

STATE OF NEW MEXICO

VILLAGE OF LOS LUNAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2023



PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

STATE OF NEW MEXICO
Village of Los Lunas

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

Official Roster

June 30, 2023

Charles Griego
Christopher Ortiz
Gino M. Romero
Cruz Muñoz
James Runyon
Gregory D. Martin
Cheryl Cates

Mayor
Councilor
Councilor
Mayor Pro-Tem
Councilor
Village Administrator
Finance Director

Independent Auditors' Report

To Joseph M. Maestas, P.E.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Los Lunas (the "Village") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Village's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

OFFICE LOCATIONS

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

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of the Village's proportionate share of the net pension liability, the schedule of the Village's contributions, the schedule of the Village's proportionate share of the OPEB liability, and the schedule of the Village's contributions on pages 60-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 nonmajor fund financial statements, the Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplemental information required by 2.2.2 NMAC as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other supplemental information required by 2.2.2 NMAC as noted in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplemental information required by 2.2.2 NMAC as noted in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 14, 2023

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position
June 30, 2023**

| | Primary Government | | Total |
|---|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 67,105,580 | 9,933,144 | 77,038,724 |
| Restricted cash | 313,974 | 127,997 | 441,971 |
| Investments | 462,705 | 440,000 | 902,705 |
| Accounts receivable | - | 702,831 | 702,831 |
| Receivable from other governments | 7,912,555 | 1,277,916 | 9,190,471 |
| Lease receivable | 307,127 | - | 307,127 |
| Other receivables | 27,353 | - | 27,353 |
| Inventories | - | 114,642 | 114,642 |
| Total current assets | <u>76,129,294</u> | <u>12,596,530</u> | <u>88,725,824</u> |
| Noncurrent assets | | | |
| Lease receivable | 5,446,545 | - | 5,446,545 |
| Capital assets, net of depreciation | 101,434,943 | 76,010,478 | 177,445,421 |
| Total noncurrent assets | <u>106,881,488</u> | <u>76,010,478</u> | <u>182,891,966</u> |
| Total assets | <u>183,010,782</u> | <u>88,607,008</u> | <u>271,617,790</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | 4,883,671 | 1,338,687 | 6,222,358 |
| OPEB related | 3,116,735 | - | 3,116,735 |
| Total deferred outflows of resources | <u>8,000,406</u> | <u>1,338,687</u> | <u>9,339,093</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 3,054,402 | 1,040,976 | 4,095,378 |
| Accrued payroll liabilities | 200,896 | 45,290 | 246,186 |
| Customer deposits | - | 344,056 | 344,056 |
| Interest payable | 83,784 | 84,377 | 168,161 |
| Unearned revenue | 1,172,658 | - | 1,172,658 |
| Due within one year | | | |
| Compensated absences | 470,310 | 110,059 | 580,369 |
| Bonds, notes and loans | 785,421 | 1,801,753 | 2,587,174 |
| Total current liabilities | <u>5,767,471</u> | <u>3,426,511</u> | <u>9,193,982</u> |
| Noncurrent Liabilities | | | |
| Compensated absences | 210,798 | 45,995 | 256,793 |
| Post-closure landfill costs | - | 548,240 | 548,240 |
| Bonds, notes and loans | 10,040,210 | 19,751,823 | 29,792,033 |
| Net pension liability | 18,543,731 | 7,094,305 | 25,638,036 |
| Net OPEB liability | 8,384,458 | - | 8,384,458 |
| Total noncurrent liabilities | <u>37,179,197</u> | <u>27,440,363</u> | <u>64,619,560</u> |
| Total liabilities | <u>42,946,668</u> | <u>30,866,874</u> | <u>73,813,542</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 209,090 | 79,992 | 289,082 |
| OPEB related | 2,540,719 | - | 2,540,719 |
| Lease related | 5,753,672 | - | 5,753,672 |
| Total deferred inflows of resources | <u>8,503,481</u> | <u>79,992</u> | <u>8,583,473</u> |
| NET POSITION | | | |
| Net investment in capital assets | 90,609,312 | 54,456,902 | 145,066,214 |
| Restricted for | | | |
| Special projects and statutory requirements | 16,950,178 | - | 16,950,178 |
| Debt service | 461,004 | 127,997 | 589,001 |
| Customer deposits | - | 344,056 | 344,056 |
| Unrestricted | 31,540,545 | 4,069,874 | 35,610,419 |
| Total net position | <u>\$ 139,561,039</u> | <u>58,998,829</u> | <u>198,559,868</u> |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Activities
Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 7,856,257 | 1,674,119 | 52,204 | 1,746,255 | (4,383,679) | - | (4,383,679) |
| Public safety | 10,958,914 | 61,572 | 1,727,741 | - | (9,169,601) | - | (9,169,601) |
| Highway and streets | 5,625,154 | - | - | 2,967,002 | (2,658,152) | - | (2,658,152) |
| Health and welfare | 423,250 | - | - | - | (423,250) | - | (423,250) |
| Culture and recreation | 4,218,736 | 205,661 | 63,126 | 8,912 | (3,941,037) | - | (3,941,037) |
| Sanitation | 67,360 | - | - | - | (67,360) | - | (67,360) |
| Interest on long-term debt | 310,061 | - | - | - | (310,061) | - | (310,061) |
| Total governmental activities | 29,459,732 | 1,941,352 | 1,843,071 | 4,722,169 | (20,953,140) | - | (20,953,140) |
| Business-Type Activities | | | | | | | |
| Water/Sewer | 13,358,918 | 11,189,672 | - | - | - | (2,169,246) | (2,169,246) |
| Solid waste | 4,356,550 | 2,991,594 | - | - | - | (1,364,956) | (1,364,956) |
| Total business-type activities | 17,715,468 | 14,181,266 | - | - | - | (3,534,202) | (3,534,202) |
| Total primary government | \$ 47,175,200 | 16,122,618 | 1,843,071 | 4,722,169 | (20,953,140) | (3,534,202) | (24,487,342) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Sales tax | | | | | \$ 40,432,160 | - | 40,432,160 |
| Property taxes, levied for general purposes | | | | | 4,043,567 | - | 4,043,567 |
| Franchise tax | | | | | 1,107,071 | - | 1,107,071 |
| Other taxes | | | | | 598,109 | - | 598,109 |
| Unrestricted investment earnings | | | | | 25,937 | 10,613 | 36,550 |
| Payment in lieu of taxes | | | | | 450,000 | - | 450,000 |
| Legislative appropriations | | | | | 27,694 | - | 27,694 |
| Insurance recoveries | | | | | 52,761 | - | 52,761 |
| Loss on disposition of capital assets | | | | | - | 2,325 | 2,325 |
| Miscellaneous | | | | | 1,489,866 | 2,435,117 | 3,924,983 |
| Transfers in | | | | | 4,174,482 | 6,102,264 | 10,276,746 |
| Transfers out | | | | | (9,325,084) | (951,662) | (10,276,746) |
| Total general revenues, special items, and transfers | | | | | 43,076,563 | 7,598,657 | 50,675,220 |
| Change in net position | | | | | 22,123,423 | 4,064,455 | 26,187,878 |
| Net position, beginning | | | | | 117,437,616 | 54,934,374 | 172,371,990 |
| Net position, ending | | | | | \$ 139,561,039 | 58,998,829 | 198,559,868 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Balance Sheet - Governmental Funds
June 30, 2023

| | General Fund | Infrastructure Fund | Daniel Fernandez Park | Non Major Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------|-----------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 50,259,024 | 8,340,642 | 561,954 | 7,943,960 | 67,105,580 |
| Restricted Cash | 312,841 | - | - | 1,133 | 313,974 |
| Investments | 462,705 | - | - | - | 462,705 |
| Due from other funds | 624,514 | - | - | - | 624,514 |
| Receivable from other governments | 6,658,110 | 1,077,445 | - | 177,000 | 7,912,555 |
| Lease receivables | 5,753,672 | - | - | - | 5,753,672 |
| Other receivables | 27,353 | - | - | - | 27,353 |
| Total assets | \$ 64,098,219 | 9,418,087 | 561,954 | 8,122,093 | 82,200,353 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,175,193 | 353,924 | 1,061,942 | 463,343 | 3,054,402 |
| Due to other funds | - | - | - | 624,514 | 624,514 |
| Accrued payroll expenditures | 195,582 | - | - | 5,314 | 200,896 |
| Unearned revenue | - | - | - | 1,172,658 | 1,172,658 |
| Total liabilities | 1,370,775 | 353,924 | 1,061,942 | 2,265,829 | 5,052,470 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | 114,243 | - | - | 13,755 | 127,998 |
| Leases | 5,753,672 | - | - | - | 5,753,672 |
| Total deferred inflows of resources | 5,867,915 | - | - | 13,755 | 5,881,670 |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 2,504,510 | 9,064,163 | - | 5,842,509 | 17,411,182 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | 54,355,019 | - | (499,988) | - | 53,855,031 |
| Total fund balances | 56,859,529 | 9,064,163 | (499,988) | 5,842,509 | 71,266,213 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 64,098,219 | 9,418,087 | 561,954 | 8,122,093 | 82,200,353 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2023**

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

| | | |
|--|-----------|----------------------------------|
| Total fund balances - governmental funds | \$ | 71,266,213 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Cost of capital assets | | 202,063,578 |
| Accumulated depreciation | | <u>(100,628,635)</u> |
| Total capital assets | | 101,434,943 |
| Some revenues will not be available to pay for current period expenditures and, therefore, are not reported in the funds: | | 127,998 |
| Defined benefit pension plan and OPEB deferred outflows are not financial resources and, therefore, are not reported in the funds | | 8,000,406 |
| Defined benefit pension plan and OPEB deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds | | (2,749,809) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Accrued interest | | (83,784) |
| Bonds, notes and loans payable | | (10,825,631) |
| Compensated absences payable | | (681,108) |
| Net OPEB liability | | (8,384,458) |
| Net pension liability | | <u>(18,543,731)</u> |
| Total long-term and other liabilities | | <u>(38,518,712)</u> |
| Net position of governmental activities (Statement of Net Position) | \$ | <u><u>139,561,039</u></u> |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

| | General Fund | Infrastructure Fund | Daniel Fernandez Park | Non Major Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|-----------------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| Sale taxes | \$ 34,280,100 | 5,965,929 | - | 186,131 | 40,432,160 |
| Property taxes | 3,685,227 | - | - | 404,516 | 4,089,743 |
| Franchise taxes | 1,107,071 | - | - | - | 1,107,071 |
| Other taxes | 139,162 | - | - | 458,947 | 598,109 |
| Licenses and permits | 61,375 | - | - | - | 61,375 |
| Federal grants | - | 1,204,460 | - | 2,609,842 | 3,814,302 |
| State grants | 605,233 | 756,982 | - | 1,388,723 | 2,750,938 |
| Charges for Services | 1,690,881 | - | - | 250,471 | 1,941,352 |
| Fines and forfeitures | 201,865 | - | - | 11,245 | 213,110 |
| Investment earnings | 24,426 | - | - | 1,511 | 25,937 |
| Payments in lieu of taxes | 450,000 | - | - | - | 450,000 |
| Miscellaneous | 1,211,581 | 3,800 | - | - | 1,215,381 |
| Total revenues | 43,456,921 | 7,931,171 | - | 5,311,386 | 56,699,478 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 7,086,524 | - | - | 64,609 | 7,151,133 |
| Public safety | 9,662,977 | - | - | 773,403 | 10,436,380 |
| Highway and streets | 1,442,127 | 568,890 | - | 85,083 | 2,096,100 |
| Health and welfare | 451,278 | - | - | - | 451,278 |
| Culture and recreation | 2,296,844 | - | 350,000 | 233,827 | 2,880,671 |
| Debt service | | | | | |
| Principal | 178,858 | - | - | 721,802 | 900,660 |
| Interest and other charges | 88,835 | - | - | 221,226 | 310,061 |
| Capital outlay | 2,802,542 | 4,464,443 | 7,360,360 | 3,230,297 | 17,857,642 |
| Total expenditures | 24,009,985 | 5,033,333 | 7,710,360 | 5,330,247 | 42,083,925 |
| Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses) | 19,446,936 | 2,897,838 | (7,710,360) | (18,861) | 14,615,553 |
| Other financing sources (uses) | | | | | |
| Legislative appropriations | 27,694 | - | - | - | 27,694 |
| Insurance recoveries | 52,761 | - | - | - | 52,761 |
| Transfers in | - | 1,167,000 | 1,400,000 | 1,607,482 | 4,174,482 |
| Transfers out | (9,069,264) | (255,820) | - | - | (9,325,084) |
| Total other financing sources (uses) | (8,988,809) | 911,180 | 1,400,000 | 1,607,482 | (5,070,147) |
| Net change in fund balances | 10,458,127 | 3,809,018 | (6,310,360) | 1,588,621 | 9,545,406 |
| Fund balances, beginning of year | 46,401,402 | 5,255,145 | 5,810,372 | 4,253,888 | 61,720,807 |
| Fund balances, end of year | \$ 56,859,529 | 9,064,163 | (499,988) | 5,842,509 | 71,266,213 |

**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, 2023**

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

| | | | |
|--|--------------------|-----------|--------------------------|
| Net change in fund balances - governmental funds | | \$ | 9,545,406 |
| 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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period | | | |
| Capital Outlay | 17,733,260 | | |
| Depreciation expense | <u>(7,029,513)</u> | | |
| | | | 10,703,747 |
| 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 | | | (46,176) |
| 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. | | | |
| Change in bonds, notes and capital leases | 811,292 | | |
| Change in compensated absences | (108,166) | | |
| Accrued interest | 3,793 | | |
| Change in net pension and OPEB liability | <u>1,213,527</u> | | |
| | | | <u>1,920,446</u> |
| Change in net position governmental activities | | \$ | <u>22,123,423</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
General Fund
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget Positive (Negative) |
|---|------------------------|--------------------|--|--|
| | Original | Final | | |
| Revenues | | | | |
| Sale taxes | \$ 22,560,836 | 27,338,836 | 34,299,278 | 6,960,442 |
| Property taxes | 3,252,617 | 3,666,100 | 3,619,176 | (46,924) |
| Franchise taxes | 808,500 | 1,093,542 | 1,107,071 | 13,529 |
| Other taxes | 134,400 | 134,400 | 139,162 | 4,762 |
| Licenses and permits | 395,700 | 323,939 | 61,375 | (262,564) |
| Federal grants | - | - | - | - |
| State grants | 173,264 | 464,394 | 605,233 | 140,839 |
| Charges for Services | 1,927,546 | 1,707,888 | 1,690,881 | (17,007) |
| Fines and forfeitures | 29,900 | 26,400 | 201,865 | 175,465 |
| Investment earnings | 4,200 | 4,200 | 24,426 | 20,226 |
| Payments in lieu of taxes | 260,000 | 450,000 | 450,000 | - |
| Miscellaneous | 4,500 | 484,913 | 1,126,452 | 641,539 |
| Total revenues | 29,551,463 | 35,694,612 | 43,324,919 | 7,630,307 |
| Expenditures | | | | |
| Current | | | | |
| General government | 7,841,228 | 7,753,288 | 6,998,293 | 754,995 |
| Public safety | 12,061,971 | 12,212,764 | 9,662,977 | 2,549,787 |
| Highway and street | 2,565,696 | 2,831,904 | 1,326,472 | 1,505,432 |
| Health and welfare | 1,335,938 | 1,362,667 | 209,779 | 1,152,888 |
| Culture and recreation | 3,490,096 | 3,500,870 | 2,296,844 | 1,204,026 |
| Debt service | | | | |
| Principal | 1,100 | 1,100 | 1,102 | (2) |
| Interest and other charges | 88,835 | 88,835 | 1,102 | 87,733 |
| Capital outlay | 3,453,576 | 4,550,041 | 3,205,592 | 1,344,449 |
| Total expenditures | 30,838,440 | 32,301,469 | 23,702,161 | 8,599,308 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (1,286,977) | 3,393,143 | 19,622,758 | 16,229,615 |
| Other Financing Sources (Uses) | | | | |
| Legislative appropriations | - | 27,694 | 27,694 | - |
| Insurance recoveries | - | 52,761 | 52,761 | - |
| Proceeds from issuance of debt | - | - | - | - |
| Transfers, in | - | - | - | - |
| Transfers, out | (9,069,264) | (9,069,264) | (9,069,264) | - |
| Total other financing sources (uses) | (9,069,264) | (8,988,809) | (8,988,809) | - |
| Net change in fund balances | \$ (10,356,241) | (5,595,666) | 10,633,949 | 16,229,615 |
| <i>Reconciliation to GAAP Basis:</i> | | | | |
| Adjustments to revenues | | | 132,002 | |
| Adjustments to expenditures | | | (307,824) | |
| Net change in fund balance (GAAP) | | | \$ 10,458,127 | |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
Infrastructure Fund (Special Revenue Fund)
Year Ended June 30, 2023

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget Positive (Negative) |
|---|-----------------------|--------------------|--|--|
| | Original | Final | | |
| Revenues | | | | |
| Sale taxes | \$ 2,970,474 | 4,107,550 | 5,964,400 | 1,856,850 |
| Property taxes | - | - | - | - |
| Franchise taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Federal grants | 7,544,372 | 7,873,603 | 1,204,460 | (6,669,143) |
| State grants | - | 1,428,905 | 756,982 | (671,923) |
| Charges for Services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Payments in lieu of taxes | - | - | - | - |
| Miscellaneous | 675,056 | 10,000 | 3,800 | (6,200) |
| Total revenues | 11,189,902 | 13,420,058 | 7,929,642 | (5,490,416) |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Highways and streets | 900,000 | 900,000 | 567,361 | 332,639 |
| Culture and recreation | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | 13,944,852 | 14,968,513 | 4,464,443 | 10,504,070 |
| Total expenditures | 14,844,852 | 15,868,513 | 5,031,804 | 10,836,709 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (3,654,950) | (2,448,455) | 2,897,838 | 5,346,293 |
| Other Financing Sources (Uses) | | | | |
| Legislative appropriations | - | - | - | - |
| Transfers, in | 1,167,000 | - | 1,167,000 | 1,167,000 |
| Transfers, out | (255,820) | (255,820) | (255,820) | - |
| Total other financing sources (uses) | 911,180 | (255,820) | 911,180 | 1,167,000 |
| Net change in fund balances | \$ (2,743,770) | (2,704,275) | 3,809,018 | 6,513,293 |
| <i>Reconciliation to GAAP Basis:</i> | | | | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net change in fund balance (GAAP) | | | \$ <u>3,809,018</u> | |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Net Position - Proprietary Funds
June 30, 2023

| | Business- Type Activities | | |
|---|---------------------------|---------------------|-------------------|
| | Enterprise Funds | | |
| | Water Sewer Fund | Solid Waste Fund | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 3,804,608 | 6,128,536 | 9,933,144 |
| Restricted cash | 127,997 | - | 127,997 |
| Investments | 240,000 | 200,000 | 440,000 |
| Accounts receivable | 1,842,192 | 138,555 | 1,980,747 |
| Inventories | 114,642 | - | 114,642 |
| Total current assets | 6,129,439 | 6,467,091 | 12,596,530 |
| Noncurrent Assets | | | |
| Capital assets, net of depreciation | 72,758,086 | 3,252,392 | 76,010,478 |
| Total noncurrent assets | 72,758,086 | 3,252,392 | 76,010,478 |
| Total assets | 78,887,525 | 9,719,483 | 88,607,008 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | 861,160 | 477,527 | 1,338,687 |
| Total deferred outflows of resources | 861,160 | 477,527 | 1,338,687 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 971,133 | 69,843 | 1,040,976 |
| Accrued payroll liabilities | 32,045 | 13,245 | 45,290 |
| Customer deposits | 344,056 | - | 344,056 |
| Interest payable | 84,377 | - | 84,377 |
| Due within one year: | | | |
| Compensated absences - current | 62,537 | 47,522 | 110,059 |
| Bonds, notes, and loans - current | 1,801,753 | - | 1,801,753 |
| Total current liabilities | 3,295,901 | 130,610 | 3,426,511 |
| Non-Current Liabilities | | | |
| Compensated absences | 39,071 | 6,924 | 45,995 |
| Post-closure landfill costs | - | 548,240 | 548,240 |
| Bonds, notes, and loans | 19,751,823 | - | 19,751,823 |
| Net pension liability | 4,563,676 | 2,530,629 | 7,094,305 |
| Total noncurrent liabilities | 24,354,570 | 3,085,793 | 27,440,363 |
| Total liabilities | 27,650,471 | 3,216,403 | 30,866,874 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 51,458 | 28,534 | 79,992 |
| Total deferred inflows of resources | 51,458 | 28,534 | 79,992 |
| NET POSITION | | | |
| Net investment in capital assets | 51,204,510 | 3,252,392 | 54,456,902 |
| Restricted | | | |
| Debt service | 127,997 | - | 127,997 |
| Customer deposits | 344,056 | - | 344,056 |
| Unrestricted | 370,193 | 3,699,681 | 4,069,874 |
| Total net position | \$ 52,046,756 | 6,952,073 | 58,998,829 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
Year Ended June 30, 2023

| | Business- Type Activities | | |
|---|---------------------------|---------------------|--------------------|
| | Enterprise Funds | | |
| | Water/Sewer Fund | Solid Waste Fund | Total |
| Operating Revenues | | | |
| Charges for services | \$ 11,189,672 | 2,991,594 | 14,181,266 |
| Miscellaneous | 1,796,818 | 638,299 | 2,435,117 |
| Total operating revenues | 12,986,490 | 3,629,893 | 16,616,383 |
| Operating Expenses | | | |
| Personnel services | 4,266,197 | 2,444,015 | 6,710,212 |
| Materials and supplies | 493,351 | 145,669 | 639,020 |
| Contractual services | 5,381,867 | 1,290,606 | 6,672,473 |
| Depreciation | 3,217,503 | 476,260 | 3,693,763 |
| Total operating expenses | 13,358,918 | 4,356,550 | 17,715,468 |
| Operation income (loss) | (372,428) | (726,657) | (1,099,085) |
| Non-Operating Revenues (Expenses) | | | |
| Interest and investment revenue | 8,604 | 2,009 | 10,613 |
| Loss on disposition of assets | - | 2,325 | 2,325 |
| Interest expense | - | - | - |
| Total non-operating revenue (expenses) | 8,604 | 4,334 | 12,938 |
| Income before contributions and transfers | (363,824) | (722,323) | (1,086,147) |
| Transfers in | 6,102,264 | - | 6,102,264 |
| Transfers out | (951,662) | - | (951,662) |
| Total transfers | 5,150,602 | - | 5,150,602 |
| Change in net position | 4,786,778 | (722,323) | 4,064,455 |
| Net position, beginning of year | 47,259,978 | 7,674,396 | 54,934,374 |
| Net position, end of year | \$ 52,046,756 | 6,952,073 | 58,998,829 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

| | Water Sewer Fund | Solid Waste Fund | Total |
|---|---------------------|---------------------|--------------------|
| Cash Flows From Operating Activities | | | |
| Cash received from customers and others | \$ 11,881,905 | 3,758,983 | 15,640,888 |
| Cash paid for goods and services | (5,613,683) | (1,382,213) | (6,995,896) |
| Cash paid to employees | (2,201,982) | (1,213,030) | (3,415,012) |
| Net cash provided by operating activities | 4,066,240 | 1,163,740 | 5,229,980 |
| Cash Flows From Investing Activities | | | |
| Interest received | 8,604 | 2,009 | 10,613 |
| Net cash provided (used) by investing activities | 8,604 | 2,009 | 10,613 |
| Cash Flows From Non-Capital Financing Activities | | | |
| Operating transfers, net | 5,150,602 | - | 5,150,602 |
| Net cash provided (used) by non-capital financing activities | 5,150,602 | - | 5,150,602 |
| Cash Flows From Capital and Related Financing Activities | | | |
| Purchases of capital assets | (7,976,082) | - | (7,976,082) |
| Gain on sale of assets | - | 2,325 | 2,325 |
| Loan proceeds | 123,570 | - | 123,570 |
| Debt payment | (1,421,017) | - | (1,421,017) |
| Interest paid | - | - | - |
| Net cash (used) by capital and related financing activities | (9,273,529) | 2,325 | (9,271,204) |
| Net increase in cash and cash equivalents | (48,083) | 1,168,074 | 1,119,991 |
| Cash and restricted cash and cash equivalents, beginning of year | 3,980,688 | 4,960,462 | 8,941,150 |
| Cash and restricted cash and cash equivalents, end of year | \$ 3,932,605 | 6,128,536 | 10,061,141 |
| Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities: | | | |
| Operating (loss) income | \$ (372,428) | (726,657) | (1,099,085) |
| Adjustments to operating (loss) income to net cash provided by operating activities: | | | |
| Depreciation expense | 3,217,503 | 476,260 | 3,693,763 |
| Change in net pension liability | 2,109,026 | 1,270,911 | 3,379,937 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (1,104,585) | 129,090 | (975,495) |
| Inventory | 58,448 | - | 58,448 |
| Accounts payable | 190,900 | 9,013 | 199,913 |
| Customer deposits | 19,055 | - | 19,055 |
| Accrued liabilities | (79,815) | (46,519) | (126,334) |
| Compensated absences | 28,136 | 6,593 | 34,729 |
| Post closure landfill liability | - | 45,049 | 45,049 |
| Net cash provided by operating activities | \$ 4,066,240 | 1,163,740 | 5,229,980 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Fiduciary Net Position- Fiduciary Funds
Year Ended June 30, 2023

| | <u>Custodial Funds</u> |
|-------------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 135,378 |
| Receivables | 1,359 |
| Total assets | <u>136,737</u> |
| LIABILITIES | |
| Accounts payable | 4,364 |
| Accrued payroll liabilities | 27,834 |
| Total liabilities | <u>32,198</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals and organizations | 45,970 |
| Other governments | 58,569 |
| Total net position | <u>\$ 104,539</u> |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Statement of Changes in Fiduciary Position
Year Ended June 30, 2023

| Additions | <u>Custodial Funds</u> |
|---|------------------------|
| Contributions | |
| Private contributions | \$ 2,103,723 |
| Total contributions | <u>2,103,723</u> |
| Total additions | <u>2,103,723</u> |
| | |
| Deductions | |
| Refunds and transfers to other systems | - |
| Administrative expense | 4,556,673 |
| Recipient payments | <u>20,298</u> |
| Total deductions | <u>4,576,971</u> |
| Net increase (decrease) in fiduciary net position | (2,473,248) |
| | |
| Net position, beginning of year | <u>2,577,787</u> |
| Net position, end of year | <u>\$ 104,539</u> |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

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 public safety, highway and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administration services, as authorized by its charter.

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.

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 Village has no component units.

The financial statements of the funds of the Village include those administered programs that are controlled by or dependent on the Village. Control by or dependence on the Village is determined on the basis of budget adoption, the Village's obligation to finance any deficits that may occur, and fiscal management.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The reporting model focus is on either the Village as a whole or major individual fund (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. The Village's police and fire protection, road maintenance, culture and recreation, and administration are classified as governmental activities. The Village's utilities (water and sewer and solid waste) are classified as business activities. In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

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

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

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

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

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

C. Basis of Presentation - Fund Accounting

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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 – The general fund is the Village's primary operating fund, it is used to account for financial resources for public safety, infrastructure, parks, recreation, library, and community development. All financial resources are accounted for in the general fund except those required to be in another fund.

Daniel Fernandez Park Improvements Fund - Track revenues and expenditures related to improvements to Daniel Fernandez Memorial Park in Los Lunas. The Daniel Fernandez Park Improvements Fund was established by Village Resolution 19-15.

Infrastructure Fund - The Infrastructure Fund is a special revenue fund that receives a 0.0625% Special Municipal Gross Receipts Tax (without referendum), effective July 1996 through the adoption of Ordinance 181, a 0.0625% Special Municipal Gross Receipts Tax (without referendum), effective July 1996 through the adoption of Ordinance 182, and a 0.1250% Special Municipal Gross Receipts Tax (without referendum), effective January 2002 through the adoption of Ordinance 274 and has dedicated those revenues to this fund. The Infrastructure Fund accounts for the repair and replacement of sanitary sewer lines, storm sewers and other drainage improvements, streets and alleys and acquisition of rights-of-ways, and related facilities.

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

Water/Sewer Fund – The water/sewer fund is used to account for the provisions of water and sewer services to Village residents and businesses. The water/sewer fund was established by Village Ordinance 88.

Solid Waste Fund – The solid waste fund is used to account for the collection and disposal of solid waste of Village residents and businesses. The solid waste fund was established by Village Ordinance 139.

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: Lodgers Tax, Municipal Street Improvements, Fire, Recreation, Police Program, Intergovernmental Grants, Local Government Correction, Law Enforcement Protection, Local DWI, Emergency Medical Services and American Rescue Plan Act.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Fund Accounting (Continued)

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities: Daniel Fernandez Park Improvements, Aquatic Center, Sports Complex Improvements, and I-25 Interchange.

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: GRT Revenue Bond 2016 and G.O. Bond 2016.

Fiduciary Funds - Assets held by the Village in an agency capacity for individuals, other governmental units and/or other funds: Court Trust, Municipal Court Bond, Appreciating You, Police Evidence, Firefighter, Cops for Kids, and Regional Dispatch.

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

E. Budgetary Information

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

- For the 2023 budget year, the County Assessor sent to the Village an assessed valuation of all taxable property with the Village's boundaries.
- The Village Administrator 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 2021 were collected in 2022, and taxes certified in 2022 will be collected in 2023. Taxes are due on July 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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 by the New Mexico Finance Authority and cash held for employee benefit activity.

G. Investments

The Village considers all liquid investments with a maturity date of three months or less as cash equivalents. Investments consist of certificates of deposit and are stated at fair value. The Village categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset into three levels:

Level 1: inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can assess at the measurement date (June 30th of that year).

Level 2: inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3: unobservable inputs for an asset or liability. The Village measures level 3 inputs using other valuation techniques that attempts to maximize the use of relevant observable inputs and maximizes the use of unobservable inputs.

H. Receivables

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

I. Property Taxes

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

J. Interfund Receivables and Payables

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

K. Inventory

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

L. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000, per Section 12-6-10 NMSA 1978 that significantly extend the useful life of an asset are capitalized.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

M. Compensated Absences

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

N. Long-term Debt Obligations

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

P. Postemployment Benefits Other Than Pensions (OPEB)

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

Q. Fund Balance

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

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

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

S. 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 period. Actual results could differ from those estimates.

T. Fund Balance for Subsequent Years Expenditures

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

NOTE 3. DEPOSITS AND INVESTMENTS

A. Cash and Investments

As of June 30, 2023, the Village had the following cash deposits with financial institutions:

| | | |
|-------------------------|----|--------------------------|
| Demand deposits | \$ | 69,943,649 |
| Money market | | 7,230,452 |
| NMFA | | 441,972 |
| Certificates of deposit | | 902,705 |
| Total | | <u>78,518,778</u> |
| Governmental funds | | 67,882,259 |
| Proprietary funds | | 10,501,141 |
| Fiduciary funds | | 135,378 |
| Total | \$ | <u><u>78,518,778</u></u> |

State Statute Section 6-10-10(f), NMSA 1978 authorized the Village to invest in United States Treasury certificates, United States Treasury bonds or negotiable securities of the United States. The Section also authorizes investments in bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district with the consent of Village Council. The Village's investment policy requires to maximize investment returns while minimizing risk and to maintain a sufficiently liquid investment portfolio to ensure that Village has adequate cash to meet reasonable anticipate operation requirements.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Cash and Investments (Continued)

At June 30, 2023, investments measured and reported at fair value are classified according to the hierarchy, in accordance with GASB Statement No. 72 – Fair Value Measurement and Application:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
|-------------------------|---|----------------------|------------------------|---------|
| | Quoted Prices in Active Markets for Identical Assets | Observable Inputs | Unobservable Inputs | Total |
| Certificates of deposit | \$ 902,705 | - | - | 902,705 |
| | \$ 902,705 | - | - | 902,705 |

B. Interest Rate Risk

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

C. Credit Risk

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

D. Concentration of Credit Risk

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

E. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, \$0 of the Village's bank balance of \$79,762,846 was exposed to custodial credit risk because it was uninsured and uncollateralized. See pledged collateral statement on pages 90-92. The remaining balances are fully collateralized, and the collateral is held in the Village's name. A full reconciliation of cash and investments for the Village is on pages 93-96.

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, 2023.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 4. RECEIVABLES

Receivables as of June 30, 2023 consisted of the following. All receivables as of June 30, 2023 were deemed to be fully collectible.

| | General Fund | Infrastructure Fund | Other Governmental Funds | Enterprise Funds | Total |
|-----------------------------|---------------|---------------------|--------------------------|------------------|------------|
| Receivables: | | | | | |
| Sales taxes | \$ 6,288,177 | 1,076,945 | - | 134,694 | 7,499,816 |
| Property taxes | 180,294 | - | 21,098 | - | 201,392 |
| Franchise taxes | 119,865 | - | - | 3,862 | 123,727 |
| Other taxes | 27,949 | - | 62,785 | - | 90,734 |
| Grants | 41,825 | - | 93,117 | 1,277,916 | 1,412,858 |
| Trade accounts | - | - | - | 428,812 | 428,812 |
| Water plant investment fees | - | - | - | 13,701 | 13,701 |
| Leases | 5,753,672 | - | - | - | 5,781,525 |
| Other receivables | 27,353 | 500 | - | 121,762 | 121,762 |
| Total receivables | \$ 12,439,135 | 1,077,445 | 177,000 | 1,980,747 | 15,674,327 |

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

| | Balance June 30, 2022 | Additions | Deletions | Transfers | Balance June 30, 2023 |
|--|-----------------------|------------|-----------|--------------|-----------------------|
| <i>Governmental Activities:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,872,097 | 100,384 | - | - | 5,972,481 |
| Construction in progress | 28,749,138 | 9,232,187 | - | (11,433,512) | 26,547,813 |
| Total capital assets not being depreciated | 34,621,235 | 9,332,571 | - | (11,433,512) | 32,520,294 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 14,570,372 | 1,765,144 | - | - | 16,335,516 |
| Building and improvements | 30,045,224 | 1,459,525 | - | - | 31,504,749 |
| Vehicles | 8,246,824 | 1,462,927 | - | - | 9,709,751 |
| Machinery and equipment | 7,534,851 | 852,052 | - | - | 8,386,903 |
| Capital leases | 406,000 | - | - | - | 406,000 |
| Infrastructure | 88,905,812 | 2,861,041 | - | 11,433,512 | 103,200,364 |
| Total capital assets being depreciated | 149,709,083 | 8,400,689 | - | 11,433,512 | 169,543,284 |
| Total capital assets | 184,330,318 | 17,733,260 | - | - | 202,063,578 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 5. CAPITAL ASSETS (CONTINUED)

Less accumulated
depreciation for:

| | | | | | |
|--|----------------------|--------------------|----------|-------------------|----------------------|
| Land improvements | (9,868,463) | (1,248,040) | - | - | (11,116,503) |
| Building and improvements | (11,224,777) | (913,070) | - | - | (12,137,847) |
| Vehicles | (6,861,327) | (1,041,661) | - | - | (7,902,988) |
| Machinery and equipment | (3,907,076) | (504,662) | - | - | (4,411,738) |
| Capital leases | (406,000) | - | - | - | (406,000) |
| Infrastructure | (61,331,479) | (3,322,080) | - | - | (64,653,559) |
| Total accumulated depreciation | (93,599,122) | (7,029,513) | - | - | (100,628,635) |
| Total capital assets being depreciated, net | 56,109,961 | 1,371,176 | - | 11,433,512 | 68,914,649 |
| Governmental activities capital assets, net | \$ 90,731,196 | 10,703,747 | - | - | 101,434,943 |

A summary of changes in capital assets follows:

| | Balance June 30, 2022 | Additions | Deletions | Transfers | Balance June 30, 2023 |
|---|--------------------------|------------------|-----------|---------------------|--------------------------|
| <i>Business-Type Activities:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,070,402 | - | - | - | 1,070,402 |
| Construction in progress | 17,113,787 | 3,398,007 | - | (12,532,863) | 7,978,931 |
| Water rights | 5,690,349 | - | - | - | 5,690,349 |
| Total capital assets not being depreciated | 23,874,538 | 3,398,007 | - | (12,532,863) | 14,739,682 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 148,496 | 109,153 | - | - | 257,649 |
| Building and improvements | 24,815,024 | 4,129 | - | 8,712,411 | 33,531,564 |
| Vehicles | 7,341,941 | 923,146 | - | - | 8,265,087 |
| Machinery and equipment | 2,100,245 | 141,355 | - | - | 2,241,600 |
| Water/sewer plant | 65,873,808 | 3,400,292 | - | 3,820,452 | 73,094,552 |
| Total capital assets being depreciated | 100,279,514 | 4,578,075 | - | 12,532,863 | 117,390,452 |
| Total capital assets | 124,154,052 | 7,976,082 | - | - | 132,130,134 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (39,035) | (24,598) | - | - | (63,633) |
| Building and improvements | (7,398,467) | (1,029,110) | - | - | (8,427,577) |
| Vehicles | (6,379,246) | (666,052) | - | - | (7,045,298) |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 5. CAPITAL ASSETS (CONTINUED)

| | | | | | |
|--|---------------|-------------|---|------------|--------------|
| Machinery and equipment | (995,552) | (192,670) | - | - | (1,188,222) |
| Water/sewer plant | (37,613,593) | (1,781,333) | - | - | (39,394,926) |
| Total accumulated depreciation | (52,425,893) | (3,693,763) | - | - | (56,119,656) |
| Total capital assets being depreciated, net | 47,853,621 | 884,312 | - | 12,532,863 | 61,270,796 |
| Business-type activities capital assets, net | \$ 71,728,159 | 4,282,319 | - | - | 76,010,478 |

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

| | | | |
|--------------------------|--------------|---------------------------|--------------|
| Governmental Activities: | | Business-type Activities: | |
| General government | \$ 592,071 | Water/sewer | \$ 3,217,503 |
| Public safety | 1,330,417 | Solid waste | 476,260 |
| Highways and streets | 3,584,239 | | \$ 3,693,763 |
| Sanitation | 88,808 | | |
| Culture and recreation | 1,433,978 | | |
| | \$ 7,029,513 | | |

NOTE 6. LONG-TERM DEBT

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow \$406,000 to purchase a new fire truck. The loan will be amortized over a 12-year term with principal payments due annually and interest payments due semi-annually. The loan will be repaid utilizing funds pledged from the fire fund. The loan will accrue interest at 3.012% and will mature on May 1, 2023. As of June 30, 2023, the Village has paid the balance in full.

The Village entered into a refinance loan agreement with the New Mexico Environment Department Construction Programs Bureau to borrow \$1,605,848 to acquire, design, construct, modify and otherwise improve the wastewater facilities of the Village's joint water and sewer system. The loan will be amortized over a 20-year term with principal and interest payments due annually. The loan will be repaid utilizing funds pledged from security interest by dedicating net revenues from the Municipal Street Improvement fund. The loan will accrue interest at 1.20% and will mature on March 28, 2026. As of June 30, 2023, the Village has an outstanding balance of \$551,395.

The Village entered into a refinance loan agreement with the New Mexico Environment Department Construction Programs Bureau to borrow \$1,715,393 to acquire, construct, modify, and otherwise improve the storm drainage facilities of the Village's street storm drainage system. The loan will be amortized over a 20-year term with principal and interest payments due annually. The loan will be repaid utilizing funds pledged from security interest by dedicating net revenues from the Municipal Street Improvement fund. The loan will accrue interest at 1.20% and will mature on March 2, 2027. As of June 30, 2023, the Village has an outstanding balance of \$710,803.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 6. LONG-TERM DEBT

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow \$4,053,053 for planning, design, and construction of a treatment system for the abatement of arsenic at the water supply wells. The loan will be amortized over a 20-year term with principal payments due annually and interest payments due semi-annually. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 1.75% and will mature on May 1, 2030. As of June 30, 2023, the Village has an outstanding balance of \$1,636,670.

The Village entered into a refinance loan agreement with the New Mexico Environment Department Construction Programs Bureau to borrow \$11,384,090 to acquire, design, construct, modify, and otherwise improve the wastewater facilities on the Village's joint water and sewer system. The loan will be amortized over a 20-year term with principal and interest payments due annually. The loan will be repaid utilizing funds pledged from security interest by dedicating net revenues of the operation of the joint water and wastewater system. The loan will accrue interest at 0.742% and will mature on September 13, 2030. As of June 30, 2023, the Village has an outstanding balance of \$7,192,566.

The Village issued a general obligation bond for \$5,795,000 to purchase a fire protection apparatus, equipment, and facilities. The bond will be amortized over a 15-year term with principal payments due annually and interest payments due semi-annually. The principal amount of bonds represents the entire series of general obligation bonds approved by the qualified electors of the Village at an election held on March 1, 2016. The bond will accrue interest at 2.00% and will mature on August 1, 2031. As of June 30, 2023, the Village has an outstanding balance of \$3,725,000.

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow \$141,200 for the installation of a new water line river crossing pipeline. The loan will be amortized over a 20-year term with principal and interest payments due annually. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 0.25% and will mature on June 30, 2032. As of June 30, 2023, the Village has an outstanding balance of \$64,414.

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow \$1,618,460 for the acquisition, design, construction, improvement, expansion repair and rehabilitation of drinking water supply facilities. The loan will be amortized over a 20-year term with principal payments due annually and interest payments due semi-annually. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 1.75% and will mature on May 1, 2040. As of June 30, 2023, the Village has an outstanding balance of \$1,414,605.

The Village entered into a loan agreement with the New Mexico Environment Department Construction Programs Bureau to borrow \$582,600 for the engineering and construction to replace the existing effluent pipeline. The loan will be amortized over a 20-year term with principal and interest payments to begin one year after completion of the project and will be paid in annual installments. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 0.032% and mature on May 1, 2040. As of June 30, 2023, the Village has an outstanding balance of \$526,920.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 6. LONG-TERM DEBT (CONTINUED)

The Village issued a bond for \$4,180,000 to acquire, purchase, and improve land for governmental purposes. The bond will be amortized over a 25-year term with principal payments due annually and interest payments due semi-annually. The bond will be repaid utilizing funds pledged from gross receipts taxes. The bond will accrue interest at 3.00% and will mature on April 1, 2041. As of June 30, 2023, the Village has an outstanding balance of \$3,540,000.

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow up to \$3,478,955 for the engineering and construction to replace the existing water line. The loan will be amortized over a 20-year term with principal and interest payments to begin one year after completion of the project and will be paid in annual installments. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 1.00% and will mature on May 1, 2042. As of June 30, 2023, the Village has drawn down a total of \$2,744,721 on this loan.

The Village entered into a loan agreement with the New Mexico Environment Department Construction Programs Bureau to borrow up to \$7,718,406 to construct a new sludge handling building equipped with one belt filter press to dewater sludge for landfill disposal. The loan will be amortized over a 25-year term with principal and interest payments to begin one year after completion of the project and will be paid in annual installments. The loan will be repaid utilizing funds pledged from the Water/Sewer fund. The loan will accrue interest at 0.01% and will mature on July 28, 2047. As of June 30, 2023, the Village has drawn down a total of \$7,422,285 on this loan.

The Village entered into a loan agreement with the New Mexico Finance Authority to borrow \$3,403,856 to build and equip a new emergency call center. The loan will be amortized over a 30-year term with principal payments due annually and interest payments due semi-annually. The loan will be repaid utilizing funds pledged from gross receipts taxes. The loan will accrue interest at 1.27% and will mature on May 1, 2046. As of June 30, 2023, the Village has an outstanding balance of \$2,849,828.

Government Bonds Payable

| Fiscal Year Ending June 30, | | Principal | Interest |
|--------------------------------|----|------------------|------------------|
| 2024 | \$ | 520,000 | 196,213 |
| 2025 | | 535,000 | 180,463 |
| 2026 | | 555,000 | 164,187 |
| 2027 | | 570,000 | 147,387 |
| 2028 | | 585,000 | 132,213 |
| 2029-2033 | | 2,690,000 | 442,431 |
| 2034-2038 | | 1,080,000 | 208,500 |
| 2039-2041 | | 730,000 | 44,250 |
| Total | \$ | <u>7,265,000</u> | <u>1,515,644</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 6. LONG-TERM DEBT (CONTINUED)

Government Notes Payable

| Fiscal Year Ending June 30, | | Principal | Interest |
|--------------------------------|----|------------------|------------------|
| 2024 | \$ | 265,421 | 95,968 |
| 2025 | | 269,070 | 92,320 |
| 2026 | | 272,900 | 88,490 |
| 2027 | | 276,871 | 84,519 |
| 2028 | | 98,138 | 80,188 |
| 2029-2033 | | 532,185 | 359,447 |
| 2034-2038 | | 619,044 | 272,586 |
| 2039-2043 | | 727,606 | 164,026 |
| 2044-2046 | | 499,396 | 35,582 |
| Total | \$ | <u>3,560,631</u> | <u>1,273,126</u> |

Enterprise Notes Payable

| Fiscal Year Ending June 30, | | Principal | Interest |
|--------------------------------|----|-------------------|------------------|
| 2024 | \$ | 1,736,400 | 330,531 |
| 2025 | | 1,760,938 | 306,003 |
| 2026 | | 1,782,585 | 281,099 |
| 2027 | | 1,621,807 | 255,853 |
| 2028 | | 1,645,219 | 232,451 |
| 2029-2033 | | 5,872,350 | 825,418 |
| 2034-2038 | | 2,810,212 | 522,362 |
| 2039-2043 | | 2,529,217 | 285,719 |
| 2044-2048 | | 1,794,848 | 92,732 |
| Total | \$ | <u>21,553,576</u> | <u>3,132,168</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 6. LONG-TERM DEBT (CONTINUED)

A summary of changes in long-term debt follows:

| | Interest Rate | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 | Amounts Due Within One Year |
|----------------------------------|---------------|-----------------------------|-----------|-------------|-----------------------------|-----------------------------------|
| <i>Governmental Activities:</i> | | | | | | |
| 2016 General Obligation Bond | 2.00% | \$ 4,090,000 | - | (365,000) | 3,725,000 | 370,000 |
| 2016 GRT Revenue Bond | 3.00% | 3,685,000 | - | (145,000) | 3,540,000 | 150,000 |
| NMED Luna Hills Loan | 1.20% | 883,267 | - | (172,464) | 710,803 | 174,534 |
| NMFA Fire Truck Loan | 3.012% | 39,337 | - | (39,337) | - | - |
| NMFA Emergency Call Center | 1.27% | 2,939,319 | - | (89,491) | 2,849,828 | 90,887 |
| Compensated absences | | 572,942 | 578,476 | (470,310) | 681,108 | 470,310 |
| Total Governmental Activities | | 12,209,865 | 578,476 | (1,281,602) | 11,506,739 | 1,255,731 |
| <i>Business-Type Activities:</i> | | | | | | |
| <i>Water/Sewer Fund:</i> | | | | | | |
| Clean Water Revolving Loan | 1.20% | 731,916 | - | (180,521) | 551,395 | 180,520 |
| Clean Water Revolving Loan | 0.742% | 8,047,014 | - | (854,448) | 7,192,566 | 854,448 |
| NMFA Drinking Water Loan | 1.75% | 1,852,461 | - | (215,791) | 1,636,670 | 215,791 |
| NMFA River Crossing Loan | 0.25% | 71,482 | - | (7,068) | 64,414 | 7,068 |
| NMFA Drinking Water Loan | 2.00% | 1,483,907 | - | (69,302) | 1,414,605 | 69,302 |
| Clean Water Revolving Loan | 0.032% | 554,830 | - | (27,910) | 526,920 | 27,909 |
| Clean Water Revolving Loan | 0.01% | 7,387,509 | 34,776 | - | 7,422,285 | - |
| NMFA Drinking Water Loan | 1.00% | 2,721,904 | 88,794 | (65,977) | 2,744,721 | 157,998 |
| Compensated absences | | 73,472 | 90,673 | (62,537) | 101,608 | 62,537 |
| Total Water/Sewer Fund | | 22,924,495 | 214,243 | (1,483,554) | 21,655,184 | 1,575,573 |
| <i>Solid Waste Fund:</i> | | | | | | |
| Compensated absences | | 47,853 | 54,116 | (47,523) | 54,446 | 47,522 |
| Total Solid Waste Fund | | 47,853 | 54,116 | (47,523) | 54,446 | 47,522 |
| Total Business-Type Activities | | 22,972,348 | 268,359 | (1,531,077) | 21,709,630 | 1,623,095 |
| Total Long-term Debt | | 35,182,213 | 846,835 | (2,812,679) | 33,216,369 | 2,878,826 |

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2023 is as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|----------------------------------|-------------------------|-----------------------|
| General Fund | \$ 624,514 | - |
| Intergovernmental Grants | | 18,944 |
| Sports Complex Improvements Fund | - | 605,570 |
| Total | \$ 624,514 | 624,514 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

General fund transfers to other funds were to fund capital projects. Infrastructure fund, other governmental funds, and water/sewer fund transfers were for debt service liabilities. The transfers from the police program fund were to establish separate funds for police evidence and the cops for kids' program.

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------------------|----------------------|---------------------|
| Governmental Funds: | | |
| General Fund | \$ - | 9,069,264 |
| Infrastructure | 1,167,000 | 255,820 |
| Municipal Street Improvement | 183,064 | - |
| Daniel Fernandez Park Imprv. Fund | 1,400,000 | |
| I-25 Interchange Fund | 768,598 | |
| Sports Complex Imprv. Fund | 400,000 | |
| GRT Revenue Bond 2016 Fund | 255,820 | - |
| | | - |
| Enterprise Funds: | | |
| Water/Sewer | 6,102,264 | 951,662 |
| Total | \$ <u>10,276,746</u> | <u>10,276,746</u> |

NOTE 8. RISK MANAGEMENT

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

Coverage provided to the Village through the New Mexico Self-Insurers' Fund included tort liability limits for casualty coverage (general, automobile, civil rights and public officials' liability) on a "claims made" basis. Property is subject to a limit of \$100,000 per occurrence. Law enforcement liability and public officials' errors and omissions are all individually subject to \$2,000,000 per occurrence / \$2,000,000 aggregate.

NOTE 9. LEASES

The Village entered into a lease agreement to lease 1,265.50 square feet of one of its buildings to a third party. The lease is for 10 years and may be extended for one additional three-year term. The Village will receive monthly payments of \$3,541. The Village recognized \$42,493 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Village's receivable for lease payments was \$206,040. Also, the Village has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of deferred inflow of resources was \$206,040.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 9. LEASES (CONTINUED)

The Village entered into a lease agreement to lease a building to a third party. The lease is for 19 years, and the Village will receive quarterly payments based upon an amortization schedule. The Village recognized \$193,632 in lease revenue and \$38,766 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Village's receivable for lease payments was \$2,869,999. Also, the Village has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of deferred inflow of resources was \$2,869,999.

The Village entered into a lease agreement to lease a building to a third party. The lease is for 30 years, and the Village will receive monthly payments of \$15,278. In the event of default, the Village may terminate the lease with 120 days of notice to the third party. The Village recognized \$63,511 in lease revenue and \$119,825 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Village's receivable for lease payments was \$2,677,633. Also, the Village has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of deferred inflow of resources was \$2,677,633.

The future principal and interest payments to be received as of June 30, 2023, were as follows:

| Fiscal Year Ending June 30, | | Principal | Interest | Total |
|-----------------------------------|----|-----------|-----------|-----------|
| 2024 | \$ | 306,504 | 147,319 | 453,823 |
| 2025 | | 305,629 | 143,386 | 449,015 |
| 2026 | | 305,110 | 139,299 | 444,409 |
| 2027 | | 304,752 | 135,052 | 439,804 |
| 2028 | | 283,605 | 130,499 | 414,104 |
| 2029-2033 | | 1,332,723 | 561,823 | 1,894,546 |
| 2034-2038 | | 1,384,427 | 394,929 | 1,779,356 |
| 2039-2043 | | 937,404 | 215,616 | 1,153,020 |
| 2044-2047 | | 593,518 | 48,158 | 641,676 |
| Total | \$ | 5,753,672 | 1,916,081 | 7,669,753 |

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 \$548,240 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.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT

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

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

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

Contributions. See PERA's Annual Comprehensive Financial Report for more in-depth detail of the pension funds administered by PERA at <http://www.nmpera.org>.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

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

| PERA Fund Contribution Rates and Pension Factors in Effect During FY22 | | | | | | |
|---|---|--|---|---|---------------|--|
| Coverage Plan | Employee Contribution Percentage | | Employer Contribution Percentage | Pension Factor per Year of Service | | Pension Maximum as a Percentage of the Final Average Salary |
| | Annual Salary less than \$20,000 | Annual Salary greater than \$20,000 | | TIER 1 | TIER 2 | |
| STATE PLAN | | | | | | |
| State Plan 3 | 7.42% | 9.92% | 18.24% | 3.00% | 2.50% | 90.00% |
| MUNICIPAL PLANS 1 - 4 | | | | | | |
| Municipal Plan 1 (plan open to new employers) | 7.00% | 8.50% | 7.65% | 2.00% | 2.00% | 90.00% |
| Municipal Plan 2 (plan open to new employers) | 9.15% | 10.65% | 9.80% | 2.50% | 2.00% | 90.00% |
| Municipal Plan 3 (plan closed to new employers 6/95) | 13.15% | 14.65% | 9.80% | 3.00% | 2.50% | 90.00% |
| Municipal Plan 4 (plan closed to new employers 6/00) | 15.65% | 17.15% | 12.30% | 3.00% | 2.50% | 90.00% |
| MUNICIPAL POLICE PLANS 1 - 5 | | | | | | |
| Municipal Police Plan 1 | 7.00% | 8.50% | 10.70% | 2.00% | 2.00% | 90.00% |
| Municipal Police Plan 2 | 7.00% | 8.50% | 15.70% | 2.50% | 2.00% | 90.00% |
| Municipal Police Plan 3 | 7.00% | 8.50% | 19.20% | 2.50% | 2.00% | 90.00% |
| Municipal Police Plan 4 | 12.35% | 13.85% | 19.20% | 3.00% | 2.50% | 90.00% |
| Municipal Police Plan 5 | 16.30% | 17.80% | 19.20% | 3.50% | 3.00% | 90.00% |
| MUNICIPAL FIRE PLANS 1 - 5 | | | | | | |
| Municipal Fire Plan 1 | 8.00% | 11.0% | 11.65% | 2.00% | 2.00% | 90.00% |
| Municipal Fire Plan 2 | 8.00% | 11.0% | 18.15% | 2.50% | 2.00% | 90.00% |
| Municipal Fire Plan 3 | 8.00% | 11.0% | 21.90% | 2.50% | 2.00% | 90.00% |
| Municipal Fire Plan 4 | 12.80% | 15.8% | 21.90% | 3.00% | 2.50% | 90.00% |
| Municipal Fire Plan 5 | 16.20% | 19.2% | 21.90% | 3.50% | 3.00% | 90.00% |
| MUNICIPAL DETENTION OFFICER PLAN 1 | | | | | | |
| Municipal Detention Officer Plan 1 | 16.65% | 18.15% | 17.30% | 3.00% | 3.00% | 90.00% |
| STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC. | | | | | | |
| State Police and Adult Correctional Officer Plan 1 | 7.60% | 9.10% | 25.50% | 3.00% | 3.00% | 90.00% |
| State Plan 3 – Peace Officer | 7.42% | 9.92% | 18.24% | 3.00% | 3.00% | 90.00% |
| Juvenile Correctional Officer Plan 2 | 4.78% | 7.28% | 27.37% | 3.00% | 3.00% | 90.00% |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the Village reported a liability of \$25,638,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2022. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal Plan 3, At June 30, 2022, the Village’s proportion was 0.659800% percent, which was increased by 0.011697% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$1,293,261. At June 30, 2023, the Village reported PERA Fund Division Municipal Plan 3 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 46,915 | 284,610 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 1,158,188 | - |
| Changes in proportion and differences between Village’s contributions and proportionate share of contributions | 338,800 | - |
| Village’s contributions at measurement date | 1,461,927 | - |
| Total | <u>\$ 3,005,830</u> | <u>284,610</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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

The amount of \$1,461,927 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|------------|
| June 30, | |
| 2024 | \$ 454,537 |
| 2025 | 259,200 |
| 2026 | (368,916) |
| 2027 | 914,472 |
| 2028 | - |
| Thereafter | - |

For PERA Fund Division Municipal Police Plan 5, At June 30, 2022, the Village’s proportion was 0.945620%, which was an increase of 0.005209% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$956,106. At June 30, 2023, the Village reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 197,958 | - |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 664,043 | - |
| Changes in proportion and differences between Village’s contributions and proportionate share of contributions | 71,071 | - |
| Village’s contributions at measurement date | 841,248 | - |
| Total | \$ 1,774,320 | - |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

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

The amount of \$841,248 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2023, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|------------|
| June 30, | |
| 2024 | \$ 377,633 |
| 2025 | 209,434 |
| 2026 | (182,128) |
| 2027 | 528,133 |
| 2028 | - |
| Thereafter | - |

For PERA Fund Division Municipal Fire Plan 5, At June 30, 2022, the Village’s proportion was 0.834210%, which an increase of 0.076571% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$988,315. At June 30, 2023, the Village reported PERA Fund Division Municipal Fire Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 39,406 | 4,472 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 282,485 | - |
| Changes in proportion and differences between Village’s contributions and proportionate share of contributions | 577,075 | - |
| Village’s contributions at measurement date | 543,242 | - |
| Total | <u>\$ 1,442,208</u> | <u>4,472</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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

The amount of \$543,242 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2023 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|------------|
| June 30, | |
| 2024 | \$ 409,294 |
| 2025 | 257,405 |
| 2026 | 6,104 |
| 2027 | 221,691 |
| 2028 | - |
| Thereafter | - |

Actuarial assumptions: The total pension liability in the June 30, 2021, actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Amortization Method | Level Percentage of Payroll for all divisions except for the Legislative division which is Level Dollar |
| Amortization period | 25 years |
| Actuarial assumptions | |
| Investment rate of return | 7.25% annual rate, net of investment expense |
| Projected salary increases | 3.25% to 13.50% annual rate |
| Includes inflation at | 2.50% |
| Mortality assumption | The mortality assumptions are based on the RPD-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups. |
| Experience study dates | July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2017 (economic) |

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|-------------------|--|
| Global Equity | 35.50% | 6.35% |
| Risk Reduction & Mitigation | 19.50% | 1.90% |
| Credit Oriented Fixed Income | 15.00% | 4.45% |
| Real Assets to Include Real Estate Equity | 20.00% | 5.10% |
| Multi-Risk Allocation | 10.00% | 6.65% |
| Total | <u>100.0%</u> | |

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

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

PERA Fund Division Municipal Plan 3

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 17,709,038 | 11,702,928 | 6,713,438 |

PERA Fund Division Municipal Police Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 11,401,786 | 7,599,660 | 4,488,804 |

PERA Fund Division Municipal Fire Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 8,345,010 | 6,335,448 | 4,685,317 |

Payables to the pension plan: The Village accrued \$0 in PERA benefits at June 30, 2023.

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN

General Information about the OPEB Plan

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

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Employees covered by benefit terms. At June 30, 2023, the Plan’s measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Plan membership | |
| Active Employees | 237 |
| Retired Members | 14 |
| Spouse of Eligible Retirees | 6 |
| Beneficiaries/Spouses of Ineligible Retirees | 2 |
| Total Plan Membership | <u>259</u> |
| Active membership | |
| General | 148 |
| Fire | 34 |
| Police | 45 |
| Total Active Membership | <u>227</u> |

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

The contribution requirements of plan members and the Village are established and may be amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. The current funding policy is for employees to contribute 0.65% of base salary per payroll (bi-weekly) and for the Village to contribute 3.00% of annual base salary, posted bi-weekly. This policy is summarized in Ordinance No. 306 of the Village of Los Lunas. Retirees contribute 50% of the premium amount based on the plan elected at retirement.

For fiscal year 2023, the Village contributed \$466,970 to the Plan. Plan members receiving benefits contributed \$56,616 through their required contribution of 0.65% per pay period.

Net OPEB Liability

The Village’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

| | |
|---|---------------|
| Total OPEB Liability | \$ 12,296,765 |
| Fiduciary net position | 3,912,307 |
| Net OPEB Liability | \$ 8,384,458 |
| Fiduciary net position as a % of total OPEB liability | 31.82% |
| Covered Payroll | 11,115,158 |
| Total OPEB liability as a % of covered payroll | 75.43% |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

Discount Rate

| | |
|---|-------|
| Discount Rate | 3.54% |
| Long-term expected rate of return, net of investment expenses | 2.50% |
| 20 Year Tax-Exempt Municipal Bond Yield | 3.54% |

Other Key Actuarial Assumptions and Methods

| | |
|---------------------------------|---|
| Valuation date | July 1, 2021 |
| Measurement date | June 30, 2022 |
| Inflation | 2.50% |
| Salary increases | 3.00% |
| Withdrawal and retirement rates | June 30, 2021 New Mexico PERA Valuation |
| Election rates | 100% of eligible employees |
| Actuarial cost method | Entry Age Normal |

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Healthcare Cost Trend Rates. The valuation assumes medical costs and premiums will continue to increase according to the health cost trend table shown below. This includes a healthcare cost trend increase of 17.2% in the first year, 5.4% in the second year, 5.1% in the third year, grading to 4.0% over 55 years. Retiree premiums are assumed to increase at the same trend as the assumed claim’s costs.

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

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

The model produces long-range trend assumptions build on assumed long-term relationships between certain key economic factors. The trend developed for the July 1, 2017 valuation included an adjustment to estimate the impact of the Affordable Care Act excise tax on high cost health plans. As this excise tax was repealed in December 2019, the July 1, 2021 trend assumption no longer includes this adjustment.

| Fiscal Year Ending June 30, | Medical Trend |
|-----------------------------|---------------|
| 2022 | 17.2% |
| 2023 | 5.4% |
| 2024 | 5.1% |
| 2025-2026 | 4.9% |
| 2027 | 4.8% |
| 2028 | 4.7% |
| 2029-2030 | 4.6% |
| 2040 | 4.5% |
| 2050-2060 | 4.4% |
| 2070 | 4.1% |
| 2074 and later | 3.9% |

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

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Mortality Rates. General: Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using scale MP-2021.

Police and Fire: Pub-2010 Healthy Employee and Retiree Mortality Tables for Safety Employees projected generationally using scale MP-2021.

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

Long-term Rate of Return. The investment return assumption was selected based on the Plan's asset allocation and capital market assumption from several sources, including published studies summarizing the expectations of various investment experts. This information was then used to develop forward looking long-term expected returns, producing a range of reasonable expectations according to industry experts. Based on the resulting range of potential assumptions, the selected investment return assumption is reasonable and is not expected to have any significant bias. Employer and Employee contributions are deposited into an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan. The fund is a cash account, and the market value of assets as of June 30, 2021 is \$3,598,753.

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

The assets of the plan are fully invested in a money market account, with a long-term expected rate of return of 2.50%. The assumed real rate of return is based on the expected geometric return from Milliman's long-term capital market outlook model for the Plan's asset class. Since the long-term expected return is less than the municipal bond rate, the municipal bond rate has been used for discounting payments in all years and no depletion date calculation was performed.

The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect on the June 30, 2021 measurement date (used for the June 30, 2022 reporting date) is 2.16% and the discount rate in effect for the June 30, 2022 measurement date (used for the June 30, 2023 reporting date) is 3.54%.

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Changes in Net OPEB Liability

| | Total OPEB Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Liability (a)-(b) |
|--|--------------------------------|--|--------------------------|
| Balance as of June 30, 2021 | \$ 13,663,043 | 3,598,753 | 10,064,290 |
| Changes for the year: | | | |
| Service Cost | 921,751 | - | 921,751 |
| Interest on total OPEB liability | 313,241 | - | 313,241 |
| Effect of changes to benefit terms | - | - | - |
| Effect of economic/demographic gains or losses | (40,492) | - | (40,492) |
| Effect of assumptions changes or inputs | (2,394,078) | - | (2,394,078) |
| Benefit payments | (166,700) | (166,700) | - |
| Employer Contributions | - | 323,135 | (323,135) |
| Member Contributions | - | 154,108 | (154,108) |
| Net investment income | - | 3,011 | (3,011) |
| Administrative expenses | - | - | - |
| Balance as of June 30, 2022 | \$ 12,296,765 | 3,912,307 | 8,384,458 |

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

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|------------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 13,980,226 | 12,296,765 | 10,852,351 |
| Fiduciary Net Position | 3,912,307 | 3,912,307 | 3,912,307 |
| Net OPEB Liability | \$ 10,067,919 | 8,384,458 | 6,940,044 |

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

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|------------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 10,526,238 | 12,296,765 | 14,449,757 |
| Fiduciary Net Position | 3,912,307 | 3,912,307 | 3,912,307 |
| Net OPEB Liability | \$ 6,613,931 | 8,384,458 | 10,537,450 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 12. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the Village recognized OPEB expense of \$1,102,398. At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|----|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ | 914,132 | 58,315 |
| Changes in assumptions | | 1,616,463 | 2,482,404 |
| Net difference between projected and actual earnings on OPEB plan investments | | 119,170 | - |
| Village’s contributions at subsequent to measurement date | | 466,970 | - |
| Total | \$ | <u>3,116,735</u> | <u>2,540,719</u> |

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

| Fiscal Year Ending | | | |
|--------------------|----|------------------|--|
| June 30, | | | |
| 2024 | \$ | 83,306 | |
| 2025 | | 70,643 | |
| 2026 | | 91,165 | |
| 2027 | | 153,165 | |
| 2028 | | 120,010 | |
| Thereafter | | <u>(409,243)</u> | |
| Total | \$ | <u>109,046</u> | |

Payables changes in the net OPEB liability. At June 30, 2023, the Village accrued \$0 in payables for OPEB.

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.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 13. CONDUIT DEBT OBLIGATIONS

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. TAX ABATEMENTS

As of June 30, 2023, the Village adopted GASB Statement No. 77 *Tax Abatement Disclosures*. While the statements require only material abatements to be disclosed within the notes to the financial statements, the Village has disclosed information related to the abatement's as follows:

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 14. TAX ABATEMENTS (CONTINUED)

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 14. TAX ABATEMENTS (CONTINUED)

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 14. TAX ABATEMENTS (CONTINUED)

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 14. TAX ABATEMENTS (CONTINUED)

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 14. TAX ABATEMENTS (CONTINUED)

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023

NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, to be implemented for fiscal years beginning after June 15, 2022. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in exchange or exchange-like transactions. The implementation of this Statement had no effect on the Village's financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for periods beginning after June 15, 2022. GASB No. 96 defines a SBITA (subscription-based information technology arrangements); establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; provides that capitalization criteria for outlays other than subscription payment including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The implementation of this Statement had no material effect on the Village's financial statements.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022, with multiple effective dates as follows; (1) extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 24, as amended, and terminology updates related to Statement 53 and 63 are effective upon issuance. (2) The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (3) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement had no effect on the Village's financial statements.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued but are not yet effective at June 30, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62

GASB Statement No. 101, Compensated Absences

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.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Notes to the Financial Statements
June 30, 2023**

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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

NOTE 17. SUBSEQUENT EVENTS

Events subsequent to June 30, 2023 have been evaluated by management through December 14, 2023, the date the financial statements were available for issuance.

NOTE 18. LG ABATEMENT FUND

The New Mexico Opioid Allocation Agreement (NMOAA) sets forth the use of “Opioid Funds” obtained through a settlement reached with various distributor opioid defendants. The Village has established the LG Abatement Fund as required by the NMOAA. To date the Village has received \$230,141 in settlements, none of which has been spent. It is estimated that the Village could receive as much as \$880,000, a large portion of which is to be paid out over ten years. The Village has not recorded a receivable as they consider these settlements to still be uncertain as to the amount and the payouts.

NOTE 19. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The following funds had a deficit fund balance at June 30, 2023:

Daniel Fernandez Park Improvement \$ (499,988)

The Village is addressing the negative fund balance and is planning on taking the appropriate actions to eliminate the negative balances.

| Fund Balances | General Fund | Infrastructure Fund | Daniel Fernandez Park | Other Governmental Funds | Total |
|-----------------------------|----------------------|---------------------|-----------------------|--------------------------|-------------------|
| Restricted: | | | | | |
| General Government | \$ 2,504,510 | - | - | 1,379,947 | 3,884,457 |
| Public Safety | - | - | - | 709,752 | 709,752 |
| Highway and streets | - | 9,064,163 | - | 3,018,401 | 12,082,564 |
| Culture and Recreation | - | - | - | 931,341 | 931,341 |
| Debt Service | - | - | - | 461,004 | 461,004 |
| Unassigned: | | | | | |
| General Operations | 54,355,019 | - | - | - | 54,355,019 |
| Daniel Fernandez Park | - | - | (499,988) | (657,936) | (1,157,924) |
| Total fund balances: | \$ 56,859,529 | 9,064,163 | (499,988) | 5,842,509 | 71,266,213 |

Subsequent Years Expenditures. The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant GRT collection.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF THE VILLAGES'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

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

| Fiscal Year Measurement Date | 30-Jun | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | 2023 2022 | 2022 2021 | 2021 2020 | 2020 2019 | 2019 2018 | 2018 2017 | 2017 2016 | 2016 2015 | 2015 2014 | |
| Village's Proportion of the Net Pension Liability (Asset) | 0.355% | 0.319% | 0.336% | 0.336% | 0.320% | 0.288% | 0.283% | 0.270% | 0.270% | |
| Village's Proportionate Share of Net Pension Liability (Asset) | \$ 25,638 | 16,764 | 26,249 | 21,751 | 19,746 | 15,158 | 17,428 | 11,699 | 9,126 | |
| Village's Covered Payroll | \$ 11,314 | 10,485 | 9,414 | 9,111 | 8,113 | 8,059 | 7,080 | 6,245 | 7,269 | |
| Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 226.60% | 159.89% | 278.83% | 238.73% | 243.39% | 188.09% | 246.16% | 160.95% | 146.13% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.35% | 77.25% | 66.36% | 70.52% | 71.13% | 73.74% | 69.18% | 76.99% | 81.29% | |

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2023

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|----------------|----------------|--------------|--------------|--------------|------------|--------------|
| Statutory Required | \$ 2,846 | 2,428 | 997 | 1,126 | 1,058 | 1,049 | 1,112 | 828 | 818 |
| Contributions in Relation to the Statutory | <u>2,846</u> | <u>2,428</u> | <u>2,070</u> | <u>2,193</u> | <u>1,985</u> | <u>1,843</u> | <u>1,112</u> | <u>828</u> | <u>1,580</u> |
| Annual Contribution Deficiency (Excess)* | <u>\$ -</u> | <u>-</u> | <u>(1,073)</u> | <u>(1,067)</u> | <u>(927)</u> | <u>(794)</u> | <u>-</u> | <u>-</u> | <u>(762)</u> |

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL GENERAL DIVISION
JUNE 30, 2023

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------|-------|-------|-------|-------|-------|------|------|-------|
| Statutory Required | \$ 1,462 | 1,225 | 599 | 535 | 509 | 505 | 689 | 417 | 387 |
| Contributions in Relation to the Statutory | 1,462 | 1,225 | 1,199 | 1,102 | 955 | 888 | 689 | 417 | 850 |
| Annual Contribution Deficiency (Excess)* | \$ - | - | (600) | (567) | (446) | (383) | - | - | (463) |

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL POLICE DIVISION
JUNE 30, 2023

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|------|-------|-------|-------|-------|------|------|-------|
| Contractually Required Contribution | \$ 841 | 738 | 270 | 388 | 368 | 375 | 315 | 286 | 300 |
| Contributions in Relation to the Contractually | 841 | 738 | 705 | 747 | 690 | 658 | 315 | 286 | 517 |
| Annual Contribution Deficiency (Excess)* | \$ - | - | (435) | (359) | (322) | (283) | - | - | (217) |

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL FIRE DIVISION
JUNE 30, 2023

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|------|------|-------|-------|-------|------|------|------|
| Contractually Required Contribution | \$ 543 | 465 | 128 | 203 | 181 | 169 | 108 | 125 | 131 |
| Contributions in Relation to the Contractually | 543 | 465 | 166 | 344 | 340 | 297 | 108 | 125 | 213 |
| Annual Contribution Deficiency (Excess)* | \$ - | - | (38) | (141) | (159) | (128) | - | - | (82) |

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

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023

Last Ten Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------|------------|------------|-----------|-----------|-----------|-----------|
| Total OPEB Liability | | | | | | | |
| Service Cost | \$ 921,751 | 765,452 | 550,510 | 418,116 | 432,967 | 498,192 | N/A |
| Interest on Total OPEB Liability | 313,241 | 272,307 | 336,124 | 309,725 | 277,148 | 227,852 | N/A |
| Effect of changes to benefit terms | - | - | - | - | - | - | N/A |
| Effect of economic/demographic (gains) or losses | (40,492) | 913,615 | (20,639) | 385,993 | 9,602 | (29,120) | N/A |
| Effect of assumption changes or inputs | (2,394,078) | 226,073 | 1,792,430 | 514,496 | (297,100) | (764,162) | N/A |
| Benefit Payments | (166,700) | (104,368) | (169,511) | (151,393) | (141,003) | (101,020) | N/A |
| Net Change in Total OPEB Liability | (1,366,278) | 2,037,079 | 2,488,914 | 1,476,937 | 281,614 | (168,258) | N/A |
| Total OPEB Liability, beginning | 13,663,043 | 11,625,964 | 9,137,050 | 7,660,113 | 7,378,499 | 7,546,757 | N/A |
| Total OPEB Liability, ending | 12,296,765 | 13,663,043 | 11,625,964 | 9,137,050 | 7,660,113 | 7,378,499 | 7,546,757 |
| Fiduciary Net Position | | | | | | | |
| Employer Contributions | 323,135 | 415,108 | 431,174 | 306,286 | 278,610 | 243,744 | N/A |
| Member Contributions | 154,108 | 221,887 | 136,612 | 113,950 | 97,366 | 107,282 | N/A |
| Net Investment Income | 3,011 | 8,165 | 25,143 | 10,127 | - | - | N/A |
| Benefit Payments | (166,700) | (140,368) | (169,511) | (151,393) | (141,003) | (101,020) | N/A |
| Administrative expenses | - | - | - | - | - | - | N/A |
| Net change in plan fiduciary net position | 313,554 | 504,792 | 423,418 | 278,970 | 234,973 | 250,006 | N/A |
| Fiduciary net position, beginning | 3,598,753 | 3,093,961 | 2,767,954 | 2,488,984 | 2,254,011 | 2,004,005 | N/A |
| Fiduciary net position, ending | 3,912,307 | 3,598,753 | 3,191,372 | 2,767,954 | 2,488,984 | 2,254,011 | 2,004,005 |
| Net OPEB liability | 8,384,458 | 10,064,290 | 8,434,592 | 6,369,096 | 5,171,129 | 5,124,488 | 5,542,752 |
| Fiduciary net position as a % of total OPEB payroll | 31.82% | 26.34% | 27.45% | 30.29% | 32.49% | 30.55% | 26.55% |
| Covered payroll | 1,115,158 | 10,403,129 | 10,167,003 | 9,441,043 | 8,699,101 | 7,731,219 | 7,593,399 |
| Net OPEB Liability as a % of covered payroll | 75.43% | 96.74% | 82.96% | 67.46% | 59.44% | 66.28% | 72.99% |

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

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF VILLAGE OPEB CONTRIBUTIONS
 JUNE 30, 2023

| | Last Ten Fiscal Years* | | | | | | |
|---|------------------------|---------|---------|-----------|---------|---------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Contractually Required Contribution | \$ 466,970 | 323,135 | 415,108 | 420,236 | 375,976 | 351,026 | - |
| Contributions in Relation to the Contractually Required | 466,970 | 323,135 | 415,108 | 528,585 | 352,979 | 351,026 | - |
| Annual Contribution Deficiency (Excess)* | \$ - | - | - | (108,349) | 22,997 | - | - |

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

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA’s ACFR. That report is available at <https://www.nmpera.org/financial-overview/>.

Assumptions: The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation Report as of June 30, 2022, is available at <http://www.nmpera.org/>.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2023**

Special Revenue Funds

Local LEDA Fund (15)

The local LEDA fund is a special revenue fund that accounts for local appropriation of funds and expend 75% of all gross receipts tax revenues general from distributions attributable to the development and operation of the Facebook Data Center campus and related facilities as a result of contribution and other activities related to the operation each month for 20 years. The local LEDA fund was established by Village Ordinance 416.

Lodgers Tax Fund (16)

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. The Lodgers Tax Fund was established by Village Ordinance 183 and amended by Village Ordinance 240.

Municipal Street Improvement Fund (17)

Gasoline tax revenues are collected and used for construction, reconstruction, resurfacing or other improvement or maintenance of public roads and streets, including right-of-way materials acquisition. These revenues can be designated for projects subject to cooperative agreements entered into with the state highway and transportation department. The Municipal Street Improvement Fund was established by Village Ordinance 48.

Fire Fund (21)

Provide fire protection and life safety for the Village of Los Lunas. The Fire Department is responsible for the preservation of human life due to fire or rescue services, as needed. To make the public aware of fire safety of all types and make available all fire prevention information. State fire money is generated through homeowner's insurance and the State of New Mexico. The Fire Fund was created in accordance with Section 3-18-11 NMSA 1978.

Recreation Fund (22)

Provide recreation and entertainment to the citizens of Los Lunas and Valencia County and surrounding areas. The Recreation Fund helps pay for annual holiday festivities such as the Fourth of July and Christmas, and sports leagues. The Recreation Fund was established by Village Ordinance 76.

Intergovernmental Grant Fund (24)

Account for various sources of revenue from local, state and federal governments. The Intergovernmental Grant Fund was established by Village Resolution 20-28.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2023**

Special Revenue Funds (Continued)

Local Government Correction Fund (26)

The Local Government Correction Fund tracks fees assessed and expenditures incurred for the care of prisoners. Any person convicted of violating any municipal ordinance that carries a jail sentence must pay a \$20 corrections fee to the Municipal Court to support the care and housing of adults and juveniles, per New Mexico Statutory requirements. The Local Government Correction Fund was established by Village Ordinance 151 and amended by Village Ordinance 303.

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. The Law Enforcement Protection Fund was created in accordance with Section 29-13-2 NMSA 1978.

Local DWI Fund (29)

Account for the operation of the DWI Program that serves Valencia County. Funding for this fund is provided by the LDWI grant and State distribution. The Local LDWI Fund was created in accordance with Section 11-6A-3 NMSA 1978.

Cannabis GRT Fund (30)

Track revenues and expenditures related to Cannabis Gross Receipts Taxes (GRT). The Cannabis GRT Fund was created in accordance with the State of New Mexico Department of Finance and Administration, Local Government Division Memorandum BFB 22-05, May 2022, and established by Village Resolution 23-04.

Emergency Medical Service Fund (39)

To provide funds for the use in the establishment and enhancement of local emergency medical services, statewide emergency medical services, and trauma services, in order to reduce injury and loss of life. The Emergency Medical Service Fund was created in accordance with Section 24-10A-2 NMSA 1978.

LG Abatement Opioid Fund (46)

Track revenues and expenditures per the New Mexico Opioid Allocation Agreement (NMOAA). Pursuant to NMOAA requirements, "Every participating local government shall create a separate fund or project on its financial books and records that is designed for the receipt and expenditure of each entity's portion of the LG share." The LG Abatement Opioid Fund was established by Village Resolution 23-09.

American Rescue Plan Act Fund (61)

Track revenues and expenditures related to the American Rescue Plan Act (ARPA) signed into law through H.R. 1319 by President Biden in order to combat the COVID-19 pandemic. The American Rescue Plan Act Fund was established by Village Resolution 21-20.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Non-Major Funds
June 30, 2023**

Capital Project Funds

Aquatic Center Fund (32)

Track revenues and expenditures related to designing and constructing an Aquatic Center in Los Lunas. The Aquatic Center Fund was established by Village Resolution 21-20.

Sports Complex Improvements Fund (40)

Track revenues and expenditures related to improvements to the Sports Complex in Los Lunas. The Sports Complex Improvements Fund was established by Village Resolution 19-15.

I-25 Interchange Fund (42)

Track revenues and expenditures related to construction of a new I-25 Interchange in Los Lunas. The I-25 Interchange Fund was established by Village Resolution 19-15.

Debt Service Funds

GRT Revenue Bond 2016 Fund (34)

The GRT Improvement Revenue Bonds, Series 2016 were issued for the purpose of acquiring, purchasing, improving, and rehabilitating land for governmental purposes, specially, the purchase of the Monte Vista/El Molino property for the School of Dreams Academy (SODA) project and cover all costs incidental to the foregoing and incidental to the issuance of bonds. Payment of the bonds will be solely from the State Shared Gross Receipts Tax and Municipal Share Gross Receipts Tax revenues. The GRT Revenue Bond 2016 Fund was established by Village Ordinance 405.

G.O. Bond 2016 Fund (36)

The Village of Los Lunas issued General Obligation Bonds for the purpose of providing fire protection including purchasing, providing, enlarging, and improving fire protection apparatus, equipment, facilities and paying costs of issuance of the bonds. The bonds are paid from ad valorem taxes which may be levied against all taxable property within Village limits. The G.O. Bond 2016 Fund was established by Village Ordinance 412.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds
June 30, 2023**

| | Special Revenue Funds | | |
|--|-----------------------|-----------------|------------------------------------|
| | Local LEDA GRT | Lodger's Tax | Municipal Street Improvement |
| ASSETS | | | |
| Cash and cash equivalents | \$ 962,134 | 310,403 | 426,585 |
| Restricted cash | - | - | - |
| Investments | - | - | - |
| Due from other funds | - | - | - |
| Receivable from other governments | - | 9,755 | 30,901 |
| Lease receivable | - | 0 | - |
| Other receivables | - | - | - |
| Total assets | \$ 962,134 | 320,158 | 457,486 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ - | 160 | - |
| Due to other funds | - | - | - |
| Accrued payroll expenditures | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | - | 160 | - |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | - | - | - |
| Total deferred inflows of resources | - | - | - |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 962,134 | 319,998 | 457,486 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | 962,134 | 319,998 | 457,486 |
| Total liabilities, deferred inflows and fund balances | \$ 962,134 | 320,158 | 457,486 |

See Notes to Financial Statements.

Special Revenue Funds

| Fire Fund | Recreation Fund | Intergovernmental Grant | Local Government Correction | Law Enforcement Protection |
|-----------|-----------------|-------------------------|-----------------------------|----------------------------|
| 490,670 | 614,579 | - | 137,901 | 10,673 |
| 1,133 | - | - | - | - |
| - | - | - | - | - |
| - | - | 45,895 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 491,803 | 614,579 | 45,895 | 137,901 | 10,673 |
| <hr/> | | | | |
| 38,223 | 3,236 | 15,955 | - | 10,061 |
| - | - | 18,944 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 38,223 | 3,236 | 34,899 | - | 10,061 |
| <hr/> | | | | |
| <hr/> | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 453,580 | 611,343 | 10,996 | 137,901 | 612 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 453,580 | 611,343 | 10,996 | 137,901 | 612 |
| <hr/> | | | | |
| 491,803 | 614,579 | 45,895 | 137,901 | 10,673 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds
June 30, 2023**

| | Special Revenue Funds | | |
|--|-----------------------|----------------|----------------------------------|
| | Local DWI | Cannabis | Emergency Medical Services |
| ASSETS | | | |
| Cash and cash equivalents | \$ 79,648 | 154,547 | 6,230 |
| Restricted cash | - | - | - |
| Investments | - | - | - |
| Due from other funds | - | - | - |
| Receivable from other governments | 47,222 | 22,129 | - |
| Lease receivable | - | - | - |
| Other receivables | - | - | - |
| Total assets | \$ 126,870 | 176,676 | 6,230 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 8,832 | - | 1,295 |
| Due to other funds | - | - | - |
| Accrued payroll expenditures | 5,314 | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 14,146 | - | 1,295 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | - | - | - |
| Total deferred inflows of resources | - | - | - |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 112,724 | 176,676 | 4,935 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | 112,724 | 176,676 | 4,935 |
| Total liabilities, deferred inflows and fund balances | \$ 126,870 | 176,676 | 6,230 |

See Notes to Financial Statements.

| Special Revenue Funds | | | |
|-----------------------|----------------------------|-----------------------------|-------|
| LG Abatement | American Rescue Plan | Total Special Revenue | |
| 230,141 | 1,172,658 | 4,596,169 | 1,133 |
| - | - | - | - |
| - | - | 155,902 | - |
| - | - | - | - |
| 230,141 | 1,172,658 | 4,753,204 | |
| - | - | 77,762 | |
| - | - | 18,944 | |
| - | - | 5,314 | |
| - | 1,172,658 | 1,172,658 | |
| - | 1,172,658 | 1,274,678 | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| 230,141 | - | 3,478,526 | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| 230,141 | - | 3,478,526 | |
| 230,141 | 1,172,658 | 4,753,204 | |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Balance Sheet - Non Major Governmental Funds (Continued)
June 30, 2023

| | Capital Project Funds | | | Total Capital Projects |
|--|-----------------------|--|-----------------------------|------------------------------|
| | Aquatic Center | Sports Complex Improvements Fund | I-25 Interchange Fund | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 31,207 | - | 2,862,923 | 2,894,130 |
| Restricted cash | - | - | - | - |
| Investments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Receivable from other governments | - | - | - | - |
| Lease receivables | - | - | - | - |
| Other receivables | - | - | - | - |
| Total assets | \$ 31,207 | - | 2,862,923 | 2,894,130 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | 52,366 | 333,215 | 385,581 |
| Due to other funds | - | 605,570 | - | 605,570 |
| Accrued payroll expenditures | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Total liabilities | - | 657,936 | 333,215 | 991,151 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 31,207 | (657,936) | 2,529,708 | 1,902,979 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 31,207 | (657,936) | 2,529,708 | 1,902,979 |
| Total liabilities, deferred inflows and fund balances | \$ 31,207 | - | 2,862,923 | 2,894,130 |

See Notes to Financial Statements.

| Debt Service Funds | | Total Debt Service | Total Non Major Governmental Funds |
|---------------------|-----------------|--------------------------|--|
| GRT Revenue Bond | Go Bond 2016 | | |
| - | 453,661 | 453,661 | 7,943,960 |
| - | - | - | 1,133 |
| - | - | - | - |
| - | 21,098 | 21,098 | 177,000 |
| - | - | - | - |
| - | 474,759 | 474,759 | 8,122,093 |
| - | - | - | 463,343 |
| - | - | - | 624,514 |
| - | - | - | 5,314 |
| - | - | - | 1,172,658 |
| - | - | - | 2,265,829 |
| - | 13,755 | 13,755 | 13,755 |
| - | 13,755 | 13,755 | 13,755 |
| - | - | - | - |
| - | 461,004 | 461,004 | 5,842,509 |
| - | - | - | - |
| - | - | - | - |
| - | 461,004 | 461,004 | 5,842,509 |
| - | 474,759 | 474,759 | 8,122,093 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Year Ended June 30, 2023

| | Special Revenue Funds | | |
|---|-----------------------|-----------------|------------------------------------|
| | Local LEDA GRT | Lodger's Tax | Municipal Street Improvement |
| Revenues | | | |
| Sale taxes | \$ - | - | - |
| Property taxes | - | - | - |
| Franchise taxes | - | - | - |
| Other taxes | - | 116,175 | 342,772 |
| Licenses and permits | - | - | - |
| Federal grants | - | - | - |
| State grants | - | - | - |
| Charges for Services | - | - | - |
| Fines and forfeitures | - | - | - |
| Investment earnings | - | - | 414 |
| Payments in lieu of taxes | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | - | 116,175 | 343,186 |
| Expenditures | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Highways and streets | - | - | 85,083 |
| Sanitation | - | - | - |
| Culture and recreation | - | 80,300 | - |
| Debt service | | | |
| Principal | - | - | 172,465 |
| Interest and other charges | - | - | 10,599 |
| Capital outlay | - | - | 216,311 |
| Total expenditures | - | 80,300 | 484,458 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | - | 35,875 | (141,272) |
| Other financing sources (uses) | | | |
| Legislative appropriations | - | - | - |
| Proceeds from issuance of debt | - | - | - |
| Transfers in - government | - | - | 183,064 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | 183,064 |
| Net change in fund balances | - | 35,875 | 41,792 |
| Fund balances, beginning of year | 962,134 | 284,123 | 415,694 |
| Fund balances, end of year | \$ 962,134 | 319,998 | 457,486 |

See Notes to Financial Statements.

Special Revenue Funds

| Fire Fund | Recreation Fund | Intergovernmental Grant | Local Government Correction | Law Enforcement Protection |
|--------------|--------------------|----------------------------|-----------------------------------|----------------------------------|
| - | 9,455 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 42,345 | - | - |
| 317,565 | - | 9,859 | - | 83,000 |
| - | 205,661 | - | 15,202 | - |
| - | - | - | - | - |
| 1,097 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 318,662 | 215,116 | 52,204 | 15,202 | 83,000 |
| - | - | 64,609 | - | - |
| 127,682 | - | - | - | 39,143 |
| - | - | - | - | - |
| - | 152,298 | - | - | - |
| 39,337 | - | - | - | - |
| 326 | - | - | - | - |
| 28,210 | - | - | - | 43,245 |
| 195,555 | 152,298 | 64,609 | - | 82,388 |
| 123,107 | 62,818 | (12,405) | 15,202 | 612 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 123,107 | 62,818 | (12,405) | 15,202 | 612 |
| 330,473 | 548,525 | 23,401 | 122,699 | - |
| 453,580 | 611,343 | 10,996 | 137,901 | 612 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Year Ended June 30, 2023

| | Special Revenue Funds | | |
|---|-----------------------|----------------|---------------------------------|
| | Local DWI | Cannabis | Emergency Medical Service |
| Revenues | | | |
| Sale taxes | \$ - | 176,676 | - |
| Property taxes | - | - | - |
| Franchise taxes | - | - | - |
| Other taxes | - | - | - |
| Licenses and permits | - | - | - |
| Federal grants | - | - | - |
| State grants | 547,078 | - | 16,762 |
| Charges for Services | 29,608 | - | - |
| Fines and forfeitures | 11,245 | - | - |
| Investment earnings | - | - | - |
| Payments in lieu of taxes | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | 587,931 | 176,676 | 16,762 |
| Expenditures | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | 594,751 | - | 11,827 |
| Highways and streets | - | - | - |
| Sanitation | - | - | - |
| Culture and recreation | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest and other charges | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | 594,751 | - | 11,827 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (6,820) | 176,676 | 4,935 |
| Other financing sources (uses) | | | |
| Legislative appropriations | - | - | - |
| Proceeds from issuance of debt | - | - | - |
| Transfers in - government | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (6,820) | 176,676 | 4,935 |
| Fund balances, beginning of year | 119,544 | - | - |
| Fund balances, end of year | \$ 112,724 | 176,676 | 4,935 |

See Notes to Financial Statements.

| Special Revenue Funds | | | |
|-----------------------|----------------------------|-----------------------------|--|
| LG Abatement | American Rescue Plan | Total Special Revenue | |
| - | - | 186,131 | |
| - | - | - | |
| - | - | - | |
| - | - | 458,947 | |
| - | - | - | |
| - | 1,746,255 | 1,788,600 | |
| 230,141 | - | 1,204,405 | |
| - | - | 250,471 | |
| - | - | 11,245 | |
| - | - | 1,511 | |
| - | - | - | |
| - | - | - | |
| 230,141 | 1,746,255 | 3,901,310 | |
| - | - | 64,609 | |
| - | - | 773,403 | |
| - | - | 85,083 | |
| - | - | - | |
| - | - | 232,598 | |
| - | - | - | |
| - | - | 211,802 | |
| - | - | 10,925 | |
| - | 1,746,255 | 2,034,021 | |
| - | 1,746,255 | 3,412,441 | |
| 230,141 | - | 488,869 | |
| - | - | - | |
| - | - | - | |
| - | - | 183,064 | |
| - | - | - | |
| - | - | 183,064 | |
| 230,141 | - | 671,933 | |
| - | - | 2,806,593 | |
| 230,141 | - | 3,478,526 | |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds (Continued)
Year Ended June 30, 2023**

| | Capital Project Funds | | | Total Capital Projects |
|---|-----------------------|--|-----------------------------|------------------------------|
| | Aquatic Center | Sports Complex Improvements Fund | I-25 Interchange Fund | |
| Revenues | | | | |
| Sale taxes | \$ - | - | - | - |
| Property taxes | - | - | - | - |
| Franchise taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Federal grants | - | - | 821,242 | 821,242 |
| State grants | - | - | 184,318 | 184,318 |
| Charges for Services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Payments in lieu of taxes | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | - | - | 1,005,560 | 1,005,560 |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Highways and streets | - | - | - | - |
| Sanitation | - | - | - | - |
| Culture and recreation | 1,229 | - | - | 1,229 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | - | 1,032,941 | 163,335 | 1,196,276 |
| Total expenditures | 1,229 | 1,032,941 | 163,335 | 1,197,505 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (1,229) | (1,032,941) | 842,225 | (191,945) |
| Other financing sources (uses) | | | | |
| Legislative appropriations | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - |
| Transfers in - government | - | 400,000 | 768,598 | 1,168,598 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | 400,000 | 768,598 | 1,168,598 |
| Net change in fund balances | (1,229) | (632,941) | 1,610,823 | 976,653 |
| Fund balances, beginning of year | 32,436 | (24,995) | 918,885 | 926,326 |
| Fund balances, end of year | \$ 31,207 | (657,936) | 2,529,708 | 1,902,979 |

See Notes to Financial Statements.

| Debt Service Funds | | Total Debt Service | Total Non Major Governmental Funds |
|---------------------|-----------------|--------------------------|--|
| GRT Revenue Bond | Go Bond 2016 | | |
| - | - | - | 186,131 |
| - | 404,516 | 404,516 | 404,516 |
| - | - | - | - |
| - | - | - | 458,947 |
| - | - | - | - |
| - | - | - | 2,609,842 |
| - | - | - | 1,388,723 |
| - | - | - | 250,471 |
| - | - | - | 11,245 |
| - | - | - | 1,511 |
| - | - | - | - |
| - | - | - | - |
| - | 404,516 | 404,516 | 5,311,386 |
| - | - | - | 64,609 |
| - | - | - | 773,403 |
| - | - | - | 85,083 |
| - | - | - | - |
| - | - | - | 233,827 |
| 145,000 | 365,000 | 510,000 | 721,802 |
| 110,820 | 99,481 | 210,301 | 221,226 |
| - | - | - | 3,230,297 |
| 255,820 | 464,481 | 720,301 | 5,330,247 |
| (255,820) | (59,965) | (315,785) | (18,861) |
| - | - | - | - |
| - | - | - | - |
| 255,820 | - | 255,820 | 1,607,482 |
| - | - | - | - |
| 255,820 | - | 255,820 | 1,607,482 |
| - | (59,965) | (59,965) | 1,588,621 |
| - | 520,969 | 520,969 | 4,253,888 |
| - | 461,004 | 461,004 | 5,842,509 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Fiduciary Funds
June 30, 2023**

Fiduciary Funds

Court Trust Fund (28)

Any person convicted of violating any municipal ordinance that carries a jail sentence must pay a \$3 judicial education fee to the Municipal Court to be used for education and training, including production of bench books and other written materials for municipal judges and other municipal court personnel. The Court Trust Fund was established by Village Ordinance 205 and amended by Village Ordinance 362.

Municipal Court Bond Fund (63)

Track revenues for payments of bonds issued by municipal court and subsequent reimbursement of bonds, after established criteria has been met.

Appreciating You Fund (62)

Appreciating YOU promotes gathering Village employees and departments/divisions for united engagement to broaden the involvement and professional connection within the Village. The objectives of Appreciating YOU are to foster and encourage teamwork, appreciation, and engagement to continue to allow all employees to be a part of a professional, involved, supportive, and welcoming environment; to ensure contributed monies are spent ethically and mindfully and to promote and encourage Village employees to become involved in the program as either an active contributor or as a volunteer. The Appreciating You fund was established by Village Resolution 22-04.

Police Evidence Fund (64)

The Los Lunas Police department collects all cash collected after an arrest is made. All cash that is collected is held in this fund until the arrestee is released from jail, at which time a disbursement is granted. The Police Evidence fund was established by Village Resolution 22-04.

Firefighter Fund (65)

The Los Lunas Fire Department receives donations from employees and members of the public to purchase food baskets for families during the Thanksgiving holiday. All expenditures made in this fund must be approved by the volunteer firefighter committee. The Firefighter fund was established by Village Resolution 22-04.

Cops for Kids Fund (66)

The Los Lunas Police Department receives donations from employees and members of the public for the Cops for Kids program. The Cops for Kids program allows the Los Lunas Police Department to purchase school supplies to distribute at the National Night Out event. The Cops for Kids fund was established by Village Resolution 22-04.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Fiduciary Funds
June 30, 2023**

Fiduciary Funds (Continued)

Regional Dispatch Fund (45)

Track funds incurred for operating, administering and maintaining a joint enhanced 911 Regional Communications Center in Valencia County. The Valencia County Regional Emergency Communications Center (VRECC) was established by a Joint Powers Agreement between the City of Belen, the Village of Los Lunas, the Village of Bosque Farms, and Valencia County on June 6, 2006, and revised on June 19, 2016, to include partnerships with the Town of Peralta, the City of Rio Communities and American Medical Response (AMR) ambulance service.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Fiduciary Net Position-
Fiduciary Funds
June 30, 2023**

| | Custodial Funds | | | |
|-------------------------------|-----------------------------|---------------------------------|-----------------------------|----------------------------|
| | Court Trust Fund | Municipal Court Bond | Appreciating You | Police Evidence |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,851 | 51,359 | 3,284 | 50,406 |
| Receivables | - | 1,359 | - | - |
| Due from others funds | - | - | - | - |
| Total Assets | \$ 5,851 | 52,718 | 3,284 | 50,406 |
| LIABILITIES | | | | |
| Accounts payable | - | - | - | - |
| Due to others funds | - | - | - | - |
| Accrued liabilities | - | - | - | - |
| Total Liabilities | \$ - | - | - | - |
| Net Position | | | | |
| Restricted for: | | | | |
| Individuals and organizations | - | - | 3,284 | 50,406 |
| Other governments | 5,851 | 52,718 | - | - |
| Total net position | \$ 5,851 | 52,718 | 3,284 | 50,406 |

Custodial Funds

| Firefighter | Cops for Kids | Regional Dispatch | Total Custodial Fund |
|--------------------|----------------------|--------------------------|-----------------------------|
| 14,753 | 1,399 | 8,326 | 135,378 |
| - | - | - | 1,359 |
| - | - | - | - |
| 14,753 | 1,399 | 8,326 | 136,737 |
| - | - | 4,364 | 4,364 |
| - | - | - | - |
| - | - | 27,834 | 27,834 |
| - | - | 32,198 | 32,198 |
| 14,753 | 1,399 | (23,872) | 45,970 |
| - | - | - | 58,569 |
| 14,753 | 1,399 | (23,872) | 104,539 |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Combining Statement of Changes in Fiduciary Net Position
June 30, 2023

| | Custodial Funds | | | |
|---|---------------------|-------------------------|---------------------|--------------------|
| | Court Trust Fund | Municipal Court Bond | Appreciating You | Police Evidence |
| Additions | | | | |
| Contributions: | | | | |
| Private contributions | \$ 6,935 | 5,704 | 3,259 | - |
| Total contributions | <u>6,935</u> | <u>5,704</u> | <u>3,259</u> | <u>-</u> |
| Total additions | <u>\$ 6,935</u> | <u>5,704</u> | <u>3,259</u> | <u>-</u> |
| Deductions | | | | |
| Refunds and transfers to other systems | \$ - | - | - | - |
| Administrative expense | - | - | - | - |
| Recipient payments | - | - | 4,009 | - |
| Total deductions | <u>\$ -</u> | <u>-</u> | <u>4,009</u> | <u>-</u> |
| Net increases (decrease) in fiduciary position | 6,935 | 5,704 | (750) | - |
| Net position, beginning of year | (1,084) | 47,014 | 4,034 | 50,406 |
| Net position, end of year | <u>\$ 5,851</u> | <u>52,718</u> | <u>3,284</u> | <u>50,406</u> |

| Custodial Funds | | | Total Custodial Fund |
|--------------------------|---------------|-------------------|-------------------------|
| Volunteer Firefighter | Cops for Kids | Regional Dispatch | |
| 6,143 | 8,346 | 2,073,336 | 2,103,723 |
| 6,143 | 8,346 | 2,073,336 | 2,103,723 |
| 6,143 | 8,346 | 2,073,336 | 2,103,723 |
| - | - | - | - |
| - | - | 4,556,673 | 4,556,673 |
| 3,274 | 13,015 | - | 20,298 |
| 3,274 | 13,015 | 4,556,673 | 4,576,971 |
| 2,869 | (4,669) | (2,483,337) | (2,473,248) |
| 11,884 | 6,068 | 2,459,465 | 2,577,787 |
| 14,753 | 1,399 | (23,872) | 104,539 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Supplemental Schedule of Pledged Collateral
Year Ended June 30, 2023**

| | <u>Wells Fargo</u> |
|---|-----------------------------|
| Deposits in Bank or Savings and Loan | |
| Money market | \$ - |
| Bank deposits (checking) | 70,730,989 |
| Certificates of deposit | - |
| Total bank balance | <u>70,730,989</u> |
| Less: FDIC insurance | <u>250,000</u> |
| Total uninsured public funds | \$ <u><u>70,480,989</u></u> |
| Collateral requirement | 35,240,495 |
| Total required collateralization | <u>35,240,495</u> |
| Pledges and securities | |
| GNII SF MS8878, CUSIP # 36179X2K1, 5.00%, due on 5/20/53 | 3,921,998 |
| FNMA, FNMS, CUSIP #3140XCF29, 3.50%, due 09/01/2047 | 64,564,186 |
| GNMA, G2SF, CUSIP #36179XQX7, 5.50%, due 1/20/2053 | 3,907,015 |
| GNMA, G2SF, CUSIP #36179XX50, 5.00%, due 04/20/2053 | 348,798 |
| Federal Home Loan Bank of Cincinnati, LOC No.: 568492, Issued 10/1/2022 | - |
| GN 20118 AC SEQ FIX CUSIP #38380PZ31, 2.000%, due 04/16/2062 | - |
| GN 20189A AD FIX CUSIP # 38382MDE6, 1.50000%, due 12/20/2050 | - |
| GN 2115L HA FIX CUSIP # 38382M2K4, 1.500%, due 1/20/2051 | - |
| GN 2146D AB FIX CUSIP #38382P3R1, 2.000%, due 03/20/2051 | - |
| GN 2125H G FIX CUSIP #38382NTK1, 1.250%, due 02/20/2051 | - |
| G2SF MA3802 CUSIP #36179SGK7, 3.00%, due 07/20/2046 | - |
| G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046 | - |
| GNMA2 SINGLE FAMILY 30 YR CUSIP #36179MSV3, 2.50%, due 11/20/2042 | - |
| G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046 | - |
| G2SF MA3662 CUSIP #36179SB71, 3.00%, due 05/20/2046 | - |
| G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 03/20/2045 | - |
| Total pledged securities | <u>72,741,997</u> |
| Excess (deficiency) | \$ <u><u>37,501,502</u></u> |

Safekeeping locations for the above securities are as follows:

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

| U.S. Bank | Bank of the West | New Mexico Finance Authority | New Mexico Bank & Trust |
|-----------|------------------|------------------------------|-------------------------|
| 3,620,543 | 3,609,909 | 441,972 | - |
| 312,961 | - | - | - |
| - | 300,000 | - | 200,000 |
| 3,933,504 | 3,909,909 | 441,972 | 200,000 |
| 250,000 | 250,000 | 441,972 | 200,000 |
| 3,683,504 | 3,659,909 | - | - |
| 1,841,752 | 1,829,955 | - | - |
| 1,841,752 | 1,829,955 | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 3,700,000 | - | - | - |
| - | 237,060 | - | - |
| - | 2,333,986 | - | - |
| - | 821,630 | - | - |
| - | 17,147 | - | - |
| - | 129,734 | - | - |
| - | 226,754 | - | - |
| - | 7,137 | - | - |
| - | 26,906 | - | - |
| - | 91 | - | - |
| - | 23,041 | - | - |
| - | 57,258 | - | - |
| 3,700,000 | 3,880,744 | - | - |
| 1,858,248 | 2,050,789 | - | - |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Supplemental Schedule of Pledged Collateral
Year Ended June 30, 2023**

| | <u>State Employees Credit Union</u> |
|---|---|
| Deposits in Bank or Savings and Loan | |
| Money market | \$ - |
| Bank deposits (checking) | - |
| Certificates of deposit | - |
| Total bank balance | <u>-</u> |
| Less: FDIC insurance | <u>100,000</u> |
| Total uninsured public funds | \$ <u><u>(100,000)</u></u> |
| Collateral requirement | (50,000) |
| Total required collateralization | <u>(50,000)</u> |
| Pledges and securities | |
| GNII SF MS8878, CUSIP # 36179X2K1, 5.00%, due on 5/20/53 | - |
| FNMA, FNMS, CUSIP #3140XCF29, 3.50%, due 09/01/2047 | - |
| GNMA, G2SF, CUSIP #36179XQX7, 5.50%, due 1/20/2053 | - |
| GNMA, G2SF, CUSIP #36179XX50, 5.00%, due 04/20/2053 | - |
| Federal Home Loan Bank of Cincinnati, LOC No.: 568492, Issued 10/1/2022 | - |
| GN 20118 AC SEQ FIX CUSIP #38380PZ31, 2.000%, due 04/16/2062 | - |
| GN 20189A AD FIX CUSIP # 38382MDE6, 1.50000%, due 12/20/2050 | - |
| GN 2115L HA FIX CUSIP # 38382M2K4, 1.500%, due 1/20/2051 | - |
| GN 2146D AB FIX CUSIP #38382P3R1, 2.000%, due 03/20/2051 | - |
| GN 2125H G FIX CUSIP #38382NTK1, 1.250%, due 02/20/2051 | - |
| G2SF MA3802 CUSIP #36179SGK7, 3.00%, due 07/20/2046 | - |
| G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046 | - |
| GNMA2 SINGLE FAMILY 30 YR CUSIP #36179MSV3, 2.50%, due 11/20/2042 | - |
| G2SF MA3596 CUSIP #36179R7H6, 3.00%, due 04/20/2046 | - |
| G2SF MA3662 CUSIP #36179SB71, 3.00%, due 05/20/2046 | - |
| G2SF MA2677 CUSIP #36179Q6N6, 3.00%, due 03/20/2045 | - |
| Total pledged securities | <u>-</u> |
| Excess (deficiency) | \$ <u><u>50,000</u></u> |

Safekeeping locations for the above securities are as follows:

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

| United Business Bank | Nusenda Credit Union | X-press Bill Pay | Total |
|-------------------------|-------------------------|---------------------|------------|
| - | - | - | 7,672,424 |
| - | - | 143,767 | 71,187,717 |
| 100,000 | 102,705 | - | 702,705 |
| 100,000 | 102,705 | 143,767 | 79,562,846 |
| 100,000 | 102,705 | 143,767 | 1,838,444 |
| - | - | - | 77,724,402 |
| - | - | - | 38,862,202 |
| - | - | - | 38,862,202 |
| - | - | - | 3,921,998 |
| - | - | - | 64,564,186 |
| - | - | - | 3,907,015 |
| - | - | - | 348,798 |
| - | - | - | 3,700,000 |
| - | - | - | 237,060 |
| - | - | - | 2,333,986 |
| - | - | - | 821,630 |
| - | - | - | 17,147 |
| - | - | - | 129,734 |
| - | - | - | 226,754 |
| - | - | - | 7,137 |
| - | - | - | 26,906 |
| - | - | - | 91 |
| - | - | - | 23,041 |
| - | - | - | 57,258 |
| - | - | - | 80,322,741 |
| - | - | - | 41,460,539 |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2023**

| | <u>Wells Fargo</u> |
|---|----------------------|
| Deposits in Bank or Savings and Loan | |
| Money Market | \$ - |
| Bank deposits (checking) | 70,730,989 |
| Certificates of deposit | - |
| Total bank balance | <u>70,730,989</u> |
| Reconciling items | |
| Outstanding checks | (1,395,229) |
| Deposits in transit | 83,485 |
| Other adjustments | (107) |
| Total adjustments | <u>(1,311,851)</u> |
| Total book balance | 69,419,138 |
| Plus petty cash | - |
| Less: fiduciary fund balances included in bank balance | <u>135,378</u> |
| Total primary government | <u>\$ 69,283,760</u> |

| U.S. Bank | Bank of the West | New Mexico Finance Authority | New Mexico Bank & Trust |
|------------------|---------------------|---------------------------------|----------------------------|
| 3,620,543 | 3,609,909 | 441,972 | - |
| 312,961 | - | - | - |
| - | 300,000 | - | 200,000 |
| <u>3,933,504</u> | <u>3,909,909</u> | <u>441,972</u> | <u>200,000</u> |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>3,933,504</u> | <u>3,909,909</u> | <u>441,972</u> | <u>200,000</u> |
| - | - | - | - |
| - | - | - | - |
| <u>3,933,504</u> | <u>3,909,909</u> | <u>441,972</u> | <u>200,000</u> |

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Cash and Temporary Investment Accounts
Year Ended June 30, 2023**

| | <u>State Employees Credit Union</u> |
|--|---|
| Deposits in Bank or Savings and Loan | |
| Money Market | \$ - |
| Bank deposits (checking) | - |
| Certificates of deposit | 100,000 |
| Total bank balance | <u><u>100,000</u></u> |
| | |
| Reconciling items | |
| Outstanding checks | - |
| Deposits in transit | - |
| Other adjustments | - |
| Total adjustments | <u><u>-</u></u> |
| | |
| Total book balance | 100,000 |
| | |
| Plus petty cash | - |
| Less: fiduciary fund balances included in bank balance | - |
| Total primary government | \$ <u><u><u>100,000</u></u></u> |

| Bank of Albuquerque | United Business Bank | Nusenda Credit Union | X-press Bill Pay | Total |
|------------------------|-------------------------|-------------------------|---------------------|-------------|
| - | - | - | - | 7,672,424 |
| - | - | - | 143,767 | 71,187,717 |
| 100,000 | 100,000 | 102,705 | - | 902,705 |
| 100,000 | 100,000 | 102,705 | 143,767 | 79,762,846 |
| - | - | - | - | (1,395,229) |
| - | - | - | 65,905 | 149,390 |
| - | - | - | 639 | 532 |
| - | - | - | 66,544 | (1,245,307) |
| 100,000 | 100,000 | 102,705 | 210,311 | 78,517,539 |
| - | - | - | - | 1,239 |
| - | - | - | - | 135,378 |
| 100,000 | 100,000 | 102,705 | 210,311 | 78,383,400 |

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 Schedule of Joint Powers Agreements
 Year Ended June 30, 2023

| Agreement | The Village Participates With | Party Responsible for Operation | Description | Period | Funds/Cost to Village | Village Contributions | Audit Responsibility |
|---|---|---------------------------------|--|---|--|-----------------------|----------------------|
| Valencia County Regional Communication Center | City of Belen, Village of Los Lunas, Village of Bosque Farms, and Valencia County | Village of Los Lunas | Emergency services including fire, EMS, and law enforcement services and to provide for the emergency communications needs to the public safety agencies of the municipalities and County. | Beginning June 19, 2006 and may be terminated upon written notice begin given by one party to another | City of Belen \$131,821; Village of Bosque Farms; \$36,009; Valencia County \$221,508; Town of Peralta \$26,793, City of Rio Communities \$30,966; American Medical Rescue \$107,696 | \$ 222,981 | Village of Los Lunas |

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
Year Ended June 30, 2023

| Project | Grant # | Original Appropriation | Appropriation Period | Expenditures to Date | Outstanding Encumbrances | Unencumbered Balances |
|--|--------------|------------------------|-----------------------------------|----------------------|--------------------------|-----------------------|
| Computer-Aided Dispatch and Records Management Systems | 19-D3251 | \$ 1,148,321 | July 1, 2019 - June 30, 2023 | 1,148,321 | - | - |
| Los Lunas Daniel Fernandez Memorial Park Improvements | 19-D3254 | 600,000 | July 1, 2019 - June 30, 2023 | 573,000 | - | 26,800 |
| Los Lunas Musuem of Heritage & Arts Improvements | 19-D3255 | 200,000 | July 1, 2019 - June 30, 2023 | 200,000 | - | - |
| Los Lunas River Park & Bosque Open Space | 19-D3256 | 75,000 | July 1, 2019 - June 30, 2023 | 75,000 | - | - |
| Los Lunas Sports Facility Improvements | 19-D3257 | 475,000 | July 1, 2019 - June 30, 2023 | 475,000 | - | - |
| Los Lunas Central Rail Park Utility Extensions | 20-E2251 | 1,500,000 | July 1, 2020 - June 30, 2024 | 1,061,945 | - | 438,055 |
| Los Lunas Daniel Fernandez Memorial Park Improvements | 20-E2791 | 600,000 | July 1, 2020 - June 30, 2024 | - | - | 600,000 |
| Los Lunas River Park & Bosque Open Space | 20-E2792 | 225,000 | July 1, 2020 - June 30, 2024 | - | - | 225,000 |
| Los Lunas Aquatic Center | 21-F2936 | 150,000 | July 1, 2021 - June 30, 2025 | 29,194 | - | 120,806 |
| Los Lunas River Park & Bosque Open Space | 21-F2937 | 225,000 | July 1, 2021 - June 30, 2025 | - | - | 225,000 |
| Los Lunas Sports Facility Improvements | 21-F2938 | 400,000 | July 1, 2021 - June 30, 2025 | 229,207 | - | 170,793 |
| Los Lunas River Park Improvement | 22-G3069 | 320,000 | December 30, 2022 - June 30, 2026 | - | - | 320,000 |
| Law Enforcement Retention Fund | 22-ZG1016-60 | 112,500 | December 7, 2022 - June 30, 2023 | 112,500 | - | - |
| Library GOB 2020 | 20-E5296 | 62,581 | July 14, 2022 - June 30, 2024 | 21,081 | - | 41,500 |
| | | | | \$ 3,925,248 | - | 2,167,954 |

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 Joseph M. Maestas, P.E.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Village of Los Lunas (the "Village"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 14, 2023.

Internal Control over Financial Reporting

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

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

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

OFFICE LOCATIONS

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedules of Findings and Questions Costs as items 2023-001.

Village's Response to Findings

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

Purpose of this Report

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque New Mexico
December 14, 2023

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

To Joseph M. Maestas, P.E.
New Mexico State Auditor
The Village of Los Lunas Council
Village of Los Lunas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Los Lunas’s (Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village’s major federal programs for the year ended June 30, 2023. 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.

In our opinion, Village of Los Lunas complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Village of Los Lunas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Village of Los Lunas’ compliance with the compliance requirements referred to above.

OFFICE LOCATIONS

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Village of Los Lunas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Village of Los Lunas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Village of Los Lunas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Village of Los Lunas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Village of Los Lunas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Village of Los Lunas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 14, 2023

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| Federal Grantor or Pass-Through Grantor/Program Title | Passthrough Grant Number | Assistance Listing Number | Federal Expenditures |
|--|-----------------------------|---------------------------------|-------------------------|
| U.S. Department of Commerce | | | |
| Investments for Public Works and Economic Adjustment Assistance | SAP 20-E2251-STB | 11.300* | \$ 1,277,916 |
| Total U.S. Department of Commerce | | | <u>1,277,916</u> |
| U.S. Department of the Treasury | | | |
| <i>Passed through New Mexico Department of Finance and Administration</i> | | | |
| Coronavirus Relief Fund | FRF-LOSLUN-056 | 21.027* | 1,746,255 |
| Total U.S. Department of the Treasury | | | <u>1,746,255</u> |
| U.S. Department of Justice | | | |
| Bulletproof Vest Partnership | | 16.607 | 2,400 |
| Total U.S. Department of Justice | | | <u>2,400</u> |
| U.S. Department of Transportation | | | |
| <i>Passed Through the State of New Mexico Department of Transportation</i> | | | |
| Highway Planning and Construction | A301123 | 20.205 | 279,818 |
| Highway Planning and Construction | A300894 | 20.205 | 58,259 |
| Highway Planning and Construction | A301122 | 20.205 | 488,261 |
| Highway Planning and Construction | A301350 | 20.205 | 18,064 |
| Highway Planning and Construction | A302230 | 20.205 | 806,045 |
| Total U.S. Department of Transportation | | | <u>1,650,447</u> |
| U.S. Environmental Protection Agency | | | |
| <i>Passed Through the State of New Mexico Finance Authority</i> | | | |
| Safe Drinking Water State Revolving Fund | DW-5130 | 66.468 | 227,162 |
| Total U.S. Environmental Protection Agency | | | <u>227,162</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 4,904,180</u> |

* Denotes major program

See notes to Schedule of Federal Awards.

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Village under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the Village. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Subrecipients of Grant Awards

There were no sub-recipients during fiscal 2023.

Loans

The Village expended federal awards in the form of loans in the Safe Drinking Water State Revolving Fund program totaling \$227,162 during the year ended June 30, 2023.

Indirect Cost Rate

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

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

| | |
|---|------------|
| Internal control over major programs: Material weaknesses reported? | No |
| Significant deficiencies reported not considered to be material weaknesses? | None |
| Type of auditor’s report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: Investments for Public Works and Economic Adjustment Assistance– #11.300 Coronavirus Relief Fund- #21.019 | |
| Dollar threshold used to distinguish Between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

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

None

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

2023-001 BUDGETARY COMPLIANCE (OTHER NON-COMPLIANCE)

Condition: The Village had actual expenditures incurred that exceeded budgeted expenditures in the Aquatic Center fund in the amount of \$1,228 and Cops for Kids fund in the amount of \$1,239.

Criteria: Per NM Stat § 6-6-2 (J), “disbursements of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there be illegal expenditures”.

Effect: Violation of NM Stat § 6-6-2 (J), over spending of budgeted expenditures. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Cause: Budget authorization (adjustments) were prepared but not presented to the board for approval and submission to DFA for budget adjustment.

Recommendation: We recommend the Village review budgeted expenditures on a monthly basis to ensure that expenditures incurred have not exceeded budgeted expenditures.

Management’s Response: We experienced limited staff capacity in FY 2023. In FY 2024 we have additional trained staff already in place and have already started a monthly review process of budget vs. actual.

Responsible Party: Finance Director.

Timeline for Corrective Action: Fiscal year 2024.

STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Prior Year Findings

Description

Status

None Noted

**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS
Exit Conference
June 30, 2023**

The contents of this report were discussed in the exit conference held on December 14, 2023, with the following in attendance:

Representing the Village of Los Lunas:

| | |
|-------------------|------------------------------|
| Charles Griego | Mayor |
| Gregory D. Martin | Village Administrator |
| Erin Callahan | Deputy Village Administrator |
| Cheryl Cates | Finance Director |

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

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