustments to expenditures | | | (717,005) | |
| Net change in fund balance (GAAP) | | | <u>\$ 3,262,394</u> | |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Continued)
Infrastructure Fund (Special Revenue Fund)
Year Ended June 30, 2019**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget Positive (Negative) |
|---|-------------------|-------------------|--|--|
| | Original | Final | | |
| Revenues | | | | |
| Sales and miscellaneous taxes | \$ 3,334,429 | 3,334,429 | 262,950 | (3,071,479) |
| State grants | 6,974,092 | 6,974,092 | 536,467 | (6,437,625) |
| Federal grants | 4,036,240 | 4,036,240 | 3,764,246 | (271,994) |
| Charges for services | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | 14,344,761 | 14,344,761 | 4,563,663 | (9,781,098) |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 1,358,000 | 1,408,000 | 114,552 | 1,293,448 |
| Culture and recreation | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | 11,831,184 | 11,781,184 | 5,760,438 | 6,020,746 |
| Total expenditures | 13,189,184 | 13,189,184 | 5,874,990 | 7,314,194 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | 1,155,577 | 1,155,577 | (1,311,327) | (2,466,904) |
| Other Financing Sources (Uses) | | | | |
| Transfers, in | - | - | - | - |
| Transfers, out | (653,065) | (653,065) | (653,065) | - |
| Total other financing sources (uses) | (653,065) | (653,065) | (653,065) | - |
| Net change in fund balances | \$ 502,512 | 502,512 | (1,964,392) | (2,466,904) |
| <i>Reconciliation to GAAP Basis:</i> | | | | |
| Adjustments to revenues | | | 2,993,896 | |
| Adjustments to expenditures | | | (514,445) | |
| Net change in fund balance (GAAP) | | | \$ 515,059 | |

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)
LEDA FACEBOOK FUND
Year Ended June 30, 2019**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget Positive (Negative) |
|---|-----------------------|--------------------|--|--|
| | Original | Final | | |
| Revenues | | | | |
| Sales and miscellaneous taxes | \$ - | - | - | - |
| State grants | - | - | - | - |
| Federal grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | 9,998,800 | 9,998,800 | 2,487,948 | 7,510,852 |
| Total expenditures | 9,998,800 | 9,998,800 | 2,487,948 | 7,510,852 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (9,998,800) | (9,998,800) | (2,487,948) | 7,510,852 |
| Other Financing Sources (Uses) | | | | |
| Transfers, in | - | - | - | - |
| Transfers, out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | \$ (9,998,800) | (9,998,800) | (2,487,948) | 7,510,852 |
| <i>Reconciliation to GAAP Basis:</i> | | | | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net change in fund balance (GAAP) | | | \$ (2,487,948) | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position - Proprietary Funds
June 30, 2019

| | Business- Type Activities | | |
|--|---------------------------|---------------------|-------------------|
| | Enterprise Funds | | |
| | Water Sewer Fund | Solid Waste Fund | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 4,865,166 | 3,816,620 | 8,681,786 |
| Restricted cash | 267,065 | - | 267,065 |
| Investments | 240,000 | 200,000 | 440,000 |
| Accounts receivable | 1,449,099 | 177,747 | 1,626,846 |
| Inventories | 87,133 | - | 87,133 |
| Total current assets | 6,908,463 | 4,194,367 | 11,102,830 |
| Noncurrent Assets | | | |
| Capital assets | 95,679,040 | 7,365,333 | 103,044,373 |
| Less accumulated depreciation | (39,065,520) | (4,119,409) | (43,184,929) |
| Total noncurrent assets | 56,613,520 | 3,245,924 | 59,859,444 |
| Total assets | 63,521,983 | 7,440,291 | 70,962,274 |
| DEFERRED OUTFLOWS - Pension Related | 257,033 | 160,646 | 417,679 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 1,199,630 | 28,613 | 1,228,243 |
| Salaries payable | 54,928 | 35,272 | 90,200 |
| Customer deposits | 267,065 | - | 267,065 |
| Interest payable | 419,231 | - | 419,231 |
| Due to other funds | - | - | - |
| Current portion compensated absences | 50,129 | 25,519 | 75,648 |
| Current portion of debt | 1,460,712 | - | 1,460,712 |
| Total current liabilities | 3,451,695 | 89,404 | 3,541,099 |
| Non-Current Liabilities | | | |
| Compensated absences | 8,517 | 21,992 | 30,509 |
| Post-closure landfill costs | - | 480,072 | 480,072 |
| Bonds, notes, loans and capital leases | 18,300,291 | - | 18,300,291 |
| Net pension liability | 780,348 | 487,718 | 1,268,066 |
| Total liabilities | 22,540,851 | 1,079,186 | 23,620,037 |
| DEFERRED INFLOWS - Pension Related | 28,854 | 18,034 | 46,888 |
| NET POSITION | | | |
| Net investment in capital assets | 36,852,517 | 3,245,924 | 40,098,441 |
| Restricted | | | |
| Debt service | 267,065 | - | 267,065 |
| Customer deposits | - | - | - |
| Unrestricted | 4,089,729 | 3,257,793 | 7,347,522 |
| Total net position | \$ 41,209,311 | 6,503,717 | 47,713,028 |

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, 2019

| | Business- Type Activities Enterprise Funds | | |
|---|---|---------------------|-------------------|
| | Water Sewer Fund | Solid Waste Fund | Total |
| Operating Revenues | | | |
| Charges for services | \$ 8,846,539 | 2,790,957 | 11,637,496 |
| Miscellaneous | 121,057 | 20,459 | 141,516 |
| Total operating revenues | 8,967,596 | 2,811,416 | 11,779,012 |
| Operating Expenses | | | |
| Personnel services | 1,404,279 | 930,171 | 2,334,450 |
| Non-payroll expenses | 3,748,002 | 1,305,791 | 5,053,793 |
| Depreciation | 2,544,181 | 503,433 | 3,047,614 |
| Total operating expenses | 7,696,462 | 2,739,395 | 10,435,857 |
| Operation income | 1,271,134 | 72,021 | 1,343,155 |
| Non-Operating Revenues (Expenses) | | | |
| Interest and investment revenue | 8,307 | 1,062 | 9,369 |
| Loss on disposition of assets | - | - | - |
| Interest expense | (237,015) | - | (237,015) |
| Total non-operating revenue (expenses) | (228,708) | 1,062 | (227,646) |
| Income before contributions and transfers | 1,042,426 | 73,083 | 1,115,509 |
| Transfers | | | |
| Transfers in | 60,610 | - | 60,610 |
| Transfers out | (387,673) | (19,993) | (407,666) |
| Total transfers | (327,063) | (19,993) | (347,056) |
| Change in net position | 715,363 | 53,090 | 768,453 |
| Net position, beginning of year | 40,493,948 | 6,450,627 | 46,944,575 |
| Net position, end of year | \$ 41,209,311 | 6,503,717 | 47,713,028 |

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2019

| | Water Sewer Fund | Solid Waste Fund | Total |
|---|---------------------|---------------------|--------------------|
| Cash Flows From Operating Activities | | | |
| Cash received from customers and others | \$ 8,685,077 | 3,078,537 | 11,763,614 |
| Cash paid for goods and services | (2,694,339) | (1,313,230) | (4,007,569) |
| Cash paid to employees | (1,316,693) | (945,078) | (2,261,771) |
| Net cash provided by operating activities | 4,674,045 | 820,229 | 5,494,274 |
| Cash Flows From Investing Activities | | | |
| Cash received on legislative appropriations | - | - | - |
| Gain (loss) on disposition of assets | - | - | - |
| Interest received | 8,307 | 1,062 | 9,369 |
| Net cash provided (used) by investing activities | 8,307 | 1,062 | 9,369 |
| Cash Flows From Non-Capital Financing Activities | | | |
| Operating transfers, net | (327,063) | (19,993) | (347,056) |
| Net cash provided (used) by non-capital financing activities | (327,063) | (19,993) | (347,056) |
| Cash Flows From Capital and Related Financing Activities | | | |
| Purchases of capital assets | (6,849,036) | (1,033,583) | (7,882,619) |
| Debt payment | 3,481,946 | - | 3,481,946 |
| Interest paid | (237,015) | - | (237,015) |
| Net cash (used) by capital and related financing activities | (3,604,105) | (1,033,583) | (4,637,688) |
| Net increase in cash and cash equivalents | 751,184 | (232,285) | 518,899 |
| Cash and restricted cash and cash equivalents, beginning of year | 4,381,047 | 4,048,905 | 8,429,952 |
| Cash and restricted cash and cash equivalents, end of year | \$ 5,132,231 | 3,816,620 | 8,948,851 |
| Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities | | | |
| Operating (loss) income | \$ 1,271,134 | 72,021 | 1,343,155 |
| Adjustments to operating (loss) income to net cash provided by operating activities: | | | |
| Depreciation expense | 2,544,181 | 503,433 | 3,047,614 |
| Change in net pension liability | 74,894 | (12,850) | 62,044 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (282,519) | 267,121 | (15,398) |
| Due from other governments | - | - | - |
| Inventory | 43,758 | - | 43,758 |
| Accounts payable | 880,663 | (11,701) | 868,962 |
| Customer deposits | 19,395 | - | 19,395 |
| Accrued liabilities | 121,725 | 6,189 | 127,914 |
| Compensated absences | 814 | (8,246) | (7,432) |
| Post closure landfill liability | - | 4,262 | 4,262 |
| Net cash provided by operating activities | \$ 4,674,045 | 820,229 | 5,494,274 |

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, 2019**

ASSETS

| | | |
|---------------------------|----|----------------|
| Cash and cash equivalents | \$ | 5,860,611 |
| Due from other agencies | | <u>298,459</u> |

| | | |
|---------------------|----|-------------------------|
| Total assets | \$ | <u><u>6,159,070</u></u> |
|---------------------|----|-------------------------|

LIABILITIES

| | | |
|------------------------|----|------------------|
| Accounts payable | \$ | (76,021) |
| Accrued liabilities | | 49,023 |
| Long-term loan payable | | - |
| Due to others | | <u>6,186,068</u> |

| | | |
|--------------------------|----|-------------------------|
| Total liabilities | \$ | <u><u>6,159,070</u></u> |
|--------------------------|----|-------------------------|

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 funds, even though the latter are excluded from the government-wide financial statement. Major individual enterprise funds are reported as separate columns in the fund financial statements.

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

C. Basis of Presentation - Fund Accounting

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

LEDA Facebook – The LEDA Facebook Fund, a special revenue fund, is funded from State appropriations and gross receipts taxes. The fund has been established by Village Ordinance 416 to support the operation of a Data Center Campus, related facilities and other permitted similar project.

2016 GO 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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

In addition, the government reports the following fund types:

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

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

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation bond principal, interest and related costs: 2016 GRT Revenue Bonds and 2016 general obligation 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 Dispatch, Municipal Court Bond, and Local LEDA GRT Fund.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Expenditures, other than vacation, compensatory, and sick pay, are recorded when they are incurred.

Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

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

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

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 2019 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; 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 2018 were collected in 2019, and taxes certified in 2019 will be collected in 2020. 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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (Continued)

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

Straight-line depreciation is used based on the following estimated useful lives in years:

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

M. Compensated Absences

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

N. Long-term Debt Obligations

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

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

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

O. Pensions

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Village of Los Lunas Retiree Medical Insurance Plan (the "Plan") and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. 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 GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), The Village classifies governmental fund balances as follows:

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

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

R. 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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates (Continued)

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 period. Actual results could differ from those estimates.

T. Fund Balance for Subsequent Years Expenditures

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS

A. Cash and Investments

As of June 30, 2019, the Village had the following deposits and investments:

| | | |
|--------------------------|----|-------------------|
| Demand deposits | \$ | 40,254,756 |
| Certificates of deposits | | 903,270 |
| Total | | <u>41,158,026</u> |
| Governmental funds | | 25,908,564 |
| Proprietary funds | | 9,388,851 |
| Agency funds | | 5,860,611 |
| Total | \$ | <u>41,158,026</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.

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. As of June 30, 2019, \$0 of the Village's bank balance of \$41,392,601 was exposed to custodial credit risk because it was uninsured and uncollateralized. See pledged collateral statement on pages 91 and 92. 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 93 and 94.

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, 2019.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

NOTE 4. RECEIVABLES

Receivables as of June 30, 2019 consisted of the following. All receivables as of June 30, 2019 were deemed to be fully collectible.

| | General | Infrastructure | Other | Enterprise | Total |
|------------------------------|--------------|----------------|--------------|------------|-----------|
| | Fund | Fund | Governmental | Funds | |
| | | | Funds | | |
| Receivables: | | | | | |
| Trade accounts | \$ - | - | - | 476,168 | 476,168 |
| Grants and other governments | 22,688 | 2,418,805 | 30,776 | - | 2,472,269 |
| Property Taxes | 252,049 | - | - | - | 252,049 |
| Sales Tax | 2,891,576 | 575,091 | - | 71,118 | 3,537,785 |
| Franchise tax | 60,398 | - | - | 1,992 | 62,390 |
| Other tax | 11,884 | - | 97,293 | - | 109,177 |
| Rents | 236,987 | - | - | - | 236,987 |
| Water Plant | | | | | |
| Investment Fees | - | - | - | 5,016 | 5,016 |
| Water Rights | - | - | - | 9,115 | 9,115 |
| Other Receivables | 41,698 | - | - | 1,063,437 | 1,105,135 |
| Total receivables | \$ 3,517,280 | 2,993,896 | 128,069 | 1,626,846 | 8,266,091 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

| <i>Governmental Activities:</i> | Balance June 30, 2018 | Additions | Deletions | Transfers | Balance June 30, 2019 |
|---|----------------------------------|------------------|------------------|------------------|----------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | 5,447,965 | 424,132 | - | - | 5,892,097 |
| Construction in process | 821,305 | 9,059,835 | - | (501,028) | 9,380,112 |
| Total capital assets not being depreciated | 6,269,270 | 9,483,967 | - | (501,028) | 15,252,209 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 10,608,867 | - | - | - | 10,608,867 |
| Building and improvements | 27,360,165 | 1,051,004 | - | 263,773 | 28,674,941 |
| Vehicles | 5,560,867 | 1,467,867 | (40,761) | - | 6,987,973 |
| Machinery and equipment | 4,013,360 | 558,858 | - | - | 4,572,220 |
| Capital Leases | 406,000 | - | - | - | 406,000 |
| Infrastructure | 72,921,068 | 343,663 | - | 237,255 | 73,501,985 |
| Total capital assets being depreciated | 120,870,327 | 3,421,392 | (40,761) | 501,028 | 124,751,986 |
| Total capital assets | 127,139,597 | 12,905,359 | (40,761) | - | 140,004,195 |
| Less accumulated depreciation for: | | | | | |
| Land Improvements | (6,351,113) | (691,810) | - | - | (7,042,923) |
| Building and improvements | (7,703,235) | (865,222) | - | - | (8,568,457) |
| Vehicles | (4,418,774) | (638,047) | 40,761 | - | (5,016,060) |
| Machinery and equipment | (3,055,949) | (210,066) | - | - | (3,266,015) |
| Capital Lease | (406,000) | - | - | - | (406,000) |
| Infrastructure | (49,531,903) | (2,252,038) | - | - | (51,783,941) |
| Total accumulated depreciation | (71,466,974) | (4,657,183) | 40,761 | - | (76,083,396) |
| Total capital assets being depreciated, net | 49,403,353 | (1,235,791) | - | 501,028 | 48,668,590 |
| Governmental activities capital assets, net | 55,672,623 | 8,248,176 | - | - | 63,920,799 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets follows:

| <i>Business-Type Activities:</i> | Balance June 30, 2018 | Additions | Deletions | Transfers | Balance June 30, 2019 |
|--|----------------------------------|------------------|------------------|------------------|----------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | 1,207,228 | - | - | - | 1,207,228 |
| Construction in process | 1,216,838 | 6,836,416 | - | (912,228) | 7,141,026 |
| Water Rights | 5,586,898 | - | - | - | 5,586,898 |
| Total capital assets not being depreciated | 8,010,964 | 6,836,416 | - | (912,228) | 13,935,152 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 11,671 | - | - | - | 11,671 |
| Building and improvements | 19,690,180 | - | - | 424,382 | 20,114,563 |
| Vehicles | 5,769,046 | 889,761 | - | - | 6,658,806 |
| Machinery and equipment | 830,211 | 156,437 | - | 487,846 | 1,474,495 |
| Water/sewer plant | 60,849,684 | - | - | - | 60,849,684 |
| Total capital assets being depreciated | 87,150,792 | 1,046,198 | - | 912,228 | 89,109,218 |
| Total capital assets | 95,161,756 | 7,882,614 | - | - | 103,044,370 |
| Less accumulated depreciation for: | | | | | |
| Land Improvements | (11,671) | - | - | - | (11,671) |
| Building and improvements | (4,731,264) | (609,532) | - | - | (5,340,796) |
| Vehicles | (4,186,699) | (655,696) | - | - | (4,842,395) |
| Machinery and equipment | (465,918) | (110,791) | - | - | (576,709) |
| Water/sewer plant | (30,741,761) | (1,671,594) | - | - | (32,413,355) |
| Total accumulated depreciation | (40,137,313) | (3,047,613) | - | - | (43,184,926) |
| Total capital assets being depreciated, net | 47,013,479 | (2,001,415) | - | - | 45,012,064 |
| Business-Type activities capital assets, net | 55,024,443 | 4,835,001 | - | - | 59,859,444 |

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

| Governmental Activities: | | Business-type activities: | |
|---------------------------------|---------------------|----------------------------------|---------------------|
| General government | \$ 922,130 | Water/sewer | \$ 2,544,181 |
| Public safety | 640,711 | Solid waste | 503,433 |
| Public works | 2,437,787 | | \$ <u>3,047,614</u> |
| Culture and recreation | 656,554 | | |
| | \$ <u>4,657,182</u> | | |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

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 Village paid off this capital lease during FY19.

The Village of Los Lunas has entered into a refinance loan agreement totaling \$1,715,393 from the New Mexico Environment Department Construction Programs Bureau. The loan will be amortized over a 10-year term with a 1.2% interest rate. As of June 30, 2019, the Village, has an outstanding balance of \$1,263,741.

The Village obtained a loan from the New Mexico Finance Authority in the amount of \$406,000, with a blended interest rate of 3.012% for the purpose of purchasing a new fire truck. The loan was amortized over a 12-year term and matures in May 2023. As of June 30, 2019, the Village, has an outstanding balance of \$149,511.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$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 and matures in May 2046. As of June 30, 2019, the Village has an outstanding balance of \$3,200,909.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$7,718,406 from the New Mexico Environment Department Construction Programs Bureau for the waste water treatment plant improvement project. Annual principal and interest payments will begin one year after completion of the project. The loan will be amortized over a 25-year term with a 2% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2019, the Village has an outstanding balance of \$3,771,062.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$582,600 from the New Mexico Environment Department Construction Programs Bureau to for the engineering and construction to replace the existing effluent pipeline. Annual principal and interest payments will begin one year after completion of the project and will be paid in annual installments. The loan will be amortized over a 25-year term with a 3% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2019, the Village has not drawn on this loan.

The Village of Los Lunas has entered into a loan agreement on April 20, 2018 to borrow up to \$2,129,712 from the New Mexico Finance Authority for the installation of waterlines. The loan matures May 1, 2040 and carries a 2.0% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. Annual principal and interest payments will begin one year after completion of the project. As of June 30, 2019, the Village has drawn down a total of \$1,139,256.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 6. LONG-TERM DEBT (CONTINUED)

Government Bonds Payable

| Fiscal Year Ending June 30, | Principal | Interest |
|--------------------------------|---------------------|------------------|
| 2020 | \$ 475,000 | 242,063 |
| 2021 | 490,000 | 231,113 |
| 2022 | 500,000 | 219,863 |
| 2023 | 510,000 | 209,763 |
| 2024 | 520,000 | 196,213 |
| 2025-2029 | 2,845,000 | 742,697 |
| 2030-2034 | 2,295,000 | 378,284 |
| 2035-2039 | 1,110,000 | 176,100 |
| 2040-2041 | 495,000 | 22,350 |
| Total | <u>\$ 9,240,000</u> | <u>2,418,446</u> |

Government Notes Payable

| Fiscal Year Ending June 30, | Principal | Interest |
|--------------------------------|---------------------|------------------|
| 2020 | \$ 288,087 | 114,100 |
| 2021 | 292,249 | 109,937 |
| 2022 | 296,647 | 105,540 |
| 2023 | 301,292 | 100,894 |
| 2024 | 265,421 | 95,968 |
| 2025-2029 | 1,017,570 | 423,252 |
| 2030-2034 | 547,788 | 343,844 |
| 2035-2039 | 638,916 | 252,714 |
| 2040-2044 | 752,318 | 139,314 |
| 2045-2046 | 338,618 | 18,034 |
| Total | <u>\$ 4,738,906</u> | <u>1,703,597</u> |

Enterprise Notes Payable

| Fiscal Year Ending June 30, | Principal | Interest |
|--------------------------------|----------------------|------------------|
| 2020 | 1,460,712 | 180,517 |
| 2021 | 1,749,576 | 316,253 |
| 2022 | 1,575,553 | 292,341 |
| 2023 | 1,598,671 | 273,655 |
| 2024 | 1,622,152 | 254,663 |
| 2025-2029 | 4,068,598 | 984,220 |
| 2030-2034 | 3,183,255 | 581,606 |
| 2035-2039 | 2,177,163 | 364,886 |
| 2040-2044 | 1,937,735 | 152,036 |
| 2045 | 387,588 | 7,751 |
| Total | <u>\$ 19,761,003</u> | <u>3,407,928</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 6. LONG-TERM DEBT (CONTINUED)

The changes to long-term debt are as follows:

| | Interest Rate | Balance June 30, 2018 | Additions | Deletions | Balance June 30, 2019 | Amounts Due Within One Year |
|---------------------------------------|---------------|-----------------------|-----------|-------------|-----------------------|-----------------------------|
| Business-type Activities: | | | | | | |
| <i>Water and Sewer Fund:</i> | | | | | | |
| Drinking water state revolving loan | 2.54% | \$ 685,537 | - | (235,577) | 449,960 | 242,177 |
| Clean water state revolving loan | 2.00% | 1,435,815 | - | (172,074) | 1,263,741 | 174,139 |
| Clean water state revolving loan 2008 | 0.74% | 11,384,091 | - | (814,403) | 10,569,687 | 834,066 |
| NMFA drinking water loan | 1.75% | 2,674,036 | - | (199,319) | 2,474,717 | 203,315 |
| Water/sewer river crossing loan | 0.25% | 99,578 | - | (6,998) | 92,580 | 7,015 |
| NMFA drinking water loan | | - | 1,139,256 | - | 1,139,256 | - |
| Clean water state revolving loan | | - | 3,771,062 | - | 3,771,062 | - |
| Compensated absences | N/A | 57,832 | 50,129 | (49,315) | 58,646 | 50,129 |
| Total Water and Sewer Fund | | 16,336,889 | 4,960,447 | (1,477,686) | 19,819,649 | 1,510,841 |
| <i>Solid Waste Fund:</i> | | | | | | |
| Compensated absences | N/A | 55,758 | 25,519 | (33,766) | 47,511 | 25,519 |
| Total Solid Waste Fund | | 55,758 | 25,519 | (33,766) | 47,511 | 25,519 |
| Total Business-type Activities: | | \$ 16,392,647 | 4,985,966 | (1,511,452) | 19,867,160 | 1,536,360 |
| Governmental Activities: | | | | | | |
| 2016 Series GRT Revenue Bond | 2.80% | \$ 4,130,000 | - | (25,000) | 4,105,000 | 135,000 |
| 2016 General Obligation Bond | 2.35% | 5,470,000 | - | (335,000) | 5,135,000 | 340,000 |
| 2014 Gross Receipts Tax | 2.40% | 745,000 | - | (745,000) | - | - |
| NMED Loan | 1.20% | 1,552,914 | - | (164,428) | 1,388,486 | 166,402 |
| NMFA Fire Truck | 3.01% | 183,994 | - | (34,483) | 149,511 | 35,518 |
| NMFA Emergency Call Center Loan | 3.16% | 3,286,172 | - | (85,263) | 3,200,909 | 86,167 |
| Equipment Lease | Various | 64,856 | - | (64,856) | - | - |
| Compensated absences | N/A | 435,272 | 316,932 | (325,105) | 427,099 | 316,932 |
| Total Governmental Activities | | 15,868,208 | 316,932 | (1,779,136) | 14,406,005 | 1,080,019 |
| Grand Total Long-term Debt | | \$ 32,260,855 | 5,302,898 | (3,290,587) | 34,273,166 | 2,530,841 |

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2019 is as follows:

| Due from Other Funds | Due to Other Funds | Amount |
|----------------------|---------------------|------------|
| General Fund | Infrastructure Fund | \$ 422,354 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
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NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

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> |
|------------------------------|---------------------|---------------------|
| Governmental Funds: | | |
| General Fund | \$ 360,000 | 2,606,615 |
| Infrastructure | - | 653,065 |
| Local DWI Grant | - | 8,018 |
| Municipal Street Improvement | - | 60,610 |
| Employee Benefit Trust Fund | 306,286 | - |
| Debt Service Funds: | | |
| 2014 GRT Revenue | 767,350 | - |
| 2016 GRT Revenue | 147,450 | - |
| Enterprise Funds: | | |
| Water Sewer | 60,610 | 387,673 |
| Solid Waste | - | 19,993 |
| Agency Fund: | | |
| Local LEDA GRT | 2,124,548 | - |
| Central Dispatch | - | 30,270 |
| Total | <u>\$ 3,766,240</u> | <u>3,766,240</u> |

NOTE 8. RISK MANAGEMENT

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.

**STATE OF NEW MEXICO
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Notes to the Financial Statements
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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 years after closure. There is a liability of \$480,072 reported in the Solid Waste

Fund as an estimate of the landfill post-closure care costs. However, due to changes in technology, laws or regulations, these costs may change in the future. Actual costs incurred during 2019 for the care of the landfill amounted to \$51,294.

NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT

Plan description. *Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
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June 30, 2019**

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

Contributions. See PERA's compressive annual financial report for Contribution provided description.

| PERA Contribution Rates and Pension Factors as of July 1, 2018 | | | | | | |
|---|---|--|---|---|---------------|--|
| Coverage Plan | Employee Contribution Percentage | | Employer Contribution Percentage | Pension Factor per year of Service | | Pension Maximum as a Percentage of the Final Average Salary |
| | Annual Salary less than \$20,000 | Annual Salary greater than \$20,000 | | TIER 1 | TIER 2 | |
| STATE PLAN | | | | | | |
| State Plan 3 | 7.42% | 8.92% | 16.99% | 3.0% | 2.5% | 90% |
| MUNICIPAL PLANS 1 - 4 | | | | | | |
| Municipal Plan 1 (plan open to new employers) | 7.0% | 8.5% | 7.4% | 2.0% | 2.0% | 90% |
| Municipal Plan 2 (plan open to new employers) | 9.15% | 10.65% | 9.55% | 2.5% | 2.0% | 90% |
| Municipal Plan 3 (plan closed to new employers 6/95) | 13.15% | 14.65% | 9.55% | 3.0% | 2.5% | 90% |
| Municipal Plan 4 (plan closed to new employers 6/00) | 15.65% | 17.15% | 12.05% | 3.0% | 2.5% | 90% |
| MUNICIPAL POLICE PLANS 1 - 5 | | | | | | |
| Municipal Police Plan 1 | 7.0% | 8.5% | 10.40% | 2.0% | 2.0% | 90% |
| Municipal Police Plan 2 | 7.0% | 8.5% | 15.40% | 2.5% | 2.0% | 90% |
| Municipal Police Plan 3 | 7.0% | 8.5% | 18.90% | 2.5% | 2.0% | 90% |
| Municipal Police Plan 4 | 12.35% | 13.85% | 18.90% | 3.0% | 2.5% | 90% |
| Municipal Police Plan 5 | 16.3% | 17.8% | 18.90% | 3.5% | 3.0% | 90% |
| MUNICIPAL FIRE PLANS 1 - 5 | | | | | | |
| Municipal Fire Plan 1 | 8.0% | 9.5% | 11.40% | 2.0% | 2.0% | 90% |
| Municipal Fire Plan 2 | 8.0% | 9.5% | 17.9% | 2.5% | 2.0% | 90% |
| Municipal Fire Plan 3 | 8.0% | 9.5% | 21.65% | 2.5% | 2.0% | 90% |
| Municipal Fire Plan 4 | 12.8% | 14.3% | 21.65% | 3.0% | 2.5% | 90% |
| Municipal Fire Plan 5 | 16.2% | 17.7% | 21.65% | 3.5% | 3.0% | 90% |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

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: At June 30, 2019, the Village reported a liability of \$19,745,813 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal Plan 3, at June 30, 2019, the Village reported a liability of \$9,754,356 for its proportionate share of the net pension liability. At June 30, 2018, the Village’s proportion was 0.6118% percent, which increased 0.0668% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$1,432,855. At June 30, 2019, the Village reported PERA Fund Division Municipal Plan 3 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 281,921 | (256,097) |
| Changes in assumptions | 884,370 | (56,084) |
| Net difference between projected and actual earnings on pension plan investments | 723,432 | - |
| Changes in proportion and differences between Village’s contributions and proportionate share of contributions | 813,941 | (48,495) |
| Village’s contributions subsequent to the measurement date | 509,246 | - |
| Total | \$ 3,212,910 | (360,676) |

The amount of \$509,246 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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: | |
|---------------------|--------------|
| 2020 | \$ 1,304,149 |
| 2021 | 700,667 |
| 2022 | 299,828 |
| 2023 | 38,344 |
| 2024 | - |
| Thereafter | - |

STATE OF NEW MEXICO
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Notes to the Financial Statements
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NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For PERA Fund Division Municipal Police Plan 5, at June 30, 2019, the Village reported a liability of \$6,183,724 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.9063% percent, which increased 0.0458% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$776,738. At June 30, 2019, the Village reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 302,727 | (612,967) |
| Changes in assumptions | 705,571 | (37,804) |
| Net difference between projected and actual earnings on pension plan investments | 425,528 | - |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 366,912 | (18,675) |
| Village's contributions subsequent to the measurement date | 367,881 | - |
| Total | \$ 2,168,619 | (669,446) |

The amount of \$367,881 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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: | |
|---------------------|------------|
| 2020 | \$ 662,734 |
| 2021 | 237,393 |
| 2022 | 208,276 |
| 2023 | 22,889 |
| 2024 | - |
| Thereafter | - |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
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NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For PERA Fund Division Municipal Fire Plan 5, at June 30, 2019, the Village reported a liability of \$3,807,733 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.5949% percent, which increased 0.0900% from its proportion measured as of June 30, 2017, due to the insignificance of the difference.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$451,623. At June 30, 2019, the Village reported PERA Fund Division Municipal Fire Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 61,191 | (277,697) |
| Changes in assumptions | 219,909 | (13,904) |
| Net difference between projected and actual earnings on pension plan investments | 133,527 | - |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 429,494 | (31,109) |
| Village's contributions subsequent to the measurement date | 180,592 | - |
| Total | <u>\$ 1,024,713</u> | <u>(322,710)</u> |

The amount of \$180,592 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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: | |
|---------------------|------------|
| 2020 | \$ 228,760 |
| 2021 | 124,527 |
| 2022 | 160,097 |
| 2023 | 8,027 |
| 2024 | - |
| Thereafter | - |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

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

Actuarial assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2017 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level of percentage of pay |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | |
| Actuarial assumptions | |
| Investment rate of return | 7.25% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 3.00% |
| Projected salary increases | 3.25% to 13.50% annual rate |
| Includes inflation at | 2.50% |
| | 2.75% all other years |
| Mortality assumption | The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups. |
| Experience study dates | July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic) |

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|--------------------------|---|
| Global Equity | 43.5% | 7.48% |
| Risk Reduction & Mitigation | 21.5% | 2.37% |
| Credit Oriented Fixed Income | 15.0% | 5.47% |
| Real Assets | 20.0% | 6.48% |
| Total | <u>100.0%</u> | |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
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June 30, 2019**

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

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the 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.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate: The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division Municipal Plan 3

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------------------|--|------------------------------------|
| Village's proportionate share of the net pension liability | \$ 15,030,809 | 9,754,356 | 5,392,523 |

PERA Fund Division Municipal Police Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------------------|--|------------------------------------|
| Village's proportionate share of the net pension liability | \$ 9,508,029 | 6,183,724 | 3,473,627 |

PERA Fund Division Municipal Fire Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------------------|--|------------------------------------|
| Village's proportionate share of the net pension liability | \$ 5,083,035 | 3,807,733 | 2,762,996 |

Payables to the pension plan: The Village accrued \$94,518 in PERA benefits at June 30, 2019.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN

General Information about the OPEB Plan

Plan Description. The Village’s defined benefit OPEB plan, the Village of Los Lunas Retiree Medical Insurance Plan (Plan), provides retiree medical program coverage to current and future retirees of the Village who qualify for retirement based on the Public Employees Retirement Association of New Mexico (PERA) guidelines. Members who terminate prior to retirement eligibility are not eligible to participate in the program.

Benefits provided. The Village sponsors a fully insured medical and prescription drug benefit program for all eligible active and retired Village employees and their dependents. The program is intended to offer comprehensive coverage for most preventive, major medical and prescription drug benefits from retirement until age 65. As the employer and plan sponsor, the Village shares in the cost for the benefit coverage under this program. The Village will pay 50% of the premium, and the retiree will pay 50% of the premium for the retiree and dependents not yet eligible for Medicare based on current rates. Retirees age 65 or older are not eligible for continued coverage under the Village’s group medical insurance plan. At age 65 retirees are transferred to a Senior Plan that is not paid for by the Village.

Employees covered by benefit terms. At June 30, 2017, the Plan’s measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Plan membership | |
| Active | 178 |
| Retired Members | 10 |
| Spouse of Eligible Retirees | 5 |
| Beneficiaries/Spouses of Ineligible Retirees | 3 |
| Total Plan Membership | 196 |
| Active membership | |
| Regular Employees | 128 |
| Fire | 16 |
| Police | 34 |
| Total Active Membership | 178 |

Contributions. Employer and employee contributions are deposited into an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan.

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. The current funding policy is for employees to contribute 0.65% of base salary per payroll (bi-weekly) and for the Village to contribute 3% of annual base salary, posted quarterly. This policy is summarized in Ordinance No. 306 of the Village of Los Lunas. Retirees contribute 50% of the premium amount based on the plan elected at retirement.

For fiscal year 2019, the Village contributed \$306,286 to the Plan. Plan members receiving benefits contributed \$46,693 through their required contribution of 0.65% per pay period.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Net OPEB Liability

The Village's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

| Fiscal Year Ending | June 30, 2019 |
|---|----------------------|
| Total OPEB Liability | \$ 7,660,113 |
| Fiduciary net position | 2,488,984 |
| Net OPEB Liability | \$ 5,171,129 |
| Fiduciary net position as a % of total OPEB liability | 32.49% |
| Covered Payroll | 8,699,101 |
| Total OPEB liability as a % of covered payroll | 59.44% |

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

| Discount Rate | June 30, 2019 |
|---|---|
| Discount Rate | 3.87% |
| Long-term expected rate of return, net of investment expenses | 2.80% |
| 20 Year Tax-Exempt Municipal Bond Yield | 3.87% |
| Other Key Actuarial Assumptions and Methods | |
| Valuation date | July 1, 2017 |
| Measurement date | June 30, 2018 |
| Inflation | 2.50% |
| Salary increases | 3.25% |
| Withdrawal and retirement rates | June 30, 2018 New Mexico PERA Valuation |
| Election rates | 100% of eligible employees |
| Actuarial cost method | Entry Age Normal |

Claims Cost. Using a blended premium rate for active employees and retirees is a common practice. Medical costs generally increase with age, resulting in a blended premium rate that is higher than the true underlying cost for actives and lower than the true underlying costs for retirees. GASB 75 addresses this practice by requiring the plan sponsor to determine the liabilities and costs for retiree benefits after removing the effect of any implicit rate subsidies. The net cost of the plan is equal to the true underlying cost minus the portion of the cost paid by the retiree.

The valuation used the premium rates and the *Milliman Health Cost Guidelines™ (Guidelines)* to estimate the true underlying cost of the medical plans and used these estimated costs to calculate the GASB 75 liabilities and costs. Claims administrative expenses are part of the premiums used to develop the claims costs for all health benefits.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Plan members have the option of obtaining pre-Medicare medical coverage under either the Blue Cross Blue Shield of New Mexico Blue Net 500 EPO (Core Plan) or the Blue Cross Blue Shield of New Mexico HMO Blue Alternatives Plan 30 (Buy Up). All medical options include prescription drug coverage. The valuation used the actual enrollment in each option and the *Guidelines* to develop age-related costs separately for each option. The Valuation developed the costs separately for males and females. Claims for pre-65 retirees include a morbidity adjustment, representing the likelihood that early retirement may be due to poorer health.

Healthcare Cost Trend Rates. The valuation assumes medical costs and premiums will continue to increase according to the health cost trend table shown below. This includes a medical trend increase of 0.00% in the first year, 5.80% in the second year, grading to 4.2% over 71 years. Retiree premiums are assumed to increase at the same trend as the claim’s costs.

The present value of future health care benefits depends upon the relationship between the assumed annual trend in health care cost increases and the discount rate. Because costs are based on present value calculations, the expense calculations are affected by both of these assumptions. The level of benefits paid out each year also depends on the annual trend assumption.

The health care cost trends are based on the Society of Actuaries (SOA) periodically updated report on long-term medical trend. That report includes detailed research performed by a committee of economists and actuaries and proposes the use of the “Gretzen Model”. The research and the model are believed to be fundamentally and technically sound and advance the body of knowledge available to actuaries to more accurately project long-term medical trends.

The model produces long-range trend assumptions build on assumed long-term relationships between certain key economic factors. In addition, the impact of the potential excise tax on “Cadillac” plans under the Affordable Care Act (ACA) is reflected in the trend assumption. Based on these assumptions and an underlying inflation rate of 2.50%, the following trend rates were selected:

| Year Ending June 30, | Medical Trend |
|-----------------------------|----------------------|
| 2018 | 0.0% |
| 2019 | 5.8 |
| 2020 | 6.7 |
| 2021 | 5.1 |
| 2022-2024 | 4.9 |
| 2025-2035 | 4.8 |
| 2045 | 4.9 |
| 2055 | 5.5 |
| 2065 | 5.2 |
| 2075 | 4.3 |
| 2085 | 4.3 |
| 2085 and later | 4.2 |

Future retiree premiums are assumed to increase with the same trend rates as the health care claims costs. These trend rates assume that over time, deductibles and out-of-pocket maximums will be regularly increased in line with health care trend increases.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The basic relationships between the economic factors assumed are subject to variation. Their absolute levels could also vary significantly from those assumed. However, since it is the relationship between the trend and the discount rate that affects the GASB calculations, varying their absolute values while keeping the same spread would not produce dramatic changes in the general patterns produced by these assumptions.

Mortality Rates. RP-2014 Healthy Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year and projected forward using MP-2018 on a generational basis.

The size of the Plan's population is not large enough to have a statistically credible independent study of retiree mortality. As such, the valuation relies on a standard published table that is appropriate to the Plan's population.

Long-term Rate of Return. The investment return assumption was selected based on the Plan's asset allocation and capital market assumption from several sources, including published studies summarizing the expectations of various investment experts. This information was then used to develop forward looking long-term expected returns, producing a range of reasonable expectations according to industry experts. Based on the resulting range of potential assumptions, the selected investment return assumption is reasonable and is not expected to have any significant bias. Employer and Employee contributions are deposited into an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan. The fund is a cash account, and the market value of assets as of June 30, 2018 is \$2,488,984.

Discount Rate. Under GASB 75, for funded plans the discount rate should be the single rate that reflects the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the 20-year tax-exempt municipal bond yield or index rate to the extent that it is not.

The assets of the plan are fully invested in a money market account, with a long-term expected rate of return of 2.80%. This assumption is comprised of an assumed real rate of return of 0.3% and inflation of 2.5%. The assumed real rate of return is based on the expected geometric return from Milliman's long-term capital market outlook model for the Plan's asset class. Since the long-term expected return is less than the municipal bond rate, the municipal bond rate has been used for discounting payments in all years and no depletion date calculation was performed.

The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect on the June 30, 2017 measurement date (used for the June 30, 2018 reporting date) is 3.58% and the discount rate in effect for the June 30, 2018 measurement date (used for the June 30, 2019 reporting date) is 3.87%.

We assumed 100% of eligible future retirees will elect retiree health care coverage, and 100% of current retired participants will continue coverage. We also assumed that 50% of future retirees who opt for health care coverage would cover a spouse at retirement. Current retirees' spousal coverage was based upon their current coverage status.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Changes in Net OPEB Liability

| | Total OPEB Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Liability (a)-(b) |
|--|---|--|----------------------------------|
| Balance as of June 30, 2018 | \$ 7,378,499 | 2,254,011 | 5,124,488 |
| Changes for the year: | | | |
| Service Cost | 432,967 | | 432,967 |
| Interest on total OPEB liability | 227,148 | | 227,148 |
| Effect of changes to benefit terms | - | | - |
| Effect of economic/demographic gains or losses | 9,602 | | 9,602 |
| Effect of assumptions changes or inputs | (297,100) | | (297,100) |
| Benefit payments | (141,003) | (141,003) | - |
| Employer Contributions | | 278,610 | (278,610) |
| Member Contributions | | 97,366 | (97,366) |
| Net investment income | | - | - |
| Administrative expenses | | - | - |
| Balance as of June 30, 2019 | \$ 7,660,113 | 2,488,984 | 5,171,129 |

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease 2.87% | Current Discount Rate 3.87% | 1% Increase 4.87% |
|------------------------|------------------------------|--|------------------------------|
| Total OPEB Liability | \$ 8,744,796 | 7,660,113 | 6,733,738 |
| Fiduciary net position | 2,488,984 | 2,488,984 | 2,488,984 |
| Net OPEB liability | \$ 6,255,812 | 5,171,129 | 4,244,754 |

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|------------------------|--------------------|----------------------------------|--------------------|
| Total OPEB Liability | \$ 6,512,061 | 7,660,113 | 9,064,597 |
| Fiduciary net position | 2,488,984 | 2,488,984 | 2,488,984 |
| Net OPEB liability | \$ 4,023,077 | 5,171,129 | 6,575,613 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Plan financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Village recognized OPEB expense of \$447,337. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 8,498 | (22,426) |
| Changes in assumptions | - | (851,443) |
| Net difference between projected and actual earnings on OPEB plan investments | 88,855 | - |
| Employer contributions subsequent to the measurement date | <u>278,610</u> | <u>-</u> |
| Total | \$ <u>375,963</u> | <u>(873,869)</u> |

Other amounts currently reported as deferred outflows of resources and deferred (inflows) of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|---------------------|
| 2019 | \$ (99,033) |
| 2020 | (99,033) |
| 2021 | (99,035) |
| 2022 | (110,952) |
| 2023 | (124,227) |
| Thereafter | <u>(244,236)</u> |
| Total | <u>\$ (776,516)</u> |

Payables changes in the net OPEB liability. At June 30, 2019, the Village did not accrue any payables for OPEB.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

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.

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. TAX ABATEMENTS

As of June 30, 2019, the Village adopted GASB Statement No. 77 *Tax Abatement Disclosures*. While the statements require only material abatements to be disclosed within the notes to the financial statements, the Village has disclosed information related to the abatement's as follows:

| | |
|--|--|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Los Lunas Schools |
| Agency number of Affected Agency | 7053 |
| Agency type of Affected Agency | School District |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - ACIM Project, Series 2014; \$30,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$8,298 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|--|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Los Lunas Schools |
| Agency number of Affected Agency | 7053 |
| Agency type of Affected Agency | School District |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Fresenius Medical Care Project-Series 2005; \$6,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$30,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$16,700 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Los Lunas Schools |
| Agency number of Affected Agency | 7053 |
| Agency type of Affected Agency | School District |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Greater Kudu LLC Project, Series 2016; \$5,000,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | Under construction |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | N/A |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Los Lunas Schools |
| Agency number of Affected Agency | 7053 |
| Agency type of Affected Agency | School District |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Wal-Mart Stores East, Inc. Project-Series 1997; \$50,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | None |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

| | |
|--|--|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | New Mexico Taxation & Revenue Department |
| Agency number of Affected Agency | 333 |
| Agency type of Affected Agency | State |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - ACIM Project, Series 2014; \$30,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$8,298 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | New Mexico Taxation & Revenue Department |
| Agency number of Affected Agency | 333 |
| Agency type of Affected Agency | State |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Greater Kudu LLC Project, Series 2016; not to exceed \$5,000,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | Under construction |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | N/A |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | New Mexico Taxation & Revenue Department |
| Agency number of Affected Agency | 333 |
| Agency type of Affected Agency | State |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Wal-Mart Stores East, Inc. Project-Series 1997; \$50,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | None |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|--|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Valencia County |
| Agency number of Affected Agency | 5032 |
| Agency type of Affected Agency | County |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - ACIM Project, Series 2014; \$30,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$8,298 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Valencia County |
| Agency number of Affected Agency | 5032 |
| Agency type of Affected Agency | County |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Fresenius Medical Care Project-Series 2005; \$6,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$30,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$16,700 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Valencia County |
| Agency number of Affected Agency | 5032 |
| Agency type of Affected Agency | County |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Greater Kudu LLC Project, Series 2016; not to exceed \$5,000,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | Under construction |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | N/A |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

| | |
|--|---|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | Valencia County |
| Agency number of Affected Agency | 5032 |
| Agency type of Affected Agency | County |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Wal-Mart Stores East, Inc. Project-Series 1997; \$50,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$50,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | None |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019

NOTE 13. TAX ABATEMENTS (CONTINUED)

| | |
|--|--|
| Abating Agency Name | Village of Los Lunas |
| Abating Agency Type | Local Government |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project Agreement |
| Name of agency affected by abatement agreement (Affected Agency) | New Mexico Taxation & Revenue Department |
| Agency number of Affected Agency | 333 |
| Agency type of Affected Agency | State |
| Recipient(s) of tax abatement | Property Tax |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Fresenius Medical Care Project-Series 2005; \$6,000,000 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency | Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$30,000 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$16,700 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A |

NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Note disclosure about AROs are also addressed. GASB Statement No. 83 was effective for periods beginning after June 15, 2018. The Village has adopted this statement for the year ending June 30, 2019; however, there were no material AROs and the implementation of this statement had no effect on the Village's financial statements.

In March 2018, the GASB issued statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB Statement No. 88 was effective for periods beginning after June 15, 2018. The Village adopted this statement and the Village has properly disclosed all debt in accordance with the new pronouncement.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2019**

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued but are not yet effective at June 30, 2019.

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.*

GASB Statement No. 91, *Conduit Debt Obligations.*

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 16. SUBSEQUENT EVENTS

Events subsequent to June 30, 2019 have been evaluated by management through December 13, 2019, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF THE VILLAGES'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

**Pension Liability
For Last 10 Fiscal Years*
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)**

| | 30-Jun | | | | | |
|---|---|--------------|--------------|--------------|--------------|--------------|
| | Fiscal Year Measurement Date | 2019 2018 | 2018 2017 | 2017 2016 | 2016 2015 | 2015 2014 |
| Village's Proportion of the Net Pension Liability (Asset) | | 0.320% | 0.288% | 0.283% | 0.270% | 0.270% |
| Village's Proportionate Share of Net Pension Liability (Asset) | | 19,746 | 15,158 | 17,428 | 11,699 | \$ 9,126 |
| Village's Covered-Employee Payroll | | 8,113 | 8,059 | 7,080 | 6,245 | \$ 7,269 |
| Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | | 243.39% | 188.09% | 246.16% | 160.95% | 146.13% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 71.13% | 73.74% | 69.18% | 76.99% | 81.29% |

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2019

Last Ten Fiscal Years*
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------|--------------|----------|----------|--------------|
| Statutory Required | \$ 1,058 | 1,049 | 1,112 | 828 | 818 |
| Contributions in Relation to the Statutory | 1,985 | 1,843 | 1,112 | 828 | 1,580 |
| Annual Contribution Deficiency (Excess)* | <u>\$ (927)</u> | <u>(794)</u> | <u>-</u> | <u>-</u> | <u>(762)</u> |

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL GENERAL DIVISION
JUNE 30, 2019

Last Ten Fiscal Years*
General Division
(Dollars in Thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------|--------------|----------|----------|--------------|
| Statutory Required | \$ 509 | 505 | 689 | 417 | 387 |
| Contributions in Relation to the Statutory | 955 | 888 | 689 | 417 | 850 |
| Annual Contribution Deficiency (Excess)* | <u>\$ (446)</u> | <u>(383)</u> | <u>-</u> | <u>-</u> | <u>(463)</u> |

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL POLICE DIVISION
JUNE 30, 2019

Last Ten Fiscal Years*
Police Division
(Dollars in Thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------|--------------|----------|----------|--------------|
| Contractually Required Contribution | \$ 368 | 375 | 315 | 286 | 300 |
| Contributions in Relation to the Contractually | 690 | 658 | 315 | 286 | 517 |
| Annual Contribution Deficiency (Excess)* | <u>\$ (322)</u> | <u>(283)</u> | <u>-</u> | <u>-</u> | <u>(217)</u> |

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF VILLAGE CONTRIBUTIONS
 MUNICIPAL FIRE DIVISION
 JUNE 30, 2019

Last Ten Fiscal Years*
 FIRE DIVISION
 (Dollars in Thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------|--------------|----------|----------|-------------|
| Contractually Required Contribution | \$ 181 | 169 | 108 | 125 | 131 |
| Contributions in Relation to the Contractually | 340 | 297 | 108 | 125 | 213 |
| Annual Contribution Deficiency (Excess)* | <u>\$ (159)</u> | <u>(128)</u> | <u>-</u> | <u>-</u> | <u>(82)</u> |

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019

Last Ten Fiscal Years*

| | 2019 | 2018 | 2017 |
|---|------------|------------|-----------|
| Total OPEB Liability | | | |
| Service Cost | \$ 432,967 | \$ 498,192 | N/A |
| Interest on Total OPEB Liability | 277,148 | 227,852 | N/A |
| Effect of changes to benefit terms | - | - | N/A |
| Effect of economic/demographic (gains) or losses | 9,602 | (29,120) | N/A |
| Effect of assumption changes or inputs | (297,100) | (764,162) | N/A |
| Benefit Payments | (141,003) | (101,020) | N/A |
| Net Change in Total OPEB Liability | 281,614 | (168,258) | N/A |
| Total OPEB Liability, beginning | 7,378,499 | 7,546,757 | N/A |
| Total OPEB Liability, ending | 7,660,113 | 7,378,499 | 7,546,757 |
| Fiduciary Net Position | | | |
| Employer Contributions | 278,610 | 243,744 | N/A |
| Member Contributions | 97,366 | 107,282 | N/A |
| Net Investment Income | - | - | N/A |
| Benefit Payments | (141,003) | (101,020) | N/A |
| Administrative expenses | - | - | N/A |
| Net change in plan fiduciary net position | 234,973 | 250,006 | N/A |
| Fiduciary net position, beginning | 2,254,011 | 2,004,005 | N/A |
| Fiduciary net position, ending | 2,488,984 | 2,254,011 | 2,004,005 |
| Net OPEB liability | 5,171,129 | 5,124,488 | 5,542,752 |
| Fiduciary net position as a % of total OPEB payroll | 32.49% | 30.55% | 26.55% |
| Covered payroll | 8,699,101 | 7,731,219 | 7,593,399 |
| Net OPEB Liability as a % of covered payroll | 59.44% | 66.28% | 72.99% |

*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10 year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS
 JUNE 30, 2019

Last Ten Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|----------------|-------------|
| Contractually Required Contribution | \$ 375,976 | \$ 351,026 | - |
| Contributions in Relation to the Contractually Required | <u>352,979</u> | <u>351,026</u> | <u>-</u> |
| Annual Contribution Deficiency (Excess)* | <u>\$ 22,997</u> | <u>\$ -</u> | <u>-</u> |

*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA's CFAR. <https://www.saonm.org>

Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at: <http://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2019**

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 homeowner's 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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2019**

Special Revenue Funds (Continued)

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.

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%.

2003 A/B Gross Receipts Tax Debt Service Account (34)

The Village of Los Lunas currently has one service bond. The issue is the "Gross Receipts Tax Improvement Revenue Bonds, Series 2003A" in the amount of \$5,175,000.

93 Gross Receipts Tax Revenue Bond (36)

The purpose of this issue was to defray the cost to 1) refund the Village's Gross Receipts Tax Improvement Revenue Bonds, 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 - Non Major Governmental Funds
June 30, 2019

| | Special Revenue Funds | | |
|--|-----------------------|------------------------------------|----------------|
| | Lodger's Tax | Municipal Street Improvement | Fire Fund |
| ASSETS | | | |
| Cash and cash equivalents | \$ 258,605 | 373,774 | 151,283 |
| Investments | - | - | - |
| Due from other funds | - | - | - |
| Receivable from other governments | - | - | - |
| Other Receivables | 8,697 | 88,596 | - |
| Total assets | \$ 267,302 | 462,370 | 151,283 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 479 | - | 90,682 |
| Due to other funds | - | - | - |
| Accrued payroll expenditures | - | - | - |
| Total liabilities | 479 | - | 90,682 |
| DEFERRED INFLOWS | | | |
| Property taxes | - | - | - |
| Total deferred inflows | - | - | - |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 266,823 | 462,370 | 60,601 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | 266,823 | 462,370 | 60,601 |
| Total liabilities, deferred inflows and fund balances | \$ 267,302 | 462,370 | 151,283 |

See Notes to Financial Statements.

Special Revenue Funds (Continued)

| Recreation Fund | Police Program | Local Government Correction | Law Enforcement Protection | Emergency Medical Services |
|--------------------|-------------------|-----------------------------------|----------------------------------|----------------------------------|
| 370,955 | 16,417 | 126,725 | 3,592 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 370,955 | 16,417 | 126,725 | 3,592 | - |
| 6,693 | 4,174 | - | 1,520 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 6,693 | 4,174 | - | 1,520 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 364,262 | 12,243 | 126,725 | 2,072 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 364,262 | 12,243 | 126,725 | 2,072 | - |
| 370,955 | 16,417 | 126,725 | 3,592 | - |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds (Continued)
June 30, 2019**

| | Special Revenue Funds (Continued) | | Debt Service Funds |
|--|-----------------------------------|-----------------------------|--|
| | Local DWI | Total Special Revenue | 2014 Gross Receipts Tax Revenue Bond |
| ASSETS | | | |
| Cash and cash equivalents | \$ 44,811 | 1,346,162 | 103,047 |
| Investments | - | - | - |
| Due from other funds | - | - | - |
| Receivable from other governments | 30,776 | 30,776 | - |
| Other Receivables | - | 97,293 | - |
| Total assets | \$ 75,587 | 1,474,231 | 103,047 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 4,488 | 108,036 | - |
| Due to other funds | - | - | - |
| Accrued payroll expenditures | - | - | - |
| Total liabilities | 4,488 | 108,036 | - |
| DEFERRED INFLOWS | | | |
| Property taxes | - | - | - |
| Total deferred inflows | - | - | - |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 71,099 | 1,366,195 | 103,047 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | 71,099 | 1,366,195 | 103,047 |
| Total liabilities, deferred inflows and fund balances | \$ 75,587 | 1,474,231 | 103,047 |

See Notes to Financial Statements.

Debt Service Funds (Continued)

| 2003 A/B Gross Debt Service Fund | 93 Gross Receipts Tax Revenue Bond Fund | Total Debt Service | Total Non Major Governmental Funds |
|--|---|--------------------------|--|
| 128,942 | 316,321 | 548,310 | 1,894,472 |
| - | - | - | - |
| - | - | - | 30,776 |
| - | - | - | 97,293 |
| 128,942 | 316,321 | 548,310 | 2,022,541 |
| - | - | - | 108,036 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 108,036 |
| - | - | - | - |
| - | - | - | - |
| 128,942 | 316,321 | 548,310 | 1,914,505 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 128,942 | 316,321 | 548,310 | 1,914,505 |
| 128,942 | 316,321 | 548,310 | 2,022,541 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Year Ended June 30, 2019**

| | Special Revenue Funds | | |
|---|-----------------------|------------------------------------|----------------|
| | Lodger's Tax | Municipal Street Improvement | Fire Fund |
| Revenues | | | |
| Sales and miscellaneous taxes | \$ 91,720 | 555,073 | - |
| Fees and Fines | - | - | - |
| Licences and Premits | - | - | - |
| State grants | - | - | 368,293 |
| Federal grants | - | - | - |
| Charges for services | - | - | - |
| Investment earnings | - | 125 | 1,010 |
| Miscellaneous | - | - | - |
| Total revenues | 91,720 | 555,198 | 369,303 |
| Expenditures | | | |
| Current | | | |
| General government | 41,834 | - | - |
| Public safety | - | - | 187,588 |
| Public works | - | 154,281 | - |
| Health and welfare | - | - | - |
| Culture and recreation | - | - | - |
| Debt service | | | |
| Principal | - | 214,428 | 49,340 |
| Interest and other charges | - | 45,975 | 6,313 |
| Capital outlay | 48,852 | 214,000 | 100,000 |
| Total expenditures | 90,686 | 628,684 | 343,241 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | 1,034 | (73,486) | 26,062 |
| Other financing sources (uses) | | | |
| Legislative appropriations | - | - | - |
| Proceeds from issuance of debt | - | - | - |
| Transfers in - government | - | - | - |
| Transfers in agency | - | - | - |
| Transfers out | - | (60,610) | - |
| Total other financing sources (uses) | - | (60,610) | - |
| Net change in fund balances | 1,034 | (134,096) | 26,062 |
| Fund balances, beginning of year | 265,789 | 596,466 | 34,539 |
| Fund balances, end of year | \$ 266,823 | 462,370 | 60,601 |

See Notes to Financial Statements.

Special Revenue Funds (Continued)

| Recreation Fund | Police Program | Local Government Correction | Law Enforcement Protection | Emergency Medical Service |
|--------------------|-------------------|-----------------------------------|----------------------------------|---------------------------------|
| 6,794 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 17,513 | - | 41,600 | - |
| - | - | - | - | - |
| 180,629 | - | 75,948 | - | 12,701 |
| - | - | - | - | - |
| - | 9,095 | - | - | - |
| 187,423 | 26,608 | 75,948 | 41,600 | 12,701 |
| - | - | - | - | - |
| - | 22,560 | 40,449 | 39,528 | 12,701 |
| - | - | - | - | - |
| - | - | - | - | - |
| 160,117 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 30,574 | - | - | - | - |
| 190,691 | 22,560 | 40,449 | 39,528 | 12,701 |
| (3,268) | 4,048 | 35,499 | 2,072 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| (3,268) | 4,048 | 35,499 | 2,072 | - |
| 367,530 | 8,195 | 91,226 | - | - |
| 364,262 | 12,243 | 126,725 | 2,072 | - |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds (Continued)
Year Ended June 30, 2019

| | Special Revenue Funds (Continued) | | Debt Service Funds |
|---|-----------------------------------|-----------------------------|--|
| | Local DWI | Total Special Revenue | 2014 Gross Receipts Tax Revenue Bond |
| Revenues | | | |
| Sales and miscellaneous taxes | \$ - | 653,587 | - |
| Fees and Fines | - | - | - |
| Licenses and Permits | - | - | - |
| State grants | 463,968 | 891,374 | - |
| Federal grants | - | - | - |
| Charges for services | 24,916 | 294,194 | - |
| Investment earnings | - | 1,135 | - |
| Miscellaneous | - | 9,095 | - |
| Total revenues | 488,884 | 1,849,385 | - |
| Expenditures | | | |
| Current | | | |
| General government | - | 41,834 | - |
| Public safety | 461,414 | 764,240 | - |
| Public works | - | 154,281 | - |
| Health and welfare | - | - | - |
| Culture and recreation | - | 160,117 | - |
| Debt service | | | |
| Principal | - | 263,768 | 745,000 |
| Interest and other charges | - | 52,288 | 22,350 |
| Capital outlay | - | 393,426 | - |
| Total expenditures | 461,414 | 1,829,954 | 767,350 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | 27,470 | 19,431 | (767,350) |
| Other financing sources (uses) | | | |
| Legislative appropriations | - | - | - |
| Proceeds from issuance of debt | - | - | - |
| Transfers in - government | - | - | 767,350 |
| Transfers in agency | - | - | - |
| Transfers out | (8,018) | (68,628) | - |
| Total other financing sources (uses) | (8,018) | (68,628) | 767,350 |
| Net change in fund balances | 19,452 | (49,197) | - |
| Fund balances, beginning of year | 51,647 | 1,415,392 | 103,047 |
| Fund balances, end of year | 71,099 | 1,366,195 | 103,047 |

See Notes to Financial Statements.

Debt Service Funds (Continued)

| 2003 A/B Gross Debt Service Fund | Gross Receipts Tax Revenue Bond Fund | Total Debt Service | Total Non Major Governmental Funds |
|--|--|--------------------------|--|
| - | 379,266 | 379,266 | 1,032,853 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 891,374 |
| - | - | - | - |
| - | - | - | 294,194 |
| - | - | - | 1,135 |
| - | - | - | 9,095 |
| - | 379,266 | 379,266 | 2,228,651 |
| - | - | - | 41,834 |
| - | - | - | 764,240 |
| - | - | - | 154,281 |
| - | - | - | - |
| - | - | - | 160,117 |
| - | - | - | - |
| 25,000 | 335,000 | 1,105,000 | 1,368,768 |
| 122,450 | 127,113 | 271,913 | 324,201 |
| - | - | - | 393,426 |
| 147,450 | 462,113 | 1,376,913 | 3,206,867 |
| (147,450) | (82,847) | (997,647) | (978,216) |
| - | - | - | - |
| - | - | - | - |
| 147,450 | - | 914,800 | 914,800 |
| - | - | - | - |
| - | - | - | (68,628) |
| 147,450 | - | 914,800 | 846,172 |
| - | (82,847) | (82,847) | (132,044) |
| 128,942 | 399,168 | 631,157 | 2,046,549 |
| 128,942 | 316,321 | 548,310 | 1,914,505 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2019**

| | Local LEDA GRT | Court Trust Fund | Central Dispatch | Municipal Court Bond | Total Agency Fund |
|---------------------------|---------------------------|-----------------------------|-----------------------------|-------------------------------------|----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,971,602 | 3,652 | 851,061 | 34,296 | 5,860,611 |
| Due from other agencies | - | - | 298,459 | - | 298,459 |
| Total Assets | 4,971,602 | 3,652 | 1,149,520 | 34,296 | 6,159,070 |
| LIABILITIES | | | | | |
| Accounts payable | 23,500 | 2,256 | (136,073) | 34,296 | (76,021) |
| Accrued liabilities | - | - | 49,023 | - | 49,023 |
| Long-term loan payable | - | - | - | - | - |
| Due to others | 4,948,102 | 1,396 | 1,236,570 | - | 6,186,068 |
| Total Liabilities | \$ 4,971,602 | 3,652 | 1,149,520 | 34,296 | 6,159,070 |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Supplemental Schedule of Pledged Collateral
Year Ended June 30, 2019**

| | Wells Fargo | U.S. Bank | Bank of the West |
|---|----------------------|------------------|---------------------|
| Deposits in Bank or Savings and Loan | | | |
| Money market | \$ - | 3,862,588 | 3,558,314 |
| Bank deposits (checking) | 32,710,503 | - | 34,296 |
| Certificates of deposit | - | - | 300,000 |
| | <u>32,710,503</u> | <u>3,862,588</u> | <u>3,892,610</u> |
| Less: FDIC insurance | 250,000 | 250,000 | 250,000 |
| Total uninsured public funds | <u>\$ 32,460,503</u> | <u>3,612,588</u> | <u>3,642,610</u> |
| Collateral requirement @ 50% | 16,230,252 | 1,806,294 | 1,821,305 |
| Total required collateralization | <u>16,230,252</u> | <u>1,806,294</u> | <u>1,821,305</u> |
| Pledges and securities | | | |
| FNMA FNMS CUSIP #31417DDA8, 3.00%, due 10/01/2042 | 35,714,706 | - | - |
| Federal Home Loan Bank of Cincinnati, LOC No.:527947, Issued 04/1/2019 | - | 3,700,000 | - |
| G2SF MA3596 CUSIP#36179R7H6, 3.00%, due 04/20/2046 | - | - | 447 |
| GNMA2 SINGLE FAMILY 30 YR CUSIP#36179R7H6, due 04/20/2046 | - | - | 16,994 |
| G2SF MA3596 CUSIP#36179R7H6, 3.00%, due 04/20/2046 | - | - | 35,090 |
| GNMA2 ARM MULTIPLE CUSIP #36179M6H8, 4.00%, due 03/20/2043 | - | - | 11,411 |
| FNMA CONV 30 YR SF CUSIP #313MAKS6, 3.00%, due 09/01/2042 | - | - | 63,094 |
| GNMA2 SINGL FAMILY 30 YR CUSIP#36179MSV3, 2.50%, due 11/20/2042 | - | - | 73,277 |
| G2SF MA3662 CUSIP #36179SB71, 3.00%, due 05/20/2046 | - | - | 108,712 |
| FNMA CONV 30 YR SF CUSIP #3138M8J61, 3.00%, due 09/01/2042 | - | - | 173,763 |
| G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 03/20/2045 | - | - | 274,403 |
| FNCL AS7582 CUSIP #3138WHM82, 3.00%, due 07/01/2046 | - | - | 857,175 |
| GNMA2 ARM MULTIPLE CUSIP #36179MYH7, 4.00%, due 01/20/2043 | - | - | 892 |
| G2SF MA3802 CUSIP #36179SGK7, 3.00%, due 07/20/2046 | - | - | 1,067,767 |
| Louisiana State Gas & Fuels Tax Revenue Bonds CUSIP #546475SL9, 5.00%, due 05/01/2040 | - | - | - |
| Total pledged securities | <u>35,714,706</u> | <u>3,700,000</u> | <u>2,683,025</u> |
| Excess (deficiency) | <u>\$ 19,484,454</u> | <u>1,893,706</u> | <u>861,720</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)
 New Mexico Bank & Trust: Suntrust Bank (Atlanta, GA)

| New Mexico Finance Authority | New Mexico Bank & Trust | State Employees Credit Union | Bank of Albuquerque | Bank of Belen | Nusenda Credit Union | X-press Bill Pay | Total |
|---------------------------------|----------------------------|---------------------------------|------------------------|------------------|-------------------------|---------------------|------------|
| 284,487 | - | - | - | - | - | - | 7,705,389 |
| - | - | - | - | - | - | 39,143 | 32,783,942 |
| - | 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | - | 903,270 |
| 284,487 | 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | 39,143 | 41,392,601 |
| 284,487 | 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | 39,143 | 1,676,900 |
| - | - | - | - | - | - | - | 39,715,701 |
| - | - | - | - | - | - | - | 19,857,851 |
| - | - | - | - | - | - | - | 19,857,851 |
| - | - | - | - | - | - | - | 35,714,706 |
| - | - | - | - | - | - | - | 3,700,000 |
| - | - | - | - | - | - | - | 447 |
| - | - | - | - | - | - | - | 16,994 |
| - | - | - | - | - | - | - | 35,090 |
| - | - | - | - | - | - | - | 11,411 |
| - | - | - | - | - | - | - | 63,094 |
| - | - | - | - | - | - | - | 73,277 |
| - | - | - | - | - | - | - | 108,712 |
| - | - | - | - | - | - | - | 173,763 |
| - | - | - | - | - | - | - | 274,403 |
| - | - | - | - | - | - | - | 857,175 |
| - | - | - | - | - | - | - | 892 |
| - | - | - | - | - | - | - | 1,067,767 |
| - | 404,865 | - | - | - | - | - | 404,865 |
| - | 404,865 | - | - | - | - | - | 42,502,596 |
| - | 404,865 | - | - | - | - | - | 22,644,745 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2019

| | Wells Fargo | U.S. Bank | Bank of the West | New Mexico Finance Authority |
|---|----------------------|------------------|---------------------|---------------------------------|
| Deposits in Bank or Savings and Loan | | | | |
| Money Market | \$ - | 3,862,588 | 3,558,314 | 284,487 |
| Bank deposits (checking) | 32,710,503 | - | 34,296 | - |
| Certificates of deposit | - | - | 300,000 | - |
| Total bank balance | 32,710,503 | 3,862,588 | 3,892,610 | 284,487 |
| Reconciling items | | | | |
| Outstanding checks | (474,905) | - | - | - |
| Deposits in transit | 352,625 | - | - | 84,585 |
| Other adjustments | (261,009) | - | - | - |
| Total adjustments | (383,289) | - | - | 84,585 |
| Total book balance | 32,327,214 | 3,862,588 | 3,892,610 | 369,072 |
| Less agency fund balances included in bank balance | 5,860,611 | - | - | - |
| Total primary government | \$ 26,466,603 | 3,862,588 | 3,892,610 | 369,072 |

| New Mexico Bank & Trust | State Employees Credit Union | Bank of Albuquerque | Bank of Belen | Nusenda Credit Union | X-press Bill Pay | Total |
|----------------------------|---------------------------------|------------------------|------------------|-------------------------|---------------------|------------|
| - | - | - | - | - | - | 7,705,389 |
| - | - | - | - | - | 39,143 | 32,783,942 |
| 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | - | 903,270 |
| 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | 39,143 | 41,392,601 |
| - | - | - | - | - | - | (474,905) |
| - | - | - | - | - | 63,687 | 500,897 |
| - | - | - | - | - | 442 | (260,567) |
| - | - | - | - | - | 64,129 | (234,575) |
| 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | 103,272 | 41,158,026 |
| - | - | - | - | - | - | 5,860,611 |
| 200,000 | 102,643 | 100,000 | 100,000 | 100,627 | 103,272 | 35,297,415 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2019

| | Local LEDA GRT | Court Trust Fund | Central Dispatch | Municipal Court Bond | Total Agency Fund |
|-----------------------------------|---------------------|---------------------|---------------------|----------------------------|-------------------------|
| Assets, July 1, 2018 | \$ 3,147,326 | 932 | 1,143,902 | 18,042 | 4,310,202 |
| Increase | 4,971,602 | 34,078 | 2,165,559 | 51,990 | 7,223,229 |
| Decrease | (3,147,326) | (31,358) | (2,159,941) | (35,736) | (5,374,361) |
| Assets, June 30, 2019 | <u>4,971,602</u> | <u>3,652</u> | <u>1,149,520</u> | <u>34,296</u> | <u>6,159,070</u> |
| Liabilities, July 1, 2018 | 3,147,326 | 932 | 1,143,902 | 18,042 | 4,310,202 |
| Increase | 4,971,602 | 34,078 | 2,165,559 | 51,990 | 7,223,229 |
| Decrease | (3,147,326) | (31,358) | (2,159,941) | (35,736) | (5,374,361) |
| Liabilities, June 30, 2019 | <u>\$ 4,971,602</u> | <u>3,652</u> | <u>1,149,520</u> | <u>34,296</u> | <u>6,159,070</u> |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2019

| 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 | April 27, 2019 through December 31, 2019 | 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, 2018 through June 30, 2019 | Estimated Annual Amount \$172,000 | \$0 | Village of Los Lunas |
| Medical Direction for EMS Services | Valencia County | Village of Los Lunas | Medical direction as necessary for the fire medical resue 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 |
| 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, Vilalge 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 | June 1, 2019 through July 30, 2019 | 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 atother to maintain safety, security, and control in accordance with the terms of the mutual assistance agreement | August 1, 2015 and will remain in full forece and effect until canceled by mutual agreement of both parties | No Cost to Village | \$0 | The Village of Los Lunas |
| 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 - \$97,000; Village of Bosque Farms - \$27,000; Valencia County - \$183,000; Rio Communities - \$24,000 (Based on calls for service) | Estimated \$160,000 Annually (Based on calls for service) | The Village of Los Lunas |
| Central NM Rail Park | Bernalillo County | Village of Los Lunas | The Village of Los Lunas and Bernalillo County can provide LEDA monies to qualifying projects that sumit applications for economic development assistance, and the Central NM Rail Park will make an application to the Village under its applicable LEDA Ordinance to become a qualifying project. | January 2017 - Terminated by any Party upon thirty days written notice delivered to the other. | \$400,000 from Bernalillo County | \$0 at 6/30/19 | The Village of Los Lunas |

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

To Brian S. Colòn, Esq.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

We have audited, 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, the financial statements of the governmental activities, business type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Village of Los Lunas (the "Village"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 13, 2019.

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 questioned costs as item 2019-001.

Village's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Pattillo, Brown & Hill, LLP
Albuquerque New Mexico
December 13, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To Brian S. Colòn, Esq.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

Report on Compliance for Each Major Federal Program

We have audited the Village of Los Lunas's (Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2019. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 13, 2019

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

| Federal Grantor or Pass-Through Grantor/Program Title | Passthrough Grant Number | Federal CFDA Number | Federal Expenditures |
|--|-----------------------------|---------------------------|----------------------------|
| U.S. Department of Health and Human Services | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | | 93.959 | \$ 61,178 |
| Total U.S. Department of Health and Human Services | | | <u>61,178</u> |
| U.S. Department of Justice | | | |
| Bulletproof Vest Partnership | | 16.607 | 3,650 |
| Public Safety Partnership and Community Policing Grants | | 16.710 | 44,297 |
| Edward Byrne Memorial Justice Assistance Grant | | 16.738 | 22,515 |
| Total U.S. Department of Justice | | | <u>70,462</u> |
| U.S. Department of Transportation | | | |
| <i>Passed Through the State of New Mexico Department of Transportation</i> | | | |
| Highway Planning and Construction | A301480 | 20.205 | 1,422,720 |
| Highway Planning and Construction | A300890 | 20.205 | 236,993 |
| Highway Planning and Construction | A300891 | 20.205 | 751,754 |
| Highway Planning and Construction | A301121 | 20.205 | 266,117 |
| Highway Planning and Construction | A301360 | 20.205 | 28,176 |
| Highway Planning and Construction | A300961 | 20.205 | 80,412 |
| Highway Planning and Construction | A301120 | 20.205 | 173,785 |
| Total U.S. Department of Transportation | | | <u>2,959,957</u> |
| U.S. Environmental Protection Agency | | | |
| <i>Passed Through the State of New Mexico Finance Authority</i> | | | |
| Safe Drinking Water State Revolving Fund | DW-3633 | 66.468 | 677,883 |
| <i>Passed Through the State of New Mexico Environment Department</i> | | | |
| Safe Drinking Water State Revolving Fund | CWSRF 055 | 66.458 | 4,072,804 |
| Safe Drinking Water State Revolving Fund | CWSRF 060 | 66.458 | 43,588 |
| Total U.S. Environmental Protection Agency | | | <u>4,794,275</u> |
| U.S. National Endowment for the Humanities | | | |
| Promotion of the Arts | | 45.024 | 6,513 |
| Total U.S. National Endowment for the Humanities | | | <u>6,513</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 7,892,384</u></u> |

See notes to Schedule of Federal Awards.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Village under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the Village. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Subrecipients of Grant Awards

There were no sub-recipients during fiscal 2019.

Loans

The Village expended federal awards in the form of loans in the Safe Drinking Water State Revolving Fund program totaling \$4,794,275 during the year ended June 30, 2019.

Indirect Cost Rate

The Village has elected not to use the 10% de Minimis Indirect Cost Rate.

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

| | |
|--|-------------------|
| Type of Auditor’s report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: Material Weakness reported? | No |
| Significant deficiencies reported not considered to be material weaknesses? | No |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|------------|
| Internal control over major programs: Material weaknesses reported? | No |
| Significant deficiencies reported not considered to be material weaknesses? | None |
| Type of auditor’s report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: Highway Planning and Construction – CFDA #20.205 Safe Drinking Water State Revolving Fund – CFDA #66.458 | |
| Dollar threshold used to distinguish Between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

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

2019-001 Procurement Code (Compliance)

CONDITION: During our procurement test work we noted the Village did not follow proper procurement procedures for 2 of 5 vendors tested. The amount of each contract was \$60,000 and \$300,000, respectively.

CRITERIA: Per the State Procurement Code (Sections 13-1-1 through 13-1-199, NMSA 1978) the Village is required to have a proper, approved contract in place prior to paying for services.

EFFECT: The Village was in violation of State statutes.

CAUSE: The first contract awarded was originally below the professional services threshold however it grew over time and procurement procedures were not followed. The Village did not obtain the required bids for the second contract.

AUDITOR'S RECOMMENDATION: The Village should review proposed contacts and projects to ensure the proper procurement procedures are followed.

MANAGEMENT RESPONSE: The Village of Los Lunas has reviewed its procurement policies and procedures with all department directors to ensure the Village's procurement policies and procedures are followed and all expenditures are in compliance with the State Procurement Code, Sections 13-1-1 through 13-1-199, NMSA 1978. Additionally, the finance department will be reviewing expenditures by vendor to ensure adequate proposals or bids have been obtained prior to the purchase of goods or services.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Department Directors and Chief Procurement Officer

TIMELINE FOR CORRECTIVE ACTION: July 1, 2019

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2019

| <u>Description</u> | <u>Status</u> |
|---|---------------|
| <u>Financial Statement Findings</u> | |
| 2018-001 Controls over Cash Disbursements (finding that does not rise to the level of a significant deficiency) | Resolved |
| 2018-002 Solid Waste Inventory (finding that does not rise to the level of a significant deficiency) | Resolved |
| 2018-003 Late Audit Report (other non-compliance) | Resolved |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Exit Conference
June 30, 2019**

The contents of this report were discussed in the exit conference held on December 12, 2019, with the following in attendance:

Representing the Village of Los Lunas:

| | |
|----------------|--|
| Charles Griego | Mayor |
| Gregory Martin | Village Administrator |
| Rebekah Klein | Finance and Administrative Services Director |

Representing Pattillo, Brown & Hill, L.L.P.:

| | |
|--------------|---------|
| Chris Garner | Partner |
|--------------|---------|

The financial statements were prepared with the assistance of Pattillo, Brown & Hill, L.L.P. from the books and records of the Village of Los Lunas.