

**STATE OF NEW MEXICO
Village of Los Lunas
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020



PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

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VILLAGE OF LOS LUNAS**

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

Official Roster

June 30, 2020

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



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Los Lunas (the "Village") as of and for the year ended June 30, 2020, 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

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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, 2020, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Village's Proportionate Share of the Net Pension Liability, Schedule of Village Contributions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Village OPEB Contributions on pages 68-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2 NMAC as noted in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 9, 2020

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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 \$72,023,941 for fiscal year 2020.
- The Village's governmental revenues are \$30,098,308 for fiscal year 2020.
- The total cost of all Village governmental programs is \$19,064,569 for fiscal year 2020.

Using This Annual Report

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

Management's Discussion and Analysis

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

Overview of the Financial Statements

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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 17 through 18 of this report.

Fund Financial Statements

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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, 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Current and other assets	\$ 44,563,423	32,547,809	8,431,056	11,102,830	52,994,479	43,650,639
Capital and non-current assets	69,862,551	63,920,799	75,008,376	59,859,444	189,434,350	123,780,243
Total assets	114,425,974	96,468,608	75,008,376	70,962,274	189,434,350	167,430,882
Deferred Outflows of Resources – Pension Related	4,393,106	5,988,563	282,100	417,679	4,675,206	6,406,242
Deferred Outflows of Resources – OPEB Related	1,348,652	375,963	-	-	1,348,652	375,963
Total Deferred Outflows	5,741,758	6,364,526	282,100	417,679	6,023,858	6,782,205
Current liabilities	7,387,130	2,912,939	2,557,376	3,455,561	9,944,506	6,368,500
Long-term liabilities	46,783,404	39,463,846	24,652,560	20,164,476	71,435,964	59,628,322
Total liabilities	46,783,404	42,376,785	24,652,560	23,620,037	71,435,964	65,996,822
Deferred Inflows of Resources – Pension Related	611,853	1,305,944	23,407	46,888	635,260	1,352,832
Deferred Inflows of Resources – OPEB Related	748,538	873,869	-	-	748,538	873,869
Total Deferred Inflows	1,360,391	2,179,813	23,407	46,888	1,383,798	2,226,701
Net Position						
Net investment in capital assets	56,646,732	49,941,893	44,918,174	40,098,441	101,554,906	90,040,334
Restricted	17,698,727	5,742,059	292,237	1,070,441	17,990,964	6,812,500
Unrestricted	(2,321,518)	2,592,584	5,414,098	6,544,146	3,092,580	9,136,730
Total net position	\$ 72,023,937	58,276,536	50,614,509	47,713,028	122,638,446	105,989,564

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Financial Analysis of the Village as a Whole (Continued)

For the fiscal year ending June 30, 2020, the Village had \$63,920,799 in governmental activities invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and sidewalks. This amount represents an increase from prior year. In fiscal year 2020, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 66% of the Village's total assets from governmental activities. The Village utilized these assets to provide services to its citizens; therefore, these assets are not available for future spending.

In fiscal year 2020, the long-term liabilities in government activities decreased slightly from prior year as a result of payments made during the fiscal year and no new debt issued.

The scope of the GASB 68 Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

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

The requirement of this Statement will improve the decision-usefulness of information in the Village's financial reports and will enhance the value for assessing accountability and inter-period equity. At June 30, 2020, the net pension liability was \$20,386,971 and \$1,364,265 for governmental and enterprise funds, respectively.

For fiscal year 2020, there was \$17,698,727 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 2020, the net position of our business-type activities increased by 0.6% over the prior fiscal year. This positive variance is due to an increase in sales revenue and assets in conjunction with a decrease in expenses and long-term liabilities. The Village implemented a structured rate increase based on usage beginning in January 2015 for water and sewer rates. In fiscal year 2020, the Enterprise Funds recognized the annual impact of the rate study as it correlates to the residential and commercial structured user rate system and sales revenue. The Enterprise Funds Total Assets increased 25.3% over prior year. The Village generally can only use these assets to finance the continuing operations of the water, sewer, and refuse services. The increase in sales and reduction in expenditures and liabilities allowed for continued growth of Net Position in the Enterprise Funds.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Debt

At year-end, the Village had approximately \$71,435,964 in long-term liabilities including bonds, notes, capital leases, and net pension liability (\$21,751,236) outstanding for governmental activities.

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Changes in Net Position

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues						
Program revenues						
Charges for services	\$ 2,348,162	2,110,492	13,228,713	11,637,496	15,576,875	13,747,988
Operating grants and contributions	2,300,677	1,794,907	-	-	2,300,677	1,794,907
Capital grants and contributions	838,564	3,837,951	-	-	838,564	3,837,951
General revenues						
Sales taxes	22,970,715	20,347,202	-	-	22,970,715	20,347,202
Property taxes	3,034,583	2,646,746	-	-	3,034,583	2,646,746
Other taxes	1,483,689	1,351,334	-	-	1,483,689	1,351,334
Legislative appropriations	1,876,393	-	-	-	1,876,393	-
Loan proceeds	-	-	884,394	-	884,394	-
Unrestricted investment earnings	26,201	11,262	9,428	9,369	35,629	20,631
Miscellaneous	695,727	799,879	145,474	141,515	841,474	941,394
Total revenues	35,574,711	32,899,773	14,268,009	11,788,380	49,842,720	44,688,153
Expenses						
General government	7,089,223	4,399,836	-	-	7,089,223	4,399,836
Public safety	9,252,647	11,263,362	-	-	9,252,647	11,263,362
Public works	2,153,960	3,919,945	-	-	2,153,960	3,919,945
Health and welfare	1,851,613	592,673	-	-	1,851,613	592,673
Culture and recreation	3,702,427	4,571,315	-	-	3,702,427	4,571,315
Capital outlay	133,604	-	-	-	133,604	-
Interest on long-term debt	368,502	321,782	-	-	368,502	321,782
Water/sewer	-	-	8,236,697	7,933,476	8,236,697	7,933,476
Solid waste	-	-	2,763,343	2,739,395	2,763,343	2,739,395
Transfers	(406,790)	1,747,222	366,489	347,056	(40,301)	2,094,278
Total expenses	24,145,186	26,816,135	11,366,529	11,019,927	35,511,715	37,836,062
Change in net position	11,429,525	6,083,638	2,901,480	768,453	14,331,005	6,852,091
Net position, beginning	58,276,533	52,192,898	47,713,029	46,944,575	105,989,562	99,137,473
Prior period restatement	2,317,879	-	-	-	2,317,879	-
Net position, beginning as restated	60,594,412	52,192,898	47,713,029	46,944,575	108,307,441	99,137,473
Net position, ending	\$ 72,023,937	58,276,536	50,614,509	47,713,028	122,638,446	105,989,564

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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 total net position increased from \$105,989,562 to \$122,638,446 for the fiscal year ended June 30, 2020, a change of \$16,648,886 or 15.7% as a result of an increase in legislative appropriation grants received and operating grants received to fund Village projects.

Budget

For the General Fund budget, total revenues budgeted were \$22,822,136 and actual revenues received were \$22,567,205 (cash basis). In addition, the total General Fund expenditures budget was \$20,586,111 and actual expenditures were \$18,072,160, which is a positive variance of \$2,513,951.

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 2020 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 2020, \$33,864,557 has been budgeted for capital purchases and capital projects, of which \$2,542,030 is in the General Fund. The Village continues to focus on repairing, replacing and upgrading Village infrastructure such as water/sewer systems, waste water treatment facilities, streets, parks and open space, buildings and grounds, and information technology, in addition to entering into lease/purchase arrangements using grants and Special or Enterprise Fund revenues for certain capital purchases. Sound fiscal and comprehensive planning will enable the Village to enter the next year in a strong financial position.

Every entity has a method (formal or informal) of prioritizing its needs, which services as a guide for developing a budget for the organization. The Mayor and Village Council participated in a Strategic Planning Retreat for the purpose of identifying and building consensus around the Governing Body's top strategic priorities over the next four years. The resulting strategic priorities are as follows:

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The following are some of the Fiscal Year 2020 Budget highlights:

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund **increased** by \$271,940 (+9.3%), as projected by the Valencia County Assessor's Office.
2. **Gross Receipts Taxes (GRT)** – Budgeted gross receipts tax (GRT) revenue in the General Fund **decreased** by \$2,647,408 (-14.9%) due to a projected decrease in construction GRT compared to last fiscal year's actuals, in addition to a projected **decrease** of approximately \$440,920 in GRT revenue in the General Fund (\$551,150 ALL funds) due to the fifth year of implementation of the loss of Hold Harmless revenue because of legislation passed by the State in 2013, which first took effect in Fiscal Year 2015-16. Beginning April 1, 2019, the Village began tracking the GRT Administrative Fee as an expenditure as compared to recording the net GRT received. As a result, current year GRT revenues include 1% Municipal GRT (\$9,243,642), 1.225% State Shared GRT (6,211,604), and the GRT Administrative Fee (\$303,044).
3. **Impact Fees** – Impact fees are projected to generate the following revenue in their respective funds:
 - a. Park Impact Fees (General Fund), \$178,172, **decrease** of \$41,828 (-19.0%)
 - b. Sewer Impact Fees (Water/Sewer Fund), \$125,000, **increase** of \$50,000 (+66.7%)
 - c. Water Impact Fees (Water/Sewer Fund), \$100,000, **increase** of \$25,000 (+33.3%)
4. **Legislative Appropriations** – Legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction, are budgeted as follows:
 - a. Daniel Fernandez Memorial Park Improvements (Splash Pad), \$600,000
 - b. Museum of Heritage and Arts Improvements (New Outdoor Patio for Programming and Events), \$200,000
 - c. River Park and Bosque Open Space Improvements, \$75,000
 - d. Sports Complex Improvements, \$475,000
 - e. Interchange Access Change Request (IACR) Study, \$250,000
 - f. Camelot Road Improvement and Extension Project (Carry over from Fiscal Year 2018-2019), \$450,000
5. **Grants** – Following is a list of grant revenue included in the Fiscal Year 2019-20 Budget to help offset the cost of specific project costs and operations within the Village:
 - a. Fire Fund State Allotment, \$286,293
 - b. LDWI Distribution Allocation – Fund personnel services, employee benefits, travel, supplies, operation costs, and contractual services for the LDWI division, \$334,893
 - c. NMDOT HWY CO-OP Funding – Camino Del Rey, \$223,000
 - d. NMDOT TIP Funding – Camelot Road Extension Construction, \$599,880
 - e. NMDOT NM 314 Bike/Pedestrian Improvements – Ellen Dr./Griego Rd. Design, \$170,880
 - f. NMDOT TIP Funding – NM 314 Bike/Pedestrian Improvements – Main St. to James St., \$1,700,000
 - g. NMDOT STP-E Funding – NM 314 Bike/Pedestrian Improvements – Courthouse Rd. to Morris Rd., \$980,000
 - h. NMDOT STP-E Funding – I-25 Interchange Beautification Project, Phase II, \$494,367
 - i. NMDOT – Los Lentes Rd. SE/Transportation Center Bike Path, \$598,081
 - j. NMDOT TIP Funding – I-25 Beautification Phase II Design, \$325,000

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Expenses

1. Personnel Services

- a. **Salaries** – The Fiscal Year 2019-20 Budget includes a cost of living adjustment (COLA) of **2.0%** for all eligible full-time and part-time permanent employees. Additionally, as a result of a **Compensation and Classification Study** completed by Carlson Dettman Consulting in FY 2018-19, the FY 2019-20 Budget includes funding to implement Resolution 19-16, a resolution adopting the 2019-20 base salary plan for the Village of Los Lunas. This resolution was adopted by the Governing Body on July 11, 2019, and includes the following policy direction:
 1. Adopts the Grade Order List Step Plan and Appeal Policy attached to the Resolution.
 2. Directs the Village Administrator to implement the plan by placing all classified employees directly into Step 1, OR at their respective step exceeding Step 1, not to exceed the pay grade maximum, on the first full pay period subsequent to the approval of the resolution.
 3. Authorizes the Village Administrator to enter into a Professional Services Agreement with Carlson Dettman Consulting to measure staff engagement and strengthen the Village's employee development program.
 4. Directs the Village Administrator to recommend revisions to the Village Personnel Ordinance necessary to manage the plan.
- b. **Staffing** – As a result of the **Compensation and Classification Study** adopted by the Governing Body on July 11, 2019, the following staffing changes were implemented in the Fiscal Year 2019-20 Budget:
 1. **New Positions**
 - Eight (8) new part-time Recreation Aide positions were created in the Parks and Recreation Department (formerly classified as Seasonal Recreation Aides).
 2. **Reclassifications**
 - The Office Specialist position in the Administration Department was reclassified as an Administrative Assistant.
 - The Administrative Assistant position in the Community Development Department was reclassified as a Permit Technician.
 3. **Vacant Positions to Remain Vacant (Authorized, but not Funded)**
 - Computer Technician, IT Division/Administration Department
 - Assistant Parks and Recreation Director, Parks and Recreation Department
 - LDAC Treatment Provider, DWI Program/Parks and Recreation Department
 4. **Discontinued Positions**
 - Seasonal Recreation Aides, Parks and Recreation Department
 - Seasonal Park Laborers, Parks and Recreation Department
 - Seasonal Street Laborers, Public Works Department
 5. **Transfers** – None

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

c. Benefits:

1. Medical Insurance – The Fiscal Year 2019-20 Budget includes the same **Blue Cross Blue Shield of New Mexico** medical insurance plans—Core Plan, and Buy-up Option—that were offered last fiscal year to all eligible employees, with an **increase** in the cost of premiums paid by both the Village and employees of **9.2%**. The Village will continue to pay **100%** of the medical insurance premium for all eligible Village employees, and **90%** of the premium for dependent coverage for employees with annual salaries of up to \$30,000, **85%** for dependent coverage for employees with annual salaries of up to \$60,000, and **80%** for dependent coverage for employees with annual salaries above \$60,000.
2. Dental Insurance – The Fiscal Year 2019-20 Budget includes the same **Delta Dental** insurance plan that was offered last fiscal year to all eligible employees, with **no change** in the cost of premiums. The Village will continue to pay **50%** of the premium for dental insurance.
3. Vision Insurance – The Fiscal Year 2019-20 Budget includes the same **Davis Vision** insurance plan that was offered last fiscal year to all eligible employees, with an **increase** in the cost of premiums paid by employees of **1.0%**. The Village will continue to offer a second vision insurance plan through Vision Care Direct (VCD), which has a higher premium, and includes different or additional eye care providers. Village employees will continue to pay **100%** of the premium for vision insurance.
4. Ancillary Insurance – The Fiscal Year 2019-20 Budget includes the same ancillary insurance through **Companion Life** that was offered last fiscal year to all benefits-eligible employees, such as basic life, AD&D life, and long-term disability coverage, as well as voluntary supplemental life insurance for employees and dependents, with **no change** in premiums.
5. Other Benefits – The Village will continue to offer other benefits such as **tuition reimbursement** for job-related higher education, and a **gym membership reimbursement** program for up to \$20.00 per month for participating and eligible employees.

2. Operating Services

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

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

1. Continue to emphasize the importance of employee training to enhance Village employee's education and skills.
2. Continue to emphasize the importance of employee safety through the Village's Employee Safety Program, in an effort to protect employees, and lower the Village's workers' compensation modifier.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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

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

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

Requests for Information

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

Village of Los Lunas
Administration Department
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, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 38,022,191	6,676,528	44,698,719
Restricted cash	-	292,237	292,237
Investments	460,728	440,000	900,728
Accounts receivable	-	877,760	877,760
Receivable from other governments	6,049,996	-	6,049,996
Other receivables	30,508	-	30,508
Inventories	-	144,531	144,531
Total current assets	44,563,423	8,431,056	52,994,479
Capital assets, net of depreciation	69,862,551	66,577,320	136,439,871
Total assets	114,425,974	75,008,376	189,434,350
DEFERRED OUTFLOWS OF RESOURCES - Pension Related	4,393,106	282,100	4,675,206
DEFERRED OUTFLOWS OF RESOURCES - OPEB Related	1,348,652	-	1,348,652
Total deferred outflows	5,741,758	282,100	6,023,858
LIABILITIES			
Current liabilities			
Accounts payable	3,079,806	554,613	3,634,419
Accrued payroll expenses	510,932	91,107	602,039
Due to other governments	2,630,223	-	2,630,223
Customer deposits	-	292,237	292,237
Interest payable	97,559	111,269	208,828
Due within one year			
Bonds, notes and capital leases	782,249	1,432,502	2,214,751
Compensated absences	286,361	76,084	362,445
Total current liabilities	7,387,130	2,557,812	9,944,942
Due in more than one year			
Bonds, notes and capital leases	12,433,570	20,236,644	32,670,214
Compensated absences	206,637	31,342	237,979
Post-closure landfill costs	-	462,497	462,497
Net pension liability	20,386,971	1,364,265	21,751,236
Net OPEB liability	6,369,096	-	6,369,096
Total liabilities	46,783,404	24,652,560	71,435,964
DEFERRED INFLOWS OF RESOURCES - Pension Related	611,853	23,407	635,260
DEFERRED INFLOWS OF RESOURCES - OPEB Related	748,538	-	748,538
Total deferred inflows	1,360,391	23,407	1,383,798
NET POSITION			
Net investment in capital assets	56,646,732	44,908,174	101,554,906
Restricted for			
Special projects and statutory requirements	17,102,438	-	17,102,438
Debt service	596,289	292,237	888,526
Customer deposits	-	-	-
Unrestricted	(2,321,522)	5,414,098	3,092,576
Total net position	\$ 72,023,937	50,614,509	122,638,446

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Primary Government		
		Services	Grants and	Grants and	Governmental	Business-Type	Total
			Contributions	Contributions	Activities	Activities	
Primary government							
Governmental activities							
General government	\$ 7,089,223	2,080,550	500,310	136,874	(4,371,489)	-	(4,371,489)
Public safety	9,252,647	84,154	958,932	-	(8,209,561)	-	(8,209,561)
Public works	2,153,960	-	841,435	701,690	(610,835)	-	(610,835)
Health and welfare	1,851,613				(1,851,613)	-	(1,851,613)
Culture and recreation	3,702,427	183,458	-	-	(3,518,969)	-	(3,518,969)
Capital outlay	133,604				(133,604)	-	(133,604)
Interest on long-term debt	368,502	-	-	-	(368,502)	-	(368,502)
Total governmental activities	24,551,976	2,348,162	2,300,677	838,564	(19,064,573)	-	(19,064,573)
Business-Type Activities							
Water and sewer	8,236,697	10,115,255	-	-	-	1,878,558	1,878,558
Solid waste	2,763,343	3,113,458	-	-	-	350,115	350,115
Total business-type activities	11,000,040	13,228,713	-	-	-	2,228,673	2,228,673
Total primary government	\$ 35,552,016	15,576,875	2,300,677	838,564	(19,064,573)	2,228,673	(16,835,900)
General Revenues							
Taxes							
Property taxes, levied for general purposes \$					3,034,583	-	3,034,583
Franchise tax					840,167	-	840,167
Sales tax					22,970,715	-	22,970,715
Other taxes					643,522	-	643,522
Unrestricted investment earnings					26,201	9,428	35,629
Legislative appropriations					1,876,393	-	1,876,393
Loan Proceeds					-	884,394	884,394
Miscellaneous					695,727	145,474	841,201
Transfers in					5,833,298	60,610	5,893,908
Transfers out					(5,426,508)	(427,099)	(5,853,607)
Total general revenues, special items, and transfers					30,494,098	672,807	31,166,905
Change in net position					11,429,525	2,901,480	14,331,005
Net position, beginning					58,276,533	47,713,029	105,989,562
Prior period restatement (note 17)					2,317,879	-	2,317,879
Net position, beginning as restated					60,594,412	47,713,029	108,307,441
Net position, ending					\$ 72,023,937	50,614,509	122,638,446

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Infrastructure Fund	LEDA Facebook Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,765,595	2,621,666	6,936,534	9,698,396	38,022,191
Restricted Cash	-	-	-	-	-
Investments	460,728	-	-	-	460,728
Due from other funds	475,701	-	-	-	475,701
Receivable from other governments	3,639,139	1,327,190	-	1,083,667	6,049,996
Other receivables	30,508	-	-	-	30,508
Total assets	\$ 23,371,671	3,948,856	6,936,534	10,782,063	45,039,124
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 485,189	952,515	15,038	1,627,064	3,079,806
Due to other funds	-	-	-	475,701	475,701
Due to other governments	-	-	-	2,630,223	2,630,223
Accrued payroll expenditures	495,746	-	-	15,186	510,932
Total liabilities	980,935	952,515	15,038	4,748,174	6,696,662
DEFERRED INFLOWS OF RESOURCES					
Property taxes	150,035	-	-	23,456	173,491
Total deferred inflows of resources	150,035	-	-	23,456	173,491
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,770,457	2,996,341	6,921,496	6,010,433	17,698,727
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	20,470,244	-	-	-	20,470,244
Total fund balances	22,240,701	2,996,341	6,921,496	6,010,433	38,168,971
Total liabilities, deferred inflows of resources and fund balances	\$ 23,371,671	3,948,856	6,936,534	10,782,063	45,039,124

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, 2020

		Governmental Activities
Total Fund Balance Governmental Funds		
Governmental Funds Balance Sheet	\$	38,168,971
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	151,492,843	
Accumulated depreciation	<u>(81,630,292)</u>	
Total capital assets		69,862,551
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:		173,491
Defined benefit pension plan and OPEB deferred outflows are not financial resources and, therefore, are not reported in the funds		5,741,758
Defined benefit pension plan and OPEB deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds		(1,360,391)
Long-term liabilities are not due and payable in the current period and, therefore, are not		
Accrued interest	(97,559)	
Bonds, notes and loans payable	(13,215,819)	
Compensated absences payable	(492,998)	
Net OPEB liability	(6,369,096)	
Net pension liability	<u>(20,386,971)</u>	
Total long-term and other liabilities		<u>(40,562,443)</u>
Net position of governmental activities (Statement of Net Position)	\$	<u><u>72,023,937</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, 2020

	General Fund	Infrastructure Fund	LEDA Facebook Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues					
Sales and miscellaneous taxes	\$ 22,829,505	3,543,450	-	1,117,459	27,490,414
Fees and fines	90,652	-	-	-	90,652
Licenses and permits	206,854	-	-	-	206,854
State grants	500,310	692,880	-	1,107,487	2,300,677
Federal grants	136,874	701,690	-	-	838,564
Charges for Services	1,783,044	-	-	267,612	2,050,656
Investment earnings	25,651	-	-	550	26,201
Miscellaneous	663,962	-	-	31,765	695,727
Total revenues	26,236,852	4,938,020	-	2,524,873	33,699,745
Expenditures					
Current					
General government	3,104,687	-	1,875	51,792	3,158,354
Public safety	7,425,234	-	-	831,818	8,257,052
Public works	1,160,154	46,481	-	89,522	1,296,157
Health and welfare	1,601,533	-	-	-	1,601,533
Culture and recreation	3,580,632	-	-	121,795	3,702,427
Debt service					
Principal	86,167	-	-	676,920	763,087
Interest and other charges	88,959	-	-	264,004	352,963
Capital outlay	2,005,729	4,068,388	568,971	4,979,164	11,622,252
Total expenditures	19,053,095	4,114,869	570,846	7,015,015	30,753,825
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	7,183,757	823,151	(570,846)	(4,490,142)	2,945,920
Other financing sources (uses)					
Legislative appropriations	-	372,794	-	1,503,599	1,876,393
Proceeds from issuance of debt	-	-	-	-	-
Transfers in - governmental funds	894,220	-	-	4,939,078	5,833,298
Transfers in - agency funds	-	-	-	-	-
Transfers out - agency funds	-	-	-	-	-
Transfers out	(4,995,323)	(256,700)	-	(174,485)	(5,426,508)
Total other financing sources (uses)	(4,101,103)	116,094	-	6,268,192	2,283,183
Net change in fund balances	3,082,654	939,245	(570,846)	1,778,050	5,229,103
Fund balances, beginning of year	19,158,047	2,057,096	7,492,342	1,914,504	30,621,989
Restatement, Note 17	-	-	-	2,317,879	2,317,879
Fund balances, as restated	19,158,047	2,057,096	7,492,342	4,232,383	32,939,868
Fund balances, end of year	\$ 22,240,701	2,996,341	6,921,496	6,010,433	38,168,971

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, 2020

Net Change in Fund Balances - Total Governmental Funds
(Statement of Revenue, Expenditures, and Changes
in Fund Balances)

\$ 5,229,103

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

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

Capital Outlay	11,488,648	
Depreciation expense	(5,546,895)	
	<u>5,941,753</u>	5,941,753

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	(1,427)
----------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

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

Change in bonds, notes and capital leases	763,087	
Change in compensated absences	(65,899)	
Accrued interest	(15,539)	
Change in net pension and OPEB liability	(421,553)	
	<u>260,096</u>	260,096

Change in net position governmental activities

\$ 11,429,525

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 19,346,594	19,346,594	19,159,858	(186,736)
Fees and fines	59,082	59,082	90,652	31,570
Licenses and permits	274,321	278,715	206,854	(71,861)
State grants	391,389	550,425	500,310	(50,115)
Federal grants	127,761	127,761	136,874	9,113
Charges for services	1,562,754	1,684,110	1,783,044	98,934
Investment earnings	-	34,000	25,651	(8,349)
Miscellaneous	745,178	741,449	663,962	(77,487)
Total revenues	22,507,079	22,822,136	22,567,205	(254,931)
Expenditures				
Current				
General government	3,164,932	3,261,643	3,104,687	156,956
Public safety	8,060,984	8,122,189	7,425,234	696,955
Public works	1,133,368	1,163,368	1,160,154	3,214
Health and welfare	1,139,688	1,191,938	620,598	571,340
Culture and recreation	3,802,572	3,985,817	3,580,632	405,185
Debt service				
Principal	86,167	86,167	86,167	-
Interest and other charges	88,959	88,959	88,959	-
Capital outlay	2,813,646	2,686,030	2,005,729	680,301
Total expenditures	20,290,316	20,586,111	18,072,160	2,513,951
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,216,763	2,236,025	4,495,045	2,259,020
Other Financing Sources (Uses)				
Legislative appropriations	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers, in	791,174	791,174	894,220	103,046
Transfers, out	(4,994,992)	(4,995,323)	(4,995,323)	-
Total other financing sources (uses)	(4,203,818)	(4,204,149)	(4,101,103)	103,046
Net change in fund balances	\$ (1,987,055)	(1,968,124)	393,942	2,362,066
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			3,669,647	
Adjustments to expenditures			(980,935)	
Net change in fund balance (GAAP)			\$ 3,082,654	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Continued)
Infrastructure Fund (Special Revenue Fund)
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ 2,950,000	2,967,500	2,216,260	(751,240)
State grants	3,240,081	3,240,081	692,880	(2,547,201)
Federal grants	2,758,095	2,758,095	701,690	(2,056,405)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
Total revenues	8,949,176	8,966,676	3,610,830	(5,355,846)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	400,000	417,500	46,481	371,019
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	6,808,756	6,808,756	3,115,873	3,692,883
Total expenditures	7,208,756	7,226,256	3,162,354	4,063,902
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,740,420	1,740,420	448,476	(1,291,944)
Other Financing Sources (Uses)				
Legislative appropriations	450,000	450,000	372,794	-
Transfers, in	-	-	-	-
Transfers, out	(256,700)	(256,700)	(256,700)	-
Total other financing sources (uses)	193,300	193,300	116,094	-
Net change in fund balances	\$ 1,933,720	1,933,720	564,570	(1,291,944)
Reconciliation to GAAP Basis:				
Adjustments to revenues			1,327,190	
Adjustments to expenditures			(952,515)	
Net change in fund balance (GAAP)			\$ 939,245	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)
LEDA FACEBOOK FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	20,000	20,000	1,875	18,125
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>2,397,000</u>	<u>2,397,000</u>	<u>568,971</u>	<u>1,828,029</u>
Total expenditures	<u>2,417,000</u>	<u>2,417,000</u>	<u>570,846</u>	<u>1,846,154</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(2,417,000)</u>	<u>(2,417,000)</u>	<u>(570,846)</u>	<u>1,846,154</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,417,000)</u>	<u>(2,417,000)</u>	<u>(570,846)</u>	<u>1,846,154</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (570,846)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position - Proprietary Funds
June 30, 2020

	Business- Type Activities		
	Enterprise Funds		
	Water Sewer	Solid Waste	Total
	Fund	Fund	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,405,208	3,271,320	6,676,528
Restricted cash	292,237	-	292,237
Investments	240,000	200,000	440,000
Accounts receivable	687,680	190,080	877,760
Inventories	144,531	-	144,531
Total current assets	4,769,656	3,661,400	8,431,056
Noncurrent Assets			
Capital assets	103,934,784	8,941,823	112,876,607
Less accumulated depreciation	(41,626,304)	(4,672,983)	(46,299,287)
Total noncurrent assets	62,308,480	4,268,840	66,577,320
Total assets	67,078,136	7,930,240	75,008,376
DEFERRED OUTFLOWS - Pension Related	181,636	100,464	282,100
LIABILITIES			
Current Liabilities			
Accounts payable	465,344	89,269	554,613
Salaries payable	58,538	32,569	91,107
Customer deposits	292,237	-	292,237
Interest payable	111,269	-	111,269
Due to other funds	-	-	-
Current portion compensated absences	47,418	28,666	76,084
Current portion of debt	1,432,502	-	1,432,502
Total current liabilities	2,407,308	150,504	2,557,812
Non-Current Liabilities			
Compensated absences	20,156	11,186	31,342
Post-closure landfill costs	-	462,497	462,497
Bonds, notes, loans and capital leases	20,236,644	-	20,236,644
Net pension liability	878,412	485,853	1,364,265
Total liabilities	23,542,520	1,110,040	24,652,560
DEFERRED INFLOWS - Pension Related	15,071	8,336	23,407
NET POSITION			
Net investment in capital assets	40,639,334	4,268,840	44,908,174
Restricted			
Debt service	292,237	-	292,237
Customer deposits	-	-	-
Unrestricted	2,770,610	2,643,488	5,414,098
Total net position	\$ 43,702,181	6,912,328	50,614,509

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, 2020

	Business- Type Activities Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for services	\$ 10,115,255	3,113,458	13,228,713
Miscellaneous	61,438	84,036	145,474
Total operating revenues	10,176,693	3,197,494	13,374,187
Operating Expenses			
Personnel services	1,715,593	923,461	2,639,054
Non-payroll expenses	3,804,287	1,220,636	5,024,923
Depreciation	2,638,390	619,246	3,257,636
Total operating expenses	8,158,270	2,763,343	10,921,613
Operation income	2,018,423	434,151	2,452,574
Non-Operating Revenues (Expenses)			
Interest and investment revenue	8,256	1,172	9,428
Loss on disposition of assets	-	-	-
Interest expense	(78,427)	-	(78,427)
Total non-operating revenue (expenses)	(70,171)	1,172	(68,999)
Income before contributions and transfers	1,948,252	435,323	2,383,575
Transfers			
Loan proceeds	884,394	-	884,394
Transfers in	60,610	-	60,610
Transfers out	(400,387)	(26,712)	(427,099)
Total transfers	544,617	(26,712)	517,905
Change in net position	2,492,869	408,611	2,901,480
Net position, beginning of year	41,209,312	6,503,717	47,713,029
Net position, end of year	\$ 43,702,181	6,912,328	50,614,509

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2020

	Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers and others	\$ 10,938,112	3,185,161	14,123,273
Cash paid for goods and services	(4,878,761)	(1,177,555)	(6,056,316)
Cash paid to employees	(1,543,377)	(885,204)	(2,428,581)
Net cash provided by operating activities	4,515,974	1,122,402	5,638,376
Cash Flows From Investing Activities			
Cash received on legislative appropriations	-	-	-
Gain (loss) on disposition of assets	-	-	-
Interest received	8,256	1,172	9,428
Net cash provided (used) by investing activities	8,256	1,172	9,428
Cash Flows From Non-Capital Financing Activities Operating transfers, net	(339,777)	(26,712)	(366,489)
Net cash provided (used) by non-capital financing activities	(339,777)	(26,712)	(366,489)
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(8,333,349)	(1,642,162)	(9,975,511)
Loan proceeds	884,394	-	884,394
Debt payment	1,908,143	-	1,908,143
Interest paid	(78,427)	-	(78,427)
Net cash (used) by capital and related financing activities	(5,619,239)	(1,642,162)	(7,261,401)
Net increase in cash and cash equivalents	(1,434,786)	(545,300)	(1,980,086)
Cash and restricted cash and cash equivalents, beginning of year	5,132,231	3,816,620	8,948,851
Cash and restricted cash and cash equivalents, end of year	\$ 3,697,445	3,271,320	6,968,765
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ 2,018,423	434,151	2,452,574
Adjustments to operating (loss) income to net cash provided by operating activities:			
Depreciation expense	2,638,390	619,246	3,257,636
Change in net pension liability	159,678	48,619	208,297
Change in assets and liabilities:			
Accounts receivable	761,419	(12,333)	749,086
Due from other governments	-	-	-
Inventory	(57,398)	-	(57,398)
Accounts payable	(734,286)	60,656	(673,630)
Customer deposits	25,172	-	25,172
Accrued liabilities	(304,352)	(2,703)	(307,055)
Compensated absences	8,928	(7,659)	1,269
Post closure landfill liability	-	(17,575)	(17,575)
Net cash provided by operating activities	\$ 4,515,974	1,122,402	5,638,376

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Fiduciary Assets and Liabilities - Agency Funds
Year Ended June 30, 2020

ASSETS

Cash and cash equivalents	\$	535,827
Due from other agencies		<u>1,607,973</u>

Total assets	\$	<u><u>2,143,800</u></u>
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LIABILITIES

Accounts payable	\$	409,188
Accrued liabilities		67,564
Due to others		<u>1,667,048</u>

Total liabilities	\$	<u><u>2,143,800</u></u>
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See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

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, 2020

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, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

In addition, the government reports the following fund types:

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

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities: Daniel Fernandez Park Improvement Fund, Museum of Heritage and Arts Improvement Fund, River Park and Bosque Improvements Fund, Sports Complex Improvements Fund, and I-25 Interchange Fund.

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 General Revenue Bonds, 2003 A/B Gross Debt Service Fund and 93 Gross Receipts Tax Revenue Bond Fund.

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

E. Budgetary Information

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

- For the 2020 budget year, the Village Assessor sent to the Village an assessed valuation of all taxable property with the Village's boundaries.
- The Mayor, or other qualified person appointed by the Council, submitted to the Council a recommended budget which detailed the necessary property taxes needed, along with other available revenues to meet the Village's operating requirements.
- A public hearing was held for the budget, the Council certified to the Village Commissioners a levy rate that derived the necessary property taxes in the proposed budget, and the Council adopted the proposed budget and an appropriation resolution that legally appropriated expenditures for the upcoming year.
- After adoption of the budget resolution, the Village may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2018 were collected in 2019, and taxes certified in 2019 will be collected in 2020. Taxes are due on July 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (Continued)

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

F. Cash, Restricted Cash and Cash Equivalents

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

G. Investments

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

H. Receivables

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

I. Property Taxes

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

J. Interfund Receivables and Payables

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

K. Inventory

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

L. Capital Assets

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

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

Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

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

M. Compensated Absences

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

N. Long-term Debt Obligations

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

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

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

O. Pensions

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Postemployment Benefits Other Than Pensions (OPEB)

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

Q. Fund Balance

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), The Village classifies governmental fund balances as follows:

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

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

R. Net Position

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates (Continued)

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

T. Fund Balance for Subsequent Years Expenditures

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

NOTE 3. DEPOSITS AND INVESTMENTS

A. Cash and Investments

As of June 30, 2020, the Village had the following deposits and investments:

Demand deposits	\$	45,526,783
Certificates of deposits		900,728
Total		<u>46,427,511</u>
Governmental funds		38,482,919
Proprietary funds		7,408,765
Agency funds		535,827
Total	\$	<u>46,427,511</u>

B. Interest Rate Risk

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

C. Credit Risk

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

D. Concentration of Credit Risk

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

E. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$0 of the Village's bank balance of \$46,384,285 was exposed to custodial credit risk because it was uninsured and uncollateralized. See pledged collateral statement on pages 88 and 89. The remaining balances are fully collateralized, and the collateral is held in the Village's name. A full reconciliation of cash and investments for the Village is on pages 90 and 91.

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, 2020.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2020 consisted of the following. All receivables as of June 30, 2020 were deemed to be fully collectible.

	General Fund	Infrastructure Fund	Other Governmental Funds	Enterprise Funds	Total
Receivables:					
Trade accounts	\$ -	-	-	547,496	547,496
Grants and other governments	66,238	756,602	979,793	252,400	2,055,033
Property Taxes	193,945	-	31,057	-	225,002
Sales Tax	3,283,563	570,588	-	70,863	3,925,014
Franchise tax	83,529	-	-	2,038	85,567
Other tax	11,864	-	72,817	-	84,681
Water Plant					
Investment Fees	-	-	-	3,763	3,763
Water Rights	-	-	-	1,200	1,200
Other Receivables	30,508	-	-	-	30,508
Total receivables	\$ 3,669,647	1,327,190	1,083,667	877,760	6,958,264

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

<i>Governmental Activities:</i>	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	5,872,097	-	-	-	5,872,097
Construction in process	9,380,113	4,661,389	-	(8,264,319)	5,777,183
Total capital assets not being depreciated	15,252,210	4,661,389	-	(8,264,319)	11,649,280
Capital assets being depreciated:					
Land improvements	10,608,867	1,461,525	-	541,988	12,612,380
Building and improvements	28,674,941	269,569	-	10,174	28,954,684
Vehicles	6,987,973	595,939	-	-	7,583,912
Machinery and equipment	4,572,220	1,765,490	-	(9,420)	6,328,290
Capital Leases	406,000	-	-	-	406,000
Infrastructure	73,501,985	2,734,734	-	7,721,577	83,958,296
Total capital assets being depreciated	124,751,986	6,827,257	-	8,264,319	139,843,562
Total capital assets	140,004,196	11,488,646	-	-	151,492,842
Less accumulated depreciation for:					
Land Improvements	(7,042,923)	(833,011)	-	-	(7,875,934)
Building and improvements	(8,568,457)	(873,317)	-	-	(9,441,774)
Vehicles	(5,016,060)	(732,505)	-	-	(5,748,565)
Machinery and equipment	(3,266,015)	(372,092)	-	-	(3,638,107)
Capital Lease	(406,000)	-	-	-	(406,000)
Infrastructure	(51,783,941)	(2,735,971)	-	-	(54,519,912)
Total accumulated depreciation	(76,083,396)	(5,546,896)	-	-	(81,630,292)
Total capital assets being depreciated, net	48,668,590	1,280,361	-	8,264,319	58,213,270
Governmental activities capital assets, net	63,920,800	5,941,750	-	-	69,862,550

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets follows:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<i>Business-Type Activities:</i>					
Capital assets not being depreciated:					
Land	1,207,227	-	-	-	1,207,227
Construction in process	7,141,032	9,114,159	-	(3,634,087)	12,621,104
Water Rights	5,586,898	-	-	-	5,586,898
Total capital assets not being depreciated	13,935,157	9,114,159	-	(3,634,087)	19,415,229
Capital assets being depreciated:					
Land improvements	11,671	-	-	-	11,671
Building and improvements	20,114,563	-	-	-	20,114,563
Vehicles	6,658,806	452,662	(143,279)	-	6,968,189
Machinery and equipment	1,474,495	45,999	-	-	1,520,494
Water/sewer plant	60,849,685	362,689	-	3,634,087	64,846,461
Total capital assets being depreciated	89,109,220	861,350	(143,279)	3,634,087	93,461,378
Total capital assets	103,044,377	9,975,509	(143,279)	-	112,876,607
Less accumulated depreciation for:					
Land Improvements	(11,671)	-	-	-	(11,671)
Building and improvements	(5,340,796)	(609,532)	-	-	(5,950,328)
Vehicles	(4,842,395)	(783,836)	143,279	-	(5,482,952)
Machinery and equipment	(576,709)	(115,390)	-	-	(692,099)
Water/sewer plant	(32,413,355)	(1,748,878)	-	-	(34,162,233)
Total accumulated depreciation	(43,184,926)	(3,257,636)	143,279	-	(46,299,283)
Total capital assets being depreciated, net	45,924,294	(2,396,286)	-	3,634,087	47,162,095
Business-Type activities capital assets, net	59,859,451	6,717,873	-	-	66,577,320

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

Governmental Activities:		Business-type activities:	
General government	\$ 1,047,777	Water/sewer	\$ 2,638,390
Public safety	713,157	Solid waste	619,246
Public works	2,940,804		\$ 3,257,636
Culture and recreation	845,158		
	\$ 5,546,896		

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 6. LONG-TERM DEBT

The Village of Los Lunas has entered into a refinance loan agreement totaling \$1,605,848 from the New Mexico Environment Department Construction Programs Bureau. The loan will be amortized over a 10-year term with a 1.2% interest rate. The loan will be repaid utilizing funds pledged from security interest by dedicating Net Revenues from the Municipal Street Improvement Fund. As of June 30, 2020, the Village, has an outstanding balance of \$1,089,603.

The Village obtained a loan from the New Mexico Finance Authority in the amount of \$406,000, with a blended interest rate of 3.012% for the purpose of purchasing a new fire truck. The loan was amortized over a 12-year term and matures in May 2023. The loan will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village, has an outstanding balance of \$113,993.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$3,403,856 from the New Mexico Finance Authority for the construction of a new VRECC dispatch building. The Village entered into the loan agreement on December 9, 2016 and matures in May 2046. The loan will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$3,114,742.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$7,718,406 from the New Mexico Environment Department Construction Programs Bureau for the wastewater treatment plant improvement project. Annual principal and interest payments will begin one year after completion of the project. The loan will be amortized over a 25-year term with a 2% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2020, the Village has an outstanding balance of \$6,429,182.

The Village of Los Lunas has entered into a loan agreement to borrow up to \$582,600 from the New Mexico Environment Department Construction Programs Bureau for the engineering and construction to replace the existing effluent pipeline. Annual principal and interest payments will begin one year after completion of the project and will be paid in annual installments. The loan will be amortized over a 25-year term with a 3% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2020, the Village has an outstanding balance of \$221,639.

The Village of Los Lunas has entered into a loan agreement on April 20, 2018 to borrow up to \$2,129,712 from the New Mexico Finance Authority for the installation of waterlines. The loan matures May 1, 2040 and carries a 2.0% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. Annual principal and interest payments will begin one year after completion of the project. As of June 30, 2020, the Village has drawn down a total of \$1,618,460.

The Village of Los Lunas has entered into a loan agreement in 2006 to borrow up to \$2,892,310 from the New Mexico Finance Authority for the Drinking Water Project. The loan matures May 1, 2021 and carries a 2.77% interest rate. The loan will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$207,783.

The Village of Los Lunas has entered into a loan agreement on October 13, 2017 to borrow up to \$11,384,090 from the New Mexico Environment Department Construction Programs Bureau for the Clean Water State Revolving Fund Program. The loan matures September 13, 2030 and carries a 1.2% interest rate. The loan will be repaid utilizing funds pledged from security interest by dedicating Net Revenues of the operation of the joint water and wastewater system. As of June 30, 2020, the Village has an outstanding balance of \$9,745,512.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 6. LONG-TERM DEBT (CONTINUED)

The Village of Los Lunas has entered into a loan agreement in 2011 to borrow up to \$4,053,053 from the New Mexico Finance Authority for the Arsenic Treatment Plant Project. The loan matures May 1, 2030 and carries a 1.750% interest rate. The loan will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$2,271,402.

The Village of Los Lunas has entered into a loan agreement in 2012 to borrow up to \$141,200 from the New Mexico Finance Authority for the River Crossing Project. The loan matures June 1, 2032 and carries a 2.50% interest rate. The loan will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$85,565.

The Village of Los Lunas has entered into a bond agreement in 2016 to borrow up to \$5,470,000 for infrastructure. The bond matures August 1, 2031 and carries a 2.5% interest rate. The bond will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$4,795,000.

The Village of Los Lunas has entered into a bond agreement in 2016 to borrow up to \$4,155,000 for infrastructure. The bond matures April 1, 2041 and carries a 3.0% interest rate. The bond will be repaid utilizing funds pledged from Gross Receipts Taxes. As of June 30, 2020, the Village has an outstanding balance of \$3,970,000.

The Village of Los Lunas has entered into a loan agreement in 2017 to borrow up to \$1,715,393 from the New Mexico Environment Department Construction Programs Bureau for the Wastewater Facility Construction Loan Program. The bond matures March 2, 2027 and carries a 1.2% interest rate. The loan will be repaid utilizing funds pledged from security interest by dedicating Net Revenues from the Municipal Street Improvement Fund. As of June 30, 2020, the Village has an outstanding balance of \$1,222,084.

Government Bonds Payable

Fiscal Year Ending June 30,	Principal	Interest
2021	\$ 490,000	231,113
2022	500,000	219,863
2023	510,000	209,763
2024	520,000	196,213
2025	535,000	180,463
2026-2029	2,310,000	562,234
2030-2034	2,295,000	378,284
2035-2039	1,110,000	176,100
2040-2041	495,000	22,350
Total	\$ 8,765,000	2,176,381

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 6. LONG-TERM DEBT (CONTINUED)

Government Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2021	\$ 292,249	109,937
2022	296,647	105,540
2023	301,292	100,894
2024	265,421	95,968
2025	269,070	92,320
2026-2029	748,500	330,932
2030-2034	547,788	343,844
2035-2039	638,916	252,714
2040-2044	752,318	139,314
2045-2046	338,618	18,034
Total	\$ 4,450,819	1,589,497

Enterprise Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2021	1,761,250	320,045
2022	1,587,757	315,431
2023	1,611,422	296,150
2024	1,635,471	276,545
2025	1,659,907	256,609
2026-2030	7,882,293	974,880
2031-2035	2,966,539	537,734
2036-2040	1,990,311	308,214
2041-2045	574,196	37,268
Total	\$ 21,669,146	3,322,876

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 6. LONG-TERM DEBT (CONTINUED)

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Business-type Activities:						
<i>Water and Sewer Fund:</i>						
Drinking water state revolving loan	2.77% to 2.80%	\$ 449,960	-	(242,177)	207,783	207,783
Clean water state revolving loan	1.20%	1,263,741	-	(174,139)	1,089,603	176,228
Clean water state revolving loan 2008	0.74%	10,569,687	-	(824,176)	9,745,512	834,066
NMFA drinking water loan	1.75%	2,474,717	-	(203,315)	2,271,402	207,392
Water/sewer river crossing loan	0.25%	92,580	-	(7,015)	85,565	7,033
NMFA drinking water loan	1.75%	1,139,256	479,204	-	1,618,460	-
Clean water state revolving loan	2.00%	3,771,062	2,658,120	-	6,429,182	-
Clean water state revolving loan	3.00%	-	221,639	-	221,639	-
Compensated absences	3.00%	58,646	56,346	(47,418)	67,574	47,418
Total Water and Sewer Fund		19,819,649	3,415,309	(1,498,240)	21,736,720	1,479,920
<i>Solid Waste Fund:</i>						
Compensated absences	N/A	47,511	21,006	(28,666)	39,852	28,666
Total Solid Waste Fund		47,511	21,006	(28,666)	39,852	28,666
Total Business-type Activities:		\$ 19,867,160	3,436,315	(1,526,906)	21,776,572	1,508,586
Governmental Activities:						
2016 Series GRT Revenue Bond	2.00% to 3.00%	\$ 5,135,000	-	(340,000)	4,795,000	350,000
2016 General Obligation Bond	2.00% to 3.00%	4,105,000	-	(135,000)	3,970,000	140,000
NMED Loan	1.20% to 2.00%	1,388,486	-	(166,402)	1,222,084	168,398
NMFA Fire Truck	3.01%	149,511	-	(35,518)	113,993	36,693
NMFA Emergency Call Center Loan	0.79% to 3.54%	3,200,909	-	(86,167)	3,114,742	87,158
Compensated absences	N/A	427,099	352,260	(286,361)	492,998	286,361
Total Governmental Activities		14,406,006	352,260	(1,049,448)	13,708,817	1,068,610
Grand Total Long-term Debt		\$ 34,273,166	3,788,575	(2,576,354)	35,485,389	2,577,196

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2020 is as follows:

Due from Other Funds	Due to Other Funds	Amount
General Fund	Danie Fernandez Park Fund	376,830
	Museum of Heritage & Arts Improvement Fund	55,229
	River Park & Bosque Improvement Funds	43,642
		<u>475,701</u>

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	\$ 463,046	4,995,323
Local LEDA GRT	2,030,365	
Infrastructure	-	256,700
Local DWI Grant	-	10,829
Municipal Street Improvement	-	60,610
Employee Benefit Trust Fund	431,174	-
Debt Service Funds:		
2014 GRT Revenue	-	103,046
2016 GRT Revenue	-	-
Capital Projects Fund	256,700	
I-25 Interchange	2,500,000	
Museum	152,013	
Enterprise Funds:		
Water Sewer	60,610	400,387
Solid Waste	-	26,712
Agency Fund:		
Central Dispatch	<u>331</u>	<u>40,632</u>
Total	\$ <u>5,894,239</u>	<u>5,894,239</u>

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 8. RISK MANAGEMENT

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

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

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 \$462,497 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.

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.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

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

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.

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

PERA Contribution Rates and Pension Factors in effect during FY19						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1(plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

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, 2020, the Village reported a liability of \$21,751,236 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal Plan 3, At June 30, 2019, the Village's proportion was 0.6081% percent, which was decreased of 0.0037% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$2,184,362. At June 30, 2020, 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	\$	315,614	113,877
Changes in assumptions		469,385	25,927
Net difference between projected and actual earnings on pension plan investments		354,725	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions		501,797	40,808
Village's contributions subsequent to the measurement date		535,189	-
Total	\$	2,176,710	180,612

The amount of \$535,189 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:		
2021	\$	822,496
2022		423,558
2023		156,494
2024		58,361
2025		-
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, 2019, the Village's proportion was 0.9122% percent, which was an increase of 0.0059% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$1,283,585. At June 30, 2020, 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	\$ 281,501	287,034
Changes in assumptions	382,204	17,143
Net difference between projected and actual earnings on pension plan investments	210,412	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	215,653	-
Village's contributions subsequent to the measurement date	<u>387,918</u>	<u>-</u>
Total	\$ <u>1,477,688</u>	<u>304,177</u>

The amount of \$387,918 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2021	\$ 333,514
2022	304,603
2023	112,944
2024	34,532
2025	-
Thereafter	-

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VILLAGE OF LOS LUNAS
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NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

For PERA Fund Division Municipal Fire Plan 5, At June 30, 2019, the Village's proportion was 0.6528% percent, which an increase of 0.0579% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$720,772. At June 30, 2020, 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	\$ 76,194	141,771
Changes in assumptions	123,087	7,098
Net difference between projected and actual earnings on pension plan investments	71,744	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	546,708	1,602
Village's contributions subsequent to the measurement date	<u>203,075</u>	<u>-</u>
Total	\$ <u>1,020,808</u>	<u>150,471</u>

The amount of \$203,075 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2021	\$ 246,330
2022	286,771
2023	122,451
2024	11,710
2025	-
Thereafter	-

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

Actuarial assumptions: The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

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

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 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:

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VILLAGE OF LOS LUNAS
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NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Credit Oriented Fixed Income	15.0%	5.47%
Real Assets	20.0%	6.48%
Multi-Risk Allocation	1.30%	
Total	100.0%	

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

PERA Fund Division Municipal Plan 3

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 15,921,174	10,526,816	6,063,707

PERA Fund Division Municipal Police Plan 5

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 10,196,944	6,738,138	3,916,405

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

PERA Fund Division Municipal Fire Plan 5

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 5,945,723	4,486,282	3,290,237

Payables to the pension plan: The Village accrued \$102,250 in PERA benefits at June 30, 2020.

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN

General Information about the OPEB Plan

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

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

Employees covered by benefit terms. At July 1, 2019, the Plan's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Active	209
Retired Members	13
Spouse of Eligible Retirees	5
Beneficiaries/Spouses of Ineligible Retirees	4
Total Plan Membership	<u>231</u>
Active membership	
Regular Employees	143
Fire	25
Police	41
Total Active Membership	<u>209</u>

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

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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The contribution requirements of plan members and the Village are established and may be amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. The current funding policy is for employees to contribute 0.65% of base salary per payroll (bi-weekly) and for the Village to contribute 3% of annual base salary, posted quarterly. This policy is summarized in Ordinance No. 306 of the Village of Los Lunas. Retirees contribute 50% of the premium amount based on the plan elected at retirement.

For fiscal year 2020, the Village contributed \$431,174 to the Plan. Plan members receiving benefits contributed \$97,411 through their required contribution of 0.65% per pay period.

Net OPEB Liability

The Village's net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Fiscal Year Ending		June 30, 2020
Total OPEB Liability	\$	9,137,050
Fiduciary net position		2,767,954
Net OPEB Liability	\$	6,369,096
Fiduciary net position as a % of total OPEB liability		30.29%
Covered Payroll		9,441,043
Total OPEB liability as a % of covered payroll		67.46%

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

Discount Rate	June 30, 2020
Discount Rate	3.50%
Long-term expected rate of return, net of investment expenses	2.80%
20 Year Tax-Exempt Municipal Bond Yield	3.50%
Other Key Actuarial Assumptions and Methods	
Valuation date	July 1, 2019
Measurement date	June 30, 2019
Inflation	2.50%
Salary increases	3.25%
Withdrawal and retirement rates	June 30, 2019 New Mexico PERA Valuation
Election rates	100% of eligible employees
Actuarial cost method	Entry Age Normal

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

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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

of any implicit rate subsidies. The net cost of the plan is equal to the true underlying cost minus the portion of the cost paid by the retiree.

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

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

Healthcare Cost Trend Rates. The valuation assumes medical costs and premiums will continue to increase according to the health cost trend table shown below. This includes a healthcare cost trend increase of 1.08% in the first year, 4.80% in the second year, grading to 4.0% over 55 years. Retiree premiums are assumed to increase at the same trend as the assumed claim's costs.

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

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

The model produces long-range trend assumptions build on assumed long-term relationships between certain key economic factors. The trend developed for the July 1, 2017 valuation included an adjustment to estimate the impact of the Affordable Care Act excise tax on high cost health plans. As this excise tax was repealed in December 2019, the July 1, 2019 trend assumption no longer includes this adjustment.

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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Year Ending June 30,	Medical Trend
2020	1.8%
2021	4.8
2022	5.3
2023-2024	4.9
2025-2026	4.8
2027-2035	4.7
2036-2043	4.8
2044-2050	4.9
2051-2054	4.8
2055	4.7
2065	4.6
2074 and later	4.0

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

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

Mortality Rates. General: Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using scale MP2019.

Police and Fire: Pub-2010 Healthy Employee and Retiree Mortality Tables for Safety Employees projected generationally using scale MP2019.

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

Long-term Rate of Return. The investment return assumption was selected based on the Plan's asset allocation and capital market assumption from several sources, including published studies summarizing the expectations of various investment experts. This information was then used to develop forward looking long-term expected returns, producing a range of reasonable expectations according to industry experts. Based on the resulting range of potential assumptions, the selected investment return assumption is reasonable and is not expected to have any significant bias. Employer and Employee contributions are deposited into an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan. The fund is a cash account, and the market value of assets as of June 30, 2020 is \$2,767,954.

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

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June 30, 2020**

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The assets of the plan are fully invested in a money market account, with a long-term expected rate of return of 2.00%. The assumed real rate of return is based on the expected geometric return from Milliman's long-term capital market outlook model for the Plan's asset class. Since the long-term expected return is less than the municipal bond rate, the municipal bond rate has been used for discounting payments in all years and no depletion date calculation was performed.

The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect on the June 30, 2019 measurement date (used for the June 30, 2020 reporting date) is 3.50% and the discount rate in effect for the June 30, 2020 measurement date (used for the June 30, 2021 reporting date) is 2.21%.

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

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Liability (a)-(b)
Balance as of June 30, 2019	\$ 7,660,113	2,488,984	5,171,129
Changes for the year:			
Service Cost	418,116		418,116
Interest on total OPEB liability	309,726		309,726
Effect of changes to benefit terms	-		-
Effect of economic/demographic gains or losses	385,993		385,993
Effect of assumptions changes or inputs	514,496		514,496
Benefit payments	(151,393)	(151,393)	-
Employer Contributions		306,286	(306,256)
Member Contributions		113,950	113,950
Net investment income		10,127	10,127
Administrative expenses		-	-
Balance as of June 30, 2020	\$ 9,137,050	2,767,954	6,369,096

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

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VILLAGE OF LOS LUNAS
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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

		1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$	10,412,377	9,137,050	8,045,152
Fiduciary net position		2,767,954	2,767,954	2,767,954
Net OPEB liability	\$	7,644,423	6,369,096	5,277,198

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

		1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$	7,860,438	9,137,050	10,682,937
Fiduciary net position		2,767,954	2,767,954	2,767,954
Net OPEB liability	\$	5,092,484	6,369,096	7,914,983

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

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

For the year ended June 30, 2020, the Village recognized OPEB expense of \$558,797. At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 348,504	(19,079)
Changes in assumptions	454,671	(729,459)
Net difference between projected and actual earnings on OPEB plan investments	114,303	-
Employer contributions subsequent to the measurement date	431,174	-
Total	\$ 1,348,652	(748,538)

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

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NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Year ended June 30:		
2021	\$	18,335
2022		18,333
2023		6,416
2024		(6,857)
2025		(19,519)
Thereafter		152,232
Total	\$	<u>168,940</u>

Payables changes in the net OPEB liability. At June 30, 2020, the Village accrued \$10,763 in payables for OPEB.

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.

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VILLAGE OF LOS LUNAS
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NOTE 13. TAX ABATEMENTS

As of June 30, 2020, the Village adopted GASB Statement No. 77 *Tax Abatement Disclosures*. While the statements require only material abatements to be disclosed within the notes to the financial statements, the Village has disclosed information related to the abatement's as follows:

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

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Notes to the Financial Statements
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NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

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NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2020

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* was issued May 2020 and is effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018 and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB Statement 90, *Majority Equity Interests*

GASB Statement 91, *Conduit Debt Obligations*

GASB Statement 92, *Omnibus 2020*

GASB Statement 93, *Replacement of Interbank Offered Rates*

The effective date of GASB Statement No. 87, *Leases*, is postponed by 18 months.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2020.

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

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

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

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

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 92, Omnibus 2020

GASB Statement No. 93, Replacement of Interbank Offered Rates

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB Statement No. 95, Subscription-Based Information Technology Arrangements

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

NOTE 16. SUBSEQUENT EVENTS

Events subsequent to June 30, 2020 have been evaluated by management through December 9, 2020, the date the financial statements were available for issuance.

NOTE 17. PRIOR YEAR RESTATEMENT

The Village's beginning net position at June 30, 2019 was restated in the amount of \$2,317,879. This restatement was due to the implementation of GASB 84, Fiduciary Activities.

NOTE 18. COVID-19

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF THE VILLAGES'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020

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

Fiscal Year Measurement Date	30-Jun					
	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Village's Proportion of the Net Pension Liability (Asset)	0.336%	0.320%	0.288%	0.283%	0.270%	0.270%
Village's Proportionate Share of Net Pension Liability (Asset)						
\$	21,751	19,746	15,158	17,428	11,699	9,126
Village's Covered-Employee Payroll						
\$	9,111	8,113	8,059	7,080	6,245	7,269
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	238.73%	243.39%	188.09%	246.16%	160.95%	146.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory Required	\$ <u>1,126</u>	<u>1,058</u>	<u>1,049</u>	<u>1,112</u>	<u>828</u>	<u>818</u>
Contributions in Relation to the Statutory	<u>2,193</u>	<u>1,985</u>	<u>1,843</u>	<u>1,112</u>	<u>828</u>	<u>1,580</u>
Annual Contribution Deficiency (Excess)*	\$ <u><u>(1,067)</u></u>	<u><u>(927)</u></u>	<u><u>(794)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(762)</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL GENERAL DIVISION
JUNE 30, 2020

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

	2020	2019	2018	2017	2016	2015
Statutory Required	\$ 535	509	505	689	417	387
Contributions in Relation to the Statutory	1,102	955	888	689	417	850
Annual Contribution Deficiency (Excess)*	\$ (567)	(446)	(383)	-	-	(463)

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL POLICE DIVISION
JUNE 30, 2020

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 388	368	375	315	286	300
Contributions in Relation to the Contractually	747	690	658	315	286	517
Annual Contribution Deficiency (Excess)*	\$ <u>(359)</u>	<u>(322)</u>	<u>(283)</u>	<u>-</u>	<u>-</u>	<u>(217)</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL FIRE DIVISION
JUNE 30, 2020

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 203	181	169	108	125	131
Contributions in Relation to the Contractually	344	340	297	108	125	213
Annual Contribution Deficiency (Excess)*	\$ (141)	(159)	(128)	-	-	(82)

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2020

Last Ten Fiscal Years*

Total OPEB Liability	2020	2019	2018	2017
Service Cost	418,116	432,967	498,192	N/A
Interest on Total OPEB Liability	309,725	277,148	227,852	N/A
Effect of changes to benefit terms	-	-	-	N/A
Effect of economic/demographic (gains) or losses	385,993	9,602	(29,120)	N/A
Effect of assumption changes or inputs	514,496	(297,100)	(764,162)	N/A
Benefit Payments	(151,393)	(141,003)	(101,020)	N/A
Net Change in Total OPEB Liability	1,476,937	281,614	(168,258)	N/A
Total OPEB Liability, beginning	7,660,113	7,378,499	7,546,757	N/A
Total OPEB Liability, ending	9,137,050	7,660,113	7,378,499	7,546,757
Fiduciary Net Position				
Employer Contributions	306,286	278,610	243,744	N/A
Member Contributions	113,950	97,366	107,282	N/A
Net Investment Income	10,127	-	-	N/A
Benefit Payments	(151,393)	(141,003)	(101,020)	N/A
Administrative expenses	-	-	-	N/A
Net change in plan fiduciary net position	278,970	234,973	250,006	N/A
Fiduciary net position, beginning	2,488,984	2,254,011	2,004,005	N/A
Fiduciary net position, ending	2,767,954	2,488,984	2,254,011	2,004,005
Net OPEB liability	6,369,096	5,171,129	5,124,488	5,542,752
Fiduciary net position as a % of total OPEB payroll	30.29%	32.49%	30.55%	26.55%
Covered payroll	9,441,043	8,699,101	7,731,219	7,593,399
Net OPEB Liability as a % of covered payroll	67.46%	59.44%	66.28%	72.99%

*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2017, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS
JUNE 30, 2020

	Last Ten Fiscal Years*			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 420,236	375,976	351,026	-
Contributions in Relation to the Contractually Required	528,585	352,979	351,026	-
Annual Contribution Deficiency (Excess)*	\$ (108,349)	22,997	-	-

*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2017, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

Assumption Changes Since the June 30, 2018 OPEB Disclosure:

- Claims and premiums were updated based on experience.
- The trend assumption was updated based on the current Milliman Adjusted Getzen trend model. The trend developed for the July 1, 2017 valuation included an adjustment to estimate the impact of the Affordable Care Act excise tax on high cost health plans. As this excise tax was repealed in December 2019, the July 1, 2019 trend assumption no longer includes this adjustment.
- The mortality assumption was updated to the Pub-2010 Retiree and Employee Tables for General/Safety Employees, projected generational using Mortality Improvement Scale MP2019, to better reflect anticipated plan experience.
- The long-term rate of return was changed from 2.80% to 2.00% effective July 1, 2019, to better reflect anticipated plan experience.
- The discount rate was updated based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index at the measurement date.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2020**

Special Revenue Funds

Local LEDA GRT (15)

The purpose of the Local LEDA GRT fund is to manage the Village contributions according to the Project Participation Agreement (PPA) entered into with Greater Kudu, LLC (Facebook) pursuant to the Local Economic Development Act (LEDA) and the Village adopted Ordinances No's 322 and 400. In addition, in accordance with Resolution 16-36, Section 3, Local LEDA GRT revenue may be used for water and sewer infrastructure improvements associated with the new Facebook Data Center construction project in Los Lunas.

Lodgers Tax Fund (16)

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

Municipal Street Improvement Fund (17)

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

Fire Fund (21)

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

Recreation Fund (22)

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

Police Program (23)

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

Local Government Correction Fund (26)

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2020**

Special Revenue Funds (Continued)

Law Enforcement Protection Fund (27)

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

Emergency Medical Service Fund (39)

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

Local DWI (29)

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

Capital Project Fund

Daniel Fernandez Park Improvements Fund (32)

To track revenues and expenditures related to the construction of a new Splash Pad in the Village of Los Lunas. This fund was created through legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction.

Museum of Heritage and Arts Improvements Fund (37)

To track revenues and expenditures related to improvements to the Museum of Heritage and Arts in the Village of Los Lunas. This fund was created through legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction.

River Park and Bosque Improvements Fund (38)

To track revenues and expenditures related to improvements to the River Park and Bosque in the Village of Los Lunas. This fund was created through legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction.

Sports Complex Improvements Fund (40)

To track revenues and expenditures related to improvements to the Sports Complex in the Village of Los Lunas. This fund was created through legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction.

I-25 Interchange Fund (42)

To track revenues and expenditures related to construction of a new I-25 interchange in the Village of Los Lunas. This fund was created through legislative appropriations, which were previously budgeted in the General Fund, and are now budgeted as their own Capital Projects Funds, per DFA direction.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2020**

Debt Service Fund

Gross Receipt Tax Revenue Bond 2014 (32)

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

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

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

93 Gross Receipts Tax Revenue Bond (36)

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

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.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Local LEDA GRT	Lodger's Tax	Municipal Street Improvement	Fire Fund
ASSETS				
Cash and cash equivalents	\$ 5,343,065	237,797	295,578	199,801
Investments	-	-	-	-
Due from other funds	-	-	-	-
Receivable from other governments	-	8,773	64,043	-
Other Receivables	-	-	-	-
Total assets	\$ 5,343,065	246,570	359,621	199,801
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 317,934	8,502	18,955	11,222
Due to other funds	-	-	-	-
Due to other governments	2,630,223	-	-	-
Accrued payroll expenditures	-	-	-	-
Total liabilities	2,948,157	8,502	18,955	11,222
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,394,908	238,068	340,666	188,579
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	2,394,908	238,068	340,666	188,579
Total liabilities, deferred inflows and fund balances	\$ 5,343,065	246,570	359,621	199,801

See Notes to Financial Statements.

Special Revenue Funds (Continued)							Total Special Revenue
Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Local DWI	Emergency Medical Services		
429,569	17,534	147,598	1,339	99,044	856	6,772,181	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	30,641	-	103,457	
-	-	-	-	-	-	-	
429,569	17,534	147,598	1,339	129,685	856	6,875,638	
4,905	1,370	4,073	-	51,751	-	418,712	
-	-	-	-	-	-	-	
-	-	-	-	-	-	2,630,223	
-	-	-	-	15,186	-	15,186	
4,905	1,370	4,073	-	66,937	-	3,064,121	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
424,664	16,164	143,525	1,339	62,748	856	3,811,517	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
424,664	16,164	143,525	1,339	62,748	856	3,811,517	
429,569	17,534	147,598	1,339	129,685	856	6,875,638	

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds (Continued)
June 30, 2020

		Capital Projects Fund				
		Daniel Fernandez Park Improvements Fund	Museum of Heritage and Arts Improvements Fund	River Park and Bosque Improvements Fund	Sports Complex Improvements Fund	I-25 Interchange Fund
ASSETS						
Cash and cash equivalents	\$	6,059	-	(3,788)	382,556	1,952,700
Investments		-	-	-	-	-
Due from other funds		-	-	-	-	-
Receivable from other governments		567,200	153,930	75,000	153,023	-
Other Receivables		-	-	-	-	-
Total assets	\$	573,259	153,930	71,212	535,579	1,952,700
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$	202,472	351	27,570	156,897	821,062
Due to other funds		376,830	55,229	43,642	-	-
Due to other governments		-	-	-	-	-
Accrued payroll expenditures		-	-	-	-	-
Total liabilities		579,302	55,580	71,212	156,897	821,062
DEFERRED INFLOWS						
Property taxes		-	-	-	-	-
Total deferred inflows		-	-	-	-	-
FUND BALANCES						
Nonspendable		-	-	-	-	-
Restricted		(6,043)	98,350	-	378,682	1,131,638
Committed		-	-	-	-	-
Assigned		-	-	-	-	-
Unassigned		-	-	-	-	-
Total fund balances		(6,043)	98,350	-	378,682	1,131,638
Total liabilities, deferred inflows and fund balances	\$	573,259	153,930	71,212	535,579	1,952,700

See Notes to Financial Statements.

Total Capital Projects	Debt Service Funds			Total Debt Service	Total Non Major Governmental Funds
	2014 Gross Receipts Tax Revenue Bond	2003 A/B Gross Debt Service Fund	93 Gross Receipts Tax Revenue Bond Fund		
2,337,527	-	128,942	459,746	588,688	9,698,396
-	-	-	-	-	-
-	-	-	-	-	-
949,153	-	-	31,057	31,057	1,083,667
-	-	-	-	-	-
3,286,680	-	128,942	490,803	619,745	10,782,063
1,208,352	-	-	-	-	1,627,064
475,701	-	-	-	-	475,701
-	-	-	-	-	2,630,223
-	-	-	-	-	15,186
1,684,053	-	-	-	-	4,748,174
-	-	-	23,456	23,456	23,456
-	-	-	23,456	23,456	23,456
-	-	-	-	-	-
1,602,627	-	128,942	467,347	596,289	6,010,433
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,602,627	-	128,942	467,347	596,289	6,010,433
3,286,680	-	128,942	490,803	619,745	10,782,063

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, 2020

	Special Revenue Funds				
	Local LEDA GRT	Lodger's Tax	Municipal Street Improvement	Fire Fund	Recreation Fund
Revenues					
Sales and miscellaneous taxes	\$ -	71,223	430,431	-	4,416
Fees and Fines	-	-	-	-	-
Licences and Permits	-	-	-	-	-
State grants	-	-	-	381,589	-
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	183,458
Investment earnings	-	-	118	432	-
Miscellaneous	-	-	-	-	142
Total revenues	-	71,223	430,549	382,021	188,016
Expenditures					
Current					
General government	9,257	42,535	-	-	-
Public safety	-	-	-	162,020	-
Public works	-	-	89,522	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	121,795
Debt service					
Principal	-	-	166,402	35,518	-
Interest and other charges	-	-	16,662	5,279	-
Capital outlay	1,944,079	57,443	219,057	51,226	5,819
Total expenditures	1,953,336	99,978	491,643	254,043	127,614
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,953,336)	(28,755)	(61,094)	127,978	60,402
Other financing sources (uses)					
Legislative appropriations	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Transfers in - government	2,030,365	-	-	-	-
Transfers out	-	-	(60,610)	-	-
Total other financing sources (uses)	2,030,365	-	(60,610)	-	-
Net change in fund balances	77,029	(28,755)	(121,704)	127,978	60,402
Fund balances, beginning of year	-	266,823	462,370	60,601	364,262
Restatement, Note 17	2,317,879	-	-	-	-
Fund balances, as restated	2,317,879	266,823	462,370	60,601	364,262
Fund balances, end of year	\$ 2,394,908	238,068	340,666	188,579	424,664

See Notes to Financial Statements.

Special Revenue Funds (Continued)					
Police Program	Local Government Correction	Law Enforcement Protection	Local DWI	Emergency Medical Service	Total Special Revenue
-	-	-	-	-	506,070
-	-	-	-	-	-
-	-	-	-	-	-
9,960	-	44,600	522,783	-	958,932
-	-	-	-	-	-
-	53,249	-	19,069	11,836	267,612
-	-	-	-	-	550
31,623	-	-	-	-	31,765
41,583	53,249	44,600	541,852	11,836	1,764,929
-	-	-	-	-	51,792
37,662	36,449	45,333	539,374	10,980	831,818
-	-	-	-	-	89,522
-	-	-	-	-	-
-	-	-	-	-	121,795
-	-	-	-	-	201,920
-	-	-	-	-	21,941
-	-	-	-	-	2,277,624
37,662	36,449	45,333	539,374	10,980	3,596,412
3,921	16,800	(733)	2,478	856	(1,831,483)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,030,365
-	-	-	(10,829)	-	(71,439)
-	-	-	(10,829)	-	1,958,926
3,921	16,800	(733)	(8,351)	856	127,443
12,243	126,725	2,072	71,099	-	1,366,195
-	-	-	-	-	2,317,879
12,243	126,725	2,072	71,099	-	3,684,074
16,164	143,525	1,339	62,748	856	3,811,517

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, 2020

	Capital Project Funds				
	Daniel Fernandez Park Improvements Fund	Museum of Heritage and Arts Improvements Fund	River Park and Bosque Improvements Fund	Sports Complex Improvements Fund	I-25 Interchange Fund
Revenues					
Sales and miscellaneous taxes	\$ -	-	-	-	-
Fees and Fines	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
State grants	-	-	-	-	148,555
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	-	148,555
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	573,243	251,663	75,000	153,023	1,648,611
Total expenditures	573,243	251,663	75,000	153,023	1,648,611
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(573,243)	(251,663)	(75,000)	(153,023)	(1,500,056)
Other financing sources (uses)					
Legislative appropriations	567,200	198,000	75,000	531,705	131,694
Proceeds from issuance of debt	-	-	-	-	-
Transfers in - government	-	152,013	-	-	2,500,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	567,200	350,013	75,000	531,705	2,631,694
Net change in fund balances	(6,043)	98,350	-	378,682	1,131,638
Fund balances, beginning of year	-	-	-	-	-
Restatement, Note 17	-	-	-	-	-
Fund balances, as restated	-	-	-	-	-
Fund balances, end of year	\$ (6,043)	98,350	-	378,682	1,131,638

See Notes to Financial Statements.

Total Capital Projects	Debt Service Funds			Total Debt Service	Total Non Major Governmental Funds
	2014 Gross Receipts Tax Revenue Bond	2003 A/B Gross Debt Service Fund	Gross Receipts Tax Revenue Bond Fund		
-	-	-	611,389	611,389	1,117,459
-	-	-	-	-	-
-	-	-	-	-	-
148,555	-	-	-	-	1,107,487
-	-	-	-	-	-
-	-	-	-	-	267,612
-	-	-	-	-	550
-	-	-	-	-	31,765
148,555	-	-	611,389	611,389	2,524,873
-	-	-	-	-	51,792
-	-	-	-	-	831,818
-	-	-	-	-	89,522
-	-	-	-	-	-
-	-	-	-	-	121,795
-	-	135,000	340,000	475,000	676,920
-	-	121,700	120,363	242,063	264,004
2,701,540	-	-	-	-	4,979,164
2,701,540	-	256,700	460,363	717,063	7,015,015
(2,552,985)	-	(256,700)	151,026	(105,674)	(4,490,142)
1,503,599	-	-	-	-	1,503,599
-	-	-	-	-	-
2,652,013	-	256,700	-	256,700	4,939,078
-	(103,046)	-	-	(103,046)	(174,485)
4,155,612	(103,046)	256,700	-	153,654	6,268,192
1,602,627	(103,046)	-	151,026	47,980	1,778,050
-	103,046	128,942	316,321	548,309	1,914,504
-	-	-	-	-	2,317,879
-	103,046	128,942	316,321	548,309	4,232,383
1,602,627	-	128,942	467,347	596,289	6,010,433

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2020

	Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
ASSETS					
Cash and cash equivalents	240	-	503,905	31,682	535,827
Due from others	730	1,171,187	436,056	-	1,607,973
Total Assets	970	1,171,187	939,961	31,682	2,143,800
LIABILITIES					
Accounts payable	970	-	376,536	31,682	409,188
Accrued liabilities	-	-	67,564	-	67,564
Long-term loan payable	-	-	-	-	-
Due to others	-	1,171,187	495,861	-	1,667,048
Total Liabilities	970	1,171,187	939,961	31,682	2,143,800

See Notes to Financial Statements.

OTHER SUPPLEMENTAL SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Supplemental Schedule of Pledged Collateral
Year Ended June 30, 2020

	Wells Fargo	U.S. Bank	Bank of the West
Deposits in Bank or Savings and Loan			
Money market	\$ -	3,866,866	3,591,630
Bank deposits (checking)	37,483,535	31,682	-
Certificates of deposit	-	-	300,000
	37,483,535	3,898,548	3,891,630
Less: FDIC insurance	250,000	250,000	250,000
Total uninsured public funds	\$ 37,233,535	3,648,548	3,641,630
Collateral requirement @ 50%	18,616,768	1,824,274	1,820,815
Total required collateralization	18,616,768	1,824,274	1,820,815
Pledges and securities			
FMAC, FEPC CUSIP #3131XJKU5, 3.50%, due 04/01/2042	1,011,852	-	-
FNMA, FNMS CUSIP #3138WJXP8, 3.50%, due 02/01/2047	3,690,842	-	-
FNMA, FNMS CUSIP #3140FPAV1, 4.00%, due 05/01/2047	1,773,576	-	-
FNMA, FNMS CUSIP #31417DDA8, 3.00%, due 10/01/2042	13,667,316	-	-
FNMA, FNMS CUSIP #31418CAH7, 3.00%, due 08/01/2036	21,017,246	-	-
Federal Home Loan Bank of Cincinnati, LOC No.:530807, Issued 04/1/2020	-	3,700,000	-
G2SF MA3802 CUSIP #36179SGK7, 3.00%, due 07/20/2046	-	-	865,169
G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046	-	-	354
GNMA2 ARM MULTIPLE CUSIP #36179MYH7, 3.00%, due 01/20/2043	-	-	591
GNMA2 SINGLE FAMILY 30 YR CUSIP #36179NM96, 3.00%, due 09/20/2043	-	-	14,895
C2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046	-	-	27,800
CNMA2 ARM MULTIPLE CUSIP #36179M6H8, 3.00%, due 03/20/2043	-	-	7,432
CNMA2 CONV 30 YR SF CUSIP #3138MAKS6, 3.00%, due 09/01/2042	-	-	54,731
CNMA2 SINGLE FAMILY 30 YR CUSIP #36179MSV3, 2.50%, due 11/20/2042	-	-	64,605
G2SF MA3662 CUSIP #36179SB71, 3.00%, due 05/20/2046	-	-	87,140
FBNA CONV 30 YR SF CUSIP #3138M8J61, 3.00%, due 09/01/2042	-	-	154,250
FNCL AS7582 CUSIP #3138WHM82, 3.00%, due 07/01/2046	-	-	732,857
G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 03/20/2045	-	-	217,139
Louisiana State Gas & Fuels Tax Revenue Bonds CUSIP #546475SL9, 5.00%, due 05/01/2040	-	-	-
Total pledged securities	41,160,832	3,700,000	2,226,963
Excess (deficiency)	\$ 22,544,064	1,875,726	406,148

Safekeeping locations for the above securities are as follows:

Wells Fargo: Bank of New York Mellon
US Bank: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)
Bank of the West: Bank of the West (Omaha, NE)
New Mexico Bank & Trust: Raymond James & Associates, Inc. (Memphis, TN)

New Mexico Finance Authority	New Mexico Bank & Trust	State Employees Credit Union	Bank of Albuquerque	United Business Bank	Nusenda Credit Union	X-press Bill Pay	Total
351,397	-	-	-	-	-	-	7,809,893
-	-	-	-	-	-	158,447	37,673,664
-	200,000	100,000	100,000	100,000	100,728	-	900,728
351,397	200,000	100,000	100,000	100,000	100,728	158,447	46,384,285
351,397	200,000	100,000	100,000	100,000	100,728	158,447	1,860,572
-	-	-	-	-	-	-	44,523,713
-	-	-	-	-	-	-	22,261,857
-	-	-	-	-	-	-	22,261,857
-	-	-	-	-	-	-	1,011,852
-	-	-	-	-	-	-	3,690,842
-	-	-	-	-	-	-	1,773,576
-	-	-	-	-	-	-	13,667,316
-	-	-	-	-	-	-	21,017,246
-	-	-	-	-	-	-	3,700,000
-	-	-	-	-	-	-	865,169
-	-	-	-	-	-	-	354
-	-	-	-	-	-	-	591
-	-	-	-	-	-	-	14,895
-	-	-	-	-	-	-	27,800
-	-	-	-	-	-	-	7,432
-	-	-	-	-	-	-	54,731
-	-	-	-	-	-	-	64,605
-	-	-	-	-	-	-	87,140
-	-	-	-	-	-	-	154,250
-	-	-	-	-	-	-	732,857
-	-	-	-	-	-	-	217,139
-	407,541	-	-	-	-	-	407,541
-	407,541	-	-	-	-	-	47,495,336
-	407,541	-	-	-	-	-	25,233,479

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2020

	Wells Fargo	U.S. Bank	Bank of the West	New Mexico Finance Authority
Deposits in Bank or Savings and Loan				
Money Market	\$ -	3,866,866	3,591,630	351,397
Bank deposits (checking)	37,483,535	31,682	-	-
Certificates of deposit	-	-	300,000	-
Total bank balance	37,483,535	3,898,548	3,891,630	351,397
Reconciling items				
Outstanding checks	(266,904)	-	-	-
Deposits in transit	309,981	-	-	-
Other adjustments	51,189	-	-	-
Total adjustments	94,266	-	-	-
Total book balance	37,577,801	3,898,548	3,891,630	351,397
Plus petty cash	-	-	-	-
Less agency fund balances included in bank balance	535,827	-	-	-
Total primary government	\$ 37,041,974	3,898,548	3,891,630	351,397

New Mexico Bank & Trust	State Employees Credit Union	Bank of Albuquerque	United Business Bank	Nusenda Credit Union	X-press Bill Pay	Total
-	-	-	-	-	-	7,809,893
-	-	-	-	-	158,447	37,673,664
200,000	100,000	100,000	100,000	100,728	-	900,728
200,000	100,000	100,000	100,000	100,728	158,447	46,384,285
-	-	-	-	-	(52,913)	(319,817)
-	-	-	-	-	-	309,981
-	-	-	-	-	434	51,623
-	-	-	-	-	(52,479)	41,787
200,000	100,000	100,000	100,000	100,728	105,968	46,426,072
-	-	-	-	-	-	1,439
-	-	-	-	-	-	535,827
200,000	100,000	100,000	100,000	100,728	105,968	45,891,684

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2020

		Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
Assets, July 1, 2019	\$	3,652	-	1,149,520	34,296	1,187,468
Increase		24,425	1,171,187	2,387,811	-	3,583,423
Decrease		(27,107)	-	(2,597,370)	(2,614)	(2,627,091)
Assets, June 30, 2020		970	1,171,187	939,961	31,682	2,143,800
Liabilities, July 1, 2019		3,652	-	1,149,520	34,296	1,187,468
Increase		24,425	1,171,187	2,387,811	-	3,583,423
Decrease		(27,107)	-	(2,597,370)	(2,614)	(2,627,091)
Liabilities, June 30, 2020	\$	970	1,171,187	939,961	31,682	2,143,800

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2020

Agreement	The Village Participates with	Party Responsible for Operation	Description	Period	Funds/ (Cost) to Village	Village Contributions	Audit Responsibility
Los Lunas Schools	Board of Education	Los Lunas Schools	Operation of the Los Lunas Schools Swimming Pool	April 27, 2019 through December 31, 2019	Cost of \$35,000	\$35,000	Responsible for own fiscal contribution
Rio Metro Regional Transit District	State of New Mexico	Village of Los Lunas	Rental lease of 101 Courthouse Road, Los Lunas (approximately 1,265.5 square feet)	January 1, 2015, and continuing on the 1st day of every month thereafter until December 31, 2024.	Monthly rental amount of \$3,163.75	\$0	Village of Los Lunas
Rio Metro Regional Transit District	State of New Mexico	Village of Los Lunas	Vehicle Maintenance, fuel, vehicle repairs and vehicle storage fees	July 1, 2019 through June 30, 2020	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	June 1, 2019 through July 30, 2019	Los Lunas Schools - \$9,000 and Valencia County - \$3,000	\$21,000	The Village of Los Lunas
Central NM Correctional Facility	State of New Mexico	Village of Los Lunas	Provide mutual services to render assistance to one 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 - \$97,000; Village of Bosque Farms - \$27,000; Valencia County - \$183,000; Rio Communities - \$24,000 (Based on calls for service)	Estimated \$160,000 Annually (Based on calls for service)	The Village of Los Lunas
Central NM Rail Park	Bernalillo County	Village of Los Lunas	The Village of Los Lunas and Bernalillo County can provide LEDA monies to qualifying projects that 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 6/30/20	The Village of Los Lunas

COMPLIANCE

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Village of Los Lunas (the "Village"), as of and for the year ended June 30, 2020, 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 9, 2020.

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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

OFFICE LOCATIONS

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

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

Purpose of this Report

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque New Mexico
December 9, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the Village of Los Lunas's (Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2020. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

OFFICE LOCATIONS

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

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 9, 2020

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Commerce			
Investments for Public Works and Economic Adjustment Assistance		11.300	\$ 187,790
Total U.S. Department of Commerce			187,790
U.S. Department of Health and Human Services			
Block Grants for Prevention and Treatment of Substance Abuse		93.959	\$ 96,664
Total U.S. Department of Health and Human Services			96,664
U.S. Department of the Interior			
<i>Passed through Bureau of Reclamation</i>			
WaterSMART (Sustain and Manage America's Resources for Tomorrow)		15.507	\$ 74,181
Total U.S. Department of the Interior			74,181
U.S. Department of Justice			
Bulletproof Vest Partnership		16.607	7,636
Public Safety Partnership and Community Policing Grants		16.710	114,697
National Association of Police Athletic/Activities Leagues, Inc.		16.726	22,308
Edward Byrne Memorial Justice Assistance Grant		16.738	11,774
Total U.S. Department of Justice			156,415
U.S. Department of Transportation			
<i>Passed Through the State of New Mexico Department of Transportation</i>			
Highway Planning and Construction	A301480	20.205	7,171
Highway Planning and Construction	A300890	20.205	29,238
Highway Planning and Construction	A300891	20.205	1,060,605
Highway Planning and Construction	A300894	20.205	37,466
Highway Planning and Construction	A302230	20.205	36,877
Highway Planning and Construction	A301121	20.205	508,817
Highway Planning and Construction	A301122	20.205	49,034
Highway Planning and Construction	A300961	20.205	1,343,124
Total U.S. Department of Transportation			3,072,332
U.S. Environmental Protection Agency			
<i>Passed Through the State of New Mexico Finance Authority</i>			
Safe Drinking Water State Revolving Fund	DW-3633	66.468	1,384,468
<i>Passed Through the State of New Mexico Environment Department</i>			
Safe Drinking Water State Revolving Fund	CWSRF 055	66.458	3,013,373
Safe Drinking Water State Revolving Fund	CWSRF 060	66.458	582,600
Total U.S. Environmental Protection Agency			4,980,441
U.S. National Endowment for the Humanities			
Promotion of the Arts		45.024	18,487
Total U.S. National Endowment for the Humanities			18,487
Total Expenditures of Federal Awards			\$ 8,586,310

See notes to Schedule of Federal Awards.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

Basis of Presentation

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

Subrecipients of Grant Awards

There were no sub-recipients during fiscal 2020.

Loans

The Village expended federal awards in the form of loans in the Safe Drinking Water State Revolving Fund program totaling \$4,980,441 during the year ended June 30, 2020.

Indirect Cost Rate

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued: Unmodified

Internal control over financial reporting:
Material Weakness reported? No

Significant deficiencies reported not
considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weaknesses reported? No

Significant deficiencies reported not
considered to be material weaknesses? None

Type of auditor’s report issued on
compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? No

Identification of major programs:
Safe Drinking Water State Revolving Fund – CFDA #66.458

Dollar threshold used to distinguish
Between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

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

None

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Prior Year Findings

<u>Description</u>		<u>Status</u>
<u>Financial Statement Findings</u>		
2019-001	Procurement Code (compliance)	Resolved

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Exit Conference
June 30, 2020**

The contents of this report were discussed in the exit conference held on December 9, 2020, with the following in attendance:

Representing the Village of Los Lunas:

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

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

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