

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

Financial Statements

June 30, 2017



*Certified Public Accountants
and Business Advisors LLC*

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

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

Official Roster

June 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Los Lunas
and Mr. Wayne Johnson
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the Village of Los Lunas ("Village") as of and for the year ended June 30, 2017, 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's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 14, Schedule of the Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on page 58 to 61 and 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements that collectively comprise the village's basic financial statements. Budgetary comparison schedules, and other schedule as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 15, 2017

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017**

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

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

Financial Highlights

- The Village's governmental net position is \$ 39,655,273 for fiscal year 2017.
- The Village's governmental revenues are \$ 24,126,665 for fiscal year 2017.
- The total cost of all Village governmental programs is \$ 23,516,006 for fiscal year 2017.

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.

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VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017**

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 15 through 16 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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017**

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, 2017

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, 2017.

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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	23,038,136	17,565,810	9,378,521	8,159,152	32,416,657	25,724,962
Capital and non-current assets	49,732,248	47,509,800	55,480,231	54,116,514	105,212,479	101,626,314
Total assets	<u>72,770,384</u>	<u>65,075,610</u>	<u>64,858,752</u>	<u>62,275,666</u>	<u>137,629,136</u>	<u>127,351,276</u>
Current liabilities	3,954,240	2,777,119	2,859,685	2,914,036	6,813,925	5,691,155
Long-term liabilities	33,480,877	21,944,479	19,333,414	20,236,951	52,814,291	42,181,430
Total liabilities	<u>37,435,117</u>	<u>24,721,598</u>	<u>22,193,099</u>	<u>23,150,987</u>	<u>59,628,216</u>	<u>47,872,585</u>
Net Position:						
Invested in capital assets, net of related debt and unspent bond proceeds	34,728,653	38,633,672	37,566,835	34,357,572	72,295,488	72,991,244
Restricted	10,002,379	5,865,832	1,343,936	1,337,872	10,024,440	7,203,704
Unrestricted	(3,596,956)	(2,980,579)	4,470,161	3,619,329	691,205	638,750
Total net position	<u>38,812,201</u>	<u>41,518,925</u>	<u>43,380,932</u>	<u>39,314,773</u>	<u>83,011,133</u>	<u>80,833,698</u>

For the fiscal year ending June 30, 2017, the Village had \$49,732,248 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 2017, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 68% 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 2017, the long-term liabilities in government activities increased from prior year as a result of the issuance of Series 2016 GO Bonds and increase in pension related liability as per GASB 68. In prior year, FY 2016, the implementation of GASB 68 required a restatement of net position; and in FY 2017, the pension liability has been appropriately updated with an increase of approximately \$4.9 million over prior year. 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:

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Management's Discussion and Analysis
June 30, 2017**

- 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.

Financial Analysis of the Village as a Whole (Continued)

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, 2017, the net pension liability for governmental funds is \$15,027,171 and \$2,400,089 for enterprise funds.

For fiscal year 2017, there is \$8,680,504 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 2017, the net position of our business-type activities increased by 10% over the prior fiscal year. This positive variance is due to an increase in sales revenue and transfer revenue and a decrease in long-term liabilities. The Village implemented a structured rate increase based on usage beginning in January 2015 for water and sewer rates. In fiscal year 2017, the Enterprise Funds recognized the annual impact of the rate study as it correlates to the residential and commercial structured user rate system and sales revenue. The Enterprise Funds disposed of worn-out, obsolete equipment during the fiscal year. Even with the reduction in capital assets, the Village continues to maintain a strong net position. The Village generally can only use these assets to finance the continuing operations of the water, sewer, and refuse services.

Debt

At year end, the Village had approximately \$ 33,480,877 in long-term liabilities including bonds, notes, capital leases, OPEB (\$4,762,939) and net pension liability (\$15,027,171) outstanding for governmental activities.

The Village issued Series 2016 GO Bonds, \$5,795,000 par amount, with a closing date in August 2016. The bond proceeds will be used for the purpose of (i) providing fire protection, including purchasing, providing, enlarging and improving fire protection apparatus, equipment and facilities and (ii) paying costs of issuance of the Bonds. The Bonds are general obligations of the Village payable from ad valorem taxes, which may be levied against all taxable property within the Village city limits. The Series 2016 GO Bonds will have a final maturity in 2031.

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.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017

Financial Analysis of the Village as a Whole (Continued)

Changes in Net Position

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2017.

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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	1,796,732	1,734,280	11,255,139	9,931,251	13,051,871	11,665,531
Operating grants & contributions	1,449,216	985,068	-	-	1,449,216	985,068
Capital grants & contributions	449,231	1,572,852	-	-	449,231	1,572,852
General revenues:						
Property taxes	3,090,328	2,435,422	-	-	3,090,328	2,435,422
Other taxes	16,112,909	12,826,818	-	-	16,112,909	12,826,818
Miscellaneous	1,228,249	837,434	724,720	1,065,745	1,952,969	1,903,179
Total revenues	24,126,665	20,391,874	11,979,859	10,996,996	36,106,524	31,388,870
Expenses:						
General government	4,916,744	3,193,443	-	-	4,916,744	3,193,443
Public safety	8,463,399	5,878,601	-	-	7,463,399	5,878,601
Highways & streets	5,470,081	3,667,511	-	-	5,470,081	3,667,511
Culture & recreation	4,603,430	3,769,328	-	-	4,603,430	3,769,328
Interest on long-term debt	58,249	128,971	-	-	58,249	128,971
Water/sewer	-	-	8,116,206	7,953,157	8,166,206	7,953,157
Solid waste	-	-	2,230,770	2,509,193	2,230,770	2,509,193
Total expenses	23,511,903	16,637,854	10,396,976	10,462,350	33,908,879	27,100,204
Net revenues before Transfers	614,762	3,754,020	1,582,883	534,646	2,197,645	4,288,666
Transfers	(2,717,383)	98,152	2,500,386	(76,106)	182,984	22,046
Disposition of capital asset	(4,103)	(1,477,372)	(17,091)	(16,500)	-	-
Change in Net Position	(1,706,724)	2,374,800	4,066,159	442,040	2,359,435	2,841,898
Net Position, beginning	41,518,925	39,144,125	39,314,773	38,219,149	80,833,698	78,016,858
Restatement	-	(10,232,742)	-	(653,584)	-	(10,886,326)
Net Position, beginning as restated	41,518,925	29,911,383	39,314,773	38,219,149	80,833,698	67,130,532
Net Position end of year	39,812,201	31,286,183	43,380,932	38,661,189	83,193,133	69,947,372

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017**

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 revenue increased 18% over prior year revenues. This increase is primarily due to an increase in gross receipt tax, franchise taxes and property tax revenue. In FY 2017, General Fund transferred \$1.8 million to the Water Sewer Fund for the acquisition of water rights. This transaction along with a transfer for a local economic development project constitutes the increase in the transfer amount from prior year. Consequently, the transfer increase has caused a decrease in net position from prior year of -4.5%.

Budget

For the General Fund budget, total revenues budgeted were \$ 17,169,525 and actual revenues received were \$18,624,079 (cash basis), which is a positive variance of \$1,454,554 and primarily attributable to sales tax revenue. In addition, the total General Fund expense budget was \$22,234,275 and actual expenditures were \$17,916,300, which is a positive variance of \$4,317,975.

Progress Highlights for Fiscal year 2017

- The Village has completed six of seven phases as defined by the Water Master Plan. The seven phases are as follows:
 - Phase I: Tank and Transmission Line
 - Phase II: Transmission Line
 - Phase III: Water Well
 - Phase IV: Reconstruct Pump Station
 - Phase V: South Water Loop Installation
 - Phase VI: South Water Loop Extension
 - Phase VII: North Water Loop Installation
- Construction in Progress – West Side Fire Station and Equipment - \$263,773
- Construction in Progress – Dispatch Center Building - \$1,050,507
- Completion of Transportation Building Project - \$2,649,849
- Completed Camelot Rd & NM 6 Drainage Project - \$896,521
- El Molino Property Improvements - \$1,553,870
- Purchased 5 new vehicles for the Police Department - \$140,530, and 1 new ambulance for the Fire Department - \$108,170
- Park Improvements at Huning Ranch and Sports Complex - \$131,518
- Enchantment Little League Improvements - \$101,193

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017**

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 2017-18 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 2017-18, \$26,957,114 has been budgeted for capital purchases and capital projects, of which \$4,073,697 is within the General Fund. The Village continues to focus on repairing, replacing and upgrading Village infrastructure such as water/sewer systems, waste water treatment facilities, streets, parks and open space, buildings and grounds, and information technology, in addition to entering into lease/purchase arrangements using grants and Special or Enterprise Fund revenues for certain capital purchases. Sound fiscal and comprehensive planning will enable the Village to enter the next year in a strong financial position.

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

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

The following are some of the Fiscal Year 2017-18 Budget highlights:

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund increased by \$460,312 (+19%) as projected by the Valencia County Assessor's Office.
2. **Gross Receipts Taxes (GRT)** – Gross receipts tax revenue in the General Fund will be budgeted with an increase of 35.1% due to continued residential, commercial, and industrial economic growth. Included in these projections is a decrease of approximately \$268,127 in GRT revenue in the General Fund (\$335,159 in ALL funds) due to the third year of implementation of the loss of Hold Harmless revenue because of legislation passed by the State in the 2013 legislative session.
3. **Impact Fees** – In Fiscal Year 2017-18, impact fees are projected to generate the following revenue in their respective funds:
 - a. Park Impact Fees (General Fund) - \$80,000
 - b. Sewer Impact Fees (Water/Sewer Fund) - \$50,000
 - c. Water Impact Fees (Water/Sewer Fund) - \$53,081
4. **Legislative Appropriations** – Legislative appropriations totaling \$1,380,000 will be included in the General Fund revenue budget to continue or complete the following major projects:
 - a. Sports Complex Improvements, \$580,000
 - b. Fred Luna Senior Center Improvements, \$800,000

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In the Infrastructure Fund, \$225,000 in legislative appropriation is being budgeted to complete the Camelot Road Extension Project.

5. **Grants** – Following is a list of selected grant revenue included in various funds within the budget to help offset the cost of specific Village projects or programs:
- a. NMDOT HWY CO-OP Funding – Panda road Improvements - \$85,000
 - b. NMDOT – Los Lentes Road SE Improvements - \$142,000
 - c. NMDOT – East-West Corridor Right-of-Way Acquisition - \$ 614,962
 - d. NM 6/NM 47 Intersection Project - NMDOT HSIP Funding - \$371,000
 - e. NM 314 Pedestrian Improvements - NMDOT STP-E Funding - \$2,150,000

Expenses

1. **Personnel Services**
- a. Salaries – In Fiscal Year 2017-18, a cost of living adjustment (COLA) of 9.0% for all eligible full-time and part-time permanent employees was budgeted.
 - b. Three position reclassifications and two new vacant positions were budgeted in FY 2017-18.
2. **Capital Outlay** – The following is a list of Capital Outlay items that will be included in the FY 2017-18 Budget:
- Fire Station Building (GO Bond Issue, Series 2016) - \$5,479,161
 - Fred Luna Senior Center Improvements - \$800,000
 - Five new police vehicles - \$139,380
 - Two new parks department vehicles - \$70,000
 - Park Improvements - \$930,000
 - HSIP NM 6/NM 47 Intersection Improvement Project - \$371,000
 - Right-Of-Way Improvements - \$125,000
 - STP-E NM 314 Pedestrian Improvements - \$1,922,600
 - Don Pasqual Road Improvements - \$ 918,000
 - NMDOT Los Lentes SE/Transportation - \$165,562
 - Street Department Dump Truck - \$240,000
 - WWTP Sludge Management - \$6,611,760
 - WWTP Effluent Line Project - \$712,000
 - Water Sewer Vactor Truck - \$272,623
 - Water Rights Acquisition - \$340,000
 - Water Sewer Eastside Water Loop Project - \$1,800,000
 - Solid Waste 40-ft Trailer - \$70,000
 - Solid Waste Recycle Center Solar Power Project - \$35,000
 - Solid Waste Garbage Truck - \$240,000

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Management's Discussion and Analysis
June 30, 2017

Since the Village of Los Lunas is a service-oriented organization, a significant portion of the budgeted expenditures will be personnel services (i.e. payroll, health insurance, sick leave, retirement, etc.). Several other employee-related expenditures are treated as operating expenses, and therefore, not categorized as personnel services. In fiscal year 2017-18, we will strive to provide the following:

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

Until recently, the Los Lunas economy over the last 5-6 years has been relatively flat, in terms of local GRT revenue. In January 2017, the Village began to experience significant economic growth, in terms of local GRT revenue, due primarily to the construction of a new Facebook Data Center in Los Lunas, and associated spinoff economic growth from the residential, commercial, retail, and industrial sectors, which the Village expects will remain strong over the next several years. The primary industry in Los Lunas continues to be retail. However, with the announced construction of at least two phases of the Facebook Data Center, and the anticipated development of the Central New Mexico Rail Park on west NM 6, construction GRT should also remain strong, bringing additional jobs and economic growth to the Village. Through the Village's economic development efforts, the Village continues to pursue appropriate retail, manufacturing, healthcare, and educational opportunities, all of which should have a continued positive impact on the local economy and increase GRT revenue.

That being said, the Village remains concerned about the gradual and eventual loss of "Hold Harmless" revenue over the next 12 years. In Fiscal Year 2017-18, the Village is estimated to lose approximately \$335,159 in Hold Harmless revenue, due to legislation passed in 2013. That number is expected to grow 6-7% every year for the next 12 years to an estimated amount of \$1.9 million, the majority of which will come directly out of the General Fund. Despite this challenge, and any other challenges that may surface in the future, Village staff remains committed to accomplishing the major priorities of the Council, staff, and citizens, and as in the past, maintaining a strong financial position through sound planning and responsible fiscal management.

Requests for Information

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

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

BASIC FINANCIAL STATEMENT

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position
June 30, 2017**

		Primary Government	
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 14,666,360	6,335,494	21,001,854
Restricted cash	2,254,156	273,495	2,527,651
Investments	460,175	440,000	900,175
Accounts receivable	-	915,871	915,871
Receivable from other governments	5,604,235	-	5,604,235
Due from other governments	-	1,327,696	1,327,696
Other receivables	53,210	-	53,210
Inventories	-	85,965	85,965
Total current assets	23,038,136	9,378,521	32,416,657
Capital assets, net of depreciation	49,732,248	55,480,231	105,212,479
Total assets	72,770,384	64,858,752	137,629,136
DEFERRED OUTFLOWS OF RESOURCES - Pension Related	5,059,859	808,413	5,868,272
LIABILITIES			
Current liabilities			
Accounts payable	1,617,493	567,632	2,185,125
Accrued payroll expenses	423,659	80,246	503,905
Customer deposits	-	273,495	273,495
Interest payable	182,899	309,384	492,283
Due within one year			
Bonds, notes and capital leases	1,465,685	1,628,928	3,094,613
Compensated absences	264,504	-	264,504
Total current liabilities	3,954,240	2,859,685	6,813,925
Due in more than one year			
Bonds, notes and capital leases	13,537,910	16,284,468	29,822,378
Compensated absences	152,857	110,604	263,461
Post-closure landfill costs	-	537,452	537,452
Net other postemployment benefits obligation	4,762,939	-	4,762,939
Net pension liability	15,027,171	2,400,890	17,428,061
Total liabilities	37,435,117	22,193,099	59,628,216
DEFERRED INFLOWS OF RESOURCES - Pension Related	582,925	93,134	676,059
NET POSITION			
Net investment in capital assets	34,728,653	37,566,835	72,295,488
Restricted for			
Other postemployment benefits	-	-	-
Capital projects	-	-	-
Special projects and statutory requirements	9,760,115	-	8,438,240
Debt service	242,264	1,070,441	1,312,705
Customer deposits	-	273,495	273,495
Unrestricted	(3,596,956)	4,470,161	691,205
Total net position	\$ 39,812,201	43,380,932	83,011,133

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Activities
Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 4,916,744	1,553,869	742,692	449,231	(2,170,952)	-	(2,170,952)
Public safety	8,463,399	88,615	706,524	-	(7,668,260)	-	(7,668,260)
Public works	5,470,081	-	-	-	(5,470,081)	-	(5,470,081)
Culture and recreation	4,603,430	154,248	-	-	(4,449,182)	-	(4,449,182)
Interest on long-term debt	58,249	-	-	-	(58,249)	-	(58,249)
Total governmental activities	23,511,903	1,796,732	1,449,216	449,231	(19,816,724)	-	(19,816,724)
Business-Type Activities							
Water and sewer	8,166,206	8,149,838	-	-	-	(16,368)	(16,368)
Solid waste	2,230,770	3,105,301	-	-	-	874,531	874,531
Total business-type activities	10,396,976	11,255,139	-	-	-	858,163	858,163
Total primary government	\$ 33,908,879	13,051,871	1,449,216	449,231	(19,816,724)	858,163	(18,958,561)
General Revenues							
Taxes							
Property taxes, levied for general purpose:	\$				3,090,328	-	3,090,328
Franchise tax					423,412	-	423,412
Sales tax					14,967,915	-	14,967,915
Other taxes					721,582	-	721,582
Loss on disposition of capital assets					(4,103)	(17,091)	(21,194)
Unrestricted investment earnings					5,991	100,661	106,652
Miscellaneous					403,598	459,931	863,529
Legislative appropriations					818,660	164,128	982,788
Transfers, agency funds					(495,016)	678,000	182,984
Transfers					(1,822,367)	1,822,367	-
Total general revenues, special items, and transfers					18,110,000	3,207,996	21,317,996
Change in net position					(1,706,724)	4,066,159	2,359,435
Net position, beginning					41,518,925	39,314,773	80,833,698
Net position, ending	\$				39,812,201	43,380,932	83,193,133

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Infrastructure Fund	2016 GO Bond Acquisition Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,798,209	516,276	5,479,161	1,872,714	14,666,360
Restricted Cash	2,254,156	-	-	-	2,254,156
Investments	460,175	-	-	-	460,175
Due from other funds	-	-	-	-	-
Receivable from other governments	4,382,906	1,207,741	-	13,588	5,604,235
Other receivables	-	-	-	53,210	53,210
Total assets	\$ 13,895,446	1,724,017	5,479,161	1,939,512	23,038,136
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,049,419	402,142	32,789	133,143	1,617,493
Due to other funds	-	-	-	-	-
Accrued payroll expenditures	410,036	-	-	13,623	423,659
Total liabilities	1,459,455	402,142	32,789	146,766	2,041,152
DEFERRED INFLOWS OF RESOURCES					
Property taxes	219,099	-	-	-	219,099
Total deferred inflows of resources	219,099	-	-	-	219,099
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,441,386	1,321,875	5,446,372	987,540	9,197,173
Committed	-	-	-	-	-
Assigned	-	-	-	805,206	805,206
Unassigned	10,775,506	-	-	-	10,775,506
Total fund balances	12,216,892	1,321,875	5,446,372	1,792,746	20,777,885
Total liabilities, deferred inflows of resources and fund balances	\$ 13,895,446	1,724,017	5,479,161	1,939,512	23,038,136

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, 2017

		<u>Governmental Activities</u>
Total Fund Balance Governmental Funds		
Governmental Funds Balance Sheet	\$	20,777,885
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	117,386,084	
Accumulated depreciation	<u>(67,653,836)</u>	
Total capital assets		49,732,248
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:		219,099
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds		5,059,859
Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds		(582,925)
Long-term liabilities are not due and payable in the current period and, therefore, are not		
Accrued interest	(182,899)	
Bonds, notes and loans payable	(15,003,595)	
Compensated absences payable	(417,361)	
Net pension liability	<u>(15,027,171)</u>	
Total long-term and other liabilities		(30,631,026)
The liability recorded for the year ended June 30, 2017 related to postemployment benefits		<u>(4,762,939)</u>
Net position of governmental activities (Statement of Net Position)	\$	<u><u>39,655,273</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, 2017

	General Fund	Infrastructure Fund	2016 GO Bond Acquisition Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues					
Sales and miscellaneous taxes	\$ 15,911,981	2,611,231	-	605,457	19,128,669
Fees and fines	68,386	-	-	-	68,386
Licenses and permits	183,317	-	-	-	183,317
State grants	742,692	125,251	-	581,273	1,449,216
Federal grants	6,073	292,344	-	150,814	449,231
Charges for Services	1,302,166	-	-	242,863	1,545,029
Investment earnings	5,866	-	-	125	5,991
Miscellaneous	403,598	-	-	-	403,598
Total revenues	18,624,079	3,028,826	201,734	1,580,532	23,435,171
Expenditures					
Current					
General government	3,305,056	-	-	25,821	3,330,877
Public safety	5,797,751	-	286,589	1,040,211	7,124,551
Public works	1,166,419	851,342	-	186,671	2,204,432
Health and welfare	-	-	-	-	-
Culture and recreation	3,919,472	-	-	146,549	4,066,021
Debt service					
Principal	33,215	-	-	982,084	1,015,299
Interest and other charges	-	-	-	271,794	271,794
Capital outlay	3,694,387	1,163,829	263,773	1,564,070	6,686,059
Total expenditures	17,916,300	2,015,171	550,362	4,217,200	24,699,033
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	707,779	1,013,655	(348,628)	(2,636,668)	(1,263,862)
Other financing sources (uses)					
Legislative appropriations	818,660	-	-	-	818,660
Bond premium	-	-	201,734	-	201,734
Proceeds from issuance of debt	1,503,012	-	5,795,000	-	7,298,012
Transfers in - governmental funds	221,657	-	-	1,119,280	1,340,937
Transfers in - agency funds	22,087	-	-	-	22,087
Transfers out - agency funds	(517,103)	-	-	-	(517,103)
Transfers out	(2,281,420)	(815,580)	-	(66,304)	(3,163,304)
Total other financing sources (uses)	(233,107)	(815,580)	5,996,734	1,052,976	6,001,023
Net change in fund balances	474,672	198,075	5,446,372	(1,583,692)	4,535,427
Fund balances, beginning of year	11,742,220	1,123,800	-	3,376,438	16,242,458
Fund balances, end of year	\$ 12,216,892	1,321,875	5,446,372	1,792,746	20,777,885

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, 2017**

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenue, Expenditures, and Changes in Fund Balances)	\$ 4,535,427
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Amounts reported for governmental activities in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the Statement

Capital Outlay	6,686,059	
Loss on disposition of capital assets	(4,103)	
Depreciation expense	<u>(4,459,508)</u>	2,222,448

Issuance of debt provides financial resources to governmental funds, but the issuance

Loan payable	(7,298,012)	
Bond Premium	<u>(201,734)</u>	(7,499,746)

Revenues in the governmental funds that provide current financial resources are not

Property taxes	74,568
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Some expenses reported in the statement of activities do not require the use of

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

Change in bonds, notes and capital leases	1,015,299	
Change in compensated absences	(50,357)	
Change in accrued interest on long-term debt	213,545	
Change in other postemployment benefit obligation	(560,408)	
Change in net pension liability	<u>(1,657,500)</u>	(1,039,421)

Change in net position governmental activities	<u>\$ (1,863,652)</u>
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See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures - Major Governmental Funds -
Budget (Non-GAAP Basis) and Actual
General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ 12,810,429	14,278,149	15,911,981	1,633,832
Fees and fines	64,100	94,100	68,386	(25,714)
Licenses and permits	87,137	167,137	183,317	16,180
State grants	287,592	728,342	742,692	14,350
Federal grants	179,000	179,000	6,073	(172,927)
Charges for services	1,222,997	1,322,997	1,302,166	(20,831)
Investment earnings	-	-	5,866	5,866
Miscellaneous	199,800	399,800	403,598	3,798
Total revenues	14,851,055	17,169,525	18,624,079	1,454,554
Expenditures				
Current				
General government	2,491,697	3,536,297	3,305,056	231,241
Public safety	6,104,930	6,195,930	5,797,751	398,179
Public works	1,041,462	1,038,192	1,166,419	(128,227)
Culture and recreation	3,742,071	4,138,482	3,919,472	219,010
Debt service				
Principal	64,856	64,856	33,215	31,641
Interest and other charges	-	-	-	-
Capital outlay	3,535,200	7,260,518	3,694,387	3,566,131
Total expenditures	16,980,216	22,234,275	17,916,300	4,317,975
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(2,129,161)	(5,064,750)	707,779	5,772,529
Other Financing Sources (Uses)				
Legislative appropriations	2,450,000	2,450,000	818,660	(1,631,340)
	-	-	1,503,012	
Transfers, in	(243,744)	(243,744)	243,744	487,488
Transfers, out	(481,420)	(3,963,579)	(2,798,523)	1,165,056
Total other financing sources (uses)	1,724,836	(1,757,323)	(233,107)	21,204
Net change in fund balances	\$ (404,325)	(6,822,073)	474,672	5,793,733
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 474,672	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures - Major Governmental Funds -
Budget (Non-GAAP Basis) and Actual (Continued)
Infrastructure Fund (Special Revenue Fund)
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ 2,076,009	2,076,009	2,611,231	535,222
State grants	1,161,000	1,209,000	125,251	(1,083,749)
Federal grants	2,200,000	2,212,000	292,344	(1,919,656)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
Total revenues	5,438,009	5,498,009	3,028,826	(2,469,183)
Expenditures				
Current				
General government	-	357,103	-	357,103
Public safety	-	-	-	-
Public works	3,146,000	3,093,600	851,342	2,242,258
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	1,062,177	1,189,577	1,163,829	25,748
Total expenditures	4,208,177	4,640,280	2,015,171	2,625,109
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,229,832	857,729	1,013,655	155,926
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(815,580)	(815,580)	(815,580)	-
Total other financing sources (uses)	(815,580)	(815,580)	(815,580)	-
Net change in fund balances	\$ 414,252	42,149	198,075	155,926
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 198,075	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position - Proprietary Funds
June 30, 2017

	Business- Type Activities Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,324,714	4,010,780	6,335,494
Restricted cash	273,495	-	273,495
Investments	240,000	200,000	440,000
Accounts receivable	272,365	643,506	915,871
Due from other governments	1,052,379	275,317	1,327,696
Inventories	85,965	-	85,965
Total current assets	4,248,918	5,129,603	9,378,521
Noncurrent Assets			
Capital assets	87,309,865	5,787,596	93,097,461
Less accumulated depreciation	(34,251,037)	(3,366,193)	(37,617,230)
Total noncurrent assets	53,058,828	2,421,403	55,480,231
Total assets	57,307,746	7,551,006	64,858,752
DEFERRED OUTFLOWS - Pension Related	466,469	341,944	808,413
LIABILITIES			
Current Liabilities			
Accounts payable	386,816	180,816	567,632
Salaries payable	49,609	30,637	80,246
Customer deposits	273,495	-	273,495
Interest payable	309,384	-	309,384
Due to other funds	-	-	-
Current portion of debt	1,628,928	-	1,628,928
Total current liabilities	2,648,232	211,453	2,859,685
Non-Current Liabilities			
Compensated absences	60,258	50,346	110,604
Post-closure landfill costs	-	537,452	537,452
Bonds, notes, loans and capital leases	16,284,468	-	16,284,468
Net pension liability	1,385,357	1,015,533	2,400,890
Total liabilities	20,378,315	1,814,784	22,193,099
DEFERRED INFLOWS - Pension Related	53,740	39,394	93,134
NET POSITION			
Net investment in capital assets	35,145,432	2,421,403	37,566,835
Restricted			
Debt service	1,070,441	-	1,070,441
Customer deposits	273,495	-	273,495
Unrestricted	852,792	3,617,369	4,470,161
Total net position	\$ 37,342,160	6,038,772	43,380,932

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, 2017

	Business- Type Activities Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for services	\$ 8,149,838	3,105,301	11,255,139
Miscellaneous	-	459,931	459,931
Total operating revenues	8,149,838	3,565,232	11,715,070
Operating Expenses			
Personnel services	1,389,379	904,670	2,294,049
Non-payroll expenses	3,953,334	1,031,081	4,984,415
Depreciation	2,353,773	295,019	2,648,792
Total operating expenses	7,696,486	2,230,770	9,927,256
Operation income	453,352	1,334,462	1,787,814
Non-Operating Revenues (Expenses)			
Interest and investment revenue	99,902	759	100,661
Legislative appropriation	164,128	-	164,128
Loss on disposition of assets	-	(17,091)	(17,091)
Interest expense	(469,720)	-	(469,720)
Total non-operating revenue (expenses)	(205,690)	(16,332)	(222,022)
Income before contributions and transfers	247,662	1,318,130	1,565,792
Transfers			
Transfers in	1,860,610	-	1,860,610
Transfers in - Agency Fund	-	678,000	678,000
Transfers out	(22,132)	(16,111)	(38,243)
Change in net position	2,086,140	1,980,019	4,066,159
Net position, beginning of year	35,256,020	4,058,753	39,314,773
Net position, end of year	\$ 37,342,160	6,038,772	43,380,932

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2017

	Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers and others	\$ 8,155,784	3,236,859	11,392,643
Cash paid for goods and services	(3,864,676)	(1,166,970)	(5,031,646)
Cash paid to employees	(1,148,371)	(846,763)	(1,995,134)
Net cash provided by operating activities	3,142,737	1,223,126	4,365,863
Cash Flows From Investing Activities			
Cash received on legislative appropriations	164,128	-	164,128
Interest received	99,902	759	100,661
Net cash used by investing activities	264,030	759	264,789
Cash Flows From Non-Capital Financing			
Activities Operating transfers, net	1,838,478	661,889	2,500,367
Net cash used by non-capital financing activities	1,838,478	661,889	2,500,367
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(3,018,962)	(990,929)	(4,009,891)
Debt payment	(1,802,253)	-	(1,802,253)
Interest paid	(469,720)	-	(469,720)
Net cash used by capital and related financing activities	(2,271,973)	-	(2,271,973)
Net (decrease) increase in cash and cash equivalents	2,973,272	1,885,774	4,859,046
Cash and restricted cash and cash equivalents, beginning of year	2,643,899	3,115,935	5,759,834
Cash and restricted cash and cash equivalents, end of year	\$ 5,617,171	5,001,709	10,618,880
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ 453,352	1,334,462	1,787,814
Adjustments to operating (loss) income to net cash provided by operating activities:			
Depreciation expense	2,353,773	295,019	2,648,792
Change in net pension liability	166,426	68,042	234,468
Change in assets and liabilities:			
Accounts receivable	316,310	(294,539)	21,771
Due from other governments	(310,364)	(33,834)	(344,198)
Inventory	(47,787)	-	(47,787)
Accounts payable	130,381	(139,339)	(8,958)
Customer deposits	6,064	-	6,064
Accrued liabilities	14,324	2,521	16,845
Compensated absences	60,258	(12,656)	47,602
Post closure landfill liability	-	3,450	3,450
Net cash provided by operating activities	\$ 3,142,737	1,223,126	4,365,863

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2017

ASSETS

Cash and cash equivalents	\$	4,497,046
Due from other agencies		<u>377,612</u>
Total assets	\$	<u><u>4,874,658</u></u>

LIABILITIES

Accounts payable	\$	43,594
Accrued liabilities		56,861
Long-term loan payable		-
Due to others		<u>4,774,203</u>
Total liabilities	\$	<u><u>4,874,658</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

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, 2017**

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, 2017

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

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

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: 2014 GRT Revenue Bonds and 2016 GRT Revenue Bonds.

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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 2017 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 2016 were collected in 2017, and taxes certified in 2017 will be collected in 2018. Taxes are due on July 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash, Restricted Cash and Cash Equivalents

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

G. Investments

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

H. Receivables

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

I. Property Taxes

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

J. Interfund Receivables and Payables

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

K. Inventory

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

L. Capital Assets

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

P. Fund Balance

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with 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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

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

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

Q. Net Position

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

R. Use of Estimates (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.

S. Fund Balance for Subsequent Years Expenditures

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 3. DEPOSITS AND INVESTMENTS

A. Cash and Investments

As of June 30, 2017, the Village had the following deposits and investments:

Demand deposits	\$	28,026,551
Certificates of deposits		900,175
Total		<u>28,926,726</u>
Governmental funds		17,380,691
Proprietary funds		7,048,989
Agency funds		4,497,046
Total	\$	<u>28,926,726</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. The portion of the Village's cash balances is exposed to custodial credit risk and was uncollateralized at June 30, 2017. See pledged collateral statement on pages 75 and 76. 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 77 and 78.

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, 2017.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 4. RECEIVABLES

Receivables as of June 30, 2017 consisted of the following. All receivables as of June 30, 2017 were deemed to be fully collectible.

	General Fund	Other Governmental Funds	Enterprise Funds	Total
Receivables:				
Trade accounts	\$ -	-	915,871	915,871
Grants and other governments	1,244,032	1,221,329	-	2,465,361
Property Taxes	219,099	-	-	219,009
Sales Tax	2,867,302	-	-	2,867,302
Franchise tax	52,473	-	-	52,473
Other tax	-	53,210	-	53,210
Other Receivables	-	-	-	-
Total receivables	\$ <u>4,382,906</u>	<u>1,274,539</u>	<u>915,871</u>	<u>6,573,316</u>

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
<i>Governmental Activities:</i>					
Capital assets not being depreciated					
Land	4,676,954	780,486	-		5,457,440
Construction in process	2,359,785	2,154,959	-	(2,359,785)	2,154,959
Total capital assets not being depreciated	7,036,739	2,935,445	-	(2,359,785)	7,612,399
Capital assets being depreciated					
Land improvements	8,518,615	1,820,457	-		10,339,071
Building and improvements	16,359,332	615,339	-	2,076,864	19,051,535
Vehicles	4,790,086	508,772	(230,788)		5,068,070
Machinery and equipment	4,024,785	151,005	(61,656)		4,114,134
Capital Leases	406,000	-	-		406,000
Infrastructure	69,856,912	655,042	-	282,921	70,794,875
Total capital assets being depreciated	103,955,730	3,750,615	(292,444)	2,359,785	109,773,685
Total capital assets	110,992,469	6,686,060	(292,444)	-	117,386,084
Less accumulated depreciation for					
Land Improvements	(4,684,346)	(785,658)	-	-	(5,470,004)
Building and improvements	(6,658,121)	(532,588)	-	-	(7,190,709)
Vehicles	(4,080,398)	(323,250)	225,195	-	(4,178,453)
Machinery and equipment	(3,132,127)	(200,574)	63,146	-	(3,269,555)
Capital Lease	(324,800)	(81,200)	-	-	(406,000)
Infrastructure	(44,602,877)	(2,536,238)	-	-	(47,139,115)
Total accumulated depreciation	(63,482,669)	(4,459,508)	288,431	-	(67,653,836)
Total capital assets being depreciated, net	40,473,061	(708,894)	4,103	-	42,119,849
Governmental activities capital assets, net	47,509,800	2,226,551	4,103	-	49,732,248

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	1,207,228	-	-	1,207,228
Construction in process	448,554	509,273	-	957,827
Water Rights	3,467,910	1,800,000	-	5,267,910
Total capital assets not being depreciated	5,123,692	2,309,273	-	7,432,965
Capital assets being depreciated				
Land improvements	11,671	-	-	11,671
Building and improvements	19,552,539	152,822	-	19,705,361
Vehicles	4,760,055	950,047	380,377	5,329,725
Machinery and equipment	653,123	34,117	-	687,240
Water/sewer plant	59,347,159	583,339	-	59,930,498
Landfill Open/Close in Progress	-			
Total capital assets being depreciated	84,324,547	1,720,326	380,377	85,664,496
Total capital assets	89,448,238	4,029,599	380,377	93,097,461
Less accumulated depreciation for				
Land Improvements	(10,797)	(584)	-	(11,381)
Building and improvements	(3,549,282)	(594,817)	-	(4,144,099)
Vehicles	(3,503,355)	(314,022)	363,286	(3,454,091)
Machinery and equipment	(894,310)	(23,867)	-	(918,177)
Water/sewer plant	(27,373,980)	(1,715,502)	-	(29,089,482)
Total accumulated depreciation	(35,331,724)	(2,648,792)	363,286	(37,617,230)
Total capital assets being depreciated, net	48,992,823	(928,466)	17,091	48,047,266
Governmental activities capital assets, net	54,116,515	1,380,807	17,091	55,480,231

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

Governmental Activities:

General government	\$ 624,331
Public safety	356,761
Public works	2,987,870
Culture and recreation	490,546
	<u>\$ 4,459,508</u>

Business-type activities:

Water/sewer	\$ 2,353,773
Solid waste	295,019
	<u>\$ 2,648,792</u>

STATE OF NEW MEXICO
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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 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. As of June 30, 2017 the Village, has drawn down a total of \$1,503,012.

The following is a schedule of the future minimum lease payments under this capital lease, and the value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending June 30,	Principal
2018	64,856
2019	64,856
Total	<u>\$ 129,712</u>

Gross Receipts Tax Revenue Bonds – Government

Fiscal Year Ending June 30,	Principal	Interest
2018	\$ 760,000	167,350
2019	770,000	144,800
2020	135,000	121,700
2021	140,000	117,650
2022	145,000	113,450
2023-2027	775,000	507,750
2028-2032	900,000	384,000
2033-2037	1,050,000	240,000
2038-2042	960,000	73,050
Total	<u>\$ 5,635,000</u>	<u>1,869,750</u>

Government Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2018	\$ 640,829	269,792
2019	614,540	257,664
2020	624,675	245,780
2021	640,101	233,453
2022	650,803	220,702
2023-2027	3,317,410	875,123
2028-2032	2,750,525	504,364
Total	<u>\$ 9,238,883</u>	<u>2,606,878</u>

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NOTE 6. LONG-TERM DEBT (CONTINUED)
Enterprise Notes Payable

Fiscal Year Ending		
June 30,	Principal	Interest
2018	1,628,928	484,527
2019	1,338,729	443,186
2020	1,374,568	407,373
2021	1,370,217	370,561
2022	1,193,303	333,956
2023-2027	6,263,389	1,176,328
2028-2032	4,744,262	332,467
Total	\$ 17,913,396	3,548,398

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Business-type Activities:						
<i>Water and Sewer Fund:</i>						
Wastewater facility construction loan	2.00%	643,759	-	(318,690)	325,069	325,066
Drinking water state revolving loan	2.54%	1,137,653	-	(222,947)	914,706	229,169
Clean water state revolving loan	2.00%	1,767,244	-	(161,396)	1,605,848	164,624
Clean water state revolving loan 2008	3.00%	12,778,853	-	(687,075)	12,091,778	707,688
Joint water/sewer system rev bond	4.75%	168,000	-	(168,000)	-	-
NMFA drinking water loan	2.00%	3,060,997	-	(191,560)	2,869,437	195,401
Water/sewer river crossing loan	0.25%	113,521	-	(6,963)	106,558	6,980
Compensated absences	N/A	45,622	41,306	(26,670)	60,258	60,258
Total Water and Sewer Fund		19,715,649	41,306	(1,783,301)	17,973,654	1,689,186
<i>Solid Waste Fund:</i>						
Compensated absences	N/A	43,293	28,529	(21,476)	50,346	50,346
Total Solid Waste Fund		43,293	28,529	(21,476)	50,346	50,346
Total Business-type Activities:		19,758,942	69,835	(1,804,777)	18,024,000	1,739,532
Governmental Activities:						
2016 Series GRT Revenue Bond	2.80%	4,180,000	-	(25,000)	4,155,000	25,000
2016 General Obligation Bond	2.35%	-	5,795,000	-	5,795,000	325,000
2014 Gross Receipts Tax	3.80%	2,210,000	-	(730,000)	1,480,000	735,000
NMED Loan	2.00%	1,868,982	-	(153,589)	1,715,393	156,661
NMFA Fire Truck	3.01%	250,400	-	(32,849)	217,551	33,557
NMFA Road Equipment	1.21%	81,788	-	(40,646)	41,142	41,142
NMFA Emergency Call Center Loan	3.16%	-	1,503,012	(33,215)	1,469,797	84,469
Premium on long-term debt	N/A	90,390	-	(90,390)	-	-
Equipment Lease	Various	194,568	-	(64,856)	129,712	64,856
Compensated absences	N/A	367,004	314,862	(264,505)	417,361	264,504
Total Governmental Activities		9,243,132	7,612,874	(1,435,050)	15,420,956	1,730,189
Grand Total Long-term Debt		29,002,074	7,682,709	(3,239,827)	33,44,956	3,469,721
<i>Agency Fund (Central Dispatch)</i>						
USDA loan	4.38%	107,760	-	(107,760)	-	-
Total Agency Fund (Central Dispatch)		107,760	-	(107,760)	-	-

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NOTE 7. OPERATING TRANSFERS

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

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$ 243,744	2,798,523
Infrastructure	-	815,580
Local DWI Grant	-	5,694
Municipal Street Improvement	-	60,610
2016 GO Bond Acquisition	114,613	-
Debt Service Funds:		
2014 GRT Revenue	789,000	-
2016 GRT Revenue	215,667	-
Enterprise Funds:		
Water Sewer	1,860,610	22,132
Solid Waste	678,000	16,111
Agency Fund:		
Local LEDA GRT	517,103	-
Central Dispatch	-	22,087
Central Solid Waste Authority	-	678,000
Total	\$ <u>4,418,737</u>	<u>4,418,737</u>

NOTE 8. INSURANCE COVERAGE

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

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

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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 \$537,452 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 2017 for the care of the landfill amounted to \$23,312.

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.

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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, 2016						
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 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
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 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 Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	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%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

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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, 2017, the Village reported a liability of \$17,428,061 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. 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, 2017, the Village reported a liability of \$8,146,486 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.5099% percent, which decreased 0.0174% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$855,145. At June 30, 2017, 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	\$ 407,032	(79,505)
Changes in assumptions	477,696	(1,355)
Net difference between projected and actual earnings on pension plan investments	1,498,938	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	34,346	(137,477)
Village's contributions subsequent to the measurement date	450,079	-
Total	\$ <u>2,868,091</u>	<u>(218,337)</u>

The amount of \$450,079 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 473,036
2018	473,036
2019	878,337
2020	375,266
2021	-
Thereafter	-

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

For PERA Fund Division Municipal Police Plan 5, at June 30, 2017, the Village reported a liability of \$6,000,769 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.8133% percent, which increased 0.0424% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$866,634. At June 30, 2017, 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	\$	440,544	-
Changes in assumptions		397,457	(108,222)
Net difference between projected and actual earnings on pension plan investments		949,056	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions		150,070	(181,049)
Village's contributions subsequent to the measurement date		335,206	-
Total	\$	<u>2,272,333</u>	<u>(289,271)</u>

The amount of \$335,206 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	368,115
2018		368,115
2019		664,451
2020		247,175
2021		-
Thereafter		-

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

For PERA Fund Division Municipal Fire Plan 5, at June 30, 2017, the Village reported a liability of \$3,280,806 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.4918% percent, which decreased 0.0150% from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$368,493. At June 30, 2017, 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	\$ 148,571	-
Changes in assumptions	173,542	-
Net difference between projected and actual earnings on pension plan investments	273,274	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	(168,451)
Village's contributions subsequent to the measurement date	132,461	-
Total	\$ <u>727,848</u>	<u>(168,451)</u>

The amount of \$132,461 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 96,239
2018	96,239
2019	165,282
2020	69,176
2021	-
Thereafter	-

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

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years
	2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 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%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	100.0%	

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

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, 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 period 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 tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal Plan 3

		1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Village's proportionate share of the net pension liability	\$	12,145,686	8,146,486	4,829,348

PERA Fund Division Municipal Police Plan 5

		1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Village's proportionate share of the net pension liability	\$	8,828,621	6,000,769	3,687,917

PERA Fund Division Municipal Fire Plan 5

		1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Village's proportionate share of the net pension liability	\$	4,291,277	3,280,806	2,485,809

Payables to the pension plan: The Village accrued \$85,435 in PERA benefits at June 30, 2017 for the pay period beginning June 18, 2017, and ending July 8, 2017.

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

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VILLAGE OF LOS LUNAS
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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN

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

Funding Policy. The contribution requirements of plan members and the Village are established and may be amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For fiscal year 2017, the Village contributed \$243,744 to the Plan. Plan members receiving benefits contributed \$50,055 through their required contribution of 0.65% per pay period.

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

Annual required contribution	\$	854,207
Interest on net OPEB obligation		-
Adjustment to annual requirement contribution		-
Annual OPEB cost		854,207
Contributions made		(293,799)
Increase in net OPEB obligation		560,408
Net OPEB obligation, beginning of year		4,202,531
Net OPEB obligation, end of year	\$	4,762,939

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$	854,207	23.6%	3,623,208
2016	\$	854,207	20.3%	4,202,531
2017	\$	854,207	17.9%	4,762,939

Funded Status and Funding Progress. As of June 30, 2017, the unfunded actuarial accrued liability (UAAL) was estimated at \$8,134,004.

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

STATE OF NEW MEXICO
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June 30, 2017

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

NOTE 12. CONDUIT DEBT OBLIGATIONS

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

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

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

GASB Statement No. 81, Irrevocable Split - Interest Agreements

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

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 85, Omnibus

GASB Statement No. 86, Certain Debt Extinguishment Issues

GASB Statement No. 87, Leases

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 15. TAX ABATEMENTS

As of June 30, 2017, the County adopted GASB Statement No. 77 *Tax Abatement Disclosures*. While the statements requires only material abatements to be disclosed within the notes to the financial statements, the New Mexico State Auditor requires that all abatements, regardless of materiality, be disclosed within the notes. As a result, the Village provided twelve tax abatements, information related to the abatement's 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
	Industrial Revenue Bonds - ACIM Project, Series
Tax abatement program (name and brief description)	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, 2017

NOTE 15. 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
	Industrial Revenue Bonds - Fresenius Medical
Tax abatement program (name and brief description)	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
	Industrial Revenue Bonds - Greater Kudu LLC
Tax abatement program (name and brief description)	Project, Series 2016; not to exceed
Specific Tax(es) Being Abated	\$5,000,000,000
Authority under which abated tax would have been paid to Affected Agency	Property Tax
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	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
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	Under construction
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
	N/A

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2017

NOTE 15. 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
	Industrial Revenue Bonds - Wal-Mart Stores
Tax abatement program (name and brief description)	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
	Industrial Revenue Bonds - ACIM Project, Series
Tax abatement program (name and brief description)	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, 2017

NOTE 15. 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
	Industrial Revenue Bonds - Greater Kudu LLC
	Project, Series 2016; not to exceed
	\$5,000,000,000
Tax abatement program (name and brief description)	Property Tax
Specific Tax(es) Being Abated	Sections 3-32-1 to 3-32-16 New Mexico
Authority under which abated tax would have been paid to Affected Agency	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
	Industrial Revenue Bonds - Wal-Mart Stores
	East, Inc. Project-Series 1997; \$50,000,000
	Property Tax
	Sections 3-32-1 to 3-32-16 New Mexico
	Statutes Annotated, 1978 Compilation
Tax abatement program (name and brief description)	
Specific Tax(es) Being Abated	
Authority under which abated tax would have been paid to Affected Agency	
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, 2017

NOTE 15. 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
	Industrial Revenue Bonds - ACIM Project, Series
Tax abatement program (name and brief description)	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
	Industrial Revenue Bonds - Fresenius Medical
Tax abatement program (name and brief description)	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, 2017

NOTE 15. 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 Industrial Revenue Bonds - Greater Kudu LLC Project, Series 2016; not to exceed \$5,000,000,000
Tax abatement program (name and brief description)	Property Tax
Specific Tax(es) Being Abated	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Authority under which abated tax would have been paid to Affected Agency	
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 Industrial Revenue Bonds - Wal-Mart Stores East, Inc. Project-Series 1997; \$50,000,000
Tax abatement program (name and brief description)	Property Tax
Specific Tax(es) Being Abated	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Authority under which abated tax would have been paid to Affected Agency	
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, 2017

NOTE 15. 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 333
Agency number of Affected Agency	State
Agency type of Affected Agency	Property Tax
Recipient(s) of tax abatement	Industrial Revenue Bonds - Fresenius Medical Care Project-Series 2005; \$6,000,000
Tax abatement program (name and brief description)	Property Tax
Specific Tax(es) Being Abated	Sections 3-32-1 to 3-32-16 New Mexico Statutes Annotated, 1978 Compilation
Authority under which abated tax would have been paid to Affected Agency	
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

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
Last Ten Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 818	828	1,112
Contributions in Relation to the Contractually Required Contribution	1,580	828	1,112
Annual contribution deficiency (excess)	\$ (762)	-	-

**Governmental Accounting Standards Board Statement No. 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 THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
Last Ten Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 387	417	689
Contributions in Relation to the Contractually Required Contribution	850	417	689
Annual contribution deficiency (excess)	\$ (463)	-	-

**Governmental Accounting Standards Board Statement No. 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 THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
Last Ten Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 300	286	315
Contributions in Relation to the Contractually Required Contribution	517	286	315
Annual contribution deficiency (excess)	\$ (217)	-	-

**Governmental Accounting Standards Board Statement No. 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 THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
Last Ten Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017
Statutory required contributions	\$ 131	125	108
Contributions in Relation to the Contractually Required Contribution	213	125	108
Annual contribution deficiency (excess)	\$ (82)	-	-

**Governmental Accounting Standards Board Statement No. 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 CONTRIBUTIONS
JUNE 30, 2017**

**Public Employees Retirement Association of New Mexico
For Last 10 Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year Measurement Date	30-Jun		
		2017 2016	2016 2015	2015 2014
Village's Proportion of the Net Pension Liability (Asset)		0.283%	0.270%	0.270%
Village's Proportionate Share of Net Pension Liability (Asset)		\$ 17,428	11,699	9,126
Village's Covered-Employee Payroll		\$ 7,080	6,245	7,269
Villages's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		246.16%	160.95%	146.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement No. 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
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2017**

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

Changes of Assumptions. The Public Employees Retirement Association of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org>

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2017**

Special Revenue Funds

Lodgers Tax Fund (16)

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

Municipal Street Improvement Fund (17)

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

Fire Fund (21)

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

Recreation Fund (22)

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

Police Program (23)

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

Local Government Correction Fund (26)

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

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, 2017**

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.

Capital Projects Fund

Transportation Building (58)

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

Debt Service Fund

Gross Receipt Tax Revenue Bond 2014 (32)

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

Bond Acquisition (33)

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.

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, 2017

	Special Revenue Funds		
	Lodger's Tax	Municipal Street Improvement	Fire Fund
ASSETS			
Cash and cash equivalents	\$ 234,246	760,470	88,679
Investments	-	-	-
Due from other funds	-	-	-
Receivable from other governments	-	-	-
Other Receivables	8,474	44,736	-
Total assets	\$ 242,720	805,206	88,679
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,759	-	67,510
Due to other funds	-	-	-
Accrued payroll expenditures	-	-	-
Total liabilities	2,759	-	67,510
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	239,961	-	21,169
Committed	-	-	-
Assigned	-	805,206	-
Unassigned	-	-	-
Total fund balances	239,961	805,206	21,169
Total liabilities, deferred inflows and fund balances	\$ 242,720	805,206	88,679

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Services
398,936	9,868	91,762	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
398,936	9,868	91,762	-	-
61,852	288	-	-	-
-	-	-	-	-
-	-	-	-	-
61,852	288	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
337,084	9,580	91,762	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
337,084	9,580	91,762	-	-
398,936	9,868	91,762	-	-

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds (Continued)
June 30, 2017

	Local DWI	Total Special Revenue	Transportation Building Project	Total Capital Projects
ASSETS				
Cash and cash equivalents	\$ 46,489	1,630,450	-	-
Investments	-	-	-	-
Due from other funds	-	-	-	-
Receivable from other governments	13,588	13,588	-	-
Other Receivables	-	53,210	-	-
Total assets	\$ 60,077	1,697,248	-	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 734	133,143	-	-
Due to other funds	-	-	-	-
Accrued payroll expenditures	13,623	13,623	-	-
Total liabilities	14,357	146,766	-	-
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	45,720	745,276	-	-
Committed	-	-	-	-
Assigned	-	805,206	-	-
Unassigned	-	-	-	-
Total fund balances	45,720	1,550,482	-	-
Total liabilities, deferred inflows and fund balances	\$ 60,077	1,697,248	-	-

See Notes to Financial Statements.

2014 Gross Receipts Tax Revenue Bond	2016 Gross Receipts Tax Acquisition Fund	2003 A/B Gross Debt Service Fund	Gross Receipts Tax Revenue Bond Fund	Total Debt Service	Total Non Major Governmental Funds
103,047	-	128,942	10,275	242,264	1,872,714
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,588
-	-	-	-	-	53,210
103,047	-	128,942	10,275	242,264	1,939,512
-	-	-	-	-	133,143
-	-	-	-	-	-
-	-	-	-	-	13,623
-	-	-	-	-	146,766
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
103,047	-	128,942	10,275	242,264	987,540
-	-	-	-	-	-
-	-	-	-	-	805,206
-	-	-	-	-	-
103,047	-	128,942	10,275	242,264	1,792,746
103,047	-	128,942	10,275	242,264	1,939,512

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, 2017

	Special Revenue Funds		
	Lodger's Tax	Municipal Street Improvement	Fire Fund
Revenues			
Sales and miscellaneous taxes	\$ 83,385	516,837	-
Fees and Fines			
Licences and Premits			
State grants	-	-	221,989
Federal grants	-	-	-
Charges for services	-	-	-
Investment earnings	-	125	-
Miscellaneous	-	-	-
Total revenues	83,385	516,962	221,989
Expenditures			
Current			
General government	25,821	-	-
Public safety	-	-	159,910
Public works	-	182,983	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	194,235	32,849
Interest and other charges	-	38,550	8,061
Capital outlay	-	-	-
Total expenditures	25,821	415,768	200,820
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	57,564	101,194	21,169
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	57,564	40,584	21,169
Fund balances, beginning of year	182,397	764,622	-
Fund balances, end of year	\$ 239,961	805,206	21,169

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Service
5,235	-	-	-	-
-	4,819	-	41,600	-
-	-	-	-	-
154,248	-	59,638	-	10,000
-	-	-	-	-
-	-	-	-	-
159,483	4,819	59,638	41,600	10,000
-	-	-	-	-
-	8,336	52,105	41,600	10,000
-	-	-	-	-
-	-	-	-	-
146,549	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,200	-	-	-	-
156,749	8,336	52,105	41,600	10,000
2,734	(3,517)	7,533	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,734	(3,517)	7,533	-	-
334,350	13,097	84,229	-	-
337,084	9,580	91,762	-	-

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, 2017

	Local DWI	Total Special Revenue	Transportation Building Project	Total Capital Projects
Revenues				
Sales and miscellaneous taxes	\$ -	605,457	-	-
Fees and Fines	-	-	-	-
Licenses and Permits	-	-	-	-
State grants	312,865	581,273	-	-
Federal grants	-	-	150,814	150,814
Charges for services	18,977	242,863	-	-
Investment earnings	-	125	-	-
Miscellaneous	-	-	-	-
Total revenues	331,842	1,429,718	150,814	150,814
Expenditures				
Current				
General government	-	25,821	-	-
Public safety	399,783	671,734	368,477	368,477
Public works	-	182,983	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	146,549	-	-
Debt service				
Principal	-	227,084	-	-
Interest and other charges	-	46,611	-	-
Capital outlay	-	10,200	-	-
Total expenditures	399,783	1,310,982	368,477	368,477
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(67,941)	118,736	(217,663)	(217,663)
Other financing sources (uses)				
Legislative appropriations	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers in - government	-	-	-	-
Transfers in agency	-	-	-	-
Transfers out	(5,694)	(66,304)	-	-
Total other financing sources (uses)	(5,694)	(66,304)	-	-
Net change in fund balances	(73,635)	52,432	(217,663)	(217,663)
Fund balances, beginning of year	119,355	1,498,050	217,663	217,663
Fund balances, end of year	45,720	1,550,482	-	-

See Notes to Financial Statements.

2014 Gross Receipts Tax Revenue Bond	2016 Gross Receipts Tax Acquisition Fund	2003 A/B Gross Debt Service Fund	Gross Receipts Tax Revenue Bond Fund	Total Debt Service	Total Non Major Governmental Funds
-	-	-	-	-	605,457
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	581,273
-	-	-	-	-	150,814
-	-	-	-	-	242,863
-	-	-	-	-	125
-	-	-	-	-	-
-	-	-	-	-	1,580,532
-	-	-	-	-	25,821
-	-	-	-	-	1,040,211
-	3,688	-	-	3,688	186,671
-	-	-	-	-	-
-	-	-	-	-	146,549
-	-	-	-	-	-
730,000	-	25,000	-	755,000	982,084
59,120	-	61,725	104,338	225,183	271,794
-	1,553,870	-	-	1,553,870	1,564,070
789,120	1,557,558	86,725	104,338	2,537,741	4,217,200
(789,120)	(1,557,558)	(86,725)	(104,338)	(2,537,741)	(2,636,668)
-	-	-	-	-	-
-	-	-	-	-	-
789,000	-	215,667	114,613	1,119,280	1,119,280
-	-	-	-	-	-
-	-	-	-	-	(66,304)
789,000	-	215,667	114,613	1,119,280	1,052,976
(120)	(1,557,558)	128,942	10,275	(1,418,461)	(1,583,692)
103,167	1,557,558	-	-	1,660,725	3,376,438
103,047	-	128,942	10,275	242,264	1,792,746

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2017

		Local LEDA GRT	LEDA Facebook	Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
ASSETS								
Cash and cash equivalents	\$	517,103	3,333,333	869	-	605,029	40,712	4,497,046
Due from other agencies		-	-	-	2,961	374,651	-	377,612
Total Assets		517,103	3,333,333	869	2,961	979,680	40,712	4,874,658
LIABILITIES								
Accounts payable		-	-	1,755	-	1,127	40,712	43,594
Accrued liabilities		-	-	-	-	56,861	-	56,861
Long-term loan payable		-	-	-	-	-	-	-
Due to others		517,103	3,333,333	(886)	2,961	921,692	-	4,774,203
Total Liabilities	\$	517,103	3,333,333	869	2,961	979,680	40,712	4,874,658

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Supplemental Schedule of Pledged Collateral
Year Ended June 30, 2017

	Wells Fargo	U.S. Bank	SECU
Deposits in Bank or Savings and Loan			
Money market	\$ -	3,853,454	-
Bank deposits (checking)	20,847,155	40,712	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,175
	20,847,155	3,894,166	100,175
Less: FDIC insurance	250,000	250,000	250,000
Total uninsured public funds	\$ 20,597,155	3,644,166	(149,825)
Collateral requirement @ 50%	10,298,578	1,822,083	-
Collateral requirement @ 102%	-	-	-
Total required collateralization	10,298,578	1,822,083	-
Pledges and securities			
FNMA FNMS CUSIP #3138MQ4T7, 3.00%, due 12/01/2042	21,697,470	-	-
Federal Home Loan Bank of Cincinnati, LOC No.: 522727, Issued 4/3/2017	-	6,500,000	-
G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 3/20/2045	-	-	-
G2SF MA3309 CUSIP #36179RVA4, 3.00%, due 12/20/2045	-	-	-
G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 4/20/2046	-	-	-
G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 4/20/2046	-	-	-
G2SF MA3662 CUSIP #36179SB71, 3.00%, due 5/20/2046	-	-	-
GNMA1 SF 30 YR CUSIP #36176W7E5, 3.50%, due 1/15/2042	-	-	-
GNMA2 ARM MULTIPLE CUSIP #36179MYH7, 2.50%, due 1/20/2043	-	-	-
GNMA2 ARM MULTIPLE CUSIP #36179M6H8, 2.375%, due 3/20/2043	-	-	-
GNMA2 Single Family 30 YR CUSIP #36179NM96, 3.00%, due 9/20/2043	-	-	-
FNMA CONV SF 30 YR CUSIP #3138MAKS6, 3.00%, due 9/1/2042	-	-	-
FNMA CONV SF 30 YR CUSIP #3138M8J61, 3.00%, due 9/1/2042	-	-	-
Santa Fe Cnty NM Security 801889LV6, 4.10%, due 7/1/2023	-	-	-
Total pledged securities	21,697,470	6,500,000	-
Excess (deficiency)	\$ 11,398,892	4,677,917	-

Safekeeping locations for the above securities are as follows:

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

My Bank	Bank of the West	Nusenda	Bank of Albuquerque	New Mexico Bank & Trust	X-press Bill Pay	Total
-	854,634	-	-	-	-	4,708,088
-	2,003,294	-	-	-	81,936	22,973,097
-	-	-	-	-	-	-
100,000	300,000	100,000	100,000	200,000	-	900,175
100,000	3,157,928	100,000	100,000	200,000	81,936	28,581,360
250,000	500,000	250,000	250,000	250,000	81,936	2,331,936
(150,000)	2,657,928	(150,000)	(150,000)	(50,000)	-	26,249,424
-	1,328,964	-	-	-	-	13,449,625
-	-	-	-	-	-	-
-	1,328,964	-	-	-	-	13,449,625
-	-	-	-	-	-	21,697,470
-	-	-	-	-	-	6,500,000
-	389,522	-	-	-	-	389,522
-	81,648	-	-	-	-	81,648
-	47,359	-	-	-	-	47,359
-	603	-	-	-	-	603
-	144,221	-	-	-	-	144,221
-	433,437	-	-	-	-	433,437
-	1,942	-	-	-	-	1,942
-	21,866	-	-	-	-	21,866
-	22,932	-	-	-	-	22,932
-	76,380	-	-	-	-	76,380
-	124,242	-	-	-	-	124,242
-	-	-	-	421,900	-	421,900
-	1,344,152	-	-	421,900	-	29,963,522
-	15,188	-	-	421,900	-	16,513,897

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2017

	Wells Fargo	US Bank	SECU	My Bank
Deposits in Bank or Savings and Loan				
Money Market	\$ -	3,853,454	-	-
Bank deposits (checking)	20,847,155	40,712	-	-
Repurchase deposits	-	-	-	-
Certificates of deposit	-	-	100,175	100,000
Total bank balance	20,847,155	3,894,166	100,175	100,000
Reconciling items				
Outstanding checks	(1,008,654)	-	-	-
Deposits in transit	872,007	-	-	-
Other adjustments	491,052	-	-	-
Total adjustments	1,363,059	-	-	-
Total book balance	22,210,214	3,894,166	100,175	100,000
Less agency fund balances included in bank balance	4,497,046	-	-	-
Total primary government	\$ 17,713,168	3,894,166	100,175	100,000

Bank of the West	Nusenda Credit Union	Bank of Albuquerque	New Mexico Bank & Trust	X-press Bill Pay	Total
854,634	-	-	-	-	4,708,088
2,003,294	-	-	-	81,936	22,973,097
-	-	-	-	-	-
300,000	100,000	100,000	200,000	-	900,175
3,157,928	100,000	100,000	200,000	81,936	28,581,360
-	-	-	-	-	(1,008,654)
-	-	-	-	(28,163)	843,844
18,644	-	-	-	480	510,176
18,644	-	-	-	(27,683)	345,366
3,176,572	100,000	100,000	200,000	54,253	28,926,726
-	-	-	-	-	4,497,046
3,176,572	100,000	100,000	200,000	54,253	24,429,680

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2017

	Local LEDA GRT	LEDA Facebook	Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
Assets, July 1, 2016	-	-	4,679	1,331,401	795,338	31,316	2,162,734
Increase	517,103	3,333,333	27,413	114,019	1,773,431	9,396	5,774,695
Decrease	-	-	(31,223)	(1,442,459)	(1,589,089)	-	(3,062,771)
Assets, June 30, 2017	517,103	3,333,333	869	2,961	979,680	40,712	4,874,658
Liabilities, July 1, 2016	-	-	4,679	1,331,401	795,338	31,316	2,162,734
Increase	517,103	3,333,333	27,413	114,019	1,773,431	9,396	5,774,695
Decrease	-	-	(31,223)	(1,442,459)	(1,589,089)	-	(3,062,771)
Liabilities, June 30, 2017	517,103	3,333,333	869	2,961	979,680	40,712	4,874,658

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2017

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 26, 2017 through December 31, 2017	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, 2016 through June 30, 2017	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 rescue services of the Village of Los Lunas Fire Department.	February 1, 2016 with automatic renewal each year for an additional year unless either party gives written notice	Cost of \$4,575	\$4,575	Village of Los Lunas
Summer Recreation Program	Valencia County and Los Lunas Public Schools	Village of Los Lunas	Summer Recreation Program for the benefit of the children and youth of the Los Lunas School District, Village of Los Lunas and Valencia County to be conducted through the use of public parks, swimming pool, playgrounds and other recreational facilities owned and operated and located within the respective jurisdiction of the parties	May 30, 2017 through July 30, 2017	Los Lunas Schools - \$9,000 and Valencia County - \$3,000	\$21,000	The Village of Los Lunas
Central NM Correctional Facility	State of New Mexico	Village of Los Lunas	Provide mutual services to render assistance to one another to maintain safety, security, and control in accordance with the terms of the mutual assistance agreement	August 1, 2015 and will remain in full force and effect until canceled by mutual agreement of both parties	No Cost to Village	\$0	The Village of Los Lunas
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 - \$99,053; Village of Bosque Farms - \$27,014; Valencia County - \$175,594; Rio Communities - \$32,918 (Based on calls for service)	Estimated \$148,579 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 submit 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 6/30/17	The Village of Los Lunas

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

To the Village Council
Village of Los Lunas
and Mr. Wayne Johnson
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Village of Los Lunas ("Village"), as of and for the year ended June 30, 2017, 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 15, 2017.

Internal Control over Financial Reporting

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

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

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

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*.

Purpose of this Report

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



Albuquerque, New Mexico
December 15, 2017

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Findings and Responses
June 30, 2017**

FINANCIAL STATEMENT FINDINGS

No matters noted for current year.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding #	Finding	Status
2013-002	PERA Compliance	Resolved
2015-002	Expenditures exceed budget	Resolved
2016-001	Controls over Cash Disbursements	Resolved
2016-002	Travel and Pre diem	Resolved

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Exit Conference
June 30, 2017**

The contents of this report were discussed in the exit conference held on December 11, 2017, with the following in attendance:

Representing the Village of Los Lunas:

Charles Griego	Mayor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

Representing Axiom:

Jenni McGaughey	Supervisor
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the Village of Los Lunas.