STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

PB&H

PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS

Official Roster

June 30, 2018

Charles Griego	Mayor
Christopher Ortiz	Mayor Pro-Tem
Gerard Saiz	Councilor
Gino Romero	Councilor
Phillip Jaramillo	Councilor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

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INDEPENDENT AUDITORS' REPORT

To Brian S. Colon
New Mexico State Auditor and
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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2018, 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.

Emphasis of a Matter

As discussed in Note 16, during the year ended June 30, 2018 the Village adopted new accounting guidance, Governmental Accounting Standards Board Statement No 75 *Accounting and Financial Reporting for postemployment Benefits Other Than Pension*. The beginning balance of Net Position has been restated due to the implementation. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *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 70-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC 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 January 16, 2019 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
January 16, 2019

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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 $ 52,192,898 for fiscal year 2018.
- The Village's governmental revenues are $ 40,474,372 for fiscal year 2018.
- The total cost of all Village governmental programs is $ 23,551,383 for fiscal year 2018.

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.

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 statues regarding all finance-related transactions.

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Financial Analysis of the Village as a Whole – Net Position

Table A-1 summarizes the Village's net position for the fiscal year ending June 30, 2018.

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

	Government Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	32,167,653	23,038,136	10,612,291	9,378,521	42,779,944	32,416,657
Capital and non-current assets	55,672,623	49,732,248	55,024,439	55,480,231	110,697,062	105,212,479
Total assets	87,840,276	72,770,384	65,636,730	64,858,752	153,477,006	137,629,136
Deferred Outflows of Resources-Pension Related	3,947,465	5,059,859	290,745	808,413	4,238,210	5,868,272
Deferred Outflows of Resources-OPEB Related	47,670	-	-	-	47,670	-
Total Deferred Outflows	3,995,135	5,059,859	290,745	808,413	4,285,880	5,868,272
Current liabilities	3,544,947	3,954,240	2,327,200	2,859,685	5,872,147	6,813,925
Long-term liabilities	33,335,235	33,480,877	16,578,151	19,333,414	49,913,386	52,814,291
Total liabilities	36,880,182	37,435,117	18,905,351	22,193,099	55,785,533	59,628,216
Deferred Inflows of Resources-Pension Related	2,060,231	582,925	77,549	93,134	2,137,780	676,059
Deferred Inflows of Resources-OPEB Related	702,100	-	-	-	702,100	-
Total Deferred Inflows	2,762,331	582,925	77,549	93,134	2,839,880	676,059
Net Position:						
Invested in capital assets, net of related debt and unspent bond proceeds	40,239,687	34,728,653	38,745,382	37,566,835	78,985,069	72,295,488
Restricted	6,325,637	8,680,504	1,070,441	1,343,936	7,396,078	10,024,440
Unrestricted	5,627,574	(3,596,956)	7,128,752	4,470,161	12,756,326	873,205
Total net position	52,192,898	39,812,201	46,944,575	43,380,932	99,137,473	83,193,133

Financial Analysis of the Village as a Whole (Continued)

For the fiscal year ending June 30, 2018, the Village had $55,672,623 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 2018, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 64% 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 2018, 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, 2018, the net pension liability for governmental funds is $14,109,734 and $1,048,427 for enterprise funds.

For fiscal year 2018, there is $6,325,637 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 2018, the net position of our business-type activities increased by 7.8% 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 2018, 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 1.1% 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.

Debt

At year-end, the Village had approximately $ 36,880,182 in long-term liabilities including bonds, notes, capital leases, and net pension liability ($14,109,734) 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

Changes in Net Position

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2018.

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

	Government Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	2,040,678	1,796,732	11,950,761	11,255,139	13,991,439	13,051,871
Operating grants & contributions	11,787,783	1,449,216	-	-	11,787,783	1,449,216
Capital grants & contributions	145,764	449,231	-	-	145,764	449,231
General revenues:						
Property taxes	3,131,466	3,090,328	-	-	3,131,466	3,090,328
Other taxes	21,512,876	16,112,909	-	-	21,512,876	16,112,909
Miscellaneous	1,855,805	1,228,249	73,254	724,720	1,929,059	1,952,969
interest & other revenues	-	-	-	-	(407,030)	(437,268)
Total revenues	40,474,372	24,126,665	12,024,015	11,979,859	52,091,357	35,669,256
Expenses:						
General government	2,895,190	4,916,744	-	-	3,382,067	3,080,611
Public safety	9,258,631	8,463,399	-	-	6,827,643	6,778,515
Highways & streets	5,413,005	5,470,081	-	-	3,838,157	3,861,321
Culture & recreation	4,025,941	4,603,430	-	-	4,178,213	4,034,417
Health & welfare	1,507,857	-	-	-	18,445	646,275
Interest on long-term debt	450,759	58,249	-	-	26,236	298,725
Water/sewer	-	-	7,442,810	8,166,206	6,412,426	6,358,078
Solid waste	-	-	2,173,019	2,230,770	2,037,750	1,655,729
Transportation	-	-	-	-	-	155,768
Total expenses	23,551,383	23,511,903	9,615,829	10,396,976	26,720,937	26,869,439
Net revenues (loss) before						
Transfers	16,922,989	614,762	2,408,186	1,582,883	19,331,175	2,197,645
	-	-				
Transfers	(3,762,479)	(2,317,383)	1,155,545	2,500,367	(2,606,934)	182,984
Disposition of capital asset	0	(4,103)	(88)	(17,091)	-	-
Change in Net Position	13,160,510	(1,706,724)	3,563,643	4,066,159	16,724,153	2,359,435
Net Position, beginning	39,812,201	41,518,925	43,380,932	39,314,773	83,193,133	80,833,698
Restatement (Note 16)	(779,813)	-	-	-	(779,813)	0
Net Position, beginning as restated	39,032,388	41,518,925	43,380,932	39,314,773	82,413,320	80,833,698
Net Position end of year	52,192,898	39,812,201	46,944,575	43,380,932	99,137,473	83,193,133

Financial Analysis of the Village' Funds

The Village's proprietary funds provide the same type of information found in government-wide financial statements, but in more detail. The business-type activities have demonstrated sufficient

revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt, will be paid in a timely manner.

The governmental activities revenue increased approximately 50% over prior year revenues. This increase is primarily due to an addition of State LEDA Facebook Fund revenue for capital infrastructure improvements for economic development and an increase in gross receipt tax, franchise taxes and property tax revenue. FY 2018, General Fund transferred $3.7 million to the Water Sewer Fund, the Employee Benefit Fund and the Local LEDA fund for capital improvements and post-employment benefits.

Budget

For the General Fund budget, total revenues budgeted were $ 24,085,559 and actual revenues received were $20,548,457 (cash basis). In addition, the total General Fund expense budget was $20,493,507 and actual expenditures were $17,661,421, which is a positive variance of $2,832,086.

Progress Highlights for Fiscal year 2018

- The Village has completed six of seven phases as defined by the Water Master Plan. The seven phases are as follows:
  - Phase I: Tank and Transmission Line
  - Phase II: Transmission Line
  - Phase III: Water Well
  - Phase IV: Reconstruct Pump Station
  - Phase V: South Water Loop Installation
  - Phase VI: South Water Loop Extension
  - Phase VII: North Water Loop Installation
- Construction in Progress – NM 314 Bike & Pedestrian Improvements - $77,561
- Construction in Progress – Los Lentes SE Bike Path - $110,827
- Completion of Emergency Call Center Building - $2,730,379
- Completed Senior Center Building Addition - $1,297,646
- Completed Fire Station 2 Building - $4,479,779
- Purchased 5 new vehicles, 2 motorcycles and cargo trailer for the Police Department - $173,339
- Daniel Fernandez Park Improvements and Playground Equipment - $193,388
- Los Lunas Sports Complex Improvements - $232,402

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 2018-19 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 2018-19, $45,926,330 has been budgeted for capital purchases and capital projects, of which $3,942,939 is in the General Fund. The Village continues to focus on repairing, replacing and upgrading Village infrastructure such as water/sewer systems, waste water treatment facilities, streets, parks and open space, buildings and grounds, and information technology, in addition to entering into lease/purchase arrangements using grants and Special or Enterprise Fund revenues for certain capital purchases. Sound fiscal and comprehensive planning will enable the Village to enter the next year in a strong financial position.

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

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

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

Revenues

1. **Property Taxes** – Budgeted property tax revenue in the General Fund increased by $53,030 (+1.8%) as projected by the Valencia County Assessor's Office.

2. **Gross Receipts Taxes (GRT)** – Budgeted gross receipts tax (GRT) revenue in General Fund increased by $530,663 (+3.1%) due to continued residential, commercial and industrial economic growth. Included in these projections is a decrease of approximately $357,502 in GRT revenue in the General Fund ($446,878 in all funds) due to the fourth year of implementation of the loss of Hold Harmless revenue because of legislation passed by the State in the 2013 legislative session, which first took effect in Fiscal Year 2015-16.

3. **Impact Fees** – In Fiscal Year 2018-19, impact fees are projected to generate the following revenue in their respective funds:

    a. Park Impact Fees (General Fund) - $220,000
    b. Sewer Impact Fees (Water/Sewer Fund) - $75,000
    c. Water Impact Fees (Water/Sewer Fund) - $75,000

4. **Legislative Appropriations** – General Fund Legislative appropriations total $400,000, which is being carried over from prior year to complete the Sports Complex Improvement Project. Legislative appropriations in the Infrastructure Fund total $600,000, $225,000 of which is being carried over, for the Camelot Road Improvement and Extension Project.

5. **Grants –** Following is a list of selected grant revenue included in various funds within the budget to help offset the cost of specific Village projects or programs:

    a. COPS Hiring Grant – Hire Two New Police Officers - $128,000
    b. National Endowment of the Arts Grant - $25,000
    c. Office of Substance Abuse Prevention (OSAP) - $ 100,000
    d. NMDOT STP-E Funding – NM 314 Bike/Pedestrian Improvements - $2,635,360
    e. NMDOT TIP Funding – Camelot Road Extension, NM 314 Improvements - $ 2,849,880
    f. NMDOT Los Lentes Road Improvements - $1,000,000
    g. NMDOT East-West Corridor Right-of-Way Acquisition - $3,351,592
    h. NMDOT Grant MAP Revenue – Emilio Lopez Road Improvements - $402,500

Expenses

1. **Personnel Services**
    a. Salaries – In Fiscal Year 2018-19, a cost of living adjustment (COLA) of 2.0% for all eligible full-time and part-time permanent employees was budgeted.
    b. Two position reclassifications and 13 new positions were budgeted in FY 2018-19.

2. **Capital Outlay** – The following is a list of various Capital Outlay items that will be included in the FY 2018-19 Budget:

    - Fleet Maintenance Shop Addition - $900,000
    - Park Improvements - $790,000
    - Five New Police Vehicles - $143,200
    - One New Parks Department Vehicle and Off-Highway Vehicle - $52,500
    - Library Property Acquisition- $85,000
    - NMDOT – TIP Projects - $1,808,436
    - NMDOT East-West Corridor Right-Of-Way Acquisition- $3,822,744
    - STP-E NM 314 Pedestrian Improvements - $1,850,000
    - STP-E I-25 Interchange Beautification- $744,588
    - Highway Co-Op/Panda, Pandarey, Panay Road Improvements - $226,666
    - Legislative Appropriations- Camelot Road Extension - $200,000
    - Fire Ladder Truck - $ 966,593
    - Elgin Street Sweeper - $213,625
    - Street Department Dump Truck - $240,000
    - WWTP Sludge Management - $6,576,760
    - WWTP Effluent Line Project - $656,000
    - Tank 3 Site Improvements - $889,000
    - West NM 6 Water Line - $1,707,000
    - Aerobic Digesters Improvements - $1,700,000
    - Huning Loop East Interceptor - $1,900,000
    - Water Sewer NM 6 Bridge Utility Relocation Project - $250,000
    - Water Meters - $200,000

- Water Sewer Bleach Generating System, Well 6 - $50,000
- Water Sewer Eastside Water Loop Project - $2,100,000
- Solid Waste Composting Facility - $850,000
- Solid Waste Grappling Truck/Roll-Off - $225,000
- Solid Waste Backhoe - $85,000

Since the Village of Los Lunas is a service-oriented organization, a significant portion of the budgeted expenditures will be personnel services (i.e. payroll, health insurance, sick leave, retirement, etc.). Several other employee-related expenditures are treated as operating expenses, and therefore, not categorized as personnel services. In fiscal year 2018-19, we will strive to provide the following:

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

Since January 2017, the Los Lunas economy has been growing, as evidenced by the growth of local GRT revenue associated primarily with the current construction of the Facebook Data Center in the Huning Business Park in Los Lunas. The Village expects economic growth to remain strong over the next 4-6 years, as all three phases of the Facebook Data Center are completed. Additionally, with the announced development and construction of the Central New Mexico Rail Park six miles west of I-25 on NM 6 over the same time period, construction GRT should remain strong, additional jobs should be created, and economic growth should continue as a result of the associated spinoff economic growth from the residential, commercial, retail and industrial sectors. Since retail continues to be a key industry in Los Lunas, the Village continues to pursue appropriate retail through its economic development efforts, as well as manufacturing, healthcare, and educational opportunities, all of which should have a continued positive impact on the local economy and GRT revenue in the years to come.

Still, the Village remains concerned about the gradual and eventual loss of "Hold Harmless" revenue over the next 11 years. In Fiscal Year 2018-19, the Village is estimated to lose approximately, $446,878 in Hold Harmless revenue (all funds), due to legislation passed in 2013. That number is expected to grow 6-7% every year for the next 11 years to an estimated $1.9 million, about 80% of which will come directly out of the General Fund. Despite this challenge, and any other challenges that may surface in the future, Village staff remain committed to accomplishing the major budgetary and strategic

priorities of the Council, staff, and citizens, and, as in the past, maintaining a strong financial position through sound planning and responsible fiscal management.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENT

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 24,968,582	8,182,282	33,150,864
Restricted cash	2,696,604	247,670	2,944,274
Investments	461,227	440,000	901,227
Accounts receivable	-	1,611,448	1,611,448
Receivable from other governments	3,974,220	-	3,974,220
Other receivables	67,020	-	67,020
Inventories	-	130,891	130,891
Total current assets	32,167,653	10,612,291	42,779,944
Capital assets, net of depreciation	55,672,623	55,024,439	110,697,062
Total assets	87,840,276	65,636,730	153,477,006
DEFERRED OUTFLOWS OF RESOURCES - Pension Related	3,947,465	290,745	4,238,210
DEFERRED OUTFLOWS OF RESOURCES - OPEB Related	47,670	-	47,670
Total deferred outflows	3,995,135	290,745	4,285,880
LIABILITIES			
Current liabilities			
Accounts payable	1,195,769	359,281	1,555,050
Accrued payroll expenses	407,415	72,133	479,548
Customer deposits	-	247,670	247,670
Interest payable	174,568	309,384	483,952
Due within one year			
Bonds, notes and capital leases	1,449,396	1,338,732	2,788,128
Compensated absences	317,799	-	317,799
Total current liabilities	3,544,947	2,327,200	5,872,147
Due in more than one year			
Bonds, notes and capital leases	13,983,540	14,940,325	28,923,865
Compensated absences	117,473	113,589	231,062
Post-closure landfill costs	-	475,810	475,810
Net pension liability	14,109,734	1,048,427	15,158,161
Net OPEB liability	5,124,488	-	5,124,488
Total liabilities	36,880,182	18,905,351	55,785,533
DEFERRED INFLOWS OF RESOURCES - Pension Related	2,060,231	77,549	2,137,780
DEFERRED INFLOWS OF RESOURCES - OPEB Related	702,100	-	702,100
Total deferred inflows	2,762,331	77,549	2,839,880
NET POSITION			
Net investment in capital assets	40,239,687	38,745,382	78,985,069
Restricted for			
Special projects and statutory requirements	5,694,480	-	5,694,480
Debt service	631,157	1,070,441	1,701,598
Customer deposits	-	-	-
Unrestricted	5,627,574	7,128,752	12,756,326
Total net position	$ 52,192,898	46,944,575	99,137,473

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	$ 2,895,190	1,822,974	10,831,770	27,513	9,787,067	-	9,787,067
Public safety	9,258,631	80,032	610,018	-	(8,568,581)	-	(8,568,581)
Public works	5,413,005	-	345,995	118,251	(4,948,759)	-	(4,948,759)
Health and welfare	1,507,857				(1,507,857)		(1,507,857)
Culture and recreation	4,025,941	137,672	-	-	(3,888,269)	-	(3,888,269)
Interest on long-term debt	450,759	-	-	-	(450,759)	-	(450,759)
Total governmental activities	23,551,383	2,040,678	11,787,783	145,764	(9,577,158)	-	(9,577,158)
Business-Type Activities							
Water and sewer	7,442,810	9,421,861		-	-	1,979,051	1,979,051
Solid waste	2,173,019	2,528,900	-	-	-	355,881	355,881
Total business-type activities	9,615,829	11,950,761	-	-	-	2,334,932	2,334,932
Total primary government	$ 33,167,212	13,991,439	11,787,783	145,764	(9,577,158)	2,334,932	(7,242,226)
General Revenues							
Taxes							
Property taxes, levied for general purposes					$ 3,131,466	-	3,131,466
Franchise tax					432,387	-	432,387
Sales tax					20,933,189	-	20,933,189
Other taxes					147,300	-	147,300
Loss on disposition of capital assets					-	(88)	(88)
Unrestricted investment earnings					8,040	9,179	17,219
Miscellaneous					625,467	64,075	689,542
Legislative appropriations					1,222,298	-	1,222,298
Transfers, agency funds					(2,606,934)	-	(2,606,934)
Transfers					(1,155,545)	1,155,545	-
Total general revenues, special items, and transfers					22,737,668	1,228,711	23,966,379
Change in net position					13,160,510	3,563,643	16,724,153
Net position, beginning as previously stated					39,812,201	43,380,932	83,193,133
Prior period restatements (note 16)					(779,813)	-	(779,813)
Net position, beginning as restated					39,032,388	43,380,932	82,413,320
Net position, ending					$ 52,192,898	46,944,575	99,137,473

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Balance Sheet - Governmental Funds
June 30, 2018

		General Fund	Infrastructure Fund	LEDA Facebook Fund	2016 GO Bond Acquisition Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$	11,171,260	808,190	9,998,800	966,593	2,023,739	24,968,582
Restricted Cash		2,696,604	-	-	-	-	2,696,604
Investments		461,227	-	-	-	-	461,227
Receivable from other governments		3,055,396	906,425	-	-	12,399	3,974,220
Other receivables		12,065	-	-	-	54,955	67,020
Total assets	$	17,396,552	1,714,615	9,998,800	966,593	2,091,093	32,167,653
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$	970,774	172,577	18,510	-	33,908	1,195,769
Due to other funds		-	-	-	-	-	-
Accrued payroll expenditures		396,779	-	-	-	10,636	407,415
Total liabilities		1,367,553	172,577	18,510	-	44,544	1,603,184
DEFERRED INFLOWS OF RESOURCES							
Property taxes		133,346	-	-	-	-	133,346
Total deferred inflows of resources		133,346				-	133,346
FUND BALANCES							
Nonspendable		-	-	-	-	-	-
Restricted		1,770,457	1,542,038	9,980,290	966,593	2,046,549	16,305,927
Committed		2,500,000	-	-	-	-	2,500,000
Assigned		-	-	-	-	-	-
Unassigned		11,625,196	-	-	-	-	11,625,196
Total fund balances		15,895,653	1,542,038	9,980,290	966,593	2,046,549	30,431,123
Total liabilities, deferred inflows of resources and fund balances	$	17,396,552	1,714,615	9,998,800	966,593	2,091,093	32,167,653

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, 2018

			Governmental Activities
Total Fund Balance Governmental Funds			
Governmental Funds Balance Sheet		$	30,431,123
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	127,139,597		
Accumulated depreciation	(71,466,974)		
Total capital assets			55,672,623
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:			133,346
Defined benefit pension plan and OPEB deferred outflows are not financial resources and, therefore, are not reported in the funds			3,995,135
Defined benefit pension plan and OPEB deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds			(2,762,331)
Long-term liabilities are not due and payable in the current period and, therefore, are not			
Accrued interest	(174,568)		
Bonds, notes and loans payable	(15,432,936)		
Compensated absences payable	(435,272)		
Net OPEB liability	(5,124,488)		
Net pension liability	(14,109,734)		
Total long-term and other liabilities			(35,276,998)
Net position of governmental activities (Statement of Net Position)		$	52,192,898

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, 2018

		General Fund	Infrastructure Fund	LEDA Facebook Fund	2016 GO Bond Acquisition Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues							
Sales and miscellaneous taxes	$	20,300,278	3,411,132	-	-	1,018,685	24,730,095
Fees and fines		55,714	-	-	-	-	55,714
Licenses and permits		270,348	-	-	-	-	270,348
State grants		831,770	345,995	10,000,000	-	610,018	11,787,783
Federal grants		27,513	118,251	-	-	-	145,764
Charges for Services		1,496,912	-	-	-	217,704	1,714,616
Investment earnings		7,916	-	-	-	124	8,040
Miscellaneous		625,467	-	-	-	-	625,467
Total revenues		23,615,918	3,875,378	10,000,000	-	1,846,531	39,337,827
Expenditures							
Current							
General government		2,615,037	-	-	-	52,627	2,667,664
Public safety		6,501,088	-	-	-	584,013	7,085,101
Public works		1,189,157	821,454	-	-	202,829	2,213,440
Health and welfare		1,507,857	-	-	-	-	1,507,857
Culture and recreation		2,921,701	-	-	-	108,294	3,029,995
Debt service							
Principal		149,325	-	-	-	1,322,178	1,471,503
Interest and other charges		93,857	-	-	-	356,902	450,759
Capital outlay		3,654,173	2,180,196	19,710	4,479,779	285,075	10,618,933
Total expenditures		18,632,195	3,001,650	19,710	4,479,779	2,911,918	29,045,252
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)		4,983,723	873,728	9,980,290	(4,479,779)	(1,065,387)	10,292,575
Other financing sources (uses)							
Legislative appropriations		1,222,298	-	-	-	-	1,222,298
Proceeds from issuance of debt		1,900,844	-	-	-	-	1,900,844
Transfers in - governmental funds		615,321	-	-	-	1,386,063	2,001,384
Transfers in - agency funds		23,289	-	-	-	-	23,289
Transfers out - agency funds		(2,630,223)	-	-	-	-	(2,630,223)
Transfers out		(2,436,491)	(653,565)	-	-	(66,873)	(3,156,929)
Total other financing sources (uses)		(1,304,962)	(653,565)	-	-	1,319,190	(639,337)
Net change in fund balances		3,678,761	220,163	9,980,290	(4,479,779)	253,803	9,653,238
Fund balances, beginning of year		12,216,892	1,321,875	-	5,446,372	1,792,746	20,777,885
Fund balances, end of year	$	15,895,653	1,542,038	9,980,290	966,593	2,046,549	30,431,123

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, 2018

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenue, Expenditures, and Changes in Fund Balances)		$ 9,653,238
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	10,595,477	
Depreciation expense	(4,655,102)	
		5,940,375
Issuance of debt provides financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Activities.		
Loan payable	(1,900,844)	
		(1,900,844)
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		(85,753)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
The following table represents the changes in long-term debt for the fiscal year:		
Change in bonds, notes and capital leases	1,471,503	
Change in compensated absences	(9,580)	
Change in net pension and OPEB liability	(1,908,429)	
		(446,506)
Change in net position governmental activities		$ 13,160,510

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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	$ 16,734,697	20,778,068	17,232,817	(3,545,251)
Fees and fines	76,100	76,100	55,714	(20,386)
Licenses and permits	123,500	197,780	270,348	72,568
State grants	299,716	877,716	831,770	(45,946)
Federal grants	66,000	86,537	27,513	(59,024)
Charges for services	1,220,776	1,376,571	1,496,912	120,341
Investment earnings	-	-	7,916	7,916
Miscellaneous	621,687	692,787	625,467	(67,320)
Total revenues	19,142,476	24,085,559	20,548,457	(3,537,102)
Expenditures				
Current				
General government	4,377,519	3,189,716	2,615,037	574,679
Public safety	6,988,130	7,034,595	6,501,088	533,507
Public works	1,030,656	1,042,817	218,383	824,434
Health and welfare	994,997	1,515,534	1,507,857	7,677
Culture and recreation	3,133,472	3,153,472	2,921,701	231,771
Debt service				
Principal	178,327	178,327	149,325	29,002
Interest and other charges	93,857	93,857	93,857	-
Capital outlay	4,073,697	4,285,189	3,654,173	631,016
Total expenditures	20,870,655	20,493,507	17,661,421	2,832,086
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,728,179)	3,592,052	2,887,036	(705,016)
Other Financing Sources (Uses)				
Legislative appropriations	1,380,000	1,570,080	1,222,298	(347,782)
Proceeds from issuance of debt	2,187,492	2,187,492	1,900,844	(286,648)
Transfers, in	638,610	638,610	638,610	-
Transfers, out	(4,170,713)	(5,670,713)	(5,066,714)	603,999
Total other financing sources (uses)	35,389	(1,274,531)	(1,304,962)	(30,431)
Net change in fund balances	$ (1,692,790)	2,317,521	1,582,074	(735,447)
Reconciliation to GAAP Basis:				
Adjustments to revenues			3,067,461	
Adjustments to expenditures			(970,774)	
Net change in fund balance (GAAP)			$ 3,678,761	

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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	$ 2,799,826	3,664,242	4,060,579	396,337
State grants	1,637,962	3,143,469	345,995	(2,797,474)
Federal grants	2,223,440	2,223,440	118,251	(2,105,189)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
Total revenues	6,662,228	9,032,151	4,524,825	(4,507,326)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,476,647	3,432,309	693,877	2,738,432
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	2,162,333	3,977,856	2,180,196	1,797,660
Total expenditures	5,638,980	7,410,165	2,874,073	4,536,092
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,023,248	1,621,986	1,650,752	28,766
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(653,565)	(653,565)	(653,565)	-
Total other financing sources (uses)	(653,565)	(653,565)	(653,565)	-
Net change in fund balances	$ 369,683	968,421	997,187	28,766
Reconciliation to GAAP Basis:				
Adjustments to revenues			(649,447)	
Adjustments to expenditures			(127,577)	
Net change in fund balance (GAAP)			$ 220,163	

See Notes to Financial Statements.

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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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	$ -	-	-	-
State grants	-	6,666,667	10,000,000	3,333,333
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	6,666,667	10,000,000	3,333,333
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	3,333,333	10,000,000	1,200	9,998,800
Total expenditures	3,333,333	10,000,000	1,200	9,998,800
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(3,333,333)	(3,333,333)	9,998,800	13,332,133
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	$ (3,333,333)	(3,333,333)	9,998,800	13,332,133
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			(18,510)	
Net change in fund balance (GAAP)			$ 9,980,290	

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position - Proprietary Funds
June 30, 2018

		Business- Type Activities Enterprise Funds		
		Water Sewer Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$	4,133,377	4,048,905	8,182,282
Restricted cash		247,670	-	247,670
Investments		240,000	200,000	440,000
Accounts receivable		1,166,580	444,868	1,611,448
Inventories		130,891	-	130,891
Total current assets		5,918,518	4,693,773	10,612,291
Noncurrent Assets				
Capital assets		88,830,004	6,331,750	95,161,754
Less accumulated depreciation		(36,521,339)	(3,615,976)	(40,137,315)
Total noncurrent assets		52,308,665	2,715,774	55,024,439
Total assets		58,227,183	7,409,547	65,636,730
DEFERRED OUTFLOWS - Pension Related		166,140	124,605	290,745
LIABILITIES				
Current Liabilities				
Accounts payable		318,967	40,314	359,281
Salaries payable		43,050	29,083	72,133
Customer deposits		247,670	-	247,670
Interest payable		309,384	-	309,384
Due to other funds		-	-	-
Current portion of debt		1,338,732	-	1,338,732
Total current liabilities		2,257,803	69,397	2,327,200
Non-Current Liabilities				
Compensated absences		57,832	55,757	113,589
Post-closure landfill costs		-	475,810	475,810
Bonds, notes, loans and capital leases		14,940,325	-	14,940,325
Net pension liability		599,101	449,326	1,048,427
Total liabilities		17,855,061	1,050,290	18,905,351
DEFERRED INFLOWS - Pension Related		44,314	33,235	77,549
NET POSITION				
Net investment in capital assets		36,029,608	2,715,774	38,745,382
Restricted				
Debt service		1,070,441	-	1,070,441
Customer deposits		-	-	-
Unrestricted		3,393,899	3,734,853	7,128,752
Total net position	$	40,493,948	6,450,627	46,944,575

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, 2018

	Business- Type Activities Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for services	$ 9,421,861	2,528,900	11,950,761
Miscellaneous	-	64,075	64,075
Total operating revenues	9,421,861	2,592,975	12,014,836
Operating Expenses			
Personnel services	715,051	568,933	1,283,984
Non-payroll expenses	3,928,419	1,241,705	5,170,124
Depreciation	2,380,332	362,381	2,742,713
Total operating expenses	7,023,802	2,173,019	9,196,821
Operation income	2,398,059	419,956	2,818,015
Non-Operating Revenues (Expenses)			
Interest and investment revenue	8,430	749	9,179
Loss on disposition of assets	(9,235)	9,147	(88)
Interest expense	(419,008)	-	(419,008)
Total non-operating revenue (expenses)	(419,813)	9,896	(409,917)
Income before contributions and transfers	1,978,246	429,852	2,408,098
Transfers			
Transfers in	1,560,610	-	1,560,610
Transfers out	(387,068)	(17,997)	(405,065)
Total transfers	1,173,542	(17,997)	1,155,545
Change in net position	3,151,788	411,855	3,563,643
Net position, beginning of year	37,342,160	6,038,772	43,380,932
Net position, end of year	$ 40,493,948	6,450,627	46,944,575

See Notes to Financial Statements.

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2018

		Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities				
Cash received from customers and others	$	9,580,025	3,066,930	12,646,955
Cash paid for goods and services		(4,067,019)	(1,443,849)	(5,510,868)
Cash paid to employees		(1,219,389)	(920,103)	(2,139,492)
Net cash provided by operating activities		4,293,617	702,978	4,996,595
Cash Flows From Investing Activities				
Cash received on legislative appropriations		-	-	-
Gain (loss) on disposition of assets		(9,235)	9,147	(88)
Interest received		8,430	749	9,179
Net cash provided (used) by investing activities		(805)	9,896	9,091
Cash Flows From Non-Capital Financing Activities Operating transfers, net		1,173,542	(17,997)	1,155,545
Net cash provided (used) by non-capital financing activities		1,173,542	(17,997)	1,155,545
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets		(1,630,169)	(656,752)	(2,286,921)
Debt payment		(1,634,339)	-	(1,634,339)
Interest paid		(419,008)	-	(419,008)
Net cash (used) by capital and related financing activities		(3,683,516)	(656,752)	(4,340,268)
Net increase in cash and cash equivalents		1,782,838	38,125	1,820,963
Cash and restricted cash and cash equivalents, beginning of year		2,598,209	4,010,780	6,608,989
Cash and restricted cash and cash equivalents, end of year	$	4,381,047	4,048,905	8,429,952
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities				
Operating (loss) income	$	2,398,059	419,956	2,818,015
Adjustments to operating (loss) income to net cash provided by operating activities:				
Depreciation expense		2,380,332	362,381	2,742,713
Change in net pension liability		(495,353)	(355,027)	(850,380)
Change in assets and liabilities:				
Accounts receivable		(894,215)	198,638	(695,577)
Due from other governments		1,052,379	275,317	1,327,696
Inventory		(44,926)	-	(44,926)
Accounts payable		(67,849)	(140,502)	(208,351)
Customer deposits		(25,825)	-	(25,825)
Accrued liabilities		(6,559)	(1,554)	(8,113)
Compensated absences		(2,426)	5,411	2,985
Post closure landfill liability		-	(61,642)	(61,642)
Net cash provided by operating activities	$	4,293,617	702,978	4,996,595

See Notes to Financial Statements.

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Fiduciary Assets and Liabilities - Agency Funds
Year Ended June 30, 2018

ASSETS		
Cash and cash equivalents	$	4,040,819
Due from other agencies		269,383
Total assets	$	4,310,202
LIABILITIES		
Accounts payable	$	199,407
Accrued liabilities		52,125
Long-term loan payable		-
Due to others		4,058,670
Total liabilities	$	4,310,202

See Notes to Financial Statements.

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

2016 GO Bond Acquisition Fund – The Gross Receipts Tax Revenue Bond Acquisition Fund has been established to track expenditures for the purpose of acquiring, purchasing, improving and rehabilitating land for government purposes.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

In addition, the government reports the following fund types:

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

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

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation bond principal, interest and related costs: 2014 GRT Revenue Bonds and 2016 GRT Revenue Bonds.

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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 2018 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 2017 were collected in 2018, and taxes certified in 2018 will be collected in 2019. 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.

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.

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
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.

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.

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, 2018, the Village had the following deposits and investments:

Demand deposits	$	40,135,957
Certificates of deposits		901,227
Total		41,037,184
Governmental funds		28,126,413
Proprietary funds		8,869,952
Agency funds		4,040,819
Total	$	41,037,184

B. Interest Rate Risk

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

C. Credit Risk

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

D. Concentration of Credit Risk

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

E. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, $264,712 of the Village’s bank balance of $41,813,130 was exposed to custodial credit risk because it was uninsured and uncollateralized. See pledged collateral statement on pages 91 and 92. The remaining balances are fully collateralized, and the collateral is held in the Village's name. A full reconciliation of cash and investments and related pledged collateral statement for the Village is on pages 93 and 94.

The Village is required to obtain from each bank that is a depository for public funds, pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). The pledged collateral is stated at market value as of June 30, 2018.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2018 consisted of the following. All receivables as of June 30, 2018 were deemed to be fully collectible.

	General Fund	Infrastructure Fund	Other Governmental Funds	Enterprise Funds	Total
Receivables:					
Trade accounts	$ -	-	-	1,607,964	1,607,964
Grants and other governments	359,206	404,964	12,399	-	776,569
Property Taxes	80,336		-	-	80,336
Sales Tax	2,552,239	501,461	-	-	3,053,700
Franchise tax	52,433		-	3,484	55,917
Other tax	11,182		54,955	-	66,137
Other Receivables	12,065		-	-	12,065
Total receivables	$ 3,067,461	906,425	67,354	1,611,448	5,652,688

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

Governmental Activities:	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated				
Land	5,457,440	-	(9,475)	5,447,965
Construction in process	2,154,959	416,998	(1,750,652)	821,305
Total capital assets not being depreciated	7,612,399	416,998	(1,760,127)	6,269,270
Capital assets being depreciated				
Land improvements	10,339,071	425,790	(155,996)	10,608,867
Building and improvements	19,051,535	8,507,804	(199,175)	27,360,165
Vehicles	5,068,070	676,979	(184,181)	5,560,867
Machinery and equipment	4,114,134	276,597	(377,371)	4,013,360
Capital Leases	406,000	-	-	406,000
Infrastructure	70,794,875	2,126,195	-	72,921,068
Total capital assets being depreciated	109,773,685	12,013,365	(916,723)	120,870,327
Total capital assets	117,386,084	12,430,363	(2,676,850)	127,139,597
Less accumulated depreciation for				
Land Improvements	(5,470,004)	(1,025,711)	144,602	(6,351,113)
Building and improvements	(7,190,709)	(696,559)	184,033	(7,703,235)
Vehicles	(4,178,453)	(367,978)	127,657	(4,418,774)
Machinery and equipment	(3,269,555)	(172,066)	385,672	(3,055,949)
Capital Lease	(406,000)	-	-	(406,000)
Infrastructure	(47,139,115)	(2,392,788)	-	(49,531,903)
Total accumulated depreciation	(67,653,836)	(4,655,102)	841,964	(71,466,974)
Total capital assets being depreciated, net	42,119,849	7,358,263	(74,759)	49,403,353
Governmental activities capital assets, net	49,732,248	7,775,261	(1,834,886)	55,672,623

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets follows:

Business-Type Activities:	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated				
Land	1,207,228	-	-	1,207,228
Construction in process	957,827	707,565	(448,554)	1,216,838
Water Rights	5,267,910	318,988	-	5,586,898
Total capital assets not being depreciated	7,432,965	1,026,553	(448,554)	8,010,964
Capital assets being depreciated				
Land improvements	11,671	-	-	11,671
Building and improvements	19,705,361	-	(15,181)	19,690,180
Vehicles	5,329,725	576,420	(137,099)	5,769,046
Machinery and equipment	687,240	207,897	(64,926)	830,211
Water/sewer plant	59,930,498	943,819	(24,633)	60,849,684
Total capital assets being depreciated	85,664,495	1,728,136	(241,839)	87,150,792
Total capital assets	93,097,460	2,754,689	(690,393)	95,161,756
Less accumulated depreciation for				
Land Improvements	(11,381)	(290)	-	(11,671)
Building and improvements	(4,144,099)	(596,673)	9,508	(4,731,264)
Vehicles	(3,877,429)	(438,027)	128,757	(4,186,699)
Machinery and equipment	(494,839)	(35,968)	64,889	(465,918)
Water/sewer plant	(29,089,482)	(1,671,753)	19,474	(30,741,761)
Total accumulated depreciation	(37,617,230)	(2,742,713)	222,628	(40,137,313)
Total capital assets being depreciated, net	48,047,266	(1,014,577)	19,211	47,013,475
Business-Type activities capital assets, net	55,480,230	11,976	467,765	55,024,439

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

Governmental Activities:		**Business-type activities:**	
General government	$ 651,714	Water/sewer	$ 2,380,332
Public safety	372,408	Solid waste	362,381
Public works	3,118,918		$ 2,742,713
Culture and recreation	512,062		
	$ 4,655,102		

NOTE 6. LONG-TERM DEBT

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

The following is a schedule of the future minimum lease payments under this capital lease, and the value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ending June 30,	Principal
2019	64,856
Total	$ 64,856

The Village of Los Lunas has entered into a refinance loan agreement totaling $1,715,393 from the New Mexico Environment Department Construction Programs Bureau. The loan will be amortized over a 10-year term with a 1.2% interest rate. As of June 30, 2018, the Village, has an outstanding balance of $1,552,914.

The Village obtained a loan from the New Mexico Finance Authority in the amount of $406,000, with a blended interest rate of 3.012% for the purpose of purchasing a new fire truck. The loan was amortized over a 12-year term and matures in May 2023. As of June 30, 2018, the Village, has an outstanding balance of $183,994.

The Village of Los Lunas has entered into a loan agreement to borrow up to $3,403,856 from the New Mexico Finance Authority for the construction of a new VRECC dispatch building. The Village entered into the loan agreement on December 9, 2016. As of June 30, 2018, the Village, has drawn down a total of $3,2,86,172.

The Village of Los Lunas has entered into a loan agreement to borrow up to $7,718,406 from the New Mexico Environment Department Construction Programs Bureau for the waste water treatment plant improvement project. 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 2% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2018, the Village, has not drawn down any funds.

The Village of Los Lunas has entered into a loan agreement to borrow up to $582,600 from the New Mexico Environment Department Construction Programs Bureau to for the engineering and construction to replace the existing effluent pipeline. Annual principal and interest payments will begin one year after completion of the project and will be paid in annual installments. The loan will be amortized over a 25-year term with a 3% interest rate. The loan will be repaid utilizing funds pledged from the Water and Sewer Proprietary Fund. As of June 30, 2018, the Village, has not drawn down any funds.

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.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Government Bonds Payable

Fiscal Year Ending June 30,	Principal	Interest
2019	$ 1,105,000	271,913
2020	475,000	242,063
2021	490,000	231,113
2022	500,000	219,863
2023	510,000	209,763
2024-2028	2,765,000	820,463
2029-2033	2,690,000	442,431
2034-2038	1,080,000	208,500
2039-2042	730,000	44,250
Total	$ 10,345,000	2,690,359

Government Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2019	$ 279,540	130,551
2020	284,675	125,417
2021	290,101	119,991
2022	295,803	114,289
2023	301,794	108,297
2024-2028	1,192,936	456,752
2029-2033	532,185	359,447
2034-2038	619,044	272,586
2039-2043	727,606	164,026
2044-2046	499,396	35,582
Total	$ 5,023,080	1,886,938

Enterprise Notes Payable

Fiscal Year Ending June 30,	Principal	Interest
2019	1,338,729	436,500
2020	1,374,568	401,186
2021	1,370,217	364,882
2022	1,193,303	328,795
2023	1,225,021	311,937
2024-2028	6,234,908	983,257
2029-2032	3,542,311	192,277
Total	$ 16,279,057	3,018,834

NOTE 6. LONG-TERM DEBT (CONTINUED)

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Business-type Activities:						
Water and Sewer Fund:						
Wastewater facility construction loan	2.00%	$ 325,069	-	(325,069)	-	-
Drinking water state revolving loan	2.54%	914,706	-	(229,169)	685,537	235,577
Clean water state revolving loan	2.00%	1,605,848	-	(170,033)	1,435,815	167,920
Clean water state revolving loan 2008	0.74%	12,091,778	-	(707,688)	11,384,091	728,918
NMFA drinking water loan	1.75%	2,869,437	-	(195,401)	2,674,036	199,319
Water/sewer river crossing loan	0.25%	106,558	-	(6,980)	99,578	6,998
Compensated absences	N/A	60,258	41,364	(43,790)	57,832	-
Total Water and Sewer Fund		17,973,654	41,364	(1,678,130)	16,336,889	1,338,732
Solid Waste Fund:						
Compensated absences	N/A	50,346	28,269	(22,858)	55,758	-
Total Solid Waste Fund		50,346	28,269	(22,858)	55,758	-
Total Business-type Activities:		$ 18,024,000	69,634	(1,700,988)	16,392,647	1,338,732
Governmental Activities:						
2016 Series GRT Revenue Bond	2.80%	$ 4,155,000	-	(25,000)	4,130,000	25,000
2016 General Obligation Bond	2.35%	5,795,000	-	(325,000)	5,470,000	335,000
2014 Gross Receipts Tax	3.80%	1,480,000	-	(735,000)	745,000	745,000
NMED Loan	1.20%	1,715,993	-	(162,479)	1,552,914	159,794
NMFA Fire Truck	3.01%	217,551	-	(33,557)	183,994	34,483
NMFA Road Equipment	1.21%	41,142	-	(41,142)	-	-
NMFA Emergency Call Center Loan	3.16%	1,469,797	1,900,844	(84,469)	3,286,172	85,263
Equipment Lease	Various	129,712	-	(64,856)	64,856	64,856
Compensated absences	N/A	417,361	335,709	(317,799)	435,272	317,799
Total Governmental Activities		15,420,957	2,236,553	(1,789,302)	15,868,208	1,767,195
Grand Total Long-term Debt		$33,444,957	2,306,187	(3,490,290)	32,260,855	3,105,927

NOTE 7. OPERATING TRANSFERS

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

Fund		Transfer In	Transfer Out
Governmental Funds:			
General Fund	$	638,610	5,066,714
Infrastructure		-	653,565
Local DWI Grant		-	6,263
Municipal Street Improvement		-	60,610
Gross Receipts Tax Revenue Bond Fund		458,713	-
Debt Service Funds:			
2014 GRT Revenue		779,400	-
2016 GRT Revenue		147,950	-
Enterprise Funds:			
Water Sewer		1,560,610	387,068
Solid Waste		-	17,997
Agency Fund:			
Local LEDA GRT		2,630,223	-
Central Dispatch		-	23,289
Total	$	6,215,506	6,215,506

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 $475,810 reported in the Solid Waste

Fund as an estimate of the landfill post-closure care costs. However, due to changes in technology, laws or regulations, these costs may change in the future. Actual costs incurred during 2018 for the care of the landfill amounted to $19,631.

NOTE 10. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT

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

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

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

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

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

PERA Contribution Rates and Pension Factors as of July 1, 2017						
	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
Coverage Plan	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%

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, 2018, the Village reported a liability of $15,158,161 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2018, the Village reported a liability of $7,488,761 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.5450% percent, which increased 0.0351% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of $476,186. At June 30, 2018, 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	$	294,258	(383,553)
Changes in assumptions		345,343	(77,386)
Net difference between projected and actual earnings on pension plan investments		614,408	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions		317,262	(92,986)
Village's contributions subsequent to the measurement date		505,482	-
Total	$	2,076,753	(553,925)

The amount of $505,482 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	287,966
2020		721,984
2021		186,953
2022		(179,557)
2023		-
Thereafter		-

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

For PERA Fund Division Municipal Police Plan 5, at June 30, 2018, the Village reported a liability of $4,780,642 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.8605% percent, which increased 0.0472% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of $244,513. At June 30, 2018, 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	$	290,353	(893,216)
Changes in assumptions		284,432	(111,166)
Net difference between projected and actual earnings on pension plan investments		385,015	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions		287,515	(99,862)
Village's contributions subsequent to the measurement date		375,351	-
Total	$	1,622,666	(1,104,244)

The amount of $375,351 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	13,798
2020		323,704
2021		(81,858)
2022		(112,573)
2023		-
Thereafter		-

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

For PERA Fund Division Municipal Fire Plan 5, at June 30, 2018, the Village reported a liability of $2,888,758 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.5049% percent, which increased 0.0131% from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of $108,169. At June 30, 2018, 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	$	94,324	(361,720)
Changes in assumptions		114,204	(18,111)
Net difference between projected and actual earnings on pension plan investments		108,441	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions		53,048	(99,780)
Village's contributions subsequent to the measurement date		168,774	-
Total	$	538,791	(479,611)

The amount of $168,774 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	(44,474)
2020		25,364
2021		(59,241)
2022		(31,243)
2023		-
Thereafter		-

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

Actuarial assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	100.0%	

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

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 City's proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

PERA Fund Division Municipal Plan 3

		1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	$	11,737,362	7,488,761	3,955,459

PERA Fund Division Municipal Police Plan 5

		1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	$	7,623,797	4,780,642	2,447,412

PERA Fund Division Municipal Fire Plan 5

		1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	$	3,871,683	2,888,758	22,078,738

Payables to the pension plan: The Village accrued $93,688 in PERA benefits at June 30, 2018.

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN

General Information about the OPEB Plan

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

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

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

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

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

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

For fiscal year 2018, the Village contributed $278,610 to the Plan. Plan members receiving benefits contributed $41,367 through their required contribution of 0.65% per pay period.

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Net OPEB Liability

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

Fiscal Year Ending		June 30, 2018
Total OPEB Liability	$	7,378,499
Fiduciary net position		2,254,011
Net OPEB Liability	$	5,124,488
Fiduciary net position as a % of total OPEB liability		30.55%
Covered Payroll		7,731,219
Total OPEB liability as a % of covered payroll		66.28%

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, 2018
Discount Rate	3.58%
Long-term expected rate of return, net of investment expenses	2.80%
20 Year Tax-Exempt Municipal Bond Yield	3.58%
Other Key Actuarial Assumptions and Methods	
Valuation date	July 1, 2017
Measurement date	June 30, 2017
Inflation	2.50%
Salary increases	3.25%
Withdrawal and retirement rates	June 30, 2018 New Mexico PERA Valuation
Election rates	100% of eligible employees
Actuarial cost method	Entry Age Normal

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

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

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

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

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

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

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

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

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

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

Long-term Rate of Return. The investment return assumption was selected based on the Plan's asset allocation and capital market assumption from several sources, including published studies summarizing the expectations of various investment experts. This information was then used to develop forward looking long-term expected returns, producing a range of reasonable expectations according to industry experts. Based on the resulting range of potential assumptions, the selected investment return assumption is reasonable and is not expected to have any significant bias. Employer and Employee contributions are deposited into an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan. The fund is a cash account, and the market value of assets as of June 30, 2017 is $2,254,011.

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

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

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

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

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Changes in Net OPEB Liability

		Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Liability (a)-(b)
Balance as of June 30, 2017	$	7,546,757	2,004,005	5,542,752
Changes for the year:				
Service Cost		498,192		498,192
Interest on total OPEB liability		227,852		227,852
Effect of changes to benefit terms		-		-
Effect of economic/demographic gains or losses		(29,120)		(29,120)
Effect of assumptions changes or inputs		(764,162)		(764,162)
Benefit payments		(101,020)	(101,020)	-
Employer Contributions			243,744	(243,744)
Member Contributions			107,282	(107,282)
Net investment income			-	-
Administrative expenses			-	-
Balance as of June 30, 2018	$	7,378,499	2,254,011	5,124,488

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

		1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	$	8,448,745	7,378,499	6,466,378
Fiduciary net position		2,254,011	2,254,011	2,254,011
Net OPEB liability	$	6,194,734	5,124,488	4,212,367

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

		1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$	6,304,321	7,378,499	8,689,016
Fiduciary net position		2,254,011	2,254,011	2,254,011
Net OPEB liability	$	4,050,310	5,124,488	6,435,005

NOTE 11. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

For the year ended June 30, 2018, the Village recognized OPEB expense of $479,910. At June 30, 2018, 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	$	-	(25,773)
Changes in assumptions		-	(676,327)
Net difference between projected and actual earnings on OPEB plan investments		47,670	-
Employer contributions subsequent to the measurement date		-	-
Total	$	**47,670**	**(702,100)**

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

Year ended June 30:		
2019	$	(79,264)
2020		(79,264)
2021		(79,264)
2022		(79,266)
2023		(91,182)
Thereafter		(246,190)
Total	$	(654,430)

Payables changes in the net OPEB liability. At June 30, 2018, the Village did not accrue any 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.

NOTE 13. TAX ABATEMENTS

As of June 30, 2018, the Village adopted GASB Statement No. 77 *Tax Abatement Disclosures.* While the statements require only material abatements to be disclosed within the notes to the financial statements, the Village has disclosed information related to the abatement's as follows:

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

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

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

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

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

NOTE 13. TAX ABATEMENTS (CONTINUED)

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

NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans,* for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The Village has adopted this statement for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement No. 81 was effective for periods beginning

NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

after December 15, 2016. The adoption of GASB Statement No. 81 had no effect on the Village's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* This statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, good will, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for periods beginning after June 15, 2017. The adoption of GASB Statement No. 85 did not have a significant impact of the Village's Financial Statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues.* This statement establishes essentially the same requirements as GASB Statement No.7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The Village adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the Village's financial statements.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued but are not yet effective at June 30, 2018.

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

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

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

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. PRIOR YEAR RESTATMENTS

Beginning net position at June 30, 2018 was restated in the amount of $779,813. This restatement was due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

NOTE 17. SUBSEQUENT EVENTS

Events subsequent to June 30, 2018 have been evaluated by management through January 14, 2019, the date the financial statements were available for issuance.

On June 21, 2018 the Village Council adopted Ordinance No. 437 (the "Bond Ordinance") authorizing the issuance of Taxable Industrial Revenue Bonds to finance the cost of acquire, construct, and equip a manufacturing facility on a parcel of land located within the Village, which will be used to produce custom plastic and metal components for the defense industry, healthcare industry and soft drink companies. The Taxable Industrial Revenue Bonds Series 2018 were issued under an Indenture dated as of July 1, 2018 in the principal amount not to exceed $15,000,000. The bonds were issued on August 21, 2018 with a maturity date of July 1, 2048 and an interest rate of 3%.

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, 2018

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

	30-Jun			
Fiscal Year	2018	2017	2016	2015
Measurement Date	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability (Asset)	0.288%	0.283%	0.270%	0.270%
Village's Proportionate Share of Net Pension Liability (Asset)	15,158	17,428	11,699	$ 9,126
Village's Covered-Employee Payroll	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	188.09%	246.16%	160.95%	146.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2018

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

	2018	2017	2016	2015
Statutory Required	$ 1,049	1,112	828	818
Contributions in Relation to the Statutory	1,049	1,112	828	1,580
Annual Contribution Deficiency (Excess)*	$ -	-	-	(762)

*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, 2018

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

	2018	2017	2016	2015
Statutory Required	$ 505	689	417	387
Contributions in Relation to the Statutory	505	689	417	850
Annual Contribution Deficiency (Excess)*	$ -	-	-	(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, 2018

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

	2018	2017	2016	2015
Contractually Required Contribution	$ 375	315	286	300
Contributions in Relation to the Contractually	375	315	286	517
Annual Contribution Deficiency (Excess)*	$ -	-	-	(217)

*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, 2018

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

	2018	2017	2016	2015
Contractually Required Contribution	$ 169	108	125	131
Contributions in Relation to the Contractually	169	108	125	213
Annual Contribution Deficiency (Excess)*	$ -	-	-	(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 RATIONS
JUNE 30, 2018

Last Ten Fiscal Years*

Total OPEB Liability	2018	2017
Service Cost	$ 498,192	N/A
Interest on Total OPEB Liability	227,852	N/A
Effect of changes to benefit terms	-	N/A
Effect of economic/demographic (gains) or losses	(29,120)	N/A
Effect of assumption changes or inputs	(764,162)	N/A
Benefit Payments	(101,020)	N/A
Net Change in Total OPEB Liability	(168,258)	N/A
Total OPEB Liability, beginning	7,546,757	N/A
Total OPEB Liability, ending	7,378,499	7,546,757
Fiduciary Net Position		
Employer Contributions	243,744	N/A
Member Contributions	107,282	N/A
Net Investment Income	-	N/A
Benefit Payments	(101,020)	N/A
Adminsitrative expenses	-	N/A
Net change in plan fiduciary net position	250,006	N/A
Fiduciary net position, beginning	2,004,005	N/A
Fiduciary net position, ending	2,254,011	2,004,005
Net OPEB liability	5,124,488	5,542,752
Fiduciary net position as a % of total OPEB payroll	30.55%	26.55%
Covered payroll	7,731,219	7,593,399
Net OPEB Liability as a % of covered payroll	66.28%	72.99%

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS
JUNE 30, 2018

Last Ten Fiscal Years*

	2018	2017
Contractually Required Contribution	$ 351,026	-
Contributions in Relation to the Contractually Required	351,026	-
Annual Contribution Deficiency (Excess)*	$ -	-

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

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 2017 report is available at: http://www.nmpera.org/

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SUPPLEMENTARY INFORMATION

Special Revenue Funds

Lodgers Tax Fund (16)
To utilize lodgers tax revenues collected from area lodging facilities for the purpose of advertising, publicizing and promoting tourist related attractions and events within the Village. The Village has created the Lodgers Tax Advisory Board to advise the governing body on ways to spend lodger's tax funds for advertising, publicizing and promoting tourist related attractions and events within the Village.

Municipal Street Improvement Fund (17)
Gasoline tax revenues are intended for construction, reconstruction, resurfacing or other improvement or maintenance of public roads and streets, including right-of-way materials acquisition. In addition, these revenues can be designated for projects subject to cooperative agreements entered into with the state highway and transportation department.

Fire Fund (21)
To provide fire protection and life safety for the Village of Los Lunas. The Los Lunas Fire Department is responsible for the preservation of human life due to fire or rescue services as needed. To make the public aware of fire safety of all types and make available all fire prevention information. State fire money is generated through home owner's insurance and the State of New Mexico.

Recreation Fund (22)
To provide recreation and entertainment to the citizens of Los Lunas and Valencia County and surrounding areas. This Department plans the annual holiday festivities for Christmas, the 4th of July, and the St. Patrick's Day Balloon Rally. Softball and basketball leagues are also planned throughout the year. Park improvements are also funded from this fund.

Police Program (23)
Envelops the Community Oriented Policing Services Grant (COPS) and the Canine Program. Revenues are used to enhance community policing programs and enhance public safety to the community by hiring personnel, purchasing equipment and performing public outreach.

Local Government Correction Fund (26)
Corrections fees are intended to off-set correction and detention costs per New Mexico Statutory requirements. A $10.00 Correction fee is assessed for each criminal offense filed in Municipal Court. Correction fee revenues off-set the need for the General Fund to totally support the cost of the care and housing of adults and juveniles.

Law Enforcement Protection Fund (27)
The New Mexico Enforcement Protection Fund (LEPF) is a legislative established fund that accumulates fees generated from insurance corporations in New Mexico and annually distributes the funds to New Mexico law enforcement agencies annually to assist in police equipment/training cost. LEPF funds are distributed under a formula for jurisdictional population and number of certified police officers in the law enforcement agency serving that jurisdiction.

Special Revenue Funds (Continued)

Emergency Medical Service Fund (39)

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

Local DWI (29)

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

Debt Service Fund

Gross Receipt Tax Revenue Bond 2014 (32)

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

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

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

93 Gross Receipts Tax Revenue Bond (36)

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds
June 30, 2018

		Special Revenue Funds		
		Lodger's Tax	Municipal Street Improvement	Fire Fund
ASSETS				
Cash and cash equivalents	$	257,228	550,537	37,006
Investments		-	-	-
Due from other funds		-	-	-
Receivable from other governments		-	-	-
Other Receivables		9,026	45,929	-
Total assets	$	266,254	596,466	37,006
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$	465	-	2,467
Due to other funds		-	-	-
Accrued payroll expenditures		-	-	-
Total liabilities		465	-	2,467
DEFERRED INFLOWS				
Property taxes		-	-	-
Total deferred inflows		-	-	-
FUND BALANCES				
Nonspendable		-	-	-
Restricted		265,789	596,466	34,539
Committed		-	-	-
Assigned		-	-	-
Unassigned		-	-	-
Total fund balances		265,789	596,466	34,539
Total liabilities, deferred inflows and fund balances	$	266,254	596,466	37,006

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Services
373,624	8,195	91,226	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
373,624	8,195	91,226	-	-
6,094	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,094	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
367,530	8,195	91,226	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
367,530	8,195	91,226	-	-
373,624	8,195	91,226	-	-

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds (Continued)
June 30, 2018

		Special Revenue Funds (Continued)		Debt Service Funds
		Local DWI	Total Special Revenue	2014 Gross Receipts Tax Revenue Bond
ASSETS				
Cash and cash equivalents	$	74,766	1,392,582	103,047
Investments		-	-	-
Due from other funds		-	-	-
Receivable from other governments		12,399	12,399	-
Other Receivables		-	54,955	-
Total assets	$	87,165	1,459,936	103,047
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$	24,882	33,908	-
Due to other funds		-	-	-
Accrued payroll expenditures		10,636	10,636	-
Total liabilities		35,518	44,544	-
DEFERRED INFLOWS				
Property taxes		-	-	-
Total deferred inflows		-	-	-
FUND BALANCES				
Nonspendable		-	-	-
Restricted		51,647	1,415,392	103,047
Committed		-	-	-
Assigned		-	-	-
Unassigned		-	-	-
Total fund balances		51,647	1,415,392	103,047
Total liabilities, deferred inflows and fund balances	$	87,165	1,459,936	103,047

See Notes to Financial Statements.

Debt Service Funds (Continued)

2003 A/B Gross Debt Service Fund	93 Gross Receipts Tax Revenue Bond Fund	Total Debt Service	Total Non Major Governmental Funds
128,942	399,168	631,157	2,023,739
-	-	-	-
-	-	-	-
-	-	-	12,399
-	-	-	54,955
128,942	399,168	631,157	2,091,093
-	-	-	33,908
-	-	-	-
-	-	-	10,636
-	-	-	44,544
-	-	-	-
-	-	-	-
-	-	-	-
128,942	399,168	631,157	2,046,549
-	-	-	-
-	-	-	-
-	-	-	-
128,942	399,168	631,157	2,046,549
128,942	399,168	631,157	2,091,093

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, 2018

	Special Revenue Funds		
	Lodger's Tax	Municipal Street Improvement	Fire Fund
Revenues			
Sales and miscellaneous taxes	$ 78,455	546,790	-
Fees and Fines			
Licencses and Premits			
State grants	-	-	175,211
Federal grants	-	-	-
Charges for services	-	-	-
Investment earnings	-	124	-
Miscellaneous	-	-	-
Total revenues	78,455	546,914	175,211
Expenditures			
Current			
General government	52,627	-	-
Public safety	-	-	121,043
Public works	-	202,829	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	203,621	33,557
Interest and other charges	-	48,599	7,241
Capital outlay	-	239,995	-
Total expenditures	52,627	695,044	161,841
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	25,828	(148,130)	13,370
Other financing sources (uses)			
Legislative appropriations			
Proceeds from issuance of debt	-	-	-
Transfers in - governement			
Transfers in agency	-	-	-
Transfers out	-	(60,610)	-
Total other financing sources (uses)	-	(60,610)	-
Net change in fund balances	25,828	(208,740)	13,370
Fund balances, beginning of year	239,961	805,206	21,169
Fund balances, end of year	$ 265,789	596,466	34,539

See Notes to Financial Statements.

Special Revenue Funds (Continued)

Recreation Fund	Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Service
4,548	-	-	-	-
-	11,507	-	41,600	-
-	-	-	-	-
137,672	-	43,706	-	11,688
-	-	-	-	-
-	-	-	-	-
142,220	11,507	43,706	41,600	11,688
-	-	-	-	-
-	12,892	44,242	-	11,688
-	-	-	-	-
-	-	-	-	-
108,294	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,480	-	-	41,600	-
111,774	12,892	44,242	41,600	11,688
30,446	(1,385)	(536)	-	-
-	-	-	-	-
-	-	-		-
-	-	-	-	-
-	-	-	-	-
30,446	(1,385)	(536)	-	-
337,084	9,580	91,762	-	-
367,530	8,195	91,226	-	-

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, 2018

	Special Revenue Funds (Continued)		Debt Service Funds
	Local DWI	Total Special Revenue	2014 Gross Receipts Tax Revenue Bond
Revenues			
Sales and miscellaneous taxes	$ -	629,793	-
Fees and Fines	-	-	-
Licenses and Permits	-	-	-
State grants	381,700	610,018	-
Federal grants	-	-	-
Charges for services	24,638	217,704	-
Investment earnings	-	124	-
Miscellaneous	-	-	-
Total revenues	406,338	1,457,639	-
Expenditures			
Current			
General government	-	52,627	-
Public safety	394,148	584,013	-
Public works	-	202,829	-
Health and welfare	-	-	-
Culture and recreation	-	108,294	-
Debt service			
Principal	-	237,178	735,000
Interest and other charges	-	55,840	44,400
Capital outlay	-	285,075	-
Total expenditures	394,148	1,525,856	779,400
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	12,190	(68,217)	(779,400)
Other financing sources (uses)			
Legislative appropriations	-	-	-
Proceeds from issuance of debt	-	-	-
Transfers in - government	-	-	779,400
Transfers in agency	-	-	-
Transfers out	(6,263)	(66,873)	-
Total other financing sources (uses)	(6,263)	(66,873)	779,400
Net change in fund balances	5,927	(135,090)	-
Fund balances, beginning of year	45,720	1,550,482	103,047
Fund balances, end of year	$ 51,647	1,415,392	103,047

See Notes to Financial Statements.

Debt Service Funds (Continued)

2003 A/B Gross Debt Service Fund	Gross Receipts Tax Revenue Bond Fund	Total Debt Service	Total Non Major Governmental Funds
-	388,892	388,892	1,018,685
-	-	-	-
-	-	-	-
-	-	-	610,018
-	-	-	-
-	-	-	217,704
-	-	-	124
-	-	-	-
-	388,892	388,892	1,846,531
-	-	-	52,627
-	-	-	584,013
-	-	-	202,829
-	-	-	-
-	-	-	108,294
		-	-
25,000	325,000	1,085,000	1,322,178
122,950	133,712	301,062	356,902
-	-	-	285,075
147,950	458,712	1,386,062	2,911,918
(147,950)	(69,820)	(997,170)	(1,065,387)
-	-	-	-
-	-	-	-
147,950	458,713	1,386,063	1,386,063
-	-	-	-
-	-	-	(66,873)
147,950	458,713	1,386,063	1,319,190
-	388,893	388,893	253,803
128,942	10,275	242,264	1,792,746
128,942	399,168	631,157	2,046,549

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2018

	Local LEDA GRT	Court Trust Fund	Central Dispatch	Municipal Court Bond	Total Agency Fund
ASSETS					
Cash and cash equivalents	$ 3,147,326	932	874,519	18,042	4,040,819
Due from other agencies	-		269,383	-	269,383
Total Assets	3,147,326	932	1,143,902	18,042	4,310,202
LIABILITIES					
Accounts payable	9,257	1,591	170,517	18,042	199,407
Accrued liabilities	-	-	52,125	-	52,125
Long-term loan payable	-	-	-	-	-
Due to others	3,138,069	(659)	921,260	-	4,058,670
Total Liabilities	$ 3,147,326	932	1,143,902	18,042	4,310,202

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, 2018

	Wells Fargo	U.S. Bank	SECU
Deposits in Bank or Savings and Loan			
Money market	$ -	3,858,019	-
Bank deposits (checking)	33,357,832	18,042	-
Repurchase deposits	-	-	-
Certificates of deposit	100,000	100,000	101,227
	33,457,832	3,976,061	101,227
Less: FDIC insurance	250,000	250,000	101,227
Total uninsured public funds	$ 33,207,832	3,726,061	-
Collateral requirement @ 50%	16,603,916	1,863,031	-
Total required collateralization	16,603,916	1,863,031	-
Pledges and securities			
FNMA FNMS CUSIP #3138EDDQ1, 3.50%, due 4/01/2042	14,182,801		-
FNMA FNMS CUSIP #3138NXCV7, 3.00%, due 1/01/2043	1,889,416		
FNMA FNMS CUSIP #3140F4JS6, 2.50%, due 5/01/2031	5,284,937		
FNMA FNMS CUSIP #31417DKM4, 3.00%, due 10/01/2042	14,918,914		
FNMA FNMS CUSIP #31418BVJ2, 3.00%, due 10/01/2035	254,326		
Federal Home Loan Bank of Cincinnati, LOC No.: 523855, Issued 4/3/2018		3,700,000	-
GNMA2 Single Family 30 YR CUSIP #36179NM96, 3.00%, due 9/20/2043	-	-	-
GNMA2 Single Family 30 YR CUSIP #36179MSV3, 2.50%, due 11/20/2042	-	-	-
FNMA CONV 30 YR SF CUSIP #313MAKS6, 3.00%, due 9/01/2042	-	-	-
FNMA 7+ YR MF DUS BALLOON CUSIP #31377QBU5, 6.71%, due 5/01/2019	-	-	-
GNMA2 ARM MULTIPLE CUSIP #36179MYH7, 3.50%, due 1/20/2043	-	-	-
G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 4/20/2046	-	-	-
G2SF MA3662 CUSIP #36179SB71, 3.00%, due 5/20/2046	-	-	-
FNCLA AS 7582 CUSIP #3138WHM82, 3.00%, due 7/01/2046	-	-	-
G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 4/20/2046	-	-	-
GNMA2 ARM MULTIPLE CUSIP #36179M6H8, 3.375%, due 3/20/2045	-	-	-
G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 3/20/2045	-	-	-
G2SF MA3802 CUSIP #36179SGK7, 3.00%, due 7/20/2046			
FNMA CONVO 30 YR SF CUSIP #3138M8J61, 3.00%, due 9/01/2042	-	-	-
Total pledged securities	36,530,394	3,700,000	-
Excess (deficiency)	$ 19,926,478	1,836,969	-

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)

My Bank	Bank of the West	NMFA	New Mexico Bank & Trust	X-press Bill Pay	Total
-	854,803	207,620	-	-	4,920,442
-	2,497,719	-	-	117,868	35,991,461
-	-	-	-	-	-
100,000	300,000	-	200,000	-	901,227
100,000	3,652,522	207,620	200,000	117,868	41,813,130
100,000	500,000	207,620	200,000	117,868	1,726,715
-	3,152,522	-	-	-	40,086,415
-	1,576,261	-	-	-	20,043,208
-	1,576,261	-	-	-	20,043,208
-	-	-	-	-	14,182,801
					1,889,416
					5,284,937
					14,918,914
					254,326
-	-	-	-	-	3,700,000
-	18,907	-	-	-	18,907
-	79,798	-	-	-	79,798
-	66,660	-	-	-	66,660
-	52,021	-	-	-	52,021
-	1,347	-	-	-	1,347
-	39,408	-	-	-	39,408
-	121,046	-	-	-	121,046
-	912,687	-	-	-	912,687
-	502	-	-	-	502
-	16,051	-	-	-	16,051
-	311,255	-	-	-	311,255
	1,187,274				1,187,274
-	106,915	-		-	106,915
-	2,913,871	-	-	-	43,144,265
-	1,337,610	-	-	-	23,101,057

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2018

	Wells Fargo	US Bank	SECU	My Bank
Deposits in Bank or Savings and Loan				
Money Market	$ -	3,858,019	-	-
Bank deposits (checking)	33,357,832	18,042	-	-
Repurchase deposits	-	-	-	-
Certificates of deposit	100,000	100,000	101,227	100,000
Total bank balance	33,457,832	3,976,061	101,227	100,000
Reconciling items				
Outstanding checks	(800,949)	-	-	-
Deposits in transit	61,720	-	-	-
Other adjustments	19,382	-	-	-
Total adjustments	(719,847)	-	-	-
Total book balance	32,737,985	3,976,061	101,227	100,000
Less agency fund balances included in bank balance	4,040,819	-	-	-
Total primary government	$ 28,697,166	3,976,061	101,227	100,000

Bank of the West	NMFA	New Mexico Bank & Trust	X-press Bill Pay	Total
854,803	207,620	-	-	4,920,442
2,497,719	-	-	117,868	35,991,461
-	-	-	-	-
300,000	-	200,000	-	901,227
3,652,522	207,620	200,000	117,868	41,813,130
-	-	-	(56,185)	(857,134)
-	-	-	86	61,806
-	-	-	-	19,382
-	-	-	(56,099)	(775,946)
3,652,522	207,620	200,000	61,769	41,037,184
-	-	-	-	4,040,819
3,652,522	207,620	200,000	61,769	36,996,365

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2018

		Local LEDA GRT	Court Trust Fund	Central Dispatch	Municipal Court Bond	Total Agency Fund
Assets, July 1, 2017	$	517,103	869	979,680	40,712	1,538,364
Increase		3,147,326	19,949	2,074,203	9,396	5,250,874
Decrease		(517,103)	(19,886)	(1,909,981)	(32,066)	(2,479,036)
Assets, June 30, 2018		3,147,326	932	1,143,902	18,042	4,310,202
Liabilities, July 1, 2017		517,103	869	979,680	40,712	1,538,364
Increase		3,147,326	19,949	2,074,203	9,396	5,250,874
Decrease		(517,103)	(19,886)	(1,909,981)	(32,066)	(2,479,036)
Liabilities, June 30, 2018	$	3,147,326	932	1,143,902	18,042	4,310,202

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2018

Agreement	The Village Participates with	Party Responsible for Operation	Description	Period	Funds/ (Cost) to Village	Village Contributions	Audit Responsibility
Los Lunas Schools	Board of Education	Los Lunas Schools	Operation of the Los Lunas Schools Swimming Pool	April 26, 2018 through December 31, 2018	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, 2017 through June 30, 2018	Estimated Annual Amount $172,000	$0	Village of Los Lunas
Medical Direction for EMS Services	Valencia County	Village of Los Lunas	Medical direction as necessary for the fire medical resue services of the Village of Los Lunas Fire Department.	February 1, 2016 with automatic renewal each year for an additional year unless either party gives written notice	Cost of $4,575	$4,575	Village of Los Lunas
Summer Recreation Program	Valencia County and Los Lunas Public Schools	Village of Los Lunas	Summer Recreation Program for the benefit of the children and youth of the Los Lunas School District, Vilalge of Los Lunas and Valencia County to be conducted through the use of public parks, swimming pool, playgrounds and other recreational facilities owned and operated and located within the respective jurisdiction of the parties	May 30, 2018 through July 30, 2018	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 atoher to maintain safety, security, and control in accordance with the terms of the mutual assistance agreement	August 1, 2015 and will remain in full forece and effect until canceled by mutual agreement of both parties	No Cost to Village	$0	The Village of Los Lunas
NM General Services Department, Facilities Management	NM Interstate Stream Commission	Village of Los Lunas	The Village of Los Lunas will grant return flow credits approved by the OSE to the NMISC for flows from the facility that are attributable to diversion from NMISC well RG-5847-S based on the actual metered flows as measured by NMISC	October 21, 2015 through October 22, 2026	$500 Annually	$0	The Village of Los Lunas
Valencia County Regional Communications Center	City of Belen, Village of Bosque Farms and Valencia County	Village of Los Lunas	Regional dispatch service for police and EMS services	June 2006 - Terminated only by the mutual consent of all of the parties	Estimate: City of Belen - $97,300; Village of Bosque Farms - $26,924; Valencia County - $183,271; Rio Communities - $23,687 (Based on calls for service)	Estimated $159,241 Annually (Based on calls for service)	The Village of Los Lunas
Central NM Rail Park	Bernalillo County	Village of Los Lunas	The Village of Los Lunas and Bernalillo County can provide LEDA monies to qualifying projects that sumit applications for economic development assistance, and the Central NM Rail Park will make an application to the Village under its applicable LEDA Ordinance to become a qualifying project.	January 2017 - Terminated by any Party upon thirty days written notice delivered to the other.	$400,000 from Bernalillo County	$0 at 6/30/18	The Village of Los Lunas

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COMPLIANCE

PATTILLO, BROWN & HILL, L.L.P.
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Albuquerque, New Mexico 87110
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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*

INDEPENDENT AUDITOR'S REPORT

To Brian S. Colon
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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the schedule of findings as item *2018-001, 2018-002 and 2018-003.*

The Village's Response to Findings

The Village's response to the findings identified in our audit are described in the accompanying schedule of findings. 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
January 16, 2019

A. FINANCIAL STATEMENT FINDINGS

2018-001 CONTROLS OVER CASH DISBURSEMENTS (Finding that does not rise to the level of a significant deficiency)

CONDITION: During our cash disbursement testwork we noted the Village did not have a purchase order or professional service contract in place for 3 out of 25 transaction tested totaling $420. We noted the contracts in place for these services expired prior to services being provided and payments being made.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. In addition, the Committee of Sponsoring Organizations (COSO) of the Treadway Commission identifies that management should evaluate their control activities to ensure their policies and procedures are carrying out management's directives. Per the Village's finance policies and procedures purchase orders and/or contracts should be issued before a good or service is purchased.

EFFECT: The Village is not in compliance with their internal control policies which could lead to the unauthorized purchase of goods or services.

CAUSE: Service contracts in place previously were not renewed for the current year.

RECOMMENDATION: We recommend the Village retrain and re-emphasize the requirement that all goods and/or services obtained should have a valid purchase order or service contract in place prior to purchasing.

MANAGEMENT RESPONSE: The Finance Officer along with the Community Services Director have approved a new contract drafted by Village legal counsel to address the termination language issue resulting in the audit finding. The revised contract allows for an open-ended cancellation of the contract by notice of either party (Village and contractor). The new contract (approved in August 2018) is effective immediately and will correct the audit finding.

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 SOLID WASTE INVENTORY (Finding that does not rise to the level of a significant deficiency)

CONDITION: The Village does not have written policies or procedures for the solid waste inventory of trash cans giving employees the ability to remove trash cans without filling out job tickets. Additionally, the inventory of all trash cans is not maintained throughout the year and an inventory count only occurs at year end.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Not consistently enforcing procedures and not restricting the ability for all staff to remove inventory without prior approval and lack of performing periodic inventory counts can result in misstatement or misappropriation of assets.

CAUSE: The Village does not have policies and procedures for the removal of solid waste inventory of trash cans. Additionally, there is no tracking of the inventory throughout the year.

RECOMMENDATION: The Village should implement written policies and procedures to complete job tickets when trash cans are removed from inventory and implement a policy to perform inventory counts at least quarterly which would include reconciling any discrepancies. A tracking system needs to be created so that the Village can determine the amount of trash cans that should be on hand at any given time.

MANAGEMENT'S RESPONSE: The Public Works Director has procured software, namely Routeware, which will be integrated with the Village's current financial software (Caselle) to address the inventory issue with the Solid Waste trash cans. The combination and integration of both softwares will allow for processes and procedures that oversee the monitoring and maintenance of the trash can inventory. Once the software integration is complete, the procedures will be documented in a policy manual to ensure compliance and internal control over this inventory. The Public Works Director will be responsible for completion of this task to remedy the audit finding.

B. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978

2018-003 LATE AUDIT REPORT (Other Non-Compliance)

CONDITION: The audit report for the year ended June 30, 2018 was submitted to the New Mexico State Auditor after the required deadline of December 15, 2018.

CRITERIA: Audits of Municipalities must be submitted by December 15 in accordance with the New Mexico State Audit Rule 2.2.2.9A.

EFFECT: Delays in submission of the audit report affect the Village's ability to report timely financial information to other state agencies and local governments.

CAUSE: With the implementation of GASB 75 the Village was required to have an independent actuarial valuation completed for their retiree healthcare plan. In order to meet the disclosure requirements of the new pronouncement the Village hired a third-party company to complete the valuation and provide the information necessary for disclosure. The valuation report was not ready before the December 15th deadline.

RECOMMENDATION: The Village should implement procedures to ensure the actuarial valuation report for their retiree healthcare plan is completed bi-annually before the state submission deadline.

MANAGEMENT'S RESPONSE: The Village will implement procedures and include them in the annual Audit Process found in the Accounting Policy and Procedures Manual to ensure that the actuarial valuation report for OPEB liability and GASB 75 compliance is completed by November 1st of even years. The Finance Officer will be responsible for resolution of this audit finding.

C. STATUS OF PRIOR YEAR FINDINGS

None

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STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Exit Conference
June 30, 2018

The contents of this report were discussed in the exit conference held on January 16, 2019, with the following in attendance:

Representing the Village of Los Lunas:

Charles Griego	Mayor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

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

Chris Garner	Partner
Heather Lucero	Supervisor

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.