

NEW ISSUE  
Book-Entry Only

RATING: Standard & Poor's - "AA"  
(See "Rating" herein)

*In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof; for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations, but such interest on the Bonds will be included in the adjusted current earnings of certain corporations, and (c) is excludable from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see "TAX EXEMPTION" herein.*

**\$4,180,000**  
**VILLAGE OF LOS LUNAS, NEW MEXICO**  
**Gross Receipts Tax Improvement Revenue Bonds, Series 2016**

**Dated: Date of Delivery**

**Due: April 1, as shown on next page**

The Gross Receipts Tax Improvement Revenue Bonds, Series 2016 (the "Bonds") are obligations of the Village of Los Lunas, New Mexico issuable only as fully registered bonds as to both principal and interest in the denomination of \$5,000 and integral multiples thereof. Interest accrues from the delivery date, and is payable semiannually on April 1 and October 1 in each year beginning October 1, 2016. The principal of the Bonds is payable at the office of the BOKF, N.A. (the "Paying Agent"). Interest will be paid by the Paying Agent by check or draft mailed to each registered owner on or before each interest payment date.

The Bonds will be subject to optional redemption prior to their maturity. See "THE BONDS — Prior Redemption" herein.

The Bonds do not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation, are not general obligations of the Village and are payable and collectible solely from the gross receipts tax revenues specifically pledged therefor. See "THE PLEDGED REVENUES" herein. Neither the full faith nor credit of the Village, nor the ad valorem taxing power or general resources of the Village, the State of New Mexico or any other political subdivision are pledged to the payment of the Bonds. The Bonds are being issued to provide funds for the purpose of acquiring, purchasing, improving and rehabilitating land for governmental purposes and paying all costs incidental thereto and to the issuance of the Bonds. The Bonds constitute an irrevocable and first lien, but not an exclusive first lien, on the Pledged Revenues (as defined below) on parity with any additional parity obligations which hereafter may be issued. See "THE BONDS — Source of Payment and Security" and "PLEDGED REVENUES."

**RBC CAPITAL MARKETS**

## MATURITY SCHEDULE

Due	Principal	Interest			Due	Principal	Interest		
<u>April 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusip #</u>	<u>April 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusip #</u>
2017	\$25,000	2.00%	0.76%	545559CY0	2027	\$165,000	3.00%	2.10% <sup>(c)</sup>	545559DJ2
2018	25,000	2.00%	0.83%	545559CZ7	2028	170,000	3.00%	2.27% <sup>(c)</sup>	545559DK9
2019	25,000	3.00%	0.94%	545559DA1	2029	175,000	3.00%	2.42% <sup>(c)</sup>	545559DL7
2020	135,000	3.00%	1.03%	545559DB9	2030	180,000	3.00%	2.57% <sup>(c)</sup>	545559DM5
2021	140,000	3.00%	1.18%	545559DC7	2031	185,000	3.00%	2.67% <sup>(c)</sup>	545559DN3
2022	145,000	2.00%	1.32%	545559DD5	2032	190,000	3.00%	2.78% <sup>(c)</sup>	545559DP8
2023	145,000	3.00%	1.45%	545559DE3	2033	200,000	3.00%	2.89% <sup>(c)</sup>	545559DQ6
2024	150,000	3.00%	1.59%	545559DF0	2034	205,000	3.00%	3.00%	545559DR4
2025	155,000	3.00%	1.75%	545559DG8	2035	210,000	3.00%	3.03%	545559DS2
2026	160,000	3.00%	1.92%	545559DH6	2036	215,000	3.00%	3.08%	545559DT0

\$1,180,000, 3.00% Term Bonds maturing April 1, 2041, to yield 3.22% - CUSIP 545559DY9

<sup>(c)</sup> Yield to optional par call on April 1, 2026.

*The Bonds are offered when, as and if issued by the Village and purchased by the Underwriter and subject to the delivery of an approving opinion by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, and other conditions. Certain legal matters will be passed upon for the Village by Guggino & Griego, Attorneys for the Village. Certain legal matters will be passed upon for the Underwriter by Rodey, Dickason, Sloan, Akin & Robb, P.A. It is expected that delivery of the Bonds will be made on or about June 15, 2016 through the facilities of The Depository Trust Company, New York, New York, against payment therefor.*

This page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**DATED: May 19, 2016**

## **VILLAGE OF LOS LUNAS, NEW MEXICO**

660 Main Street NW  
Los Lunas, New Mexico 87031  
(505) 839-3840

### **MAYOR**

Charles Griego

### **VILLAGE COUNCIL**

Christopher Ortiz  
Gino M. Romero  
Gerard Saiz  
Paulette Sanchez-Montoya

### **VILLAGE ADMINISTRATION**

Gregory D. Martin, Administrator  
Monica Clarke, Financial Officer  
Guggino & Griego, Attorney

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### **MUNICIPAL ADVISOR**

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Albuquerque, New Mexico

### **REGISTRAR AND PAYING AGENT**

BOKF, N.A.  
Albuquerque, New Mexico

### **UNDERWRITER**

RBC Capital Markets, LLC  
Albuquerque, New Mexico

### **UNDERWRITER'S COUNSEL**

Rodey, Dickason, Sloan, Akin & Robb, P.A.  
Attorneys at Law  
Albuquerque, New Mexico

## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Village or the Underwriter. This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information in this Official Statement has been provided by the Village and from other sources believed by the Village to be reliable. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. The information, estimates and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Village, or in the information, estimates or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered under the Securities Act of 1933, nor has the Bond Ordinance been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such acts. In making an investment decision, investors must rely on their own examination of the Village, the Bonds and the terms of offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## **OFFICIAL STATEMENT**

**\$4,180,000**

**Village of Los Lunas, New Mexico**

**Gross Receipts Tax Improvement Revenue Bonds, Series 2016**

### **INTRODUCTION**

This Official Statement, which includes the cover page and appendices hereto, provides certain information in connection with the Village of Los Lunas, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2016 in the aggregate principal amount of \$4,180,000 (the "Series 2016 Bonds") being issued by the Village pursuant to the Bond Ordinance.

This introduction is not a summary of this Official Statement. It is only a description of and guide to, and is qualified by, the more complete information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this "INTRODUCTION" from this Official Statement, or to otherwise use it without the entire Official Statement. This Official Statement has been prepared by the Village in connection with the original issuance and sale of the Bonds, and detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page and appendices, is unauthorized.

All terms used in this Official Statement which are not defined herein shall have the meanings given such terms in Ordinance No. 405 authorizing the issuance of the Bonds adopted by the Village Council on May 5, 2016, as supplemented by the Resolution No. 16-11 adopted by the Village Council on May 19, 2016 (collectively, the "Bond Ordinance").

### **The Issuer**

The Village of Los Lunas is a political subdivision of the State of New Mexico (the "State") organized and existing under and pursuant to the Constitution and laws of the State. The Village was incorporated in 1928 and operates under a Mayor-Council form of government. The Village is located in the central portion of the State approximately 24 miles south of Albuquerque off Interstate 25 on the Rio Grande. The Village has a land area of approximately 10.05 square miles and a population of approximately 15,206. The Village serves as the County seat of Valencia County (the "County"). See "THE VILLAGE" and "AREA ECONOMIC INFORMATION."

## **Purpose**

The Bonds are being issued to provide funds for the purpose of acquiring, purchasing, improving and rehabilitating land for governmental purposes and to cover all costs incidental to the foregoing and incidental to the issuance of the Bonds.

## **Authority for Issuance**

The Bonds are being issued pursuant to the Village's powers under the laws and the Constitution of the State, including Sections 3-31-1 through 3-31-12, NMSA 1978, as amended, and the Bond Ordinance.

## **Terms of the Bonds**

### *Payment Dates*

The Bonds will be dated Date of Delivery. Interest on the Bonds will be payable on April 1 and October 1 of each year to registered owners shown on the books of the Registrar on the 15th day of the calendar month preceding each regularly scheduled interest payment date, commencing October 1, 2016. The Bonds will be issued in the aggregate principal amount of \$4,180,000 and will mature on the dates and in the amounts shown on the cover page (unless redeemed prior to maturity).

### *Denominations*

The Bonds will be issuable in denominations of \$5,000, or integral multiples thereof.

### *Prior Redemption*

The Bonds will be subject to optional redemption prior to their maturity. See "THE BONDS — Prior Redemption."

### *Additional Parity Bonds*

Except with respect to certain refunding bonds which do not increase the Village's obligations as to required debt service, the Village will be required to meet certain tests prior to the issuance of additional bonds with a lien on the Pledged Revenues on a parity with the lien of the Bonds. For a description of these tests, see "THE BONDS — Additional Bonds."



## **Security and Sources of Payment**

The Bonds are not general obligations of the Village and no pledge of the full faith and credit of the Village, the taxing power or general resources of the Village is made for the payment thereof. The Bonds are special limited obligations of the Village and are not an indebtedness of the Village within the meaning of any constitutional or statutory provision or limitation. The State, pursuant to Sections 7-9-1 through 7-9-91 of New Mexico Statutes Annotated 1978, as amended (“NMSA”), imposes on any person engaging in business in the State an excise tax equal to 5.00% of gross receipts (subject to various exemptions and deductions). Out of its receipts from this tax, the State, pursuant to Section 7-1-6.4 of NMSA, distributes monthly to the Village an amount which, subject to certain adjustments, equals approximately 1.225% of the gross receipts of businesses located within the Village and other places designated in Section 7-1-6.4 NMSA as well as the associated Hold Harmless State-Shared Gross Receipts Tax Distribution (collectively the “State-Shared Gross Receipts Tax Revenues”).

“Hold Harmless State Shared GRT Distribution” means the distribution to the Village made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4 NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

The Village also receives revenues pursuant to the Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-9 NMSA, and Village Ordinance Nos. 115, 138 and 137, as amended by Ordinance No. 137-A and as further amended by Ordinance No. 297, which impose a 1.25% tax on the gross receipts of persons doing business within the Village as well as the associated Hold Harmless Municipal Gross Receipts Tax Distribution (collectively the “Municipal Gross Receipts Tax Revenues”). “Hold Harmless Municipal Gross Receipts Tax Distribution” means the distribution to the Village made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the 1.25% municipal gross receipts tax imposed by the Tax Ordinances, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

The State-Shared Gross Receipts Tax Revenues and the Municipal Gross Receipts Tax Revenues received by the Village are hereinafter collectively referred to as the “Pledged Revenues.” The Village receives revenue from certain other gross receipts taxes imposed pursuant to statute; however, only the Pledged Revenues are available to pay debt service on the Bonds as more fully described in the section entitled “PLEDGED REVENUES.”

## **Outstanding Obligations Payable from Pledged Revenues**

Other than the Gross Receipts Tax Refunding Revenue Bonds, Series 2014, there are no outstanding obligations payable from Pledged Revenues.

Pursuant to the Bond Ordinance, the Village is not permitted to incur other obligations payable from Pledged Revenues which are senior to the Bonds. However, the Village will be permitted to incur parity obligations in accordance with certain tests and upon satisfaction of certain requirements as described in "THE BONDS — Additional Bonds," and to incur obligations payable from Pledged Revenues which are junior to the Bonds.

## **Tax Exemption**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes and is not a specific preference item for purposes of the alternative minimum tax for individuals, estates, trusts and corporations, but such interest on the Bonds will be included in the adjusted current earnings of certain corporations, and is excludable from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see "TAX EXEMPTION" herein.

## **Professionals Involved in the Offering**

At the time of the issuance and sale of the Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel, will deliver a bond opinion in substantially the form included in Appendix B hereto. Certain legal matters will be passed upon for the Village by Guggino & Griego, Village Attorney. See "LEGAL MATTERS." AXIOM, CPA, LLC, Albuquerque, New Mexico, certified public accountants, audited the Village's financial statements for the fiscal year ended June 30, 2015. The Village's auditors have not been requested to review this Official Statement and have not done so. The Village did not request the consent of AXIOM, CPA, LLC to include its report and AXIOM, CPA, LLC has performed no procedures subsequent to rendering its opinion on the financial statements.

## **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval of Bond Counsel and certain other conditions. It is anticipated that the Bonds will be delivered through the facilities of The Depository Trust Company, New York, New York, on or about June 15, 2016.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete, and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period, upon request to the Village and upon payment to the Village of a charge for copying, mailing and handling, at 660 Main Street NW, Los Lunas, New Mexico, 87031, Attention: Village Administrator. Additional information also may be obtained from the Village's Municipal Advisor, during the offering period for the Bonds at George K. Baum & Company, 6501 Americas Parkway, NE, Suite 510, Albuquerque, New Mexico 87110.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Village and the purchasers or holders of any of the Bonds.

## **RISK FACTORS**

The purchase of the Bonds involves special risks and the Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.

### **Gross Receipts Tax Collections are Subject to Fluctuation; Growth May Not Continue**

Gross receipts tax collections are subject to the fluctuations in spending which determine the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. Consequently, the gross receipts tax collections may be expected to correspond generally to economic cycles. Various circumstances and developments, most of which are beyond the control of the Village, may have an adverse effect on the future level of gross receipts tax revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Village, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Village, the County, the

State and the region and various other factors. Although the Village currently does not expect a significant reduction in taxable sales, there can be no assurances that growth within the Village will continue.

Other factors over which the Village has no control may impact the collection of gross receipts tax revenues. These factors include, but are not limited to, increases in purchases made via the internet (which currently may not be taxed by local governments) and increases in purchases made via catalogue merchants (which generally do not impose local sales taxes on purchases). Other factors may include the construction of new shopping facilities in areas outside the Village which draw Village residents and lower sales tax rates in areas outside the Village.

### **State Legislative Modifications Related to Pledged Gross Receipts Tax**

Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the Village. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue “shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds.”

In the 2004 Legislative Session, a bill was adopted by the Legislature and signed into law that relieved from gross receipts taxes (i) food or food products for home consumption sold at an establishment that sells food for home preparation and consumption and (ii) receipts from payments by a managed health care provider or health care insurer for commercial contract services or Medicare Part C services provided by a health care provider. See Section 7-1-6.46 NMSA 1978. The laws also provides, pursuant to Section 7-1-6.46 NMSA 1978, for distribution from the State general fund to municipalities to offset any reduced gross receipts tax distributions resulting from the food and health care services tax relief effected by Section 7-1-6.46. A portion of such offset distributions are included in the Pledged Revenues. However, as discussed below, these distributions will begin to be reduced by a legislatively set percentage each year starting in fiscal year 2016, until they are eliminated in fiscal year 2029.

In the 2012 Legislative session, the State Legislature amended the State Gross Receipts and Compensating Tax Act as related to certain manufacturing and construction gross receipts. Specifically, the amendment expanded the gross receipts tax deductions for sales of tangible property to manufacturers to include property consumed in the process of manufacturing, excluding tools and equipment. Additionally, the definition of “construction services” was expanded thereby increasing the scope of the deduction for sale of construction services to persons engaged in the construction business. Both of these amendments are phased in over the next several fiscal years.

In the 2013 New Mexico Legislative session, House Bill 641, passed by both chambers and signed by the Governor, included several changes to New Mexico's tax code. The bill lowers the New Mexico's top corporate income tax over five years and permits single sales factor apportioning for certain manufacturing corporations phased in over five years, amends the gross receipts tax deduction for tangible property consumed in the manufacturing process, and amends the high-wage jobs tax credit to extend the credit and add qualifications criteria for the credit. The bill also requires combined reporting for certain corporations and phases out the hold-harmless distribution to municipalities and counties that offset the food and medical deductions over 15 years starting in Fiscal Year 2016. In order to offset the reduced hold-harmless distributions, the bill allows municipalities and counties to impose a local option gross receipts tax up to 3/8ths of a percent.

The law as enacted will result in annual reductions and ultimately the elimination of the Hold Harmless distributions beginning on July 1, 2015, as follows:

Fiscal Year 2016	94%	Fiscal Year 2023	49%
Fiscal Year 2017	88%	Fiscal Year 2024	42%
Fiscal Year 2018	82%	Fiscal Year 2025	35%
Fiscal Year 2019	76%	Fiscal Year 2026	28%
Fiscal Year 2020	70%	Fiscal Year 2027	21%
Fiscal Year 2021	63%	Fiscal Year 2028	14%
Fiscal Year 2022	56%	Fiscal Year 2029	7%

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues have been proposed from time to time and could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the Village.

There follows a discussion of some, but not necessarily all, of the possible risk factors which should be carefully evaluated by prospective purchasers of the Series 2016 Bonds prior to purchasing any Series 2016 Bonds. The Series 2016 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Series 2016 Bonds, and should confer with their own legal and financial advisors before deciding to purchase the Series 2016 Bonds.

## **State-Shared Gross Receipts Tax Collections and Municipal Gross Receipts Tax are Subject to Fluctuation**

State-Shared Gross Receipts Tax and Municipal Gross Receipts Tax collections are subject to the fluctuations in spending related, in part, to national and local economic conditions, which influence the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The Village's economic base and collections of Pledged Revenues are directly affected by economic activities in the Village. The Village's business sales are affected by general economic circumstances.

The Pledged Revenues are based on the total state-shared gross receipts tax and municipal gross receipts tax of the Village. Various circumstances and developments, most of which are beyond the control of the Village, may have an adverse effect on the future level of Pledged Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Village, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Village, the State and the region and various other factors.

## **Bankruptcy and Foreclosure**

The ability and willingness of a vendor of goods and services to pay gross receipts taxes may be adversely affected by the filing of a bankruptcy proceeding by such vendor. The ability to collect delinquent gross receipts taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a property subject to such foreclosure and sale. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in gross receipts tax collections which may be insufficient to pay debt service on the Bonds when due.

## **Village Cannot Increase Distribution of State-Shared Gross Receipts Taxes**

The Village has no control over the rate at which the State-Shared Gross Receipts Tax is distributed to the Village; the rate of distribution can be increased only by action of the State Legislature. Although it is possible that the Legislature will increase the rate of distribution to the Village, there is currently no legislation proposed or pending to increase the rate of distribution to the Village.

## **Additional Bonds**

Pursuant to the Bond Ordinance, the Village has the right to issue one or more series of additional bonds and other types of securities and obligations payable wholly or in part from Pledged Revenues and secured by a lien thereon on a parity with the lien thereon of the Bonds ("Additional Bonds"). Such Additional Bonds would have a lien on the Pledged Revenues on a parity with the lien enjoyed by the Bonds. As a result, if Pledged Revenues are insufficient to pay debt service on the Bonds and the Additional Bonds in any year, debt service will be paid on a proportionate basis.

## **Secondary Market**

Although the Underwriter expects to maintain a secondary market in the Bonds, at this time no guarantee can be made that a secondary market for the Bonds will be maintained by the Underwriter or others. Owners of Bonds should be prepared to hold their Bonds to maturity or prior redemption.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Pledged Revenues to pay debt service on the Bonds.

## PURPOSE AND PLAN OF FINANCING

### Sources and Uses of Funds

The estimated sources and uses of funds to be received in connection with the sale of the Bonds are set forth in the following table.

#### SOURCES OF FUNDS:

Par Amount of Bonds	\$4,180,000.00
Reoffering Premium	92,822.10
TOTAL SOURCES OF FUNDS	<hr/> \$ 4,272,822.10

#### USES OF FUNDS:

Project Fund	\$ 4,150,000.00
Underwriter's Discount	34,803.25
Costs of Issuance	85,000.00
Rounding	3,018.85
TOTAL USES OF FUNDS	<hr/> \$ 4,272,822.10



## The Project Plan

The proceeds of the Bonds will be used for the purpose of acquiring, purchasing, improving and rehabilitating land for governmental purposes and to cover all costs incidental to the foregoing and incidental to the issuance of the Bonds.

### DEBT SERVICE SCHEDULE

Period Ending	Principal	Coupon	Interest	Debt Service
4/1/2017	25,000	2.000%	98,074.17	123,074.17
4/1/2018	25,000	2.000%	122,950.00	147,950.00
4/1/2019	25,000	3.000%	122,450.00	147,450.00
4/1/2020	135,000	3.000%	121,700.00	256,700.00
4/1/2021	140,000	3.000%	117,650.00	257,650.00
4/1/2022	145,000	2.000%	113,450.00	258,450.00
4/1/2023	145,000	3.000%	110,550.00	255,550.00
4/1/2024	150,000	3.000%	106,200.00	256,200.00
4/1/2025	155,000	3.000%	101,700.00	256,700.00
4/1/2026	160,000	3.000%	97,050.00	257,050.00
4/1/2027	165,000	3.000%	92,250.00	257,250.00
4/1/2028	170,000	3.000%	87,300.00	257,300.00
4/1/2029	175,000	3.000%	82,200.00	257,200.00
4/1/2030	180,000	3.000%	76,950.00	256,950.00
4/1/2031	185,000	3.000%	71,550.00	256,550.00
4/1/2032	190,000	3.000%	66,000.00	256,000.00
4/1/2033	200,000	3.000%	60,300.00	260,300.00
4/1/2034	205,000	3.000%	54,300.00	259,300.00
4/1/2035	210,000	3.000%	48,150.00	258,150.00
4/1/2036	215,000	3.000%	41,850.00	256,850.00
4/1/2037	220,000	3.000%	35,400.00	255,400.00
4/1/2038	230,000	3.000%	28,800.00	258,800.00
4/1/2039	235,000	3.000%	21,900.00	256,900.00
4/1/2040	245,000	3.000%	14,850.00	259,850.00
4/1/2041	250,000	3.000%	7,500.00	257,500.00
	4,180,000		1,901,074.17	6,081,074.17

## THE BONDS

### Generally

The Village is authorized under Sections 3-31-1 through 3-31-12, NMSA 1978, as amended, to issue Gross Receipts Tax Improvement Revenue Bonds and to pledge gross receipts tax revenues pursuant to the Bond Ordinance. The Bonds shall be dated, the date of delivery (the "Series Date"), will be issued in the aggregate principal amount of \$4,180,000, are issuable in denominations of \$5,000 each and any integral multiple thereof, shall bear interest from the Series Date until maturity at the rates shown on the inside cover page hereof payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 in each year, and shall mature on April 1 in the years and in the amounts shown on the inside cover page hereof.

### Special Limited Obligations

The Bonds are special, limited obligations of the Village, payable solely from and secured by the Pledged Revenues (as described in "THE PLEDGED REVENUES"). ***Except as described in the preceding sentence, the registered owners of the Bonds may not look to any general or other municipal fund of the Village for payment of the principal of and interest on the Bonds. The Bonds do not constitute a general obligation of the Village, and registered owners of the Bonds have no right to have any taxes levied for the payment therefor.***

### Payment – Regular and Special Record Dates

Principal and interest on the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal on each Bond shall be payable in immediately available funds at maturity upon presentation and surrender of such Bond at the principal office of the Paying Agent or at the designated office of any successor Paying Agent. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof (or in such other manner as may be agreed upon by the Paying Agent and the registered owner), as shown on the registration books maintained by the Registrar at the address appearing therein on the fifteenth calendar day of the month next preceding the interest payment date (the "Record Date"). Any interest which is not timely paid or provided for shall cease to be payable to the owner thereof (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to Bond owners not less than ten days prior thereto. If any Bond presented for payment remains unpaid at maturity, it shall continue to bear interest at the rate or rates designated in, and applicable to, such Bond from time to time. If any Bond is not presented for payment at maturity when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity.

## Registration

**Registration, Transfer and Exchange.** The Village shall cause books for registration, transfer, and exchange of the Bonds as provided herein to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

**Limitations.** The Registrar shall close books for change of registered owners' addresses on each Record Date; transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

**Owner of the Bonds.** The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative as stated herein, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

**Lost Bonds.** If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may request the Paying Agent to pay such bond in lieu of replacement.

**Additional Bonds.** Executed but unauthenticated Bonds are hereby authorized to be delivered to the Registrar in such quantities as may be convenient to be held in custody by the Registrar pending delivery as herein provided.

**Charges.** For each new Bond issued in connection with a transfer or exchange, the Registrar may make a charge to the owner of the Bond requesting such exchange or transfer sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

**Successor Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign or is prohibited by law from continuing as Registrar or Paying Agent, or if the Village shall reasonably determine that the Registrar or Paying Agent has become incapable

of fulfilling its duties hereunder, the Village may, upon notice mailed to each registered owner of Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having a shareholders equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$50,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Village shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Book Entry. The Bonds may be issued or registered, in whole or in part, in book-entry form from time to time with no physical distribution of bond certificates made to the public, with a Depository acting as securities depository for the Bonds. A single certificate for each maturity date of the Bonds issued in book-entry form will be delivered to the Depository and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in authorized denominations, with transfer of ownership effected on the books of the Depository and its participants ("Participants"). As a condition to delivery of the Bonds in book-entry form, the Underwriters will, immediately after acceptance of delivery thereof, deposit, or cause to be deposited, the Bond certificates with the Depository, registered in the name of the Depository or its nominee. Principal, premium, if any, and interest will be paid to the Depository or its nominee as the registered owner of the Bonds. The transfer of principal, premium, if any, and interest payments to Participants will be the responsibility of the Depository; the transfer of principal, premium, if any, and interest payments to the beneficial owners of the Bonds (the "Beneficial Owners") will be the responsibility of Participants and other nominees of Beneficial Owners maintaining a relationship with Participants (the "Indirect Participants"). The Village will not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Depository, Participants or Indirect Participants.

If (i) the Bonds are not eligible for the services of the Depository, (ii) the Depository determines to discontinue providing its services with respect to the Bonds or (iii) the Village determines that a continuation of the system of book-entry transfers through the Depository ceases to be beneficial to the Village or the Beneficial Owners, the Village will either identify another Depository or certificates for the Bonds will be delivered to the Beneficial Owners or their nominees, and the Beneficial Owners or their nominees, upon authentication of Bonds and registration of those Bonds in the Beneficial Owners' or nominees' names, will become the owners of the Bonds for all purposes. In that event, the Village shall mail an appropriate notice to the Depository for notification to Participants, Indirect Participants and Beneficial Owners of the substitute Depository or the issuance of bond certificates to Beneficial Owners or their nominees, as applicable.

Officers of the Village are authorized to sign agreements with the Depository relating to the matters set forth in this Section.

Notwithstanding any other provision of the Bond Ordinance, so long as all of the Bonds are registered in the name of the Depository or its nominee, all payments of principal,

premium, if any, and interest on the Bonds, and all notices with respect to the Bonds, shall be made and given by the Paying Agent, Registrar or the Village to the Depository as provided in the Bond Ordinance and by the Depository to its Participants or Indirect Participants and notices to the Beneficial Owners of the Bonds in the manner provided in an agreement or letter of the Village to the Depository.

**Special Limited Obligations.** All of the Bonds and all payments of principal, premium, if any, and interest thereon at maturity, together with any interest accruing thereon, shall be special limited obligations of the Village and shall be payable and collectible solely from the Pledged Revenues, which revenues are so pledged and are payable as set forth in Section 17 of the Bond Ordinance. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the Village within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the Village, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Bonds. Nothing herein shall prevent the Village from applying other funds of the Village legally available therefor to the payment of the Bonds, in its sole discretion.

The Village does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository. In that event, bond certificates will be printed.

## Prior Redemption

Optional Redemption. The Bonds maturing on or after April 1, 2027 shall be subject to redemption in authorized denominations at the option of the Village prior to maturity in whole or in part on April 1, 2026 or any date thereafter at a redemption price equal to the outstanding principal amount of the Bond or portion thereof so redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on April 1, 2041 are subject to mandatory sinking fund redemption on April 1 in each of the years and principal amounts stated below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. As and for a sinking fund for the redemption of Bonds so specified, the Village shall cause to be deposited in the Debt Service Fund a sum which is sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds plus accrued interest to the sinking fund redemption date:

<u>Year</u>	<u>Amount</u>
2037	\$220,000
2038	\$230,000
2039	\$235,000
2040	\$245,000
2041*	\$250,000

\* Maturity Date

(1) Not more than seventy (70) days nor less than forty (40) days prior to each sinking fund redemption date, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Bonds of the applicable maturity subject to sinking fund redemption, a principal amount of Bonds equal to the aggregate principal amount of Bonds redeemable with the required sinking fund payment, shall call such Bonds or portions thereof (each such portion being \$5,000 or an integral multiple thereof) for such redemption on such sinking fund redemption date, and shall give notice of such call.

Notice. Notice of redemption shall be given by the Registrar by sending a copy of such notice in the manner required by the Depository or by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The Village shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect

therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the Village.

Conditional Redemption. If money or Defeasance Obligations (as defined in the Bond Ordinance) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption pursuant to the Bond Ordinance, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the Village and the Registrar shall give notice, in the manner in which the original notice or optional redemption was given, that such money was not received and the information required by paragraph B of this Section. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

#### **USE OF PROCEEDS AND OTHER FUNDS**

Except as otherwise provided in the Bond Ordinance, the proceeds derived from the Sale of the Bonds shall be used and paid solely for the valid costs of the Improvement Project.

Expenses. An amount necessary, together with other legally available funds of the Village, shall be used to pay Expenses.

Acquisition Fund. All remaining proceeds derived from the sale of the Bonds shall be deposited promptly upon the receipt thereof in the Acquisition Fund. Until the completion of the Improvement Project, the money in the Acquisition Fund shall be used and paid out solely for the purpose of the Improvement Project in compliance with applicable laws.

Reserve Fund. No deposit of proceeds of the Bonds, Pledged Revenues or other Village moneys into the Reserve Fund shall be required on the date of issuance of the Bonds or at any time thereafter, except in the circumstances and on the conditions described in the Bond Ordinance.

Improvement Project Completion. As soon as practicable after completion of the Improvement Project, and in any event not more than 60 days (other than any amount retained by the Village for any Improvement Project costs not then due and payable) shall be transferred and deposited in the Debt Service Fund and used by the Village to pay principal and interest on the Bonds as the same become due.

Underwriter Not Responsible. The Underwriter of the Bonds shall in no manner be responsible for the application or disposal by the Village or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

Funds and Accounts. The Village hereby creates and continues the following special and separate funds:

Income Fund. The "Village of Los Lunas, New Mexico Gross Receipts Tax Revenue Fund" to be maintained by the Village, into which the Village shall deposit the Pledged Revenues.

Debt Service Fund. The "Village of Los Lunas, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2016, Debt Service Fund" (the "Debt Service Fund") to be maintained by the Village.

Reserve Fund. The "Village of Los Lunas, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2016, Reserve Fund" (the "Reserve Fund") to be maintained by the Village.

Deposit of Pledged Revenues and Flow of Funds.

A. Administration of Income Fund. So long as any of the Bonds shall remain outstanding, either as to principal or interest or both, the following payments shall be made monthly from the Pledged Revenues:

B. Debt Service Fund Payments. The following amounts shall be withdrawn from the Income Fund (and on a parity with other outstanding Parity Bonds), and shall be concurrently credited to the Debt Service Fund (unless the Village determines that such amounts shall be withdrawn from such funds in some other order):

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth



(1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

C. Credit. In making the deposits required to be made into the Debt Service Fund, if there are any amounts then on deposit in the Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to paragraph B above shall be reduced by the amount available in such fund for such purpose.

D. Transfer of Money out of Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

E. Reserve Fund. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 200% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on the Bonds and all outstanding Parity Bonds. The Village Administrator or successor, on or before the 150<sup>th</sup> day after the close of each Fiscal Year shall determine the ratio of coverage of the Pledged Revenues to the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the outstanding Bonds and other Parity Obligations (the "Debt Service Coverage Ratio"); and if the Pledged Revenues for such Fiscal Year are less than 2.0 times the maximum annual principal and interest coming due in any subsequent Fiscal Year on then outstanding Bonds and Parity Bonds, the Village shall immediately proceed to accumulate the Reserve Requirement in the Reserve Fund by 12 substantially equal monthly deposits from the Pledged Revenues made on the first day of each month commencing on the first day of the first month following such determination. Such payments shall be made after the payments required by paragraph B of this Section and concurrently with the payment (if any) into the reserve fund for other Parity Obligations. After funding the Reserve Fund in an amount equal to the Reserve Requirement, no additional payments need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Reserve Requirement. After the funding of the Reserve Fund as provided in this paragraph, if the Debt Service Coverage Ratio for two consecutive Fiscal Years is at least 2.0 times the maximum annual principal and interest coming due in any subsequent Fiscal Year on the Bonds and any Parity Bonds, any money in the Reserve Fund may be transferred to other Village funds or accounts, and the procedure provided in the first sentence of this paragraph shall be reinstated.

F. Defraying Delinquencies in the Debt Service Fund and Reserve Fund. If, on any Interest Payment Date, the amount on deposit in the Debt Service Fund is insufficient to pay

principal of and interest on the Bonds then due, then an amount shall be paid into the Debt Service Fund on such date from the Reserve Fund (if moneys are then on deposit in the Reserve Fund) equal to the amount of the insufficiency. The money deposited in the Debt Service Fund from the Reserve Fund, if any, shall be replaced in the Reserve Fund in 24 substantially equal monthly deposits commencing on the first day of the first month immediately succeeding the draw on the Reserve Fund. Such accumulation shall be made from the Pledged Revenues second to the payments required by paragraph B of this Section. If, in any month, the Village shall, for any reason, fail to pay into the Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Bonds; provided, however, that any moneys at any time in excess of the Reserve Requirement in the Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the Reserve Fund shall not be invested in a manner which could cause the Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the Reserve Fund shall be valued annually, on or about April 1, at their current fair market value and, if the amount then on deposit in the Reserve Fund exceeds the Reserve Requirement, all amounts in excess of the Reserve Requirement shall be transferred to the Debt Service Fund and used to pay principal of and interest on the Bonds.

G. Payment of Parity Obligations. Concurrently with the payment of the Pledged Revenues required by paragraphs B, E and F of this Section, any amounts on deposit in the Income Fund shall be used by the Village for the payment of principal of, interest on and debt service reserve fund deposits relating to outstanding Parity Bonds payable from the Pledged Revenues, as the same become due. If funds on deposit in the Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on all series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Fund on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

H. Termination upon Deposits to Maturity. No payment shall be made into the Debt Service Fund or the Reserve Fund if the amounts in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective maturities, in which case moneys in the Debt Service Fund and the Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in the Debt Service Fund and the Reserve Fund may be used as provided below.

I. Payment of Subordinate Lien Obligations. Subsequent to the payments required by paragraphs B, E, F and G of this Section, any balance remaining in the Pledged Revenue Fund, after making the payments hereinabove provided shall be used by the Village for the payment of interest on and the principal of additional bonds or other obligations, if any, having a lien on any of the Pledged Revenues subordinate to the lien thereon of the Bonds hereafter authorized, issued and payable from the Pledged Revenues, as the same become due. Payments with respect to principal, interest and reserve funds for any such subordinate lien obligations may be made at any intervals as may be provided in the ordinance or resolution authorizing such additional obligations.

J. Surplus Revenues. After making all the payments hereinabove required to be made by this Section, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the Village may from time to time determine.

General Administration of Funds. The funds designated shall be administered and invested as follows:

A. Places and Times of Deposits. The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be invested by the Village in Permitted Investments or deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in the Bond Ordinance shall prevent the Village from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by the Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the Village.

B. Investment of Moneys. Moneys in the Reserve Fund shall be invested in accordance with Paragraph C below and moneys in any other fund or account not immediately needed may be invested in any investment permitted by the laws of the State. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The Village Administrator shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

C. Reserve Fund. Moneys, if any, in the Reserve Fund may be invested only in Permitted Investments with an average aggregate weighted term to maturity not greater than five years. The Village shall annually on or about April 1 of each year, commencing on the first

April 1 succeeding funding of the Reserve Fund, value the Reserve Fund on the basis of the current fair market value of deposits and investments credited to the Reserve Fund. If, upon any valuation, the value of the Reserve Fund exceeds the Reserve Requirement, the excess amount shall be withdrawn and deposited into the Debt Service Fund; if the value is less than the applicable requirement, the Village shall replenish such amounts from the first Pledged Revenues thereafter received not required to be otherwise applied or other monies legally available therefor.

At such time as the Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the Reserve Fund may be used to pay the final installments of principal and interest on the Bonds and otherwise may be withdrawn and transferred to the Village to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Bonds, there shall be delivered an opinion of nationally recognized bond counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the laws of the State of New Mexico and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes.

If moneys have been withdrawn from the Reserve Fund and deposited into the Debt Service Fund to prevent a default on the Bonds, then the Village will pay, from Pledged Revenues or other monies legally available therefor, the full amount so withdrawn or so much as shall be required to restore the Reserve Fund to the Reserve Requirement. Such repayment shall be made as required by the Bond Ordinance.

Lien on Pledged Revenues. The Pledged Revenues and the amounts and securities on deposit in the Debt Service Fund and the Reserve Fund, if any, and the proceeds thereof, are hereby authorized to be pledged to, and are hereby pledged, and the Village grants a security interest therein for, the payment of the principal of, premium, if any, and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, the Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not an exclusive first lien on the Pledged Revenues on a parity with the lien thereon of additional Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues.

#### Additional Bonds Payable from Pledged Revenues.

Parity Bonds Test. The Bond Ordinance does not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(1) The Village is then current in the accumulation of all amounts which are then required to be on deposit in the Debt Service Fund and the Reserve Fund in accordance with the Bond Ordinance; and

(2) No default shall exist in connection with any of the covenants or requirements of this Ordinance; and

(3) The Pledged Revenues (not including the Hold Harmless Municipal Gross Receipts Tax Distribution or the Hold Harmless State Shared Gross Receipts Tax Distribution) received by the Village in the Fiscal Year immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (1) the outstanding Bonds, (2) other outstanding Parity Bonds payable from and constituting a lien upon the Pledged Revenues, and (3) the Parity Bonds proposed to be issued.

For purposes of the test set forth in clause (2) above, if on the date of issuance of the additional Parity Bonds, (a) any amount of the reserve fund requirement for the additional Parity Bonds is immediately deposited in or credited to the reserve fund for the additional Parity Bonds or, (b) any amount of the reserve fund requirement for any issue of outstanding Parity Bonds is then on deposit in or credited to the reserve fund for any issue of outstanding Parity Bonds, then the amounts on deposit in or credited to the respective reserve funds shall be deducted from the principal and interest coming due in the final Fiscal Year for the additional Parity Bonds or any issue of outstanding Parity Bonds for which such reserve fund was created.

**Certification or Opinion Regarding Pledged Revenues.** A written certificate or opinion by an Independent Accountant or Village Treasurer or Administrator, that the Pledged Revenues (not including the Hold Harmless Municipal Gross Receipts Tax Distribution or the Hold Harmless State Shared Gross Receipts Tax Distribution) are sufficient to pay the required amounts under the test in paragraph A of this Section, shall conclusively determine the right of the Village to issue additional Parity Bonds. The Independent Accountant or Village Treasurer or Administrator may utilize the results of any annual audit to the extent it covers the applicable period.

**Subordinate Obligations Permitted.** Nothing in the Bond Ordinance shall prevent the Village from issuing bonds or other obligations payable from Pledged Revenues pledged by the Bond Ordinance and having a lien on any of the Pledged Revenues subordinate to the lien of the Bonds.

**Superior Obligations Prohibited.** The Village shall not issue any obligation having a lien on any of the Pledged Revenues pledged by the Bond Ordinance which is prior and superior to the Bonds.

**Refunding Bonds.** The provisions of the Bond Ordinance are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the Village shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues,

the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in the Bond Ordinance and except as provided in paragraphs B and C of this Section.

B. Limitation Upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on a parity with the lien of the Bond, unless:

(1) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien on the Pledged Revenues of the Bonds; or

(2) The refunding obligations are issued in compliance of the Bond Ordinance.

C. Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(3) The refunding bonds or other refunding obligations are issued in compliance with Section 20 of the Bond Ordinance.

D. Limitation Upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the Village Council may provide, subject to the inclusion of any such rights and privileges designated in paragraph C of this Section but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Protective Covenants. The Village hereby covenants and agrees with each and every holder of the Bonds issued hereunder:

A. Use of Bond Proceeds. The Village will proceed without delay to apply the proceeds of the Bonds as set forth in the Bond Ordinance.

B. Payment of Bonds Herein Authorized. The Village will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

C. Village's Existence. The Village will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Village, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

D. Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the Village will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the Village will not directly or indirectly be a party to or approve any arrangements for any such extension.

E. Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the Village, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

F. Audits and Budgets. The Village will, within two hundred and seventy (270) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

G. Other Liens. Other than as described and identified by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

H. Impairment of Contract. The Village agrees that any law, ordinance or resolution of the Village that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to the Bond Ordinance.

I. Debt Service Fund and Reserve Fund. The Debt Service Fund and Reserve Fund shall be used solely and only, and those funds are hereby pledged, for the purposes set forth in the Bond Ordinance.

J. Surety Bonds. Each municipal official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

K. Performing Duties. The Village will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the Village relating to the Bonds.

L. Tax Covenants. The Village covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Mayor, Mayor Pro Tem and other officers of the Village having responsibility for the issuance of the Bonds shall give an appropriate certificate of the Village, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Village regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The Village covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate rebate payments, yield reduction payments or payments of alternative amounts in lieu of rebate to the federal government, if required, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Mayor, Mayor Pro Tem and other appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the Village hereby establishes a fund separate from any other funds established and maintained hereunder designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be free and clear under any pledge under the Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in Section 18 for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the Village, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The Village shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The Village shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted to the Village.



Continuing Disclosure Undertaking. The officers of the Village are authorized to sign such documents and to take such actions in the future with respect to the Village's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding any other provisions of the Bond Ordinance, failure of the Village to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default" under Section 25 hereof, and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal. Failure to pay the principal of any of the Bonds when the same becomes due and payable at maturity.

B. Nonpayment of Interest. Failure to pay any installment of interest when the same becomes due and payable.

C. Incapable of Performing. If the Village shall for any reason be rendered incapable of fulfilling its obligations hereunder.

D. Default of any Provision. Default by the Village in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs A and B of this Section), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Village by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding.

E. Bankruptcy. The Village (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the Village does not contest or is not dismissed or discharged within sixty (60) days.

Remedies upon Default. Upon the happening and continuance of any of the events of default as provided in the Ordinance, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the Village, the Village Council and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Bonds under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act

or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Village Council to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the Village or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

**Duties upon Default.** Upon the happening of any of the events of default provided in the Bond Ordinance, the Village, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in the Bond Ordinance. In the event the Village fails or refuses to proceed as provided in this Section, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds as hereinabove provided.

**Bonds Not Presented When Due.** If any Bonds shall not be duly presented for payment when due at maturity, and if moneys sufficient to pay such Bonds are on deposit with the Paying Agent for the benefit of the owners of such Bonds, all liability of the Village to such owners for the payments of such Bonds shall be completely discharged, such Bonds shall not be deemed to be outstanding and it shall be the duty of the Paying Agent to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of the owners of such Bonds as may be provided in any agreement hereafter entered into between the Paying Agent and an officer of the Village.

**Delegated Powers.** The officers of the Village are authorized and directed pursuant to the Bond Ordinance to take all action necessary or appropriate to effectuate the provisions of the Bond Ordinance, including, without limiting the generality of the foregoing, the publication of the title and general summary of the Bond Ordinance set out in Section 38 (with such changes, additions and deletions as they may determine), the printing of the Bonds, the preparation, printing, execution and distribution of the Preliminary Official Statement and the final Official Statement, and the execution of the Continuing Disclosure Undertaking and of such documents or certificates as may be required by the Underwriter or bond counsel. The use and distribution of the Preliminary Official Statement and the Official Statement in connection with the sale of the Bonds to the public is hereby authorized, approved and acknowledged.

**Amendment of Bond Ordinance.** The Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any

defect or inconsistent provision contained herein. Prior to the date of the initial delivery of the Bonds to the Underwriter, the provisions of the Bond Ordinance may be amended with the written consent of the Underwriter, with respect to any changes which are not inconsistent with the substantive provisions of the Bond Ordinance. In addition, the Bond Ordinance may be amended without receipt by the Village of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the Village); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

- A. An extension of the maturity of any Bond; or
- B. A reduction of the principal amount or interest rate of any Bond; or
- C. The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by the Bond Ordinance; or
- D. A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or
- E. The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance; or
- F. The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

**Defeasance.** When all principal and interest in connection with the Bonds hereby authorized have been duly paid, the pledge and lien on the Pledged Revenues for the payment of the Bonds shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the Village has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations, as defined below) to meet all requirements of principal and interest as the same become due to their final maturities. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the Village and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section shall include only (1) cash, (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGs”), and (3) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

**Bond Ordinance Irrepealable.** After any of the Bonds are issued, the Bond Ordinance shall be and remain irrepealable until the Bonds and the interest thereon shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance of the Bonds as herein provided.

Severability Clause. If any Section, paragraph, clause or provision of the Bond Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of the Bond Ordinance.

Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent with the Bond Ordinance are repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

## **THE PLEDGED REVENUES**

The Bonds are special obligations of the Village, payable from (i) the Pledged Revenues; and (ii) moneys in the Debt Service Fund created under the Bond Ordinance.

The Village has pledged to the payment of the Bonds its Municipal Gross Receipts Tax Revenues and the State-Shared Gross Receipts Tax Revenues. The Municipal Gross Receipts Tax Revenues and the State-Shared Gross Receipts Tax Revenues are collectively referred to herein as the “Pledged Revenues,” as more fully described herein.

### **Municipal Gross Receipts Tax**

#### *Generally*

The Municipal Local Option Gross Receipts Taxes Act, Sections 7-19D-1 through 7-19D-9 NMSA 1978, authorizes municipalities to impose by ordinance an excise tax (“Municipal Gross Receipts Tax”) not to exceed one and one-half percent of the gross receipts of any person engaging in business in the municipality. An election of the registered electors of a municipality is not required unless the municipality chooses to submit the ordinance to its registered electors or unless a petition is filed requesting such an election. The ordinance imposing or amending any increment of Municipal Gross Receipts Tax becomes effective either July 1 or January 1, whichever date occurs first after the expiration of three months from the date the ordinance is enacted or the date the results of the election are certified. The Municipal Gross Receipts Tax is collected and, after any deductions for administrative costs and any disbursements for tax credits, refunds and the payment of interest applicable to the Municipal Gross Receipts Tax and subject to any increase or decrease pursuant to Section 7-1-6.15 NMSA 1978, is distributed monthly to the Village by the Revenue Division of the Taxation and Revenue Department (the “Revenue Division” and “Department”) of the State pursuant to Section 7-1-6.12 and 7-19D-7 NMSA 1978.

#### *Historical Pledged Municipal Gross Receipts Tax Revenues*

The Bonds shall be payable from and secured by a pledge of the revenues received by the Village from the 1.25% Municipal Gross Receipts Tax imposed by Ordinance Nos. 115, 138 and 137, as amended by Ordinance No. 137-A and the Bond Ordinance. The Municipal Gross

Receipts Tax Revenues are pledged to the payment of principal of, premium, if any, and interest on the Bonds, and may be pledged, subject to the terms of the Bond Ordinance, to the payment of other bonds and other obligations of the Village payable from the Municipal Gross Receipts Tax and issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978.

The Municipal Gross Receipt Tax constitutes a portion of the Pledged Revenues. The Municipal Gross Receipts Tax is levied on each month's taxable gross receipts and are due and payable to the Department on or before the 25th day of the following month. The Revenue Division then remits the Village's portion of collected tax revenue on or about the 15th day of the next month.

The following table shows the history of the Municipal Gross Receipts Tax Revenues received by the Village for each of the past five fiscal years.

#### **Historical Municipal Gross Receipts Tax Revenues**

<u>Fiscal Year</u>	<u>Total Pledged Municipal Gross Receipts Tax Revenues</u>
2015	\$4,780,656
2014	4,612,832
2013	4,599,229
2012	4,504,533
2011	4,732,383

Source: Village of Los Lunas.

#### **State Gross Receipts Tax**

The Gross Receipts and Compensating Tax Act, Sections 7-9-1 through 7-9-90 NMSA 1978, authorizes the State of New Mexico to impose a gross receipts tax (the "State Gross Receipts Tax") which is levied by the State of New Mexico for the privilege of doing business in the State of New Mexico and is collected by the Department. The State of New Mexico presently levies a gross receipts tax of five percent (5.00%). Since July 1, 1986, a credit has been allowed for each reporting period to taxpayers in municipalities imposing a gross receipts tax pursuant to Section 7-19D-4 NMSA, as amended. If a municipality imposes a municipal gross receipts tax at the rate of at least 0.50%, the credit equals 0.50% of the taxable gross receipts for which the taxpayer is liable for a reporting period. Therefore, the State of New Mexico actually collects a four and one-half percent (4.5%) tax within municipalities, including the Village. Of the 4.50 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225 cents is distributed to the municipality by the State monthly, based on the prior month's filings.

Businesses are required to make their payments of State Gross Receipts Taxes on or before the twenty-fifth day of each month for taxable events in the prior month. Collection of

the State Gross Receipts Tax is administered by the Department, pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the above-described disbursements to municipalities in the State. The Revenue Division remits monthly to municipalities, including the Village, an amount equal to the product of the quotient of 1.225% divided by the tax rate (5.00%) times the net receipts (total amount paid by taxpayers less any refunds disbursed) attributable to the gross receipts of businesses located in the municipality and other designated areas (the "State-Shared Gross Receipts Tax"). The State-Shared Gross Receipts Tax constitutes a portion of the Pledged Revenues.

"Hold Harmless Municipal Gross Receipts Tax Distribution" means the distribution to the Village made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the 1.25% municipal gross receipts tax imposed by the Tax Ordinances, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

"Hold Harmless State Shared GRT Distribution" means the distribution to the Village made pursuant to Section 7-1-6.46 NMSA 1978, as that distribution relates to the gross receipts tax revenues received pursuant to Section 7-1-6.4 NMSA 1978, which revenues are reduced pursuant to the deductions under Sections 7-9-92 and 7-9-93 NMSA 1978; provided that the percentage of such distribution decreases annually as provided in Section 7-1-6.46 NMSA 1978 each year beginning on July 1, 2015 until the distribution is eliminated after July 1, 2029.

**Historical State-Shared Gross Receipts Tax Revenues  
Received by the Village from the State**

<u>Fiscal Year Ended June 30</u>	<u>Total Pledged State-Shared Gross Receipts Tax Revenues</u>
2015	\$4,763,833
2014	4,594,788
2013	4,583,676
2012	4,487,975
2011	4,715,812

Source: Village of Los Lunas.

## Historical Pledged Revenues

The following table shows the history of the combined Pledged Revenues for the past five fiscal years.

<u>Fiscal Year</u>	<u>Pledged State-Shared Gross Receipts Tax Revenues</u>	<u>Pledged Municipal Gross Receipts Tax Revenues</u>	<u>Total Pledged Revenues</u>
2015	\$4,763,833	\$4,780,656	\$9,544,489
2014	4,594,788	4,612,833	9,207,621
2013	4,583,676	4,599,229	9,182,905
2012	4,487,975	4,504,533	8,992,508
2011	4,715,812	4,732,383	9,448,195

Source: Village of Los Lunas.

## Taxed Activities

The Municipal Gross Receipts Tax is imposed upon taxable gross receipts under the Municipal Gross Receipts Tax Act, Sections 7-19D-1 et seq., NMSA 1978. The State Gross Receipts Tax is imposed upon taxable gross receipts under the Gross Receipts and Compensating Tax Act, Sections 7-9-1 et seq., NMSA 1978. "Gross Receipts" is defined in each Act as the total amount of money or value of other consideration received from selling property (including tangible personal property handled on consignment), from leasing property employed in the State and from performing services in the State. The definition of gross receipts excludes cash discounts allowed and taken, the Municipal Gross Receipts Tax or State Gross Receipts Tax payable on transactions for the reporting period and any county sales tax, county fire protection excise tax, county gross receipts taxes, any type of time/price differential and certain gross receipts or sales taxes imposed by an Indian tribe or pueblo. Unlike most other states, the Village and the State tax food sales and personal services, including legal and medical services.

Amendments to laws of the State affecting taxed activities and distributions of gross receipts tax revenues have been considered and adopted in the past by the Legislature and could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect taxed activities now subject to the Municipal Gross Receipts Tax or State-Shared Gross Receipts Tax or distribution of Municipal and State-Shared Gross Receipts Tax Revenues to the Village.

## Exemptions

Some activities and industries are exempt from the Municipal Gross Receipts Tax and the State Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions

include but are not limited to certain receipts of governmental agencies and certain organizations, and receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends and interest and including, but not limited to, receipts from various types of sales or leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, and certain receipts from interstate commerce transactions. There are over 100 specified exemptions and deductions from gross receipts taxation; nevertheless, the general presumption is that all receipts of a person engaging in business are subject to the Municipal Gross Receipts Tax and the State Gross Receipts Tax.

### **Manner of Collection of Distribution**

Businesses must make their payments of Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the State Gross Receipts Tax as administered by the Revenue Division of the Department pursuant to 7-1-6, NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less disbursements to the municipalities in the State.

### **Remedies for Delinquent Taxes**

The Department may assess Municipal Gross Receipts Taxes or State Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom Municipal Gross Receipts Taxes or State Gross Receipts Taxes have been assessed or upon whom demand for payments has been made does not make payment, or protest the assessment or demand for payment, or provide security for payment within 30 days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Department may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than 36 months. Interest is due on any delinquent taxes from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the Municipal Gross Receipts Tax or State Gross Receipts Tax is paid within ten days after demand is made, no interest shall be imposed for the period after the date of the demand.

The Department may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent Municipal Gross Receipts Tax or State Gross Receipts Tax is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.



## Historical Gross Receipts Tax Rates

<u>As of July 1</u>	<u>State of New Mexico</u>	<u>Valencia County</u>	<u>Village of Los Lunas</u>
2015	5.125%	6.875%	8.3125%
2014	5.125%	6.375%	7.5625%
2013	5.125%	6.375%	7.5625%
2012	5.125%	6.375%	7.5625%
2011	5.125%	6.375%	7.5625%

Source: State of New Mexico Taxation and Revenue Department.

## History of Reported Taxable Gross Receipts

The following table sets forth a history of total taxable gross receipts for the Village reported to the State. The total taxable figures in this table may not correlate with the total taxable figures reported elsewhere due to non-disclosure in certain categories. This table includes all Village gross receipts taxes; it is not limited to the Pledged Revenues.

<u>Comparison of Reported and Taxable Gross Receipts in the Village</u>			
<u>Fiscal Year Ending in 6/30</u>	<u>Total Reported Gross Receipts</u>	<u>Total Taxable Gross Receipts</u>	<u>Percentage of Total Gross Receipts Which Are Taxable</u>
2015	\$652,346,066	\$366,076,766	56.12%
2014	579,140,747	309,498,814	53.44%
2013	543,718,499	306,119,907	56.30%
2012	540,771,524	309,241,683	57.19%
2011	537,523,688	327,764,368	60.98%

- (1) Represents total gross receipts of standard industrial classifications (excludes interstate telecommunications services, which are subject to a different tax).
- (2) Represents total taxable gross receipts divided by total reported gross receipts.

Source: State of New Mexico Taxation and Revenue Department (derived from Report 080).

The following table sets forth a five-year history of taxable gross receipts for the Village broken down by major industrial classification. The total taxable figures in this table may not correlate with the total taxable figures reported elsewhere due to non-disclosure by the State in certain categories (to preserve confidentiality of taxpayers). This table includes all Village gross receipts taxes; it is not limited to the Pledged Revenues.

Total Taxable Gross Receipts for the Village by Major Industrial Classifications

Period Ending 6/30	2011	2012	2013	2014	2015
Agriculture, Forestry, Fishing and Hunting	11,716	64,701	26,465	656,418	137,898
Mining and Oil and Gas Extraction	-	-	-	-	33,449
Utilities	11,847,683	12,601,581	14,085,713	14,506,423	15,325,314
Construction	58,948,404	22,803,432	36,137,264	31,046,362	51,629,344
Manufacturing	1,811,444	1,499,340	2,220,468	2,207,983	2,327,942
Wholesale Trade	5,222,239	4,869,942	3,652,999	3,129,193	3,239,084
Retail Trade	142,987,829	145,147,515	137,757,239	144,014,565	148,409,672
Transportation and Warehousing	537,754	263,275	295,567	592,708	929,909
Information and Cultural Industries	14,594,051	17,978,806	18,239,818	18,345,688	19,987,450
Finance and Insurance	1,330,374	1,169,620	1,675,769	1,378,903	1,563,809
Real Estate and Rental and Leasing	4,455,913	4,761,472	4,743,002	4,861,567	4,404,238
Professional, Scientific and Technical Services	9,924,850	28,194,181	11,777,510	10,401,495	11,746,318
Management of Companies and Enterprises	-	6,073	-	-	1,664
Admin and Support, Waste Mgt and Remed	1,644,498	748,105	974,130	1,007,201	3,966,663
Educational Services	940,045	354,576	339,389	672,784	73,922
Health Care and Social Assistance	23,525,607	21,244,937	26,263,354	20,096,929	44,728,887
Arts, Entertainment and Recreation	20,043	16,107	305,518	6,303,144	81,192
Accommodation and Food Services	33,583,609	34,301,387	35,368,745	28,832,857	42,266,960
Other Services	13,988,717	12,519,795	11,293,958	20,483,190	13,657,306
Public Administration	-	-	-	-	-
Unclassified Establishments	2,389,592	696,838	962,998	961,404	1,565,745
Total Taxable					
Gross Receipts	\$327,764,368	\$309,241,683	\$306,119,907	\$309,498,814	\$366,076,766
Total Reported					
Gross Receipts	\$537,523,688	\$540,771,524	\$543,718,499	\$579,140,747	\$652,346,066

Source: State of New Mexico Taxation and Revenue Department

- (1) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.
- (2) Although the figures in this table have been derived from "Report 080 - Analysis of Gross Receipts Tax by Standard Industrial Classification," issued quarterly by the State, the State suppresses revenue information in certain categories if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in the prior table.

Source: State of New Mexico, Taxation and Revenue Department (derived from Report 080).

The revenue experience set forth above is historical, and there can be no assurance that the future revenue experience of the Village will be consistent with this information. In addition, due to the possibility of adverse economic conditions, the effects of which may be concentrated in certain geographic locations within the State, it is impossible to predict future revenues to municipalities in the State from the State Gross Receipts Tax.

### EXISTING VILLAGE DEBT

#### Long Term Debt of The Village

Obligation	Pledged Revenue	Principal Amount Outstanding
NMED Loan: 195005R	Water and Sewer Rev.	\$643,759
NMED Loan: CWSRF 1438037	Water and Sewer Rev.	\$1,767,244
NMED Loan: 1438145	Gas Tax	\$1,868,983
NMED Loan: CWSRF 007	Water and Sewer Rev.	\$12,778,853
NMFA Loan: 2538-PPRF	Fire Protection Fund	\$250,400
NMFA Loan: Road Equip.	Gas Tax	\$81,788
NMFA Loan: Arsenic Treatment	Water and Sewer Rev.	\$3,060,997
NMFA: Drinking Water Proj.	Water and Sewer Rev.	\$1,137,653
NMFA: 7 River Crossing	Water and Sewer Rev.	\$113,521
USDA Loan: Dispatch Center	Agency/MOU	\$109,000
USDA Loan: Joint Water	Water and Sewer Rev.	\$168,000
Series 2014 GRT Refunding Rev. Bonds	State and Municipal GRT	\$2,210,000
Series 2016 GRT Rev. Bonds	State and Municipal GRT	\$4,180,000
<b>Total</b>		<b>\$28,370,197</b>

Source: Village of Los Lunas

### HISTORICAL GENERAL FINANCIAL INFORMATION FOR THE VILLAGE

The data appearing on the pages under this heading have been excerpted from the audited financial statements of the Village for the years indicated. As presented, the data does not include the related "Notes to Financial Statements" which are an integral part of the audited financial statements. The audited financial statements, including the related notes, are available on request from the Village.

The General Fund of the Village is not pledged to pay debt service on the Bonds, and the following chart is included for information purposes only.

## Historical General Fund Revenues, Expenditures and Changes in Fund Balances

	2011	2012	2013	2014	2015
<b><u>Revenues</u></b>					
Sales and miscellaneous taxes	\$ 10,911,460	\$ 11,051,080	\$ 11,303,410	\$ 11,332,658	\$ 11,870,499
Fees and Fines	105,805	69,997	72,392	74,976	48,048
Licenses and permits	450,277	100,114	78,692	99,538	128,357
Intergovernmental	1,518,000	212,629	515,151	424,109	428,293
Charges for Services	1,387,286	1,292,081	1,262,584	1,236,734	1,154,459
Investment earnings	14,146	-	-	6,745	6,598
Miscellaneous	555,622	236,370	342,083	355,821	385,792
<b>Total Revenues</b>	<b>14,942,596</b>	<b>12,962,271</b>	<b>13,574,312</b>	<b>13,530,581</b>	<b>14,022,046</b>
<b><u>Expenditures</u></b>					
<b>Current</b>					
General Government	3,133,133	1,900,176	2,242,617	2,337,841	2,415,467
Public Safety	5,081,295	5,943,552	5,921,008	5,757,401	5,366,378
Public Works	732,331	926,843	922,655	863,052	998,238
Health and welfare	-	-	-	-	-
Culture and recreation	2,266,960	3,511,042	3,592,360	3,071,237	3,634,829
Equity transfers out	-	-	-	-	-
<b>Debt Service</b>					
Principal	16,027	-	-	-	-
Interest	-	-	-	-	-
<b>Capital Outlay</b>	<b>3,727,787</b>	<b>1,913,281</b>	<b>2,784,828</b>	<b>1,790,967</b>	<b>1,081,982</b>
<b>Total Expenditures</b>	<b>14,957,533</b>	<b>14,194,894</b>	<b>15,463,468</b>	<b>13,820,498</b>	<b>13,496,894</b>
Excess of Revenues Over (Under) Expenditures	(14,937)	(1,232,623)	(1,889,156)	(289,917)	525,152
<b><u>Other Financing Sources (Uses)</u></b>					
Legislative appropriations		1,022,903	506,999	992,550	576,213
Operating transfers in	139,477	486,887	301,789	327,311	331,779
Operating transfers (out)	(377,163)	(642,557)	(464,602)	(468,781)	(306,680)
<b>Total other financing sources (uses)</b>	<b>(237,686)</b>	<b>867,233</b>	<b>344,186</b>	<b>851,080</b>	<b>601,312</b>
Excess (deficiency) of revenues and other sources (uses) over expenditures	(252,623)	(365,390)	(1,544,970)	561,163	1,126,464
<b>Fund Balance-Beginning of year</b>	<b>10,614,880</b>	<b>10,362,257</b>	<b>9,996,867</b>	<b>8,451,897</b>	<b>9,013,060</b>
<b>Fund balance- end of year</b>	<b>\$ 10,362,257</b>	<b>\$ 9,996,867</b>	<b>\$ 8,451,897</b>	<b>\$ 9,013,060</b>	<b>\$ 10,139,524</b>

Source: Village's audited financial statements for fiscal years ended June 30, 2011-2015.

## THE VILLAGE

### General

The Village is located in central New Mexico and serves as the county seat of Valencia County. The Village was incorporated in 1928 and as of the 2015 census had a population of 15,206. Los Lunas is a progressive satellite community of Albuquerque. It is located approximately 24 miles south of Albuquerque off Interstate 25 on the Rio Grande. The economy is based principally upon retail, education, government, service and agriculture. Historically, the Village was the center of the local dairy industry with hay and alfalfa being the two chief agricultural products of the area. Today, increasing urbanization and an expanding economy are changing the nature of the community. While agriculture is still one of the major economic activities, government, trade and services provide the most jobs to Los Lunas. For example, Wal-Mart employs approximately 1,035 people in a retail facility and a distribution center combined. Being a satellite community to Albuquerque, a large percentage of Valencia County's work force is employed in Albuquerque.

### Governing Body

Policy making and supervisory functions are the responsibility of and are vested in the Mayor and the Village Council pursuant to State law. The Village Council consists of four councilors and the Mayor. Trustees are elected for staggered four-year terms. The Mayor and members of the Village Council, the dates of expiration of their current terms and their principal occupations are, respectively, as follows:

<u>Council Member</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Charles Griego, Mayor	Owner, Heritage Title Co.	March 2018
Christopher Ortiz, Councilor	Property Manager	March 2020
Gino M. Romero, Councilor	Territory Sales Manager – SCA Americas	March 2018
Gerard Saiz, Councilor	Retired	March 2020
Paulette Sanchez-Montoya, Councilor`	Central New Mexico Correctional Facility	March 2018

### Administrative Officers

Subject to the approval of the Village Council, the Mayor appoints all officers and employees (except those holding elective office), including the Village Administrator, who is the chief administrative officer of the Village. The Village Administrator is responsible for the proper and efficient administration of the Village. He is charged with the responsibility of enforcing all ordinances, rules and regulations enacted by the Village Council; fully advising the Village Council on the Village's financial conditions and needs; preparing and submitting an annual budget; and making recommendations to the Village Council on all matters concerning the welfare of the Village.

The administration of the affairs of the Village is divided among several departments under the direction of the Village Administrator. The current Village Administrator and Financial Officer are:

Gregory D. Martin, Village Administrator. Gregory D. Martin began serving as Village Administrator in the Village of Los Lunas, New Mexico, in April 2012. Before coming to Los Lunas, he was serving as Assistant Town Manager in Strasburg, Virginia. Prior to that, he served as City Manager in Saint Johns, Arizona, and Assistant City Manager in Monticello, Utah, as well as Management Analyst with the City of Houston, Texas. He began his local government career as an intern in the City Manager's office in Greenville, Texas, and later as an intern in the County Manager's office in Johnson County (Olathe), Kansas. Mr. Martin holds a Master's Degree in Public Administration, and a Bachelor's Degree in Spanish Translation, both from Brigham Young University in Provo, Utah.

Monica Clarke, Financial Officer. Ms. Clarke began employment with the Village in January 1992 and assumed the position of Finance Officer in January 1999. Ms. Clarke has an Associate of Arts in Business Administration, concentration in general management from the University of New Mexico Valencia Campus, and a Bachelor of Business Administration, major in financial management from the University of New Mexico, Anderson School of Management.

## **Employees**

The Village currently has a total of 180 full-time employees, 14 regular part-time employees. The Village considers its relationship with all employees to be good.

## **Pension Plan**

Substantially all the Village's full-time employees participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Association of New Mexico (the "Plan"), a cost-sharing, multiple employer public employee retirement system, which requires contributions, computed as a percentage of salary, from both employee and employer. The majority of state and municipal employees in New Mexico participate in the Plan. The Village's general employees contribute 4.8345% of their salaries to the Plan and the Village currently contributes  $9.8155\% + 9.55\% = 19.3655\%$  Police employees contribute 5.874% which is matched with a contribution of  $11.926\% + 18.90\% = 30.826\%$  by the Village. Fire employees contribute 5.841% which is matched with a contribution of  $11.859\% + 21.65\% = 33.509\%$  by the Village.

The Village's contributions to the Plan for years ending June 30, 2015, 2014 and 2013 were \$849,611, \$786,856, and \$823,752, respectively. The Village's liability under the Plan is limited to the periodic employer contributions, as described above, that it is required to make on behalf of its participating employees.

## **Services Offered**

The Village's police force consists of 36 uniformed officers and 4 civilian staff members. The Village operates a library, a Senior Citizens Center, 2 fire stations, a municipal water and sewer utility, a solid waste collection system, parks, community service programs such as wellness centers, youth center, gym, skateboard facility, little league and adult leagues.

## **Village Insurance Coverage**

The Village maintains insurance on its assets and operations. In the opinion of the Village Administrator, the Village's insurance policies provide adequate insurance protection for the Village. The Village is primarily insured by the New Mexico Self-Insurer's Fund. For fiscal year 2016, the Village paid a total of \$748,000 for general liability, automobile liability, workers compensation, civil rights (errors and omissions/personal injury), emergency medical liability, law enforcement liability, foreign jurisdiction liability, underground storage tank and volunteer insurance. All other insurance coverage is provided by commercial insurance carriers.

## **Budget Process**

The Village's budget is based on a fiscal year beginning July 1 and ending June 30 of the following year. The Village Administrator is responsible for preparing the budget. Prior to June 1, the Village Council is required to submit a working draft of the budget to the Local Government Division of the State Department of Finance and Administration (the "DFA") for its approval. By July 1 of the new fiscal year, the DFA approves and certifies to the Village an operating budget for use pending approval of the final budget. Prior to the first Monday in September, the DFA must certify the final budget with whatever adjustments it deems necessary to comply with State statutes. Approval of the DFA is required for all budget increases, cash transfers between funds and budget transfers between departments within a fund or between funds. If adequate fund balances are available from the prior year, the Village budgets expenditures in excess of revenues.

## **Financial Statements**

The financial statements of the Village are audited annually by an independent auditing firm and each audit is subject to review and approval by the New Mexico State Auditor. As of the date of this Official Statement, the audits for the year ended June 30, 2015 have been approved by the State Auditor. Attached hereto as "APPENDIX C" are the Village's audited general fund financial statements as of and for the year ended June 30, 2015. Such financial statements represent the most current audited financial information available to the Village. See Note 1 in the audited financial statements attached hereto as Appendix C for a summary of the Village's significant accounting policies.

## **LITIGATION**

At the time of the original delivery of the Bonds, the Village will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate Village officials, threatened, restraining or enjoining or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or contesting or questioning either the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

## **LEGAL MATTERS**

The Village has engaged Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel in connection with the issuance of the Bonds. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX EXEMPTION") are subject to the approving legal opinion of Bond Counsel. A signed copy of the opinion, dated the date of the original delivery of the Bonds will be delivered at the time of the original delivery of the Bonds. Certain legal matters will be passed upon for the Village by Guggino & Griego, Village Attorney.

## **TAX EXEMPTION**

### **Federal Tax Exemption**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax for individual corporations. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is excludable from net income for present State of New Mexico income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The Village has made various representations and warranties with respect to, and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.



Although Bond Counsel has opined that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Code, interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

### **Internal Revenue Service Audit Program**

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the Village as the taxpayer and the Bond owners may have no right to participate in such procedure. Neither the initial purchasers of the Bonds nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The Village has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax

purposes. Neither the Village nor the initial purchasers of the Bonds or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

### **Original Issue Discount**

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

### **Original Issue Premium**

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

## **CONTINUING DISCLOSURE**

In connection with its issuance of the Bonds, the Village will execute a Continuing Disclosure Undertaking, a form of which is attached as Appendix D hereto, under which it will agree for the benefit of the owners of the Bonds (i) to provide audited annual financial statements of the Village when available after the end of each Fiscal Year and to provide certain annual financial information and operating data relating to the Village by March 31 of each year, and (ii) to provide timely notice of certain enumerated events, if material.

### **Annual Information**

The Village has agreed to provide to the Municipal Securities Rulemaking Boards (the "MSRB") Electronic Market Access System ("EMMA") its audited financial statements, if available, and certain financial and operating information. The Village will provide financial information and operating data with respect to the Village of the general type included in this Official Statement under the heading "THE PLEDGED REVENUES — Historical Pledged Gross Receipts Tax Revenues."

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual information will include audited financial statements, if the Village commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with generally accepted accounting principles, as in effect from time to time, for governmental units as prescribed by the Governmental Accounting Standards Board.

### **Material Event Notices**

The Disclosure Undertaking shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issued (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. modifications to the rights of the security holders, if material;
8. bond calls, if material , or tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or a similar event with respect to the Village or an obligated person;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a

definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee, or a change of name of a trustee, if material.
  - a. At any time the Bonds are outstanding and the Village obtains knowledge of the occurrence of an Event, the Village shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMMA.
  - b. At any time the Bonds are outstanding, the Village shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the Village to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

### **Amendments and Term**

The Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (a) the date all principal and interest on the Bonds are deemed paid or legally defeased pursuant to the terms of the Bond Ordinance; (b) the date that the Village is no longer an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require the Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, the determination of (a), (b) or (c) herein to be made in any manner deemed appropriate by the Village, including by an opinion of Counsel experienced in federal securities laws selected by the Village. The Village shall file a notice of any such termination with EMMA.

Notwithstanding any other provision of the Disclosure Undertaking, the Village may amend the Disclosure Undertaking, and any provision of the Disclosure Undertaking may be waived, if (a) such amendment or waiver is consented to by the Owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Bond Legislation or (b) if such amendment or waiver is otherwise consistent with Rule 15c2-12, as determined by an opinion of Counsel experienced in federal securities laws selected by the Village. Written notice of any such amendment or waiver shall be provided by the Village to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Village shall provide notice of any such amendment or waiver to EMMA.

The Village's breach of its obligations under the Disclosure Undertaking will not constitute an event of default under the Bond Ordinance; and, none of the rights and remedies provided by the Bond Ordinance will be available to the owners with respect to such breach.

## **COMPLIANCE WITH PRIOR UNDERTAKINGS**

### **Prior Continuing Disclosure Undertaking**

The Village has previously entered into a continuing disclosure undertaking in connection with its Gross Receipts Tax Improvement Revenue Bonds, Series 2003A (the "2003A Bonds") and its Gross Receipts Tax Refunding Revenue Bonds, Series 2014 (the "2014 Bonds"). Under the prior undertaking, the Village agreed for the benefit of the holders of the Village's bonds (i) to provide audited financial statements of the Village when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data relating to the Village within 270 days of the end of each Fiscal Year, and (ii) to provide timely notice of certain enumerated events.

The Village did not file audited financial statements or annual financial information for Fiscal Years 2010-2013 pursuant to the continuing disclosure undertaking for the 2003A Bonds. The Village made a corrective filing with the MSRB's Electronic Municipal Market Access database ("EMMA") on June 3, 2014 prior to the issuance of the 2014 Bonds. Additionally, the Village did not file an event notice on EMMA of the rating upgrade by S&P on August 27, 2013 for the Village's 2003A Bonds. The Village filed such event notice with EMMA on June 3, 2014. For Fiscal Years 2014 and 2015, the Village was 3 days and 5 days late, respectively, in filing annual financial information, and 3 days late in filing audited financial statements in Fiscal Year 2014. Additionally, the Village filed its audited financial statements for fiscal year 2015 as soon as the audit was released by the New Mexico State Auditor which was 24 days after the 270-day deadline. The delay was due to a misunderstanding as to when filings were due under the Village's continuing disclosure agreement, 270 days at the end of each Fiscal Year versus April 1<sup>st</sup> of each year. The misunderstanding resulted in the slight delay in the Village's filings. The Village was also late in filing the failure to file notices related to the 2011, 2012, 2013, and 2014 annual financial information and audited financial statements filings.

### **Compliance with Continuing Disclosure Undertakings in Future Years**

The Village intends to maintain compliance with its continuing disclosure undertakings in future years through the collective oversight and effort of current Village finance staff and private consultants, all of whom have experience and knowledge related to the Village's continuing disclosure obligations. Additionally, the Village Council adopted of post issuance continuing disclosure procedures by Council on June 26, 2014.

## **UNDERWRITING**

RBC Capital Markets, LLC has agreed to purchase the Bonds from the Village pursuant to Bond Purchase Agreement dated May 19, 2016 (the “Bond Purchase Agreement”), at a price of \$4,238,018.85 (being the principal amount of the Bonds less an underwriting discount of \$34,803.25, plus a reoffering premium of \$92,822.10), and payment for the Bonds. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Village. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Village.

The prices at which the Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the cover page of this Official Statement. In addition, the Underwriter may allow commissions or discounts from such initial offering prices to dealers and others.

## **RATING**

Standard & Poor’s has assigned its municipal bond rating of “AA” to the Bonds. The rating reflects only the view of Standard & Poor’s, and an explanation of the significance of such rating may be obtained only from Standard & Poor’s, 55 Water Street, New York, New York 10041. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Standard & Poor’s if, in its judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

### **VILLAGE APPROVAL**

This Official Statement and its distribution and use by the Underwriter have been authorized and approved by the Village and has been executed and delivered by the Mayor on behalf of the Village. As of the date hereof, to my knowledge and belief, this Official Statement is true, complete and correct in all material respects, and does not include any untrue statements of material facts or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

VILLAGE OF LOS LUNAS, NEW MEXICO

By \_\_\_\_\_  
Charles Griego, Mayor

## **APPENDIX A**

### **Demographic Information – Valencia County**



## Population, Households and Age Distribution

The following chart sets forth historical population data for Valencia County, Village of Los Lunas and the State.

### Population

<u>U.S. Census</u>	<u>Village of Los Lunas</u>	<u>Valencia County</u>	<u>State of New Mexico</u>
2015	15,206	75,737	2,085,109
2014	15,308	75,817	2,085,572
2013	14,838	76,284	2,065,287
2012	15,168	76,591	2,083,540
2011	15,115	77,375	2,083,725

Source: U.S. Department of Commerce, Bureau of the Census.

The following table sets forth a comparative age distribution profile for Valencia County and the State.

### Percentage of Population - September 2014

<u>Age</u>	<u>Valencia County</u>	<u>State of New Mexico</u>
0-19	28.0%	27.3%
20-34	18.2	20.4
35-44	12.0	11.8
45-54	14.5	13.3
55 and older	27.2	27.0

Source: U.S. Department of Commerce, Bureau of the Census.

## Income

The following table sets forth annual per capita personal income levels for the County and the State.

### Per Capita Personal Income

<u>Year</u>	<u>Valencia County</u>	<u>State of New Mexico</u>
2014	\$29,422	\$37,091
2013	27,895	35,254
2012	28,091	35,585
2011	28,095	34,556
2010	27,322	33,019

Sources: University of New Mexico Bureau of Business & Economic Research.

The following two tables reflect median household Effective Buying Income (“EBI”) and the percent of households by EBI groups is personal income less personal tax and nontax payments. Personal income includes wages and salaries, other labor income, proprietors’ income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, State and local taxes, nontax payments such as fines and penalties, and personal contributions for social security insurance.

### **Median Household Effective Buying Income**

<u>Year</u>	<u>Valencia County</u>	<u>State of New Mexico</u>
2014	\$40,591	\$44,905
2013	41,412	44,026
2012	40,159	42,828
2011	41,983	42,097
2010	40,552	42,186

Source: University of New Mexico Bureau of Business & Economic Research.

### **Percent of Household by Effective Buying Income Groups**

The Following table reflects median household Effective Buying Income (“EBI”) and the percent of households by EBI groups. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors’ income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

<u>Effective Buying Income Group</u>	<u>Valencia County</u>	<u>New Mexico</u>
Under \$25,000	31.1%	28.3%
\$25,000-34,999	11.2%	11.7%
\$35,000-49,999	13.5%	14.5%
\$50,000-74,999	21.0%	17.5%
\$75,000 and over	23.2%	28.0%

Source: U.S. Department of Commerce, Bureau of the Census – 2014 American Community Survey.

## Employment

The following table provides a five year history of unemployment rates in Valencia County and the State.

<b>Labor Force and Percent Unemployed</b>				
	<b><u>Valencia County</u></b>		<b><u>State of New Mexico</u></b>	
<b><u>Year</u></b>	<b><u>Labor Force</u></b>	<b><u>% Unemployed</u></b>	<b><u>Labor Force</u></b>	<b><u>% Unemployed</u></b>
2014	29,284	7.7%	921,380	6.7%
2013	29,549	8.3%	923,685	7.0%
2012	29,985	8.8%	928,739	7.1%
2011	30,444	9.2%	930,356	7.5%
2010	30,960	9.7%	936,088	8.1%
2009	30,633	7.8%	940,352	7.5%
2008	31,141	5.1%	944,548	4.5%

*Source: University of New Mexico Bureau of Business & Economic Research.*

## Non-Agricultural Wage and Salary Employment in Valencia County

The following is a history of non-agricultural wage and salary employment for Valencia County as reported by the Employment Security Commission of New Mexico.

	<u>ANNUAL AVERAGE</u>				
	<u>2015(1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Agriculture, Forestry, Fishing & Hunting	156	151	153	133	169
Mining	34	0	23	0	30
Utilities	46	55	55	58	51
Construction	842	766	739	677	650
Manufacturing	558	527	510	538	665
Wholesale Trade	194	208	206	198	191
Retail Trade	2,217	2,139	2,092	2,099	2,124
Transportation & Warehousing	900	814	836	770	981
Information	54	74	79	73	74
Finance and Insurance	299	308	285	283	286
Real Estate and Rental and Leasing	174	140	149	140	124
Professional and Technical Services	267	259	255	260	257
Management of Companies and Enterprises	91	100	128	86	84
Administrative and Waste Services	230	221	218	223	<u>220</u>
Educational Services	67	0	0	0	<u>0</u>
Health Care and Social Assistance	1,698	1,602	2,080	2,007	<u>2,965</u>
Arts, Entertainment, and Recreation	58	80	0	66	59
Accommodation and Food Services	1,386	1,343	1,291	1,270	1,199
Other Services, except Public Administration	235	241	226	236	247
Total Government	3,656	3,984	3,962	3,986	4,032
<b>TOTAL WAGE &amp; SALARY EMPLOYMENT</b>	<b><u>13,162</u></b>	<b><u>13,012</u></b>	<b><u>13,287</u></b>	<b><u>13,103</u></b>	<b><u>14,408</u></b>

Source: State of New Mexico, Department of Labor, Economic Research and Analysis.

(1) Data only available up to third quarter 2015; quarterly average.

## Major Employers

Some of the larger employers in the County are described below. No independent investigation of the stability or financial condition of the listed employers has been conducted and no representation can be made that these employers will maintain their status as major employers in the County.

<u>Employer</u>	<u>Product or Service</u>	<u>No. of Employees</u>
Los Lunas Public Schools	Education	1,300
B.N. & S.F. Railroad	Transportation	780
Walmart Distribution Center	Warehouse	720
Belen Consolidated Schools	Education	650
Los Lunas Correctional Facility	Prison	600
Walmart Supercenter	Retail	315
Clariant Healthcare Packaging	Manufacturing	305
Ambercare Home Health Services	Medical	280
Valencia County	Government	250
Village of Los Lunas	Government	193
City of Belen	Government	115

Source: MRCOG and Los Lunas Economic Development.

## Ten Largest Taxpayers within Valencia County in 2015

<u>Employer</u>	<u>Type of Business</u>	<u>Assessed Valuation 2015</u>	<u>% of 2015 AV</u>
BNSF Railway	Railroad	\$49,391,502	3.67%
Public Service Co. of NM	Electric Utility	43,429,040	3.22%
Valencia Power	Electric Utility	37,708,562	2.80%
El Paso Natural Gas	Pipeline	4,493,829	0.33%
Qwest	Telephone Utility	4,036,256	0.30%
Gas Co. of NM	Gas Utility	3,940,369	0.29%
Transwestern Pipeline	Pipeline	3,756,479	0.28%
Comcast	Cable	1,884,396	0.14%
At&T Mobile	Cellular	999,572	0.07%
Socorro Electric	Electric Utility	750,708	0.06%
		<b>\$150,390,713</b>	<b>11.16%</b>

Source: NM Taxation and Revenue Department.

## **APPENDIX B**

### **Form of Legal Opinion**

June 15, 2016

Village of Los Lunas  
Los Lunas, New Mexico

**\$\_\_\_\_\_ Village of Los Lunas, New Mexico  
Gross Receipts Tax Improvement Revenue Bonds, Series 2016**

Ladies and Gentlemen:

We have acted as bond counsel to the Village of Los Lunas, New Mexico (the "Village") in connection with the issuance and sale of its \$\_\_\_\_\_ Gross Receipts Tax Improvement Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Ordinance No. 405, adopted on May 5, 2016, as supplemented by Resolution No. \_\_\_\_ adopted on May 19, 2016 (collectively, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined the laws of the State and the United States of America relevant to the opinions herein, and other proceedings and documents relevant to the issuance by the Village of the Bonds. As to the questions of fact material to our opinion, we have relied upon representations of the Village contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds constitute valid and binding special, limited obligations of the Village under and in accordance with the Bond Ordinance.
2. The Bond Ordinance has been duly authorized, executed and delivered by the Village and the provisions of the Bond Ordinance are valid and binding on the Village.
3. The Bonds are payable as to principal and interest, solely from, and are secured by a pledge (but not an exclusive pledge) of the Pledged Revenues, as more fully described in the Bond Ordinance. The owners of the Bonds have no right to have taxes levied by the Village for the payment of principal and interest on the Bonds and the Bonds do not represent or constitute a debt or pledge of, or a charge against, the general credit of the Village.

4. The Bond Ordinance creates the lien on the Pledged Revenues that it purports to create.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum tax 75% of the excess of a corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. The Bonds and income from the Bonds are exempt from all taxation by the State or any political subdivision thereof.

The opinions set forth above in paragraph 5 are subject to continuing compliance by the Village with covenants regarding federal tax law contained in the Bond Ordinance and the proceedings and other documents relevant to the issuance by the Village of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing law as of the date of issuance and delivery of the Bonds. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

The obligations of the Village related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the Village and the security provided therefor, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.



As bond counsel, we are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed in paragraphs 5 and 6 above.

Respectfully submitted,

## **APPENDIX C**

### **Excerpt of June 30, 2015 Financial Statement**

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS

Financial Statements

June 30, 2015



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

**Official Roster**

**June 30, 2015**

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



## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Los Lunas  
and Mr. Tim Keller  
New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the Village of Los Lunas ("Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds, fiduciary funds and the budgetary comparisons for all of the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Village as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As discussed in Note 20 to the financial statements, in 2015 the Village adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is 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 management's discussion and analysis on pages 9 to 20, Schedule of the Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on pages 67 to 70 and 71 to 75, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Vendor Information for Purchases Exceeding \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
March 1, 2016

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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

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

**Financial Highlights**

- The Village's governmental net position is \$ 39,144,125 for fiscal year 2015.
- The Village's governmental revenues are \$ 19,201,350 for fiscal year 2015.
- The total cost of all Village governmental programs is \$ 18,861,242 for fiscal year 2015.

**Using This Annual Report**

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

**Management's Discussion and Analysis**

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

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

**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 21 through 22 of this report.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

**Fund Financial Statements**

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

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

**Governmental Funds**

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

**Proprietary Funds**

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

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

**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, 2015.

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

		<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$	14,636,758	14,423,885	7,707,101	5,703,565	22,343,859	20,127,450
Capital and non-current assets		44,970,915	45,083,396	54,637,859	55,662,436	99,608,774	100,745,832
Total assets		59,607,673	59,507,281	62,344,960	61,366,001	121,952,633	120,873,282
Deferred Outflows		1,391,856	-	57,143	-	1,448,999	-
Current liabilities		1,991,474	2,042,386	2,580,263	2,421,348	4,571,737	4,463,734
Long-term liabilities		16,911,681	8,522,953	20,741,919	21,825,310	37,653,600	30,348,263
Total liabilities		18,903,155	10,565,339	23,322,182	24,246,658	42,225,337	34,811,997
Deferred Inflows		2,952,249	-	207,188	-	3,159,437	-
Net Position:							
Invested in capital assets, net of							
related debt and unspent							
bond proceeds		39,257,355	38,559,236	33,324,138	32,801,659	72,581,493	71,360,895
Restricted		3,687,524	6,787,398	-	-	3,687,524	6,787,398
Unrestricted		(3,800,754)	3,595,308	5,548,595	4,317,684	1,747,841	7,912,992
Total net position	\$	39,144,125	48,941,942	38,872,733	37,119,343	78,016,858	86,061,285

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

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

For the fiscal year ending June 30, 2015, the Village had \$44,970,915 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 a slight decrease from prior year. In fiscal year 2015, the Village disposed of obsolete and worn-out inventory. Capital assets (net of accumulated depreciation) make up approximately 75% 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 2015, the long-term liabilities in government activities increased from prior year as a result of the implementation of GASB 68. 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 members 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, 2015, the net pension liability for governmental funds is \$8,597,725 and \$528,671 for enterprise funds.

For fiscal year 2015, there is \$3,687,524 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 grant and operating revenue along with an increase in sales and property tax revenues.

In 2015, the net position of our business-type activities increased by 4.7% over the prior fiscal year. This positive variance is due to an increase in current assets and a decrease in long-term liabilities. The Village implemented a structured rate increase based on usage beginning in January 2015 for water and sewer rates. FY 2015 is the first fiscal year to recognize the impact in the rate changes as they correlate to water and sewer sales. The Enterprise Funds disposed of worn-out, obsolete equipment during the fiscal year. Even with the reduction in capital assets, the Village continues to maintain a strong net position. The Village generally can only use these assets to finance the continuing operations of the water, sewer, and refuse services.



**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2015**

**Debt**

At year end, the Village had approximately \$ 18,903,155 in long-term liabilities including bonds, notes, capital leases, and the new net pension liability (\$8,597,725) outstanding for governmental activities.

The Village entered into a new lease agreement with Cisco Systems Capital Corporation for the purchase of a data center and infrastructure improvements in the amount of \$324,280. For business-related activities, there was not any new debt issued.

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

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

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

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**  
**Changes in Net Position**

Table A-2 summarizes the Village's changes in net assets for the fiscal year 2015.

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

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,637,936	1,709,536	11,451,907	8,593,158	13,089,843	10,302,694
Operating grants & contributions	968,900	985,739	-	-	968,900	985,739
Capital grants & contributions	1,211,954	689,440	-	-	1,211,954	689,440
General revenues:						
Property taxes	2,522,583	2,508,409	-	-	2,522,583	2,508,409
Other taxes	11,891,169	11,247,338	-	-	11,891,169	11,247,338
Miscellaneous interest & other	968,808	1,354,767	927,154	140,987	1,895,962	1,495,754
revenues	-	-	-	-	-	(437,268)
Total revenues	19,201,350	18,495,229	12,379,061	8,734,145	31,580,411	26,792,106
Expenses:						
General government	3,674,603	3,330,061	-	-	3,674,603	3,080,611
Public safety	6,319,408	6,679,463	-	-	6,319,408	6,778,515
Highways & streets	4,252,692	3,952,756	-	-	4,252,692	3,861,321
Culture & recreation	4,279,429	3,669,974	-	-	4,279,429	4,034,417
Health & welfare	-	-	-	-	18,445	646,275
Interest on long-term debt	335,110	233,570	-	-	26,236	298,725
Water/sewer	-	-	7,637,816	6,569,881	6,412,426	6,358,078
Solid waste	-	-	2,260,844	2,173,456	2,037,750	1,655,729
Transportation	-	-	-	-	-	155,768
Total expenses	18,861,242	17,865,824	9,898,660	8,743,337	28,759,902	26,869,439
Net revenues (loss) before Transfers	340,108	629,404	2,480,401	(9,192)	2,820,509	620,212
Transfers	94,817	93,006	(73,427)	(72,436)	21,390	20,570
Disposition of capital asset	-	-	-	-	-	-
Change in Net Position	434,925	722,410	2,406,974	(81,628)	2,841,899	640,782
Net Position, beginning	48,941,942	48,219,532	37,119,343	37,200,971	86,061,285	85,420,503
Restatement (Note 16)	(10,232,742)	-	(653,584)	-	(10,886,326)	-
Net Position, beginning as restated	38,709,200	48,219,532	36,465,759	37,200,971	75,174,959	85,420,503
Net Position end of year	\$ 39,144,125	48,941,942	38,872,733	37,119,343	78,016,858	86,061,285

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2015**

**Financial Analysis of the Village' Funds**

The Village's proprietary funds provide the same type of information found in government-wide financial statements, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt, will be paid in a timely manner.

There were no significant or unexpected transactions in the Village's governmental funds.

**Budget**

For the General Fund budget, total revenues budgeted were \$ 15,145,311 and actual revenues received were \$14,336,492 (cash basis), which is a negative variance of \$808,819. In addition, the total General Fund expense budget was \$15,541,112 and actual expenditures were \$13,459,759, which is a positive variance of \$2,081,353.

The only difference between the original and final budgeted revenue amounts for the General Fund pertains to an economic development grant received by the Community Development Department in the amount of \$400,000. The expenditures increased by \$400,000 as well pertaining to the economic development grant used for the ACIM, Inc. plastic manufacturing company. ACIM, Inc. provided 50 jobs to the local economy and opened in late 2014.

**Progress Highlights for Fiscal year 2015**

- 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
- Landscape and Parking Improvements City Hall - \$241,269
- Continued design work on Transportation Building Project - \$110,955
- Implemented Caselle Clarity Financial Software in November 2014
- Purchased 3 new vehicles for the Police Department (\$82,230), and 1 new vehicle for the Fire Department (\$32,364)
- Completed Courthouse Road Improvements - \$1,110,049
- Completed Highway Co-op Los Cerritos - \$187,722
- Completed MAP Carson Drive Project - \$661,390
- Park Improvements at Huning Ranch Park - \$ 132,625
- Park improvements at River Park - \$49,759
- Enchantment Little League Improvements - \$140,263

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

**Economic Factors and Next Year's Budget and Rates**

The coming year will continue to present many challenges for the Village of Los Lunas. The budget for fiscal year 2016 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. Sound fiscal and comprehensive planning will enable the Village to enter the next year in a strong financial position.

Every entity has a method (formal or informal) of prioritizing its needs, which services as a guide for developing a budget for the organization. On November 1, 2014, the Mayor and Village Council participated in a Strategic Planning Retreat for the purpose of identifying and building consensus around the Governing Body's top strategic priorities over the next four years. The resulting strategic priorities are listed below, in no particular order:

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

The following are some of the Fiscal Year 2015-16 Budget highlights:

**Revenues**

1. **Property Taxes** – Budgeted property tax revenue in the General Fund will be budgeted with a decrease of \$20,672 (-.80%) due to a decrease in the operating tax rates for residential and non-residential properties assessed by the Valencia County Assessor's Office.
2. **Gross Receipts Taxes (GRT)** – Gross receipts tax revenue in the General Fund will be budgeted with an increase of 13.3% due primarily to an estimated increase of \$931,830 in GRT revenue as a result of the additional 0.25% in municipal local option tax approved by the Village Council on February 26, 2015, which will be in effect July 1, 2015. Consequently, the General Fund is estimated to receive \$89,376 less in GRT revenue in FY 2015-16 due to the first year of implementation of the loss of Hold Harmless revenue, as a result of legislation passed by the State during the 2013 legislative session.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

3. **Impact Fees** – Impact fees have not been budgeted for the past three years due to a Council-approved moratorium on July 12, 2012. In FY 2015-16 the moratorium will be lifted and impact fees are projected to generate the following in revenue in their respective funds:
  - a. Park Impact Fees (General Fund), \$59,703
  - b. Sewer Impact Fees (Water/Sewer Fund), \$20,454
  - c. Water Impact Fees (Water/Sewer Fund), \$47,726
4. **Legislative Appropriations** – Legislative appropriations totaling \$2,058,000, including \$1,105,000 in new legislative appropriations, and \$953,000 in carry-over funding, will be included in the General Fund revenue budget to continue or complete the following major projects:
  - a. Sports Complex Improvements, \$640,000
  - b. Fred Luna Senior Center Improvements, \$1,300,000
  - c. Transportation Center Improvements, Phase II, \$118,000

Additionally, in the Water/Sewer Fund, \$1,210,300, in legislative appropriation is being carried over from last year's budget to complete the MBR Upper Cassettes Project.

5. **Water/Sewer Revenue** - The Council approved through ordinance an increase in water and sewer rates of 8% per year over the next five years beginning in January 2015. The increase was necessary in order to support and sustain current and future water/sewer infrastructure maintenance, operation and expansion.

Expenses

1. **Personnel Services** – Based on a recently conducted Pay and Classification Plan Survey the Village will revise salaries with an overall fiscal impact of approximately \$275,000. Other than these pay adjustments, the FY 2015-16 budget will not include any across-the board or cost of living adjustment for full-time or part-time permanent employees.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**June 30, 2015**

2. **Capital Outlay** – The following is a list of Capital Outlay items that will be included in the FY 2015-16 Budget:

- Fred Luna Senior Center Improvements, \$1,300,000
- Transportation Center Improvements, Phase II, \$250,000
- Two new police vehicles, \$60,000
- Fire Department ambulance, \$75,754
- Park Improvements, \$1,090,000
- I-25 Interchange Beautification Project, \$780,000
- WWTP MBR Upper Cassettes Project, \$1,210,300
  
- Well #6 Security Fence, \$75,000
- Commercial Baler for recycling, \$240,441
- Residential garbage truck, \$264,000

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 2016, 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 workers 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.

**STATE OF NEW MEXICO VILLAGE OF LOS LUNAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2015**

Over the past several years, the Los Lunas economy has been stable, but relatively flat. The primary industry continues to be retail, with several new retail shops, restaurants and small businesses opening recently. Although revenue from gross receipt taxes has remained constant, economic indicators demonstrate that the local economy is stable. Major retail trade in Los Lunas includes a Wal-Mart Super Center, Home Depot, Lowe's and two Walgreens stores. The Village continues to pursue the development of a hospital or expanded healthcare facility in Los Lunas, as well as the University of New Mexico Valencia Campus (UNM-VC) Westside Learning Center, both of which would have a significant positive impact on the local economy.

One economic challenge the Village of Los Lunas will continue to face is the gradual, eventual loss of "Hold Harmless" revenue. Despite this challenge, and any other challenges that may surface in the future, the Village staff remains committed to accomplishing the major priorities of the Council, staff and citizens, and, as in the past, maintaining a strong financial position through sound planning and responsible fiscal management.

**Requests for Information**

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

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

## **BASIC FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
STATEMENT OF NET POSITION  
June 30, 2015**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 9,396,572	5,046,730	14,443,302
Restricted cash	1,808,129	257,090	2,065,219
Investments	360,151	440,000	800,151
Accounts receivable	-	977,390	977,390
Due from other governments	3,012,133	937,100	3,949,233
Other receivables	59,773	-	59,773
Inventories	-	48,791	48,791
<b>Total current assets</b>	<b>14,636,758</b>	<b>7,707,101</b>	<b>22,343,859</b>
Investments	100,000	-	100,000
Capital assets, net of depreciation	44,870,915	54,637,859	99,508,774
<b>Total assets</b>	<b>59,607,673</b>	<b>62,344,960</b>	<b>121,952,633</b>
<b>DEFERRED OUTFLOWS OF RESOURCES - Pension Related</b>	<b>1,391,856</b>	<b>57,143</b>	<b>1,448,999</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	438,715	330,010	768,725
Accrued payroll expenses	217,268	40,086	257,354
Customer deposits	-	257,090	257,090
Interest payable	34,566	309,384	343,950
Due within one year			
Bonds, notes and capital leases	1,007,822	1,608,315	2,616,137
Compensated absences	293,103	35,378	328,481
<b>Total current liabilities</b>	<b>1,991,474</b>	<b>2,580,263</b>	<b>4,571,737</b>
Due in more than one year			
Bonds, notes and capital leases	4,605,738	19,670,028	24,275,766
Compensated absences	85,010	35,378	120,388
Post-closure landfill costs	-	507,842	507,842
Net other postemployment benefits obligation	3,623,208	-	3,623,208
Net pension liability	8,597,725	528,671	9,126,396
<b>Total liabilities</b>	<b>18,903,155</b>	<b>23,322,182</b>	<b>42,225,337</b>
<b>DEFERRED INFLOWS OF RESOURCES - Pension Related</b>	<b>2,952,249</b>	<b>207,188</b>	<b>3,159,437</b>
<b>NET POSITION</b>			
Net investment in capital assets	39,257,355	33,324,138	72,581,493
Restricted for			
Capital projects	9,287	-	9,287
Special projects and statutory requirements	3,575,072	-	3,575,072
Debt service	103,166	-	103,166
Unrestricted	(3,800,755)	5,548,595	1,747,840
<b>Total net position</b>	<b>\$ 39,144,125</b>	<b>38,872,733</b>	<b>78,016,858</b>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 3,674,603	1,330,864	458,677	128,180	(1,756,882)	-	(1,756,882)
Public safety	6,319,408	101,906	510,223	-	(5,707,279)	-	(5,707,279)
Public works	4,252,692	-	-	1,083,774	(3,168,918)	-	(3,168,918)
Culture and recreation	4,279,429	205,166	-	-	(4,074,263)	-	(4,074,263)
Interest on long-term debt	335,110	-	-	-	(335,110)	-	(335,110)
<b>Total governmental activities</b>	<b>18,861,242</b>	<b>1,637,936</b>	<b>968,900</b>	<b>1,211,954</b>	<b>(15,042,452)</b>	<b>-</b>	<b>(15,042,452)</b>
Business-Type Activities							
Water and sewer	7,637,816	8,931,855	-	-	-	1,294,039	1,294,039
Solid waste	2,260,844	2,520,052	-	-	-	259,208	259,208
<b>Total business-type activities</b>	<b>9,898,660</b>	<b>11,451,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,553,247</b>	<b>1,553,247</b>
<b>Total primary government</b>	<b>\$ 28,759,902</b>	<b>13,089,843</b>	<b>968,900</b>	<b>1,211,954</b>	<b>(15,042,452)</b>	<b>1,553,247</b>	<b>(13,489,205)</b>
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,522,583	-	2,522,583
Franchise tax					421,083	-	421,083
Sales tax					10,740,705	-	10,740,705
Other taxes					729,381	-	729,381
Unrestricted investment earnings					6,803	5,059	11,862
Miscellaneous					385,792	229,895	615,687
Legislative appropriations					576,213	692,200	1,268,413
Transfers, agency funds					21,390	-	21,390
Transfers					73,427	(73,427)	-
<b>Total general revenues, special items, and transfers</b>					<b>15,477,377</b>	<b>853,727</b>	<b>16,331,104</b>
<b>Change in net position</b>					<b>434,925</b>	<b>2,406,974</b>	<b>2,841,899</b>
Net position, beginning					48,941,942	37,119,343	86,061,285
Restatement (Note 16)					(10,232,742)	(653,584)	(10,886,326)
Net position, beginning as restated					38,709,200	36,465,759	75,174,959
<b>Net position, ending</b>					<b>\$ 39,144,125</b>	<b>38,872,733</b>	<b>78,016,858</b>

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

	General Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,495,455	1,369,502	1,531,615	9,396,572
Restricted Cash	1,808,129	-	-	1,808,129
Investments	460,151	-	-	460,151
Due from other funds	17,021	-	-	17,021
Receivable from other governments	1,992,508	984,766	34,859	3,012,133
Other receivables	-	-	59,773	59,773
<b>Total assets</b>	<b>\$ 10,773,264</b>	<b>2,354,268</b>	<b>1,626,247</b>	<b>14,753,779</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 254,581	116,294	67,840	438,715
Due to other funds	-	-	17,021	17,021
Accrued payroll expenditures	209,985	-	7,283	217,268
<b>Total liabilities</b>	<b>464,566</b>	<b>116,294</b>	<b>92,144</b>	<b>673,004</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	169,174	-	-	169,174
<b>Total deferred inflows</b>	<b>169,174</b>	<b>-</b>	<b>-</b>	<b>169,174</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	2,918,405	-	769,120	3,687,525
Committed	-	-	-	-
Assigned	-	2,237,974	764,984	3,002,958
Unassigned	7,221,119	-	(1)	7,221,118
<b>Total fund balances</b>	<b>10,139,524</b>	<b>2,237,974</b>	<b>1,534,103</b>	<b>13,911,601</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,773,264</b>	<b>2,354,268</b>	<b>1,626,247</b>	<b>14,753,779</b>

*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  
Year Ended June 30, 2015**

	<u>Governmental Activities</u>
<b>Total Fund Balance Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 13,911,601

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost of capital assets	104,720,588
Accumulated depreciation	<u>(59,849,673)</u>
<b>Total capital assets</b>	<u>44,870,915</u>

Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:	169,174
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Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	1,391,856
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Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	(2,952,249)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest	(34,566)
Bonds, notes and loans payable	(5,613,560)
Compensated absences payable	(378,113)
Net pension liability	<u>(8,597,725)</u>

<b>Total long-term and other liabilities</b>	(14,623,964)
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The liability recorded for the year ended June 30, 2015 related to postemployment benefits obligation is:	<u>(3,623,208)</u>
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<b>Net position of governmental activities (Statement of Net Position)</b>	<b>\$ <u>39,144,125</u></b>
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*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, 2015**

	General Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 11,870,499	1,932,753	610,499	14,413,751
Fees and fines	48,048	-	-	48,048
Licenses and permits	128,357	-	-	128,357
State grants	282,451	342,000	551,223	1,175,674
Federal grants	145,842	741,774	117,564	1,005,180
Charges for Services	1,154,459	-	307,072	1,461,531
Investment earnings	6,598	-	205	6,803
Miscellaneous	385,792	-	-	385,792
<b>Total revenues</b>	<b>14,022,046</b>	<b>3,016,527</b>	<b>1,586,563</b>	<b>18,625,136</b>
<b>Expenditures</b>				
Current				
General government	2,415,467	-	41,536	2,457,003
Public safety	5,366,378	-	635,665	6,002,043
Public works	998,238	96,695	241,126	1,336,059
Culture and recreation	3,634,829	-	190,922	3,825,751
Debt service				
Principal	-	-	4,609,880	4,609,880
Interest and other charges	-	-	152,641	152,641
Capital outlay	1,081,982	3,060,039	133,082	4,275,103
<b>Total expenditures</b>	<b>13,496,894</b>	<b>3,156,734</b>	<b>6,004,852</b>	<b>22,658,480</b>
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	525,152	(140,207)	(4,418,289)	(4,033,344)
Other financing sources (uses)				
Legislative appropriations	576,213	-	-	576,213
Proceeds from issuance of debt	-	-	3,616,811	3,616,811
Transfers, in - governmental funds	310,389	-	731,816	1,042,205
Transfers, in - agency funds	21,390	-	-	21,390
Transfers, out	(306,680)	(595,833)	(66,265)	(968,778)
<b>Total other financing sources (uses)</b>	<b>601,312</b>	<b>(595,833)</b>	<b>4,282,362</b>	<b>4,287,841</b>
<b>Net change in fund balances</b>	<b>1,126,464</b>	<b>(736,040)</b>	<b>(135,927)</b>	<b>254,497</b>
Fund balances, beginning of year	9,013,060	2,974,014	1,670,030	13,657,104
<b>Fund balances, end of year</b>	<b>\$ 10,139,524</b>	<b>2,237,974</b>	<b>1,534,103</b>	<b>13,911,601</b>

*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, 2015**

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

\$ 254,497

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

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

Expenditures for capital assets	4,275,103
Depreciation expense	<u>(4,387,585)</u>
	(112,482)

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

Loan payable	(3,799,280)
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Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	(1,456)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

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

Change in bonds, notes and capital leases	4,609,880
Change in compensated absences	(29,695)
Change in accrued interest on long-term debt	26,399
Change in other postemployment benefit obligation	(587,563)
Change in net pension liability	<u>74,625</u>

**Change in net position governmental activities**

\$ 434,925

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 11,282,683	11,282,683	11,989,220	706,537
Fees and fines	69,000	69,000	48,048	(20,952)
Licenses and permits	75,137	75,137	128,357	53,220
State grants	285,577	285,577	282,451	(3,126)
Federal grants	197,672	197,672	145,842	(51,830)
Charges for services	1,251,807	1,251,807	1,154,459	(97,348)
Investment earnings	281	281	6,598	6,317
Miscellaneous	339,795	339,795	385,792	45,997
<b>Total revenues</b>	<b>13,501,952</b>	<b>13,501,952</b>	<b>14,140,767</b>	<b>638,815</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,709,704	2,765,304	2,329,574	435,730
Public safety	5,967,013	5,967,013	5,366,378	600,635
Public works	923,268	923,268	998,238	(74,970)
Culture and recreation	3,450,645	3,850,645	3,634,829	215,816
<b>Debt service</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	1,984,925	1,929,325	1,081,982	847,343
<b>Total expenditures</b>	<b>15,035,555</b>	<b>15,435,555</b>	<b>13,411,001</b>	<b>2,024,554</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,533,603)	(1,933,603)	729,766	2,663,369
<b>Other Financing Sources (Uses)</b>				
Legislative appropriations	1,247,200	1,647,200	576,213	(1,070,987)
Transfers, in	331,779	331,779	331,779	-
Transfers, out	(261,557)	(261,557)	(306,680)	(45,123)
<b>Total other financing sources (uses)</b>	<b>1,317,422</b>	<b>1,717,422</b>	<b>601,312</b>	<b>(1,116,110)</b>
<b>Net change in fund balances</b>	<b>\$ (216,181)</b>	<b>(216,181)</b>	<b>1,331,078</b>	<b>1,547,259</b>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(118,721)	
Adjustments to expenditures			(85,893)	
Net change in fund balance (GAAP)			<u>\$ 1,126,464</u>	

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**INFRASTRUCTURE FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Sales and miscellaneous taxes	\$ 1,850,000	1,850,000	1,663,117	(186,883)
State grants	532,000	532,000	342,000	(190,000)
Federal grants	3,967,000	3,967,000	741,774	(3,225,226)
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	-	(1,000)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>6,350,000</u>	<u>6,350,000</u>	<u>2,746,891</u>	<u>(3,603,109)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,500,000	2,500,000	147,948	2,352,052
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	3,965,000	3,965,000	3,060,039	904,961
<b>Total expenditures</b>	<u>6,465,000</u>	<u>6,465,000</u>	<u>3,207,987</u>	<u>3,257,013</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(461,096)</u>	<u>(346,096)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(595,833)</u>	<u>(45,833)</u>
<b>Total other financing sources (uses)</b>	<u>(550,000)</u>	<u>(550,000)</u>	<u>(595,833)</u>	<u>(45,833)</u>
<b>Net change in fund balances</b>	<u>\$ (665,000)</u>	<u>(665,000)</u>	<u>(1,056,929)</u>	<u>(391,929)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			269,636	
Adjustments to expenditures			<u>51,253</u>	
Net change in fund balance (GAAP)			<u>\$ (736,040)</u>	

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2015**

	Enterprise Funds		
	Water Sewer	Solid Waste	
	Fund	Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,880,610	3,166,120	5,046,730
Restricted cash	257,090	-	257,090
Investments	240,000	200,000	440,000
Accounts receivable	763,586	213,804	977,390
Due from other governments	699,205	237,895	937,100
Inventories	48,791	-	48,791
<b>Total current assets</b>	<b>3,889,282</b>	<b>3,817,819</b>	<b>7,707,101</b>
Noncurrent Assets			
Capital assets	83,009,681	4,649,883	87,659,564
Less accumulated depreciation	(29,657,164)	(3,364,541)	(33,021,705)
<b>Total noncurrent assets</b>	<b>53,352,517</b>	<b>1,285,342</b>	<b>54,637,859</b>
<b>Total assets</b>	<b>57,241,799</b>	<b>5,103,161</b>	<b>62,344,960</b>
<b>DEFERRED OUTFLOWS - Pension Related</b>	<b>30,769</b>	<b>26,374</b>	<b>57,143</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	154,455	175,555	330,010
Salaries payable	21,968	18,118	40,086
Customer deposits	257,090	-	257,090
Interest payable	309,384	-	309,384
Current portion of debt	1,622,047	21,646	1,643,693
<b>Total current liabilities</b>	<b>2,364,944</b>	<b>215,319</b>	<b>2,580,263</b>
Non-Current Liabilities			
Compensated absences	13,733	21,645	35,378
Post-closure landfill costs	-	507,842	507,842
Bonds, notes, loans and capital leases	19,670,028	-	19,670,028
Net pension liability	284,669	244,002	528,671
<b>Total liabilities</b>	<b>22,333,374</b>	<b>988,808</b>	<b>23,322,182</b>
<b>DEFERRED INFLOWS - Pension Related</b>	<b>111,563</b>	<b>95,625</b>	<b>207,188</b>
<b>NET POSITION</b>			
Net investment in capital assets	32,060,442	1,263,696	33,324,138
Restricted	-	-	-
Unrestricted	2,767,189	2,781,406	5,548,595
<b>Total net position</b>	<b>\$ 34,827,631</b>	<b>4,045,102</b>	<b>38,872,733</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND**  
**NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2015**

	Enterprise Funds		
	Water Sewer Fund	Solid Waste Fund	Total
Operating Revenues			
Charges for services	\$ 8,931,855	2,520,052	11,451,907
Intergovernmental	-	-	-
Miscellaneous	125,811	104,084	229,895
<b>Total operating revenues</b>	<b>9,057,666</b>	<b>2,624,136</b>	<b>11,681,802</b>
Operating Expenses			
Personnel services	935,443	807,482	1,742,925
Non-payroll expenses	3,903,546	1,342,866	5,246,412
Depreciation	2,315,172	110,496	2,425,668
<b>Total operating expenses</b>	<b>7,154,161</b>	<b>2,260,844</b>	<b>9,415,005</b>
Operation (loss) income	1,903,505	363,292	2,266,797
Non-Operating Revenues (Expenses)			
Interest and investment revenue	3,879	1,180	5,059
Legislative appropriation	692,200	-	692,200
Interest expense	(483,655)	-	(483,655)
<b>Total non-operating revenue (expenses)</b>	<b>212,424</b>	<b>1,180</b>	<b>213,604</b>
(Loss) income before contributions and transfers	2,115,929	364,472	2,480,401
Transfers			
Transfers, in	60,610	-	60,610
Transfers, out	(118,713)	(15,324)	(134,037)
<b>Change in net position</b>	<b>2,057,826</b>	<b>349,148</b>	<b>2,406,974</b>
Net position, beginning of year	33,121,735	3,997,608	37,119,343
Restatement (Note 16)	(351,930)	(301,654)	(653,584)
Net position, beginning of year as restated	32,769,805	3,695,954	36,465,759
<b>Net position, end of year</b>	<b>\$ 34,827,631</b>	<b>4,045,102</b>	<b>38,872,733</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2015**

	Water Sewer Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers and others	\$ 8,603,637	2,567,762	11,171,399
Cash paid for goods and services	(3,938,934)	(1,220,824)	(5,159,758)
Cash paid to employees	(931,599)	(786,745)	(1,718,344)
<b>Net cash provided by operating activities</b>	<b>3,733,104</b>	<b>560,193</b>	<b>4,293,297</b>
Cash Flows From Investing Activities			
Purchases of capital assets	(1,231,747)	(169,344)	(1,401,091)
Cash received on legislative appropriations	692,200	-	692,200
Interest received	3,879	1,180	5,059
<b>Net cash used by investing activities</b>	<b>(535,668)</b>	<b>(168,164)</b>	<b>(703,832)</b>
Cash Flows From Non-Capital Financing			
Activities Operating transfers, net	(58,103)	(15,324)	(73,427)
<b>Net cash used by non-capital financing activities</b>	<b>(58,103)</b>	<b>(15,324)</b>	<b>(73,427)</b>
Cash Flows From Capital and Related			
Financing Activities			
Debt payment	(1,538,928)	-	(1,538,928)
Interest paid	(483,655)	-	(483,655)
<b>Net cash used by capital and related financing activities</b>	<b>(2,022,583)</b>	<b>-</b>	<b>(2,022,583)</b>
Net (decrease) increase in cash and cash equivalents	1,116,750	376,705	1,493,455
Cash and restricted cash and cash equivalents, beginning of year	1,020,950	2,789,415	3,810,365
<b>Cash and restricted cash and cash equivalents, end of year</b>	<b>\$ 2,137,700</b>	<b>3,166,120</b>	<b>5,303,820</b>
Reconciliation of Operating (Loss) Income to Net			
Cash Provided by Operating Activities			
Operating (loss) income	\$ 1,903,505	363,292	2,266,797
Adjustments to operating (loss) income to net cash provided by operating activities:			
Depreciation expense	2,315,172	110,496	2,425,668
Change in net pension liability	13,533	11,599	25,132
Change in assets and liabilities:			
Accounts receivable	19,296	144,129	163,425
Due from other governments	(473,325)	(200,182)	(673,507)
Inventory	-	-	-
Accounts payable	33,132	142,255	175,387
Customer deposits	(7,460)	-	(7,460)
Accrued liabilities	(60,532)	321	(60,211)
Compensated absences	(10,217)	8,817	(1,400)
Post closure landfill liability	-	(20,534)	(20,534)
<b>Net cash provided by operating activities</b>	<b>\$ 3,733,104</b>	<b>560,193</b>	<b>4,293,297</b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2015**

**ASSETS**

Cash and cash equivalents	\$	1,799,470
Due from other agencies		246,302
		<hr/>
<b>Total assets</b>	<b>\$</b>	<b>2,045,772</b>
		<hr/> <hr/>

**LIABILITIES**

Accounts payable	\$	46,280
Accrued liabilities		38,046
Long-term loan payable		213,760
Due to others		1,747,686
		<hr/>
<b>Total liabilities</b>	<b>\$</b>	<b>2,045,772</b>
		<hr/> <hr/>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**A. Financial Reporting Entity (Continued)**

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.

The government-wide financial statements (i.e., the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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

Inter-fund balances have been eliminated in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or delivery of goods for the funds' ongoing operation.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statement. Major individual enterprise funds are reported as separate columns in the fund financial statements.

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

**C. Basis of Presentation - Fund Accounting**

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**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.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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

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

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

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

In addition, the government reports the following fund types:

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

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

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: 2003A GRT Revenue Bonds.

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

**D. Measurement Focus and Basis of Accounting**

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

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

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 measureable and available to finance expenditures of the fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and amounts collected within 60 days after year end).

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

Expenditures, other than vacation, compensatory, and sick pay, are recorded when they are incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

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

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**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 2015 budget year, the County 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 County 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 2014 were collected in 2015, and taxes certified in 2015 will be collected in 2016. Taxes are due on July 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**F. Cash, Restricted Cash and Cash Equivalents**

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

**G. Investments**

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

**H. Receivables**

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

**I. Property Taxes**

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

**J. Interfund Receivables and Payables**

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

**K. Inventory**

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**L. Capital Assets**

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

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

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

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

**M. Compensated Absences**

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

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**N. Long-term Debt Obligations (Continued)**

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

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

**O. Pensions**

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**P. Fund Balance**

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), The Village classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- 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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**Q. Net Position**

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

**R. Use of Estimates**

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

**S. Fund Balance for Subsequent Years Expenditures**

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



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3. DEPOSITS AND INVESTMENTS**

**A. Cash and Investments**

As of June 30, 2015, the Village had the following investments:

	<u>Fair Value</u>	<u>Weighted Maturity Average (Months)</u>
Certificates of deposit – Governmental	\$ 460,151	7.52
Certificates of deposit - Enterprise	440,000	2.69

**B. Interest Rate Risk**

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

**C. Credit Risk**

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

**D. Concentration of Credit Risk**

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

**E. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The portion of the Village's cash balances is exposed to custodial credit risk and was uncollateralized at June 30, 2015. See pledged collateral statement on pages 100 and 101 and related finding on page 115. 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 102 through 103.

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, 2015.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2015 consisted of the following. All receivables as of June 30, 2015 were deemed to be fully collectible.

	General Fund	Infrastructure Fund	Other Governmental Funds	Enterprise Funds	Total
Receivables:					
Trade accounts	\$ -	\$ -	\$ -	\$ 977,390	\$ 977,390
Grants and other governments	1,992,508	984,766	34,859	937,100	3,949,233
Other tax	-	-	59,773	-	59,773
Total receivables	<u>\$ 1,992,508</u>	<u>\$ 984,766</u>	<u>94,632</u>	<u>1,914,490</u>	<u>\$ 4,986,396</u>

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015**

**NOTE 5. CAPITAL ASSETS**

A summary of changes in capital assets follows:

Governmental Activities	Balance June 30, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 2,473,929	-	-	2,473,929
Construction in progress	2,652,152	356,910	(374,723)	2,634,339
Total capital assets not being depreciated	5,126,081	356,910	(374,723)	5,108,268
Capital assets being depreciated				
Land improvements	7,388,016	755,795	-	8,143,811
Buildings and improvements	16,183,501	35,808	-	16,219,309
Vehicles	4,672,340	226,425	(70,071)	4,828,694
Machinery and equipment	3,970,448	294,784	-	4,265,232
Capital leases	560,290	-	(154,290)	406,000
Infrastructure	62,769,169	2,605,382	374,723	65,749,274
Total capital assets being depreciated	95,543,764	3,918,194	150,362	99,612,320
Total capital assets	100,669,845	4,275,104	(224,361)	104,720,588
Less accumulated depreciation for				
Land improvements	(3,314,836)	(664,697)	-	(3,979,533)
Buildings and improvements	(5,680,773)	(487,673)	-	(6,168,446)
Vehicles	(3,754,324)	(415,150)	70,071	(4,099,403)
Machinery and equipment	(3,110,175)	(235,852)	-	(3,346,027)
Capital leases	(316,690)	(81,200)	154,290	(243,600)
Infrastructure	(39,509,651)	(2,503,013)	-	(42,012,664)
Total accumulated depreciation	(55,686,449)	(4,387,585)	224,361	(59,849,673)
Total capital assets being depreciated, net	39,857,315	(469,391)	374,723	39,762,647
Governmental activities Capital assets, net	\$ 44,983,396	(112,481)	-	44,870,915

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2015**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

A summary of changes in capital assets follows:

Business-Type Activities	Balance June 30, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 1,207,228	-	-	1,207,228
Construction in progress	304,841	143,713	-	448,554
Water rights	3,467,910	-	-	3,467,910
Total capital assets not being depreciated	4,979,979	143,713	-	5,123,692
Capital assets being depreciated				
Land improvements	11,671	-	-	11,671
Buildings and improvements	19,542,721	-	-	19,542,721
Vehicles	3,660,625	160,330	-	3,820,955
Machinery and equipment	963,334	129,137	(63,813)	1,028,658
Water/sewer plant	57,100,143	1,031,725	-	58,131,868
Landfill Open/Close in Progress	-	-	-	-
Total capital assets being depreciated	81,278,494	1,321,192	(63,813)	82,535,873
Total capital assets	86,258,473	1,464,905	(63,813)	87,659,565
Less accumulated depreciation for				
Land improvements	(9,628)	(585)	-	(10,213)
Buildings and improvements	(2,364,725)	(592,204)	-	(2,956,929)
Vehicles	(3,453,057)	(89,662)	-	(3,542,719)
Machinery and equipment	(857,453)	(26,496)	-	(883,949)
Water/sewer plant	(23,911,174)	(1,716,722)	-	(25,627,896)
Total accumulated depreciation	(30,596,037)	(2,425,669)	-	(33,021,706)
Total capital assets being depreciated, net	50,682,457	(1,104,477)	(63,813)	49,514,167
Business-type activities Capital assets, net	\$ 55,662,436	(960,764)	(63,813)	54,637,859

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

**Governmental activities**

General government	\$ 634,240
Public safety	365,124
Public works	2,919,618
Culture and recreation	468,603
	<u>\$ 4,387,585</u>

**Business-type activities**

Water/Sewer	\$ 2,315,172
Solid Waste	110,496
	<u>\$ 2,425,668</u>

**STATE OF NEW MEXICO  
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June 30, 2015**

**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, 2015:

Fiscal Year Ending June 30,	Principal
2016	\$ 64,856
2017	64,856
2018	64,856
2019	64,856
Total	<u>\$ 259,424</u>

The Village's principal and interest requirements to retire the long-term obligations are as follows:

**1998 RUS Bonds - Enterprise Fund**

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 52,000	\$ 10,450
2017	54,000	7,980
2018	57,000	5,415
2019	57,000	2,708
Total	<u>\$ 220,000</u>	<u>\$ 26,553</u>

**Gross Receipts Tax Revenue Bonds – Government**

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 720,000	\$ 73,400
2017	730,000	59,000
2018	735,000	44,400
2019	745,000	22,350
Total	<u>\$ 2,930,000</u>	<u>\$ 199,150</u>

STATE OF NEW MEXICO  
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**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**Government Notes Payable**

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 222,966	\$ 50,674
2017	227,084	46,611
2018	231,360	42,222
2019	194,277	37,488
2020	198,508	33,258
2021-2025	979,164	98,070
2026-2027	370,777	11,160
Total	<u>\$ 2,424,136</u>	<u>\$ 319,483</u>

**Enterprise Notes Payable**

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,556,315	\$ 564,339
2017	1,588,634	524,796
2018	1,628,928	484,527
2019	1,338,729	443,186
2020	1,374,568	407,373
2021-2025	6,337,257	1,512,621
2026-2030	6,180,208	669,459
2031-2032	1,053,703	31,232
Total	<u>\$ 21,058,342</u>	<u>\$ 4,637,533</u>

**STATE OF NEW MEXICO  
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Year Ended June 30, 201**

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

The changes to long-term debt are as follows:

	Interest Rate	Balance June 30, 2014	Increase	(Decrease)	Balance June 30, 2015	Amounts Due Within One Year
<b>Business-type activities:</b>						
<b>Water and sewer fund</b>						
Wastewater facility construction loan	2.00%	\$ 1,262,519	-	(306,317)	956,202	312,444
Drinking water state revolving loan	2.54%	1,565,599	-	(211,039)	1,354,560	216,907
Clean water state revolving loan	2.00%	2,080,605	-	(155,129)	1,925,476	158,232
Clean water state revolving loan 2008	3.00%	14,093,551	-	(647,634)	13,445,917	667,063
Joint water & sewer system revenue bond	4.75%	269,000	-	(49,000)	220,000	52,000
NMFA drinking water loan	2.00%	3,432,896	-	(184,104)	3,248,792	187,795
NMFA water/sewer river crossing loan	0.25%	127,395	-	-	127,395	13,874
Compensated absences	N/A	23,950	31,783	(28,268)	27,465	13,732
Total water and sewer fund		22,855,515	31,783	(1,581,491)	21,305,807	1,622,047
<b>Solid Waste Fund</b>						
Compensated absences		34,474	26,904	(18,088)	43,290	21,646
Total solid waste fund		34,474	26,904	(18,088)	43,290	21,646
Total business-type activities		\$ 22,889,989	58,687	(1,599,579)	21,349,097	1,643,693
<b>Governmental Activities</b>						
2014 Gross Receipts Tax	3.80%	\$ -	3,475,000	(545,000)	2,930,000	720,000
2003A Groos Receipts Tax	3.70%	3,750,000		(3,750,000)	-	-
NMED Loan	2.00%	2,167,186	-	(147,626)	2,019,560	150,578
NMFA Police Vehicles	1.78%	30,327	-	(30,327)	-	-
NMFA Fire Truck	3.01%	314,500	-	(32,000)	282,500	32,100
NMFA Road Equipment	1.21%	162,147	-	(40,071)	122,076	40,288
Equipment lease	Various	-	324,280	(64,856)	259,424	64,856
Compensated absences	N/A	348,418	322,798	(293,103)	378,113	293,103
Total governmental activities		6,772,578	4,122,078	(4,902,983)	5,991,673	1,300,925
Grand total long-term debt		\$ 29,662,567	4,180,765	(6,502,562)	27,340,770	2,944,618
<b>Agency Fund (Central Dispatch)</b>						
USDA loan	4.38%	\$ 313,260	-	(99,500)	213,760	106,000
Total agency fund (Central Dispatch)		\$ 313,260	-	(99,500)	213,760	106,000

**STATE OF NEW MEXICO  
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**NOTE 7. INTERFUND BALANCES**

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2015.

<u>Due From Other Funds</u>	<u>Amount</u>	<u>Due To Other Funds</u>	<u>Amount</u>
<b>Major Governmental Funds:</b>		<b>Major Governmental Funds:</b>	
General Fund	\$ 17,021	General Fund	\$ -
<b>Total Major Governmental Funds</b>	<b>\$ -</b>	<b>Total Major Governmental Funds</b>	<b>\$ -</b>
<b>Nonmajor Governmental Funds:</b>		<b>Nonmajor Governmental Funds:</b>	
Transportation Building Project	\$ -	Transportation Building Project	17,021
<b>Total Nonmajor Governmental Funds</b>	<b>\$ -</b>	<b>Total Nonmajor Governmental Funds</b>	<b>\$ 17,021</b>
<b>Grand Total</b>	<b>\$ 17,021</b>	<b>Grand Total</b>	<b>\$ 17,021</b>

**NOTE 8. OPERATING TRANSFERS**

General Fund transfers to other funds were for debt service payments and for the operations of the enterprise funds. Infrastructure transfers and other governmental funds transfers were for the employee benefits and debt service liabilities. The transfer to the Water Sewer Fund from the Bond Acquisition Fund was used for the expansion of the WWTP Facility.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds:</b>		
General Fund	\$ 331,779	306,680
Infrastructure	-	595,833
Local DWI Grant	-	5,655
Municipal Street Improvement	-	60,610
<b>Debt Service Funds:</b>		
2014 GRT Revenue	731,816	-
<b>Enterprise Funds:</b>		
Water Sewer	60,610	118,713
Solid Waste	-	15,324
<b>Agency Fund:</b>		
Central Dispatch	-	21,390
<b>Total</b>	<b>\$ 1,124,205</b>	<b>1,124,205</b>



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**NOTE 9. INSURANCE COVERAGE**

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

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

**NOTE 10. 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 \$507,842 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 2015 for the care of the landfill amounted to \$19,137.

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT**

**Plan description:** The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

STATE OF NEW MEXICO  
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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

ERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided:** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions:** The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to Village are Municipal Plan 3, Municipal Police Plan 5, and Municipal Fire Plan 5. Statutorily required contributions to the pension plan from the Village were \$914,149, however only \$849,611 was contributed. See related finding 2013-002. In addition, the employer paid member benefits that were “picked up” by the employer were \$599,388 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014.

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

*For PERA Fund Division Municipal Plan 3*, at June 30, 2015, the Village reported a liability of \$4,066,699 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.5213% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$632,879. At June 30, 2015, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,591,000
Changes in assumptions	-	2,756
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	<u>714,203</u>	<u>-</u>
Total	<u>\$ 714,203</u>	<u>1,593,756</u>

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

\$714,203 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

2016	(398,436)
2017	(398,436)
2018	(398,436)
2019	(398,436)
2020	(12)
Thereafter	-

***For PERA Fund Division Municipal Police Plan 5***, at June 30, 2015, the Village reported a liability of \$2,749,392 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.8434% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$400,790. At June 30, 2015, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,022,345
Changes in assumptions	-	223,344
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	468,426	-
Total	<u>\$ 468,426</u>	<u>1,245,689</u>

\$468,426 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

2016	(311,145)
2017	(311,145)
2018	(311,145)
2019	(311,145)
2020	(1,109)
Thereafter	-

***For PERA Fund Division Municipal Fire Plan 5***, at June 30, 2015, the Village reported a liability of \$2,310,305 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.5535% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$285,636. At June 30, 2015, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 319,992
Changes in assumptions	80,202	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	-
Village's contributions subsequent to the measurement date	186,268	-
Total	<u>\$ 266,370</u>	<u>319,992</u>

\$186,168 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

2016	(60,047)
2017	(60,047)
2018	(60,047)
2019	(60,047)
2020	398
Thereafter	-

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

**Actuarial assumptions:** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level of percentage pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	100.0%	

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate:** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

**PERA Fund Division Municipal Plan 3**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village's proportionate share of the net pension liability	\$ 7,666,643	4,066,699	1,285,571

**PERA Fund Division Municipal Police Plan 5**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village's proportionate share of the net pension liability	\$ 5,243,095	2,749,392	887,378

**PERA Fund Division Municipal Fire Plan 5**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village's proportionate share of the net pension liability	\$ 3,264,288	2,310,305	1,606,706



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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan:** The Village accrued \$4,470 in PERA benefits at June 30, 2015 for the pay period beginning June 19, 2015, and ending July 4, 2015.

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

**NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN**

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

**Funding Policy.** The contribution requirements of plan members and the Village are established and may be amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For fiscal year 2015, the Village contributed \$226,444 to the Plan. Plan members receiving benefits contributed \$40,200 through their required contribution of 0.65% per pay period.

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

Annual required contribution	\$ 854,207
Interest on net OPEB obligation	-
Adjustment to annual requirement contribution	-
Annual OPEB cost	854,207
Contributions made	(266,644)
Increase in net OPEB obligation	587,563
Net OPEB obligation, beginning of year	3,035,645
Net OPEB obligation, end of year	\$ 3,623,208

**STATE OF NEW MEXICO  
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**NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 854,207	34.9%	\$ 2,447,601
2014	\$ 854,207	28.1%	\$ 3,035,645
2015	\$ 854,207	23.6%	\$ 3,623,208

*Funded Status and Funding Progress.* As of June 30, 2015, the unfunded actuarial accrued liability (UAAL) was estimated at \$7,573,596.

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

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

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 13. CONDUIT DEBT OBLIGATIONS**

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

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

**NOTE 14. OVERSPENT BUDGET LINE ITEMS**

Generally accepted accounting principles require disclosures of certain information concerning individual funds excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2015:

2014 Gross Receipts Tax Revenue Bond	
Debt Service	\$ 3,604,600

**NOTE 15. DEFICIT FUND BALANCE**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including deficit fund balance of individual funds. The following fund had a deficit fund balance at June 30, 2015:

Law Enforcement Fund	\$ 3,449
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**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 16. NET POSITION RESTATEMENT**

The Village has restated beginning net position in the amount of (\$10,232,742) for Governmental Activities and (\$653,584) for Business-Type Activities related to the implementation of GASB 68, which requires reporting of the Village's proportionate share of the New Mexico Public Employees Retirement Association's net pension liability.

**NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Village provides substantially all of its employees with pension benefits through the state's multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the Village, to record their proportionate share, as defined in GASB Statement 68, of Village's unfunded pension liability. The Village has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The Village adopted GASB Statement No.68 during fiscal year 2015 and, as a result, restated beginning fund balance in the amount of \$10,886,326. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the Village's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.

In January 2013, the GASB issued statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis.

The Village was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the Village's financial statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In November 2013, the GASB issued statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Village adopted GASB Statement No. 71 during fiscal year 2015.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Village adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the Village's financial statements.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 18. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Village's Proportion of the Net Pension Liability (Asset)	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 9,126	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 6,245	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	146.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.



**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS - WATER SEWER FUND**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**June 30, 2015**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Village's Proportion of the Net Pension Liability (Asset)	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 285	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 503	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	56.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS - SOLID WASTE FUND**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**June 30, 2015**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Village's Proportion of the Net Pension Liability (Asset)	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 244	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 431	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	56.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data \*\*  
General, Police and Fire Divisions Combined Summary  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 818	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,580	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (762)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 3,079	5		\$ 769	769	769	769	3				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	<u>\$ 3,079</u>			<u>\$ 769</u>	<u>769</u>	<u>769</u>	<u>769</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 387	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	850	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (463)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 1,594	5		\$ 398	398	398	398	2				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 1,594			\$ 398	398	398	398	2	-	-	-	-

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 300	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	517	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (217)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 1,246	5		\$ 311	311	311	311	2				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 1,246			\$ 311	311	311	311	2	-	-	-	-

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 131	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	213	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (82)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 240	5		\$ 60	60	60	60	-				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 240			\$ 60	60	60	60	-	-	-	-	-

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS - WATER SEWER FUND  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 27	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	60	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (33)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 112	5		\$ 28	28	28	28	-				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 112			\$ 28	28	28	28	-	-	-	-	-

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS - SOLID WASTE FUND  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
June 30, 2015

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 23	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	51	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ (28)	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods												
Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 96	5		\$ 24	24	24	24	-				
2015	-	5			-	-	-	-	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 96			\$ 24	24	24	24	-	-	-	-	-

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

\*\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

***Changes of Benefit Terms.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NON-MAJOR FUNDS  
June 30, 2015**

**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 lodgers tax funds for advertising, publicizing and promoting tourist related attractions and events within the Village.

**Municipal Street Improvement Fund (17)**

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

**Fire Fund (21)**

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

**Recreation Fund (22)**

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

**Police Program (23)**

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

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NON-MAJOR FUNDS  
June 30, 2015**

**Special Revenue Funds (Continued)**

**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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
NON-MAJOR FUNDS  
June 30, 2015**

**Capital Projects Fund**

**Transportation Building (58)**

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

**Debt Service Fund**

**Gross Receipt Tax Revenue Bond 2014 (32)**

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

The purpose of this issue was to defray the cost to 1) refund the Village's Gross Receipts Tax Improvement Revenue Bonds, Series 2003A, 2) acquire, extend, enlarge, better, repair, otherwise improve or maintain sanitary sewers, sewage treatment plants or water utilities, including but not necessarily limited to the acquisition of rights of way and water and water rights, or any combination of the foregoing, 3) construct, purchase, furnish, equip, rehabilitate, make additions to or make improvements to public buildings, 4) purchase, acquire, rehabilitate fire-fighting equipment or any combination of the foregoing, 5) acquire, construct, purchase, equip, furnish, make additions to, renovate, rehabilitate, beautify or otherwise improve public parking or recreational facilities, and 6) cover all costs incidental to the issuance of the Bonds.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds			
	Lodger's Tax	Municipal Street Improvement	Fire Fund	Recreation Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 122,371	726,769	-	309,050
Investments	-	-	-	-
Due from other funds	-	-	-	-
Receivable from other governments	-	-	-	-
Other Receivables	12,968	46,805	-	-
<b>Total assets</b>	<b>\$ 135,339</b>	<b>773,574</b>	<b>-</b>	<b>309,050</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 671	8,590	-	2,993
Due to other funds	-	-	-	-
Accrued payroll expenditures	-	-	-	-
<b>Total liabilities</b>	<b>671</b>	<b>8,590</b>	<b>-</b>	<b>2,993</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	134,668	-	-	306,057
Committed	-	-	-	-
Assigned	-	764,984	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>134,668</b>	<b>764,984</b>	<b>-</b>	<b>306,057</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 135,339</b>	<b>773,574</b>	<b>-</b>	<b>309,050</b>

See Notes to Financial Statements.

Special Revenue Funds (Continued)						
Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Services	Local DWI	Total Special Revenue	
10,857	118,489	-	-	140,913	1,428,449	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	8,551	8,551	
-	-	-	-	-	59,773	
10,857	118,489	-	-	149,464	1,496,773	
-	40,576	1	-	15,009	67,840	
-	-	-	-	-	-	
-	-	-	-	7,283	7,283	
-	40,576	1	-	22,292	75,123	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
10,857	77,913	-	-	127,172	656,667	
-	-	-	-	-	-	
-	-	-	-	-	764,984	
-	-	(1)	-	-	(1)	
10,857	77,913	(1)	-	127,172	1,421,650	
10,857	118,489	-	-	149,464	1,496,773	

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)**  
**June 30, 2015**

	Transportation Building Project	Total Capital Projects	2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	-	103,166	103,166	1,531,615
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Receivable from other governments	26,308	26,308	-	-	34,859
Other Receivables	-	-	-	-	59,773
<b>Total assets</b>	<b>\$ 26,308</b>	<b>26,308</b>	<b>103,166</b>	<b>103,166</b>	<b>1,626,247</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	-	-	67,840
Due to other funds	17,021	17,021	-	-	17,021
Accrued payroll expenditures	-	-	-	-	7,283
<b>Total liabilities</b>	<b>17,021</b>	<b>17,021</b>	<b>-</b>	<b>-</b>	<b>92,144</b>
<b>DEFERRED INFLOWS</b>					
Property taxes	-	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	9,287	9,287	103,166	103,166	769,120
Committed	-	-	-	-	-
Assigned	-	-	-	-	764,984
Unassigned	-	-	-	-	(1)
<b>Total fund balances</b>	<b>9,287</b>	<b>9,287</b>	<b>103,166</b>	<b>103,166</b>	<b>1,534,103</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 26,308</b>	<b>26,308</b>	<b>103,166</b>	<b>103,166</b>	<b>1,626,247</b>



**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	Special Revenue Funds			
	Lodger's Tax	Municipal Street Improvement	Fire Fund	Recreation Fund
Revenues				
Sales and miscellaneous taxes	\$ 64,954	536,725	-	8,820
State grants	-	-	106,431	-
Federal grants	-	-	-	-
Charges for services	-	-	-	205,166
Investment earnings	-	205	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>64,954</b>	<b>536,930</b>	<b>106,431</b>	<b>213,986</b>
Expenditures				
Current				
General government	41,536	-	-	-
Public safety	-	-	65,640	-
Public works	-	241,126	-	-
Culture and recreation	-	-	-	190,922
Debt service				
Principal	-	187,696	32,000	-
Interest and other charges	-	45,089	9,317	-
Capital outlay	-	-	-	11,511
<b>Total expenditures</b>	<b>41,536</b>	<b>473,911</b>	<b>106,957</b>	<b>202,433</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	23,418	63,019	(526)	11,553
Other financing sources (uses)				
Proceeds from issuance of debt	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	-	(60,610)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(60,610)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>23,418</b>	<b>2,409</b>	<b>(526)</b>	<b>11,553</b>
Fund balances, beginning of year	111,250	762,575	526	294,504
<b>Fund balances, end of year</b>	<b>\$ 134,668</b>	<b>764,984</b>	<b>-</b>	<b>306,057</b>

See Notes to Financial Statements.

Special Revenue Funds (Continued)					
Police Program	Local Government Correction	Law Enforcement Protection	Emergency Medical Service	Local DWI	Total Special Revenue
-	-	-	-	-	610,499
11,284	-	41,000	-	392,508	551,223
-	-	-	-	-	-
-	37,923	-	10,287	53,696	307,072
-	-	-	-	-	205
-	-	-	-	-	-
11,284	37,923	41,000	10,287	446,204	1,468,999
-	-	-	-	-	41,536
7,619	45,281	-	10,287	506,838	635,665
-	-	-	-	-	241,126
-	-	-	-	-	190,922
-	-	29,727	-	-	249,423
-	-	658	-	-	55,064
-	-	10,616	-	-	22,127
7,619	45,281	41,001	10,287	506,838	1,435,863
3,665	(7,358)	(1)	-	(60,634)	33,136
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(5,655)	(66,265)
-	-	-	-	(5,655)	(66,265)
3,665	(7,358)	(1)	-	(66,289)	(33,129)
7,192	85,271	-	-	193,461	1,454,779
10,857	77,913	(1)	-	127,172	1,421,650

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)**  
**Year Ended June 30, 2015**

	Transportation Building Project	Total Capital Projects	2014 Gross Receipts Tax Revenue Bond	Total Debt Service	Total Other Governmental Funds
Revenues					
Sales and miscellaneous taxes	\$ -	-	-	-	610,499
State grants	-	-	-	-	551,223
Federal grants	117,564	117,564	-	-	117,564
Charges for services	-	-	-	-	307,072
Investment earnings	-	-	-	-	205
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>117,564</b>	<b>117,564</b>	<b>-</b>	<b>-</b>	<b>1,586,563</b>
Expenditures					
Current					
General government	-	-	-	-	41,536
Public safety	-	-	-	-	635,665
Public works	-	-	-	-	241,126
Culture and recreation	-	-	-	-	190,922
Debt service					
Principal	-	-	4,360,457	4,360,457	4,609,880
Interest and other charges	-	-	97,577	97,577	152,641
Capital outlay	110,955	110,955	-	-	133,082
<b>Total expenditures</b>	<b>110,955</b>	<b>110,955</b>	<b>4,458,034</b>	<b>4,458,034</b>	<b>6,004,852</b>
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	6,609	6,609	(4,458,034)	(4,458,034)	(4,418,289)
Other financing sources (uses)					
Proceeds from issuance of debt	-	-	3,616,811	3,616,811	3,616,811
Transfers, in	-	-	731,816	731,816	731,816
Transfers, out	-	-	-	-	(66,265)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>4,348,627</b>	<b>4,348,627</b>	<b>4,282,362</b>
<b>Net change in fund balances</b>	<b>6,609</b>	<b>6,609</b>	<b>(109,407)</b>	<b>(109,407)</b>	<b>(135,927)</b>
Fund balances, beginning of year	2,678	2,678	212,573	212,573	1,670,030
<b>Fund balances, end of year</b>	<b>\$ 9,287</b>	<b>9,287</b>	<b>103,166</b>	<b>103,166</b>	<b>1,534,103</b>

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR ENTERPRISE FUNDS -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**Year Ended June 30, 2015**

	Water Sewer			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 9,500,327	9,500,327	8,477,826	(1,022,501)
Intergovernmental	-	-	-	-
Miscellaneous	-	-	125,811	125,811
<b>Total revenues</b>	<u>9,500,327</u>	<u>9,500,327</u>	<u>8,603,637</u>	<u>(896,690)</u>
Expenses				
Personnel services	1,032,349	1,012,949	1,003,435	9,514
Non-payroll expenses	11,066,305	11,085,705	3,869,853	7,215,852
<b>Total expenses</b>	<u>12,098,654</u>	<u>12,098,654</u>	<u>4,873,288</u>	<u>7,225,366</u>
Other financing sources				
Interest and investment revenue	6,135	6,135	3,879	(2,256)
Legislative appropriations	1,900,000	1,900,000	692,200	(1,207,800)
Interest expense	-	-	(483,655)	(483,655)
Operating transfers in	60,610	60,610	60,610	-
Operating transfers (out)	(118,713)	(118,713)	(118,713)	-
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ (750,295)</u>	<u>(750,295)</u>	<u>3,884,670</u>	<u>4,634,965</u>
Unbudgeted revenues and expenses:				
Depreciation expense			(2,315,172)	
Changes in accounts receivable			454,029	
Changes in accounts payable			(33,693)	
Changes in accrued liabilities			<u>67,992</u>	
GAAP change in net position			<u>\$ 2,057,826</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR ENTERPRISE FUNDS -**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**Year Ended June 30, 2015**

	Solid Waste			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,562,810	2,562,810	2,463,999	(98,811)
Intergovernmental	-	-	-	-
Miscellaneous	2,830	2,830	104,084	101,254
<b>Total revenues</b>	<u>2,565,640</u>	<u>2,565,640</u>	<u>2,568,083</u>	<u>2,443</u>
Expenses				
Personnel services	854,372	854,372	807,161	47,211
Non-payroll expenses	1,580,170	1,580,170	1,200,611	379,559
<b>Total expenses</b>	<u>2,434,542</u>	<u>2,434,542</u>	<u>2,007,772</u>	<u>426,770</u>
Other financing sources				
Interest and investment revenue	980	980	1,180	200
Legislative appropriations	-	-	-	-
Interest expense	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	(15,324)	(15,324)	(15,324)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ <u>116,754</u>	<u>116,754</u>	546,167	<u>429,413</u>
Unbudgeted revenues and expenses:				
Depreciation expense			(110,496)	
Changes in accounts receivable			56,053	
Changes in accounts payable			(142,255)	
Changes in accrued liabilities			<u>(321)</u>	
GAAP change in net position			<u>\$ 349,148</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**LODGER'S TAX**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and miscellaneous taxes	\$ 56,359	56,359	68,533	12,174
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>56,359</u>	<u>56,359</u>	<u>68,533</u>	<u>12,174</u>
Expenditures				
Current				-
General government	53,000	53,000	42,137	10,863
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>53,000</u>	<u>53,000</u>	<u>42,137</u>	<u>10,863</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>3,359</u>	<u>3,359</u>	<u>26,396</u>	<u>23,037</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 3,359</u>	<u>3,359</u>	<u>26,396</u>	<u>23,037</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(3,579)	
Adjustments to expenditures			601	
Net change in fund balance (GAAP)			<u>\$ 23,418</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**MUNICIPAL STREET IMPROVEMENT**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ 445,000	534,364	539,085	4,721
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	328	328	205	(123)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>445,328</b>	<b>534,692</b>	<b>539,290</b>	<b>4,598</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	200,000	489,364	238,547	250,817
Culture and recreation	-	-	-	-
Debt service				
Principal	232,786	232,786	187,696	45,090
Interest and other charges	-	-	45,089	(45,089)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>432,786</b>	<b>722,150</b>	<b>471,332</b>	<b>250,818</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	12,542	(187,458)	67,958	255,416
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(60,610)	(60,610)	(60,610)	-
<b>Total other financing sources (uses)</b>	<b>(60,610)</b>	<b>(60,610)</b>	<b>(60,610)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (48,068)</b>	<b>(248,068)</b>	<b>7,348</b>	<b>255,416</b>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(2,360)	
Adjustments to expenditures			(2,579)	
Net change in fund balance (GAAP)			\$ 2,409	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**FIRE FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	84,279	106,431	106,431	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>84,279</b>	<b>106,431</b>	<b>106,431</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	43,534	65,686	65,640	46
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	41,271	32,000	9,271
Interest and other charges	41,271	-	9,317	(9,317)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>84,805</b>	<b>106,957</b>	<b>106,957</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(526)</u>	<u>(526)</u>	<u>(526)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>\$ <u>(526)</u></b>	<b><u>(526)</u></b>	<b>(526)</b>	<b><u>-</u></b>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<b>\$ <u>(526)</u></b>	

See Notes to Financial Statements.



**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**RECREATION FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ 6,796	6,796	8,820	2,024
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	149,133	208,714	205,166	(3,548)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>155,929</u>	<u>215,510</u>	<u>213,986</u>	<u>(1,524)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	145,296	204,877	187,493	17,384
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>11,511</u>	<u>3,489</u>
<b>Total expenditures</b>	<u>160,296</u>	<u>219,877</u>	<u>199,004</u>	<u>20,873</u>
Excess (deficiency) of revenues over (under) expenditures before other financing source (uses)	<u>(4,367)</u>	<u>(4,367)</u>	<u>14,982</u>	<u>19,349</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (4,367)</u>	<u>(4,367)</u>	<u>14,982</u>	<u>19,349</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(3,429)</u>	
Net change in fund balance (GAAP)			<u>\$ 11,553</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**POLICE PROGRAM**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	5,000	11,284	11,284	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>5,000</u>	<u>11,284</u>	<u>11,284</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	5,000	11,284	7,745	3,539
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>5,000</u>	<u>11,284</u>	<u>7,745</u>	<u>3,539</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,539</u>	<u>3,539</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>3,539</u>	<u>3,539</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			<u>126</u>	
Net change in fund balance (GAAP)			<u>\$ 3,665</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**LOCAL GOVERNMENT CORRECTION**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	49,328	49,328	37,923	(11,405)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>49,328</u>	<u>49,328</u>	<u>37,923</u>	<u>(11,405)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	49,328	49,328	49,034	294
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>49,328</u>	<u>49,328</u>	<u>49,034</u>	<u>294</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,111)</u>	<u>(11,111)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>(11,111)</u>	<u>(11,111)</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			<u>3,753</u>	
Net change in fund balance (GAAP)			<u>\$ (7,358)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	44,450	44,450	41,000	(3,450)
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>44,450</b>	<b>44,450</b>	<b>41,000</b>	<b>(3,450)</b>
Expenditures				
Current				-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				-
Principal	33,176	33,176	33,176	-
Interest and other charges	658	658	658	-
Capital outlay	10,616	10,616	10,616	-
<b>Total expenditures</b>	<b>44,450</b>	<b>44,450</b>	<b>44,450</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	(3,450)	(3,450)
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>(3,450)</b>	<b>(3,450)</b>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			3,449	
Net change in fund balance (GAAP)			\$ (1)	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**EMERGENCY MEDICAL SERVICE**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	10,015	10,287	-	(10,287)
Federal grants	-	-	-	-
Charges for services	-	-	10,287	10,287
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>10,015</b>	<b>10,287</b>	<b>10,287</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	10,015	10,287	10,287	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>10,015</b>	<b>10,287</b>	<b>10,287</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ -	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**LOCAL DWI GRANT**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	390,990	392,490	385,313	(7,177)
Federal grants	-	-	-	-
Charges for services	92,139	92,139	53,696	(38,443)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>483,129</u>	<u>484,629</u>	<u>439,009</u>	<u>(45,620)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	483,033	524,533	511,845	12,688
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>483,033</u>	<u>524,533</u>	<u>511,845</u>	<u>12,688</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>96</u>	<u>(39,904)</u>	<u>(72,836)</u>	<u>(32,932)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(5,655)</u>	<u>(5,655)</u>	<u>(5,655)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(5,655)</u>	<u>(5,655)</u>	<u>(5,655)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (5,559)</u>	<u>(45,559)</u>	<u>(78,491)</u>	<u>(32,932)</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			7,195	
Adjustments to expenditures			<u>5,007</u>	
Net change in fund balance (GAAP)			<u>\$ (66,289)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**TRANSPORTATION BUILDING PROJECT**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	905,954	905,954	140,453	(765,501)
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>905,954</u>	<u>905,954</u>	<u>140,453</u>	<u>(765,501)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>905,954</u>	<u>905,954</u>	<u>110,955</u>	<u>794,999</u>
<b>Total expenditures</b>	<u>905,954</u>	<u>905,954</u>	<u>110,955</u>	<u>794,999</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>29,498</u>	<u>29,498</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>29,498</u>	<u>29,498</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			(22,889)	
Adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 6,609</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) (CONTINUED)**  
**2014 GROSS RECEIPTS TAX REVENUE BOND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Sales and miscellaneous taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	32	32	-	(32)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>32</b>	<b>32</b>	<b>-</b>	<b>(32)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	795,126	795,126	4,353,399	(3,558,273)
Interest and other charges	58,308	58,308	104,635	(46,327)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>853,434</b>	<b>853,434</b>	<b>4,458,034</b>	<b>(3,604,600)</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(853,402)</u>	<u>(853,402)</u>	<u>(4,458,034)</u>	<u>(3,604,632)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	3,616,811	3,616,811
Transfers, in	640,860	640,860	731,816	90,956
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>640,860</b>	<b>640,860</b>	<b>4,348,627</b>	<b>90,956</b>
<b>Net change in fund balances</b>	<b>\$ <u>(212,542)</u></b>	<b><u>(212,542)</u></b>	<b>(109,407)</b>	<b><u>(3,513,676)</u></b>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (109,407)</u>	

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2015**

		Court Trust Fund	Central Solid Waste Authority	Central Dispatch	Municipal Court Bond	Total Agency Fund
ASSETS						
Cash and cash equivalents	\$	1,996	1,117,151	662,298	18,025	1,799,470
Due from other agencies		-	54,036	192,266	-	246,302
Total Assets	\$	1,996	1,171,187	854,564	18,025	2,045,772
LIABILITIES						
Accounts payable	\$	1,301	-	26,954	18,025	46,280
Accrued liabilities		-	-	38,046	-	38,046
Long-term loan payable		-	-	213,760	-	213,760
Due to others		695	1,171,187	575,804	-	1,747,686
Total Liabilities	\$	1,996	1,171,187	854,564	18,025	2,045,772

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**SUPPLEMENTAL SCHEDULE OF PLEDGED COLLATERAL**  
**Year Ended June 30, 2015**

	Wells Fargo	U.S. Bank	SECU
<b>Deposits in Bank or Savings and Loan</b>			
Money market	\$ -	6,713,340	-
Bank deposits (checking)	9,610,811	18,025	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,151
	9,610,811	6,731,365	100,151
Less: FDIC insurance	250,000	250,000	100,151
<b>Total uninsured public funds</b>	\$ 9,360,811	6,481,365	-
<b>Collateral requirement @ 50%</b>	4,680,406	3,231,670	-
<b>Collateral requirement @ 102%</b>	-	-	-
<b>Total required collateralization</b>	4,680,406	3,231,670	-
<b>Pledges and securities</b>			
FG G06959 CUSIP #3128M9B43, 3.500%, due 10/1/2041	667,886	-	-
FG A93766 CUSIP #31292FF7, 4.000%, due 9/1/2040	12,371	-	-
FNR 2012-44 FE CUSIP #3136A5E93, 0.590%, due 6/25/2041	515,414	-	-
FN AH1559 CUSIP #3138A2WV7, 4.000%, due 12/1/2040	699,056	-	-
FN AK2674 CUSIP #3138E66L5, 3.500%, due 2/1/2042	443,022	-	-
FN AO2684 CUSIP #3138LS6W5, 3.500%, due 8/1/2042	834,968	-	-
FN AO6780 CUSIP #3138LXRA9, 3.000%, due 6/1/2042	994,445	-	-
FN AR3830 CUSIP #3138W1HG5, 3.000%, due 2/1/2043	17,259	-	-
FN AT0229 CUSIP #3138WMHF1, 3.000%, due 2/1/2043	3,286,494	-	-
FN AT2015 CUSIP #3138WPGZ1, 3.000%, due 4/1/2043	173,073	-	-
FN AT8139 CUSIP #3138WWBH1, 3.500%, due 8/1/2043	105,817	-	-
FN AU0924 CUSIP #3138X0A24, 3.500%, due 7/1/2043	710,778	-	-
FN AU4291 CUSIP #3138X3XV9, 4.000%, due 9/1/2043	68,450	-	-
FN AB2812 CUSIP #31416YDS4, 4.500%, due 4/1/2041	762,022	-	-
FN AB5735 CUSIP #31417CLR4, 3.000%, due 7/1/2042	4,880	-	-
FN AB6309 CUSIP #31417DAK9, 3.000%, due 9/1/2042	27,348	-	-
FN AD1656 CUSIP #31418NZW3, 4.500%, due 3/1/2040	1,001,295	-	-
FN AD6370 CUSIP #31418UCG7, 4.500%, due 5/1/2040	133,926	-	-
Federal Home Loan Bank of Cincinnati Letter of Credit	-	6,500,000	-
GN 11160E CUSIP #38378AR37, 3.000%, due 12/20/2034	-	-	-
GNMA1 CUSIP #36176W7E5, 3.500%, due 1/15/2042	-	-	-
CNMA2 CUSIP #36179M6H8, 2.000%, due 3/20/2043	-	-	-
FNMA CUSIP #3138MAKS6, 3.000%, due 9/1/2042	-	-	-
FNMA CUSIP #3138M8J61, 3.000%, due 9/1/2042	-	-	-
Santa Fe Cnty NM Security #801889LV6, 4.100%, due 7/1/2023	-	-	-
Total pledged securities	10,458,504	6,500,000	-
Excess (deficiency)	\$ 5,778,098	3,268,330	-

Safekeeping locations for the above securities are as follows:

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

My Bank	Bank of Albuquerque	Bank of the West	Nusenda	New Mexico Bank & Trust	X-press Bill Pay	Total
-	-	854,292	-	-	-	7,567,632
-	-	1,678,473	-	-	171,864	11,479,173
-	-	-	-	-	-	-
100,000	100,000	300,000	100,000	200,000	-	900,151
100,000	100,000	2,832,765	100,000	200,000	171,864	19,946,956
100,000	100,000	500,000	100,000	200,000	171,864	1,772,015
-	-	2,332,765	-	-	-	18,174,941
-	-	1,166,383	-	-	-	9,078,459
-	-	-	-	-	-	-
-	-	1,166,383	-	-	-	9,078,459
-	-	-	-	-	-	667,886
-	-	-	-	-	-	12,371
-	-	-	-	-	-	515,414
-	-	-	-	-	-	699,056
-	-	-	-	-	-	443,022
-	-	-	-	-	-	834,968
-	-	-	-	-	-	994,445
-	-	-	-	-	-	17,259
-	-	-	-	-	-	3,286,494
-	-	-	-	-	-	173,073
-	-	-	-	-	-	105,817
-	-	-	-	-	-	710,778
-	-	-	-	-	-	68,450
-	-	-	-	-	-	762,022
-	-	-	-	-	-	4,880
-	-	-	-	-	-	27,348
-	-	-	-	-	-	1,001,295
-	-	-	-	-	-	133,926
-	-	621,231	-	-	-	7,121,231
-	-	616,338	-	-	-	616,338
-	-	44,227	-	-	-	44,227
-	-	94,557	-	-	-	94,557
-	-	163,182	-	-	-	163,182
-	-	-	-	-	-	-
-	-	-	-	437,676	-	437,676
-	-	1,539,535	-	437,676	-	18,935,715
-	-	373,152	-	437,676	-	9,857,256

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**Year Ended June 30, 2015**

	Wells Fargo	US Bank	SECU
Deposits in Bank or Savings and Loan			
Money Market	\$ -	6,713,340	-
Bank deposits (checking)	9,610,811	18,025	-
Repurchase deposits	-	-	-
Certificates of deposit	-	-	100,151
<b>Total bank balance</b>	<b>9,610,811</b>	<b>6,731,365</b>	<b>100,151</b>
Reconciling items			
Outstanding checks	(1,037,121)	-	-
Deposits in transit	7,845	2,879	-
Other adjustments	117,124	-	-
<b>Total adjustments</b>	<b>(912,152)</b>	<b>2,879</b>	<b>-</b>
<b>Total book balance</b>	<b>8,698,659</b>	<b>6,734,244</b>	<b>100,151</b>
Less agency fund balances included in bank balance	1,799,470	-	-
Total primary government	\$ 6,899,189	6,734,244	100,151

My Bank	Bank of Albuquerque	Bank of the West	Nusenda	New Mexico Bank & Trust	X-press Bill Pay	Total
-	-	854,292	-	-	-	7,567,632
-	-	1,678,473	-	-	171,864	11,479,173
-	-	-	-	-	-	-
100,000	100,000	300,000	100,000	200,000	-	900,151
100,000	100,000	2,832,765	100,000	200,000	171,864	19,946,956
-	-	-	-	-	-	(1,037,121)
-	-	-	-	-	40,605	51,329
-	-	129,655	-	-	199	246,978
-	-	129,655	-	-	40,804	(738,814)
100,000	100,000	2,962,420	100,000	200,000	212,668	19,208,142
-	-	-	-	-	-	1,799,470
100,000	100,000	2,962,420	100,000	200,000	212,668	17,408,672

**STATE OF NEW MEXICO**  
**VILLAGE OF LOS LUNAS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2015**

		<b>Court Trust Fund</b>	<b>Central Solid Waste Authority</b>	<b>Central Dispatch</b>	<b>Municipal Court Bond</b>	<b>Total Agency Fund</b>
Assets, July 1, 2014	\$	3,521	1,057,886	740,756	27,779	1,829,942
Increase		18,572	317,598	1,046,068	-	1,382,238
Decrease		(20,097)	(204,297)	(932,260)	(9,754)	(1,166,408)
<b>Assets, June 30, 2015</b>	<b>\$</b>	<b>1,996</b>	<b>1,171,187</b>	<b>854,564</b>	<b>18,025</b>	<b>2,045,772</b>
Liabilities, July 1, 2014	\$	3,521	1,057,886	740,756	27,779	1,829,942
Increase		18,572	317,598	1,046,068	-	1,382,238
Decrease		(20,097)	(204,297)	(932,260)	(9,754)	(1,166,408)
<b>Liabilities, June 30, 2015</b>	<b>\$</b>	<b>1,996</b>	<b>1,171,187</b>	<b>854,564</b>	<b>18,025</b>	<b>2,045,772</b>

STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF JOINT POWERS AGREEMENTS  
June 30, 2015

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	January 01, 2015 through December 31, 2015	Maximum \$35,000	Unknown	Responsible for own fiscal contribution
New Mexico Department of Game and Fish	State of New Mexico	Los Lunas Open Space	Conducting OHV law enforcement patrols and education on public lands.	July 1, 2014 through June 24, 2015	Maximum \$14,000	Unknown	
New Mexico Department of Game and Fish	State of New Mexico	Village of Los Lunas	OHV Training Park Improvements (Phase 5) Project #15-17	October through March January 1, 2015, and continuing on the 1st day of every month thereafter until December 31, 2024.	Maximum \$10,000	Unknown	
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)	October through March	Monthly rental amount of \$3,163.75	Unknown	Village of Los Lunas
New Mexico Department of Game and Fish	State of New Mexico	Village of Los Lunas	OHV Training Park Improvements (Phase 4) Project#15-16	October through March	Maximum \$10,000	Unknown	
Plateau Telecommunications, Inc.	Plateau Telecommunications	Village of Los Lunas	Expand Plateau's capabilities to connect to customers and expand the Village's network by using fiber optic stands to Belen and to Bosque Farms.	Ther term of this Agreement shall be for 10 years from contract entry date November 5, 2014	The Village has received an appropriation of \$125,000.00 in order to upgrade its fiber optic network	Unknown	The Village of Los Lunas is responsible for the funds received for construction
Rio Metro Regional Transit District	Rio Metro Regional Transit District	Village of Los Lunas	Snow Removal	The term of this agreement shall be completed within two (2) years for the contract entry date February 24, 2014	Maximum of \$2,000	Unknown	The Village of Los Lunas
Los Lunas Public School District	Valencia County	Village of Los Lunas	Summer Recreation Program	July 1, 2014 through June 30, 2015	Cost of \$9,000	Unknown	The Village of Los Lunas

**VILLAGE OF LOS LUNAS**  
**SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)**  
**For the Year Ended June 30, 2015**  
**Prepared by Agency Staff Name: Tamie Manns, Purchasing Specialist. Date: 1/29/2016**

<i>RFB#/ RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	RFP	Molzen-Corbin & Associates	\$ 1,029,074	\$ -	2701 Miles Rd. SE, Albuquerque, NM 87106	Y	N/A	Engineering services
N/A	RFB	G. Sandoval Construction, Inc.	941,716	-	2000 E. Lohman Ave., Las Cruces, NM 88001	Y	N/A	Unavailable
N/A	RFB	RMCI, Inc.	675,619	-	6211 Chappell Rd. NE, Albuquerque, NM 87113	Y	N/A	Unavailable
N/A	RFB	Star Paving. Co.	553,034	-	3109 Love Rd. SW, Albuquerque, NM 87121	Y	N/A	Unavailable
N/A	NM State Purchasing Contract	Hodges Oil Company, Inc.	414,240	-	709 S. Main St., Belen, NM 87002	Y	N/A	Fuel for Fleet
N/A	Unavailable	Waste Management of NM	343,415	-	1600 Highway 6, NW, Los Lunas, NM 87031	Y	N/A	Trash Tipping Fees
N/A	RFB	Desert Fox, LLC	283,265	-	4838 E. Baseline Rd., Mesa, AZ 85206	Y	N/A	Unavailable
N/A	Cooperative Purchasing Agreement	Cooperative Educational Services	255,184	-	4216 Baloon Park Rd., NE, Albuquerque, NM 87109	Y	N/A	Unavailable
N/A	RFB	CG's Concrete, Inc.	248,267	-	10 Proctor Dr., Peralta, NM 87042	Y	N/A	Small Construction Services
N/A	RFB	LAV Construction & Septic LTD	204,440	-	51 Andres Sanchez Rd., Belen, NM 87002	Y	N/A	Small Construction Services
N/A	NM State Purchasing Contract	Argyle Welding Supply, Inc.	143,007	-	820 Comanche Rd., Albuquerque, NM 87107	Y	N/A	Chemicals
N/A	RFP	Sites Southwest, LLC	135,347	-	121 Tijeras Ave., NE, #3100, Albuquerque, NM 87102	Y	N/A	Unavailable
N/A	NM State Purchasing Contract	Advanced Communication & Electric Inc.	123,435	-	2417 Baylor Dr., SE, Albuquerque, NM 87106	Y	N/A	Unavailable
N/A	RFB	Altor Construction, Inc.	112,020	-	5215 Edith Blvd. NE, Albuquerque, NM 87107	Y	N/A	Unavailable
N/A	RFB	New Mexico Meters, LLC	107,613	-	9119 Anacapa Ave. NW, Albuquerque, NM 87121	Y	N/A	Unavailable
N/A	RFB	New Mexico Underground Contract	106,250	-	Unable to locate	Y	N/A	Unavailable
N/A	Sole Source	James, Cooke, & Hobson, Inc.	83,333	-	3810 Academy Pkwy S NE, Albuquerque, NM 87109	Y	N/A	Unavailable
N/A	RFP	Laurence P. Guggino, Jr.	81,375	-	435 Luna Ave. SE, Los Lunas, NM 87031	Y	N/A	Legal Services
N/A	RFB	Cochise Contractors, Inc.	79,340	-	333 N. Black Canyon Hwy, Phoenix, AZ 85009	N	N/A	Unavailable
N/A	RFB	Pavement Sealants & Supply, Inc.	64,152	-	15 Eddie Ln., Belen, NM 87002	Y	N/A	Small Construction Services
N/A	RFB	P.A.P., Inc.	61,737	-	Unable to locate	Y	N/A	Small Construction Services
N/A	RFP	Cemco, Inc.	61,648	-	80 Don Luis Trujillo Blvd., Belen, NM 87002	Y	N/A	Unavailable
N/A	Unavailable	All Motor Parts & Supply, Inc.	60,014	-	11 Stover Rd., Loas Lunas, NM 87031	Y	N/A	Small Purchases
N/A	MOA	Plateau Telecommunications, Inc.	132,023	-	410 Corona Ave., Santa Rosa, NM 88435	Y	N/A	Unavailable
N/A	RFP	Caselle, Inc.	108,135	-	1656 E. Bay Blvd., #100, Provo, UT 84606	N	N/A	Software
N/A	NM State Purchasing Contract	Cisco Systems Capital Corp.	68,338	-	Unable to locate	N	N/A	Unavailable
N/A	NM State Purchasing Contract	CDW Government Inc.	71,289	-	200 N. Milwaukee Ave., Vernon Hills, IL 60061	N	N/A	Unavailable
N/A	MOU	Rocky Mountain Offender	87,018	-	1100 4th St., NW, Suite C, Albuquerque, NM 87102	N	N/A	Offender Monitoring
N/A	LEDA Grant	ACIM, Inc.	400,000	-	2800 Purple Sage, Los Lunas, NM 87031	Y	N/A	Unavailable
N/A	RFB	John P. Haaland	99,298	-	Unable to locate	Y	N/A	Janitorial Services



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2015**

<u>Federal Grantor or Pass-Through Grantor/Program Title</u>	<u>Passthrough Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice</b>			
Community Oriented Policing Services		16.710	\$ 60,649
Edward Byrne Memorial Justice Assistance		16.738	14,811
Bulletproof Vest Partnership		16.607	3,198
<b>Total U.S. Department of Justice</b>			<u>78,658</u>
<b>U.S. Department of Transportation</b>			
Transportation Building		20.526	97,509
Passed Through the State of New Mexico Department of Transportation			
NM 314 Bike Enhancements (1)	A300890	20.205	5,626
UTP Courthouse Road Improvements	A300190	20.205	660,000
STP-E Interchange Beautification Project	A301120	20.205	163,387
<b>Total U.S. Department of Transportation</b>			<u>926,522</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,005,180</u></u>

(1) Denotes major federal assistance program

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,005,180
Total expenditures funded by other sources	<u>21,653,300</u>
Total expenditures	<u><u>\$ 22,658,480</u></u>

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

To the Village Council  
Village of Los Lunas  
and Mr. Tim Keller  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Village of Los Lunas ("Village"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated March 1, 2016.

**Internal Control over Financial Reporting**

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

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

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

**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 is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2014-001, and 2013-002.

**Village's Response to Findings**

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

**Purpose of this Report**

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



Albuquerque, New Mexico  
March 1, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Village Council  
Village of Los Lunas  
and Mr. Tim Keller  
New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Los Lunas's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2015. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to

determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico  
March 1, 2016

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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***Financial Statements***

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material Weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	
CFDA #20.205 – Highway Planning and Construction	
Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

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**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

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**2015-001 DUE DATE OF AUDIT REPORT (Other Matter)**

*CONDITION:* The Village's June 30, 2015 audit report was not filed under the time restrictions specified by the New Mexico State Auditor.

*CRITERIA:* The State Auditor Rule NMAC 2.2.2.9.A specifies the audit financial statement of local governmental entities are due by December 15 following the fiscal year-end, thus requiring the June 30, 2015 report to be filed no later than December 15, 2015.

*EFFECT:* The Village is in violation of the State Auditor Rule NMAC 2.2.2.9.A for the fiscal year ended June 30, 2015. This issue may result in not having accurate financial information for budget preparation or financial projections. Also, it causes the Village to be placed on the State of New Mexico's "At-Risk Listing" and it may impact funding received from the State. Additionally, this issue may limit the borrowing ability of the Village precluding it from finishing undertaken projects.

*CAUSE:* The Village converted its accounting software during the fiscal year, as a result the accounting staff experienced several unexpected challenges with reconciling its accounting records.

*RECOMMENDATION:* The Village should implement accounting policies and procedures that would prevent unexpected challenges, such as the conversion to a new accounting system, from reconciling its accounting records.

*MANAGEMENT RESPONSE:* The Village implemented new financial software in the middle of the fiscal year (November 2015) including: General Ledger, Cash Receipting, Utility Billing, Payroll, Purchasing, and Human Resource modules. The Finance Officer is responsible for the reconciliation of financial records and was able to determine that the differences in fund balance were a result of audit adjustments from prior year. Village staff was unable to correct the carryover amounts since they were converted data from the prior financial system. The Village had to procure, Caselle, the new financial software company, to resolve the problem. The Village regrets the late audit finding; however, the integrity of the financial data is the priority for the Village in the audit process. This finding is resolved with the submittal of this audit report. This audit finding will not be repeated next fiscal year.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**2015-002 EXPENDITURES EXCEED BUDGET (Other Matter)**

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

<b>Fund</b>	<b>Excess of Expenditures over Appropriations</b>
2014 Gross Receipts Tax Revenue Bond	(3,604,632)

CRITERIA: All Village fund, with the exception of agency funds, are to be budgeted by the local governing body and submitted to State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6 NMSA 1978 Compilation. Per Section 6-6-11 NMSA 1978 (the Bateman Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts or any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void.

CRITERIA: Any expenditures in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amount so allowed or paid may be held against the bondsmen such official.

CAUSE: The Village did not consider the effect of the debt refinancing that occurred during the current year during their year-end monitoring of budget.

RECOMMENDATION: We recommend that the Village establish policies and procedures to ensure that all non-cash transactions such as refinancing of debt are included in their budget monitoring process.

*MANAGEMENT RESPONSE:* The year-end budget review process did not warrant a budget resolution by the accounting department in view of the fact that the net effect of the non-cash transaction did not cause an excess of expense in the approved budget. The Finance Officer is responsible for implementing a change to the Village accounting policies to ensure that non-cash transactions are processes as a general ledger transaction and addressed in the budget process. The accounting policies will be presented to the Village Governing Board by July 2016 to include budgeting compliance for non-cash transactions.



**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

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

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None.

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

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**2014-001 Public Monies and Pledged Collateral (Non-Compliance Other Matters) –  
Revised and Repeated**

*CONDITION:* During our testing of public monies in accordance with the 2015 New Mexico State Audit Rule, it was identified that the Village had approximately \$212,668 in cash held with a third party vendor who is located outside of New Mexico. Further testing identified that the third party was not considered to be a financial institution covered under the Federal Deposit Insurance Corporation and no securities were pledged by the third party as collateral on the cash held by the Village with the third party.

The Village made progress as they reduced the total balance held in the third party bank from \$570,000 at June 30, 2014 to \$212,668 at June 30, 2015.

*CRITERIA:* Section 6-10-10(A) NMSA 1978 requires that municipalities who have on hand any public money shall make deposit of that money in banks and savings and loan associations or may make deposit of that money in credit unions whose deposits are insured by an agency of the United States. Section 6-10-10(B) NMSA 1978 further stipulates that municipalities may deposit money in one or more accounts with any such bank, saving and loan association or credit union located in their respective counties. Finally, section 6-10-17 NMSA 1978 requires that any bank or savings and loan association designated as a depository of public money shall deliver securities that have an aggregate value equal to one-half the amount of public money to a custodial bank.

*EFFECT:* Holding public monies in a third party account that is not considered to be a bank, savings and loan association or credit union as well as holding public monies in a third party account who does not pledge collateral on behalf of the Village with a custodial bank indicates non-compliance with state regulation as well as increases the Villages exposure for loss of the public monies.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

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

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**2014-001 Public Monies and Pledged Collateral (Non-Compliance Other Matters) -  
Revised and Repeated (Continued)**

*CAUSE:* The Village was unable to transfer the cash from the third party vendor to a financial institution within their respective county in a timely manner causing an increase in the balance on hand with the third party at June 30, 2015.

*RECOMMENDATION:* It is recommended that the Village implement a procedure which requires routine transfers of the cash from the third party to the Villages deposit accounts held within Valencia County. It is recommended that the Village transfer these monies on a recurring basis.

*MANAGEMENT RESPONSE:* Management agrees with auditor's recommendation regarding the transfer of funds in a timely manner from Xpress Bill Pay, the Village's third party on-line payment processor, to a local approved depository for the collected funds. To correct this finding the Village will establish policies to ensure that funds are transferred in a systematic and timely manner. The Finance Officer will be responsible for ensuring compliance with this new policy. The implementation of this new policy on procedures for depository transfers will commence with next year's audit for the period ending June 30, 2016.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**2013-002 PERA Compliance (Non-Compliance Other Matters) - Revised and Repeated**

*CONDITION:* During our compliance testing with the New Mexico Office of the State Auditor Rule 2.2.2.10G(7) NMAC, we noted that the Public Employees Retirement Association (PERA) contribution percentages have not been remitted at the statutory contribution rate resulting in a \$66,949 understatement.

The Village anticipated the software conversion in the current fiscal year would resolve its noncompliance for employer and employee PERA contributions. However, no progress was made during fiscal 2015 as the computer conversion caused additional errors.

*CRITERIA:* Sections 10-11-1 to 10-11-141 NMSA 1978 set forth required contribution percentages for the employer and employee for various retirement plans.

*EFFECT:* Employer and employee contributions may be underpaid.

*CAUSE:* The Village has converted its accounting software during the fiscal year. The payroll department identified multiple occasions in which the correct wages were not reported to PERA on its contribution remittance. The incorrect wage reported on the PERA contribution remittance caused the Village to inadvertently remit the incorrect PERA contribution.

PERA has requested that the Village present payroll information differently than they have previously, by breaking out special pay rates on separate lines for each employee on payroll reports submitted to PERA. This has required the Village IT department to develop special coding which is an ongoing process which they are still refining in order to correctly calculate contribution percentage requirements.

*RECOMMENDATION:* The finance department, specifically payroll personnel, should ensure the correct wages are being remitted to PERA and the employer and employee contributions have been remitted at the correct rate.

*MANAGEMENT RESPONSE:* Management agrees with the auditor's recommendation on ensuring accuracy of wages that are remitted to PERA. The inaccuracies of wages reported to PERA have been identified and originates from a formula error in PERA wage calculation. The Payroll Specialist has corrected these discrepancies and the Village does not anticipate any future findings of this nature in upcoming audits. Furthermore, all employer and employee contributions will be calculated in accordance with the statutory contribution percentages as required by PERA.

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**STATUS OF PRIOR YEAR FINDINGS**

	<b>Description</b>	<b>Status</b>
2014-001	Public Monies and Pledged Collateral	Revised and Repeated
2013-002	PERA Compliance	Revised and Repeated

**STATE OF NEW MEXICO  
VILLAGE OF LOS LUNAS  
EXIT CONFERENCE  
June 30, 2015**

The contents of this report were discussed in the exit conference held on February 10, 2016, with the following in attendance:

**Representing the Village of Los Lunas:**

Charles Griego	Mayor
Gregory Martin	Village Administrator
Monica Clarke	Finance Officer

**Representing Axiom:**

Chris Garner, CPA	Partner
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the Village of Los Lunas.

## **APPENDIX D**

### **Continuing Disclosure Undertaking**

## **Continuing Disclosure Undertaking**

**\$4,180,000**

**VILLAGE OF LOS LUNAS, NEW MEXICO**

**GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2016**

This instrument constitutes the written undertaking by Village of Los Lunas, New Mexico (the “Issuer”) for the benefit of the holders of the above-captioned bonds (the “Bonds”) required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”). Capitalized terms used in this undertaking and not otherwise defined in a Bond Ordinance adopted by the Village Council on May 5, 2016 (the “Bond Ordinance”) shall have the meanings assigned such terms in subsection 3 hereof.

1. The Issuer undertakes to provide the following information as provided herein:

- a. Annual Financial Information;
- b. Audited Financial Statements, if any; and
- c. Material Event Notices.

2. a. The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the “Report Date”), beginning in 2016 to EMMA. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to EMMA; provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to EMMA, the Annual Financial Information by specific reference to documents previously provided to EMMA or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

b. If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to EMMA.

c. If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner to EMMA. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

d. The Issuer shall provide in a timely manner to EMMA, notice of any failure by the Issuer while any Bonds are Outstanding to provide to EMMA, Annual Financial Information on or before the Report Date.

e. The Village or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the Village to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

3. The following are the definitions of the capitalized terms used herein and not otherwise defined in the Bond Ordinance:

a. ***“Annual Financial Information”*** means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”)) or operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement with respect to the Bonds; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

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b. ***“Audited Financial Statements”*** means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

c. ***“EMMA”*** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System located on its website at [emma.msrb.org](http://emma.msrb.org).

d. ***“Material Event”*** means any of the following events, if material, with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;



the security;

- (vi) Adverse tax opinions or events affecting the tax-exempt status of

- (vii) Modifications to rights of security holders;

- (viii) Bond calls;

- (ix) Defeasances;

securities;

- (x) Release, substitution, or sale of property securing repayment of the

- (xi) Rating changes;

- (xii) Tender offers;

- (xiii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

- (xiv) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (xv) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

e. ***“Material Event Notice”*** means written or electronic notice of a Material Event.

4. Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

5. The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Bondholders, but only upon the delivery by the Issuer to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the Issuer with the Rule.

6. Any failure by the Issuer to perform in accordance herewith shall not constitute an "Event of Default" under the Bonds and the Bond Ordinance, and the rights and remedies provided by the Bond Ordinance upon the occurrence of an "Event of Default" shall not apply to any such failure; however, Bondholders may sue to enforce performance of the undertakings set forth herein.

**IN WITNESS WHEREOF**, Village of Los Lunas, New Mexico has caused this instrument to be signed, subscribed, and executed, and attested with the signature of the Mayor on behalf of the Village; has caused its corporate seal to be affixed on this instrument; all as of May 19, 2016.

**VILLAGE OF LOS LUNAS, NEW MEXICO**

/s/  
Charles Griego, Mayor