

STATE OF NEW MEXICO

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



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	Mayor
Christopher Ortiz	Councilor
Gino M. Romero	Councilor
Cruz Muñoz	Mayor Pro-Tem
James Runyon	Councilor
Gregory D. Martin	Village Administrator
Cheryl Cates	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

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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, L.L.P.

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		
	Governmental Activities	Business-Type Activities	Total
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	76,129,294	12,596,530	88,725,824
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	106,881,488	76,010,478	182,891,966
Total assets	183,010,782	88,607,008	271,617,790
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	8,000,406	1,338,687	9,339,093
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	5,767,471	3,426,511	9,193,982
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	37,179,197	27,440,363	64,619,560
Total liabilities	42,946,668	30,866,874	73,813,542
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	8,503,481	79,992	8,583,473
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	\$ 139,561,039	58,998,829	198,559,868

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		Total
					Governmental Activities	Business-Type Activities	
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>139,561,039</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
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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)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

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>
	1,920,446

Change in net position governmental activities	\$ 22,123,423
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**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 Fund	Sewer 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 Fund	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	Custodial Funds
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>78,518,778</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	\$ 7,265,000	1,515,644	

**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.

Fund	Transfer In	Transfer Out
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	<u>6,102,264</u>	<u>951,662</u>
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
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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)

Coverage Plan	PERA Fund Contribution Rates and Pension Factors in Effect During FY22					
	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
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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	\$ 3,005,830	284,610

**STATE OF NEW MEXICO
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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 of 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	\$ 1,442,208	4,472

**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	100.0%	

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:

**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 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
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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:

	\$	Current		
		1% Decrease (2.54%)	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:

	\$	Current		
		1% Decrease (2.54%)	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	\$ 3,116,735	2,540,719

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	\$ 109,046	

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	\$ <u>(499,988)</u>
-----------------------------------	---------------------

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:	\$ <u>56,859,529</u>	<u>9,064,163</u>	<u>(499,988)</u>	<u>5,842,509</u>	<u>71,266,213</u>

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 PROPORTIONATE 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	2,846	2,428	2,070	2,193	1,985	1,843	1,112	828	1,580
Annual Contribution Deficiency (Excess)*	\$ -	-	(1,073)	(1,067)	(927)	(794)	-	-	(762)

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

STATE OF NEW MEXICO
 VILLAGE OF LOS LUNAS
 SCHEDULE OF VILLAGE CONTRIBUTIONS
 MUNICIPAL GENERAL DIVISION
 JUNE 30, 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)									
Contractually Required Contribution	\$ 2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contributions in Relation to the Contractually	841	738	270	388	368	375	315	286	300	
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)									
Contractually Required Contribution	\$ 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contributions in Relation to the Contractually	543	465	166	344	340	297	108	125	213	131
Annual Contribution Deficiency (Excess)*	\$ -	-	(38)	(141)	(159)	(128)	-	-	(82)	125

*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*

Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017
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
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-	-	-	-	-
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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
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**STATE OF NEW MEXICO
VILLAGE OF LOS LUNAS**

Combining Balance Sheet - Non Major Governmental Funds (Continued)

June 30, 2023

	Capital Project Funds			
	Aquatic Center	Sports Complex Improvements Fund	I-25 Interchange Fund	Total Capital Projects
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

GRT Revenue Bond	Go Bond 2016	Total Debt Service	Total Non Major Governmental Funds
-	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
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**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
<hr/>				
-	-	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
<hr/>				
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
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
-	-	-
-	-	-
<u>230,141</u>	<u>1,746,255</u>	<u>3,901,310</u>

-	-	64,609
-	-	773,403
-	-	85,083
-	-	-
-	-	232,598
-	-	-
-	-	211,802
-	-	10,925
-	<u>1,746,255</u>	<u>2,034,021</u>
<u>-</u>	<u>1,746,255</u>	<u>3,412,441</u>

<u>230,141</u>	<u>-</u>	<u>488,869</u>
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-	-	-
-	-	-
-	-	183,064
-	-	-

-	-	183,064
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<u>230,141</u>	<u>-</u>	<u>671,933</u>
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<u>-</u>	<u>-</u>	<u>2,806,593</u>
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<u>230,141</u>	<u>-</u>	<u>3,478,526</u>
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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			
	Aquatic Center	Sports Complex Improvements Fund	I-25 Interchange Fund	Total Capital Projects
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

Debt Service Funds

GRT Revenue Bond	Go Bond 2016	Total Debt Service	Total Non Major Governmental Funds
-	-	-	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
<hr/>			
-	-	-	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
<hr/>			
(255,820)	(59,965)	(315,785)	(18,861)
<hr/>			
-	-	-	-
255,820	-	255,820	1,607,482
-	-	-	-
255,820	-	255,820	1,607,482
<hr/>			
-	(59,965)	(59,965)	1,588,621
-	520,969	520,969	4,253,888
-	461,004	461,004	5,842,509
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**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
<hr/>			
-	-	4,364	4,364
-	-	-	-
-	-	27,834	27,834
-	-	32,198	32,198
<hr/>			
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>	-
Total additions	\$ 6,935	5,704	3,259	-
Deductions				
Refunds and transfers to other systems	\$ -	-	-	-
Administrative expense	- -	-	-	-
Recipient payments	- -	-	4,009	-
Total deductions	\$ - -	- -	4,009	-
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	250,000
Total uninsured public funds	<u>\$ 70,480,989</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>\$ 37,501,502</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
<u>3,933,504</u>	<u>3,909,909</u>	<u>441,972</u>	<u>200,000</u>
250,000	250,000	441,972	200,000
<u>3,683,504</u>	<u>3,659,909</u>	<u>-</u>	<u>-</u>
1,841,752	1,829,955	-	-
<u>1,841,752</u>	<u>1,829,955</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
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	-	-
<u>3,700,000</u>	<u>3,880,744</u>	<u>-</u>	<u>-</u>
<u>1,858,248</u>	<u>2,050,789</u>	<u>-</u>	<u>-</u>

**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>\$ (100,000)</u>
Collateral requirement	<u>(50,000)</u>
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	<u>- -</u>
Total pledged securities	<u>-----</u>
Excess (deficiency)	<u>\$ 50,000</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
<hr/>	<hr/>	<hr/>	<hr/>
100,000	102,705	143,767	79,562,846
<hr/>	<hr/>	<hr/>	<hr/>
100,000	102,705	143,767	1,838,444
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	77,724,402
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	38,862,202
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	38,862,202
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	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
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	80,322,741
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	41,460,539
<hr/>	<hr/>	<hr/>	<hr/>

**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		135,378
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
3,933,504	3,909,909	441,972	200,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,933,504	3,909,909	441,972	200,000

**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>100,000</u>
Reconciling items	
Outstanding checks	-
Deposits in transit	-
Other adjustments	-
Total adjustments	<u>-</u>
Total book balance	100,000
Plus petty cash	-
Less: fiduciary fund balances included in bank balance	-
Total primary government	<u>100,000</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
<hr/>				
-	-	-	-	(1,395,229)
-	-	-	65,905	149,390
-	-	-	639	532
-	-	-	66,544	(1,245,307)
<hr/>				
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*	\$ <u>1,277,916</u>
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*	<u>1,746,255</u>
Total U.S. Department of the Treasury			<u>1,746,255</u>
U.S. Department of Justice			
Bulletproof Vest Partnership		16.607	<u>2,400</u>
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	<u>279,818</u>
Highway Planning and Construction	A300894	20.205	<u>58,259</u>
Highway Planning and Construction	A301122	20.205	<u>488,261</u>
Highway Planning and Construction	A301350	20.205	<u>18,064</u>
Highway Planning and Construction	A302230	20.205	<u>806,045</u>
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	<u>227,162</u>
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

<u>Type of Auditor's report issued:</u>	<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

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

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

<u>Description</u>	<u>Status</u>
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
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