



**State of New Mexico  
City of Santa Fe**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2022**

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# INTRODUCTORY SECTION



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**City of Santa Fe**  
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**June 30, 2022**

**INTRODUCTORY SECTION**

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**State of New Mexico  
City of Santa Fe  
Official Roster  
June 30, 2022**

| <u>Name</u>           |                           | <u>Title</u>                             |
|-----------------------|---------------------------|--|
|                       | <u>Mayor</u>              |  |
| Alan M. Webber        |                           | Mayor                                    |
|                       | <u>City Council</u>       |  |
| Signe I. Lindell      |                           | Mayor Pro Tem, District 1                |
| Renee Villarreal      |                           | District 1                               |
| Carol Romero-Wirth    |                           | District 2                               |
| Michael Garcia        |                           | District 2                               |
| Christopher M. Rivera |                           | District 3                               |
| Lee Garcia            |                           | District 3                               |
| Jamie Cassutt         |                           | District 4                               |
| Amanda Chavez         |                           | District 4                               |
|                       | <u>City Manager</u>       |  |
| John Blair            |                           | City Manager                             |
|                       | <u>Finance Department</u> |  |
| Vacant                |                           | Finance Director                         |
| Alexis Lotero         |                           | Assistant Finance Director               |
| Bradley Fluetsch, CFA |                           | Financial Planning and Reporting Officer |
| Clayton Pelletier     |                           | Controller                               |
| Fran Dunaway          |                           | Chief Procurement Officer                |
| Andrew Hopkins        |                           | Acting Budget Officer                    |
| Melanie Sharpe        |                           | Payroll Manager                          |





# FINANCIAL SECTION



## **INDEPENDENT AUDITORS' REPORT**

Joseph M. Maestas, P.E., New Mexico State Auditor  
The Office of Management and Budget and  
The Mayor and Members of City Council  
City of Santa Fe  
Santa Fe, New Mexico

### **Report on the Audit of 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 fund that has a legally adopted annual budget of the City of Santa Fe, New Mexico (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund that has a legally adopted annual budget of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

#### ***Emphasis of Matter***

##### ***Change in Accounting Principle***

As described in Note 2 to the financial statements, the City implemented GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

### *Restatement of Net Position*

As described in Note 2 to the financial statements, the prior year financial statements have been restated in the amount of \$2,194,830 in the governmental activities. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 City'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 City'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***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 22, the GASB required pension schedules on pages 128 through 131, the GASB required other post-employment benefit schedules on pages 132 through 135, and the notes to the required supplementary information on page 136 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 City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and supporting schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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, schedule of expenditures of federal awards, and supporting schedules, as identified in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

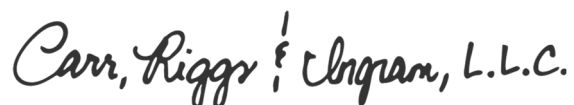
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the City'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 the City's 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 City's internal control over financial reporting and compliance.



Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 7, 2023

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

As management of the City of Santa Fe (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements of the City and additional information provided.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$621,204,544 (net position). The City's net position that is restricted for capital projects and other purposes is \$100,583,025. The City's net investment in capital assets is \$516,250,924. The City has an overall unrestricted net position as of June 30, 2022 of \$4,370,595.
- Change in net position for the year ended June 30, 2022 was an increase of \$64,426,588 as a result of operations. The increase is primarily due to an increase in revenues of 10%.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$62,830,866 or 66% of total general fund expenditures.
- The City's total debt outstanding at June 30, 2022 is \$231,247,040.

**Overview of the Financial Statements**

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

***Government-wide financial statements.*** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Overview of the Financial Statements (Continued)**

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements display functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and those functions that are provided by user fees (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City include the joint utility fund, which provides water and sewer; the solid waste fund; the bonito lake fund; the golf course fund; the airport fund; the low rent public housing fund; and the home ownership fund.

The government-wide financial statements can be found on pages 24 through 27 of this report.

***Fund financial statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Overview of the Financial Statements (Continued)**

The City has four governmental fund types: the general fund, the special revenue funds, capital projects funds, and the debt service funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the ½% gross receipts tax fund, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison schedule has been provided for the general fund and the ½% gross receipts tax fund to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 28 through 37 of this report.

**Proprietary Funds.** Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The City has presented five major proprietary funds, the wastewater management fund, the water management fund, the environmental services fund, the Santa Fe convention center fund, and the College of Santa Fe fund, presented within the financial statements. Data from the other nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38 through 47 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 through 126 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, and internal service funds are presented immediately following the Required Supplementary Information. The combining fund financial statements can be found on pages 139 through 189 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$621,204,544 at the close of the most recent fiscal year. The City had revenues that exceeded expenditures during the year in the amount of \$64,426,588 which increased net position in the current year as a result of operations.



**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Government-wide Financial Analysis (Continued)**

The City net position reflects its investment in capital assets (e.g., land, buildings, other improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net position category of \$225,387,548 reflects that the City has more net cost value than debt related to its capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Santa Fe's Net Position

| Governmental Activities  | June 30, 2022           |                          |                  | June 30, 2021           |                          |                  | Percent Change |
|--|-------------------------|--------------------------|------------------|-------------------------|--------------------------|------------------|----------------|
|  | Governmental Activities | Business-type Activities | Total            | Governmental Activities | Business-type Activities | Total            |                |
| Current and other assets   | \$ 206,452,389          | \$ 180,895,911           | \$ 387,348,300   | \$ 172,808,039          | \$ 151,157,875           | \$ 323,965,914   | 19.56%         |
| Net capital assets   | 331,665,270             | 411,111,667              | 742,776,937      | 319,988,881             | 412,231,678              | 732,220,559      | 1.44%          |
| Total assets   | 538,117,659             | 592,007,578              | 1,130,125,237    | 492,796,920             | 563,389,553              | 1,056,186,473    | 7.00%          |
| Deferred outflows of resources                                     | 18,114,465              | 5,816,955                | 23,931,420       | 45,936,810              | 15,087,867               | 61,024,677       | -60.78%        |
| Total assets and deferred outflows of resources                    | \$ 556,232,124          | \$ 597,824,533           | \$ 1,154,056,657 | \$ 538,733,730          | \$ 578,477,420           | \$ 1,117,211,150 | 3.30%          |
| Current liabilities  | \$ 42,509,050           | \$ 19,629,617            | \$ 62,138,667    | \$ 22,880,045           | \$ 9,437,309             | \$ 32,317,354    | 92.28%         |
| Long-term liabilities  | 225,286,393             | 149,275,406              | 374,561,799      | 304,475,838             | 193,231,862              | 497,707,700      | -24.74%        |
| Total liabilities  | 267,795,443             | 168,905,023              | 436,700,466      | 327,355,883             | 202,669,171              | 530,025,054      | -17.61%        |
| Deferred inflows of resources                                      | 64,801,299              | 31,350,348               | 96,151,647       | 24,181,765              | 8,421,205                | 32,602,970       | 194.92%        |
| Net investment in capital assets                                   | 225,387,548             | 290,863,376              | 516,250,924      | 203,502,582             | 280,765,835              | 484,268,417      | 6.60%          |
| Restricted   | 100,583,025             | -                        | 100,583,025      | 97,158,400              | 1,368,455                | 98,526,855       | 0.00%          |
| Unrestricted (deficit)   | (102,335,191)           | 106,705,786              | 4,370,595        | (113,464,900)           | 85,252,754               | (28,212,146)     | -115.49%       |
| Total net position   | 223,635,382             | 397,569,162              | 621,204,544      | 187,196,082             | 367,387,044              | 554,583,126      | 12.01%         |
| Total liabilities, deferred inflows of resources, and net position | \$ 556,232,124          | \$ 597,824,533           | \$ 1,154,056,657 | \$ 538,733,730          | \$ 578,477,420           | \$ 1,117,211,150 | 3.30%          |

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Changes in Net Position**

The City's total revenues of \$301,516,147 and expenses of \$237,089,559 resulted in a change in net position of \$64,426,588 as a result of City operations. Comparative information for changes in net position is shown on the next page.

|   | City of Santa Fe's Change in Net Position |                             |                       |                            |                             |                       |                   |
|---|---|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|-------------------|
|   | June 30, 2022                             |                             |                       | June 30, 2021              |                             |                       | Percent<br>Change |
|   | Governmental<br>Activities                | Business-type<br>Activities | Total                 | Governmental<br>Activities | Business-type<br>Activities | Total                 |                   |
| <b>Revenues</b>                                       |   |                             |                       |                            |                             |                       |                   |
| Program revenues                                      |   |                             |                       |                            |                             |                       |                   |
| Charges for services                                  | \$ 16,650,336                             | \$ 77,560,393               | \$ 94,210,729         | \$ 14,096,217              | \$ 74,568,848               | \$ 88,665,065         | 6%                |
| Operating grants and contribution                     | 4,174,024                                 | 258,119                     | 4,432,143             | 23,394,244                 | 13,748,771                  | 37,143,015            | -88%              |
| Capital grants and contributions                      | 3,728,767                                 | 2,789,680                   | 6,518,447             | -                          | -                           | -                     | 0%                |
| General revenues                                      |   |                             |                       |                            |                             |                       |                   |
| Gross receipts tax                                    | 142,960,149                               | 6,018,757                   | 148,978,906           | 109,470,524                | 4,757,172                   | 114,227,696           | 30%               |
| Other taxes   | 36,561,382                                | -                           | 36,561,382            | 25,499,669                 | -                           | 25,499,669            | 43%               |
| Investment income (loss)                              | (349,269)                                 | 119,070                     | (230,199)             | -                          | -                           | -                     | 0%                |
| Transfers in (out)                                    | (37,743,955)                              | 37,743,955                  | -                     | (14,238,895)               | 14,238,895                  | -                     | 0%                |
| Miscellaneous income                                  | 9,936,004                                 | 1,108,735                   | 11,044,739            | 1,576,932                  | 217,565                     | 1,794,497             | 100%              |
| <b>Total revenues</b>                                 | <b>175,917,438</b>                        | <b>125,598,709</b>          | <b>301,516,147</b>    | <b>159,798,691</b>         | <b>107,531,251</b>          | <b>267,329,942</b>    | <b>13%</b>        |
| <b>Expenses</b>                                       |   |                             |                       |                            |                             |                       |                   |
| General government                                    | 28,124,844                                | -                           | 28,124,844            | 29,717,672                 | -                           | 29,717,672            | -5%               |
| Public safety   | 53,380,359                                | -                           | 53,380,359            | 44,739,831                 | -                           | 44,739,831            | 19%               |
| Physical environment                                  | 16,532,250                                | -                           | 16,532,250            | 19,609,263                 | -                           | 19,609,263            | -16%              |
| Economic environment                                  | 11,362,033                                | -                           | 11,362,033            | 16,376,620                 | -                           | 16,376,620            | -31%              |
| Culture and recreation                                | 24,273,710                                | -                           | 24,273,710            | 11,031,781                 | -                           | 11,031,781            | 120%              |
| Human services  | 4,260,523                                 | -                           | 4,260,523             | 2,475,780                  | -                           | 2,475,780             | 72%               |
| Interest and other charges                            | 3,550,231                                 | -                           | 3,550,231             | 3,090,322                  | -                           | 3,090,322             | 15%               |
| Issuance costs  | 189,018                                   | -                           | 189,018               | -                          | -                           | -                     | 0%                |
| Wastewater management                                 | -   | 12,446,927                  | 12,446,927            | -                          | 10,318,781                  | 10,318,781            | 21%               |
| Water management                                      | -   | 35,623,072                  | 35,623,072            | -                          | 38,757,740                  | 38,757,740            | -8%               |
| Environmental services                                | -   | 14,065,432                  | 14,065,432            | -                          | 13,034,307                  | 13,034,307            | 8%                |
| College of Santa Fe                                   | -   | 4,546,639                   | 4,546,639             | -                          | 4,670,812                   | 4,670,812             | -3%               |
| Santa Fe Convention Center                            | -   | 5,278,149                   | 5,278,149             | -                          | 4,058,369                   | 4,058,369             | 30%               |
| All other proprietary funds                           | -   | 23,456,372                  | 23,456,372            | -                          | 21,222,362                  | 21,222,362            | 11%               |
| <b>Total expenses</b>                                 | <b>141,672,968</b>                        | <b>95,416,591</b>           | <b>237,089,559</b>    | <b>127,041,269</b>         | <b>92,062,371</b>           | <b>219,103,640</b>    | <b>8%</b>         |
| <b>Increase in net position</b>                       | <b>34,244,470</b>                         | <b>30,182,118</b>           | <b>64,426,588</b>     | <b>32,757,422</b>          | <b>15,468,880</b>           | <b>48,226,302</b>     | <b>34%</b>        |
| <b>Net position - beginning, as previously stated</b> |   |                             |                       |                            |                             |                       |                   |
| Net position - restatement                            | 187,196,082                               | 367,387,044                 | 554,583,126           | 151,805,771                | 351,581,171                 | 503,386,942           | 10%               |
| Net position - restatement                            | 2,194,830                                 | -                           | 2,194,830             | 2,632,889                  | 336,993                     | 2,969,882             | 100%              |
| <b>Net position - beginning</b>                       | <b>189,390,912</b>                        | <b>367,387,044</b>          | <b>556,777,956</b>    | <b>154,438,660</b>         | <b>351,918,164</b>          | <b>506,356,824</b>    | <b>10%</b>        |
| <b>Net position - ending</b>                          | <b>\$ 223,635,382</b>                     | <b>\$ 397,569,162</b>       | <b>\$ 621,204,544</b> | <b>\$ 187,196,082</b>      | <b>\$ 367,387,044</b>       | <b>\$ 554,583,126</b> | <b>12%</b>        |

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$154,083,794, an increase of \$8,825,523 in comparison with the prior year. Approximately 34.7 percent of this total amount, \$53,516,094, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable or restricted* for other purposes to indicate that it is not available for new spending.

The general fund is the chief operating fund of the County. The unassigned fund balance represents 66 percent of the total general fund expenditures or approximately 7 months of operating equity.

**Budgetary Highlights**

The final budget for the general fund's revenue increased by \$11,963,647 from the original budget. Budget amendments to expenditures increased the budget \$9,159,162 during the year within the general fund departments. The actual expenditures were \$17,253,598 less than the final budgeted amounts, and actual revenues were \$20,347,247 more than the final budgeted amounts. This resulted in a favorable budget variance of \$37,600,845.

The final budget for the ½% gross receipts tax fund's revenue increased by \$2,163,237 from the original budget. Budget amendments to expenditures increased the budget by \$48,430 during the year. The actual expenditures were \$734,689 less than the final budgeted amounts, and actual revenues were \$4,067,977 more than the final budgeted amounts. This resulted in a favorable budget variance of \$4,802,666.

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Capital Asset and Debt Administration**

***Capital Assets***

The City's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$331,198,287 for governmental activities and \$412,442,981 for business-type activities (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, right of way, art, buildings and systems, improvements, equipment and machinery, furniture and fixtures, vehicles, data processing and software, traffic signals, streets, bridges, and right of use assets. The tables below shows the summarized capital assets of the City as of June 30, 2022.

| <b>Governmental Activities<br/>Asset Description</b> | <b>Carrying<br/>Amount</b> | <b>Accumulated<br/>Depreciation</b> | <b>Net Position<br/>Balance</b> |
|--|----------------------------|-------------------------------------|---------------------------------|
| <b>Capital assets not being depreciated</b>          |                            |                                     |                                 |
| Land   | \$ 169,939,946             | \$ -                                | \$ 169,939,946                  |
| Construction in progress                             | 31,595,745                 | -                                   | 31,595,745                      |
| Right of Way   | 78,281                     | -                                   | 78,281                          |
| Art  | 885,046                    | -                                   | 885,046                         |
| <b>Total capital assets not being depreciated</b>    | <b>202,499,018</b>         | <b>-</b>                            | <b>202,499,018</b>              |
| <b>Capital assets being depreciated</b>              |                            |                                     |                                 |
| Buildings and Systems                                | 66,300,489                 | 27,846,732                          | 38,453,757                      |
| Improvements   | 105,655,254                | 79,168,318                          | 26,486,936                      |
| Equipment and Machinery                              | 21,889,170                 | 15,007,841                          | 6,881,329                       |
| Furniture and Fixtures                               | 603,448                    | 417,073                             | 186,375                         |
| Vehicle  | 34,567,003                 | 25,471,216                          | 9,095,787                       |
| Data Processing and Software                         | 11,668,107                 | 8,128,903                           | 3,539,204                       |
| Traffic Signals                                      | 23,517,339                 | 23,418,133                          | 99,206                          |
| Streets  | 228,553,058                | 184,149,506                         | 44,403,552                      |
| Right of use asset- equipment                        | 40,212                     | 20,106                              | 20,106                          |
| <b>Total capital assets being depreciated</b>        | <b>492,794,080</b>         | <b>363,627,828</b>                  | <b>129,166,252</b>              |
| <b>Total capital assets</b>                          | <b>\$ 695,293,098</b>      | <b>\$ 363,627,828</b>               | <b>\$ 331,665,270</b>           |

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Capital Asset and Debt Administration (Continued)**

| <b>Business-type Activities</b>                   |                        |                                 |                             |
|---|------------------------|---------------------------------|-----------------------------|
| <b>Asset Description</b>                          | <b>Carrying Amount</b> | <b>Accumulated Depreciation</b> | <b>Net Position Balance</b> |
| Capital assets not being depreciated              |                        |                                 |                             |
| Land  | \$ 38,260,558          | \$ -                            | \$ 38,260,558               |
| Water Rights                                      | 3,434,979              | -                               | 3,434,979                   |
| Construction in progress                          | 72,367,966             | -                               | 72,367,966                  |
| Art   | 219,971                | -                               | 219,971                     |
| <b>Total capital assets not being depreciated</b> | <b>114,283,474</b>     | <b>-</b>                        | <b>114,283,474</b>          |
| Capital assets being depreciated                  |                        |                                 |                             |
| Buildings and Structures                          | 328,519,680            | 113,183,507                     | 215,336,173                 |
| Improvements                                      | 155,310,201            | 144,546,248                     | 10,763,953                  |
| Sewerlines and Utility Systems                    | 166,078,679            | 108,061,869                     | 58,016,810                  |
| Equipment and Machinery                           | 19,382,163             | 16,500,847                      | 2,881,316                   |
| Furniture and Fixtures                            | 656,843                | 627,675                         | 29,168                      |
| Vehicles  | 41,834,787             | 32,350,508                      | 9,484,279                   |
| Data Processing and Software                      | 2,476,673              | 2,416,036                       | 60,637                      |
| Right of use asset- equipment                     | 335,951                | 80,094                          | 255,857                     |
| <b>Total capital assets being depreciated</b>     | <b>714,594,977</b>     | <b>417,766,784</b>              | <b>296,828,193</b>          |
| <b>Total capital assets</b>                       | <b>\$ 828,878,451</b>  | <b>\$ 417,766,784</b>           | <b>\$ 411,111,667</b>       |

Additional information on the City's capital assets can be found in Note 7 on page 85 through 88 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had the following long-term debt outstanding.

|                             | <b>Governmental Activities</b> |                       | <b>Business-type Activities</b> |                       | <b>Total</b>          |                       |
|-----------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
|                             | 2022                           | 2021                  | 2022                            | 2021                  | 2022                  | 2021                  |
| General obligation bonds    | \$ 16,590,000                  | \$ 17,885,000         | \$ -                            | \$ -                  | \$ 16,590,000         | \$ 17,885,000         |
| Revenue bonds/loans         | 62,728,000                     | 72,010,500            | 79,562,000                      | 87,984,500            | 142,290,000           | 159,995,000           |
| Other loans/notes payable   | 18,321,878                     | 17,718,927            | 31,327,677                      | 33,776,887            | 49,649,555            | 51,495,814            |
| Bond premiums               | 7,073,205                      | 8,871,872             | 8,730,502                       | 9,639,686             | 15,803,707            | 18,511,558            |
| Compensated absences        | 4,844,044                      | 4,890,337             | 1,780,853                       | 1,709,078             | 6,624,897             | 6,599,415             |
| Lease liabilities           | 20,134                         | 40,212                | 268,747                         | -                     | 288,881               | 40,212                |
| <b>Total long-term debt</b> | <b>\$ 109,577,261</b>          | <b>\$ 121,376,636</b> | <b>\$ 121,669,779</b>           | <b>\$ 133,110,151</b> | <b>\$ 231,247,040</b> | <b>\$ 254,486,787</b> |

Additional information on the City's debt can be found in Note 8 on page 89 through 102 of this report.

**State of New Mexico**  
**City of Santa Fe**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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

The City of Santa Fe had been enjoying unprecedented economic success until February 2020, when the impact of the COVID-19 pandemic started affecting economic activities. The City implemented cost control measures in FY21 despite having little information regarding the depth and breadth of the pandemic's economic effects. By mid-FY22 the local economy was beginning to recover, with the City experiencing uneven economic growth.

- Late in calendar year 2021 the City's unemployment rate was 5.4%, down from 7.0% in July 2021. This was better than the State's unemployment rate for October 2021 which was 6.5%, while unemployment nationally had improved to 4.6%. Hospitality & Leisure employment statewide remained 10% lower than prior to the pandemic.
- Global supply chain issues continued, and inflation was becoming a concern in the National economic outlook. Annual CPI reached 6.2% in October 2021, driven by broad-based gains including energy, food, shelter, and cars. This represented the largest surge in inflation since 1990.
- In late 2021 fuel and vehicle prices trended upward, while shipping backlogs reached new highs. Economists predicted that the Federal Reserve would raise interest rates during calendar year 2022 to help curb inflation.
- In November 2021 local construction remained strong, and real estate prices continued to rise.
- Looking ahead to FY23, the City's economist projected that economic growth and recovery would continue. Steady growth in GRT and Lodgers' Tax revenues was expected, however the City's economist noted that inflation effects create a double-edge sword, predicting that GRT was likely to increase as goods prices increased, but City expenditures would also rise.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City Finance Director, P.O. Box 909, City of Santa Fe, NM 87504.



## BASIC FINANCIAL STATEMENTS



**State of New Mexico**  
**City of Santa Fe**  
**Statement of Net Position**  
**June 30, 2022**

| <b>June 30, 2022</b>                               | <b>Primary Government</b>          |                                     |                  |
|--|------------------------------------|-------------------------------------|------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>     |
| <b>Assets</b>                                      |                                    |                                     |                  |
| Current assets                                     |                                    |                                     |                  |
| Cash, cash equivalents, and investments            | \$ 141,906,517                     | \$ 152,114,951                      | \$ 294,021,468   |
| Intergovernmental receivable                       | 1,601,104                          | 1,818,337                           | 3,419,441        |
| Receivables, net of allowance for uncollectibles   | 39,676,923                         | 13,066,548                          | 52,743,471       |
| Leases receivable                                  | 407,043                            | 493,510                             | 900,553          |
| Internal balances                                  | (623,947)                          | 623,947                             | -                |
| Inventory  | 138,278                            | 379,683                             | 517,961          |
| Prepaid expenses                                   | -                                  | 434,249                             | 434,249          |
| Total current assets                               | 183,105,918                        | 168,931,225                         | 352,037,143      |
| Noncurrent assets                                  |                                    |                                     |                  |
| Leases receivable, net of current portion          | 4,763,817                          | 11,964,686                          | 16,728,503       |
| Restricted assets                                  |                                    |                                     |                  |
| Cash, cash equivalents, and investments            | 18,582,653                         | -                                   | 18,582,653       |
| Capital assets                                     |                                    |                                     |                  |
| Land, land rights, and water rights                | 169,939,946                        | 41,695,537                          | 211,635,483      |
| Construction in progress                           | 31,595,745                         | 72,367,966                          | 103,963,711      |
| Right of way                                       | 78,281                             | -                                   | 78,281           |
| Art  | 885,046                            | 219,971                             | 1,105,017        |
| Depreciable capital assets                         |                                    |                                     |                  |
| Buildings and structures                           | 66,300,489                         | 328,519,680                         | 394,820,169      |
| Improvements                                       | 105,655,254                        | 155,310,201                         | 260,965,455      |
| Sewerlines and utility systems                     | -                                  | 166,078,679                         | 166,078,679      |
| Equipment and machinery                            | 21,889,170                         | 19,382,163                          | 41,271,333       |
| Furniture and fixtures                             | 603,448                            | 656,843                             | 1,260,291        |
| Vehicles   | 34,567,003                         | 41,834,787                          | 76,401,790       |
| Data processing equipment/software                 | 11,668,108                         | 2,476,673                           | 14,144,781       |
| Traffic signals                                    | 23,517,339                         | -                                   | 23,517,339       |
| Streets and bridges                                | 228,553,058                        | -                                   | 228,553,058      |
| Right-to-use assets                                | 40,212                             | 335,951                             | 376,163          |
| Accumulated amortization                           | (20,106)                           | (80,094)                            | (100,200)        |
| Accumulated depreciation                           | (363,607,722)                      | (417,686,690)                       | (781,294,412)    |
| Total noncurrent assets                            | 355,011,741                        | 423,076,353                         | 778,088,094      |
| <b>Deferred outflows of resources</b>              |                                    |                                     |                  |
| Deferred outflows - pension                        | 9,003,724                          | 2,733,117                           | 11,736,841       |
| Deferred outflows - OPEB                           | 9,110,741                          | 3,083,838                           | 12,194,579       |
| Total deferred outflows of resources               | 18,114,465                         | 5,816,955                           | 23,931,420       |
| Total assets and deferred<br>outflows of resources | \$ 556,232,124                     | \$ 597,824,533                      | \$ 1,154,056,657 |

*The accompanying notes are an integral part of these financial statements.*



| June 30, 2022   | Primary Government         |                             |                         |
|---|----------------------------|-----------------------------|-------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                   |
| <b>Liabilities</b>  |                            |                             |                         |
| Current liabilities   |                            |                             |                         |
| Accounts payable  | \$ 7,739,350               | \$ 4,454,069                | \$ 12,193,419           |
| Accrued payroll   | 5,741,568                  | 1,384,078                   | 7,125,646               |
| Due to other governments  | 4,198                      | 2,026,980                   | 2,031,178               |
| Unearned revenue  | 8,954,365                  | 534,796                     | 9,489,161               |
| Deposits held in trust for others   | 9,439,720                  | -                           | 9,439,720               |
| Other current liabilities   | 546,865                    | 1,902,850                   | 2,449,715               |
| Accrued interest payable  | 580,611                    | 309,680                     | 890,291                 |
| Long term liabilities, due within one year                                    | 9,502,373                  | 9,017,164                   | 18,519,537              |
| <b>Total current liabilities</b>  | <b>42,509,050</b>          | <b>19,629,617</b>           | <b>62,138,667</b>       |
| Noncurrent liabilities  |                            |                             |                         |
| Net pension liability   | 83,264,951                 | 25,275,420                  | 108,540,371             |
| Net OPEB liability  | 33,524,117                 | 11,347,371                  | 44,871,488              |
| Long term liabilities, due in more than one year                              | 108,497,325                | 112,652,615                 | 221,149,940             |
| <b>Total noncurrent liabilities</b>   | <b>225,286,393</b>         | <b>149,275,406</b>          | <b>374,561,799</b>      |
| <b>Total liabilities</b>  | <b>267,795,443</b>         | <b>168,905,023</b>          | <b>436,700,466</b>      |
| <b>Deferred inflows of resources</b>  |                            |                             |                         |
| Deferred inflows - unamortized gain on refund of bonds                        | 1,544,507                  | 359,365                     | 1,903,872               |
| Deferred inflows - leases   | 5,170,860                  | 12,458,196                  | 17,629,056              |
| Deferred inflows - pension  | 32,303,728                 | 9,805,929                   | 42,109,657              |
| Deferred inflows - OPEB   | 25,782,204                 | 8,726,858                   | 34,509,062              |
| <b>Total deferred inflows of resources</b>                                    | <b>64,801,299</b>          | <b>31,350,348</b>           | <b>96,151,647</b>       |
| <b>Net position</b>   |                            |                             |                         |
| Net investment in capital assets  | 225,387,548                | 290,863,376                 | 516,250,924             |
| Restricted for  |                            |                             |                         |
| Debt service  | 1,058,749                  | -                           | 1,058,749               |
| Capital projects  | 31,678,947                 | -                           | 31,678,947              |
| Special revenue   | 67,845,329                 | -                           | 67,845,329              |
| Unrestricted (deficit)  | (102,335,191)              | 106,705,786                 | 4,370,595               |
| <b>Total net position</b>   | <b>223,635,382</b>         | <b>397,569,162</b>          | <b>621,204,544</b>      |
| <b>Total liabilities, deferred inflows<br/>of resources, and net position</b> | <b>\$ 556,232,124</b>      | <b>\$ 597,824,533</b>       | <b>\$ 1,154,056,657</b> |

The accompanying notes are an integral part of these financial statements.

**State of New Mexico  
City of Santa Fe  
Statement of Activities**

**For the Year Ended June 30, 2022**

| Functions/Programs                    | Expenses              | Program Revenues     |                                    |                                  |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>             |                       |                      |                                    |                                  |
| <b>Governmental activities</b>        |                       |                      |                                    |                                  |
| General government                    | \$ 28,124,844         | \$ 2,149,993         | \$ 2,015                           | \$ -                             |
| Public safety                         | 53,380,359            | 8,231,742            | 1,791,187                          | -                                |
| Physical environment                  | 16,532,250            | 4,721,850            | 280,465                            | 3,728,767                        |
| Economic environment                  | 11,362,033            | 378,006              | 560,367                            | -                                |
| Human services                        | 4,260,523             | 196,918              | 1,241,571                          | -                                |
| Culture and recreation                | 24,273,710            | 971,827              | 298,419                            | -                                |
| Interest and other charges            | 3,550,231             | -                    | -                                  | -                                |
| Issuance costs                        | 189,018               | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>141,672,968</b>    | <b>16,650,336</b>    | <b>4,174,024</b>                   | <b>3,728,767</b>                 |
| <b>Business-type activities</b>       |                       |                      |                                    |                                  |
| Wastewater management                 | 12,446,927            | 15,078,981           | -                                  | -                                |
| Water management                      | 35,623,072            | 36,114,918           | 10,839                             | -                                |
| Santa Fe Convention Center            | 5,278,149             | 354,927              | -                                  | -                                |
| College of Santa Fe                   | 4,546,639             | 1,456,034            | -                                  | -                                |
| Environmental services                | 14,065,432            | 14,324,670           | -                                  | -                                |
| Municipal recreation complex          | 1,572,917             | 1,756,203            | 215,117                            | -                                |
| Parking                               | 3,780,634             | 3,619,797            | -                                  | -                                |
| Railyard properties                   | 2,016,378             | 1,105,936            | -                                  | -                                |
| Airport                               | 3,613,245             | 2,621,812            | -                                  | 2,789,680                        |
| Transit system                        | 7,403,906             | 324,396              | 32,163                             | -                                |
| Genoveva Chavez Community Center      | 5,069,292             | 802,719              | -                                  | -                                |
| <b>Total business-type activities</b> | <b>95,416,591</b>     | <b>77,560,393</b>    | <b>258,119</b>                     | <b>2,789,680</b>                 |
| <b>Total primary government</b>       | <b>\$ 237,089,559</b> | <b>\$ 94,210,729</b> | <b>\$ 4,432,143</b>                | <b>\$ 6,518,447</b>              |

**General revenues and transfers**

Taxes  
Gross receipts  
Lodgers'  
Property  
Other  
Lease revenue  
Investment income  
Other revenues  
Transfers

**Total general revenues and transfers**

Change in net position

Net position - beginning of year

Net position - restatement (note 2)

Net position - beginning of year, as restated

Net position - end of year

*The accompanying notes are an integral part of these financial statements.*

**Net (Expense) Revenue and Changes in Net Position**

| Governmental<br>Activities | Business-type<br>Activities | Total                 |
|----------------------------|-----------------------------|-----------------------|
| \$ (25,972,836)            | \$ -                        | \$ (25,972,836)       |
| (43,357,430)               | -                           | (43,357,430)          |
| (7,801,168)                | -                           | (7,801,168)           |
| (10,423,660)               | -                           | (10,423,660)          |
| (2,822,034)                | -                           | (2,822,034)           |
| (23,003,464)               | -                           | (23,003,464)          |
| (3,550,231)                | -                           | (3,550,231)           |
| (189,018)                  | -                           | (189,018)             |
| <u>(117,119,841)</u>       | <u>-</u>                    | <u>(117,119,841)</u>  |
| -                          | 2,632,054                   | 2,632,054             |
| -                          | 502,685                     | 502,685               |
| -                          | (4,923,222)                 | (4,923,222)           |
| -                          | (3,090,605)                 | (3,090,605)           |
| -                          | 259,238                     | 259,238               |
| -                          | 398,403                     | 398,403               |
| -                          | (160,837)                   | (160,837)             |
| -                          | (910,442)                   | (910,442)             |
| -                          | 1,798,247                   | 1,798,247             |
| -                          | (7,047,347)                 | (7,047,347)           |
| -                          | (4,266,573)                 | (4,266,573)           |
| -                          | <u>(14,808,399)</u>         | <u>(14,808,399)</u>   |
| <u>(117,119,841)</u>       | <u>(14,808,399)</u>         | <u>(131,928,240)</u>  |
| 142,960,149                | 6,018,757                   | 148,978,906           |
| 18,074,312                 | -                           | 18,074,312            |
| 11,474,563                 | -                           | 11,474,563            |
| 6,602,998                  | -                           | 6,602,998             |
| 409,509                    | 515,577                     | 925,086               |
| (349,269)                  | 119,070                     | (230,199)             |
| 9,936,004                  | 593,158                     | 10,529,162            |
| (37,743,955)               | 37,743,955                  | -                     |
| <u>151,364,311</u>         | <u>44,990,517</u>           | <u>196,354,828</u>    |
| 34,244,470                 | 30,182,118                  | 64,426,588            |
| 187,196,082                | 367,387,044                 | 554,583,126           |
| <u>2,194,830</u>           | <u>-</u>                    | <u>2,194,830</u>      |
| <u>189,390,912</u>         | <u>367,387,044</u>          | <u>556,777,956</u>    |
| <u>\$ 223,635,382</u>      | <u>\$ 397,569,162</u>       | <u>\$ 621,204,544</u> |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico  
City of Santa Fe  
Balance Sheet - Governmental Funds**

| <b>June 30, 2022</b>   | <b>General<br/>Fund</b> | <b>Debt<br/>Service Fund</b> |
|--|-------------------------|------------------------------|
| <b>Assets</b>  |                         |                              |
| Cash and cash equivalents  | \$ 51,190,157           | \$ 1,010,444                 |
| Receivables  |                         |                              |
| Taxes  | 16,953,284              | 122,679                      |
| Intergovernmental  | 121,600                 | -                            |
| Other, net   | 9,119,730               | 973                          |
| Leases   | -                       | -                            |
| Inventory  | 58,038                  | -                            |
| Due from other funds   | 3,415,254               | -                            |
| <b>Total assets</b>  | <b>\$ 80,858,063</b>    | <b>\$ 1,134,096</b>          |
| <b>Liabilities, deferred inflows of resources, and fund balances</b>       |                         |                              |
| <b>Liabilities</b>   |                         |                              |
| Accounts payable   | \$ 1,489,158            | \$ -                         |
| Pooled cash - cash overdrawn   | -                       | -                            |
| Accrued payroll  | 5,131,828               | -                            |
| Due to other governments   | 4,198                   | -                            |
| Unearned revenue   | -                       | 122,679                      |
| Deposits held in trust for others  | 8,892,096               | -                            |
| Other current liabilities  | 514,076                 | -                            |
| Due to other funds   | 1,437,063               | -                            |
| <b>Total liabilities</b>   | <b>17,468,419</b>       | <b>122,679</b>               |
| <b>Deferred inflows of resources</b>                                       |                         |                              |
| Unavailable revenue - leases   | -                       | -                            |
| Unavailable revenue - license fees   | 74,333                  | -                            |
| Unavailable revenue - property taxes                                       | 426,407                 | -                            |
| <b>Total deferred inflows of resources</b>                                 | <b>500,740</b>          | <b>-</b>                     |
| <b>Fund balances</b>   |                         |                              |
| Nonspendable   | 58,038                  | -                            |
| Spendable  |                         |                              |
| Restricted   | -                       | 1,011,417                    |
| Unassigned (deficit)   | 62,830,866              | -                            |
| <b>Total fund balances</b>   | <b>62,888,904</b>       | <b>1,011,417</b>             |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 80,858,063</b>    | <b>\$ 1,134,096</b>          |

*The accompanying notes are an integral part of these financial statements.*

| <b>1/2% Gross<br/>Receipts Tax<br/>Special Revenue<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--|---|
| \$ 4,312,410  | \$ 90,759,466                              | \$ 147,272,477                          |
| 4,336,531   | 6,364,733                                  | 27,777,227                              |
| -   | 1,479,504                                  | 1,601,104                               |
| -   | 2,767,682                                  | 11,888,385                              |
| -   | 5,170,860                                  | 5,170,860                               |
| -   | -  | 58,038                                  |
| 642,805   | 16,559,454                                 | 20,617,513                              |
| <u>\$ 9,291,746</u>   | <u>\$ 123,101,699</u>                      | <u>\$ 214,385,604</u>                   |
| <br>  |  |   |
| \$ 280,591  | \$ 4,950,983                               | \$ 6,720,732                            |
| -   | 33,120                                     | 33,120                                  |
| 49,237  | 337,761                                    | 5,518,826                               |
| -   | -  | 4,198                                   |
| -   | 8,831,686                                  | 8,954,365                               |
| -   | 547,624                                    | 9,439,720                               |
| -   | 32,789                                     | 546,865                                 |
| 18,247,219  | 1,557,178                                  | 21,241,460                              |
| <u>18,577,047</u>   | <u>16,291,141</u>                          | <u>52,459,286</u>                       |
| <br>  |  |   |
| -   | 5,170,860                                  | 5,170,860                               |
| -   | -  | 74,333                                  |
| -   | 2,170,924                                  | 2,597,331                               |
| <u>-</u>  | <u>7,341,784</u>                           | <u>7,842,524</u>                        |
| <br>  |  |   |
| -   | -  | 58,038                                  |
| -   | 99,498,245                                 | 100,509,662                             |
| (9,285,301)   | (29,471)                                   | 53,516,094                              |
| <u>(9,285,301)</u>  | <u>99,468,774</u>                          | <u>154,083,794</u>                      |
| <br>  |  |   |
| <u>\$ 9,291,746</u>   | <u>\$ 123,101,699</u>                      | <u>\$ 214,385,604</u>                   |

*The accompanying notes are an integral part of these financial statements.*

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**State of New Mexico**  
**City of Santa Fe**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**

**June 30, 2022**

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

|  |                |
|--|----------------|
| Fund balances - total governmental funds   | \$ 154,083,794 |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds   | 330,296,986    |
| Right to use assets, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds  | 20,106         |
| Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the statement of net position | (3,855,188)    |
| Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities                                    | 2,671,664      |
| Deferred outflows and inflows of resources related to pensions, OPEB, and long-term debt are applicable to future periods and, therefore, are not reported in funds  |                |
| Deferred outflows - pension  | 8,532,708      |
| Deferred inflows - pension   | (30,613,808)   |
| Deferred outflows - OPEB   | 8,572,183      |
| Deferred inflows - OPEB  | (24,258,155)   |
| Deferred inflows - unamortized gain on refunding of bonds  | (1,544,507)    |
| Liabilities, including accrued interest, accrued compensated absences, bonds payable, loans payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds   |                |
| Accrued interest   | (580,611)      |
| Accrued compensated absences   | (4,505,077)    |
| Current portion of long term debt payable  | (9,482,239)    |
| Lease liabilities  | (20,134)       |
| Long term portion of long term debt payable  | (95,230,844)   |
| Net pension liability  | (78,909,071)   |
| Net OPEB Liability   | (31,542,425)   |
| Net position - governmental activities   | \$ 223,635,382 |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Governmental Funds**

| <b>For the year ended June 30, 2022</b>                  | <b>General<br/>Fund</b> | <b>Debt<br/>Service Fund</b> |
|--|-------------------------|------------------------------|
| <b>Revenues</b>  |                         |                              |
| Taxes  |                         |                              |
| Gross receipts   | \$ 94,117,754           | \$ -                         |
| Motor  | -                       | -                            |
| Lodgers'   | -                       | -                            |
| Property   | 8,597,439               | 2,548,216                    |
| Other  | 4,859,385               | -                            |
| Intergovernmental  |                         |                              |
| Federal operating  | -                       | -                            |
| State operating  | 46,242                  | -                            |
| Local  | 2,015                   | -                            |
| Lease revenue  | -                       | -                            |
| Charges for services                                     | 11,397,076              | -                            |
| Investment income (loss)                                 | 103,126                 | (46,894)                     |
| Other revenues   | 9,355,773               | -                            |
| <b>Total revenues</b>                                    | <b>128,478,810</b>      | <b>2,501,322</b>             |
| <b>Expenditures</b>                                      |                         |                              |
| Current  |                         |                              |
| General government                                       | 26,085,939              | -                            |
| Public safety  | 48,077,414              | -                            |
| Physical environment                                     | 5,637,776               | -                            |
| Economic environment                                     | 1,849,207               | -                            |
| Human services   | 1,511,402               | -                            |
| Culture and recreation                                   | 11,749,917              | -                            |
| Capital outlay   | -                       | -                            |
| Debt service   |                         |                              |
| Principal payments                                       | -                       | 20,587,587                   |
| Interest   | -                       | 3,993,431                    |
| Debt issuance costs                                      | -                       | 189,018                      |
| <b>Total expenditures</b>                                | <b>94,911,655</b>       | <b>24,770,036</b>            |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>33,567,155</b>       | <b>(22,268,714)</b>          |
| <b>Other financing sources (uses)</b>                    |                         |                              |
| Proceeds from leases                                     | -                       | -                            |
| Debt proceeds  | -                       | 9,894,000                    |
| Bond premiums  | -                       | 1,046,759                    |
| Transfers in   | 4,053,300               | 10,775,572                   |
| Transfers (out)  | (24,318,313)            | -                            |
| <b>Total other financing sources (uses)</b>              | <b>(20,265,013)</b>     | <b>21,716,331</b>            |
| <b>Net change in fund balances</b>                       | <b>13,302,142</b>       | <b>(552,383)</b>             |
| <b>Fund balances - beginning of year</b>                 | <b>49,586,762</b>       | <b>1,563,800</b>             |
| <b>Fund balances - end of year</b>                       | <b>\$ 62,888,904</b>    | <b>\$ 1,011,417</b>          |

*The accompanying notes are an integral part of these financial statements.*



| <b>1/2% Gross<br/>Receipts Tax<br/>Special<br/>Revenue Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--|---|
| \$ 24,075,035   | \$ 24,767,360                              | \$ 142,960,149                          |
| -   | -  | -                                       |
| -   | 18,074,312                                 | 18,074,312                              |
| -   | -  | 11,145,655                              |
| -   | 1,743,613                                  | 6,602,998                               |
| -   | 1,010,112                                  | 1,010,112                               |
| -   | 6,819,422                                  | 6,865,664                               |
| -   | 25,000                                     | 27,015                                  |
| -   | 9,121                                      | 9,121                                   |
| -   | 5,589,854                                  | 16,986,930                              |
| (58,786)  | (346,715)                                  | (349,269)                               |
| -   | 580,231                                    | 9,936,004                               |
| <b>24,016,249</b>   | <b>58,272,310</b>                          | <b>213,268,691</b>                      |
| 2,185,121   | 2,740,927                                  | 31,011,987                              |
| 1,108   | 3,076,374                                  | 51,154,896                              |
| -   | 3,823,725                                  | 9,461,501                               |
| -   | 9,061,501                                  | 10,910,708                              |
| -   | -  | 1,511,402                               |
| -   | 8,461,873                                  | 20,211,790                              |
| 98,780  | 26,763,711                                 | 26,862,491                              |
| -   | 123,470                                    | 20,711,057                              |
| -   | 433,690                                    | 4,427,121                               |
| -   | -  | 189,018                                 |
| <b>2,285,009</b>  | <b>54,485,271</b>                          | <b>176,451,971</b>                      |
| <b>21,731,240</b>   | <b>3,787,039</b>                           | <b>36,816,720</b>                       |
| -   | 40,212                                     | 40,212                                  |
| -   | 822,490                                    | 10,716,490                              |
| -   | -  | 1,046,759                               |
| 46,388  | 30,541,207                                 | 45,416,467                              |
| (24,220,456)  | (36,672,356)                               | (85,211,125)                            |
| <b>(24,174,068)</b>   | <b>(5,268,447)</b>                         | <b>(27,991,197)</b>                     |
| (2,442,828)   | (1,481,408)                                | 8,825,523                               |
| (6,842,473)   | 100,950,182                                | 145,258,271                             |
| <b>\$ (9,285,301)</b>   | <b>\$ 99,468,774</b>                       | <b>\$ 154,083,794</b>                   |

*The accompanying notes are an integral part of these financial statements.*

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**State of New Mexico**  
**City of Santa Fe**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2022**

|   |               |
|---|---------------|
| Net change in fund balances - total governmental funds  | \$ 8,825,523  |
| Amounts reported for governmental activities in the statement of activities are different because   |               |
| Change in net position of the internal service funds, which are presented in the statement of activities as governmental activities but are not presented with the governmental fund financial statements   | (1,003,810)   |
| 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  |               |
| Capital expenditures - governmental funds   | 26,862,491    |
| Capital expenditures - internal service funds   | 181,601       |
| Depreciation expense  | (15,044,151)  |
| Amortization of right-to-use assets   | (20,106)      |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds  |               |
| Change in unavailable revenue related to property taxes receivable  | 328,908       |
| Governmental funds report city pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense  |               |
| Changes in deferred inflows and outflows - pension  | 4,584,997     |
| Pension expense   | (4,381,094)   |
| Changes in deferred inflows and outflows - OPEB   | (1,040,654)   |
| OPEB benefit  | 5,052,142     |
| The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities |               |
| Decrease in accrued compensated absences  | 114,137       |
| Decrease in accrued interest  | 84,291        |
| Proceeds of new debt payable  | (10,716,490)  |
| Principal payments on debt payable  | 20,711,057    |
| Premium on debt issuance  | (1,046,759)   |
| Amortization of bond premiums and deferred debt items   | 792,599       |
| Lease proceeds  | (40,212)      |
| Change in net position of governmental activities   | \$ 34,244,470 |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Budgetary Basis) and Actual**  
**General Fund**

| <b>For the Year Ended June 30, 2022</b>           | <b>Budgeted Amounts</b> |                    | <b>Actual</b>        | <b>Variances</b>                         |
|---|-------------------------|--------------------|----------------------|--|
|   | <b>Original</b>         | <b>Final</b>       |                      | <b>Favorable</b><br><b>(Unfavorable)</b> |
|   |                         |                    |                      | <b>Final to Actual</b>                   |
| <b>Revenues</b>                                   |                         |                    |                      |  |
| Taxes   |                         |                    |                      |  |
| Gross receipts                                    | \$ 68,914,879           | \$ 80,367,583      | \$ 94,117,754        | \$ 13,750,171                            |
| Property  | 8,964,503               | 8,964,503          | 8,597,439            | (367,064)                                |
| Other   | 4,205,378               | 4,205,378          | 4,859,385            | 654,007                                  |
| Intergovernmental                                 |                         |                    |                      |  |
| State operating grants                            | 611,555                 | 790,162            | 46,242               | (743,920)                                |
| Local   | -                       | 40,000             | 2,015                | (37,985)                                 |
| Charges for services                              | 13,421,234              | 13,421,234         | 11,397,076           | (2,024,158)                              |
| Investment income (loss)                          | 8,906                   | 8,906              | 103,126              | 94,220                                   |
| Other revenues                                    | 41,461                  | 333,797            | 9,355,773            | 9,021,976                                |
| <b>Total revenues</b>                             | <b>96,167,916</b>       | <b>108,131,563</b> | <b>128,478,810</b>   | <b>20,347,247</b>                        |
| <b>Expenditures</b>                               |                         |                    |                      |  |
| Current   |                         |                    |                      |  |
| General government                                | 26,578,553              | 31,110,971         | 26,085,939           | 5,025,032                                |
| Public safety                                     | 50,982,102              | 54,320,940         | 48,077,414           | 6,243,526                                |
| Physical environment                              | 5,848,996               | 6,957,422          | 5,637,776            | 1,319,646                                |
| Economic environment                              | 4,323,892               | 4,895,061          | 1,849,207            | 3,045,854                                |
| Human services                                    | 2,003,503               | 1,942,291          | 1,511,402            | 430,889                                  |
| Culture and recreation                            | 13,269,045              | 12,938,568         | 11,749,917           | 1,188,651                                |
| <b>Total expenditures</b>                         | <b>103,006,091</b>      | <b>112,165,253</b> | <b>94,911,655</b>    | <b>17,253,598</b>                        |
| Excess (deficiency) of revenues over expenditures | (6,838,175)             | (4,033,690)        | 33,567,155           | 37,600,845                               |
| <b>Other financing sources (uses)</b>             |                         |                    |                      |  |
| Designated cash (budgeted cash increase)          | 7,090,314               | 24,298,703         | -                    | (24,298,703)                             |
| Transfers in                                      | 2,693,664               | 4,053,300          | 4,053,300            | -  |
| Transfers (out)                                   | (2,945,803)             | (24,318,313)       | (24,318,313)         | -  |
| <b>Total other financing sources (uses)</b>       | <b>6,838,175</b>        | <b>4,033,690</b>   | <b>(20,265,013)</b>  | <b>(24,298,703)</b>                      |
| Net change in fund balances                       | -                       | -                  | 13,302,142           | 13,302,142                               |
| Fund balances - beginning of year                 | -                       | -                  | 49,586,762           | 49,586,762                               |
| <b>Fund balances - end of year</b>                | <b>\$ -</b>             | <b>\$ -</b>        | <b>\$ 62,888,904</b> | <b>\$ 62,888,904</b>                     |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Budgetary Basis) and Actual**  
**1/2 Gross Receipts Tax Special Revenue Fund**

| <b>For the Year Ended June 30, 2022</b>           | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variances</b>                         |
|---|-------------------------|---------------------|---------------------|--|
|   | <b>Original</b>         | <b>Final</b>        |                     | <b>Favorable</b><br><b>(Unfavorable)</b> |
|   |                         |                     |                     | <b>Final to Actual</b>                   |
| <b>Revenues</b>                                   |                         |                     |                     |  |
| Taxes   |                         |                     |                     |  |
| Gross receipts                                    | \$ 17,776,623           | \$ 19,939,860       | \$ 24,075,035       | \$ 4,135,175                             |
| Investment income (loss)                          | 8,412                   | 8,412               | (58,786)            | (67,198)                                 |
| <b>Total revenues</b>                             | <b>17,785,035</b>       | <b>19,948,272</b>   | <b>24,016,249</b>   | <b>4,067,977</b>                         |
| <b>Expenditures</b>                               |                         |                     |                     |  |
| Current   |                         |                     |                     |  |
| General government                                | 2,969,268               | 2,898,698           | 2,185,121           | 713,577                                  |
| Public safety                                     | -                       | -                   | 1,108               | (1,108)                                  |
| Capital outlay                                    | 2,000                   | 121,000             | 98,780              | 22,220                                   |
| <b>Total expenditures</b>                         | <b>2,971,268</b>        | <b>3,019,698</b>    | <b>2,285,009</b>    | <b>734,689</b>                           |
| Excess (deficiency) of revenues over expenditures | 14,813,767              | 16,928,574          | 21,731,240          | 4,802,666                                |
| <b>Other financing sources (uses)</b>             |                         |                     |                     |  |
| Designated cash (budgeted cash increase)          | 1,984,541               | 7,245,494           | -                   | (7,245,494)                              |
| Transfers in                                      | -                       | 46,388              | 46,388              | -  |
| Transfers (out)                                   | (16,798,308)            | (24,220,456)        | (24,220,456)        | -  |
| <b>Total other financing sources (uses)</b>       | <b>(14,813,767)</b>     | <b>(16,928,574)</b> | <b>(24,174,068)</b> | <b>(7,245,494)</b>                       |
| Net change in fund balances                       | -                       | -                   | (2,442,828)         | (2,442,828)                              |
| Fund balances - beginning of year                 | -                       | -                   | (6,842,473)         | (6,842,473)                              |
| Fund balances - end of year                       | \$ -                    | \$ -                | \$ (9,285,301)      | \$ (9,285,301)                           |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Net Position - Enterprise Funds**

| June 30, 2022                                      | Business-type Activities - Enterprise Funds |                     |                           |
|--|---|---------------------|---------------------------|
|  | Waste Water<br>Management                   | Water<br>Management | Environmental<br>Services |
| <b>Assets</b>                                      |   |                     |                           |
| Current assets                                     |   |                     |                           |
| Cash, cash equivalents, and investments            | \$ 35,119,724                               | \$ 65,026,893       | \$ 22,382,317             |
| Grants receivable                                  | -   | -                   | -                         |
| Receivables  |   |                     |                           |
| State-shared taxes                                 | 542,211                                     | -                   | 542,198                   |
| Accounts, net of allowances                        | 2,163,897                                   | 5,552,006           | 2,195,598                 |
| Interest receivable                                | -   | -                   | -                         |
| Notes receivable                                   | 163,309                                     | -                   | -                         |
| Other receivable                                   | 430   | 68,351              | 326                       |
| Prepaid expenses                                   | -   | 434,249             | -                         |
| Due from other funds                               | 85,874                                      | -                   | 577,309                   |
| Lease receivable                                   | -   | 103,111             | -                         |
| Inventory  | -   | 379,683             | -                         |
| Total current assets                               | 38,075,445                                  | 71,564,293          | 25,697,748                |
| Noncurrent assets                                  |   |                     |                           |
| Leases receivable, less current portion            | -   | 1,912,612           | -                         |
| Capital assets                                     |   |                     |                           |
| Land and water rights                              | 25,498                                      | 5,907,639           | -                         |
| Buildings and structures                           | 28,817,899                                  | 126,512,488         | 355,096                   |
| Sewer lines and utility systems                    | 32,164,309                                  | 132,839,818         | 1,044,732                 |
| Improvements                                       | 31,359,635                                  | 43,966,614          | 1,200,100                 |
| Furniture and fixtures                             | 4,370                                       | 553,317             | 4,056                     |
| Equipment and machinery                            | 2,151,553                                   | 6,888,909           | 673,866                   |
| Vehicles   | 4,057,617                                   | 2,280,504           | 18,165,418                |
| Data processing equipment/software                 | 262,991                                     | 1,124,069           | 82,803                    |
| Art  | -   | -                   | -                         |
| Construction in progress                           | 31,789,376                                  | 14,064,080          | -                         |
| Right-to-use lease assets                          | -   | -                   | -                         |
| Less amortization                                  | -   | -                   | -                         |
| Less accumulated depreciation                      | (84,445,752)                                | (165,321,608)       | (15,193,838)              |
| Total capital assets, net accumulated depreciation | 46,187,496                                  | 168,815,830         | 6,332,233                 |
| Total noncurrent assets                            | 46,187,496                                  | 170,728,442         | 6,332,233                 |
| Total assets                                       | 84,262,941                                  | 242,292,735         | 32,029,981                |
| Deferred outflows of resources                     |   |                     |                           |
| Deferred outflows - pension                        | 419,663                                     | 731,841             | 488,261                   |
| Deferred outflows - OPEB                           | 479,595                                     | 836,743             | 558,378                   |
| Total deferred outflows of resources               | 899,258                                     | 1,568,584           | 1,046,639                 |
| Total assets and deferred outflows of resources    | \$ 85,162,199                               | \$ 243,861,319      | \$ 33,076,620             |

*The accompanying notes are an integral part of these financial statements.*

| <b>Business-type Activities - Enterprise Funds</b> |                            |                                  |                       | <b>Governmental Activities</b> |
|--|----------------------------|----------------------------------|-----------------------|--------------------------------|
| <b>Santa Fe</b>                                    |                            |                                  |                       | <b>Internal Service Funds</b>  |
| <b>Convention Center</b>                           | <b>College of Santa Fe</b> | <b>Nonmajor Enterprise Funds</b> | <b>Total</b>          |                                |
| \$ 5,384,522                                       | \$ 1,392,880               | \$ 22,808,615                    | \$ 152,114,951        | \$ 13,249,813                  |
| -  | -                          | 1,818,337                        | 1,818,337             | -                              |
| -  | -                          | -                                | 1,084,409             | -                              |
| -  | -                          | 1,823,361                        | 11,734,862            | -                              |
| -  | -                          | -                                | -                     | -                              |
| -  | -                          | -                                | 163,309               | -                              |
| 76   | -                          | 14,785                           | 83,968                | 11,311                         |
| -  | -                          | -                                | 434,249               | -                              |
| -  | -                          | -                                | 663,183               | -                              |
| 2,957  | -                          | 387,442                          | 493,510               | -                              |
| -  | -                          | -                                | 379,683               | 80,240                         |
| <b>5,387,555</b>                                   | <b>1,392,880</b>           | <b>26,852,540</b>                | <b>168,970,461</b>    | <b>13,341,364</b>              |
| 23,344   | -                          | 10,028,730                       | 11,964,686            | -                              |
| -  | 11,164,785                 | 24,597,615                       | 41,695,537            | -                              |
| 48,210,342   | 42,268,949                 | 82,354,906                       | 328,519,680           | -                              |
| -  | -                          | 29,820                           | 166,078,679           | -                              |
| 336,738  | -                          | 78,447,114                       | 155,310,201           | 10,518                         |
| 26,715   | -                          | 68,385                           | 656,843               | 93,277                         |
| 1,459,632  | -                          | 8,208,203                        | 19,382,163            | 19,812                         |
| 54,531   | -                          | 17,276,717                       | 41,834,787            | 35,829                         |
| 94,117   | -                          | 912,693                          | 2,476,673             | 1,366,312                      |
| 39,000   | -                          | 180,971                          | 219,971               | -                              |
| -  | 216,862                    | 26,297,648                       | 72,367,966            | 215,133                        |
| -  | -                          | 335,951                          | 335,951               | -                              |
| -  | -                          | (80,094)                         | (80,094)              | -                              |
| (16,313,418)                                       | (16,176,382)               | (120,235,692)                    | (417,686,690)         | (392,703)                      |
| <b>33,907,657</b>                                  | <b>37,474,214</b>          | <b>118,394,237</b>               | <b>411,111,667</b>    | <b>1,348,178</b>               |
| <b>33,931,001</b>                                  | <b>37,474,214</b>          | <b>128,422,967</b>               | <b>423,076,353</b>    | <b>1,348,178</b>               |
| <b>39,318,556</b>                                  | <b>38,867,094</b>          | <b>155,275,507</b>               | <b>592,046,814</b>    | <b>14,689,542</b>              |
| 98,981   | 2,866                      | 991,505                          | 2,733,117             | 471,016                        |
| 113,174  | 3,274                      | 1,092,674                        | 3,083,838             | 538,558                        |
| <b>212,155</b>                                     | <b>6,140</b>               | <b>2,084,179</b>                 | <b>5,816,955</b>      | <b>1,009,574</b>               |
| <b>\$ 39,530,711</b>                               | <b>\$ 38,873,234</b>       | <b>\$ 157,359,686</b>            | <b>\$ 597,863,769</b> | <b>\$ 15,699,116</b>           |

The accompanying notes are an integral part of these financial statements.

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Net Position - Enterprise Funds**

| June 30, 2022   | Business-type Activities - Enterprise Funds |                     |                           |
|---|---|---------------------|---------------------------|
|   | Waste Water<br>Management                   | Water<br>Management | Environmental<br>Services |
| <b>Liabilities</b>  |   |                     |                           |
| Current liabilities   |   |                     |                           |
| Accounts payable  | \$ 229,537                                  | \$ 869,414          | \$ 146,618                |
| Gross receipts taxes payable  | -   | 319,277             | -                         |
| Compensated absence payable   | -   | -                   | -                         |
| Accrued wages payable   | 195,205                                     | 320,340             | 215,912                   |
| Claims and judgment payable   | -   | -                   | -                         |
| Bonds payable, net of amortized discounts                             | 787,042                                     | 1,237,689           | 1,239,548                 |
| Notes payable   | -   | 927,500             | 192,364                   |
| Accrued interest payable  | 51,033                                      | 115,802             | 5,726                     |
| Unearned revenue  | -   | -                   | -                         |
| Lease payable   | -   | -                   | -                         |
| Due to other governments  | -   | 1,774,074           | 252,906                   |
| Other liabilities   | -   | 4,109               | -                         |
| Due to other funds  | 39,236                                      | -                   | -                         |
| Customer deposits payable   | 14,650                                      | 1,365,117           | -                         |
| Total current liabilities   | 1,316,703                                   | 6,933,322           | 2,053,074                 |
| Noncurrent liabilities  |   |                     |                           |
| Bonds payable, net of unamortized discounts                           | 14,526,987                                  | 33,627,982          | -                         |
| Notes payable   | -   | 6,690,774           | 257,233                   |
| Compensated absences payable  | 276,267                                     | 548,645             | 320,026                   |
| Lease payable   | -   | -                   | -                         |
| Net pension liability   | 3,880,975                                   | 6,767,935           | 4,515,358                 |
| Net OPEB liability  | 1,764,731                                   | 3,078,900           | 2,054,623                 |
| Total noncurrent liabilities  | 20,448,960                                  | 50,714,236          | 7,147,240                 |
| Total liabilities   | 21,765,663                                  | 57,647,558          | 9,200,314                 |
| Deferred inflows of resources   |   |                     |                           |
| Deferred inflows - unamortized gain on refunding of bonds             | 14,242                                      | -                   | -                         |
| Deferred inflows - leases   | -   | 2,015,723           | -                         |
| Deferred inflows - pension  | 1,505,675                                   | 2,625,709           | 1,751,792                 |
| Deferred inflows - OPEB   | 1,357,192                                   | 2,367,872           | 1,580,137                 |
| Total deferred inflows of resources                                   | 2,877,109                                   | 7,009,304           | 3,331,929                 |
| Net position  |   |                     |                           |
| Net investment in capital assets                                      | 30,859,225                                  | 126,331,885         | 4,643,088                 |
| Restricted for debt service   | -   | -                   | -                         |
| Restricted for compliance   | -   | -                   | -                         |
| Unrestricted (deficit)  | 29,660,202                                  | 52,872,572          | 15,901,289                |
| Total net position  | 60,519,427                                  | 179,204,457         | 20,544,377                |
| Total liabilities, deferred inflows of resources,<br>and net position | \$ 85,162,199                               | \$ 243,861,319      | \$ 33,076,620             |

*The accompanying notes are an integral part of these financial statements.*



| <b>Business-type Activities - Enterprise Funds</b> |                            |                                  |                       | <b>Governmental Activities</b> |   |
|--|----------------------------|----------------------------------|-----------------------|--------------------------------|---|
| <b>Santa Fe</b>                                    |                            |                                  |                       |                                |   |
| <b>Convention Center</b>                           | <b>College of Santa Fe</b> | <b>Nonmajor Enterprise Funds</b> | <b>Total</b>          | <b>Internal Service Funds</b>  |   |
| \$ 318,595   | \$ 275,217                 | \$ 2,238,979                     | \$ 4,078,360          | \$ 1,018,618                   |   |
| -  | -                          | 56,432                           | 375,709               | -                              | - |
| -  | -                          | -                                | -                     | -                              | - |
| 44,129   | -                          | 608,492                          | 1,384,078             | 222,742                        |   |
| -  | -                          | -                                | -                     | 8,422,437                      |   |
| 1,218,319  | -                          | 1,879,859                        | 6,362,457             | -                              |   |
| -  | 950,000                    | 501,082                          | 2,570,946             | -                              |   |
| 33,618   | 60,661                     | 42,840                           | 309,680               | -                              |   |
| 300,000  | 16,667                     | 218,129                          | 534,796               | -                              |   |
| -  | -                          | 83,761                           | 83,761                | -                              |   |
| -  | -                          | -                                | 2,026,980             | -                              |   |
| -  | -                          | 1,506                            | 5,615                 | -                              |   |
| -  | -                          | -                                | 39,236                | -                              |   |
| 397,922  | 23,333                     | 96,213                           | 1,897,235             | -                              |   |
| <b>2,312,583</b>                                   | <b>1,325,878</b>           | <b>5,727,293</b>                 | <b>19,668,853</b>     | <b>9,663,797</b>               |   |
| 18,364,569   | -                          | 15,410,507                       | 81,930,045            | -                              |   |
| -  | 20,030,000                 | 1,778,724                        | 28,756,731            | -                              |   |
| 24,074   | -                          | 611,841                          | 1,780,853             | 338,967                        |   |
| -  | -                          | 184,986                          | 184,986               | -                              |   |
| 915,361  | 26,509                     | 9,169,282                        | 25,275,420            | 4,355,880                      |   |
| 416,437  | 12,047                     | 4,020,633                        | 11,347,371            | 1,981,691                      |   |
| <b>19,720,441</b>                                  | <b>20,068,556</b>          | <b>31,175,973</b>                | <b>149,275,406</b>    | <b>6,676,538</b>               |   |
| <b>22,033,024</b>                                  | <b>21,394,434</b>          | <b>36,903,266</b>                | <b>168,944,259</b>    | <b>16,340,335</b>              |   |
| -  | -                          | 345,123                          | 359,365               | -                              |   |
| 26,301   | -                          | 10,416,172                       | 12,458,196            | -                              |   |
| 355,126  | 10,284                     | 3,557,343                        | 9,805,929             | 1,689,920                      |   |
| 320,267  | 9,265                      | 3,092,125                        | 8,726,858             | 1,524,049                      |   |
| <b>701,694</b>                                     | <b>19,549</b>              | <b>17,410,763</b>                | <b>31,350,348</b>     | <b>3,213,969</b>               |   |
| 14,324,769   | 16,494,214                 | 98,210,195                       | 290,863,376           | 1,348,178                      |   |
| -  | -                          | -                                | -                     | -                              |   |
| -  | -                          | -                                | -                     | -                              |   |
| 2,471,224  | 965,037                    | 4,835,462                        | 106,705,786           | (5,203,366)                    |   |
| <b>16,795,993</b>                                  | <b>17,459,251</b>          | <b>103,045,657</b>               | <b>397,569,162</b>    | <b>(3,855,188)</b>             |   |
| <b>\$ 39,530,711</b>                               | <b>\$ 38,873,234</b>       | <b>\$ 157,359,686</b>            | <b>\$ 597,863,769</b> | <b>\$ 15,699,116</b>           |   |

The accompanying notes are an integral part of these financial statements.

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                             | <b>Business-type Activities - Enterprise Funds</b> |                             |                                   |
|---|--|-----------------------------|-----------------------------------|
|   | <b>Waste Water<br/>Management</b>                  | <b>Water<br/>Management</b> | <b>Environmental<br/>Services</b> |
| Operating revenues  |  |                             |                                   |
| Charges for services  | \$ 14,907,722                                      | \$ 35,905,973               | \$ 14,039,594                     |
| Facilities rentals  | 66,376   | 41,194                      | 266,000                           |
| Other revenues/premiums   | 104,883  | 167,751                     | 19,076                            |
| Premiums  | -  | -                           | -                                 |
| <b>Total operating revenues</b>                                 | <b>15,078,981</b>                                  | <b>36,114,918</b>           | <b>14,324,670</b>                 |
| Operating expenses  |  |                             |                                   |
| Salaries, wages, and fringe benefits                            | 3,570,252  | 5,492,364                   | 4,633,349                         |
| Contractual services and utilities                              | 1,105,911  | 3,546,315                   | 3,649,780                         |
| Repairs and maintenance   | 1,580,043  | 795,601                     | 666,704                           |
| Supplies  | 568,081  | 753,252                     | 413,587                           |
| Capital outlay - inventory - exempt items                       | 15,426   | 71,215                      | 79,020                            |
| Depreciation expense  | 1,872,019  | 10,194,666                  | 1,548,870                         |
| Insurance   | 645,091  | 352,247                     | 359,302                           |
| Claims and judgments  | -  | -                           | -                                 |
| Other   | 2,639,819  | 13,194,961                  | 2,629,951                         |
| <b>Total operating expenses</b>                                 | <b>11,996,642</b>                                  | <b>34,400,621</b>           | <b>13,980,563</b>                 |
| <b>Operating income (loss)</b>                                  | <b>3,082,339</b>                                   | <b>1,714,297</b>            | <b>344,107</b>                    |
| Non-operating revenues (expenses)                               |  |                             |                                   |
| Investment income (loss)  | (73,509)   | 20,296                      | 334                               |
| Intergovernmental   |  |                             |                                   |
| State-shared taxes  | 3,009,379  | -                           | 3,009,378                         |
| Federal   | -  | -                           | -                                 |
| State   | -  | 10,839                      | -                                 |
| Lease revenue   | -  | 126,775                     | -                                 |
| Interest expense  | (450,284)  | (1,222,451)                 | (84,869)                          |
| Other nonoperating revenue (expense)                            | 31,780   | 3,106                       | -                                 |
| <b>Total non-operating revenues (expenses)</b>                  | <b>2,517,366</b>                                   | <b>(1,061,435)</b>          | <b>2,924,843</b>                  |
| <b>Income (loss) before transfers and capital contributions</b> | <b>5,599,705</b>                                   | <b>652,862</b>              | <b>3,268,950</b>                  |
| Transfers   |  |                             |                                   |
| Transfers in  | 85,124   | 162,060                     | 120,288                           |
| Transfers (out)   | (229,639)  | (694,491)                   | (255,805)                         |
| <b>Change in net position</b>                                   | <b>5,455,190</b>                                   | <b>120,431</b>              | <b>3,133,433</b>                  |
| <b>Net position - beginning of year</b>                         | <b>55,064,237</b>                                  | <b>179,084,026</b>          | <b>17,410,944</b>                 |
| Net position - restatement (note 2)                             | -  | -                           | -                                 |
| <b>Net position - beginning of year, as restated</b>            | <b>55,064,237</b>                                  | <b>179,084,026</b>          | <b>17,410,944</b>                 |
| <b>Net position - end of year</b>                               | <b>\$ 60,519,427</b>                               | <b>\$ 179,204,457</b>       | <b>\$ 20,544,377</b>              |

*The accompanying notes are an integral part of these financial statements.*

| <b>Business-type Activities - Enterprise Funds</b> |                   |                   |                | <b>Governmental</b>     |
|--|-------------------|-------------------|----------------|-------------------------|
| <b>Santa Fe</b>                                    |                   | <b>Nonmajor</b>   |                | <b>Activities</b>       |
| <b>Convention</b>                                  | <b>College of</b> | <b>Enterprise</b> | <b>Total</b>   | <b>Internal Service</b> |
| <b>Center</b>                                      | <b>Santa Fe</b>   | <b>Funds</b>      |                | <b>Funds</b>            |
| \$ 303,787   | \$ -              | \$ 8,224,296      | \$ 73,381,372  | \$ 9,798,974            |
| 42,132   | 1,399,801         | 491,209           | 2,306,712      | -                       |
| 9,008  | 56,233            | 1,515,358         | 1,872,309      | 187,457                 |
| -  | -                 | -                 | -              | 25,374,400              |
| 354,927  | 1,456,034         | 10,230,863        | 77,560,393     | 35,360,831              |
| 863,298  | (163,227)         | 8,028,636         | 22,424,672     | 6,608,927               |
| 330,597  | 886,944           | 2,484,487         | 12,004,034     | 2,895,893               |
| 142,415  | 1,126,043         | 954,421           | 5,265,227      | 267,980                 |
| 135,564  | 3,568             | 869,878           | 2,743,930      | 2,269,491               |
| 13,494   | -                 | 241,349           | 420,504        | 181,601                 |
| 1,085,027  | 1,687,943         | 5,776,234         | 22,164,759     | 228,138                 |
| 39,833   | 629,102           | 685,898           | 2,711,473      | 2,958,907               |
| -  | -                 | -                 | -              | 22,130,490              |
| 1,649,681  | 13,563            | 3,920,461         | 24,048,436     | 565,390                 |
| 4,259,909  | 4,183,936         | 22,961,364        | 91,783,035     | 38,106,817              |
| (3,904,982)  | (2,727,902)       | (12,730,501)      | (14,222,642)   | (2,745,986)             |
| (12,066)   | (13,522)          | 197,537           | 119,070        | (308,527)               |
| -  | -                 | -                 | 6,018,757      | -                       |
| -  | -                 | 569,814           | 569,814        | -                       |
| -  | -                 | 2,467,146         | 2,477,985      | -                       |
| 19,484   | -                 | 369,318           | 515,577        | -                       |
| (1,018,240)  | (362,703)         | (495,009)         | (3,633,556)    | -                       |
| -  | -                 | 558,272           | 593,158        | -                       |
| (1,010,822)  | (376,225)         | 3,667,078         | 6,660,805      | (308,527)               |
| (4,915,804)  | (3,104,127)       | (9,063,423)       | (7,561,837)    | (3,054,513)             |
| 7,386,178  | 3,319,752         | 27,943,430        | 39,016,832     | 2,487,820               |
| (43,279)   | (5,200)           | (44,463)          | (1,272,877)    | (437,117)               |
| 2,427,095  | 210,425           | 18,835,544        | 30,182,118     | (1,003,810)             |
| 14,368,898   | 17,248,826        | 84,210,113        | 367,387,044    | (5,046,208)             |
| -  | -                 | -                 | -              | 2,194,830               |
| 14,368,898   | 17,248,826        | 84,210,113        | 367,387,044    | (2,851,378)             |
| \$ 16,795,993                                      | \$ 17,459,251     | \$ 103,045,657    | \$ 397,569,162 | \$ (3,855,188)          |

The accompanying notes are an integral part of these financial statements.

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Cash Flows - Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>   | <b>Business-type Activities - Enterprise Funds</b> |                             |                                   |
|---|--|-----------------------------|-----------------------------------|
|   | <b>Waste Water<br/>Management</b>                  | <b>Water<br/>Management</b> | <b>Environmental<br/>Services</b> |
| <b>Cash flows from operating activities</b>                                 |  |                             |                                   |
| Cash received from customers  | \$ 15,140,125                                      | \$ 37,567,985               | \$ 13,861,249                     |
| Cash payments to suppliers for goods and services                           | (7,382,887)  | (22,073,524)                | (9,677,956)                       |
| Cash payments to employees for services                                     | (3,092,099)  | (3,585,671)                 | (2,720,775)                       |
| <b>Net cash provided (used) by operating activities</b>                     | <b>4,665,139</b>                                   | <b>11,908,790</b>           | <b>1,462,518</b>                  |
| <b>Cash flows from noncapital financing activities</b>                      |  |                             |                                   |
| Intergovernmental taxes and grants  | 3,041,159  | 13,945                      | 3,009,378                         |
| Transfers in from other funds   | 85,124   | 162,060                     | 120,288                           |
| Transfers out to other funds  | (229,639)  | (694,491)                   | (255,805)                         |
| Cash received from leases   | -  | 126,775                     | -                                 |
| <b>Net cash provided (used) by noncapital financing activities</b>          | <b>2,896,644</b>                                   | <b>(391,711)</b>            | <b>2,873,861</b>                  |
| <b>Cash flows from capital and related financing activities</b>             |  |                             |                                   |
| Acquisition and construction of capital assets                              | (4,768,435)  | (5,038,716)                 | (1,882,698)                       |
| Proceeds from sale of capital assets  | -  | -                           | -                                 |
| Principal paid on revenue bond maturities and notes payable                 | (2,243,381)  | (2,106,964)                 | (1,194,588)                       |
| Interest paid on revenue bonds and notes payable                            | (472,943)  | (1,227,043)                 | (90,389)                          |
| <b>Net cash provided (used) by capital and related financing activities</b> | <b>(7,484,759)</b>                                 | <b>(8,372,723)</b>          | <b>(3,167,675)</b>                |
| <b>Cash flows from investing activities</b>                                 |  |                             |                                   |
| Interest and dividends on investments                                       | (73,509)   | 20,296                      | 334                               |
| <b>Net cash provided (used) by investing activities</b>                     | <b>(73,509)</b>                                    | <b>20,296</b>               | <b>334</b>                        |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 | <b>3,515</b>                                       | <b>3,164,652</b>            | <b>1,169,038</b>                  |
| Cash and cash equivalents - beginning of year                               | 35,116,209   | 61,862,241                  | 21,213,279                        |
| <b>Cash and cash equivalents - end of year</b>                              | <b>\$ 35,119,724</b>                               | <b>\$ 65,026,893</b>        | <b>\$ 22,382,317</b>              |

*The accompanying notes are an integral part of these financial statements.*

| <b>Business-type Activities - Enterprise Funds</b> |                   |                   |                | <b>Governmental</b>     |
|--|-------------------|-------------------|----------------|-------------------------|
| <b>Santa Fe</b>                                    |                   | <b>Nonmajor</b>   |                | <b>Activities</b>       |
| <b>Convention</b>                                  | <b>College of</b> | <b>Enterprise</b> |                | <b>Internal Service</b> |
| <b>Center</b>                                      | <b>Santa Fe</b>   | <b>Funds</b>      | <b>Total</b>   | <b>Funds</b>            |
| \$ 740,621   | \$ 1,631,845      | \$ 20,635,209     | \$ 89,577,034  | \$ 37,910,877           |
| (2,155,574)  | (2,474,088)       | (11,692,988)      | (55,457,017)   | (30,194,081)            |
| (943,002)  | (217,765)         | (10,456,703)      | (21,016,015)   | (6,288,846)             |
| (2,357,955)  | (1,060,008)       | (1,514,482)       | 13,104,002     | 1,427,950               |
| -  | -                 | 3,595,232         | 9,659,714      | -                       |
| 7,386,178  | 3,319,752         | 27,943,430        | 39,016,832     | 2,487,820               |
| (43,279)   | (5,200)           | (44,463)          | (1,272,877)    | (437,117)               |
| 19,484   | -                 | 369,318           | 515,577        | -                       |
| 7,362,383  | 3,314,552         | 31,863,517        | 47,919,246     | 2,050,703               |
| (771,294)  | -                 | (8,705,012)       | (21,166,155)   | (758,290)               |
| -  | -                 | 121,407           | 121,407        | -                       |
| (2,594,397)  | (925,000)         | (2,396,778)       | (11,461,108)   | -                       |
| (1,026,453)  | (364,641)         | (511,564)         | (3,693,033)    | -                       |
| (4,392,144)  | (1,289,641)       | (11,491,947)      | (36,198,889)   | (758,290)               |
| (12,066)   | (13,522)          | 197,537           | 119,070        | (308,527)               |
| (12,066)   | (13,522)          | 197,537           | 119,070        | (308,527)               |
| 600,218  | 951,381           | 19,054,625        | 24,943,429     | 2,411,836               |
| 4,784,304  | 441,499           | 3,753,990         | 127,171,522    | 10,837,977              |
| \$ 5,384,522                                       | \$ 1,392,880      | \$ 22,808,615     | \$ 152,114,951 | \$ 13,249,813           |

The accompanying notes are an integral part of these financial statements.

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Cash Flows - Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                                      | <b>Business-type Activities - Enterprise Funds</b> |                             |                                   |
|--|--|-----------------------------|-----------------------------------|
|  | <b>Waste Water<br/>Management</b>                  | <b>Water<br/>Management</b> | <b>Environmental<br/>Services</b> |
| <b>Reconciliation of operating income (loss)</b>                         |  |                             |                                   |
| <b>To net cash provided (used) by</b>                                    |  |                             |                                   |
| <b>Operating activities</b>  |  |                             |                                   |
| Operating income (loss)  | \$ 3,082,339                                       | \$ 1,714,297                | \$ 344,107                        |
| Adjustments to reconcile operating income (loss)                         |  |                             |                                   |
| to net cash provided (used) by operating activities                      |  |                             |                                   |
| Depreciation/Amortization/Bad debt expense                               | 1,872,019  | 10,194,666                  | 1,548,870                         |
| Difference between deferred outflows and related to<br>pensions and OPEB | 1,350,752  | 2,362,424                   | 1,439,999                         |
| Difference between deferred inflows and related to<br>pensions and OPEB  | 1,611,119  | 2,806,905                   | 1,944,295                         |
| Difference between deferred inflows related to leases                    | -  | 2,015,723                   | -                                 |
| Difference between net pension/OPEB liability                            | (3,319,924)  | (5,817,076)                 | (3,338,372)                       |
| Change in assets and liabilities   |  |                             |                                   |
| (Increase) Decrease in Accounts receivables                              | 69,314   | 291,889                     | (250,577)                         |
| (Increase) Decrease in Other receivables                                 | 602  | 64,278                      | 22                                |
| (Increase) Decrease in Lease receivables                                 | -  | (2,015,723)                 | -                                 |
| (Increase) Decrease in Taxes receivables                                 | (89,130)   | 727,089                     | (89,117)                          |
| (Increase) Decrease in Prepaid expense                                   | -  | (102,983)                   | -                                 |
| (Increase) Decrease in Due from other funds                              | (12,596)   | -                           | (14,049)                          |
| Increase (Decrease) in Accounts Payable                                  | 208,619  | 334,038                     | (212,394)                         |
| Increase (Decrease) in Lease Payable                                     | -  | -                           | -                                 |
| Increase (Decrease) in Gross Receipts Tax Payable                        | (116,615)  | 35,773                      | 102,694                           |
| Increase (Decrease) in Compensated Absences Payable                      | 26,439   | 20,248                      | 16,988                            |
| Increase (Decrease) in Accrued Wages Payable                             | (18,749)   | (26,400)                    | (29,948)                          |
| Increase (Decrease) in Other Liabilities                                 | -  | (2,567,672)                 | -                                 |
| Increase (Decrease) in Customer Deposits                                 | 950  | 91,697                      | -                                 |
| Increase (Decrease) Unearned Revenue                                     | -  | -                           | -                                 |
| Increase (Decrease) in Inventory   | -  | 5,543                       | -                                 |
| Increase (Decrease) in Claims Payable                                    | -  | -                           | -                                 |
| Increase (Decrease) in Due to Other Governments                          | -  | 1,774,074                   | -                                 |
| <b>Net cash provided (used) by operating activities</b>                  | <b>\$ 4,665,139</b>                                | <b>\$ 11,908,790</b>        | <b>\$ 1,462,518</b>               |

*The accompanying notes are an integral part of these financial statements.*

| <b>Business-type Activities - Enterprise Funds</b> |                       |                       |                      | <b>Governmental</b>     |
|--|-----------------------|-----------------------|----------------------|-------------------------|
| <b>Santa Fe</b>                                    |                       | <b>Nonmajor</b>       |                      | <b>Activities</b>       |
| <b>Convention</b>                                  | <b>College of</b>     | <b>Enterprise</b>     | <b>Total</b>         | <b>Internal Service</b> |
| <b>Center</b>                                      | <b>Santa Fe</b>       | <b>Funds</b>          |                      | <b>Funds</b>            |
| \$ (3,904,982)                                     | \$ (2,727,902)        | \$ (12,730,501)       | \$ (14,222,642)      | \$ (2,745,986)          |
| 1,085,027  | 1,687,943             | 5,776,234             | 22,164,759           | 228,138                 |
| 329,774  | 61,804                | 3,726,159             | 9,270,912            | 1,338,952               |
| 373,972  | (18,552)              | 3,459,113             | 10,176,852           | 1,908,488               |
| 26,301   | -                     | 10,416,172            | 12,458,196           | -                       |
| (827,635)  | (232,167)             | (9,964,243)           | (23,499,417)         | (3,020,659)             |
| -  | -                     | (597,544)             | (486,918)            | 5,303                   |
| 218,351  | 20                    | 328,746               | 612,019              | 265                     |
| (26,301)   | -                     | (10,416,172)          | (12,458,196)         | -                       |
| -  | -                     | 9,719,456             | 10,268,298           | -                       |
| -  | -                     | -                     | (102,983)            | -                       |
| -  | -                     | -                     | (26,645)             | -                       |
| 167,343  | 175,791               | 961,727               | 1,635,124            | 2,544,478               |
| -  | -                     | 268,747               | 268,747              | -                       |
| -  | -                     | 49,413                | 71,265               | -                       |
| (581)  | -                     | 8,678                 | 71,772               | 67,862                  |
| (1,035)  | (6,946)               | 3,859                 | (79,219)             | 25,438                  |
| -  | -                     | (2,605,306)           | (5,172,978)          | -                       |
| 201,811  | 1                     | 30,723                | 325,182              | -                       |
| -  | -                     | 50,257                | 50,257               | -                       |
| -  | -                     | -                     | 5,543                | (47,929)                |
| -  | -                     | -                     | -                    | 1,123,600               |
| -  | -                     | -                     | 1,774,074            | -                       |
| <u>\$ (2,357,955)</u>                              | <u>\$ (1,060,008)</u> | <u>\$ (1,514,482)</u> | <u>\$ 13,104,002</u> | <u>\$ 1,427,950</u>     |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico  
City of Santa Fe  
Statement of Fiduciary Net Position**

| <b>June 30, 2022</b>                    | <b>Custodial<br/>Funds</b> |
|---|----------------------------|
| Assets                                  |                            |
| Cash, cash equivalents, and investments | \$ 92,244,371              |
| Total assets                            | \$ 92,244,371              |
| Net position                            |                            |
| Held For                                |                            |
| Santa Fe Solid Waste Management Agency  | \$ 15,979,853              |
| Buckman Direct Diversion Project        | 76,264,518                 |
| Total net position                      | \$ 92,244,371              |

*The accompanying notes are an integral part of these financial statements.*



**State of New Mexico  
City of Santa Fe  
Statement of Changes in Fiduciary Net Position**

| <b>For the Year Ended June 30, 2022</b> | <b>Custodial<br/>Funds</b> |
|---|----------------------------|
| Additions                               |                            |
| Contributions                           |                            |
| Members                                 | \$ 16,739,287              |
| BDD - Legal Settlement                  | 34,000,000                 |
| Total contributions                     | 50,739,287                 |
| Investment Earnings                     |                            |
| Net Increase (Decrease) in Fair Value   | (64,228)                   |
| Interest Income                         | 96,355                     |
| Total Investment Earnings               | 32,127                     |
| Total additions                         | 50,771,414                 |
| Deductions                              |                            |
| Distribution to Members                 | 15,531,423                 |
| Total deductions                        | 15,531,423                 |
| Net increase in fiduciary net position  | 35,239,991                 |
| Net position - beginning of year        | 57,004,380                 |
| Net position - end of year              | \$ 92,244,371              |

*The accompanying notes are an integral part of these financial statements.*

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**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Santa Fe (the "City") is a municipal corporation governed by an elected mayor and an eight-member council. The accompanying financial statements present the government as an entity for which the City is considered to be financially accountable. The City has no component units or blended component units that are legally separate entities.

The City is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management who is responsible for their integrity and objectivity.

***Reporting Entity***

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Reporting Entity (Continued)***

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90. Blended component units, although legally separate entities, are in substance part of the government's operations.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing 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.

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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based on the application of these criteria, the City has no component units.

***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Gross receipts taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. All other revenue items are considered to be measurable and available only when cash is received by the government.

*Government-wide Financial Statements*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The business-type activities column incorporates data from proprietary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fund Financial Statements*

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and major proprietary funds, each displayed in a separate column on their respective financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental and proprietary funds as major based upon certain criteria.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund includes state shared gross receipts tax income fund and state shared gas tax income fund. The general fund also includes revenues and costs associated with community services, community development, and building codes.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *1/2% Gross Receipts Tax Fund* is used to account for the City's portion of gross receipts taxes collected by the State of New Mexico per Ordinance No. 1981-45. The Ordinance dedicates ½ of 1 percent for capital improvements to City facilities and street and road construction and reconstruction to include any future operating expenditures (i.e., personnel or administrative costs) necessitated by the expansion of the services and facilities to the public.

The City reports the following proprietary funds as major funds:

The *Waste Water Management Fund* accounts for the operation of the City's waste water treatment and sewage system.

The *Water Management Fund* accounts for the activities of the City's water supply, transmission, and distribution systems.

The *Environmental Services Fund* accounts for the operation of the City's solid waste collection service.

The *Santa Fe Convention Center Fund* (formerly known as Sweeney Convention Center) accounts for the operation of the City's convention center.

The *College of Santa Fe Fund* accounts for the lease operations, debt service, and construction activities associated with the City's purchase of the college from a nonprofit corporation and subsequent lease to Laureate Education Inc. in September of 2009.

Additionally, the government reports the following fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

*Debt service funds* are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

*Capital projects funds* account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

*Internal service funds* account for the City's Risk Management Fund, Health/Dental Fund, Unemployment Claims Fund, Services to Other Departments, and Workers' Compensation Fund. These funds account for services provided to City departments on a cost reimbursement basis.

*Fiduciary funds* are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. *Custodial funds* are purely custodial and do not involve measurement of results of operations.

The government reports the following fiduciary fund:

The *Custodial Fund* is an external investment pool fund, which represents the amounts held in the City's pooled cash on behalf of the Buckman Direct Diversion Project (Buckman) and Santa Fe Solid Waste Management Agency (SWAMA). As the Fiscal Agent for both Buckman and SWAMA, the City has fiduciary responsibilities to these entities.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.



**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity***

*Deposits and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

City funds are invested in accordance with New Mexico State Statute 6-10-10, and with the City of Santa Fe Investment Policy, which states:

City funds shall be invested in accordance with New Mexico Statute 6-10-10 and shall be equitably distributed among all banks and credit unions having their main or manned branch offices within the municipal boundaries and who are interested in doing business with the City, as directed by Statute 6-10-10, Paragraph C. Collateralization will be required on all deposits in excess of amounts insured by the Federal Deposit Insurance Corporation, or the National Credit Union Association. The collateralization level will be 102% of the market value of principal, per City of Santa Fe Investment Policy. The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments or individual financial institutions and limit maturities to five years or less to avoid interest rate risk. Certain investments may be held to accommodate debt reserve requirements may have maturities in excess of five years.

The investment policy provides for the following authorized investments:

- United States Treasury Securities (Bills, Notes, and Bonds).
- Insured and/or collateralized (with securities of the U.S. Government, its agencies or instrumentalities, municipal securities, or Letters of Credit from the Federal Home Loan Bank of Dallas) checking or savings accounts, or certificates of deposit of banks or credit unions, pursuant to State Board of Finance Collateral Policies.
- Other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Home Loan Bank, or the Federal Farm Credit Bank, or are backed by the full faith and credit of the United States Government.
- Money market funds that are registered with the SEC, carried an AAA rating and maintain total asset size, invest entirely in U.S. government and/or U.S. government agency securities (as defined above), and maintain total asset size of not less than \$100,000,000.
- Bonds or negotiable securities of the state of New Mexico or of any county, municipality, or school district which has a taxable valuation of real property of at least one million dollars and has not defaulted in payment of interest or sinking fund obligations or failed to pay any bonds at maturity at any time within the past five years and is rated AA equivalent or better on purchase date. Reasonable prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

- Investments in the New Mexico Local Government Investment Pool (NM LGIP):
- Repurchase agreements and forward purchase agreements with equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest.

For amounts held in the NM LGIP, investments are valued at fair value based on quoted market prices as of the evaluation date. The NM LGIP is not SEC registered, but does maintain an AAA rating (highest rating for pools) from Standard and Poor's. Section 6-10-10 I. NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the accounting entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary.

Interest earnings on pooled investments are distributed annually to participating funds based on the average of beginning and ending balances. Investments for the City are stated at fair market value.

***Receivables and Payables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

Unbilled receivables – An amount for unbilled revenue is recorded in the proprietary funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage before year-end.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Santa Fe County and remitted monthly to the City.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 90 days are subject to being considered as uncollectible.

*Interfund Activities and Transactions*

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

*Inventories and Prepaid Items*

Inventories are valued at cost, which approximates market value using the first-in, first-out (FIFO) method. Expenditures in governmental funds and expenses in proprietary funds are recorded as the inventory items are consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

The City of Santa Fe is a party to a contract with the Bureau of Reclamation, United States of America which provides certain rights to purchase water from the San Juan Chama renewable water resource system. Per contract dating from 1976 and made permanent in 2006, the City of Santa Fe has rights to purchase 5,230 acre feet per year from the San Juan Chama system for which it pays a predetermined rate. The City may utilize the water in the year it purchases it or in a later year if utilization does not match the annual amount purchased. Amounts acquired in excess of those amounts utilized are recorded as prepaid water assets in the statement of net position. The amount recorded as of June 30, 2022, was \$434,249.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

*Lease Receivables*

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable.

*Restricted Assets*

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

*Bond and loan debt service accounts* – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

*Endowment funds* – Includes privately donated funds for the Southside Library, expenditure of which is limited to interest by the donor and by City resolution.

*Capital Assets*

Capital assets, which include property, plant, furniture, art, software, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, as a Phase 2 government, the historical cost of infrastructure assets, (retroactive to June 30, 1980) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at acquisition value at the date of donation, of which none were received for the year ended June 30, 2022. City land acquired prior to 1987 was primary by land grant or donation and is estimated to be 4,217 acres. Because original values are unknown, the parcels are valued at one dollar each.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of City is expensed as it is incurred.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <b>Assets</b>             | <b>Years</b> | <b>Assets</b>                  | <b>Years</b> |
|---------------------------|--------------|--------------------------------|--------------|
| Buildings and Systems     | 50           | Vehicles                       | 4-8          |
| Improvements              | 10           | Equipment and Machinery        | 4-10         |
| Furniture and Fixtures    | 10           | Sewerlines and Utility Systems | 25           |
| Data Processing Equipment | 3            | Software                       | 10           |
| Streets and Bridges       | 25           | Traffic Signals                | 10           |

***Right-of-Use Assets***

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

***Deferred Outflows of Resources***

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

The City has four types of items that qualify for reporting in this category related to reporting under GASB 68 and four types that qualify for reporting under GASB 75, which total \$11,736,841 and \$12,194,579, respectively, in the statement of net position. The amounts are further detailed in Note 11 and Note 12. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

*Deferred Inflows of Resources*

In addition to liabilities, the balance sheet reports 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. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has two items which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue – licenses are reported only in the governmental funds balance sheet. The City has recorded \$2,671,664 related to property taxes considered “unavailable” and \$5,170,860 related to lease receivables considered “unavailable”. In addition, the City has three types of items present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and four types that qualify related to reporting under GASB 75. The deferred inflows of resources total \$42,109,657 and \$34,509,062, respectively, in the statement of net position, and are further detailed in Note 11 and Note 12. The City has one type of item related to long term liabilities that appears on the statement of net position, which is the gain on extinguishment of debt in the amount of \$1,903,872. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Lastly, the City has one type of item present on the statement of net position that qualifies for reporting in this category that arises as a result of the implementation of GASB 87. The deferred inflow of resources for lease receivables totaled \$17,629,056 as of June 30, 2022 and will be amortized on a straight-line basis over the terms of the underlying leases.

*Accrued Payroll*

Accrued payroll is comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2022, along with applicable FICA, Medicare, PERA, retiree health care, and other benefits expenses.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

*Compensated Absences*

City employees are entitled to certain compensated absences based on their employment classification and length of employment. It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. There is a liability for these benefits since the City has a policy to pay any amount when the employee has earned the benefits. All vacation and compensatory hours are accrued when incurred in the government-wide and proprietary fund financial statements. The sick leave liability is calculated using the vesting method. The City's employees can utilize these balances for early retirement or buy-out options, or donate the hours to a sick leave bank to be used by other employees.

*Unearned Revenues*

Unearned revenues are comprised of advanced funded grants for which eligible expenditures have not yet been incurred and payments made in advance by customers for various services (i.e. prepaid rent, golf pro shop gift cards, etc.) provided by the City as of June 30, 2022.

*Long-term 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 are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued.

The face amount of debt issued is reported as other financing sources, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

*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 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.

*Postemployment Benefits Other Than Pensions (“OPEB”)*

For 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 New Mexico Retiree Health Care Authority (“NMRHCA”) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Fund Balance Classification Policies and Procedures*

The City has implemented GASB No. 54 and has defined the various categories reported in fund balance. Fund balances of the governmental funds are reported in the order of spending: first committed fund balance, then assigned fund balance, and, finally, unassigned fund balance, and are classified as follows:

*Nonspendable fund balances* are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted fund balances* are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Enabling legislation includes a legally enforceable requirement that resources be used only for specific purposes stipulated in the legislation. Legal enforceability means the government can be impelled by an external party to use resources for the purpose specified by the legislation.



**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

*Committed fund balances* are amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

*Assigned fund balances* are amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as nonspendable, restricted, or committed in governmental funds outside of the general fund.

*Unassigned fund balances* are all other spendable amounts. The general fund should be the only fund that reports a positive unassigned fund balance amount.

Note 16 shows more detail regarding these classifications of fund balances in the governmental funds.

*Net Position*

In business-type activities, proprietary funds, and internal service funds, equity is classified as net position and displayed in three components:

*Net investment in capital assets* is intended to reflect the portion of net position which is associated with capital assets. It consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 55-56 and 139-141. The City also maintains restricted net position for post closure obligations and has received privately donated endowment funds for the Southside Library, expenditure of which is limited to interest by the donor and by City resolution.

*Unrestricted net position* – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

The City allocates expenses to restricted or unrestricted resources based on the budgeted source of funds. It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Revenues and Expenditures/Expenses***

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the City's major proprietary fund is charges for services for the City's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)***

***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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the fair value of investments, allowance for uncollectible accounts, expected useful lives of capital assets, current portion of accrued compensated absences, the estimate for landfill closure and postclosure costs, and actuarial estimates included in the calculation of the net pension liability and net OPEB liability.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

The City implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this Statement had a material impact on the City's reporting in the current fiscal year. See Note 2 for further information.

The City also implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The implementation of this Statement had no impact on the City's reporting in the current fiscal year.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

The City implemented GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The implementation of this Statement had no impact on the City's reporting in the current fiscal year.

The City implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The implementation of this Statement had no impact on the City's reporting in the current fiscal year.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement had no impact on the City's reporting in the current fiscal year.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

In May 2022, GASB issued Statement No. 99, Omnibus 2022. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. 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.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

The City is evaluating the requirements of the above statements and the impact on reporting.

**Note 2: RESTATEMENTS TO FUND BALANCE AND NET POSITION**

During fiscal year 2022, the City implemented GASB Statement No. 87, Leases. The City was required to record right-of-use assets and lease liabilities in the amount of \$40,212 in the government wide financial statements, as detailed in Notes 7 and 8. Additionally, the City was required to record lease receivables and deferred inflow-revenues, of \$17,629,056 and \$17,720,060, respectively, in the government wide and business-type activities financial statements, as detailed in Note 5.

During the year ended June 30, 2022, management discovered an error in an accrual in the Santa Fe Health/Dental Fund that required a restatement of net position and fund balance. The restatement is as follows:

|                                      | <b>Governmental<br/>Activities</b> | <b>Internal Service<br/>Funds</b> |
|--------------------------------------|------------------------------------|-----------------------------------|
| Net position, as previously reported | \$ 187,196,082                     | \$ (5,046,208)                    |
| Effect of restatement                | 2,194,830                          | 2,194,830                         |
| <b>Net position, as restated</b>     | <b>\$ 189,390,912</b>              | <b>\$ (2,851,378)</b>             |

|                                      | <b>Santa Fe<br/>Health/Dental<br/>Fund</b> |
|--------------------------------------|--|
| Fund balance, as previously reported | \$ 2,533,796                               |
| Effect of restatement                | 2,194,830                                  |
| <b>Fund balance, as restated</b>     | <b>\$ 4,728,626</b>                        |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Budgetary Information***

Annual budgets for governmental funds are adopted based on generally accepted accounting principles (GAAP basis). Annual budgets for proprietary funds are adopted on a basis other than generally accepted accounting principles. Depreciation is not budgeted for enterprise funds. All annual appropriations lapse at the fiscal year-end.

The City is required to submit a proposed budget, which has been approved by the governing body, for each fiscal year on or before June 1st with the State of New Mexico Local Government Division of the Department of Finance and Administration. Before July 1, the Local Government Division approves and certifies an operating budget for use pending approval of the final budget. Prior to the first Monday in September, the Local Governmental Division must certify a final budget for the municipality.

Because the non-GAAP basis of accounting is not the generally accepted accounting method for propriety funds, differences result from budgeting for various items. Reconciliations between the budget basis (non-GAAP) and GAAP basis are provided in the budgetary schedules.

The Local Government Division must also approve the following changes throughout the fiscal year:

- budget increases;
- transfers of budget between funds;
- transfers of cash, both permanent and temporary, between funds; and
- any combination of the above.

New Mexico state law prohibits municipalities from making expenditures in excess of the approved expenditures. State law mandates that municipalities develop and operate within the confines of a balanced budget. The total amount which the governing body appropriates in any particular fiscal year cannot exceed the probable amount of money available at the beginning of the year (cash balance or reserves) plus anticipated revenues during the fiscal year. As required by the state, the City prepares a budget for all fund types.

The appropriated budget is prepared by fund, function, and division. All amendments to the appropriated budget require City Council approval. The City Manager may approve budget amendment increases or decreases of appropriations up to \$60,000. The Finance Director may approve budget amendment increases or decreases up to \$5,000. The amendments below the \$60,000 threshold are ratified by City Council at the end of each quarter. Budget amendments in excess of \$60,000 require Council approval. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the function level for the general fund; the fund level for special revenue and capital improvement funds; and at the division level for the proprietary funds. The City Council approved supplemental budgetary appropriations during the fiscal year, primarily for new grant awards and additional project amounts, which did not materially affect cash reserves of related funds.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

***Budgetary Information (Continued)***

Encumbrance accounting is employed in all funds. Encumbrances (purchase orders, contracts and other commitments for the expenditure of resources) outstanding at year-end are reappropriated by request to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be part of the following years budget and honored during that following year.

The budgetary information presented in these financial statements has been properly amended by City Commissioners in accordance with the above procedures. These amendments resulted in the following changes:

|                                 | <b>Excess (deficiency) of<br/>revenues over expenditures</b> |                     |
|---------------------------------|--|---------------------|
|                                 | <b>Original Budget</b>                                       | <b>Final Budget</b> |
| Budgeted governmental funds     |  |                     |
| General Fund                    | \$ (6,838,175)   | \$ (4,033,690)      |
| Debt Service Fund               | (10,762,609)   | (10,762,609)        |
| 1.5% Gross Receipts Tax Fund    | 14,813,767   | 16,928,574          |
| Other governmental funds        | 4,648,828  | (34,750,995)        |
| Budgeted proprietary funds      |  |                     |
| Waste Water Management Fund     | 4,149,905  | (2,994,799)         |
| Water Management Fund           | 9,695,045  | 214,015             |
| Environmental Services Fund     | 436,265  | (3,377,908)         |
| Santa Fe Convention Center Fund | (5,838,377)  | (6,933,005)         |
| College of Santa Fe Fund        | (3,353,172)  | (3,967,618)         |
| Nonmajor proprietary funds      | (23,340,986)   | (22,557,221)        |
| Internal Service Fund           | 2,289,596  | 2,194,351           |

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.



**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS**

State statutes and the City's investment policy authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2022.

Deposits of funds may be made in interest bearing or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance for accounts held by the City.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At June 30, 2022, \$39,567,836 of the City's bank balance of \$40,462,417 was subject to custodial credit risk. Of this amount, \$34,528,043 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$5,039,793 of the City's deposits was uninsured and uncollateralized at June 30, 2022.

The City utilizes pooled accounts for their funds. Cash and investments of the General, Special Revenue, Capital Projects, Proprietary Funds, and Custodial Funds are pooled and held in multiple accounts.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

|   | Citibank   | Wells Fargo   | Guadalupe<br>Credit<br>Union | Sterling<br>National Bank | Total         |
|---|------------|---------------|------------------------------|---------------------------|---------------|
| Amount of deposits  | \$ 144,581 | \$ 22,953,584 | \$ 267,801                   | \$ 17,096,451             | \$ 40,462,417 |
| FDIC/SIPC coverage  | (144,581)  | (250,000)     | (250,000)                    | (250,000)                 | (894,581)     |
| Total uninsured public funds  | -          | 22,703,584    | 17,801                       | 16,846,451                | 39,567,836    |
| Collateralized by securities held<br>by pledging institutions or by<br>its trust department or agent in<br>other than the City's name | -          | 17,681,592    | -                            | 16,846,451                | 34,528,043    |
| Uninsured and uncollateralized  | \$ -       | \$ 5,021,992  | \$ 17,801                    | \$ -                      | \$ 5,039,793  |
| Collateral requirement (50%)  | \$ -       | \$ 11,351,792 | \$ 8,901                     | \$ 8,423,226              | \$ 19,783,919 |
| Pledged securities  | -          | 17,681,592    | -                            | 17,177,886                | 34,859,478    |
| Over (under) collateralized   | \$ -       | \$ 6,329,800  | \$ (8,901)                   | \$ 8,754,660              | \$ 15,075,559 |

The collateral pledged is listed on page 195 of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, city or political subdivision of the State of New Mexico, or revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

***Investments***

*Reconciliation to the Statement of Net Position*

|  |                |
|--|----------------|
| Cash and cash equivalents per statement of net position            | \$ 294,021,468 |
| Restricted cash and cash equivalents per statement of net position | 18,582,653     |
| Cash and cash equivalents per statement of fiduciary net position  | 92,244,371     |
| <hr/>  |                |
| Total cash, cash equivalents and investments                       | 404,848,492    |
|  |                |
| Plus outstanding checks  | 11,048,548     |
| Less outstanding deposits  | (1,047,720)    |
| Less NMFA investment accounts                                      | (184,490)      |
| Less NMFA cash accounts  | (74,098)       |
| Less New MexiGROW LGIP   | (40,054,323)   |
| Less Wells Fargo investments                                       | (265,781,847)  |
| Less BDD Investments   | (70,024,851)   |
| Less petty cash  | (4,950)        |
| Unallocated cash   | 1,737,656      |
| <hr/>  |                |
| Bank balance of deposits   | \$ 40,462,417  |
| <hr/> <hr/>  |                |

The City's investments at June 30, 2022 include the following:

| <b>Investment Type</b>  | <b>Weighted Average<br/>Maturities</b> | <b>Fair Value</b> | <b>Rating*</b> |
|-------------------------|--|-------------------|----------------|
|                         | 22 day WAM (R)<br>and                  |                   |                |
| New MexiGROW LGIP       | 86 day WAM (F)                         | \$ 40,054,323     | AAAm           |
| Fixed Income Securities | 0 to 3 years                           | 68,346,731        | AA+            |
| Money market funds      | <365 days                              | 267,459,967       | Not Rated      |
|                         |  | <hr/>             |                |
|                         |  | \$ 375,861,021    |                |
|                         |  | <hr/> <hr/>       |                |

\* Based off Standard & Poor's rating

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

***Investments (Continued)***

*Interest Rate Risk – Investments.* Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The investment policy limits the City’s exposure to interest rate risk by limiting the maximum maturity of securities to five years and certificates of deposit to three years. The City uses duration as its measure of interest rate risk. The fair value of the securities exposed to interest rate risk is \$108,401,054. These securities do not have call options.

Maturity rates consist of the following as of June 30, 2022:

| <b>Investment Type</b>   | <b>Fair Value</b>     | <b>Not subject to</b>         |                             |                      |
|--------------------------|-----------------------|-------------------------------|-----------------------------|----------------------|
|                          |                       | <b>Interest<br/>Rate Risk</b> | <b>Less than 1<br/>Year</b> | <b>1-5 Years</b>     |
| New MexiGROW LGIP        | \$ 40,054,323         | \$ -                          | \$ 40,054,323               | \$ -                 |
| Money Market Funds       | 267,459,967           | 267,459,967                   | -                           | -                    |
| Fixed Income Securities  | 68,346,731            | -                             | -                           | 68,346,731           |
| <b>Total investments</b> | <b>\$ 375,861,021</b> | <b>\$ 267,459,967</b>         | <b>\$ 40,054,323</b>        | <b>\$ 68,346,731</b> |

*Credit Risk – Investments.* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s investment policy requires that fixed income securities and equities have a weighted average of no less than investment grade, as rated by *Moody’s* and *Standard & Poor’s*.

*Concentration of Credit Risk – Investments.* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The City’s investment policy specifies that the City shall diversity its investments to avoid a concentration of any one issuer, with the exception of U. S. Treasury securities, in which the City may invest 100% of its portfolio. Money Market Funds, savings accounts, NM LGIP and cash accounts have no duration. NM LGIP and U.S Treasury securities represent 100% of the total portfolio.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

***Investments (Continued)***

*Fair Value Measurement* - The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The City's investment of \$40,054,323 with the New MexiGROW LGIP is valued at amortized cost and is not subject to fair market valuation.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

***Investments (Continued)***

The City maintained a balance of \$68,346,731 in investments at June 30, 2022 which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the City's assets at fair value as of June 30, 2022:

|                         | Level 1       | Level 2 | Level 3 | Total         |
|-------------------------|---------------|---------|---------|---------------|
| Fixed Income Securities | \$ 68,346,731 | \$ -    | \$ -    | \$ 68,346,731 |
| Total investments       | \$ 68,346,731 | \$ -    | \$ -    | \$ 68,346,731 |

**Note 5: RECEIVABLES**

Receivables as of June 30, 2022 for governmental activities are as follows:

|   | General Fund  | Debt Service Fund | 1/2% Gross Receipts Tax Fund | Nonmajor Governmental Fund | Total Governmental Funds |
|---|---------------|-------------------|------------------------------|----------------------------|--------------------------|
| Taxes                                   |               |                   |                              |                            |                          |
| Property                                | \$ 642,398    | \$ 122,679        | \$ -                         | \$ -                       | \$ 765,077               |
| Gross receipts                          | 9,792,946     | -                 | 4,336,531                    | 589,398                    | 14,718,875               |
| Gasoline and oil taxes                  | -             | -                 | -                            | 245,048                    | 245,048                  |
| Other                                   | 6,517,940     | -                 | -                            | 5,530,287                  | 12,048,227               |
| Intergovernmental                       |               |                   |                              |                            | -                        |
| Federal operating grants                | -             | -                 | -                            | 237,457                    | 237,457                  |
| Federal capital grants                  | -             | -                 | -                            | 603,694                    | 603,694                  |
| State operating grants                  | 121,600       | -                 | -                            | 110,234                    | 231,834                  |
| State capital grants                    | -             | -                 | -                            | 528,119                    | 528,119                  |
| Other                                   |               |                   |                              |                            | -                        |
| Interest                                | 31,326        | 973               | -                            | -                          | 32,299                   |
| Ambulance receivable                    | 3,382,793     | -                 | -                            | -                          | 3,382,793                |
| Allowance - ambulance receivable        | (3,366,573)   |                   |                              |                            | (3,366,573)              |
| Land sales receivable                   | -             | -                 | -                            | 2,168,360                  | 2,168,360                |
| Opioid settlement                       | 8,595,195     | -                 | -                            | -                          | 8,595,195                |
| Miscellaneous                           | 476,989       | -                 | -                            | 2,337,205                  | 2,814,194                |
| Allowance - uncollectable miscellaneous | -             | -                 | -                            | (1,737,883)                | (1,737,883)              |
| Leases receivable                       | -             | -                 | -                            | 5,170,860                  | 5,170,860                |
| Totals                                  | \$ 26,194,614 | \$ 123,652        | \$ 4,336,531                 | \$ 15,782,779              | \$ 46,437,576            |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 5: RECEIVABLES (Continued)**

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$426,407 and license fees in the amount of \$74,333 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

Receivables as of June 30, 2022 for business-type activities are as follows:

|                                  | <b>Waste Water<br/>Management</b> | <b>Water<br/>Management</b> | <b>Environment-<br/>al Services</b> | <b>Santa Fe<br/>Convention<br/>Center</b> | <b>College of<br/>Santa Fe</b> |
|----------------------------------|-----------------------------------|-----------------------------|-------------------------------------|---|--------------------------------|
| Taxes                            |                                   |                             |                                     |   |                                |
| Gross receipts taxes             | \$ 542,211                        | \$ -                        | \$ 542,198                          | \$ -                                      | \$ -                           |
| Intergovernmental                |                                   |                             |                                     |   |                                |
| Operating grants                 | -                                 | -                           | -                                   | -   | -                              |
| Customer                         |                                   |                             |                                     |   |                                |
| Charges for services             | 3,178,224                         | 7,345,868                   | 2,937,365                           | -   | -                              |
| Allowance - charges for services | (1,014,327)                       | (1,793,862)                 | (741,767)                           | -   | -                              |
| Other                            |                                   |                             |                                     |   |                                |
| Notes receivable                 | 163,309                           | -                           | -                                   | -   | -                              |
| Other receivable                 | 55                                | 68,002                      | 57                                  | -   | -                              |
| Lease receivable                 | -                                 | 2,015,723                   | -                                   | 26,301                                    | -                              |
| <b>Totals</b>                    | <b>\$ 2,869,472</b>               | <b>\$ 7,635,731</b>         | <b>\$ 2,737,853</b>                 | <b>\$ 26,301</b>                          | <b>\$ -</b>                    |

|                                  | <b>Nonmajor<br/>Enterprise<br/>Funds</b> | <b>Total</b>         | <b>Internal<br/>Service Funds</b> |
|----------------------------------|--|----------------------|-----------------------------------|
| Taxes                            |  |                      |                                   |
| Gross receipts taxes             | \$ -                                     | \$ 1,084,409         | \$ -                              |
| Intergovernmental                |  |                      |                                   |
| Federal capital grants           | 292,992                                  | 292,992              | -                                 |
| State capital grants             | 1,525,345                                | 1,525,345            | -                                 |
| Customer                         |  |                      |                                   |
| Charges for services             | 2,359,090                                | 15,820,547           | -                                 |
| Allowance - charges for services | (535,729)                                | (4,085,685)          | -                                 |
| Other                            |  |                      |                                   |
| Notes receivable                 | -  | 163,309              | -                                 |
| Other receivable                 | 14,654                                   | 82,768               | 11,311                            |
| Lease receivable                 | 10,416,172                               | 12,458,196           | -                                 |
| <b>Totals</b>                    | <b>\$ 14,072,524</b>                     | <b>\$ 27,341,881</b> | <b>\$ 11,311</b>                  |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 5: RECEIVABLES (Continued)**

***Lease Receivables***

The City has recorded lease receivables as a result of implementation of GASB 87 for the governmental and business-type activities. The lease receivables are initially measured at an amount equal to the initial measurement of the related deferred inflow of resources.

The City, as part of their governmental funds, entered into agreements to lease real property. The terms of the lease agreements range from 16 months to 401 months, with discount rates between 0.18% and 1.65%, which were estimated based on municipal bond index rates as of the day before adoption of the GASBS No. 87.

During the year ended June 30, 2022, the following changes occurred in lease receivables reported on the statement of net position for governmental funds:

|                               | <b>Balance<br/>June 30, 2021<br/>(Restated)</b> | <b>Increases</b>  | <b>Decreases</b>  | <b>Balance<br/>June 30, 2022</b> | <b>Due Within<br/>One Year</b> |
|-------------------------------|---|-------------------|-------------------|----------------------------------|--------------------------------|
| SF Health Club                | \$ 66,042                                       | \$ -              | \$ 14,509         | \$ 51,533                        | \$ 12,617                      |
| Kitchen Angels                | 2,929,979                                       | -                 | 230,779           | 2,699,200                        | 108,381                        |
| Sanchez Family                | 33,252  | -                 | 2,208             | 31,044                           | 2,301                          |
| Verizon 18-1097               | 865,018   | -                 | 39,836            | 825,182                          | 40,918                         |
| New Food Depot                | 1,125,321                                       | -                 | 127,949           | 997,372                          | 67,009                         |
| Shelter                       | 242,321   | -                 | 121,104           | 121,217                          | 60,524                         |
| B&GC                          | -   | 370,007           | 12,544            | 357,463                          | 70,089                         |
| Highland                      | -   | 17,765            | 5,444             | 12,321                           | 5,568                          |
| Café Des Artistes             | -   | 9,266             | 448               | 8,818                            | 4,630                          |
| Plaza Café                    | -   | 70,092            | 3,382             | 66,710                           | 35,006                         |
| <b>Total lease receivable</b> | <b>\$ 5,261,933</b>                             | <b>\$ 467,130</b> | <b>\$ 558,203</b> | <b>\$ 5,170,860</b>              | <b>\$ 407,043</b>              |



**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 5: RECEIVABLES (Continued)**

***Lease Receivables***

The future minimum lease payments for governmental funds to be received as of June 30, 2022 is as follows:

| Fiscal Year<br>Ending June 30, | Payment      | Interest   | Total Lease<br>Receivable |
|--------------------------------|--------------|------------|---------------------------|
| 2023                           | \$ 407,043   | \$ 31,172  | \$ 438,215                |
| 2024                           | 442,150      | 28,612     | 470,762                   |
| 2025                           | 347,718      | 26,151     | 373,869                   |
| 2026                           | 348,156      | 23,715     | 371,871                   |
| 2027                           | 33,509       | 21,261     | 54,770                    |
| 2028-2032                      | 1,455,790    | 74,085     | 1,529,875                 |
| 2033-2037                      | 1,256,738    | 16,944     | 1,273,682                 |
| 2038-2042                      | 879,756      | 71         | 879,827                   |
| Totals                         | \$ 5,170,860 | \$ 222,011 | \$ 5,392,871              |

The City's airport, as part of their business-type activities, entered into lease agreements to lease their land and hanger sites. The terms of the lease agreements range from 5 years to 25 years with a discount rate of 0.50% and 1.75%, which was set by the New Mexico Department of Finance and administration.

During the year ended June 30, 2022, the following changes occurred in lease receivables reported on the statement of net position for business type activities:

|                        | Balance<br>June 30, 2021<br>(Restated) | Increases | Decreases  | Balance<br>June 30, 2022 | Due Within<br>One Year |
|------------------------|--|-----------|------------|--------------------------|------------------------|
| Warehouse              | \$ 8,175,761                           | \$ -      | \$ 185,197 | \$ 7,990,564             | \$ 305,880             |
| Wiskey Golf            | 30,767                                 | -         | 2,924      | 27,843                   | 2,957                  |
| Spectra Airport        | 785,099                                | -         | 43,553     | 741,546                  | 16,754                 |
| T-Mobile               | 680,153                                | -         | 42,280     | 637,873                  | 42,339                 |
| Verizon 18-0851        | 765,796                                | -         | 30,943     | 734,853                  | 32,412                 |
| Verizon 18-0852        | 670,071                                | -         | 27,075     | 642,996                  | 28,360                 |
| Verizon 18-1098        | 457,853                                | -         | 20,986     | 436,867                  | 21,569                 |
| Verizon 19-0533        | 394,298                                | -         | 18,547     | 375,751                  | 19,061                 |
| Gate 13                | 151,197                                | -         | 7,945      | 143,252                  | 3,218                  |
| Jet Center             | 747,281                                | -         | 20,630     | 726,651                  | 20,960                 |
| Total lease receivable | \$ 12,858,276                          | \$ -      | \$ 400,080 | \$ 12,458,196            | \$ 493,510             |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 5: RECEIVABLES (Continued)**

***Lease Receivable (Continued)***

The future minimum lease payments for business-type activities to be received as of June 30, 2022 is as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Payment</b>       | <b>Interest</b>     | <b>Total Lease<br/>Receivable</b> |
|--|----------------------|---------------------|-----------------------------------|
| 2023                                   | \$ 493,510           | \$ 174,948          | \$ 668,458                        |
| 2024                                   | 554,575              | 170,127             | 724,702                           |
| 2025                                   | 558,384              | 165,190             | 723,574                           |
| 2026                                   | 562,284              | 160,134             | 722,418                           |
| 2027                                   | 557,140              | 154,960             | 712,100                           |
| 2028-2032                              | 2,884,206            | 692,814             | 3,577,020                         |
| 2033-2037                              | 2,990,401            | 544,016             | 3,534,417                         |
| 2038-2042                              | 2,189,772            | 391,518             | 2,581,290                         |
| 2043-2047                              | 1,667,924            | 378,445             | 2,046,369                         |
| <b>Totals</b>                          | <b>\$ 12,458,196</b> | <b>\$ 2,832,152</b> | <b>\$ 15,290,348</b>              |

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 6: TRANSFERS AND INTERFUND BALANCES**

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

| <b>Fund</b>                        | <b>Transfers Out</b> | <b>Transfers In</b>  |
|------------------------------------|----------------------|----------------------|
| General                            | \$ 24,318,313        | \$ 4,053,300         |
| Debt Service                       | -                    | 10,775,572           |
| 1/2% Gross Receipts Tax            | 24,220,456           | 46,388               |
| Internal Service                   | 437,117              | 2,487,820            |
| Gross Receipts Tax                 | 23,132,192           | -                    |
| Franchise Fee Fund                 | 71,200               | -                    |
| Economic Development               | 30,812               | 251,733              |
| Lodger's Tax Fund                  | 7,914,371            | 22,050               |
| Emergency Services                 | 124,567              | 135,825              |
| Fire Environment Service           | -                    | 2,982                |
| Law Enforcement Grants             | -                    | 2,643,099            |
| Resource Conservation Fund         | -                    | 537,000              |
| City Drainage Fund                 | 10,418               | 10,418               |
| Impact Fee                         | 3,883,398            | -                    |
| Transportation Grants              | 8,271                | 59,365               |
| Community Development              | 1,151                | 3,330,305            |
| Senior Citizen Grants/Programs     | -                    | 2,687,418            |
| Library                            | -                    | 834,829              |
| NEA Grants                         | -                    | 67,666               |
| Recreation Programs                | 745,976              | 2,843                |
| Facilities CIP                     | -                    | 8,253,727            |
| Special Projects                   | -                    | 3,078,404            |
| City Street Projects               | 750,000              | 5,734,984            |
| City Parks and Trails Improvements | -                    | 2,888,559            |
| Waste Water Management             | 229,639              | 85,124               |
| Water Management                   | 694,491              | 162,060              |
| Environmental Services             | 255,805              | 120,288              |
| Santa Fe Convention Center         | 43,279               | 7,386,178            |
| College of Santa Fe                | 5,200                | 3,319,752            |
| Railyard Fund                      | -                    | 3,050,382            |
| Municipal Recreation Center        | 10,000               | 572,676              |
| Parking Fund                       | 34,463               | 119,644              |
| Transit Operations                 | -                    | 6,647,205            |
| Airport Fund                       | -                    | 14,712,104           |
| Genoveva Chavez Community Center   | -                    | 2,841,419            |
| <b>Total Transfers</b>             | <b>\$ 86,921,119</b> | <b>\$ 86,921,119</b> |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 6: TRANSFERS AND INTERFUND BALANCES (Continued)**

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2022 is as follows:

|                              | <b>Due from<br/>Other Funds</b> | <b>Due to<br/>Other Funds</b> |
|------------------------------|---------------------------------|-------------------------------|
| General Fund                 | \$ 3,415,254                    | \$ 1,437,063                  |
| 1/2% Gross Receipts Tax Fund | 642,805                         | 18,247,219                    |
| Gross Receipts Tax           | 15,274,699                      | -                             |
| Waste Water Management       | 85,874                          | 39,236                        |
| Environmental Services       | 577,309                         | -                             |
| Economic Development         | 30,687                          | 9,806                         |
| Law Enforcement              | 541,817                         | -                             |
| Community Development        | 712,251                         | 1,529                         |
| Recreation Programs          | -                               | 985,843                       |
| Land Development             | -                               | 560,000                       |
| <b>Totals</b>                | <b>\$21,280,696</b>             | <b>\$21,280,696</b>           |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 7: CAPITAL ASSETS**

A summary of governmental activities' capital assets and changes occurring during the year ended June 30, 2022 follows. Land, construction in progress, and art are not subject to depreciation.

| <b>Governmental activities</b>                    | <b>Balance<br/>June 30, 2021</b> | <b>Balance<br/>June 30, 2021<br/>*restated</b> | <b>Additions</b>     | <b>Deletions</b> | <b>Balance<br/>June 30, 2022</b> |
|---|----------------------------------|--|----------------------|------------------|----------------------------------|
| <b>Capital assets not being depreciated</b>       |                                  |  |                      |                  |                                  |
| Land  | \$ 169,939,946                   | \$ -   | \$ -                 | \$ -             | \$ 169,939,946                   |
| Construction in progress                          | 8,586,315                        | -  | 23,009,430           | -                | 31,595,745                       |
| Right of Way                                      | -                                | -  | 78,281               | -                | 78,281                           |
| Art   | 885,046                          | -  | -                    | -                | 885,046                          |
| <b>Total capital assets not being depreciated</b> | <b>179,411,307</b>               | <b>-</b>                                       | <b>23,087,711</b>    | <b>-</b>         | <b>202,499,018</b>               |
| <b>Capital assets being depreciated</b>           |                                  |  |                      |                  |                                  |
| Buildings and Structures                          | 66,300,489                       | -  | -                    | -                | 66,300,489                       |
| Improvements                                      | 105,511,000                      | -  | 144,254              | -                | 105,655,254                      |
| Equipment and Machinery                           | 20,453,547                       | -  | 1,435,623            | -                | 21,889,170                       |
| Furniture and Fixtures                            | 499,056                          | -  | 104,392              | -                | 603,448                          |
| Vehicles  | 33,581,267                       | -  | 985,736              | -                | 34,567,003                       |
| Data Processing and Software                      | 10,497,251                       | -  | 1,170,856            | -                | 11,668,107                       |
| Traffic Signals                                   | 23,517,339                       | -  | -                    | -                | 23,517,339                       |
| Streets and bridges                               | 228,553,058                      | -  | -                    | -                | 228,553,058                      |
| Right of use asset- equipment                     | -                                | 40,212   | -                    | -                | 40,212                           |
| <b>Total capital assets being depreciated</b>     | <b>488,913,007</b>               | <b>40,212</b>                                  | <b>3,840,861</b>     | <b>-</b>         | <b>492,794,080</b>               |
| <b>Total capital assets</b>                       | <b>668,324,314</b>               | <b>40,212</b>                                  | <b>26,928,572</b>    | <b>-</b>         | <b>695,293,098</b>               |
| <b>Accumulated depreciation</b>                   |                                  |  |                      |                  |                                  |
| Buildings and Structures                          | 26,608,438                       | -  | 1,238,294            | -                | 27,846,732                       |
| Improvements                                      | 72,911,029                       | -  | 6,257,289            | -                | 79,168,318                       |
| Equipment and Machinery                           | 13,573,448                       | -  | 1,434,393            | -                | 15,007,841                       |
| Furniture and Fixtures                            | 396,566                          | -  | 20,507               | -                | 417,073                          |
| Vehicles  | 23,232,962                       | -  | 2,238,254            | -                | 25,471,216                       |
| Data Processing and Software                      | 7,386,779                        | -  | 742,124              | -                | 8,128,903                        |
| Traffic Signals                                   | 23,388,604                       | -  | 29,529               | -                | 23,418,133                       |
| Streets and bridges                               | 180,837,607                      | -  | 3,311,899            | -                | 184,149,506                      |
| Right of use asset- equipment                     | -                                | -  | 20,106               | -                | 20,106                           |
| <b>Total accumulated depreciation</b>             | <b>348,335,433</b>               | <b>-</b>                                       | <b>15,292,395</b>    | <b>-</b>         | <b>363,627,828</b>               |
| <b>Net capital assets</b>                         | <b>\$ 319,988,881</b>            | <b>\$ 40,212</b>                               | <b>\$ 11,636,177</b> | <b>\$ -</b>      | <b>\$ 331,665,270</b>            |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 7: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2022 was charged to governmental activities as follows:

|                                 |                      |
|---------------------------------|----------------------|
| <b>Governmental activities:</b> |                      |
| General Government              | \$ 1,281,232         |
| Public Safety                   | 2,407,064            |
| Physical Environment            | 7,070,749            |
| Economic Environment            | 451,325              |
| Culture and Recreation          | 4,061,919            |
| <hr/>                           |                      |
| Total                           | <u>\$ 15,272,289</u> |

The City has lease liabilities associated with the right of use assets as of June 30, 2022, which are further described in Note 8. Amortization of right of use assets totaled \$20,106 for the year ended June 30, 2022, charged to governmental activities.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 7: CAPITAL ASSETS (Continued)**

A summary of business-type activities' capital assets and changes occurring during the year ended June 30, 2022 follows. Land, water rights, construction in progress, and art are not subject to depreciation.

| <b>Business-type activities</b>                   | <b>Balance<br/>June 30, 2021</b> | <b>Balance<br/>June 30, 2021<br/>*restated</b> | <b>Additions</b>      | <b>Deletions</b> | <b>Balance<br/>June 30, 2022</b> |
|---|----------------------------------|--|-----------------------|------------------|----------------------------------|
| Capital assets not being depreciated              |                                  |  |                       |                  |                                  |
| Land  | \$ 38,260,558                    | \$ -   | \$ -                  | \$ -             | \$ 38,260,558                    |
| Water Rights                                      | 3,434,979                        |  |                       |                  | 3,434,979                        |
| Construction in Progress                          | 55,293,462                       |  | 17,074,504            | -                | 72,367,966                       |
| Art   | 219,971                          | -  | -                     | -                | 219,971                          |
| <b>Total capital assets not being depreciated</b> | <b>97,208,970</b>                | <b>-</b>                                       | <b>17,074,504</b>     | <b>-</b>         | <b>114,283,474</b>               |
| Capital assets being depreciated                  |                                  |  |                       |                  |                                  |
| Buildings and Structures                          | 328,519,680                      | -  | -                     | -                | 328,519,680                      |
| Improvements                                      | 155,107,321                      | -  | 202,880               | -                | 155,310,201                      |
| Sewerlines and Utility Systems                    | 166,078,679                      | -  | -                     | -                | 166,078,679                      |
| Equipment and Machinery                           | 18,432,278                       | -  | 949,885               | -                | 19,382,163                       |
| Furniture and Fixtures                            | 656,843                          | -  | -                     | -                | 656,843                          |
| Vehicles  | 39,370,670                       | -  | 2,464,117             | -                | 41,834,787                       |
| Data Processing and Software                      | 2,459,262                        | -  | 17,411                | -                | 2,476,673                        |
| Right of use asset- equipment                     | -                                | -  | 335,951               | -                | 335,951                          |
| <b>Total capital assets being depreciated</b>     | <b>710,624,733</b>               | <b>-</b>                                       | <b>3,970,244</b>      | <b>-</b>         | <b>714,594,977</b>               |
| <b>Total capital assets</b>                       | <b>807,833,703</b>               | <b>-</b>                                       | <b>21,044,748</b>     | <b>-</b>         | <b>828,878,451</b>               |
| Accumulated depreciation                          |                                  |  |                       |                  |                                  |
| Buildings and Structures                          | 105,648,496                      | -  | 7,535,011             | -                | 113,183,507                      |
| Improvements                                      | 139,592,637                      | -  | 4,953,611             | -                | 144,546,248                      |
| Sewerlines and Utility Systems                    | 103,255,399                      | -  | 4,806,470             | -                | 108,061,869                      |
| Equipment and Machinery                           | 14,451,229                       | -  | 2,049,618             | -                | 16,500,847                       |
| Furniture and Fixtures                            | 621,783                          | -  | 5,892                 | -                | 627,675                          |
| Vehicles  | 29,638,548                       | -  | 2,711,960             | -                | 32,350,508                       |
| Data Processing and Software                      | 2,393,933                        | -  | 22,103                | -                | 2,416,036                        |
| Right of use asset- equipment                     | -                                | -  | 80,094                | -                | 80,094                           |
| <b>Total accumulated depreciation</b>             | <b>395,602,025</b>               | <b>-</b>                                       | <b>22,164,759</b>     | <b>-</b>         | <b>417,766,784</b>               |
| <b>Net capital assets</b>                         | <b>\$ 412,231,678</b>            | <b>\$ -</b>                                    | <b>\$ (1,120,011)</b> | <b>\$ -</b>      | <b>\$ 411,111,667</b>            |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 7: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2022 was charged to business-type activities as follows:

|                                  |               |
|----------------------------------|---------------|
| Santa Fe Convention Center       | \$ 1,085,027  |
| Parking Operations               | 979,529       |
| Environmental Services           | 1,548,870     |
| Waste Water Management           | 1,872,019     |
| Water Management                 | 10,194,666    |
| Municipal Recreation Center      | 281,472       |
| Genoveva Chavez Community Center | 849,081       |
| Airport                          | 1,246,552     |
| Transit Operations               | 1,388,068     |
| Railyard                         | 951,438       |
| College of Santa Fe              | 1,687,943     |
| <hr/>                            |               |
| Total                            | \$ 22,084,665 |
| <hr/> <hr/>                      |               |

The City has lease liabilities associated with the right of use assets as of June 30, 2022, which are further described in Note 8. Amortization of right of use assets totaled \$80,094 for the year ended June 30, 2022, charged to business-type activities.



**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES**

***Governmental Activities***

During the year ended June 30, 2022, the following changes occurred in the liabilities reported in the government-wide statement of net position:

|                                    | Balance<br>June 30, 2021 | Balance<br>June 30, 2021<br>*restated | Additions            | Deletions            | Balance<br>June 30, 2022 | Due Within<br>One Year |
|------------------------------------|--------------------------|---------------------------------------|----------------------|----------------------|--------------------------|------------------------|
| General obligation bonds           | \$ 17,885,000            | \$ -                                  | \$ -                 | \$ 1,295,000         | \$ 16,590,000            | \$ 1,340,000           |
| GRT senior lien revenue bonds      | 51,510,500               | -                                     | -                    | 15,375,500           | 36,135,000               | 2,300,000              |
| GRT subordinate lien revenue bonds | 20,500,000               | -                                     | 9,894,000            | 3,801,000            | 26,593,000               | 3,748,000              |
| NMFA notes payable                 | 474,033                  | -                                     | -                    | 116,067              | 357,966                  | 117,700                |
| Bank notes payable                 | 17,244,894               | -                                     | -                    | 103,472              | 17,141,422               | 733,569                |
| CWSRF loan payable                 | -                        | -                                     | 822,490              | -                    | 822,490                  | -                      |
| Bond premiums                      | 8,871,872                | -                                     | 1,046,759            | 2,845,426            | 7,073,205                | 1,242,970              |
| Compensated absences               | 4,890,337                | -                                     | 1,686,690            | 1,732,983            | 4,844,044                | -                      |
| Lease liabilities                  | -                        | 40,212                                | -                    | 20,078               | 20,134                   | 20,134                 |
| Claims payable                     | 7,298,837                | -                                     | 22,130,490           | 21,006,890           | 8,422,437                | -                      |
| <b>Total long-term liabilities</b> | <b>\$ 128,675,473</b>    | <b>\$ 40,212</b>                      | <b>\$ 35,580,429</b> | <b>\$ 46,296,416</b> | <b>\$ 117,999,698</b>    | <b>\$ 9,502,373</b>    |

\*The notes require a restatement due to the implementation of GASB 87. There is no impact on the financial statements.

***General Obligation Bonds***

At June 30, 2022, the City had three general revenue bond outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by property tax revenues and paid out of the debt service fund. The general obligation bonds are as follows:

| Description                           | Date of Issue | Due Date | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|---------------------------------------|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2013 GO Bond                   | 7/23/2013     | 8/1/2032 | 4.00%         | \$ 12,000,000               | \$ 7,790,000                 |
| Series 2014 GO Bond                   | 8/4/2014      | 8/1/2034 | 4.00%         | 5,800,000                   | 4,275,000                    |
| Series 2019 GO Bond                   | 11/14/2019    | 8/1/2029 | 5.00%         | 5,445,000                   | 4,525,000                    |
| <b>Total general obligation bonds</b> |               |          |               |                             | <b>\$ 16,590,000</b>         |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

The annual requirements to amortize the general obligation bonds as of June 30, 2022, including interest payments are as follows:

| Fiscal Year<br>Ending June 30, | Principal     | Interest     | Total Debt<br>Service |
|--------------------------------|---------------|--------------|-----------------------|
| 2023                           | \$ 1,340,000  | \$ 642,988   | \$ 1,982,988          |
| 2024                           | 1,390,000     | 589,988      | 1,979,988             |
| 2025                           | 1,435,000     | 534,963      | 1,969,963             |
| 2026                           | 1,490,000     | 477,753      | 1,967,753             |
| 2027                           | 1,550,000     | 416,244      | 1,966,244             |
| 2028-2032                      | 7,360,000     | 1,078,484    | 8,438,484             |
| 2033-2035                      | 2,025,000     | 76,730       | 2,101,730             |
| Totals                         | \$ 16,590,000 | \$ 3,817,150 | \$ 20,407,150         |

*GRT Senior Lien Revenue Bonds*

At June 30, 2022, the City had three GRT senior lien revenue bonds outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by gross receipts tax revenues and paid out of the debt service fund. The GRT senior lien revenue bonds are as follows:

| Description                         | Date of Issue | Due Date | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|-------------------------------------|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2012A                        | 3/1/2012      | 6/1/2026 | 3.00-4.00%    | \$ 32,725,000               | \$ -                         |
| Series 2014                         | 9/30/2014     | 6/1/2029 | 5.00%         | 15,460,000                  | 14,070,000                   |
| Series 2016 B                       | 7/13/2016     | 6/1/2035 | 5.00%         | 15,330,000                  | 3,640,000                    |
| Series 2018A                        | 12/11/2018    | 6/1/2038 | 5.00%         | 20,000,000                  | 18,425,000                   |
| Total GRT senior lien revenue bonds |               |          |               |                             | \$36,135,000                 |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

The annual requirements to amortize the GRT senior lien revenue bonds as of June 30, 2022, including interest payments are as follows:

| Fiscal Year<br>Ending June 30, | Principal     | Interest      | Total Debt<br>Service |
|--------------------------------|---------------|---------------|-----------------------|
| 2023                           | \$ 2,300,000  | \$ 1,738,785  | \$ 4,038,785          |
| 2024                           | 2,602,500     | 1,654,685     | 4,257,185             |
| 2025                           | 2,683,000     | 1,524,560     | 4,207,560             |
| 2026                           | 2,828,500     | 1,392,790     | 4,221,290             |
| 2027                           | 3,699,000     | 1,253,850     | 4,952,850             |
| 2028-2032                      | 12,318,000    | 3,808,940     | 16,126,940            |
| 2033-2037                      | 8,069,000     | 1,586,280     | 9,655,280             |
| 2038                           | 1,635,000     | 81,750        | 1,716,750             |
| Totals                         | \$ 36,135,000 | \$ 13,041,640 | \$ 49,176,640         |

*GRT Subordinate Lien Revenue Bonds*

At June 30, 2022, the City had three GRT subordinate lien revenue bonds outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by gross receipts tax revenues and paid out of the debt service fund. The GRT subordinate lien revenue bonds are as follows:

| Description                              | Date of Issue | Due Date   | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|--|---------------|------------|---------------|-----------------------------|------------------------------|
| Series 2013B                             | 7/23/2013     | 8/1/2032   | 4.00%         | \$ 13,780,000               | \$10,680,000                 |
| Series 2016D                             | 7/13/2016     | 6/1/2028   | 5.00%         | 2,020,000                   | 1,320,000                    |
| Series 2018                              | 2/27/2018     | 6/1/2028   | 5.00%         | 10,290,000                  | 6,795,000                    |
| Series 2021                              | 12/14/2021    | 12/13/2026 | 5.00%         | 9,894,000                   | 7,798,000                    |
| Total GRT subordinate lien revenue bonds |               |            |               |                             | \$26,593,000                 |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

The annual requirements to amortize the GRT subordinate lien revenue bonds as of June 30, 2022, including interest payments are as follows:

| Fiscal Year<br>Ending June 30, | Principal     | Interest     | Total Debt<br>Service |
|--------------------------------|---------------|--------------|-----------------------|
| 2023                           | \$ 3,748,000  | \$ 1,159,690 | \$ 4,907,690          |
| 2024                           | 3,942,000     | 972,005      | 4,914,005             |
| 2025                           | 3,826,000     | 774,893      | 4,600,893             |
| 2026                           | 3,987,000     | 592,365      | 4,579,365             |
| 2027                           | 2,150,000     | 408,125      | 2,558,125             |
| 2028-2032                      | 5,370,000     | 1,223,675    | 6,593,675             |
| 2033-2036                      | 3,570,000     | 499,800      | 4,069,800             |
| Totals                         | \$ 26,593,000 | \$ 5,630,553 | \$ 32,223,553         |

***NMFA Note Payable***

The City entered into a loan agreement with the New Mexico Finance Authority for the purchase of self-contained breathing apparatus and accessories for the Fire Department, wherein the City pledged revenue derived from the Fire Protection Fund annual allocation to cover debt service. This revenue is not subject to intercept agreements. The NMFA loan is as follows:

| Description              | Date of Issue | Due Date | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|--------------------------|---------------|----------|---------------|-----------------------------|------------------------------|
| NMFA Fire PPRF -3458     | 11/1/2017     | 5/1/2025 | 1.630%        | \$ 917,815                  | \$ 357,966                   |
| Total NMFA notes payable |               |          |               |                             | \$ 357,966                   |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

The annual requirements to amortize the NMFA note payable as of June 30, 2022, including interest payments, are as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Principal</b> | <b>Interest</b> | <b>Total Debt<br/>Service</b> |
|--|------------------|-----------------|-------------------------------|
| 2023                                   | \$ 117,700       | \$ 5,541        | \$ 123,241                    |
| 2024                                   | 119,301          | 3,860           | 123,161                       |
| 2025                                   | 120,965          | 2,058           | 123,023                       |
| Totals                                 | \$ 357,966       | \$ 11,459       | \$ 369,425                    |

***Bank Note Payable***

The City entered into an agreement with Sterling National Bank for the financed purchase of solar power equipment for various City of Santa Fe buildings. Debt service will be paid from the annual savings earned by the City buildings. The bank note is as follows:

| <b>Description</b>              | <b>Date of Issue</b> | <b>Due Date</b> | <b>Interest Rate</b> | <b>Original Amount<br/>of Issue</b> | <b>Outstanding<br/>June 30, 2022</b> |
|---------------------------------|----------------------|-----------------|----------------------|-------------------------------------|--------------------------------------|
| Solar Energy Project            | 3/29/2021            | 12/1/2039       | 2.150%               | \$ 17,244,894                       | \$17,141,422                         |
| <b>Total bank notes payable</b> |                      |                 |                      |                                     | <b>\$17,141,422</b>                  |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

The annual requirements to amortize the bank note payable as of June 30, 2022, including interest payments, are as follows:

| Fiscal Year<br>Ending June 30, | Principal     | Interest     | Total Debt<br>Service |
|--------------------------------|---------------|--------------|-----------------------|
| 2023                           | \$ 733,569    | \$ 363,772   | \$ 1,097,341          |
| 2024                           | 772,995       | 347,826      | 1,120,821             |
| 2025                           | 879,374       | 330,678      | 1,210,052             |
| 2026                           | 925,209       | 311,571      | 1,236,780             |
| 2027                           | 972,996       | 291,470      | 1,264,466             |
| 2028-2032                      | 5,410,818     | 1,118,009    | 6,528,827             |
| 2033-2037                      | 4,592,768     | 589,290      | 5,182,058             |
| 2038-2040                      | 2,853,693     | 93,150       | 2,946,843             |
| Totals                         | \$ 17,141,422 | \$ 3,445,766 | \$ 20,587,188         |

*CWSRF Loan*

The City entered into an agreement with the New Mexico Environment Department for a loan from the Clean Water State Revolving Fund to provide support for the Santa Fe River Repairs and Bank Stabilization Project. Stormwater fees imposed by the City of Santa Fe have been pledged to service this debt. The CWSRF Loan is as follows:

| Description              | Date of Issue | Due Date  | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|--------------------------|---------------|-----------|---------------|-----------------------------|------------------------------|
| CWSRF - 088              | 12/1/2021     | 21/1/2043 | 1.000%        | \$ 4,000,000                | \$ 822,490                   |
| Total CWSRF loan payable |               |           |               |                             | \$ 822,490                   |

The annual requirements to amortize the CWSRF loan are currently undetermined, as the project has not been completed and debt is not yet required to be repaid. Repayment will begin not less than one year after the project is completed.

***Compensated Absences*** – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2022, compensated absences decreased \$46,293 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Governmental Activities (Continued)***

*Lease Liabilities- Governmental Funds*

The City has entered into agreements to lease equipment. The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception or, for leases existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021.

Lease liabilities, right-of-use assets, and lease terms are as follows at June 30, 2022:

|                         | Effective Date | End Date  | Monthly<br>Payments | Borrowing<br>Rate | Lease<br>Liability | Right-to-<br>Use Lease<br>Asset, net |
|-------------------------|----------------|-----------|---------------------|-------------------|--------------------|--------------------------------------|
| Santa Fe Animal Shelter | 7/1/2021       | 6/30/2023 | \$ 1,680            | 0.28%             | \$ 20,134          | \$ 20,106                            |
| <b>Total</b>            |                |           |                     |                   | <b>\$ 20,134</b>   | <b>\$ 20,106</b>                     |

Lease debt service requirements to maturity are as follows:

| Year Ending<br>June 30, | Principal        | Interest     | Total            |
|-------------------------|------------------|--------------|------------------|
| 2023                    | \$ 20,134        | \$ 26        | \$ 20,160        |
| <b>Totals</b>           | <b>\$ 20,134</b> | <b>\$ 26</b> | <b>\$ 20,160</b> |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities***

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2022:

|                                    | Balance<br>June 30, 2021 | Additions           | Deletions            | Balance<br>June 30, 2022 | Due Within<br>One Year |
|------------------------------------|--------------------------|---------------------|----------------------|--------------------------|------------------------|
| GRT senior lien                    |                          |                     |                      |                          |                        |
| revenue bonds                      | \$ 5,179,500             | \$ -                | \$ 2,564,500         | \$ 2,615,000             | \$ 1,160,000           |
| GRT subordinate lien               |                          |                     |                      |                          |                        |
| revenue bonds                      | 10,000,000               | 3,696,000           | 7,164,000            | 6,532,000                | 1,152,000              |
| Revenue bonds                      | 27,110,000               | -                   | 1,410,000            | 25,700,000               | 1,480,000              |
| Utility revenue bonds              | 45,695,000               | -                   | 980,000              | 44,715,000               | 1,600,000              |
| NMFA notes payable                 | 33,776,887               | -                   | 2,449,210            | 31,327,677               | 2,570,946              |
| Bond premiums                      | 9,639,686                | 527,949             | 1,437,133            | 8,730,502                | 970,457                |
| Compensated absences               | 1,709,078                | 529,221             | 457,446              | 1,780,853                | -                      |
| Lease liabilities                  | -                        | 335,951             | 67,204               | 268,747                  | 83,761                 |
| <b>Total long-term liabilities</b> | <b>\$ 133,110,151</b>    | <b>\$ 5,089,121</b> | <b>\$ 16,529,493</b> | <b>\$ 121,669,779</b>    | <b>\$ 9,017,164</b>    |

***GRT Senior Lien Revenue Bonds***

At June 30, 2022, the City had two GRT senior lien revenue bonds outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by gross receipts tax revenues and paid out of the proprietary funds. The GRT senior lien revenue bonds are as follows:

| Description                                | Date of Issue | Due Date | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|--|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2016A                               | 7/13/2016     | 6/1/2023 | 5.00%         | \$ 6,700,000                | \$ 1,095,000                 |
| Series 2016B                               | 7/13/2016     | 6/1/2023 | 5.00%         | 6,570,000                   | 1,520,000                    |
| <b>Total GRT senior lien revenue bonds</b> |               |          |               |                             | <b>\$ 2,615,000</b>          |



**State of New Mexico  
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Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

The annual requirements to amortize the senior lien revenue bonds as of June 30, 2022, including interest payments, are as follows:

| <b>Fiscal Year</b>     | <b>Total Debt</b>   |                   |                     |
|------------------------|---------------------|-------------------|---------------------|
| <b>Ending June 30,</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Service</b>      |
| 2023                   | \$ 1,160,000        | \$ 116,265        | \$ 1,276,265        |
| 2024                   | 97,500              | 56,865            | 154,365             |
| 2025                   | 102,000             | 51,990            | 153,990             |
| 2026                   | 106,500             | 47,910            | 154,410             |
| 2027                   | 111,000             | 43,650            | 154,650             |
| 2028-2032              | 612,000             | 158,010           | 770,010             |
| 2033-2035              | 426,000             | 34,620            | 460,620             |
| <b>Totals</b>          | <b>\$ 2,615,000</b> | <b>\$ 509,310</b> | <b>\$ 3,124,310</b> |

***GRT Subordinate Lien Revenue Bonds***

At June 30, 2022, the City had four GRT subordinate lien revenue bonds outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by gross receipts tax revenues and paid out of the proprietary funds. The GRT subordinate lien revenue bonds are as follows:

| 1   | <b>Original Amount Outstanding</b> |                 |                      |                     |                      |
|---|------------------------------------|-----------------|----------------------|---------------------|----------------------|
| <b>Description</b>                              | <b>Date of Issue</b>               | <b>Due Date</b> | <b>Interest Rate</b> | <b>of Issue</b>     | <b>June 30, 2022</b> |
| Series 2010B                                    | 11/10/2010                         | 6/1/2022        | 4.00-5.00%           | \$ 5,800,000        | \$ -                 |
| Series 2012B                                    | 3/1/2012                           | 6/1/2022        | 3.00-5.00%           | 1,428,000           | -                    |
| Series 2016C MRC                                | 7/13/2016                          | 6/30/2024       | 5.00%                | 5,782,800           | 195,200              |
| Series 2016C WasteWater                         | 7/13/2016                          | 6/30/2024       | 5.00%                | 3,697,200           | 124,800              |
| Series 2017                                     | 6/2/2017                           | 6/1/2033        | 4.00%                | 4,530,000           | 3,300,000            |
| Series 2021                                     | 12/14/2021                         | 12/13/2026      | 5.00%                | 13,590,000          | 2,912,000            |
| <b>Total GRT subordinate lien revenue bonds</b> |                                    |                 |                      | <b>\$ 6,532,000</b> |                      |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

The annual requirements to amortize the subordinate lien revenue bonds as of June 30, 2022, including interest payments, are as follows:

| Fiscal Year<br>Ending June 30, | Principal    | Interest     | Total Debt<br>Service |
|--------------------------------|--------------|--------------|-----------------------|
| 2023                           | \$ 1,152,000 | \$ 263,134   | \$ 1,415,134          |
| 2024                           | 1,188,000    | 212,293      | 1,400,293             |
| 2025                           | 954,000      | 159,134      | 1,113,134             |
| 2026                           | 1,013,000    | 117,432      | 1,130,432             |
| 2027                           | 290,000      | 73,486       | 363,486               |
| 2028-2032                      | 1,585,000    | 226,243      | 1,811,243             |
| 2033                           | 350,000      | 12,460       | 362,460               |
| Totals                         | \$ 6,532,000 | \$ 1,064,182 | \$ 7,596,182          |

***Revenue Bonds***

At June 30, 2022, the City had two revenue bonds outstanding which have been approved by the voters and issued for specific improvements. These bonds are liquidated through the operations of the business-type activities for which they were issued. These revenue bonds are as follows:

| Description            | Date of Issue | Due Date  | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|------------------------|---------------|-----------|---------------|-----------------------------|------------------------------|
| Series 2015 Convention |               |           |               |                             |                              |
| Center                 | 4/8/2015      | 6/15/2035 | 4.00%         | \$ 21,287,700               | \$16,191,000                 |
| Series 2015 Parking    | 4/8/2015      | 6/15/2035 | 4.00%         | 12,502,300                  | 9,509,000                    |
| Total revenue bonds    |               |           |               |                             | \$25,700,000                 |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

The annual requirements to amortize the revenue bonds as of June 30, 2022, including interest payments, are as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total Debt<br/>Service</b> |
|--|----------------------|---------------------|-------------------------------|
| 2023                                   | \$ 1,480,000         | \$ 1,085,194        | \$ 2,565,194                  |
| 2024                                   | 1,555,000            | 1,009,714           | 2,564,714                     |
| 2025                                   | 1,635,000            | 930,409             | 2,565,409                     |
| 2026                                   | 1,720,000            | 847,024             | 2,567,024                     |
| 2027                                   | 1,810,000            | 759,303             | 2,569,303                     |
| 2028-2032                              | 8,080,000            | 2,520,589           | 10,600,589                    |
| 2033-2035                              | 9,420,000            | 684,438             | 10,104,438                    |
| <b>Totals</b>                          | <b>\$ 25,700,000</b> | <b>\$ 7,836,671</b> | <b>\$ 33,536,671</b>          |

***Utility Revenue Bonds***

At June 30, 2022, the City had two utility revenue bonds outstanding which have been approved by the voters for utility improvements. These bonds are liquidated through the revenues of the Water and Wastewater proprietary funds. The utility revenue bonds are as follows:

| <b>Description</b>                 | <b>Date of Issue</b> | <b>Due Date</b> | <b>Interest Rate</b> | <b>Original Amount<br/>of Issue</b> | <b>Outstanding<br/>June 30, 2022</b> |
|------------------------------------|----------------------|-----------------|----------------------|-------------------------------------|--------------------------------------|
| Series 2016                        | 6/14/2016            | 6/1/2039        | 5.00%                | \$ 36,665,000                       | \$31,165,000                         |
| Series 2019                        | 3/20/2019            | 6/1/2038        | 5.00%                | 13,550,000                          | 13,550,000                           |
| <b>Total utility revenue bonds</b> |                      |                 |                      |                                     | <b>\$44,715,000</b>                  |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

The annual requirements to amortize the revenue bonds as of June 30, 2022, including interest payments, are as follows:

| Fiscal Year<br>Ending June 30, | Principal            | Interest             | Total Debt<br>Service |
|--------------------------------|----------------------|----------------------|-----------------------|
| 2023                           | \$ 1,600,000         | \$ 1,862,450         | \$ 3,462,450          |
| 2024                           | 1,685,000            | 1,782,450            | 3,467,450             |
| 2025                           | 1,765,000            | 1,698,200            | 3,463,200             |
| 2026                           | 1,855,000            | 1,609,950            | 3,464,950             |
| 2027                           | 1,910,000            | 1,552,600            | 3,462,600             |
| 2028-2032                      | 12,680,000           | 6,409,950            | 19,089,950            |
| 2033-2037                      | 14,265,000           | 3,350,800            | 17,615,800            |
| 2038-2039                      | 8,955,000            | 670,600              | 9,625,600             |
| <b>Totals</b>                  | <b>\$ 44,715,000</b> | <b>\$ 18,937,000</b> | <b>\$ 63,652,000</b>  |

***NMFA Loans***

The City entered into loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue from various sources to service debt. These loans are as follows:

| Description             | Date of Issue | Due Date  | Interest Rate | Original Amount<br>of Issue | Outstanding<br>June 30, 2022 |
|-------------------------|---------------|-----------|---------------|-----------------------------|------------------------------|
| NMFA 2014 Fleet         | 12/1/2014     | 6/1/2026  | 2.59%         | \$ 3,500,000                | \$ 1,274,806                 |
| NMFA DW #2 Buckman      | 12/1/2008     | 6/1/2038  | 1.75%         | 15,150,000                  | 5,998,201                    |
| NMFA DW #4              | 12/1/2013     | 6/1/2035  | 1.75%         | 2,525,000                   | 1,620,073                    |
| NMFA Refunding 2019     | 7/12/2019     | 12/1/2030 | 3.60%         | 23,705,000                  | 20,980,000                   |
| NMFA 2019 Parking       | 8/1/2019      | 6/1/2027  | 1.90-2.15%    | 1,575,000                   | 1,005,000                    |
| NMFA Environmental      | 6/1/2017      | 5/1/2024  | 1.53%         | 1,300,582                   | 449,597                      |
| <b>Total NMFA loans</b> |               |           |               |                             | <b>\$ 31,327,677</b>         |

The NMFA 2014 loan was secured for the purpose of purchasing transit buses. This loan will be repaid from the municipal gross receipts tax share allocated to Transit.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

Buckman Direct Diversion Project Notes NMFA DW #2 and DW #4 were secured as part of the City’s role as fiscal agent for the Buckman Direct Diversion Project, a regional water project. The notes were secured to partially fund construction of the Project and to partially fund a solar photovoltaic system for the Project, respectively.

The NMFA Refunding 2019 loan was a refinancing of a previous NMFA loan used to acquire and improve land, buildings, and other real property owned by the Santa Fe University of Art and Design. The debt is serviced through the payment of rent on the property to the City.

The NMFA Parking loan was secured for the purpose of building a parking structure.

The NMFA Environmental loan was secured for the purchase of recycling carts for the Environmental Services proprietary fund. Net revenues of this fund have been pledged to service this debt.

The annual requirements to amortize the NMFA notes payable as of June 30, 2022, including interest payments, are as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total Debt<br/>Service</b> |
|--|----------------------|---------------------|-------------------------------|
| 2023                                   | \$ 2,570,946         | \$ 923,598          | \$ 3,494,544                  |
| 2024                                   | 2,624,507            | 868,336             | 3,492,843                     |
| 2025                                   | 2,487,604            | 810,252             | 3,297,856                     |
| 2026                                   | 2,551,559            | 752,314             | 3,303,873                     |
| 2027                                   | 2,274,127            | 689,878             | 2,964,005                     |
| 2028-2032                              | 8,328,673            | 2,663,436           | 10,992,109                    |
| 2033-2037                              | 7,257,435            | 1,431,798           | 8,689,233                     |
| 2038-2039                              | 3,232,826            | 186,986             | 3,419,812                     |
| <b>Totals</b>                          | <b>\$ 31,327,677</b> | <b>\$ 8,326,598</b> | <b>\$ 39,654,275</b>          |

***Compensated Absences*** – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2022, compensated absences increased \$71,775 in business-type funds from the prior year. Compensated absences are liquidated by the respective funds in which they are accrued.

Internal Service Funds predominantly serve governmental funds. Accordingly, long-term liabilities for these are included as part of the totals for governmental activities. At year-end, \$338,967 of internal service fund compensated absences is included in the above amounts. The General Fund is typically used to pay off other long-term liabilities.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 8: LONG-TERM LIABILITIES (Continued)**

***Business-Type Activities (Continued)***

*Lease Liabilities- Business-Type Activities*

The City, business-type activities has entered into agreements to lease equipment. The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception or, for leases existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021.

Lease liabilities, right-of-use assets, and lease terms are as follows at June 30, 2022:

|              | Effective Date | End Date | Monthly Payments | Borrowing Rate | Lease Liability   | Right-to-Use Lease Asset, net amortization |
|--------------|----------------|----------|------------------|----------------|-------------------|--|
| Golf Carts   | 12/9/2021      | 9/1/2025 | \$ 6,675         | 0.40%          | \$ 268,747        | \$ 255,857                                 |
| <b>Total</b> |                |          |                  |                | <b>\$ 268,747</b> | <b>\$ 255,857</b>                          |

Lease debt service requirements to maturity are as follows:

| Year Ending   | Principal         | Interest        | Total             |
|---------------|-------------------|-----------------|-------------------|
| June 30,      |                   |                 |                   |
| 2023          | \$ 83,761         | \$ 893          | \$ 84,654         |
| 2024          | 84,096            | 558             | 84,654            |
| 2025          | 84,443            | 221             | 84,664            |
| 2026          | 16,447            | 3               | 16,450            |
| <b>Totals</b> | <b>\$ 268,747</b> | <b>\$ 1,675</b> | <b>\$ 270,422</b> |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 9: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries various insurance. The City administers its insurance coverage through the Risk Management Office. The Risk Management Fund, Santa Fe Health/Dental Fund, and Workers' Compensation Fund are reported as Internal Service funds. Premiums are paid into the funds by other funds and are available to pay claims, claim reserves, and administrative costs of the programs. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for other risks of loss. The City has had no significant reduction in insurance coverage from the prior year and, as of June 30, 2022, such interfund premiums did not exceed reimbursable expenditures.

The Risk Management Fund accounts for general liability, auto liability, public official errors and omissions, and law enforcement liability through independent conventional insurance carriers. The City is self-insured for the first \$100,000 per public official errors and omissions and the first \$50,000 for general and auto liability claims and law enforcement liability claims.

The Santa Fe Health/Dental Fund accounts for the self-insured program for employee health and major medical benefits. Claims are handled by a professional third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of \$225,000 and aggregate coverage of cumulative claims in excess of 125% of expected claims.

The Workers' Compensation Fund accounts for the self-insured program and for workers' compensation coverage. Claims are handled by a professional, third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of \$500,000 with a \$1,000,000 statutory limit.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and the damage award. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether these expenses are allocated to specific claims. Estimated recoveries, such as recoveries from salvage or subrogation, are another component of the claims liability estimated. An excess coverage insurance policy covers individual claims at various levels. Settlements have not exceeded coverage for any of the past three fiscal years.

The Union Sick Leave Bank accounts for donations of leave from union employees to support other union employees in need of leave.

**State of New Mexico**  
**City of Santa Fe**  
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**Note 9: RISK MANAGEMENT (Continued)**

Changes in the balances of claims liabilities during the past two years are as follows:

|                             | <b>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</b> | <b>Claims<br/>Payment</b> | <b>Balance at<br/>Fiscal Year-End</b> |
|-----------------------------|---|---|---------------------------|---------------------------------------|
| <b>2020-2021</b>            |   |   |                           |                                       |
| Risk Management Fund        | \$ 2,019,785                                      | \$ 2,116,762  | \$ 2,048,467              | \$ 2,088,080                          |
| Santa Fe Health/Dental Fund | 1,765,000   | 20,320,750  | 20,648,750                | 1,437,000                             |
| Workers' Compensation Fund  | 4,245,879   | 587,922   | 1,060,044                 | 3,773,757                             |
| Unemployment Claims Fund    | -   | 39,704  | 39,704                    | -                                     |
| <b>Total</b>                | <b>\$ 8,030,664</b>                               | <b>\$ 23,065,138</b>  | <b>\$ 23,796,965</b>      | <b>\$ 7,298,837</b>                   |
| <b>2021-2022</b>            |   |   |                           |                                       |
| Risk Management Fund        | \$ 2,088,080                                      | \$ 2,168,131  | \$ 1,260,545              | \$ 2,995,666                          |
| Santa Fe Health/Dental Fund | 1,437,000   | 18,801,401  | 18,708,401                | 1,530,000                             |
| Workers' Compensation Fund  | 3,773,757   | 1,160,958   | 1,037,944                 | 3,896,771                             |
| Unemployment Claims Fund    | -   | -   | -                         | -                                     |
| <b>Total</b>                | <b>\$ 7,298,837</b>                               | <b>\$ 22,130,490</b>  | <b>\$ 21,006,890</b>      | <b>\$ 8,422,437</b>                   |



**State of New Mexico  
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Notes to Financial Statements**

**Note 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

**Governmental Funds**

**Major Funds**

|                         |                |
|-------------------------|----------------|
| 1/2% Gross Receipts Tax | \$ (9,226,293) |
| Total major funds       | \$ (9,226,293) |

**Nonmajor Funds**

|                      |             |
|----------------------|-------------|
| NEA Grants           | \$ (28,984) |
| Total nonmajor funds | (28,984)    |

|                          |                |
|--------------------------|----------------|
| Total governmental funds | \$ (9,255,277) |
|--------------------------|----------------|

**Internal Service Funds**

|                               |                 |
|-------------------------------|-----------------|
| Risk Management               | \$ (1,840,695)  |
| Services to Other Departments | (8,702,521)     |
| Total internal service funds  | \$ (10,543,216) |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)**

- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. The following funds exceeded budget at the fund level for the year ended June 30, 2022:

|                           |               |
|---------------------------|---------------|
| <b>Governmental Funds</b> |               |
| <b>Major Funds</b>        |               |
| Debt Service              | \$ 12,015,872 |
| <b>Non Major Funds</b>    |               |
| Gross Receipts Tax        | 513,912       |
| <hr/>                     |               |
| Total governmental funds  | \$ 12,529,784 |
| <hr/>                     |               |

|                                  |              |
|----------------------------------|--------------|
| <b>Proprietary Funds</b>         |              |
| <b>Major Funds</b>               |              |
| Water Management                 | \$ 909,476   |
| <b>Non Major Funds</b>           |              |
| Genoveva Chavez Community Center | 96,834       |
| <hr/>                            |              |
| Total proprietary funds          | \$ 1,006,310 |
| <hr/>                            |              |

- C. Designated cash appropriations in excess of available balances. The following funds had designated cash appropriations in excess of available amounts for the year ended June 30, 2022:

|                           | <b>Budgeted Deficit -<br/>Cash<br/>Appropriations</b> | <b>Beginning Year<br/>Cash &amp; AR<br/>Available</b> | <b>Cash<br/>Appropriation in<br/>Excess of<br/>Available</b> |
|---------------------------|---|---|--|
| <hr/>                     |   |   |  |
| <b>Governmental Funds</b> |   |   |  |
| <b>Non Major Funds</b>    |   |   |  |
| Facilities CIP            | \$ (10,775,096)                                       | \$ 1,322,996  | \$ (9,452,100)   |
| Special Projects          | (4,792,115)   | 2,108,092   | (2,684,023)  |
| City Street Projects      | (10,528,623)  | 2,565,830   | (7,962,793)  |
| City Parks and Trails     | (4,977,445)   | 2,713,645   | (2,263,800)  |
| <br>                      |   |   |  |
| <b>Proprietary Funds</b>  |   |   |  |
| <b>Major Funds</b>        |   |   |  |
| Santa Fe College          | (653,066)   | 441,499   | (211,567)  |
| <b>Non Major Funds</b>    |   |   |  |
| Railyard                  | (647,279)   | 269,934   | (377,345)  |
| Airport                   | (9,335,989)   | 3,832,893   | (5,503,096)  |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

***General Information about the Pension Plan***

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

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

***TIER II.*** The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 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 0.5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised 0.05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**State of New Mexico  
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**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

**Contributions.** See PERA's Annual Comprehensive Financial Report for a summary of various statutory PERA coverage rates, for both Tier I and Tier II, on page 36 of the annual audit report at <http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports/>. The PERA coverage options that apply to the City are: Municipal General Division. Municipal Fire Division and Municipal Police Division. Statutorily required contributions to the pension plan from the City were \$8,392,708

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**For PERA Fund Municipal General Division,** at June 30, 2022, the City reported a liability of \$51,959,877 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was 4.6118 percent, which decreased from its proportion measured as of June 30, 2020, by 0.3682 percent.

For the year ended June 30, 2022, the City recognized PERA Fund Municipal General Division pension expense of \$2,106,061. At June 30, 2022, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 1,293,464                                  | \$ 177,894                                   |
| Net difference between projected and actual earnings on pension plan investments                                | -   | 21,352,525                                   |
| Changes of assumption   | 17,084  | -  |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 622   | 4,612,966                                    |
| City's contributions subsequent to the measurement date   | 4,417,264                                     | -  |
| <b>Total</b>  | <b>\$ 5,728,434</b>                           | <b>\$ 26,143,385</b>                         |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

\$4,417,264 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                 |
|----------------------------|-----------------|
| 2023                       | \$ (4,728,719)  |
| 2024                       | (5,578,025)     |
| 2025                       | (5,764,599)     |
| 2026                       | (8,760,872)     |
| Thereafter                 | -               |
|                            |                 |
| Total                      | \$ (24,832,215) |

**For PERA Fund Municipal Police Division**, at June 30, 2022, the City reported a liability of \$19,337,294 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was 3.7391 percent, which decreased from its proportion measured as of June 30, 2020, by 0.1709 percent.

For the year ended June 30, 2022, the City recognized PERA Fund Municipal Police Division pension expense of \$1,091,761. At June 30, 2022, the City reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 1,461,931                                  | \$ -   |
| Net difference between projected and actual earnings on pension plan investments                                | -   | 7,009,513                                    |
| Changes of assumption   | 7,530   | -  |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | -   | 1,797,389                                    |
| City's contributions subsequent to the measurement date   | 1,764,256                                     | -  |
|   |   |  |
| Total   | \$ 3,233,717                                  | \$ 8,806,902                                 |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

\$1,764,256 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                       |
|----------------------------|-----------------------|
| 2023                       | \$ (1,624,789)        |
| 2024                       | (1,269,510)           |
| 2025                       | (1,584,418)           |
| 2026                       | (2,858,724)           |
| Thereafter                 | -                     |
|                            |                       |
| <b>Total</b>               | <b>\$ (7,337,441)</b> |

**For PERA Fund Municipal Fire Division**, at June 30, 2022, the City reported a liability of \$37,243,200 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was 6.1354 percent, which decreased from its proportion measured as of June 30, 2020, by 0.2446 percent.

For the year ended June 30, 2022, the City recognized PERA Fund Municipal Fire Division pension expense of \$2,534,789. At June 30, 2022, the City reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 557,995                                    | \$ 51,690                                    |
| Net difference between projected and actual earnings on pension plan investments                                | -   | 5,437,698                                    |
| Changes of assumptions  | 5,507   | -  |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | -   | 1,669,982                                    |
| City's contributions subsequent to the measurement date   | 2,211,188                                     | -  |
|   |   |  |
| <b>Total</b>  | <b>\$ 2,774,690</b>                           | <b>\$ 7,159,370</b>                          |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

\$2,211,188 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                       |
|----------------------------|-----------------------|
| 2023                       | \$ (1,448,697)        |
| 2024                       | (1,421,527)           |
| 2025                       | (1,504,545)           |
| 2026                       | (2,221,099)           |
| Thereafter                 | -                     |
|                            |                       |
| <b>Total</b>               | <b>\$ (6,595,868)</b> |
|                            |                       |

***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:

**State of New Mexico  
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Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2021. These assumptions were adopted by the Board use in the June 30, 2020 actuarial valuation.

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

| <b>ALL FUNDS - Asset Class</b>            | <b>Target Allocation</b> | <b>Long-Term Expected<br/>Real Rate of Return</b> |
|---|--------------------------|---|
| Global Equity                             | 35.50%                   | 5.90%   |
| Risk Reduction & Mitigation               | 19.50%                   | 1.00%   |
| Credit Oriented Fixed Income              | 15.00%                   | 4.20%   |
| Real Assets to include Real Estate Equity | 20.00%                   | 6.00%   |
| Multi-Risk Allocation                     | 10.00%                   | 6.40%   |
| Total                                     | 100.00%                  |   |

**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 period 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.



**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

***General Information about the Pension Plan (Continued)***

***Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.***

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

| <b>PERA Fund Municipal General Division</b>                | <b>1% Decrease<br/>(6.25%)</b> | <b>Current<br/>Discount Rate<br/>(7.25%)</b> | <b>1% Increase<br/>(8.25%)</b> |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share<br>of the net pension liability | \$ 93,204,579                  | \$ 51,959,876                                | \$ 17,746,180                  |

| <b>PERA Fund Municipal Police Division</b>                 | <b>1% Decrease<br/>(6.25%)</b> | <b>Current<br/>Discount Rate<br/>(7.25%)</b> | <b>1% Increase<br/>(8.25%)</b> |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share<br>of the net pension liability | \$ 33,854,411                  | \$ 19,337,294                                | \$ 7,457,476                   |

| <b>PERA Fund Municipal Fire Division</b>                   | <b>1% Decrease<br/>(6.25%)</b> | <b>Current<br/>Discount Rate<br/>(7.25%)</b> | <b>1% Increase<br/>(8.25%)</b> |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share<br>of the net pension liability | \$ 51,413,313                  | \$ 37,243,200                                | \$ 25,597,359                  |

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY21 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

***Payables to the pension plan.*** At June 30, 2022 there were no contributions due and payable to PERA for the City.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 12: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

***General Information about the OPEB***

***Plan description.*** Employees of the City are provided with OPEB through the Retiree Health Care Fund (“the Fund”)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (“NMRHCA”). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (“the Act”) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

***Benefits provided.*** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

***Employees covered by benefit terms.*** At June 30, 2021, the Fund’s measurement date, the following employees were covered by the benefit terms:

| <b>Plan Membership</b>                     |         |
|--|---------|
| Current retirees and surviving spouses     | 53,092  |
| Inactive and eligible for deferred benefit | 11,754  |
| Current active members                     | 92,484  |
|  | 157,330 |
|  | 157,330 |
| <b>Active membership</b>                   |         |
| State general                              | 18,691  |
| State police and corrections               | 1,919   |
| Municipal general                          | 20,357  |
| Municipal police                           | 1,573   |
| Municipal Fire                             | 756     |
| Educational Retirement Board               | 49,188  |
|  | 92,484  |
|  | 92,484  |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 12: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

***General Information about the OPEB (Continued)***

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$1,352,060 for the year ended June 30, 2022.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2022, the City reported a liability of \$44,871,488 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2021. At June 30, 2021, the City’s proportion was 1.3637 percent.

For the year ended June 30, 2022, the City recognized OPEB benefit of (\$6,556,120). At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Changes of assumptions   | \$ 8,983,687                                  | \$ 16,222,633                                |
| Net difference between projected and actual earnings on pension plan investments                     | -   | 1,286,203                                    |
| Changes in proportion and differences between contributions and proportionate share of contributions | 1,202,752                                     | 9,844,155                                    |
| Difference between expected and actual experience  | 656,080                                       | 7,156,071                                    |
| City's contributions subsequent to the measurement date  | 1,352,060                                     | -  |
| <b>Total</b>   | <b>\$ 12,194,579</b>                          | <b>\$ 34,509,062</b>                         |

**State of New Mexico  
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**Note 12: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

Deferred outflows of resources totaling \$1,352,060 represent the City’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| <b>Year ended June 30:</b> |                 |
|----------------------------|-----------------|
| 2023                       | \$ (8,162,666)  |
| 2024                       | (5,988,753)     |
| 2025                       | (4,494,575)     |
| 2026                       | (2,185,061)     |
| 2027                       | (2,835,488)     |
| <hr/>                      |                 |
| Total                      | \$ (23,666,543) |
| <hr/>                      |                 |

***Actuarial assumptions.*** The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2021, using the following actuarial assumptions:

|                             |  |
|-----------------------------|--|
| Actuarial valuation date    | June 30, 2021  |
| Actuarial cost method       | Entry age normal, level percent of pay, calculated on individual employee basis  |
| Asset valuation method      | Market value of assets   |
| Actuarial assumptions:      |  |
| Inflation                   | 2.30% for ERB members; 2.50% for PERA members.   |
| Projected payroll increases | 3.25% to 13.00%, based on years of service, including inflation  |
| Investment rate of return   | 7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation  |
| Health care cost trend rate | 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs  |
| Mortality                   | Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-eighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60% |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 12: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

| <b>Asset Class</b>            | <b>Long-Term</b> |
|-------------------------------|------------------|
| U.S. core fixed income        | 0.4%             |
| U.S. equity - large cap       | 6.6%             |
| Non U.S. - emerging markets   | 9.2%             |
| Non U.S. - developed equities | 7.3%             |
| Private equity                | 10.6%            |
| Credit and structured finance | 3.1%             |
| Real estate                   | 3.7%             |
| Absolute return               | 2.5%             |
| U.S. equity - small/mid cap   | 6.6%             |

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 3.62% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2052. Thus, the 7.00% discount rate was used to calculate the net OPEB liability through 2052. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2052, resulting in a blended discount rate of 3.62%.

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 12: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

***Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.***

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

| <b>1% Decrease<br/>(2.62%)</b> | <b>Current<br/>Discount Rate<br/>(3.62%)</b> | <b>1% Increase<br/>(4.62%)</b> |
|--------------------------------|--|--------------------------------|
| \$ 56,379,975                  | \$ 44,871,488                                | \$ 35,919,147                  |

The following presents the net OPEB liability of the City, as well as what the City'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:

| <b>1% Decrease</b> | <b>Current Trend<br/>Rates</b> | <b>1% Increase</b> |
|--------------------|--------------------------------|--------------------|
| \$ 36,091,131      | \$ 44,871,488                  | \$ 51,942,309      |

***OPEB plan fiduciary net position.*** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2021.

***Payable Changes in the Net OPEB Liability.*** At June 30, 2022, the City did not have amounts payable to the NMRHCA.

**Note 13: CONTINGENT LIABILITIES**

The City is party to various claims and lawsuits arising in the normal course of business. The City Attorney's Office is involved in several legal actions arising from the ordinary course of operations. With respect to these actions, the City Attorney's Office believes the outcomes will not have a material adverse effect on the City's financial position.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 14: JOINTLY GOVERNED ORGANIZATIONS**

Under authorization of the New Mexico State Statute 11-1-1, the City of Santa Fe joined the County of Santa Fe to jointly undertake their powers to dispose of solid waste as mandated by state and federal regulations and provide a more efficient and cost-effective method of solid waste disposal to the City and County citizens. The Solid Waste Management Agency was established February 1995, as a public entity separate from the City or the County. The Board of Directors for the joint venture consists of three members who are appointed by the City's mayor with the approval of the City Council and three members who are appointed by the Board of County Commissioners. The Agency is charged to comply with all laws, rules, and regulations of operations under the permit issued from the New Mexico Environment Department.

The Solid Waste Management Agency has its own financial statements as a separate entity, audited on an annual basis. The City serves as the fiscal agent for the agency. Completed financial statements for the Agency may be obtained at the Santa Fe Solid Waste Management Agency, 149 Wildlife Way, Santa Fe, NM 87506.

Under a joint powers agreement for the Buckman Direct Diversion Project (BDD) dated January 11, 2005, the City of Santa Fe joined the County of Santa Fe to design and construct the BDD project in order to divert surface water from the Rio Grande to the independent water systems of the City and County. The City and County each own 50 percent of the BDD project and have established a board to oversee the planning, procurement, financing, permitting, design, construction, operations, and management of the BDD project. The BDD board is comprised of two members of the governing body of the City of Santa Fe, two members of the board of Santa Fe County commissioners and one citizen member at large appointed by a majority vote of the four other members. The project is essentially complete as of December 2010. First water delivery was approved to enter the Santa Fe region water systems as of January 2011 by the New Mexico Environment Department. The City of Santa Fe and Santa Fe County are responsible on an ongoing basis for financial and operating costs of the system. The City is a fiscal agent for the project through a project management and fiscal services agreement in effect through December 2015, and month to month thereafter until a new Fiscal Agent agreement is finalized or termination by either party. Fiscal services include maintaining separate books and accounts of all transactions that relate to the project including third party transactions. The BDD project has its own financial statements and is audited on an annual basis. Completed financial statements for the BDD project may be obtained from: City of Santa Fe, P.O. Box 909, Santa Fe, NM 87504-0909.

The City of Santa Fe appoints open board positions for the Santa Fe Housing Authority, a related organization. The Housing Authority is not financially accountable to the City. The City leases certain land to the Housing Authority for \$1 per year, providing significant in kind support to the Housing Authority for its operations. No other transactions between the organizations occurred.

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 15: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$100,583,025 of restricted net position for governmental activities, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, capital projects, and debt service funds, see pages 55-56 and 139-141.

**Note 16: FUND BALANCE**

Fund balances on the modified accrual basis were classified as follows as of June 30, 2022:

|                            | General Fund         | Debt Service Fund   | 1/2% Gross Receipts Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|----------------------|---------------------|------------------------------|-----------------------------|--------------------------|
| Fund balances              |                      |                     |                              |                             |                          |
| Nonspendable               |                      |                     |                              |                             |                          |
| Inventories                | \$ 58,038            | \$ -                | \$ -                         | \$ -                        | \$ 58,038                |
| Restricted for:            |                      |                     |                              |                             |                          |
| General government         | -                    | -                   | -                            | 33,770,228                  | 33,770,228               |
| Public safety              | -                    | -                   | -                            | 11,656,445                  | 11,656,445               |
| Public works               | -                    | -                   | -                            | 9,389,061                   | 9,389,061                |
| Community development      | -                    | -                   | -                            | 9,475,978                   | 9,475,978                |
| Culture and recreation     | -                    | -                   | -                            | 3,526,556                   | 3,526,556                |
| Capital projects           | -                    | -                   | -                            | 31,679,977                  | 31,679,977               |
| Debt service               | -                    | 1,011,417           | -                            | -                           | 1,011,417                |
| Unassigned (deficit)       | 62,830,866           | -                   | (9,285,301)                  | (29,471)                    | 53,516,094               |
| <b>Total fund balances</b> | <b>\$ 62,888,904</b> | <b>\$ 1,011,417</b> | <b>\$ (9,285,301)</b>        | <b>\$ 99,468,774</b>        | <b>\$ 154,083,794</b>    |



**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 17: TAX ABATEMENTS**

The City has entered into several agreements with entities pursuant to the NMSA 3-32-1 through 3-32-16 Municipal Bond Act for the purpose of promoting industry and trade by inducing manufacturing, industrial, and commercial enterprises to locate or expand in the state. The City has abated certain taxes as terms of the agreements. As required by GASB Statement No. 77, *Tax Abatement Disclosure*, the City has provided the disclosure of agreements and abated taxes, as well as agreement entered into by other governments and entities who abated taxes that affected the City.

|  |  |
|--|--|
| <b>Agency Number</b>   | 6160   |
| <b>Agency Name</b>   | City of Santa Fe, New Mexico   |
| <b>Agency Type</b>   | Municipality   |
| <b>Tax Abatement Agreement Name</b>  | Ridgetop Road, LLC IRB   |
| <b>Recipient(s) of tax abatement</b>   | Ridgetop Road, LLC   |
| <b>Parent company(ies) of recipient(s) of tax abatement</b>  | Thornburg Investment Management  |
| <b>Tax abatement program (name and brief description)</b>  | Industrial Revenue Bond for the construction of the Thornburg Campus   |
| <b>Specific Tax(es) Being Abated</b>   | Property Tax   |
| <b>Legal authority under which tax abatement agreement was entered into</b>  | NMSA 1978, Sections 3-32-1 to 3-32-16, Industrial Revenue Bond Act.  |
| <b>Criteria that make a recipient eligible to receive a tax abatement</b>  | Construction of a "new" non-speculative office building not engaged in the sale of goods or commodities.   |
| <b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b>   | Title to the facility is held by the City of Santa Fe and not on the County Assessors tax role thereby eliminating property tax.   |
| <b>How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>       | The property is held in the City (Issuers name) and not on the County's tax roll. Therefore no property tax is levied on the facility.   |
| <b>Are there provisions for recapturing abated taxes? (Yes or No)</b>  | Yes  |
| <b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b> | Section 4.17 of the lease specifies, in the event the Lessee ceases operations of the facilities (other than a temporary cessation not exceeding 60 days, during holiday periods, for maintenance and retooling, or because of short-term slack demand or other similar circumstances, or for such reasonable periods as may be required for the repair of facilities destroyed or damaged by casualty or resulting from labor dispute) with five years after the issuance of the Bond, the Lessee will pay to the Issuer, within 90 days of such termination or such cessation, an amount equal to (i) that percentage of the ad valorem taxes on real and personal Project Property that the Lessee would have been required to pay if the Bond had not been issued by the Issuer and the Project Property had been subject to the ad valorem taxation, calculated using mill levies and actual property tax valuations and rates for each tax year, plus (ii) the Applicable Percentage of the amount of gross receipts tax that would have been payable by vendors of Project Property if the Bond had not been issued and receipts from sales or Project Property had not been deductible from gross receipts of the vendors, plus (iii) the Applicable Percentage of the amount of compensating tax that would have been payable by the Lessee with respect to Project Property if the bond had not been issued. |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 17: TAX ABATEMENTS (Continued)**

|   |  |
|---|--|
| <p>List each specific commitment made by the recipient of the abatement.</p>  | <p>1. Will contribute not less than \$45,000 per year to SFPS and \$15,000 to SFCC. 2. Will acquire property, build facility and to the extent necessary, after all bonds proceeds have been exhausted, will finance the completion of the project with its own funds. 3. Will maintain a set of plans and specifications for the project during the construction and installation. 4. Obtain all permits, approvals for operation and maintenance of the property. 5. Will not permit or suffers others to commit a nuisance on or about the project. 6. Will pay when due all taxes, assessments, governmental and other charges of any kind. 7. All utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the property. 8. That the property will be continuously insured. 9. Shall give access to the facilities during regular business hours. 10. Will not suffer any liens to the existing property. 11. Will pay a PILOT as amended in 2010. 12. Will use commercially reasonable efforts to identify local vendors within the City's boundary.</p> |
| <p>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</p>  | <p>\$52,301.67</p>   |
| <p>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment</p> | <p>The authority is provided for in the lease agreement between the City and Ridgetop Road, LLC. Every four years, starting in 2009, Ridgetop Road, LLC will have an appraisal done on the subject property which will be use for the next four years as basis for the PILOT. Using the School district property tax rate stated on the County of Santa Fe Certificate of Property Tax Rates in Mills, the mill rate is multiplied by the appraised property value. Thornburg, in compliance with New Mexico statute methodology regarding business personal property provides the City with its valuation estimate annually. That valuation is the basis to calculate the property tax. Then the two taxes are added together and a check is sent to the City. In turn, the City transfers the exact payment on to the Santa Fe Public Schools.</p>   |
| <p>For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</p>  | <p>\$0.00</p>  |
| <p>For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year</p>                        | <p>\$0.00</p>  |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 17: TAX ABATEMENTS (Continued)**

|   |   |
|---|---|
| <b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>   | 1. The Issuer has authorized the execution, delivery and performance of the Bond Documents and the issuance of the Bond all for the purpose of financing the project and paying certain costs related to the issuance of the Bond. 2. That the City will sell the property at the expiration or sooner termination of the agreement. 4. Assignment of Rights, the City will assign certain rights to RRLLC. 5. Will not sell, transfer, assign or convey its rights, title, or interests in this agreement or property. |
| <b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b> | Yes. County of Santa Fe, Santa Fe Community College, State of New Mexico, Santa Fe Public Schools.  |
| <b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>   | NA  |

|  |   |
|--|---|
| <b>Agency Number</b>   | 6160  |
| <b>Agency Name</b>   | City of Santa Fe, New Mexico  |
| <b>Agency Type</b>   | Municipality  |
| <b>Tax Abatement Agreement Name</b>  | El Castillo Retirement Residences   |
| <b>Recipient(s) of tax abatement</b>   | El Castillo Retirement Residences   |
| <b>Parent company(ies) of recipient(s) of tax abatement</b>  | El Castillo Retirement Residences   |
| <b>Tax abatement program (name and brief description)</b>  | Industrial Revenue Bond for the construction of an adult residential retirement facility to be located at 401 Old Taos Highway, Santa Fe, NM.   |
| <b>Specific Tax(es) Being Abated</b>   | Property Tax  |
| <b>Legal authority under which tax abatement agreement was entered into</b>                                      | NMSA 1978, Sections 3-32-1 to 3-32-16, Industrial Revenue Bond Act.   |
| <b>Criteria that make a recipient eligible to receive a tax abatement</b>  | New Mexico Industrial Revenue Bond Act, Chapter 3, Article 32 NMSA 1978, as amended (the "Act") to issue industrial revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to pay, among other things, the cost of acquisition, construction and installation of certain facilities constituting a 501(c) (3) corporation project (as defined und the Act) and for the purposes of refinancing a 501(c)(3) corporation project in accordance with Section 3-32-6 NMSA 1978 |
| <b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b> | The Obligor conveys all of its right, title and interest in project to Issuer. Please see section 3.2 of Lease.   |

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Financial Statements**

**Note 17: TAX ABATEMENTS (Continued)**

|   |   |
|---|---|
| <b>How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>  | See Appraisal schedule in Section 3.10 (A). The appraised value as determined by lease will be multiplied by the individual government entity's property tax mill rate annually.  |
| <b>Are there provisions for recapturing abated taxes? (Yes or No)</b>   | Yes   |
| <b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>  | Section 3.11 Clawback Provisions dictates the schedule and reasons when the Obligor would need to repay abated property taxes based on criteria listed in this section.   |
| <b>List each specific commitment made by the recipient of the abatement.</b>  | See Section 3.11 for a detailed List. Subsection A, Closing the facilities within the first five years on a declining percentage. Subsection B, Job Creation Minimum Requirements in a detailed table.  |
| <b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>  | \$52,633  |
| <b>For any Payments in Lieu of Taxes (PILOTS) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment</b> | The authority is provided for in the lease agreement between the Obligor and Issuer in Section 3.10 Section which states the value in which the rate is applied and the duration of the PILOT. For the first five years the Obligor will pay 100% of property tax abated to SFPS and Santa Fe Community College and will pay 100% of all property tax abated (State, City, County, School District, and Community College) from 2024-2048   |
| <b>For any Payments in Lieu of Taxes (PILOTS) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>  | NA  |
| <b>For any Payments in Lieu of Taxes (PILOTS) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year</b>                        | NA  |
| <b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>   | 1. The Issuer has authorized the execution, delivery and performance of the Bond Documents and the issuance of the Bond all for the purpose of financing the project and paying certain costs related to the issuance of the Bond. 2. That the City will convey the property at the expiration or sooner termination of the agreement; will at the expense of the Obligor make all filings required, will not take any action related to the Series 2019 Project and Bonds and proceeds of the bonds that is not provided for this Agreement or Bond Indenture without the written consent of the Obligor and an opinion of the Bond Counsel. |

**State of New Mexico  
City of Santa Fe  
Notes to Financial Statements**

**Note 17: TAX ABATEMENTS (Continued)**

|   |   |
|---|---|
| <b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b> | Yes. County of Santa Fe, Santa Fe Community College, State of New Mexico, Santa Fe Public Schools |
| <b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>   | NA  |

**Note 18: CONCENTRATIONS**

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**Note 19: CONDUIT DEBT OBLIGATIONS**

The City of Santa Fe has issued Industrial Revenue Bonds to provide financial assistance to private-sector and nonprofit entities for the acquisition and construction of industrial, commercial, educational, and health care facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Neither the City nor the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

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# REQUIRED SUPPLEMENTARY INFORMATION



**State of New Mexico**  
**City of Santa Fe**  
**Schedule of the City's Proportionate Share of**  
**the Net Pension Liability of PERA Fund**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

|  | June 30,              |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
| Fiscal Year  | 2022                  | 2021                  | 2020                  |
| Measurement Date   | 2021                  | 2020                  | 2019                  |
| City of Santa Fe's proportion of the net pension liability   |                       |                       |                       |
| Municipal General  | 4.61%                 | 4.98%                 | 5.04%                 |
| Municipal Police   | 3.74%                 | 3.91%                 | 4.01%                 |
| Municipal Fire   | 6.14%                 | 6.38%                 | 6.44%                 |
| City of Santa Fe's proportionate share of the net pension liability  |                       |                       |                       |
| Municipal General  | \$ 51,959,877         | \$ 100,650,298        | \$ 87,167,781         |
| Municipal Police   | 19,337,294            | 33,544,013            | 29,585,909            |
| Municipal Fire   | 37,243,200            | 48,260,429            | 44,258,054            |
|  | <u>\$ 108,540,371</u> | <u>\$ 182,454,740</u> | <u>\$ 161,011,744</u> |
| City of Santa Fe's covered payroll   |                       |                       |                       |
| Municipal General  | \$ 44,932,990         | \$ 43,261,864         | \$ 45,942,073         |
| Municipal Police   | 8,662,615             | 8,256,683             | 8,909,101             |
| Municipal Fire   | 8,408,680             | 7,980,522             | 8,569,312             |
|  | <u>\$ 62,004,285</u>  | <u>\$ 59,499,069</u>  | <u>\$ 63,420,486</u>  |
| City of Santa Fe's proportionate share of the net pension liability as a percentage of its covered payroll |                       |                       |                       |
| Municipal General  | 115.64%               | 232.65%               | 189.73%               |
| Municipal Police   | 223.23%               | 406.26%               | 332.09%               |
| Municipal Fire   | 442.91%               | 604.73%               | 516.47%               |
| Plan fiduciary net position as a percentage of the total pension liability                                 |                       |                       |                       |
| Municipal General  | 77.25%                | 66.36%                | 70.52%                |
| Municipal Police   | 77.25%                | 66.36%                | 70.52%                |
| Municipal Fire   | 77.25%                | 70.30%                | 70.52%                |

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

*See notes to required supplementary information.*



| June 30,       |                |                |                |               |
|----------------|----------------|----------------|----------------|---------------|
| 2019           | 2018           | 2017           | 2016           | 2015          |
| 2018           | 2017           | 2016           | 2015           | 2014          |
| 5.04%          | 5.26%          | 5.28%          | 5.46%          | 5.00%         |
| 4.51%          | 4.73%          | 4.49%          | 4.71%          | 4.00%         |
| 6.64%          | 6.76%          | 7.07%          | 6.89%          | 7.17%         |
| \$ 80,279,724  | \$ 72,228,756  | \$ 84,294,324  | \$ 55,705,113  | \$ 42,647,687 |
| 30,741,220     | 26,273,806     | 33,098,305     | 22,640,627     | 15,588,474    |
| 42,523,848     | 38,675,254     | 47,146,743     | 35,553,318     | 29,910,003    |
| \$ 153,544,792 | \$ 137,177,816 | \$ 164,539,372 | \$ 113,899,058 | \$ 88,146,164 |
| \$ 46,293,968  | \$ 46,164,487  | \$ 45,175,990  | \$ 45,329,706  | \$ 44,378,612 |
| 7,518,896      | 9,746,730      | 8,900,280      | 9,228,017      | 9,209,308     |
| 8,442,319      | 7,848,810      | 7,848,810      | 7,848,819      | 7,981,492     |
| \$ 62,255,183  | \$ 63,760,027  | \$ 61,925,080  | \$ 62,406,542  | \$ 61,569,412 |
| 173.41%        | 156.46%        | 186.59%        | 122.89%        | 96.10%        |
| 408.85%        | 269.57%        | 371.88%        | 245.35%        | 169.27%       |
| 503.70%        | 492.75%        | 600.69%        | 452.98%        | 0.00%         |
| 71.13%         | 73.74%         | 69.18%         | 76.99%         | 81.29%        |
| 71.13%         | 73.74%         | 69.18%         | 76.99%         | 81.29%        |
| 71.13%         | 73.74%         | 69.18%         | 76.99%         | 81.29%        |

*See notes to required supplementary information.*

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of the City's Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

| <b>As of and for the Year Ended June 30,</b>                         | <b>2022</b>           | <b>2021</b>           | <b>2020</b>           |
|--|-----------------------|-----------------------|-----------------------|
| Contractually required contribution                                  |                       |                       |                       |
| Municipal General  | \$ 4,417,264          | \$ 4,403,433          | \$ 4,131,508          |
| Municipal Police   | 1,764,256             | 1,663,222             | 1,560,513             |
| Municipal Fire   | 2,211,188             | 1,841,501             | 1,727,783             |
|  | <u>\$ 8,392,708</u>   | <u>\$ 7,908,156</u>   | <u>\$ 7,419,804</u>   |
| Contributions in relation to the contractually required contribution |                       |                       |                       |
| Municipal General  | \$ (4,417,264)        | \$ (4,403,433)        | \$ (4,131,508)        |
| Municipal Police   | (1,764,256)           | (1,663,222)           | (1,560,513)           |
| Municipal Fire   | (2,211,188)           | (1,841,501)           | (1,727,783)           |
|  | <u>\$ (8,392,708)</u> | <u>\$ (7,908,156)</u> | <u>\$ (7,419,804)</u> |
| Contribution deficiency (excess)                                     |                       |                       |                       |
| Municipal General  | \$ -                  | \$ -                  | \$ -                  |
| Municipal Police   | -                     | -                     | -                     |
| Municipal Fire   | -                     | -                     | -                     |
|  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| City of Santa Fe's covered payroll                                   |                       |                       |                       |
| Municipal General  | \$ 45,070,560         | \$ 44,932,990         | \$ 43,261,864         |
| Municipal Police   | 9,212,824             | 8,662,615             | 8,256,683             |
| Municipal Fire   | 10,096,995            | 8,408,680             | 7,980,522             |
|  | <u>\$ 64,380,379</u>  | <u>\$ 62,004,285</u>  | <u>\$ 59,499,069</u>  |
| Contributions as a percentage of covered payroll                     |                       |                       |                       |
| Municipal General  | 9.80%                 | 9.80%                 | 9.80%                 |
| Municipal Police   | 19.15%                | 19.15%                | 19.15%                |
| Municipal Fire   | 21.90%                | 21.90%                | 21.90%                |

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

*See notes to required supplementary information.*

| 2019                  | 2018                  | 2017                  | 2016                  | 2015                   |
|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| \$ 4,387,468          | \$ 4,421,074          | \$ 4,408,708          | \$ 4,167,065          | \$ 8,958,197           |
| 1,683,820             | 1,799,071             | 1,842,132             | 1,682,505             | 2,975,446              |
| 1,855,256             | 1,827,762             | 1,773,462             | 1,682,505             | 2,975,446              |
| <u>\$ 7,926,544</u>   | <u>\$ 8,047,907</u>   | <u>\$ 8,024,302</u>   | <u>\$ 7,532,075</u>   | <u>\$ 14,909,089</u>   |
| \$ (4,387,468)        | \$ (4,421,074)        | \$ (4,408,708)        | \$ (4,167,065)        | \$ (8,958,197)         |
| (1,683,820)           | (1,799,071)           | (1,842,132)           | (1,682,505)           | (2,975,446)            |
| (1,855,256)           | (1,827,762)           | (1,773,462)           | (1,682,505)           | (2,975,446)            |
| <u>\$ (7,926,544)</u> | <u>\$ (8,047,907)</u> | <u>\$ (8,024,302)</u> | <u>\$ (7,532,075)</u> | <u>\$ (14,909,089)</u> |
| \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| -                     | -                     | -                     | -                     | -                      |
| -                     | -                     | -                     | -                     | -                      |
| <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>            |
| \$ 45,942,073         | \$ 46,293,968         | \$ 46,164,487         | \$ 45,175,990         | \$ 45,329,706          |
| 8,909,101             | 7,518,896             | 9,746,730             | 8,900,280             | 9,228,017              |
| 8,569,312             | 8,442,319             | 7,848,810             | 7,848,810             | 7,848,819              |
| <u>\$ 63,420,486</u>  | <u>\$ 62,255,183</u>  | <u>\$ 63,760,027</u>  | <u>\$ 61,925,080</u>  | <u>\$ 62,406,542</u>   |
| 9.55%                 | 9.55%                 | 9.55%                 | 9.55%                 | 9.55%                  |
| 18.90%                | 18.90%                | 18.90%                | 18.90%                | 18.90%                 |
| 21.65%                | 21.65%                | 21.65%                | 21.65%                | 21.65%                 |

See notes to required supplementary information.

**State of New Mexico  
City of Santa Fe  
Schedule of Employer's Proportionate Share of the Net OPEB Liability of  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

| <b>Fiscal Year<br/>Measurement Date</b>   | <b>June 30,</b>      |                      |
|---|----------------------|----------------------|
|   | <b>2022<br/>2021</b> | <b>2021<br/>2020</b> |
| City of Santa Fe's proportion of the net OPEB liability   | 1.36373%             | 1.44720%             |
| City of Santa Fe's proportionate share of the net OPEB liability  | \$ 44,871,488        | \$ 60,766,670        |
| City of Santa Fe's covered-employee payroll   | 62,040,365           | 59,640,075           |
| City of Santa Fe's proportionate share of the net OPEB liability as a percentage of its covered payroll | 72.33%               | 101.89%              |
| Plan fiduciary net position as a percentage of the total OPEB liability                                 | 25.39%               | 16.50%               |

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

*See notes to required supplementary information.*

| <b>June 30,</b> |               |               |
|-----------------|---------------|---------------|
| <b>2020</b>     | <b>2019</b>   | <b>2018</b>   |
| <b>2019</b>     | <b>2018</b>   | <b>2017</b>   |
| 1.57395%        | 1.60610%      | 1.54336%      |
| \$ 49,562,956   | \$ 69,838,711 | \$ 69,732,971 |
| 61,730,000      | 64,392,990    | 61,850,783    |
| 80.29%          | 108.18%       | 108.79%       |
| 18.92%          | 11.34%        | 11.34%        |

*See notes to required supplementary information.*

**State of New Mexico  
City of Santa Fe  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

| <b>As of and for the Year Ended June 30,</b>                         | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| Contractually required contributions                                 | \$ 1,352,060  | \$ 1,328,945  |
| Contributions in relation to the contractually required contribution | (1,352,060)   | (1,328,945)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          |
| City of Santa Fe's covered payroll                                   | \$ 63,772,953 | \$ 62,040,365 |
| Contributions as a percentage of covered payroll                     | 2.00%         | 2.00%         |

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

*See notes to required supplementary information.*

| <u>2020</u>   | <u>2019</u>   | <u>2018</u>   |
|---------------|---------------|---------------|
| \$ 1,277,038  | \$ 1,321,022  | \$ 1,375,677  |
| (1,277,038)   | (1,321,022)   | (1,375,677)   |
| \$ -          | \$ -          | \$ -          |
| \$ 59,640,075 | \$ 61,730,000 | \$ 64,392,990 |
| 2.00%         | 2.00%         | 2.00%         |

*See notes to required supplementary information.*

**State of New Mexico**  
**City of Santa Fe**  
**Notes to Required Supplementary Information**

**Public Employees Retirement Association (PERA) Plan**

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA CAFR available at <https://www.saonm.org>.

**Changes of assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2020 report is available at <http://www.nmpera.org/>

**New Mexico Retiree Health Care Authority (MRHCA)**

**Changes of benefit terms.** The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA audit available at <http://nmrhca.org/financial-documents>.

**Changes of assumptions.** The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2021 report is available at <http://nmrhca.org/financial-documents>. See the notes to the financial statements beginning on page 12 which summarizes actuarial assumptions and methods effective with the June 30, 2021 valuation.

In the June 30, 2021 actuarial valuation and the total OPEB liability measured as of June 30, 2021, changes in assumptions include adjustments resulting from an increase in the discount rate from 2.86% to 3.62%.





## SUPPLEMENTARY INFORMATION



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**State of New Mexico**  
**City of Santa Fe**  
**Nonmajor Governmental Fund Descriptions**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

**Capital Equipment Reserve** – to account for proceeds from the sale of City-owned assets and for transfers for contingent purposes. Council Directive.

**Gross Receipts Tax** – to account for the City’s portion of gross receipts taxes collected by the state of New Mexico per Ordinance No. 1981-45. These proceeds are used for various City functions. Section 7-9-10 to 18 NMSA 1978

**Franchise Fee Fund** – to account for proceeds from the franchise fee collected from Comcast. NMSA 1978 Article 38 Licenses and Taxes 3-38-1

**Economic Development** – to account for funds designated to promote business in Santa Fe. Section 5-10-1 to 13 NMSA 1978

**Lodgers’ Tax Fund** – to account for taxes raised from the special Lodgers’ Tax per Ordinance Nos. 1969-13 and 1987-45. Revenues are utilized for promotion of tourist development, advertising, and future improvements to the convention center. Section 3-8-13 to 24 NMSA 1978

**Public Campaign Financing** – to account for contributions given to any candidate who is seeking election to a Santa Fe City municipal office. Ordinance Nos. 2009-44 and 2011-28

**Animal Services** – to account for revenues related to regulation and control of animal services. Section 3-18-3 NMSA 1978

**Emergency Services** – to account for grants from the state of New Mexico. The grants are used to upgrade emergency medical services. Section 24-10A-1 to 9 NMSA 1978

**Fire Environmental Services** – to account for City and grant monies received for the purpose of clearing wild land areas within the City of Santa Fe to reduce fire danger. City Ordinance 7-19D-10.

**Law Enforcement** – to account for City and grant funds and service charges received for the purpose of developing public awareness on crime prevention, administering DWI programs, and public safety related expenditures. Section 29-13-1 to 9 NMSA 1978.

**Resource Conservation Fund** – to account for the installation of energy saving equipment at various City buildings.

**City Drainage Fund** – to account for expenditures related to drainage projects. Santa Fe City Code Chapter XIII – STORMWATER UTILITY / 13-1 STORMWATER UTILITY SERVICE CHARGE / 13.1.7

**State of New Mexico**  
**City of Santa Fe**  
**Nonmajor Governmental Fund Descriptions**

**SPECIAL REVENUE FUNDS (Continued)**

**Impact Fee Fund** – to account for the collection of arterial, parks, police, and fire impact fees and signalization impact fees collected by the City and the projects they fund. Section 5-8-4 NMSA 1978.

**Transportation Grants** – to account for grant funds received through the state of New Mexico for purposes of designing and implementing multi-modal transportation planning programs. Section 3-52-14 NMSA 1978.

**Community Development** – to account for the City, federal, and state grant awards. These funds are used for various projects such as homebuyer's assistance, emergency shelter for the homeless, and other community development projects. Section 3-60-26 NMSA 1978

**Senior Citizen Grants/Programs** – to account for federal and state grant funds used to operate programs providing social services, in-home services, meals, transportation, and companionship to senior citizens. Section 28-4-1 NMSA 1978

**Historic Preservation** – to account for funding received through the state of New Mexico for the purpose of performing archaeological and historic surveys. Section 18-8-4 NMSA 1978

**Library**– to account for a grant from the state of New Mexico for library development purposes. Section 18-2-5 NMSA 1978

**NEA Grants** – funds distributed into the public schools through the Santa Fe Partners in Education.

**Plaza Use Fund** – to account for funds appropriated for planning the use of the Plaza area. This fund was established by Resolution No. 1981-19.

**Public Facilities Fund** – to account for money donated by subdividers in lieu of land contributions per Ordinance No. 1982-11. State law requires the contributions from subdividers in order to enable the development of public facilities in new subdivisions.

**Quality of Life**– to account for a portion of gross receipts taxes collected by the State of New Mexico per Ordinance No. 1993-40. The proceeds are used to fund projects in the areas of recreation, open space acquisition, libraries, and parks.

**Recreation Programs** – to account for 1) the portion of the state-shared gross receipts tax received by the City and required by state law to be used for recreation purposes, and 2) a U.S. Department of Agriculture grant used to provide lunches to children who are participants in the summer recreation program. Sections 7-1-6 .1 IA and 7-12-15 & 16 NMSA 1978

**Land Development** – to account for the sale and construction of affordable housing associated with mortgage agreements. Santa Fe City Code Chapter 14 – LAND DEVELOPMENT / City Code Chapter 11 – FINANCE AND BUDGET / NMSA Chapter 3 – MUNICIPALITIES.

**State of New Mexico**  
**City of Santa Fe**  
**Nonmajor Governmental Fund Descriptions**

**SPECIAL REVENUE FUNDS (Continued)**

***Special Recreation Leagues*** – to account for the assets, investment earnings, and operations of various City-sponsored recreation leagues. Santa Fe City Code Chapter XXIII STREETS, SIDEWALKS AND PUBLIC PLACES / 23-4.13 City Sports Fields; league and school fees; requirements.

**CAPITAL PROJECT FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds.

***Capital Improvement Projects (CIP) Reallocation Fund*** - to account for accumulating interest earnings and savings on CIP to be used for other capital improvement projects as approved by the City Council.

***Resource Conservation*** - to account for the installation of energy saving equipment at various City buildings.

***Facilities CIP*** - to account for renovations to various City buildings.

***Special Projects*** - to account for the cost of the City's web-based financial system.

***Bond Acquisition*** - to account for the proceeds of the City Gross Receipts Tax Revenues Bond issues designated to fund various capital improvement projects.

***City Drainage Projects*** - to account for the design and construction of erosion control for various City drainage and river embankment projects.

***City Street Projects*** - to account for the design of street construction projects.

***CIP Community Development*** - to account for projects pertaining to the City's community development.

***City Parks and Trails Improvements*** - to account for improvements to existing City parks and trails as well as construction of future parks.

***Art for CIP Projects*** - to account for the financing of art in public places.

***Library Improvements*** - to account for the design and renovation of the City's libraries.

**State of New Mexico**  
**City of Santa Fe**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

|  | Special Revenue                          |                               |                      |
|--|--|-------------------------------|----------------------|
| <b>June 30, 2022</b>   | <b>Capital<br/>Equipment<br/>Reserve</b> | <b>Gross<br/>Receipts Tax</b> | <b>Franchise Fee</b> |
| <b>Assets</b>  |  |                               |                      |
| Cash and Investments   | \$ 351,899                               | \$ 5,148,877                  | \$ -                 |
| Receivables  |  |                               |                      |
| Taxes  | -  | 3,252,771                     | 16,096               |
| Intergovernmental  | -  | -                             | -                    |
| Other, net   | -  | -                             | -                    |
| Leases   | -  | -                             | -                    |
| Due from other funds   | -  | 15,274,699                    | -                    |
| Total assets   | \$ 351,899                               | \$ 23,676,347                 | \$ 16,096            |
| <b>Liabilities, deferred inflows of resources, and fund balances</b>   |  |                               |                      |
| <b>Liabilities</b>   |  |                               |                      |
| Accounts payable   | \$ -                                     | \$ 91,768                     | \$ -                 |
| Pooled Cash - Cash Overdrawn   | -  | -                             | 3,649                |
| Accrued payroll  | -  | -                             | -                    |
| Unearned Revenue   | -  | -                             | -                    |
| Deposits held in trust for others                                      | -  | -                             | -                    |
| Other Current Liabilities  | -  | -                             | -                    |
| Due to other Funds   | -  | -                             | -                    |
| Total liabilities  | -  | 91,768                        | 3,649                |
| <b>Deferred inflows of resources</b>                                   |  |                               |                      |
| Leases   | -  | -                             | -                    |
| Property Taxes   | -  | -                             | -                    |
| Total deferred inflows of resources                                    | -  | -                             | -                    |
| <b>Fund balances</b>   |  |                               |                      |
| Spendable  |  |                               |                      |
| Restricted   | 351,899                                  | 23,584,579                    | 12,447               |
| Unassigned (deficit)   | -  | -                             | -                    |
| Total fund balances  | 351,899                                  | 23,584,579                    | 12,447               |
| Total liabilities, deferred inflows of<br>resources, and fund balances | \$ 351,899                               | \$ 23,676,347                 | \$ 16,096            |

**Special Revenue**

| <b>Economic Development</b> | <b>Lodger's Tax</b> | <b>Public Campaign Financing</b> | <b>Animal Services</b> | <b>Emergency Services</b> | <b>Fire Environmental Service</b> |
|-----------------------------|---------------------|----------------------------------|------------------------|---------------------------|-----------------------------------|
| \$ 651,123                  | \$ 8,013,480        | \$ 706,485                       | \$ 128,288             | \$ 2,043,038              | \$ 1,050,848                      |
| 104,435                     | 1,719,220           | -                                | -                      | -                         | -                                 |
| -                           | -                   | -                                | -                      | 210,137                   | 124,208                           |
| 58,198                      | -                   | -                                | -                      | -                         | -                                 |
| 5,170,860                   | -                   | -                                | -                      | -                         | -                                 |
| 30,687                      | -                   | -                                | -                      | -                         | -                                 |
| <b>\$ 6,015,303</b>         | <b>\$ 9,732,700</b> | <b>\$ 706,485</b>                | <b>\$ 128,288</b>      | <b>\$ 2,253,175</b>       | <b>\$ 1,175,056</b>               |
| <br>                        |                     |                                  |                        |                           |                                   |
| \$ 376,088                  | \$ 672,933          | \$ -                             | \$ -                   | \$ 2,039                  | \$ 5,558                          |
| -                           | -                   | -                                | -                      | -                         | -                                 |
| 5,172                       | 92,168              | -                                | -                      | 2,884                     | -                                 |
| 9,987                       | 83,790              | -                                | -                      | -                         | -                                 |
| 19,285                      | 5,500               | -                                | -                      | -                         | -                                 |
| 2,000                       | -                   | -                                | -                      | -                         | -                                 |
| 9,806                       | -                   | -                                | -                      | -                         | -                                 |
| <b>422,338</b>              | <b>854,391</b>      | <b>-</b>                         | <b>-</b>               | <b>4,923</b>              | <b>5,558</b>                      |
| <br>                        |                     |                                  |                        |                           |                                   |
| 5,170,860                   | -                   | -                                | -                      | -                         | -                                 |
| 50,775                      | -                   | -                                | -                      | -                         | -                                 |
| <b>5,221,635</b>            | <b>-</b>            | <b>-</b>                         | <b>-</b>               | <b>-</b>                  | <b>-</b>                          |
| <br>                        |                     |                                  |                        |                           |                                   |
| 371,330                     | 8,878,309           | 706,485                          | 128,288                | 2,248,252                 | 1,169,498                         |
| -                           | -                   | -                                | -                      | -                         | -                                 |
| <b>371,330</b>              | <b>8,878,309</b>    | <b>706,485</b>                   | <b>128,288</b>         | <b>2,248,252</b>          | <b>1,169,498</b>                  |
| <br>                        |                     |                                  |                        |                           |                                   |
| <b>\$ 6,015,303</b>         | <b>\$ 9,732,700</b> | <b>\$ 706,485</b>                | <b>\$ 128,288</b>      | <b>\$ 2,253,175</b>       | <b>\$ 1,175,056</b>               |

(Continued)

**State of New Mexico**  
**City of Santa Fe**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

|  | Special Revenue    |                     |                      |
|--|--------------------|---------------------|----------------------|
| <b>June 30, 2022</b>   | <b>Law</b>         | <b>Resource</b>     | <b>City Drainage</b> |
|  | <b>Enforcement</b> | <b>Conservation</b> |                      |
| <b>Assets</b>  |                    |                     |                      |
| Cash and Investments   | \$ 7,253,936       | \$ -                | \$ 4,246,621         |
| Receivables  |                    |                     |                      |
| Taxes  | 542,200            | -                   | -                    |
| Intergovernmental  | 12,406             | -                   | 122,977              |
| Other, net   | 333,529            | -                   | 234,144              |
| Leases   | -                  | -                   | -                    |
| Due from other funds   | 541,817            | -                   | -                    |
| Total assets   | \$ 8,683,888       | \$ -                | \$ 4,603,742         |
| <b>Liabilities, deferred inflows of resources, and fund balances</b> |                    |                     |                      |
| <b>Liabilities</b>   |                    |                     |                      |
| Accounts payable   | \$ 341,599         | \$ -                | \$ 24,528            |
| Pooled Cash - Cash Overdrawn   | -                  | -                   | -                    |
| Accrued payroll  | -                  | -                   | 13,340               |
| Unearned Revenue   | 213,093            | -                   | -                    |
| Deposits held in trust for others                                    | -                  | -                   | -                    |
| Other Current Liabilities  | 18,789             | -                   | -                    |
| Due to other Funds   | -                  | -                   | -                    |
| Total liabilities  | 573,481            | -                   | 37,868               |
| <b>Deferred inflows of resources</b>                                 |                    |                     |                      |
| Leases   | -                  | -                   | -                    |
| Property Taxes   | -                  | -                   | -                    |
| Total deferred inflows of resources                                  | -                  | -                   | -                    |
| <b>Fund balances</b>   |                    |                     |                      |
| Spendable  |                    |                     |                      |
| Restricted   | 8,110,407          | -                   | 4,565,874            |
| Unassigned (deficit)   | -                  | -                   | -                    |
| Total fund balances  | 8,110,407          | -                   | 4,565,874            |
| Total liabilities, deferred inflows of resources, and fund balances  | \$ 8,683,888       | \$ -                | \$ 4,603,742         |



**Special Revenue**

| <b>Impact Fee</b>   | <b>Transportation<br/>Grants</b> | <b>Community<br/>Development</b> | <b>Senior Citizen<br/>Grants/Programs</b> | <b>Historic<br/>Preservation</b> | <b>Library</b>      |
|---------------------|----------------------------------|----------------------------------|---|----------------------------------|---------------------|
| \$ 5,011,958        | \$ 30,268                        | \$ 15,722,261                    | \$ 1,779,417                              | \$ 286,704                       | \$ 1,035,885        |
| -                   | -                                | 281,108                          | -   | -                                | -                   |
| -                   | 24,645                           | 521,374                          | -   | -                                | -                   |
| -                   | 21,662                           | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | 712,251                          | -   | -                                | -                   |
| <b>\$ 5,011,958</b> | <b>\$ 76,575</b>                 | <b>\$ 17,236,994</b>             | <b>\$ 1,779,417</b>                       | <b>\$ 286,704</b>                | <b>\$ 1,035,885</b> |
| <br>                |                                  |                                  |   |                                  |                     |
| \$ -                | \$ 436                           | \$ 354,781                       | \$ 4,724                                  | \$ -                             | \$ 1,636            |
| -                   | -                                | -                                | -   | -                                | -                   |
| 958                 | 16,014                           | 3,782                            | 127,082                                   | -                                | 26,552              |
| -                   | -                                | 8,524,816                        | -   | -                                | -                   |
| -                   | -                                | 522,839                          | -   | -                                | -                   |
| 12,000              | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | 1,529                            | -   | -                                | -                   |
| <b>12,958</b>       | <b>16,450</b>                    | <b>9,407,747</b>                 | <b>131,806</b>                            | <b>-</b>                         | <b>28,188</b>       |
| <br>                |                                  |                                  |   |                                  |                     |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| <br>                |                                  |                                  |   |                                  |                     |
| 4,999,000           | 60,125                           | 7,829,247                        | 1,647,611                                 | 286,704                          | 1,007,697           |
| -                   | -                                | -                                | -   | -                                | -                   |
| <b>4,999,000</b>    | <b>60,125</b>                    | <b>7,829,247</b>                 | <b>1,647,611</b>                          | <b>286,704</b>                   | <b>1,007,697</b>    |
| <br>                |                                  |                                  |   |                                  |                     |
| <b>\$ 5,011,958</b> | <b>\$ 76,575</b>                 | <b>\$ 17,236,994</b>             | <b>\$ 1,779,417</b>                       | <b>\$ 286,704</b>                | <b>\$ 1,035,885</b> |

(Continued)

**State of New Mexico**  
**City of Santa Fe**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

| <b>June 30, 2022</b>   | <b>Special Revenue</b> |                   |                              |
|--|------------------------|-------------------|------------------------------|
|  | <b>NEA Grants</b>      | <b>Plaza Use</b>  | <b>Public<br/>Facilities</b> |
| <b>Assets</b>  |                        |                   |                              |
| Cash and Investments   | \$ -                   | \$ 171,947        | \$ 124,170                   |
| Receivables  |                        |                   |                              |
| Taxes  | -                      | -                 | -                            |
| Intergovernmental  | -                      | -                 | -                            |
| Other, net   | -                      | -                 | -                            |
| Leases   | -                      | -                 | -                            |
| Due from other funds   | -                      | -                 | -                            |
| <b>Total assets</b>  | <b>\$ -</b>            | <b>\$ 171,947</b> | <b>\$ 124,170</b>            |
| <b>Liabilities, deferred inflows of resources, and fund balances</b>           |                        |                   |                              |
| <b>Liabilities</b>   |                        |                   |                              |
| Accounts payable   | \$ -                   | \$ 544            | \$ -                         |
| Pooled Cash - Cash Overdrawn   | 29,471                 | -                 | -                            |
| Accrued payroll  | -                      | -                 | -                            |
| Unearned Revenue   | -                      | -                 | -                            |
| Deposits held in trust for others  | -                      | -                 | -                            |
| Other Current Liabilities  | -                      | -                 | -                            |
| Due to other Funds   | -                      | -                 | -                            |
| <b>Total liabilities</b>   | <b>29,471</b>          | <b>544</b>        | <b>-</b>                     |
| <b>Deferred inflows of resources</b>   |                        |                   |                              |
| Leases   | -                      | -                 | -                            |
| Property Taxes   | -                      | -                 | -                            |
| <b>Total deferred inflows of resources</b>                                     | <b>-</b>               | <b>-</b>          | <b>-</b>                     |
| <b>Fund balances</b>   |                        |                   |                              |
| Spendable  |                        |                   |                              |
| Restricted   | -                      | 171,403           | 124,170                      |
| Unassigned (deficit)   | (29,471)               | -                 | -                            |
| <b>Total fund balances</b>   | <b>(29,471)</b>        | <b>171,403</b>    | <b>124,170</b>               |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ -</b>            | <b>\$ 171,947</b> | <b>\$ 124,170</b>            |

| Special Revenue   |                     |                     |                            | Capital Projects  |                       |
|-------------------|---------------------|---------------------|----------------------------|-------------------|-----------------------|
| Quality of Life   | Recreation Programs | Land Development    | Special Recreation Leagues | CIP Reallocation  | Resource Conservation |
| \$ 462,692        | \$ 2,024,775        | \$ 832,480          | \$ 102,557                 | \$ 469,836        | \$ 6,580,309          |
| -                 | 203,855             | -                   | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | -                   | 2,120,149           | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| <b>\$ 462,692</b> | <b>\$ 2,228,630</b> | <b>\$ 2,952,629</b> | <b>\$ 102,557</b>          | <b>\$ 469,836</b> | <b>\$ 6,580,309</b>   |
| \$ 6,449          | \$ 128,108          | \$ -                | \$ -                       | \$ -              | \$ 1,364,401          |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | 9,377               | -                   | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | 985,843             | 560,000             | -                          | -                 | -                     |
| <b>6,449</b>      | <b>1,123,328</b>    | <b>560,000</b>      | <b>-</b>                   | <b>-</b>          | <b>1,364,401</b>      |
| -                 | -                   | -                   | -                          | -                 | -                     |
| -                 | -                   | 2,120,149           | -                          | -                 | -                     |
| -                 | -                   | 2,120,149           | -                          | -                 | -                     |
| 456,243           | 1,105,302           | 272,480             | 102,557                    | 469,836           | 5,215,908             |
| -                 | -                   | -                   | -                          | -                 | -                     |
| <b>456,243</b>    | <b>1,105,302</b>    | <b>272,480</b>      | <b>102,557</b>             | <b>469,836</b>    | <b>5,215,908</b>      |
| <b>\$ 462,692</b> | <b>\$ 2,228,630</b> | <b>\$ 2,952,629</b> | <b>\$ 102,557</b>          | <b>\$ 469,836</b> | <b>\$ 6,580,309</b>   |

(Continued)

**State of New Mexico**  
**City of Santa Fe**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

|  | <b>Capital Projects</b> |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>June 30, 2022</b>   | <b>Facilities CIP</b>   | <b>Special Projects</b> | <b>Bond Acquisition</b> |
| <b>Assets</b>  |                         |                         |                         |
| Cash and Investments   | \$ 5,636,375            | \$ 2,972,048            | \$ 4,654,436            |
| Receivables  |                         |                         |                         |
| Taxes  | -                       | -                       | -                       |
| Intergovernmental  | 278,822                 | -                       | 73,350                  |
| Other, net   | -                       | -                       | -                       |
| Leases   | -                       | -                       | -                       |
| Due from other funds   | -                       | -                       | -                       |
| Total assets   | \$ 5,915,197            | \$ 2,972,048            | \$ 4,727,786            |
| <b>Liabilities, deferred inflows of resources, and fund balances</b> |                         |                         |                         |
| <b>Liabilities</b>   |                         |                         |                         |
| Accounts payable   | \$ 644,876              | \$ 274,885              | \$ 24,713               |
| Pooled Cash - Cash Overdrawn   | -                       | -                       | -                       |
| Accrued payroll  | -                       | 5,107                   | -                       |
| Unearned Revenue   | -                       | -                       | -                       |
| Deposits held in trust for others                                    | -                       | -                       | -                       |
| Other Current Liabilities  | -                       | -                       | -                       |
| Due to other Funds   | -                       | -                       | -                       |
| Total liabilities  | 644,876                 | 279,992                 | 24,713                  |
| <b>Deferred inflows of resources</b>                                 |                         |                         |                         |
| Leases   | -                       | -                       | -                       |
| Property Taxes   | -                       | -                       | -                       |
| Total deferred inflows of resources                                  | -                       | -                       | -                       |
| <b>Fund balances</b>   |                         |                         |                         |
| Spendable  |                         |                         |                         |
| Restricted   | 5,270,321               | 2,692,056               | 4,703,073               |
| Unassigned (deficit)   | -                       | -                       | -                       |
| Total fund balances  | 5,270,321               | 2,692,056               | 4,703,073               |
| Total liabilities, deferred inflows of resources, and fund balances  | \$ 5,915,197            | \$ 2,972,048            | \$ 4,727,786            |

**Capital Projects**

| <b>City Drainage<br/>Projects</b> | <b>City Street<br/>Projects</b> | <b>CIP Community<br/>Development</b> | <b>City Parks and<br/>Trails<br/>Improvements</b> | <b>Art for CIP<br/>Projects</b> | <b>Library<br/>Improvements</b> |
|-----------------------------------|---------------------------------|--------------------------------------|---|---------------------------------|---------------------------------|
| \$ 582,515                        | \$ 6,801,840                    | \$ 863,056                           | \$ 4,953,955                                      | \$ 52,082                       | \$ 13,305                       |
| -                                 | 245,048                         | -                                    | -   | -                               | -                               |
| -                                 | 97,914                          | -                                    | 13,671  | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| <b>\$ 582,515</b>                 | <b>\$ 7,144,802</b>             | <b>\$ 863,056</b>                    | <b>\$ 4,967,626</b>                               | <b>\$ 52,082</b>                | <b>\$ 13,305</b>                |
| \$ -                              | \$ 408,632                      | \$ -                                 | \$ 222,285  | \$ -                            | \$ -                            |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | 35,325                          | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | 443,957                         | -                                    | 222,285   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| 582,515                           | 6,700,845                       | 863,056                              | 4,745,341   | 52,082                          | 13,305                          |
| -                                 | -                               | -                                    | -   | -                               | -                               |
| 582,515                           | 6,700,845                       | 863,056                              | 4,745,341   | 52,082                          | 13,305                          |
| <b>\$ 582,515</b>                 | <b>\$ 7,144,802</b>             | <b>\$ 863,056</b>                    | <b>\$ 4,967,626</b>                               | <b>\$ 52,082</b>                | <b>\$ 13,305</b>                |

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**State of New Mexico**  
**City of Santa Fe**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

| <b>June 30, 2022</b>   | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--|
| <b>Assets</b>  |  |
| Cash and Investments   | \$ 90,759,466                                    |
| Receivables  |  |
| Taxes  | 6,364,733  |
| Intergovernmental  | 1,479,504  |
| Other, net   | 2,767,682  |
| Leases   | 5,170,860  |
| Due from other funds   | 16,559,454                                       |
| <b>Total assets</b>  | <b>\$ 123,101,699</b>                            |
| <b>Liabilities, deferred inflows of resources, and fund balances</b>           |  |
| <b>Liabilities</b>   |  |
| Accounts payable   | \$ 4,950,983                                     |
| Pooled Cash - Cash Overdrawn   | 33,120   |
| Accrued payroll  | 337,761  |
| Unearned Revenue   | 8,831,686  |
| Deposits held in trust for others  | 547,624  |
| Other Current Liabilities  | 32,789   |
| Due to other Funds   | 1,557,178  |
| <b>Total liabilities</b>   | <b>16,291,141</b>                                |
| <b>Deferred inflows of resources</b>   |  |
| Leases   | 5,170,860  |
| Property Taxes   | 2,170,924  |
| <b>Total deferred inflows of resources</b>                                     | <b>7,341,784</b>                                 |
| <b>Fund balances</b>   |  |
| Spendable  |  |
| Restricted   | 99,498,245                                       |
| Unassigned (deficit)   | (29,471)   |
| <b>Total fund balances</b>   | <b>99,468,774</b>                                |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ 123,101,699</b>                            |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**

| For the year ended June 30, 2022                     | Special Revenue                 |                       |               |
|--|---------------------------------|-----------------------|---------------|
|  | Capital<br>Equipment<br>Reserve | Gross Receipts<br>Tax | Franchise Fee |
| Revenues   |                                 |                       |               |
| Taxes  |                                 |                       |               |
| Gross Receipts Taxes                                 | \$ -                            | \$ 18,056,276         | \$ -          |
| Lodgers' Taxes                                       | -                               | -                     | -             |
| Other  | -                               | -                     | 66,480        |
| Intergovernmental                                    |                                 |                       |               |
| Federal operating                                    | -                               | -                     | -             |
| State operating                                      | -                               | -                     | -             |
| Local  | -                               | -                     | -             |
| Lease revenue  | -                               | -                     | -             |
| Charges for services                                 | -                               | -                     | -             |
| Investment income (loss)                             | (11)                            | (13,694)              | -             |
| Other revenues                                       | -                               | -                     | -             |
| Total revenues                                       | (11)                            | 18,042,582            | 66,480        |
| Expenditures   |                                 |                       |               |
| Current  |                                 |                       |               |
| General government                                   | -                               | 513,987               | -             |
| Public safety  | -                               | -                     | -             |
| Physical environment                                 | -                               | -                     | -             |
| Economic environment                                 | -                               | -                     | -             |
| Culture and recreation                               | -                               | -                     | -             |
| Capital outlay                                       | -                               | -                     | -             |
| Debt service   |                                 |                       |               |
| Principal  | -                               | -                     | -             |
| Interest and other charges                           | -                               | -                     | -             |
| Total expenditures                                   | -                               | 513,987               | -             |
| Excess (deficiency) of revenues over<br>expenditures | (11)                            | 17,528,595            | 66,480        |
| Other financing sources (uses)                       |                                 |                       |               |
| Proceeds from leases                                 | -                               | -                     | -             |
| Debt proceeds  | -                               | -                     | -             |
| Transfers in   | -                               | -                     | -             |
| Transfers (out)                                      | -                               | (23,132,192)          | (71,200)      |
| Total other financing sources (uses)                 | -                               | (23,132,192)          | (71,200)      |
| Net change in fund balances                          | (11)                            | (5,603,597)           | (4,720)       |
| Fund balances - beginning of year                    | 351,910                         | 29,188,176            | 17,167        |
| Fund balances - end of year                          | \$ 351,899                      | \$ 23,584,579         | \$ 12,447     |



**Special Revenue**

| <b>Economic<br/>Development</b> | <b>Lodger's Tax</b> | <b>Public<br/>Campaign<br/>Financing</b> | <b>Animal<br/>Services</b> | <b>Emergency<br/>Services</b> | <b>Fire<br/>Environmental<br/>Service</b> |
|---------------------------------|---------------------|--|----------------------------|-------------------------------|---|
| \$ 616,952                      | \$ -                | \$ -                                     | \$ -                       | \$ -                          | \$ -                                      |
| -                               | 18,074,312          | -  | -                          | -                             | -   |
| -                               | -                   | -  | -                          | -                             | -   |
| -                               | -                   | -  | -                          | 25,072                        | -   |
| -                               | -                   | -  | -                          | 1,073,573                     | 521,683                                   |
| 9,121                           | -                   | -  | -                          | -                             | -   |
| -                               | -                   | -  | -                          | -                             | -   |
| 32,081                          | (55)                | -  | (80)                       | (16)                          | -   |
| 250                             | 235,085             | 18,786                                   | -                          | 88,097                        | 49,844                                    |
| <b>658,404</b>                  | <b>18,309,342</b>   | <b>18,786</b>                            | <b>(80)</b>                | <b>1,186,726</b>              | <b>571,527</b>                            |
| -                               | -                   | 54,200                                   | -                          | -                             | -   |
| -                               | -                   | -  | 39,978                     | 358,533                       | 133,925                                   |
| -                               | -                   | -  | -                          | -                             | -   |
| 1,356,900                       | -                   | -  | -                          | -                             | -   |
| -                               | 5,654,967           | -  | -                          | -                             | -   |
| 40,212                          | 5,930               | -  | -                          | 779,830                       | -   |
| 20,078                          | -                   | -  | -                          | -                             | -   |
| 82                              | -                   | -  | -                          | -                             | -   |
| <b>1,417,272</b>                | <b>5,660,897</b>    | <b>54,200</b>                            | <b>39,978</b>              | <b>1,138,363</b>              | <b>133,925</b>                            |
| <b>(758,868)</b>                | <b>12,648,445</b>   | <b>(35,414)</b>                          | <b>(40,058)</b>            | <b>48,363</b>                 | <b>437,602</b>                            |
| 40,212                          | -                   | -  | -                          | -                             | -   |
| -                               | -                   | -  | -                          | -                             | -   |
| 251,733                         | 22,050              | -  | -                          | 135,825                       | 2,982                                     |
| (30,812)                        | (7,914,371)         | -  | -                          | (124,567)                     | -   |
| <b>261,133</b>                  | <b>(7,892,321)</b>  | <b>-</b>                                 | <b>-</b>                   | <b>11,258</b>                 | <b>2,982</b>                              |
| <b>(497,735)</b>                | <b>4,756,124</b>    | <b>(35,414)</b>                          | <b>(40,058)</b>            | <b>59,621</b>                 | <b>440,584</b>                            |
| <b>869,065</b>                  | <b>4,122,185</b>    | <b>741,899</b>                           | <b>168,346</b>             | <b>2,188,631</b>              | <b>728,914</b>                            |
| <b>\$ 371,330</b>               | <b>\$ 8,878,309</b> | <b>\$ 706,485</b>                        | <b>\$ 128,288</b>          | <b>\$ 2,248,252</b>           | <b>\$ 1,169,498</b>                       |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**

| For the year ended June 30, 2022                  | Special Revenue    |                          |               |
|---|--------------------|--------------------------|---------------|
|   | Law<br>Enforcement | Resource<br>Conservation | City Drainage |
| Revenues  |                    |                          |               |
| Taxes   |                    |                          |               |
| Gross Receipts Taxes                              | \$ 3,009,378       | \$ -                     | \$ -          |
| Lodgers' Taxes                                    | -                  | -                        | -             |
| Other   | -                  | -                        | -             |
| Intergovernmental                                 | -                  | -                        | -             |
| Federal operating                                 | -                  | -                        | -             |
| State operating                                   | 170,859            | -                        | -             |
| Local   | -                  | -                        | -             |
| Lease revenue                                     | -                  | -                        | -             |
| Charges for services                              | 580,192            | -                        | 2,816,847     |
| Investment income (loss)                          | -                  | -                        | -             |
| Other revenues                                    | 114                | -                        | -             |
| Total revenues                                    | 3,760,543          | -                        | 2,816,847     |
| Expenditures                                      |                    |                          |               |
| Current   |                    |                          |               |
| General government                                | -                  | -                        | -             |
| Public safety                                     | 2,543,938          | -                        | -             |
| Physical environment                              | -                  | -                        | 596,927       |
| Economic environment                              | -                  | -                        | -             |
| Culture and recreation                            | -                  | -                        | -             |
| Capital outlay                                    | 27,986             | -                        | 1,185,254     |
| Debt service                                      |                    |                          |               |
| Principal   | -                  | 103,392                  | -             |
| Interest and other charges                        | -                  | 433,608                  | -             |
| Total expenditures                                | 2,571,924          | 537,000                  | 1,782,181     |
| Excess (deficiency) of revenues over expenditures | 1,188,619          | (537,000)                | 1,034,666     |
| Other financing sources (uses)                    |                    |                          |               |
| Proceeds from leases                              | -                  | -                        | -             |
| Debt proceeds                                     | -                  | -                        | 822,490       |
| Transfers in                                      | 2,643,099          | 537,000                  | 10,418        |
| Transfers (out)                                   | -                  | -                        | (10,418)      |
| Total other financing sources (uses)              | 2,643,099          | 537,000                  | 822,490       |
| Net change in fund balances                       | 3,831,718          | -                        | 1,857,156     |
| Fund balances - beginning of year                 | 4,278,689          | -                        | 2,708,718     |
| Fund balances - end of year                       | \$ 8,110,407       | \$ -                     | \$ 4,565,874  |

**Special Revenue**

| <b>Impact Fee</b>   | <b>Transportation<br/>Grants</b> | <b>Community<br/>Development</b> | <b>Senior Citizen<br/>Grants/Programs</b> | <b>Historic<br/>Preservation</b> | <b>Library</b>      |
|---------------------|----------------------------------|----------------------------------|---|----------------------------------|---------------------|
| \$ -                | \$ -                             | \$ 1,233,902                     | \$ -                                      | \$ -                             | \$ -                |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | 533,756                          | 451,284                                   | -                                | -                   |
| -                   | 234,223                          | 26,611                           | 790,287                                   | 19,433                           | 140,216             |
| -                   | -                                | -                                | -   | -                                | 25,000              |
| -                   | -                                | -                                | -   | -                                | -                   |
| 1,414,723           | -                                | 630,505                          | 76,045                                    | -                                | 876                 |
| (3,556)             | -                                | (36)                             | -   | -                                | 1,011               |
| -                   | -                                | 112,424                          | 35,322                                    | -                                | -                   |
| <b>1,411,167</b>    | <b>234,223</b>                   | <b>2,537,162</b>                 | <b>1,352,938</b>                          | <b>19,433</b>                    | <b>167,103</b>      |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| 1,240               | 427,172                          | -                                | -   | -                                | -                   |
| -                   | -                                | 3,942,706                        | 3,761,895                                 | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | 1,046,738           |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| <b>1,240</b>        | <b>427,172</b>                   | <b>3,942,706</b>                 | <b>3,761,895</b>                          | <b>-</b>                         | <b>1,046,738</b>    |
| <b>1,409,927</b>    | <b>(192,949)</b>                 | <b>(1,405,544)</b>               | <b>(2,408,957)</b>                        | <b>19,433</b>                    | <b>(879,635)</b>    |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | -                                | -                                | -   | -                                | -                   |
| -                   | 59,365                           | 3,330,305                        | 2,687,418                                 | -                                | 834,829             |
| (3,883,398)         | (8,271)                          | (1,151)                          | -   | -                                | -                   |
| <b>(3,883,398)</b>  | <b>51,094</b>                    | <b>3,329,154</b>                 | <b>2,687,418</b>                          | <b>-</b>                         | <b>834,829</b>      |
| <b>(2,473,471)</b>  | <b>(141,855)</b>                 | <b>1,923,610</b>                 | <b>278,461</b>                            | <b>19,433</b>                    | <b>(44,806)</b>     |
| <b>7,472,471</b>    | <b>201,980</b>                   | <b>5,905,637</b>                 | <b>1,369,150</b>                          | <b>267,271</b>                   | <b>1,052,503</b>    |
| <b>\$ 4,999,000</b> | <b>\$ 60,125</b>                 | <b>\$ 7,829,247</b>              | <b>\$ 1,647,611</b>                       | <b>\$ 286,704</b>                | <b>\$ 1,007,697</b> |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**

| <b>For the year ended June 30, 2022</b>                      | <b>Special Revenue</b> |                   |                              |
|--|------------------------|-------------------|------------------------------|
|  | <b>NEA Grants</b>      | <b>Plaza Use</b>  | <b>Public<br/>Facilities</b> |
| Revenues   |                        |                   |                              |
| Taxes  |                        |                   |                              |
| Gross Receipts Taxes   | \$ -                   | \$ -              | \$ -                         |
| Lodgers' Taxes   | -                      | -                 | -                            |
| Other  | -                      | -                 | -                            |
| Intergovernmental  |                        |                   |                              |
| Federal operating  | -                      | -                 | -                            |
| State operating  | -                      | -                 | 113,770                      |
| Local  | -                      | -                 | -                            |
| Lease revenue  | -                      | -                 | -                            |
| Charges for services   | -                      | 31,182            | -                            |
| Investment income (loss)                                     | (484)                  | -                 | -                            |
| Other revenues   | -                      | -                 | -                            |
| <b>Total revenues</b>  | <b>(484)</b>           | <b>31,182</b>     | <b>113,770</b>               |
| Expenditures   |                        |                   |                              |
| Current  |                        |                   |                              |
| General government   | -                      | -                 | -                            |
| Public safety  | -                      | -                 | -                            |
| Physical environment   | -                      | -                 | -                            |
| Economic environment   | -                      | -                 | -                            |
| Culture and recreation                                       | 68,172                 | 12,995            | 128,480                      |
| Capital outlay   | -                      | -                 | -                            |
| Debt service   |                        |                   |                              |
| Principal  | -                      | -                 | -                            |
| Interest and other charges                                   | -                      | -                 | -                            |
| <b>Total expenditures</b>                                    | <b>68,172</b>          | <b>12,995</b>     | <b>128,480</b>               |
| <b>Excess (deficiency) of revenues over<br/>expenditures</b> | <b>(68,656)</b>        | <b>18,187</b>     | <b>(14,710)</b>              |
| Other financing sources (uses)                               |                        |                   |                              |
| Proceeds from leases   | -                      | -                 | -                            |
| Debt proceeds  | -                      | -                 | -                            |
| Transfers in   | 67,666                 | -                 | -                            |
| Transfers (out)  | -                      | -                 | -                            |
| <b>Total other financing sources (uses)</b>                  | <b>67,666</b>          | <b>-</b>          | <b>-</b>                     |
| <b>Net change in fund balances</b>                           | <b>(990)</b>           | <b>18,187</b>     | <b>(14,710)</b>              |
| <b>Fund balances - beginning of year</b>                     | <b>(28,481)</b>        | <b>153,216</b>    | <b>138,880</b>               |
| <b>Fund balances - end of year</b>                           | <b>\$ (29,471)</b>     | <b>\$ 171,403</b> | <b>\$ 124,170</b>            |

| Special Revenue |                     |                  |                            | Capital Projects |                       |
|-----------------|---------------------|------------------|----------------------------|------------------|-----------------------|
| Quality of Life | Recreation Programs | Land Development | Special Recreation Leagues | CIP Reallocation | Resource Conservation |
| \$ -            | \$ 1,850,852        | \$ -             | \$ -                       | \$ -             | \$ -                  |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | 80                         | -                | -                     |
| (914)           | (38)                | (14)             | -                          | 1,754            | (126,720)             |
| -               | -                   | -                | -                          | -                | -                     |
| (914)           | 1,850,814           | (14)             | 80                         | 1,754            | (126,720)             |
| -               | -                   | -                | -                          | 9                | 733                   |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| 118,359         | 1,419,274           | -                | 362                        | -                | -                     |
| -               | -                   | -                | -                          | -                | 12,489,978            |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| 118,359         | 1,419,274           | -                | 362                        | 9                | 12,490,711            |
| (119,273)       | 431,540             | (14)             | (282)                      | 1,745            | (12,617,431)          |
| -               | -                   | -                | -                          | -                | -                     |
| -               | -                   | -                | -                          | -                | -                     |
| -               | 2,843               | -                | -                          | -                | -                     |
| -               | (745,976)           | -                | -                          | -                | -                     |
| -               | (743,133)           | -                | -                          | -                | -                     |
| (119,273)       | (311,593)           | (14)             | (282)                      | 1,745            | (12,617,431)          |
| 575,516         | 1,416,895           | 272,494          | 102,839                    | 468,091          | 17,833,339            |
| \$ 456,243      | \$ 1,105,302        | \$ 272,480       | \$ 102,557                 | \$ 469,836       | \$ 5,215,908          |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**

| <b>For the year ended June 30, 2022</b>           | <b>Capital Projects</b> |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | <b>Facilities CIP</b>   | <b>Special Projects</b> | <b>Bond Acquisition</b> |
| <b>Revenues</b>                                   |                         |                         |                         |
| Taxes   |                         |                         |                         |
| Gross Receipts Taxes                              | \$ -                    | \$ -                    | \$ -                    |
| Lodgers' Taxes                                    | -                       | -                       | -                       |
| Other   | -                       | -                       | -                       |
| Intergovernmental                                 |                         |                         |                         |
| Federal operating                                 | -                       | -                       | -                       |
| State operating                                   | 1,510,720               | 207,600                 | -                       |
| Local   | -                       | -                       | -                       |
| Lease revenue                                     | -                       | -                       | -                       |
| Charges for services                              | -                       | -                       | -                       |
| Investment income (loss)                          | -                       | -                       | (204,122)               |
| Other revenues                                    | -                       | -                       | -                       |
| <b>Total revenues</b>                             | <b>1,510,720</b>        | <b>207,600</b>          | <b>(204,122)</b>        |
| <b>Expenditures</b>                               |                         |                         |                         |
| Current   |                         |                         |                         |
| General government                                | -                       | 2,171,998               | -                       |
| Public safety                                     | -                       | -                       | -                       |
| Physical environment                              | -                       | -                       | 1,911,828               |
| Economic environment                              | -                       | -                       | -                       |
| Culture and recreation                            | -                       | -                       | -                       |
| Capital outlay                                    | 5,597,390               | 307,697                 | 1,634,145               |
| Debt service                                      |                         |                         |                         |
| Principal   | -                       | -                       | -                       |
| Interest and other charges                        | -                       | -                       | -                       |
| <b>Total expenditures</b>                         | <b>5,597,390</b>        | <b>2,479,695</b>        | <b>3,545,973</b>        |
| Excess (deficiency) of revenues over expenditures | (4,086,670)             | (2,272,095)             | (3,750,095)             |
| <b>Other financing sources (uses)</b>             |                         |                         |                         |
| Proceeds from leases                              | -                       | -                       | -                       |
| Debt proceeds                                     | -                       | -                       | -                       |
| Transfers in                                      | 8,253,727               | 3,078,404               | -                       |
| Transfers (out)                                   | -                       | -                       | -                       |
| <b>Total other financing sources (uses)</b>       | <b>8,253,727</b>        | <b>3,078,404</b>        | <b>-</b>                |
| Net change in fund balances                       | 4,167,057               | 806,309                 | (3,750,095)             |
| Fund balances - beginning of year                 | 1,103,264               | 1,885,747               | 8,453,168               |
| <b>Fund balances - end of year</b>                | <b>\$ 5,270,321</b>     | <b>\$ 2,692,056</b>     | <b>\$ 4,703,073</b>     |

**Capital Projects**

|    | <b>City Drainage<br/>Projects</b> | <b>City Street<br/>Projects</b> | <b>CIP<br/>Community<br/>Development</b> | <b>City Parks and<br/>Trails<br/>Improvements</b> | <b>Art for CIP<br/>Projects</b> | <b>Library<br/>Improvements</b> |
|----|-----------------------------------|---------------------------------|--|---|---------------------------------|---------------------------------|
| \$ | -                                 | \$ -                            | \$ -                                     | \$ -  | \$ -                            | \$ -                            |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 1,677,133                       | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 1,675,026                       | 276,209                                  | 32,333  | 26,879                          | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 39,404                          | -  | -   | -                               | -                               |
|    | -                                 | (30,887)                        | (875)                                    | (59)  | -                               | -                               |
|    | -                                 | 40,309                          | -  | -   | -                               | -                               |
|    | -                                 | 3,400,985                       | 275,334                                  | 32,274  | 26,879                          | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 886,558                         | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | 9,126   | 3,400                           | -                               |
|    | -                                 | 3,466,185                       | 356,875                                  | 847,411   | 24,818                          | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 4,352,743                       | 356,875                                  | 856,537   | 28,218                          | -                               |
|    | -                                 | (951,758)                       | (81,541)                                 | (824,263)   | (1,339)                         | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | -                               | -  | -   | -                               | -                               |
|    | -                                 | 5,734,984                       | -  | 2,888,559   | -                               | -                               |
|    | -                                 | (750,000)                       | -  | -   | -                               | -                               |
|    | -                                 | 4,984,984                       | -  | 2,888,559   | -                               | -                               |
|    | -                                 | 4,033,226                       | (81,541)                                 | 2,064,296   | (1,339)                         | -                               |
|    | 582,515                           | 2,667,619                       | 944,597                                  | 2,681,045   | 53,421                          | 13,305                          |
| \$ | 582,515                           | \$ 6,700,845                    | \$ 863,056                               | \$ 4,745,341                                      | \$ 52,082                       | \$ 13,305                       |

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**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**

| <b>For the year ended June 30, 2022</b>              | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--|
| <b>Revenues</b>                                      |  |
| Taxes  |  |
| Gross Receipts Taxes                                 | \$ 24,767,360  |
| Lodgers' Taxes                                       | 18,074,312   |
| Other  | 1,743,613  |
| Intergovernmental                                    |  |
| Federal operating                                    | 1,010,112  |
| State operating                                      | 6,819,422  |
| Local  | 25,000   |
| Lease revenue  | 9,121  |
| Charges for services                                 | 5,589,854  |
| Investment income (loss)                             | (346,715)  |
| Other revenues                                       | 580,231  |
| <b>Total revenues</b>                                | <b>58,272,310</b>                                    |
| <b>Expenditures</b>                                  |  |
| Current  |  |
| General government                                   | 2,740,927  |
| Public safety  | 3,076,374  |
| Physical environment                                 | 3,823,725  |
| Economic environment                                 | 9,061,501  |
| Culture and recreation                               | 8,461,873  |
| Capital outlay                                       | 26,763,711   |
| Debt service   |  |
| Principal  | 123,470  |
| Interest and other charges                           | 433,690  |
| <b>Total expenditures</b>                            | <b>54,485,271</b>                                    |
| Excess (deficiency) of revenues over<br>expenditures | 3,787,039  |
| <b>Other financing sources (uses)</b>                |  |
| Proceeds from leases                                 | 40,212   |
| Debt proceeds  | 822,490  |
| Transfers in   | 30,541,207   |
| Transfers (out)                                      | (36,672,356)   |
| <b>Total other financing sources (uses)</b>          | <b>(5,268,447)</b>                                   |
| Net change in fund balances                          | (1,481,408)  |
| Fund balances - beginning of year                    | 100,950,182  |
| <b>Fund balances - end of year</b>                   | <b>\$ 99,468,774</b>                                 |

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# ENTERPRISE FUNDS



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**State of New Mexico**  
**City of Santa Fe**  
**Nonmajor Enterprise Fund Descriptions**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

***Municipal Recreation Complex*** – to account for the operation of the City's golf course and adjoining recreation facility.

***Parking Enterprise Fund*** – to account for the operation of the City's parking lots and the operation of the on-street parking meters.

***Railyard Properties*** – to account for the development of 50 acres of prime real estate near the center of the City previously owned by the railroad and a private developer.

***Airport*** – to account for the operation of the City's airport.

***Transit Bus System*** – to account for the operation of the City's public bus system and trails.

***Genoveva Chavez Community Center (GCCC)*** – to account for the operation of the GCCC facility.

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Net Position - Nonmajor Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                    | <b>Municipal<br/>Recreation<br/>Complex</b> | <b>Parking<br/>Enterprise</b> | <b>Railyard<br/>Properties</b> |
|--|---|-------------------------------|--------------------------------|
| <b>Assets</b>  |   |                               |                                |
| Current assets   |   |                               |                                |
| Cash, investments, and cash equivalents                | \$ 413,815                                  | \$ 786,214                    | \$ 2,538,524                   |
| Grants receivable                                      | 215,117                                     | -                             | 17                             |
| Receivables, net of allowance                          |   |                               |                                |
| Accounts   | 669,745                                     | 1,153,616                     | -                              |
| Other, net   | 14,757                                      | -                             | 28                             |
| Lease  | -   | 21,569                        | 305,880                        |
| <b>Total current assets</b>                            | <b>1,313,434</b>                            | <b>1,961,399</b>              | <b>2,844,449</b>               |
| Noncurrent assets                                      |   |                               |                                |
| Lease receivables, net of current portion              | -   | 415,298                       | 7,722,120                      |
| Land and water rights                                  | 2,250,000                                   | -                             | 20,145,837                     |
| Buildings and structures                               | 2,310,217                                   | 35,260,112                    | 8,351,011                      |
| Sewer lines and utility systems                        | -   | -                             | -                              |
| Improvements   | 15,181,314                                  | 171,008                       | 31,260,311                     |
| Furniture and fixtures                                 | -   | -                             | -                              |
| Equipment and machinery                                | 1,517,232                                   | 2,487,612                     | -                              |
| Vehicles   | 44,154                                      | 357,743                       | -                              |
| Data processing equipment/software                     | -   | 527,158                       | -                              |
| Art  | -   | -                             | -                              |
| Construction in progress                               | 673,128                                     | -                             | 350,080                        |
| Right-to-use lease assets                              | 335,951                                     | -                             | -                              |
| Less amortization                                      | (80,094)                                    | -                             | -                              |
| Less accumulated depreciation                          | (17,047,797)                                | (10,624,734)                  | (32,823,525)                   |
| <b>Total noncurrent assets</b>                         | <b>5,184,105</b>                            | <b>28,594,197</b>             | <b>35,005,834</b>              |
| <b>Total assets</b>                                    | <b>6,497,539</b>                            | <b>30,555,596</b>             | <b>37,850,283</b>              |
| Deferred outflows of resources                         |   |                               |                                |
| Deferred outflows - pension                            | 33,959                                      | 120,434                       | 10,142                         |
| Deferred outflows - OPEB                               | 38,945                                      | 137,697                       | 11,599                         |
| <b>Total deferred outflows of resources</b>            | <b>72,904</b>                               | <b>258,131</b>                | <b>21,741</b>                  |
| <b>Total assets and deferred outflows of resources</b> | <b>\$ 6,570,443</b>                         | <b>\$ 30,813,727</b>          | <b>\$ 37,872,024</b>           |

| Airport       | Transit Bus System | GCCC          | Total          |
|---------------|--------------------|---------------|----------------|
| \$ 14,448,096 | \$ 3,803,583       | \$ 818,383    | \$ 22,808,615  |
| 1,512,141     | 91,062             | -             | 1,818,337      |
| -             | -                  | -             | 1,823,361      |
| -             | -                  | -             | 14,785         |
| 59,993        | -                  | -             | 387,442        |
| 16,020,230    | 3,894,645          | 818,383       | 26,852,540     |
| 1,891,312     | -                  | -             | 10,028,730     |
| 129,711       | -                  | 2,072,067     | 24,597,615     |
| 5,410,078     | 7,716,720          | 23,306,768    | 82,354,906     |
| -             | -                  | 29,820        | 29,820         |
| 26,510,525    | 1,937,160          | 3,386,796     | 78,447,114     |
| 17,452        | 9,164              | 41,769        | 68,385         |
| 2,303,748     | 1,502,883          | 396,728       | 8,208,203      |
| 596,733       | 15,976,835         | 301,252       | 17,276,717     |
| 79,565        | 284,685            | 21,285        | 912,693        |
| -             | 180,971            | -             | 180,971        |
| 18,557,045    | 1,759,186          | 4,958,209     | 26,297,648     |
| -             | -                  | -             | 335,951        |
| -             | -                  | -             | (80,094)       |
| (27,261,918)  | (19,332,511)       | (13,145,207)  | (120,235,692)  |
| 28,234,251    | 10,035,093         | 21,369,487    | 128,422,967    |
| 44,254,481    | 13,929,738         | 22,187,870    | 155,275,507    |
| 169,547       | 431,217            | 226,206       | 991,505        |
| 151,415       | 493,056            | 259,962       | 1,092,674      |
| 320,962       | 924,273            | 486,168       | 2,084,179      |
| \$ 44,575,443 | \$ 14,854,011      | \$ 22,674,038 | \$ 157,359,686 |

(Continued)

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Net Position - Nonmajor Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                                       | <b>Municipal<br/>Recreation<br/>Complex</b> | <b>Parking<br/>Enterprise</b> | <b>Railyard<br/>Properties</b> |
|---|---|-------------------------------|--------------------------------|
| <b>Liabilities</b>  |   |                               |                                |
| Current liabilities   |   |                               |                                |
| Accounts payable  | \$ 68,287                                   | \$ 131,806                    | \$ 59,825                      |
| Gross receipts taxes payable  | 49,553                                      | 6,575                         | -                              |
| Compensated absence payable   | -   | -                             | -                              |
| Accrued wages payable   | 20,550                                      | 66,027                        | 4,970                          |
| Claims and judgment payable   | -   | -                             | -                              |
| Bonds payable, net of amortized discounts                                 | 186,387                                     | 612,941                       | 1,080,531                      |
| Notes payable   | -   | 195,000                       | -                              |
| Accrued interest payable  | 813   | 18,387                        | 20,682                         |
| Unearned revenue  | -   | -                             | -                              |
| Lease payable   | 83,761                                      | -                             | -                              |
| Other liabilities   | -   | 1,506                         | -                              |
| Customer deposits payable   | -   | 77,728                        | -                              |
| <b>Total current liabilities</b>  | <b>409,351</b>                              | <b>1,109,970</b>              | <b>1,166,008</b>               |
| Noncurrent liabilities  |   |                               |                                |
| Bonds payable, net of unamortized discounts                               | 186,388                                     | 9,745,901                     | 5,478,218                      |
| Notes payable   | -   | 810,000                       | -                              |
| Compensated absences payable  | 14,676                                      | 73,076                        | 10,427                         |
| Lease payable   | 184,986                                     | -                             | -                              |
| Net pension liability   | 314,045                                     | 1,113,757                     | 93,794                         |
| Net OPEB liability  | 143,304                                     | 506,674                       | 42,679                         |
| <b>Total noncurrent liabilities</b>                                       | <b>843,399</b>                              | <b>12,249,408</b>             | <b>5,625,118</b>               |
| <b>Total liabilities</b>  | <b>1,252,750</b>                            | <b>13,359,378</b>             | <b>6,791,126</b>               |
| Deferred inflows of resources   |   |                               |                                |
| Unamortized gain on refunding of bonds                                    | 20,413                                      | -                             | 324,710                        |
| Deferred inflows - leases   | -   | 436,867                       | 8,028,000                      |
| Deferred inflows - pension  | 121,838                                     | 432,097                       | 36,389                         |
| Deferred inflows - OPEB   | 110,210                                     | 389,665                       | 32,823                         |
| <b>Total deferred inflows of resources</b>                                | <b>252,461</b>                              | <b>1,258,629</b>              | <b>8,421,922</b>               |
| Net position  |   |                               |                                |
| Net investment in capital assets  | 4,522,170                                   | 16,815,057                    | 20,400,255                     |
| Unrestricted (deficit)  | 543,062                                     | (619,337)                     | 2,258,721                      |
| <b>Total net position</b>   | <b>5,065,232</b>                            | <b>16,195,720</b>             | <b>22,658,976</b>              |
| <b>Total liabilities, deferred inflows of resources, and net position</b> | <b>\$ 6,570,443</b>                         | <b>\$ 30,813,727</b>          | <b>\$ 37,872,024</b>           |



| Airport       | Transit Bus System | GCCC          | Total          |
|---------------|--------------------|---------------|----------------|
| \$ 1,371,564  | \$ 414,120         | \$ 193,377    | \$ 2,238,979   |
| 304           | -                  | -             | 56,432         |
| -             | -                  | -             | -              |
| 62,465        | 225,063            | 229,417       | 608,492        |
| -             | -                  | -             | -              |
| -             | -                  | -             | 1,879,859      |
| -             | 306,082            | -             | 501,082        |
| -             | 2,958              | -             | 42,840         |
| 218,129       | -                  | -             | 218,129        |
| -             | -                  | -             | 83,761         |
| -             | -                  | -             | 1,506          |
| -             | 14                 | 18,471        | 96,213         |
| 1,652,462     | 948,237            | 441,265       | 5,727,293      |
| -             | -                  | -             | 15,410,507     |
| -             | 968,724            | -             | 1,778,724      |
| 83,928        | 313,690            | 116,044       | 611,841        |
| -             | -                  | -             | 184,986        |
| 1,567,946     | 3,987,821          | 2,091,919     | 9,169,282      |
| 557,152       | 1,814,261          | 956,563       | 4,020,633      |
| 2,209,026     | 7,084,496          | 3,164,526     | 31,175,973     |
| 3,861,488     | 8,032,733          | 3,605,791     | 36,903,266     |
| -             | -                  | -             | 345,123        |
| 1,951,305     | -                  | -             | 10,416,172     |
| 608,305       | 1,547,127          | 811,587       | 3,557,343      |
| 428,485       | 1,395,283          | 735,659       | 3,092,125      |
| 2,988,095     | 2,942,410          | 1,547,246     | 17,410,763     |
| 26,342,939    | 8,760,287          | 21,369,487    | 98,210,195     |
| 11,382,921    | (4,881,419)        | (3,848,486)   | 4,835,462      |
| 37,725,860    | 3,878,868          | 17,521,001    | 103,045,657    |
| \$ 44,575,443 | \$ 14,854,011      | \$ 22,674,038 | \$ 157,359,686 |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                         | <b>Municipal<br/>Recreation<br/>Complex</b> | <b>Parking<br/>Enterprise</b> | <b>Railyard<br/>Properties</b> |
|---|---|-------------------------------|--------------------------------|
| Operating revenues  |   |                               |                                |
| User Fees, net of allowance                                 | \$ 1,663,104                                | \$ 3,449,286                  | \$ -                           |
| Facilities Rentals  | 50,450                                      | -                             | -                              |
| Other Revenues  | 42,649                                      | 170,511                       | 1,105,936                      |
| <b>Total operating revenues</b>                             | <b>1,756,203</b>                            | <b>3,619,797</b>              | <b>1,105,936</b>               |
| Operating expenses  |   |                               |                                |
| Salaries, wages, and fringe benefits                        | 164,954                                     | 629,564                       | 74,175                         |
| Contractual services and utilities                          | 681,480                                     | 658,277                       | 101,337                        |
| Repairs and maintenance                                     | 172,383                                     | 96,831                        | 109,547                        |
| Supplies  | 148,135                                     | 126,613                       | 6,944                          |
| Small equipment   | 7,335                                       | 28,239                        | 9,901                          |
| Depreciation expense  | 361,566                                     | 979,529                       | 951,438                        |
| Insurance   | 16,386                                      | 65,165                        | 69,300                         |
| Other   | 182,934                                     | 823,513                       | 451,239                        |
| <b>Total operating expenses</b>                             | <b>1,735,173</b>                            | <b>3,407,731</b>              | <b>1,773,881</b>               |
| <b>Operating income (loss)</b>                              | <b>21,030</b>                               | <b>212,066</b>                | <b>(667,945)</b>               |
| Non-operating revenues (expenses)                           |   |                               |                                |
| Investment income (loss)                                    | 859   | (7,171)                       | 173,748                        |
| Intergovernmental   |   |                               |                                |
| Federal   | -   | -                             | -                              |
| State   | 215,117                                     | -                             | -                              |
| Lease revenue   | -   | 26,415                        | 245,170                        |
| Interest expense  | 162,256                                     | (372,903)                     | (242,497)                      |
| Other nonoperating revenue (expense)                        |   | 558,272                       |                                |
| <b>Total non-operating revenues (expenses)</b>              | <b>378,232</b>                              | <b>204,613</b>                | <b>176,421</b>                 |
| <b>Income (loss) before contributions<br/>and transfers</b> | <b>399,262</b>                              | <b>416,679</b>                | <b>(491,524)</b>               |
| Government contributions                                    |   |                               |                                |
| Transfers in  | 572,676                                     | 119,644                       | 3,050,382                      |
| Transfers (out)   | (10,000)                                    | (34,463)                      | -                              |
| <b>Change in net position</b>                               | <b>961,938</b>                              | <b>501,860</b>                | <b>2,558,858</b>               |
| <b>Net position - beginning of year</b>                     | <b>4,103,294</b>                            | <b>15,693,860</b>             | <b>20,100,118</b>              |
| <b>Net position - end of year</b>                           | <b>\$ 5,065,232</b>                         | <b>\$ 16,195,720</b>          | <b>\$ 22,658,976</b>           |

| Airport       | Transit Bus System | GCCC          | Total          |
|---------------|--------------------|---------------|----------------|
| \$ 2,272,116  | \$ 227,864         | \$ 611,926    | \$ 8,224,296   |
| 252,255       | -                  | 188,504       | 491,209        |
| 97,441        | 96,532             | 2,289         | 1,515,358      |
| 2,621,812     | 324,396            | 802,719       | 10,230,863     |
| 1,585,806     | 2,987,614          | 2,586,523     | 8,028,636      |
| 307,960       | 134,126            | 601,307       | 2,484,487      |
| 46,016        | 458,848            | 70,796        | 954,421        |
| 86,918        | 302,192            | 199,076       | 869,878        |
| 27,312        | 15,870             | 152,692       | 241,349        |
| 1,246,552     | 1,388,068          | 849,081       | 5,776,234      |
| 52,518        | 272,217            | 210,312       | 685,898        |
| 260,163       | 1,803,106          | 399,506       | 3,920,461      |
| 3,613,245     | 7,362,041          | 5,069,293     | 22,961,364     |
| (991,433)     | (7,037,645)        | (4,266,574)   | (12,730,501)   |
| 30,271        | (117)              | (53)          | 197,537        |
| 537,651       | 32,163             | -             | 569,814        |
| 2,252,029     | -                  | -             | 2,467,146      |
| 97,733        | -                  | -             | 369,318        |
| -             | (41,865)           | -             | (495,009)      |
|               |                    |               | 558,272        |
| 2,917,684     | (9,819)            | (53)          | 3,667,078      |
| 1,926,251     | (7,047,464)        | (4,266,627)   | (9,063,423)    |
| 14,712,104    | 6,647,205          | 2,841,419     | 27,943,430     |
| -             | -                  | -             | (44,463)       |
| 16,638,355    | (400,259)          | (1,425,208)   | 18,835,544     |
| 21,087,505    | 4,279,127          | 18,946,209    | 84,210,113     |
| \$ 37,725,860 | \$ 3,878,868       | \$ 17,521,001 | \$ 103,045,657 |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                                  | <b>Municipal<br/>Recreation<br/>Complex</b> | <b>Parking<br/>Enterprise</b> | <b>Railyard<br/>Properties</b> |
|--|---|-------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                          |   |                               |                                |
| Cash received from customers   | \$ 1,563,111                                | \$ 3,604,846                  | \$ 721,267                     |
| Cash payments to suppliers for goods and services                    | (1,089,076)                                 | (1,318,877)                   | (366,458)                      |
| Cash payments to employees for services                              | (451,682)                                   | (1,720,962)                   | (124,696)                      |
| Net cash provided (used) by operating activities                     | 22,353                                      | 565,007                       | 230,113                        |
| <b>Cash flows from noncapital financing activities</b>               |   |                               |                                |
| Intergovernmental taxes and grants                                   | 215,117                                     | 558,272                       | -                              |
| Transfers in from other funds  | 572,676                                     | 119,644                       | 3,050,382                      |
| Transfers out to other funds   | (10,000)                                    | (34,463)                      | -                              |
| Cash received from leases  | -   | 26,415                        | 245,170                        |
| Net cash provided (used) by noncapital financing activities          | 777,793                                     | 669,868                       | 3,295,552                      |
| <b>Cash flows from capital and related financing activities</b>      |   |                               |                                |
| Acquisition and construction of capital assets                       | (961,390)                                   | (129,872)                     | (136,388)                      |
| Proceeds from sale of capital assets                                 | -   | 107,388                       | -                              |
| Principal paid on revenue bond maturities and notes payable          | (272,124)                                   | (777,041)                     | (1,048,675)                    |
| Interest paid on revenue bonds and notes payable                     | 150,912                                     | (374,297)                     | (245,743)                      |
| Net cash provided (used) by capital and related financing activities | (1,082,602)                                 | (1,173,822)                   | (1,430,806)                    |
| <b>Cash flows from investing activities</b>                          |   |                               |                                |
| Interest and dividends on investments                                | 859   | (7,171)                       | 173,748                        |
| Net cash provided (used) by investing activities                     | 859   | (7,171)                       | 173,748                        |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | <b>(281,597)</b>                            | <b>53,882</b>                 | <b>2,268,607</b>               |
| Cash and cash equivalents - beginning of year                        | 695,412                                     | 732,332                       | 269,917                        |
| Cash and cash equivalents - end of year                              | \$ 413,815                                  | \$ 786,214                    | \$ 2,538,524                   |

*The accompanying notes are an integral part of these financial statements.*

| <b>Airport</b> | <b>Transit Bus System</b> | <b>GCCC</b> | <b>Total</b>  |
|----------------|---------------------------|-------------|---------------|
| \$ 4,632,122   | \$ 9,135,623              | \$ 978,240  | \$ 20,635,209 |
| (2,344,789)    | (4,230,799)               | (2,342,989) | (11,692,988)  |
| 100,363        | (6,475,287)               | (1,784,439) | (10,456,703)  |
| 2,387,696      | (1,570,463)               | (3,149,188) | (1,514,482)   |
| 2,789,680      | 32,163                    | -           | 3,595,232     |
| 14,712,104     | 6,647,205                 | 2,841,419   | 27,943,430    |
| -              | -                         | -           | (44,463)      |
| 97,733         | -                         | -           | 369,318       |
| 17,599,517     | 6,679,368                 | 2,841,419   | 31,863,517    |
| (6,458,088)    | (963,831)                 | (55,443)    | (8,705,012)   |
| -              | -                         | 14,019      | 121,407       |
| -              | (298,938)                 | -           | (2,396,778)   |
| -              | (42,436)                  | -           | (511,564)     |
| (6,458,088)    | (1,305,205)               | (41,424)    | (11,491,947)  |
| 30,271         | (117)                     | (53)        | 197,537       |
| 30,271         | (117)                     | (53)        | 197,537       |
| 13,559,396     | 3,803,583                 | (349,246)   | 19,054,625    |
| 888,700        | -                         | 1,167,629   | 3,753,990     |
| \$ 14,448,096  | \$ 3,803,583              | \$ 818,383  | \$ 22,808,615 |

*The accompanying notes are an integral part of these financial statements.*

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**

| <b>For Year Ended June 30, 2022</b>                                      | <b>Municipal<br/>Recreation<br/>Complex</b> | <b>Parking<br/>Enterprise</b> | <b>Railyard<br/>Properties</b> |
|--|---|-------------------------------|--------------------------------|
| <b>Reconciliation of operating income (loss)</b>                         |   |                               |                                |
| <b>To net cash provided (used) by</b>                                    |   |                               |                                |
| <b>Operating activities</b>  |   |                               |                                |
| Operating income (loss)  | \$ 21,030                                   | \$ 212,066                    | \$ (667,945)                   |
| Adjustments to reconcile operating income (loss)                         |   |                               |                                |
| to net cash provided (used) by operating activities                      |   |                               |                                |
| Depreciation/Amortization/Bad debt expense                               | 361,566                                     | 979,529                       | 951,438                        |
| Difference between deferred outflows and related to<br>pensions and OPEB | 150,037                                     | 540,958                       | 43,504                         |
| Difference between deferred inflows and related to<br>pensions and OPEB  | 108,102                                     | 377,789                       | 33,067                         |
| Difference between deferred inflows related to leases                    | -   | 436,867                       | 8,028,000                      |
| Difference between net pension/OPEB liability                            | (431,006)                                   | (1,563,728)                   | (123,515)                      |
| Change in assets and liabilities   |   |                               |                                |
| (Increase) Decrease in Accounts receivables                              | (588,097)                                   | (9,447)                       | -                              |
| (Increase) Decrease in Other receivables                                 | 328,572                                     | 5                             | (1)                            |
| (Increase) Decrease in Lease receivables                                 | -   | (436,867)                     | (8,028,000)                    |
| (Increase) Decrease in Taxes receivables                                 | (209,117)                                   | -                             | -                              |
| Increase (Decrease) in Accounts Payable                                  | (42,743)                                    | (5,509)                       | (8,212)                        |
| Increase (Decrease) in Lease Payable                                     | 268,747                                     | -                             | -                              |
| Increase (Decrease) in Gross Receipts Tax Payable                        | 49,546                                      | -                             | -                              |
| Increase (Decrease) in Compensated Absences Payable                      | 4,910                                       | 3,846                         | 2,314                          |
| Increase (Decrease) in Accrued Wages Payable                             | 806   | (1,645)                       | (537)                          |
| Increase (Decrease) in Other Liabilities                                 | -   | 420                           | -                              |
| Increase (Decrease) in Customer Deposits                                 | -   | 30,723                        | -                              |
| Increase (Decrease) Unearned Revenue                                     | -   | -                             | -                              |
| <b>Net cash provided (used) by operating activities</b>                  | <b>\$ 22,353</b>                            | <b>\$ 565,007</b>             | <b>\$ 230,113</b>              |

*The accompanying notes are an integral part of these financial statements.*

| Airport             | Transit Bus<br>System | GCCC                  | Total                 |
|---------------------|-----------------------|-----------------------|-----------------------|
| \$ (991,433)        | \$ (7,037,645)        | \$ (4,266,574)        | \$ (12,730,501)       |
| 1,246,552           | 1,388,068             | 849,081               | 5,776,234             |
| 448,748             | 1,884,779             | 658,133               | 3,726,159             |
| 649,837             | 1,383,629             | 906,689               | 3,459,113             |
| 1,951,305           | -                     | -                     | 10,416,172            |
| (943,609)           | (5,391,321)           | (1,511,064)           | (9,964,243)           |
| -                   | -                     | -                     | (597,544)             |
| -                   | 117                   | 53                    | 328,746               |
| (1,951,305)         | -                     | -                     | (10,416,172)          |
| 1,432,052           | 8,496,521             | -                     | 9,719,456             |
| 528,001             | 314,722               | 175,468               | 961,727               |
| -                   | -                     | -                     | 268,747               |
| -                   | (133)                 | -                     | 49,413                |
| (26,116)            | 27,798                | (4,074)               | 8,678                 |
| (6,593)             | (31,272)              | 43,100                | 3,859                 |
| -                   | (2,605,726)           | -                     | (2,605,306)           |
| -                   | -                     | -                     | 30,723                |
| 50,257              | -                     | -                     | 50,257                |
| <u>\$ 2,387,696</u> | <u>\$ (1,570,463)</u> | <u>\$ (3,149,188)</u> | <u>\$ (1,514,482)</u> |

The accompanying notes are an integral part of these financial statements.

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# INTERNAL SERVICE FUNDS



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**State of New Mexico**  
**City of Santa Fe**  
**Nonmajor Internal Service Fund Descriptions**

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost reimbursement basis.

***Risk Management*** – to account for the premiums, claims, and operating costs of the property and liability insurance program. Costs are billed to departments protected by risk management coverage.

***Santa Fe Health/Dental Fund*** – to account for the cost of operating self-insured health and dental insurance programs. The City contributes 76.50% of the costs and the employee contributes 23.50%. In regards to health; also, the City contributes 60.00% of the costs and the employee contributes 40.00% for the dental program.

***Workers' Compensation*** – to account for the cost of operating a self-insured workers' compensation program.

***Unemployment Fund*** – to account for unemployment claims from City employees. The funding for this program will be derived from a City-wide department assessment.

***Services to Other Departments*** – to account for fleet management goods and services and technology goods and services provided by those departments to other City departments.

**State of New Mexico  
City of Santa Fe  
Combining Statement of Net Position  
Internal Service Funds**

| <b>June 30, 2022</b>                                   | <b>Risk<br/>Management</b> | <b>Santa Fe<br/>Health/<br/>Dental</b> | <b>Workers'<br/>Compensation</b> |
|--|----------------------------|--|----------------------------------|
| <b>Assets</b>  |                            |  |                                  |
| Current assets   |                            |  |                                  |
| Cash, investments, and cash equivalents                | \$ 1,882,818               | \$ 8,179,419                           | \$ 4,725,875                     |
| Other Receivable                                       | -                          | 11,311                                 | -                                |
| Inventory  | -                          | -                                      | -                                |
| <b>Total current assets</b>                            | <b>1,882,818</b>           | <b>8,190,730</b>                       | <b>4,725,875</b>                 |
| Capital assets   |                            |  |                                  |
| Improvements   | -                          | -                                      | -                                |
| Furniture and fixtures                                 | -                          | -                                      | -                                |
| Equipment and machinery                                | 6,812                      | -                                      | -                                |
| Vehicles   | 35,829                     | -                                      | -                                |
| Data processing equipment/software                     | -                          | -                                      | -                                |
| Construction in progress                               | -                          | -                                      | -                                |
| Less: accumulated depreciation                         | (42,641)                   | -                                      | -                                |
| <b>Total noncurrent assets</b>                         | <b>-</b>                   | <b>-</b>                               | <b>-</b>                         |
| <b>Total assets</b>                                    | <b>1,882,818</b>           | <b>8,190,730</b>                       | <b>4,725,875</b>                 |
| Deferred outflows of resources                         |                            |  |                                  |
| Deferred outflows - pension                            | 33,462                     | 34,010                                 | -                                |
| Deferred outflows - OPEB                               | 38,260                     | 38,882                                 | -                                |
| <b>Total deferred outflows of resources</b>            | <b>71,722</b>              | <b>72,892</b>                          | <b>-</b>                         |
| <b>Total assets and deferred outflows of resources</b> | <b>\$ 1,954,540</b>        | <b>\$ 8,263,622</b>                    | <b>\$ 4,725,875</b>              |

| <b>Unemployment<br/>Fund</b> | <b>Services to<br/>Other<br/>Departments</b> | <b>Total</b>  |
|------------------------------|--|---------------|
| \$ 234,975                   | \$ (1,773,274)                               | \$ 13,249,813 |
| -                            | -  | 11,311        |
| -                            | 80,240                                       | 80,240        |
| 234,975                      | (1,693,034)                                  | 13,341,364    |
| -                            | 10,518                                       | 10,518        |
| -                            | 93,277                                       | 93,277        |
| -                            | 13,000                                       | 19,812        |
| -                            | -  | 35,829        |
| -                            | 1,366,312                                    | 1,366,312     |
| -                            | 215,133                                      | 215,133       |
| -                            | (350,062)                                    | (392,703)     |
| -                            | 1,348,178                                    | 1,348,178     |
| 234,975                      | (344,856)                                    | 14,689,542    |
| -                            | 403,544                                      | 471,016       |
| -                            | 461,416                                      | 538,558       |
| -                            | 864,960                                      | 1,009,574     |
| \$ 234,975                   | \$ 520,104                                   | \$ 15,699,116 |

(Continued)

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Net Position**  
**Internal Service Funds**

| <b>June 30, 2022</b>  | <b>Risk<br/>Management</b> | <b>Santa Fe<br/>Health/<br/>Dental</b> | <b>Workers'<br/>Compensation</b> |
|---|----------------------------|--|----------------------------------|
| <b>Liabilities</b>  |                            |  |                                  |
| Current liabilities   |                            |  |                                  |
| Accounts payable  | \$ 140,808                 | \$ 340,123                             | \$ 14,266                        |
| Accrued wages payable   | 7,774                      | 12,904                                 | -                                |
| Claims and judgment payable   | 2,995,666                  | 1,530,000                              | 3,896,771                        |
| <b>Total current liabilities</b>  | <b>3,144,248</b>           | <b>1,883,027</b>                       | <b>3,911,037</b>                 |
| Noncurrent liabilities  |                            |  |                                  |
| Compensated absences payable  | 15,504                     | 9,661                                  | -                                |
| Net pension liability   | 309,455                    | 314,516                                | -                                |
| Net OPEB liability  | 140,781                    | 143,071                                | -                                |
| <b>Total noncurrent liabilities</b>   | <b>465,740</b>             | <b>467,248</b>                         | <b>-</b>                         |
| <b>Total liabilities</b>  | <b>3,609,988</b>           | <b>2,350,275</b>                       | <b>3,911,037</b>                 |
| Deferred inflows of resources   |                            |  |                                  |
| Deferred revenue, leases  |                            |  |                                  |
| Deferred inflows - pension  | 120,057                    | 122,020                                | -                                |
| Deferred inflows - OPEB   | 108,270                    | 110,031                                | -                                |
| <b>Total deferred inflows of resources</b>                                    | <b>228,327</b>             | <b>232,051</b>                         | <b>-</b>                         |
| Net position  |                            |  |                                  |
| Net investment in capital assets  | -                          | -                                      | -                                |
| Unrestricted (deficit)  | (1,883,775)                | 5,681,296                              | 814,838                          |
| <b>Total net position</b>   | <b>(1,883,775)</b>         | <b>5,681,296</b>                       | <b>814,838</b>                   |
| <b>Total liabilities, deferred inflows of<br/>resources, and net position</b> | <b>\$ 1,954,540</b>        | <b>\$ 8,263,622</b>                    | <b>\$ 4,725,875</b>              |

| Unemployment<br>Fund | Services to<br>Other<br>Departments | Total         |
|----------------------|-------------------------------------|---------------|
| \$ 1                 | \$ 523,420                          | \$ 1,018,618  |
| -                    | 202,064                             | 222,742       |
| -                    | -                                   | 8,422,437     |
| 1                    | 725,484                             | 9,663,797     |
| -                    | 313,802                             | 338,967       |
| -                    | 3,731,909                           | 4,355,880     |
| -                    | 1,697,839                           | 1,981,691     |
| -                    | 5,743,550                           | 6,676,538     |
| 1                    | 6,469,034                           | 16,340,335    |
| -                    | 1,447,843                           | 1,689,920     |
| -                    | 1,305,748                           | 1,524,049     |
| -                    | 2,753,591                           | 3,213,969     |
| -                    | 1,348,178                           | 1,348,178     |
| 234,974              | (10,050,699)                        | (5,203,366)   |
| 234,974              | (8,702,521)                         | (3,855,188)   |
| \$ 234,975           | \$ 520,104                          | \$ 15,699,116 |

**State of New Mexico**  
**City of Santa Fe**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**

| <b>June 30, 2022</b>                                 | <b>Risk<br/>Management</b> | <b>Santa Fe<br/>Health/<br/>Dental</b> | <b>Workers'<br/>Compensation</b> |
|--|----------------------------|--|----------------------------------|
| Operating revenues                                   |                            |  |                                  |
| Charges for services                                 | \$ -                       | \$ -                                   | \$ -                             |
| Other revenues                                       | 13,279                     | 133,756                                | 40,422                           |
| Premiums   | 5,041,878                  | 20,281,668                             | -                                |
| <b>Total operating revenues</b>                      | <b>5,055,157</b>           | <b>20,415,424</b>                      | <b>40,422</b>                    |
| Operating expenses                                   |                            |  |                                  |
| Salaries, Wages, and Fringe Benefits                 | 187,038                    | 1,486,048                              | 215,014                          |
| Contractual Services                                 | 200,980                    | 726,103                                | 62,787                           |
| Repairs and maintenance                              | 361                        | -                                      | -                                |
| Supplies   | 213,647                    | 20,790                                 | -                                |
| Small equipment                                      | -                          | -                                      | -                                |
| Depreciation expense                                 | -                          | -                                      | -                                |
| Insurance Premiums                                   | 2,346,729                  | 505,033                                | -                                |
| Claims and Judgments                                 | 2,168,131                  | 18,801,401                             | 1,160,958                        |
| Other  | 264,562                    | 11,830                                 | 225                              |
| <b>Total operating expenses</b>                      | <b>5,381,448</b>           | <b>21,551,205</b>                      | <b>1,438,984</b>                 |
| <b>Operating income (loss)</b>                       | <b>(326,291)</b>           | <b>(1,135,781)</b>                     | <b>(1,398,562)</b>               |
| Non-operating revenues (expenses)                    |                            |  |                                  |
| Investment income (expense)                          | (42,895)                   | (224,612)                              | (41,020)                         |
| <b>Total non-operating revenues (expenses)</b>       | <b>(42,895)</b>            | <b>(224,612)</b>                       | <b>(41,020)</b>                  |
| <b>Income (loss) before transfers</b>                | <b>(369,186)</b>           | <b>(1,360,393)</b>                     | <b>(1,439,582)</b>               |
| Transfers in   | 28,137                     | 2,388,063                              | -                                |
| Transfers (out)                                      | (281,825)                  | (75,000)                               | -                                |
| <b>Change in net position</b>                        | <b>(622,874)</b>           | <b>952,670</b>                         | <b>(1,439,582)</b>               |
| <b>Net position - beginning of year</b>              | <b>(1,260,901)</b>         | <b>2,533,796</b>                       | <b>2,254,420</b>                 |
| <b>Net position - restatement (note 2)</b>           | <b>-</b>                   | <b>2,194,830</b>                       | <b>-</b>                         |
| <b>Net position - beginning of year, as restated</b> | <b>(1,260,901)</b>         | <b>4,728,626</b>                       | <b>2,254,420</b>                 |
| <b>Net position - end of year</b>                    | <b>\$ (1,883,775)</b>      | <b>\$ 5,681,296</b>                    | <b>\$ 814,838</b>                |



| <b>Unemployment<br/>Fund</b> | <b>Services to<br/>Other<br/>Departments</b> | <b>Total</b>   |
|------------------------------|--|----------------|
| \$ -                         | \$ 9,798,974                                 | \$ 9,798,974   |
| -                            | -  | 187,457        |
| 50,854                       | -  | 25,374,400     |
| 50,854                       | 9,798,974                                    | 35,360,831     |
| -                            | 4,720,827                                    | 6,608,927      |
| -                            | 1,906,023                                    | 2,895,893      |
| -                            | 267,619                                      | 267,980        |
| -                            | 2,035,054                                    | 2,269,491      |
| -                            | 181,601                                      | 181,601        |
| -                            | 228,138                                      | 228,138        |
| -                            | 107,145                                      | 2,958,907      |
| -                            | -  | 22,130,490     |
| -                            | 288,773                                      | 565,390        |
| -                            | 9,735,180                                    | 38,106,817     |
| 50,854                       | 63,794                                       | (2,745,986)    |
| -                            | -  | (308,527)      |
| -                            | -  | (308,527)      |
| 50,854                       | 63,794                                       | (3,054,513)    |
| -                            | 71,620                                       | 2,487,820      |
| -                            | (80,292)                                     | (437,117)      |
| 50,854                       | 55,122                                       | (1,003,810)    |
| 184,120                      | (8,757,643)                                  | (5,046,208)    |
| -                            | -  | 2,194,830      |
| 184,120                      | (8,757,643)                                  | (2,851,378)    |
| \$ 234,974                   | \$ (8,702,521)                               | \$ (3,855,188) |

**State of New Mexico  
City of Santa Fe  
Statement of Cash Flows - Internal Service Funds**

| <b>For Year Ended June 30, 2022</b>   | <b>Risk<br/>Management</b> | <b>Santa Fe<br/>Health/<br/>Dental</b> |
|---|----------------------------|--|
| <b>Cash flows from operating activities</b>                                 |                            |  |
| Cash received from customers  | \$ 4,960,466               | \$ 22,882,210                          |
| Cash payments to suppliers for goods and services                           | (4,286,824)                | (19,972,157)                           |
| Cash payments to employees for services                                     | (308,203)                  | (1,600,371)                            |
| <b>Net cash provided (used) by operating activities</b>                     | <b>365,439</b>             | <b>1,309,682</b>                       |
| <b>Cash flows from noncapital financing activities</b>                      |                            |  |
| Transfers in from other funds   | 28,137                     | 2,388,063                              |
| Transfers out to other funds  | (281,825)                  | (75,000)                               |
| <b>Net cash provided (used) by noncapital financing activities</b>          | <b>(253,688)</b>           | <b>2,313,063</b>                       |
| <b>Cash flows from capital and related financing activities</b>             |                            |  |
| Acquisition and construction of capital assets                              | -                          | -                                      |
| <b>Net cash provided (used) by capital and related financing activities</b> | <b>-</b>                   | <b>-</b>                               |
| <b>Cash flows from investing activities</b>                                 |                            |  |
| Interest and dividends on investments                                       | (42,895)                   | (224,612)                              |
| <b>Net cash provided (used) by investing activities</b>                     | <b>(42,895)</b>            | <b>(224,612)</b>                       |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 | <b>68,856</b>              | <b>3,398,133</b>                       |
| Cash and cash equivalents - beginning of year                               | 1,813,962                  | 4,781,286                              |
| <b>Cash and cash equivalents - end of year</b>                              | <b>\$ 1,882,818</b>        | <b>\$ 8,179,419</b>                    |

| <b>Workers'<br/>Compensation</b> | <b>Unemployment<br/>Fund</b> | <b>Services to<br/>Other<br/>Departments</b> | <b>Total</b>  |
|----------------------------------|------------------------------|--|---------------|
| \$ 51,223                        | \$ 15,550                    | \$ 10,001,428                                | \$ 37,910,877 |
| (1,100,956)                      | -                            | (4,834,144)                                  | (30,194,081)  |
| (215,014)                        | -                            | (4,165,258)                                  | (6,288,846)   |
| (1,264,747)                      | 15,550                       | 1,002,026                                    | 1,427,950     |
| -                                | -                            | 71,620                                       | 2,487,820     |
| -                                | -                            | (80,292)                                     | (437,117)     |
| -                                | -                            | (8,672)                                      | 2,050,703     |
| -                                | -                            | (758,290)                                    | (758,290)     |
| -                                | -                            | (758,290)                                    | (758,290)     |
| (41,020)                         | -                            | -  | (308,527)     |
| (41,020)                         | -                            | -  | (308,527)     |
| (1,305,767)                      | 15,550                       | 235,064                                      | 2,411,836     |
| 6,031,642                        | 219,425                      | (2,008,338)                                  | 10,837,977    |
| \$ 4,725,875                     | \$ 234,975                   | \$ (1,773,274)                               | \$ 13,249,813 |

**State of New Mexico**  
**City of Santa Fe**  
**Statement of Cash Flows - Internal Service Funds**

| <b>For Year Ended June 30, 2022</b>                     | <b>Risk<br/>Management</b> | <b>Santa Fe<br/>Health/<br/>Dental</b> |
|---|----------------------------|--|
| <b>Reconciliation of operating income (loss)</b>        |                            |  |
| <b>To net cash provided (used) by</b>                   |                            |  |
| <b>Operating activities</b>                             |                            |  |
| Operating income (loss)                                 | \$ (326,291)               | \$ (1,135,781)                         |
| Adjustments to reconcile operating income (loss)        |                            |  |
| to net cash provided (used) by operating activities     |                            |  |
| Depreciation/Amortization/Bad debt expense              | -                          | -                                      |
| Difference between deferred outflows and related to     |                            |  |
| pensions and OPEB                                       | 131,536                    | 125,071                                |
| Difference between deferred inflows and related to      |                            |  |
| pensions and OPEB                                       | 115,435                    | 122,349                                |
| Difference between deferred inflows related to leases   | -                          | -                                      |
| Difference between net pension/OPEB liability           | (359,696)                  | (331,256)                              |
| Change in assets and liabilities                        |                            |  |
| (Increase) Decrease in Accounts receivables             | -                          | 5,303                                  |
| (Increase) Decrease in Other receivables                | 50                         | 98                                     |
| Increase (Decrease) in Accounts Payable                 | (94,741)                   | 2,461,385                              |
| Increase (Decrease) in Compensated Absences Payable     | (1,478)                    | (29,258)                               |
| Increase (Decrease) in Accrued Wages Payable            | (6,962)                    | (1,229)                                |
| Increase (Decrease) in Inventory                        | -                          | -                                      |
| Increase (Decrease) in Claims Payable                   | 907,586                    | 93,000                                 |
| <b>Net cash provided (used) by operating activities</b> | <b>\$ 365,439</b>          | <b>\$ 1,309,682</b>                    |

| <b>Workers'<br/>Compensation</b> | <b>Unemployment<br/>Fund</b> | <b>Services to<br/>Other<br/>Departments</b> | <b>Total</b>        |
|----------------------------------|------------------------------|--|---------------------|
| \$ (1,398,562)                   | \$ 50,854                    | \$ 63,794                                    | \$ (2,745,986)      |
| -                                | -                            | 228,138                                      | 228,138             |
| -                                | -                            | 1,082,345                                    | 1,338,952           |
| -                                | -                            | 1,670,704                                    | 1,908,488           |
| -                                | -                            | -  | -                   |
| -                                | -                            | (2,329,707)                                  | (3,020,659)         |
| -                                | -                            | -  | 5,303               |
| 117                              | -                            | -  | 265                 |
| 10,684                           | (35,304)                     | 202,454                                      | 2,544,478           |
| -                                | -                            | 98,598                                       | 67,862              |
| -                                | -                            | 33,629                                       | 25,438              |
| -                                | -                            | (47,929)                                     | (47,929)            |
| 123,014                          | -                            | -  | 1,123,600           |
| <b>\$ (1,264,747)</b>            | <b>\$ 15,550</b>             | <b>\$ 1,002,026</b>                          | <b>\$ 1,427,950</b> |

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## SUPPORTING SCHEDULES



**State of New Mexico  
City of Santa Fe  
Schedule of Deposits and Investments  
June 30, 2022**

| <b>Bank Account Type/Name</b>                                | <b>Citibank</b>   | <b>Guadalupe<br/>Credit Union</b> | <b>LGIP</b>          |
|--|-------------------|-----------------------------------|----------------------|
| Santa Fe health - checking - non-interest bearing            | \$ 144,581        | \$ -                              | \$ -                 |
| Certificates of deposit - interest bearing                   | -                 | 267,801                           | -                    |
| LGIP Fund - interest bearing                                 | -                 | -                                 | 40,054,323           |
| NMFA cash accounts   | -                 | -                                 | -                    |
| NMFA investment accounts**                                   | -                 | -                                 | -                    |
| Municipal checking - interest bearing                        | -                 | -                                 | -                    |
| Common - checking - non-interest bearing                     | -                 | -                                 | -                    |
| Government money market - restricted cash - interest bearing | -                 | -                                 | -                    |
| Money market - interest bearing                              | -                 | -                                 | -                    |
| Fixed income securities - interest bearing                   | -                 | -                                 | -                    |
| BDD Money market - interest bearing                          | -                 | -                                 | -                    |
| BDD Fixed income securities - interest bearing               | -                 | -                                 | -                    |
| False alarm trust - interest bearing                         | -                 | -                                 | -                    |
| <b>Total</b>   | <b>144,581</b>    | <b>267,801</b>                    | <b>40,054,323</b>    |
| <b>Reconciling items</b>                                     | <b>314,991</b>    | <b>-</b>                          | <b>-</b>             |
| <b>Reconciled balance</b>                                    | <b>\$ 459,572</b> | <b>\$ 267,801</b>                 | <b>\$ 40,054,323</b> |

Plus petty cash  
 Less cash, cash equivalents, and investments per fiduciary  
     funds statement of net position  
 Less restricted cash, cash equivalents, and  
     investments per statement of net position  
 Unallocated cash

---

Cash and cash equivalents per statement of net position

\*\*Accounts are U.S. Treasury MM Mutual Funds



| <b>New Mexico<br/>Finance<br/>Authority</b> | <b>Sterling National<br/>Bank</b> | <b>Wells Fargo<br/>Bank</b> | <b>Totals</b>         |
|---|-----------------------------------|-----------------------------|-----------------------|
| \$ -  | \$ -                              | \$ -                        | \$ 144,581            |
| -   | -                                 | -                           | 267,801               |
| -   | -                                 | -                           | 40,054,323            |
| 74,098                                      | -                                 | -                           | 74,098                |
| 184,490                                     | -                                 | -                           | 184,490               |
| -   | 17,096,451                        | -                           | 17,096,451            |
| -   | -                                 | 18,043,721                  | 18,043,721            |
| -   | -                                 | 4,842,602                   | 4,842,602             |
| -   | -                                 | 212,348,397                 | 212,348,397           |
| -   | -                                 | 53,433,450                  | 53,433,450            |
| -   | -                                 | 55,111,570                  | 55,111,570            |
| -   | -                                 | 14,913,281                  | 14,913,281            |
| -   | -                                 | 67,261                      | 67,261                |
| 258,588                                     | 17,096,451                        | 358,760,282                 | 416,582,026           |
| -   | -                                 | (10,315,819)                | (10,000,828)          |
| <u>\$ 258,588</u>                           | <u>\$ 17,096,451</u>              | <u>\$ 348,444,463</u>       | <u>406,581,198</u>    |
|   |                                   |                             | 4,950                 |
|   |                                   |                             | (92,244,371)          |
|   |                                   |                             | (18,582,653)          |
|   |                                   |                             | (1,737,656)           |
|   |                                   |                             | <u>\$ 294,021,468</u> |

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**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Collateral Pledged by Depository For Public Funds**  
**June 30, 2022**

| Name of<br>Depository   | Description of Pledged Collateral | Maturity  | CUSIP Number | Fair Market<br>Value<br>June 30, 2022 |
|---|-----------------------------------|-----------|--------------|---------------------------------------|
| <b>Sterling National Bank</b>   |                                   |           |              |                                       |
|   | Florida St Brd 3.0%               | 6/1/2036  | 34153QKX3    | \$ 2,207                              |
|   | Hawaii St 3.0%                    | 4/1/2032  | 419792HZ2    | 3,444,160                             |
|   | New York NYC 2.653%               | 11/1/2036 | 64972EUQ0    | 10,027                                |
|   | New York NYC 5.0%                 | 6/15/2035 | 64972GDQ4    | 13,401,444                            |
|   | Ohio St 5.0%                      | 5/1/2030  | 677522RD6    | 6,252                                 |
|   | Ohio St 5.0%                      | 9/15/2026 | 677522VL5    | 266,879                               |
|   | Texas St. 5.0%                    | 10/1/2032 | 8827236U8    | 6,301                                 |
|   | Wisconsin St. 5.0%                | 5/1/2034  | 97705MDF9    | 23,455                                |
|   | Wisconsin St. 4.0%                | 5/1/2036  | 97705MLS2    | 17,161                                |
| <b>Total Sterling National Bank</b>   |                                   |           |              | <b>17,177,886</b>                     |
| Name and location of safekeeper for above pledged collateral:<br>BNY Mellon, New York, New York |                                   |           |              |                                       |
| <b>Wells Fargo Bank</b>   |                                   |           |              |                                       |
|   | FMAC FEPC 3.0%                    | 11/1/2049 | 3133KG5L8    | 636,927                               |
|   | FNMA FNMS 2.5%                    | 5/1/2031  | 3138WG5F7    | 2,422,288                             |
|   | FNMA FNMS 2.5%                    | 5/1/2031  | 3140F4JS6    | 2,625,578                             |
|   | FNMA FNMS 3.5%                    | 3/1/2047  | 3140FE2L7    | 782,503                               |
|   | FNMA FNMS 2.5%                    | 9/1/2051  | 3140LSGH4    | 2,045,057                             |
|   | GNMA G2SF 2.0%                    | 3/20/2051 | 3617V6XY1    | 573,943                               |
|   | GNMA G2SP 2.5%                    | 2/20/2051 | 3622AAYG3    | 2,395,856                             |
|   | GNMA G2SP 2.5%                    | 1/20/2052 | 3622ABMC3    | 6,199,440                             |
| <b>Total Wells Fargo Bank</b>   |                                   |           |              | <b>17,681,592</b>                     |
| Name and location of safekeeper for above pledged collateral:<br>BNY Mellon, New York, New York |                                   |           |              |                                       |
| <b>Total pledged collateral</b>   |                                   |           |              | <b>\$ 34,859,478</b>                  |

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Joint Powers Agreements**  
**For the Year Ended June 30, 2022**

| <b>Joint Power Agreement</b>                              | <b>Participants</b>                                    | <b>Responsible Party</b>                               | <b>Description</b>  |
|---|--|--|---|
| 1 City of Santa Fe and County of Santa Fe                 | City of Santa Fe<br>County of Santa Fe<br>BDD          | City of Santa Fe<br>County of Santa Fe<br>BDD          | To operate and manage the Buckman Direct Diversion Water Project                            |
| 2 City of Santa Fe and County of Santa Fe                 | City of Santa Fe<br>County of Santa Fe<br>SWMA         | City of Santa Fe<br>County of Santa Fe<br>BDD          | To operate and manage the Santa Fe Solid Waste Management Agency                            |
| 3 City of Santa Fe and NM Taxation and Revenue Department | City of Santa Fe<br>NM Taxation and Revenue Department | City of Santa Fe<br>NM Taxation and Revenue Department | City to issue CRS numbers necessary for the purpose of registering a business in New Mexico |

| <b>Beginning and Ending Dates</b>                                       | <b>Total Estimated Project Amount and Amount Applicable to Party</b> | <b>Amount contributed By City During Current Fiscal Year</b> | <b>Audit Responsibility</b> | <b>Fiscal Agent and Responsible Reporting Entity</b> |
|---|--|--|-----------------------------|--|
| Date of approval by DFA to termination by either party's governing body | 50%  | \$ 5,780,166   | BDD                         | BDD  |
| Date of approval by DFA to termination by either party's governing body | 50%  | \$ 3,921,442   | SWMA                        | SWMA   |
| 7/1/2026 - 6/30/2026  | 0%   | \$ -   | City of Santa Fe            | City of Santa Fe                                     |

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# COMPLIANCE SECTION



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

Joseph M. Maestas, P.E., New Mexico State Auditor  
The Office of Management and Budget and  
The Mayor and Members of City Council  
City of Santa Fe  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund that has a legally adopted annual budget of the City of Santa Fe, New Mexico (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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.



We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

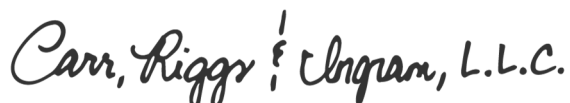
We noted certain matters that are required to be reported pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs under Section 12-6-5 NMSA 1978 as items 2022-009, 2022-010, 2022-011, 2022-012, 2022-013, 2022-014, 2022-015, 2022-016 and 2022-017.

### **City's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.



Carr, Riggs & Ingram, LLC  
Albuquerque, NM  
December 7, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Joseph M. Maestas, P.E. New Mexico State Auditor  
The Office of Management and Budget and  
City of Santa Fe Members of City Council  
City of Santa Fe  
Santa Fe, New Mexico

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

***Opinion on Each Major Federal Program***

We have audited the City of Santa Fe's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2022.

***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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 the City's compliance with the compliance requirements referred to above.

### ***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 the City's federal programs.

### ***Auditors' 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 the City's 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 generally accepted auditing standards, *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 the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's 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 the City's 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.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-007. Our opinion on each major federal program is not modified with respect to this matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-006 and 2022-007 to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-008 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 7, 2023

**State of New Mexico  
City of Santa Fe  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

| <b>Federal Grantor or Pass- Through Grantor / Program Title</b>                               | <b>Grant/Pass<br/>Thru Number</b> |
|---|-----------------------------------|
| <b>U.S. Department of Agriculture</b>   |                                   |
| Watershed Restoration and Enhancement Agreement<br>Authority                                  | 17-CS-11031000-006                |
| <b>Total U.S. Department of Agriculture</b>   |                                   |
| <b>U.S. Department of Housing and Urban Development</b>                                       |                                   |
| CDBG - Entitlement Grants Cluster<br>Community Development Block Grants/Entitlement Grants    | B-21-MC-35-0003                   |
| Subtotal - CDBG - Entitlement Grants Cluster  |                                   |
| <b>Total U.S. Department of Housing and Urban Development</b>                                 |                                   |
| <b>U.S. Department of Transportation</b>  |                                   |
| <i>Direct Programs</i>  |                                   |
| Airport Improvement Program #52   | SAF-SWG- 3-35-0037-052-2020       |
| Airport Improvement Program #53   | SAF-SWG- 3-35-0037-053-2020       |
| Airport Improvement Program #54   | SAF-SWG- 3-35-0037-054-2021       |
| Subtotal Airport Improvement Program  |                                   |
| Federal Transit Formula Grants  | NM-2020-013-00                    |
| <i>Passed through the New Mexico Highway and Transportation<br/>Department</i>                |                                   |
| Highway Planning and Construction Cluster<br>Highway Planning and Construction                | D18464                            |
| Subtotal - Highway Planning and Construction Cluster  |                                   |
| Metropolitan Transportation Planning and State and Non-<br>Metropolitan Planning and Research | M01628, D16022                    |
| Minimum Penalties for Repeat Offenders for Driving While<br>Intoxicated                       | 01-AL-64-090                      |
| <i>Passed through the New Mexico Environment Department</i>                                   |                                   |
| Interagency Hazardous Materials Public Sector Training and<br>Planning Grants                 | HMEP-2021-00-00                   |
| <b>Total U.S. Department of Transportation</b>  |                                   |
| <b>National Endowment for the Arts</b>  |                                   |
| <i>Passed through Arts Midwest</i>  |                                   |
| Promotion of the Arts Grants to Organizations and Individuals                                 | 00031575                          |
| <b>Total National Endowment for the Arts</b>  |                                   |

*See accompanying notes to schedule of expenditures of federal awards.*

| <b>Assistance<br/>Listing Number</b> | <b>Federal<br/>Expenditures</b> | <b>Program/<br/>Cluster<br/>Subtotal</b> | <b>Funds<br/>Provided to<br/>Subrecipient</b> | <b>Noncash<br/>Assistance</b> |
|--------------------------------------|---------------------------------|--|---|-------------------------------|
| 10.693                               | \$ 75,066                       |  | \$ -  | \$ -                          |
|                                      | 75,066                          |  | -   | -                             |
| 14.218                               | 299,484                         |  | 233,481                                       | -                             |
|                                      |                                 | 299,484                                  |   |                               |
|                                      | 299,484                         |  | 233,481                                       | -                             |
| 20.106                               | 649,362                         |  | -   | -                             |
| 20.106                               | 211,845                         |  | -   | -                             |
| 20.106                               | 392,629                         |  | -   | -                             |
|                                      |                                 | 1,253,836                                |   |                               |
| 20.507                               | 45,230                          |  | -   | -                             |
| 20.205                               | 176,895                         |  | -   | -                             |
|                                      |                                 | 176,895                                  |   |                               |
| 20.505                               | 267,514                         |  | -   | -                             |
| 20.608                               | 27,963                          |  | -   | -                             |
| 20.703                               | 50,749                          |  | -   | -                             |
|                                      | 1,822,187                       |  | -   | -                             |
| 45.024                               | 15,000                          |  | -   | -                             |
|                                      | 15,000                          |  | -   | -                             |

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

**State of New Mexico  
City of Santa Fe  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

| <b>Federal Grantor or Pass- Through Grantor / Program Title</b>   | <b>Grant/Pass<br/>Thru Number</b>                     |
|---|---|
| <b>Environmental Protection Agency</b>  |   |
| <i>Passed through the New Mexico Environment Department</i>   |   |
| Clean Water State Revolving Fund Cluster  |   |
| Capitalization Grants for Clean Water State Revolving Funds   | CWSRF 088   |
| Subtotal - Drinking Water State Revolving Fund Cluster  |   |
| <b>Total Environmental Protection Agency</b>  |   |
| <b>U.S. Department of Health and Human Services</b>   |   |
| <i>Passed through the North Central New Mexico Economic District Non-Metro Area Agency</i>                                    |   |
| Aging Cluster   |   |
| Special Programs for the Aging: Title III Part B, Grants for Supportive Services and Senior Centers Services & Senior Centers | 2021-22-60026   |
| Special Programs for the Aging: Title III Part C-1, Nutrition Services  | 2021-22-60026   |
| Special Programs for the Aging: Title III Part C-2, Nutrition Services  | 2021-22-60026   |
| National Family Caregiver Support, Title III, Part E  | 2021-22-60026   |
| Nutrition Services Incentive Program (NSIP)   | 2021-22-60026   |
| Subtotal Aging Cluster  |   |
| <i>Passed through New Mexico Department of Human Services IFT</i>   |   |
| Opioid STR  | 2017-AR-BX-K032                                       |
| <b>Total U.S. Department of Health and Human Services</b>   |   |
| <b>Corporation for National Community Service</b>   |   |
| <i>Passed through the New Mexico State Agency on Aging</i>  |   |
| AmeriCorps Seniors Retired and Senior Volunteer Program (RSVP)  | 21-624-4000-0024                                      |
| Foster Grandparent/Senior Companion Cluster   |   |
| AmeriCorps Seniors Foster Grandparent Program (FGP)   | 21-624-4000-0024                                      |
| Subtotal - Foster Grandparent/Senior Companion Cluster  |   |
| <b>Total Corporation for National Community Service</b>   |   |
| <b>U.S. Department of Homeland Security</b>   |   |
| <i>Passed through the New Mexico Department of Homeland Security and Emergency Management</i>                                 |   |
| Homeland Security Grant Program   | EMW-2019-SS-00083-S01-02,<br>EMW-2020-SS-00127-S01-01 |
| <b>Total U.S. Department of Homeland Security</b>   |   |
| <b>Total Federal Financial Assistance</b>   |   |

*See accompanying notes to schedule of expenditures of federal awards.*



| Assistance Listing Number | Federal Expenditures | Program/ Cluster Subtotal | Funds Provided to Subrecipient | Noncash Assistance |
|---------------------------|----------------------|---------------------------|--------------------------------|--------------------|
| 66.458                    | \$ 62,936            |                           | \$ -                           | \$ -               |
|                           |                      | 62,936                    |                                |                    |
|                           | 62,936               |                           | -                              | -                  |
| 93.044                    | 69,171               |                           | -                              | -                  |
| 93.045                    | 96,279               |                           | -                              | -                  |
| 93.045                    | 32,418               |                           | -                              | -                  |
| 93.052                    | 74,432               |                           | -                              | -                  |
| 93.053                    | 109,484              |                           | -                              | -                  |
|                           |                      | 381,784                   |                                |                    |
| 93.788                    | 81,133               |                           | -                              | -                  |
|                           | 462,917              |                           | -                              | -                  |
| 94.002                    | 37,587               |                           | -                              | -                  |
| 94.011                    | 32,326               |                           | -                              | -                  |
|                           |                      | 32,326                    |                                |                    |
|                           | 69,913               |                           | -                              | -                  |
| 97.067                    | 398,798              |                           | -                              | -                  |
|                           | 398,798              |                           | -                              | -                  |
|                           | \$ 3,206,301         |                           | \$ 233,481                     | \$ -               |

See accompanying notes to schedule of expenditures of federal awards.

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**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Santa Fe. (The "City") and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, our used in the preparation of, the financial statements.

**2. Loans**

The City did not expend federal awards related to loans or loan guarantees during the year.

**3. 10% de minimus Indirect Cost Rate**

The City did not elect to use the allowed 10% indirect cost rate.

**4. Federally Funded Insurance**

The City has no federally funded insurance.

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

|  |                |
|--|----------------|
| Total federal awards expended per schedule of expenditures of federal awards | \$ 3,206,301   |
| Total expenditures funded by other sources                                   | 306,769,078    |
| <hr/>  |                |
| Total expenditures   | \$ 309,975,379 |
| <hr/>  |                |

**State of New Mexico  
City of Santa Fe  
Schedule of Findings and Questioned Costs  
June 30, 2022**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs  | Unmodified |
| 2. Internal control over major programs:   |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses?                               | Yes        |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | Yes        |
| 4. Identification of major programs:   |            |

| Assistance Listing<br>Number | Federal Program             |
|------------------------------|-----------------------------|
| 20.106                       | Airport Improvement Program |
| 97.067                       | Homeland Security Grant     |

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2022-001 (originally 2019-007) – Schedule of Expenditures of Federal Awards and Internal Controls over Grant Reporting (Material Weakness) (repeated/modified)**

*Condition:* The City provided multiple SEFAs during the audit, which included changes in grants and amounts expended.

*Management's Progress on Repeat Findings:* The City has had difficulty accumulating grant related financial records and subledgers, primarily in older fiscal periods. However, in September of 2022, a Grants Manager was hired who has been continuously working to reconcile the data in the City's accounting system and establish a process for accurately tracking grant funding sources and the related expenditures.

*Criteria:* According to the Uniform Guidance (2 CFR Section 200.510(b) – Schedule of Expenditures of Federal Awards), a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended.

*Cause:* The City's financial system was initially not set up to properly identify and segregate grant funding sources and expenditures to allow for accurate financial reporting. Additionally, there has been a lack of consistency in the City's key grant management positions due to turnover and the involvement of multiple consultants since the issuance of the fiscal year 2020 audit.

*Effect:* The City is not able to produce an accurate schedule of amounts expended from federal awards.

*Auditor recommendation:* The City should ensure its grant funding is appropriately segregated within its accounting system either through sub ledgers or separate fund structures. Additionally, the City should work with its Grants Manager to implement a reconciliation and review process to allow for accurate and complete grant financial data to be periodically produced and validated.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-001 (originally 2019-007) – Schedule of Expenditures of Federal Awards and Internal Controls over Grant Reporting (Material Weakness) (repeated/modified) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. During fiscal year 2020 the City underwent an extensive accounting software conversion going from the JD Edwards system (which had been utilized by the City since 1999) to the new MUNIS system. Also, due to the impact of the COVID-19 pandemic and the Finance Department being severely understaffed, the preparation of the Schedule of Expenditures of Federal Awards (SEFA) became extremely difficult. In FY21, the City brought in an outside contractor to assist staff with the SEFA preparation and in FY23, the new Finance Director, Chief Procurement Officer, and Grants Manager are working toward improved Grant Compliance. The new Grants Manager is being assisted in FY22 SEFA preparation by consultants from an independent public accounting firm that performed previous audits of the City and has extensive expertise in governmental accounting and financial reporting. In January 2023, the Finance Department, in coordination with the City's Information Technology and Telecommunications Department and Human Resources Department, successfully upgraded the MUNIS Enterprise Resource Planning (ERP) software to the 2019 version. This upgrade was required for the full implementation of the project ledger and grants module in MUNIS, which is now scheduled for training and testing by the Grants Office in January 2024 (FY24), and full implementation for FY25. This implementation will allow for expenditures to be properly coded and tracked in MUNIS, as well as for a MUNIS generated SEFA.

*Responsible Official:* Finance Director and Grants Manager

*Timeline and Estimated Completion Date:* July 1, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-002 (originally 2017-001) – Internal Controls over Financial Close and Reporting (Material Weakness) (repeated/modified)**

*Condition:* The City lacks an effective internal control structure over the financial close and reporting process to allow for timely and accurate financial reporting. Specifically, the City is not adhering to a monthly or quarterly accounting close schedule.

*Management’s Progress on Repeat Findings:* The City’s June 30, 2019 audit was not completed until the beginning of fiscal year 2021. Since that time, the City has been behind in its financial close and reporting procedures. The City has hired new finance staff into key positions and is utilizing the help of a consultant with the aim of catching up on its financial close schedule by the end of fiscal year 2024.

*Criteria:* The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of designing proper control activities is implementing and maintaining a process to complete periodic closing procedures in a timely and accurate fashion.

*Cause:* Lack of adequate processes and procedures in place to properly review and reconcile account balances. In addition, lack of staffing and virtual working due to the COVID-19 pandemic.

*Effect:* Without reconciliations occurring throughout the year, stakeholders are not able to obtain an accurate understanding of the financial position of the City prior to the issuance of the audited year-end financial statements. Interim financial statements may lack accuracy if periodic reconciliations are not performed and the necessary adjustments made.

*Auditor recommendation:* City management develop, approve, and hold individuals accountable to a schedule of accounting closes on a monthly basis. This will likely need to include nonaccounting personnel, such as department directors. We also recommend that in addition to the City Accounting Officer, the Director of Finance and the City Manager, if necessary, participate in the implementation of the accounting close schedule. Additionally, the City needs to ensure that relevant staff, including accounting and department staff, fully understand the financial reporting process.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-002 (originally 2017-001) – Internal Controls over Financial Close and Reporting (Material Weakness) (repeated/modified) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. During FY21 and FY22, there were several finance positions vacancies. The vacancies slowed and limited the progress on the transition to the MUNIS ERP software as well as the implementation & enforcement of a monthly close. Staffing changes also resulted in a loss of institutional knowledge which limited the sync between the former process and the “to be process”. In addition, the finance staff did not have the Munis experience and knowledge of the closing process. To address the gap in knowledge, the staff members were sent to the annual MUNIS Connect trainings. The City also signed up for the Munis educational program (PACE) for two reasons: to have an education resource and to ensure that knowledge is current with any updates made to Munis. These changes resulted in the implementation of a hard close in Munis.

In FY23, the City contracted with consultants from an independent public accounting firm that performed previous audits of the City and has extensive expertise in governmental accounting and financial reporting. The consultants provide audit preparation services and operational support, including fund work (account reconciliations, accounting treatments), the implementation of a monthly closing process. In FY24 two key positions were filled, the controller and the accounting officer. Having those positions filled will help in the enforcement & execution of the monthly processes. Additionally, the Finance Department, in the post pandemic environment, has been able to hire qualified key staff members to fill key positions and implement hard close procedures for both FY22 and FY23. In addition to the annual close processes, a monthly close process was implemented and maintained throughout FY23.

*Responsible Official:* Finance Director, Accounting Officer, and Controller

*Timeline and Estimated Completion Date:* December 31, 2023



**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-003 (originally 2020-004) – Controls over Journal Entries (Material Weakness)  
(repeated/modified)**

*Condition:* The following issues were identified related to journal entries entered by the City:

- The City utilized various consultants throughout fiscal year 2022 to assist the Finance Department. Many of the journal entries proposed were initially duplicated, reversed, and/or reposted to clean up the general ledger after the close of the fiscal year. This caused disorganization in the general ledger and difficulty connecting the proposed entries to the relevant paper trail at the close of the fiscal year and during the 2022 audit. Additionally, many of these entries did not have support posted in MUNIS that clearly agrees to the underlying adjustment.

*Management's Progress on Repeat Findings:* Since the issuance of the 2020 audit, the City appears to be consistently attaching journal entry support within MUNIS for entries proposed by the City. However, there are still some manual entries initially proposed by the City during fiscal year 2022 that do not consistently have support and/or attachments in MUNIS, particularly from Utilities.

*Criteria:* The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of well-designed control activities is a process for reviewing and maintaining supporting documentation for manual journal entries.

*Cause:* Lack of adequate processes and resources in place to properly review journal entries prior to posting to the general ledger. In addition, lack of staffing and virtual working due to the COVID-19 pandemic.

*Effect:* This caused disorganization in the general ledger and difficulty connecting the proposed entries to the relevant paper trail at the close of the fiscal year and during the 2022 audit.

*Auditor recommendation:* The City should develop a protocol for timely reviewing proposed journal entries by its consultants that focuses on posting entries in an understandable and trackable fashion. Additionally, the City should require that any journal entries, regardless of how they originated, be supported by documentation that agrees to the adjustment.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-003 (originally 2020-004) – Controls over Journal Entries (Material Weakness)  
(repeated/modified) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. To resolve the finding; the City contracted with an accounting firm to assist with the audit preparation; this resulted in proper documentation for the FY22 audit. In FY23 the City assigned the journal review task to an experienced and accredited CPA. Upon doing so, the best business practices have been enforced. Practices such as the requirement of primary source documents, timely recordings of transactions, and monthly closes. To further improve the process, in FY24 the City will document the requirements and best business practices for managing the general ledger and will host training sessions for all City staff. The Finance Director instructed all City Finance staff and the current audit preparation contractors that all journal entries for FY22, FY23 and all subsequent years must have supporting-documentation that clearly shows the necessity and rationale for the entry, attached within the MUNIS Content Manager module, no matter how large the supporting files.

*Responsible Official:* Finance Director, Accounting Officer, and Controller

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-004 (originally 2020-008) – Controls over Cash Balances (Material Weakness) (repeated/modified)**

*Condition:* During our testing over other cash balances held by the City, we noted the following.

- The MUNIS system has an internal balancing account related to the pooled cash accounts that will balance the entries at the fund level, however the use of this feature could result in errors if an entry is not accurately entered into the system. The City posted numerous entries that adjusted claims on the pooled cash without an offsetting actual cash transaction in the pooled cash fund which has led to difficulties reconciling the cash in a timely manner.
- The City is not regularly reconciling its non-sufficient funds (NSF) account which is causing the balance to accumulate and not be applied to funds.
- The City is not actively reconciling the Pooled Cash Assets to the claims on the accounts by the various funds of the City and the other entities participating in the pool.
- The entries to record the income to the funds and other entities participating in the pool needed adjustments to accurately capture expenses of the pool and reverse the income activity that was accrued in the prior year.

*Management's Progress on Repeat Findings:* The City's management along with its consulting accountant have been worked to identify and address many issues in the cash reconciliation and reporting process throughout 2022 and 2023. Many of the previously existing issues from finding 2020-008 have been resolved and the City continues to make progress towards resolving the cash reconciling issues.

*Criteria:* Proper cash procedures include a reconciliation process that will reconcile the differences between the bank balance of the account and the account balance on the trial balance by reviewing pooled cash, outstanding checks, deposits in transit, voided checks, and NSF checks.

*Cause:* Lack of adequate cash reconciliation processes at the City. In addition, lack of staffing and virtual working due to the COVID-19 pandemic.

*Effect:* The City could have a misstated cash balance that is undetected by the internal controls.

*Auditor recommendation:* The City should work to reconcile the pooled cash accounts and NSF account through current. Additionally, the City's management team should avoid making manual entries to NSF and pooled cash whenever possible to allow the accounting system to track such items appropriately.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-004 (originally 2020-008) – Controls over Cash Balances (Material Weakness) (repeated/modified)  
(Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. The City has contracted with consultants from an independent public accounting firm that performed previous audits of the City and has extensive expertise in Governmental accounting and financial reporting to assist staff with bank reconciliation processes for the FY22 and FY23 audit preparation. The cash account has been reconciled. By mid-FY25 the City anticipates incorporating the Munis Module, Treasury Management that would help reconcile cash through the ERP system. The use of the module, Treasury Management, will help reconcile the cash account from bank to the general ledger. This is important because the premise for the reconciliation will be the bank data, which will include NSFs. Another important feature of the Treasury Management Module is that it will facilitate the establishment of multiple general ledger account numbers that correlate to the various bank accounts. The relationship between general ledger transactions will be one-to-one, vs. one to many. The consultants are also providing training to City staff responsible for cash reconciliation and making recommendations for process improvements to make the reconciliation process less complex. In addition, the City's implementation of hard year end closes starting with FY22 and implementation of a monthly close process in FY23, are assisting with the City's efforts to correct this finding. The Controller position has been filled and this key position is responsible for revising and maintaining cash reconciliation and NSF reconciliation processes in coordination with the Treasury Officer. The reconciliation process & the treatment of the NSFs will be documented thus ensuring the continuity of the process.

*Responsible Official:* Finance Director, Treasury Officer, Accounting Officer, Controller

*Timeline and Estimated Completion Date:* December 31, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**2022-005 – Controls over Payroll (Significant Deficiency)**

*Condition:* During our testing over payroll, we noted one out of the 25 samples, the employee’s timesheet was not approved.

*Criteria:* The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of designing proper control activities is implementing and maintaining appropriate review controls, including as it relates to payroll.

*Cause:* The individuals supervisor was not available to approve the timesheet prior to the payroll run.

*Effect:* This could result in a material misstatement or fraudulent payroll activity.

*Auditor recommendation:* The City should ensure all payroll processes and controls are followed.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. In FY22 the Payroll Division started sending out a bi-weekly payroll reminder with tips and guidance for managers and supervisors. During FY24 we will develop training on timecard approval and add this information to the bi-weekly correspondence about timesheet approval deadlines. We will also work with the City Manager and HR to address repeat noncompliance with disciplinary action. Further, we will work with HR and ITT to ensure that all timecards have a backup approver in the event of a supervisor’s absence.

*Responsible Official:* Finance Director, Payroll Officer, Human Resources, Information Technology & Telecommunications, and Supervisors and Managers City-wide

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION III – FEDERAL AWARD FINDINGS**

**2022-006 (originally 2021-009) – Matching and Financial Reporting (Material Weakness in Internal Controls over Compliance) (repeated/modified)**

*Federal Program Information*

*Federal Award Title and ALN:* Airport Improvement Program, 20.106  
*Federal Awarding Agency:* Department of Transportation, Federal Aviation Administration  
*Federal Award ID Number:* SAF-SWG-3-35-0037-052-2020; SAF-SWG-3-35-0037-053-2020;  
SAF-SWG-3-35-0037-054-2021  
*Federal Award Year:* 2020, 2021

*Condition:* The City submitted 9 financial reports not approved by the Airport Manager and did not provide supporting backup documentation to test accuracy on 3 of the financial reports.

*Management’s Progress on Repeat Findings:* The 2021 audit was completed in June of 2023. As such, the City was unable to take corrective action during fiscal year 2022 that would result in progress towards resolving this finding.

*Criteria:* Per Title 2 US Code of Federal Regulations Part 200.303a, non-federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entities is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per Title 2 US Code of Federal Regulations Part 200.508(d), the Auditee must provide the auditor with access to books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by grant agreements and part 200.306(b), for all federal awards, any matching funds, must be accepted as part of the non-Federal entities matching when the following criteria is met (1) Are verifiable from the non-Federal entities records.

*Cause:* The City did not have sufficient controls in place to review and approve reports ensuring accuracy of reports to the grantor agency.

*Questioned Cost:* None

*Effect:* Lack of proper review for accuracy of reports can result in improper reporting which could lead to disallowed costs. However, our audit disclosed no instances of unallowable costs.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**2022-006 (originally 2021-009) – Matching and Financial Reporting (Material Weakness in Internal Controls over Compliance) (repeated/modified) (Continued)**

*Auditor recommendation:* We recommend the City strengthen the controls in place to provide assurance Federal Financial Reports are submitted accurately to the grantor agency and retain backup documentation to support amounts reported.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. In November 2022 the City hired a new Airport Manager with substantial experience managing municipal airports and federal funding for airports. Prior to the hire, the Airport Operations Manager was the acting Manager, but that position was vacated in FY23. In FY24 the Finance Director and the Grants Manager will continue to work with the Airport staff to implement controls and to provide assurance that Federal Financial Reports have adequate supporting documentation and are reviewed and approved prior to submission the grantor agency.

*Responsible Official:* Finance Director, Airport Manager, Grants Manager

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**2022-007 – Activities allowed, Allowable Costs over Non-Payroll (Material Weakness over Internal Controls over Compliance, Other Noncompliance)**

*Federal Program Information*

*Federal Award Title and ALN:* Airport Improvement Program, 20.106  
*Federal Awarding Agency:* Department of Transportation, Federal Aviation Administration  
*Federal Award ID Number:* SAF-SWG-3-35-0037-052-2020; SAF-SWG-3-35-0037-053-2020;  
SAF-SWG-3-35-0037-054-2021  
*Federal Award Year:* 2020, 2021

*Condition:* During our review of non-payroll related transactions, 14 out of 18 transactions tested did not include appropriate approval by the Airport Manager, 3 out of 18 transactions did not include a date of approval by the Airport Manager, and 1 out of 18 transactions did not include supporting documentation or purchase order information on the GL.

*Criteria:* Per Title 2 US Code of Federal Regulations Part 200.303a, non-federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entities is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per Title 2 US Code of Federal Regulations Part 200.403g, costs must be adequately documented to be allowable under Federal awards.

*Cause:* The City is not following procedures to ensure the appropriate approvals are being conducted on all purchases or retaining the supporting documentation to ensure purchase is allowable.

*Questioned Cost:* Known and likely questioned costs of \$35,021

*Effect:* The City may unintentionally charge expenses to the program that do not qualify and in turn lead to questioned costs and/or repayment of funds to the Grantor agency.

*Auditor recommendation:* We recommend the City strengthen the controls in place to provide assurance that proper review occurs with someone knowledgeable with the grant and retain backup documentation to support amounts charged to grant.



**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**2022-007 – Activities allowed, Allowable Costs over Non-Payroll (Material Weakness over Internal Controls over Compliance, Other Noncompliance) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. In September of 2022, the City hired a highly qualified Grants Manager who has been continuously working with City Departments that receive grant funding to raise awareness of requirements such as the need to ensure that grant-funded transactions are appropriately reviewed and approved by someone knowledgeable with the grant. Key vacancies and personnel changes at the Airport during FY22 resulted in insufficient staffing to allow for robust internal controls and separation of duties. During FY24 the Finance Director and the Grants Manager will work with the Airport team to develop a procedure to document controls performed to review and approve grant-funded transactions. In FY24 the Grants Manager will provide Uniform Guidance training to City staff which will include allowable costs and internal controls.

*Responsible Official:* Finance Director, Airport Manager, Airport Operations Manager, Grants Manager

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
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**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**2022-008 – Reporting (Significant Deficiency over Internal Controls over Compliance)**

*Federal Program Information*

*Federal Award Title and ALN:* Hazard Mitigation Grant Program, 97.067  
*Federal Awarding Agency:* Department of Homeland Security  
*Pass-Through Agency:* NM Department of Homeland Security and Emergency Management  
*Federal Award ID Number:* EMW-2019-SS-00083-S01-02; EMW-2020-SS-00127-S01-01  
*Federal Award Year:* 2019, 2020

*Condition:* The City is not submitting financial and performance reports to the pass through entity on a timely basis.

*Criteria:* Per Title 2 US Code of Federal Regulations Part 200.303a, non-federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entities is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per sub-recipient grant agreements, EMW-2019-SS-00083-S01 and EMW-2020-SS-0127-S01, from the State of New Mexico Department of Homeland Security, the City shall submit quarterly reports by the 30<sup>th</sup> of the month following the quarter end.

*Cause:* The City did not have sufficient controls in place to ensure the timeliness of reports being submitted to the pass through entity.

*Questioned Cost:* None

*Effect:* Lack of proper review for timeliness of reports can result in improper reporting which could lead to disallowed costs. However, our audit disclosed no instances of unallowable costs.

*Auditor recommendation:* We recommend the City strengthen the controls in place to provide assurance reports are submitted timely.

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**2022-008 – Reporting (Significant Deficiency over Internal Controls over Compliance) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. Key vacancies and personnel changes within the City’s Emergency Management Department and the Finance Department during FY22 resulted in delays in securing approvals of quarterly report required for timely submissions. Staffing issues were resolved in FY22 and FY23, and the Finance Director and the Grants Manager are working with the Emergency Management Department to ensure timely review, approval, and submission of the required quarterly reports.

*Responsible Official:* Finance Director, Emergency Management Director, Grants Manager

*Timeline and Estimated Completion Date:* December 31, 2023

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-009 (originally 2020-011) – Controls over Accounts Payable (Other Matter) (repeated/modified)**

*Condition:* During our testing over accounts payable, we noted the following:

- The City did not adjust its yearend payable balances to the Santa Fe Solid Waste Management Agency (SWMA) and Buckman Direct Diversion Project.

*Management Progress on Repeat Findings:* The City's management along with its consulting accountant have been worked to identify and address many issues throughout 2022 and 2023.

*Criteria:* The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of designing proper control activities is implementing and maintaining a process to complete periodic closing procedures that address all significant yearend adjustments.

*Cause:* Lack of an effective control process over invoice process to ensure the information was correctly entered into the system. In addition, lack of staffing and virtual working due to the COVID-19 pandemic.

*Effect:* There could be a misstatement in accounts payable accounts of the City.

*Auditor recommendation:* The City should work with SWMA and BDD to establish a periodic billing procedure or similar process that allows all three entities to reconcile receivables and payables between the entities.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. Due to the ongoing impacts of the pandemic, including several vacancies, the Finance Department faced challenges in preparing the detailed schedules for accounts payable in Fiscal Year 2022. In Fiscal Year 2023, the City engaged consultants from an independent public accounting firm that performed previous audits of the City and has extensive expertise in Governmental accounting and financial reporting. The consultants are providing audit preparation services and operational support for the City's accounting processes. The consultants are working closely with Finance Department staff, as well as Santa Fe Solid Waste Management Agency (SWMA) and Buckman Direct Diversion (BDD) staff to properly address and record payable balances for FY22 and FY23. The establishment of hard year end closing procedures in both FY22 and FY23, and month-end closing procedures in FY23 are assisting in these efforts. Going forward the City will do our own confirmations with SWMA and BDD at the end of the fiscal year to ensure the accuracy of our accounting records.

*Responsible Official:* Finance Director, Accounting Officer, Controller

*Timeline and Estimated Completion Date:* August 15, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-010 (originally 2021-017) – Pledged Collateral (Other Noncompliance) (repeated/modified)**

*Condition:* The City had less pledged collateral coverage than was needed for compliance with New Mexico state statute for a deposit held by Guadalupe Credit Union at June 30, 2022. The required collateral was \$8,901. The collateral provided was \$0 for the institutions, resulting in a shortfall of \$8,901.

*Management Progress on Repeat Findings:* The City's management along with its consulting accountant have been worked to identify and address many issues throughout 2022 and 2023.

*Criteria:* Pursuant to Section 6-10-17 NMSA 1978, the pledged collateral for deposits in banks and savings and loan associations shall have an aggregate value equal to one-half of the amount of public money held by the depository.

*Effect:* Not having proper collateral could lead to the loss of City funds in the event of a financial institution failure.

*Cause:* The financial institution was unable to provide documentation demonstrating proper coverage for the deposits in excess of FDIC coverage.

*Auditors' Recommendation:* The City should work with Guadalupe Credit Union to monitor and ensure sufficient collateral is pledged throughout the year or maintain its funds at a financial institution that will provide adequate coverage.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. The City strives to support its local businesses, including its financial institutions. Unfortunately, the local credit union mentioned in the finding was not able to provide the required pledged collateral documentation when requested. The Finance Director and Treasury Officer will meet with representatives of Guadalupe Credit Union to determine if the pledged collateral requirement can be met for FY24 deposits. If the requirements cannot be made, the Finance Director and Treasury Officer, will start the process of moving the funds to financial institution(s) that can provided the required pledged collateral.

*Responsible Official:* Finance Director and Treasury Officer

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-011 (originally 2021-018) – Emergency Procurement (Other Matter) (repeated/modified)**

*Condition:* For two emergency procurement tested the City used the emergency procurement method for consulting services, however the services did not appear to meet the requirements of an emergency.

*Management Progress on Repeat Findings:* City's management along with its consulting accountant have been working to identify and address many issues throughout 2022 and 2023.

*Criteria:* According to NMSA 1978, Section 13-1-127 the emergency procurement method may only be used when there exists a threat to public health, welfare, safety and property requiring procurement under emergency conditions.

*Effect:* The City was in violation of the statute.

*Cause:* Management was unaware of the restricted purposes defined by the NMSA at the time the procurement was completed.

*Auditors' Recommendation:* The City should ensure that all emergency procurements are for emergencies.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. In February 2023, the City hired a certified Chief Procurement Officer with over ten years of experience in the State General Services Department's State Purchasing Division. The CPO is working to increase awareness of the City's Procurement policies and procedures through trainings for City departments and the development of guides and checklists which list the allowable uses of emergency procurement to ensure compliance.

*Responsible Official:* Finance Director and Chief Procurement Officer

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-012 (originally 2020-021) – Budgetary Compliance (Other Noncompliance) (repeated/modified)**

*Condition:* The following funds were over-expended during fiscal year 2022:

| <b>Fund</b> | <b>Fund Description</b> | <b>Budgeted Expenditures</b> | <b>Actual Expenditures</b> | <b>(Over) Budget</b> |
|-------------|-------------------------|------------------------------|----------------------------|----------------------|
| 400         | Debt Service            | \$ 12,753,664                | \$ 24,769,536              | \$ (12,015,872)      |
| 216         | Gross Receipts Tax      | -                            | 513,912                    | (513,912)            |
| 505         | Water Management        | 34,713,514                   | 35,622,990                 | (909,476)            |
| 550         | GCCC                    | 4,972,459                    | 5,069,293                  | (96,834)             |

*Management Progress:* The City had fewer over-expended funds as compared to fiscal year 2021. Additionally, the dollar amount by which the funds were over-expended decreased.

*Criteria:* City funds are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration - Local Government Division for approval. Once adopted, any claims or warrants in excess of approved budget are in violation of New Mexico Statute - 6-6, 1978. In addition, NMAC 2.2.2.10 (R) (1) requires an audit finding if actual expenditures exceed budget expenditures at the legal level of budgetary control.

*Cause:* Necessary budget adjustments were not completed during the year.

*Effect:* Non-compliance with statutes regarding budgetary control.

*Auditors' Recommendation:* The City should review total actual expenditures at the end of the fiscal year to the approved budget and submit budget adjustments to the New Mexico Department of Finance and Administration when appropriate.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. The City's Budget Office experienced major staffing shortages in FY20, FY21, and FY22 due to the COVID-19 pandemic and a shortage of workers with budget expertise. It was very difficult for the Budget Officer to monitor all Funds during this period, especially at fiscal year-end, when unanticipated expenditures or transfers arise for which the need for budget availability was not previously identified. Because of the State year-end deadline (July 31) requirement, and the timing of the July Council and City committee meeting schedules, budgetary compliance issues may result. In FY23, the Budget Office was finally able to achieve full staffing by filling all of its vacancies, unfortunately two staff left at end of the FY23 and since that time the Budget Office has had a 50% vacancy rate. The two vacant positions are currently in recruitment. Filling vacancies in FY24 will allow the Budget Office to implement additional oversight processes that will assist with the identification of issues. The implementation of the hard year end closes in FY22 and FY23, as well as the monthly closing processes, are assisting in this work.

**State of New Mexico**  
**City of Santa Fe**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-012 (originally 2020-021) – Budgetary Compliance (Other Noncompliance) (repeated/modified)  
(Continued)**

The City is also implementing a new budget software, Questica, which will help modernize the budgeting process and will facilitate more timely budget-to-actuals monitoring including quarterly and monthly budget projection reports.

*Responsible Official:* Finance Director, Assistant Finance Director, and Budget Officer

*Timeline and Estimated Completion Date:* June 30, 2024



**State of New Mexico  
City of Santa Fe  
Schedule of Findings and Questioned Costs  
June 30, 2022**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-013 (originally 2021-020) – Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance) (repeated/modified)**

*Condition:* The City budgeted deficits in excess of available cash balances in the following funds:

| Fund | Fund Description      | Budgeted<br>Deficit | Prior Year Cash<br>and Federal |                |
|------|-----------------------|---------------------|--------------------------------|----------------|
|      |                       |                     | Receivables                    | Excess Deficit |
| 320  | Facilities CIP        | \$(10,775,096)      | \$ 1,322,996                   | \$ (9,452,100) |
| 325  | Special Projects      | (4,792,115)         | 2,108,092                      | (2,684,023)    |
| 330  | City Street Projects  | (10,528,623)        | 2,565,830                      | (7,962,793)    |
| 355  | City Parks and Trails | (4,977,445)         | 2,713,645                      | (2,263,800)    |
| 515  | Railyard              | (647,279)           | 269,934                        | (377,345)      |
| 525  | Santa Fe College      | (653,066)           | 441,499                        | (211,567)      |
| 545  | Airport               | (9,335,989)         | 3,832,893                      | (5,503,096)    |

*Management Progress on Repeat Findings:* The City’s management along with its consulting accountant have been worked to identify and address many issues throughout 2022 and 2023.

*Criteria:* Section 2.2.2.10. (Q) and (R), NMAC, state that budgeted expenditures cannot exceed budgeted revenues in an amount more than prior year cash balance and any applicable federal receivables.

*Effect:* If budget deficits are not monitored closely, it could result in a funding shortfall.

*Cause:* The City did not identify that the budgeted deficits in the funds listed above were not covered by the prior balance of cash and federal receivables.

*Auditors’ Recommendation:* The City should review and monitor future budgets for budgeted deficits that are not covered by ending cash and federal receivables as of the start of the fiscal year. Additionally, the City should review for adequate coverage of budget deficits as part of the budgeting process throughout the fiscal year.

**State of New Mexico**  
**City of Santa Fe**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-013 (originally 2021-020) – Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance) (continued) (repeated/modified)**

*Views of Responsible Officials and Planned Corrective:* The City agrees with this finding. The City's Budget Office experienced major staffing shortages in FY20, FY21, and FY22 due to the COVID-19 pandemic and a shortage of workers with budget expertise. It was very difficult for the Budget Director to monitor all Funds during this period. During the spring 2021 budget season when the FY22 budget was being developed, only projected/estimated cash numbers were available, which did not and could not account for all future adjustments to cash that were unknown at that point; therefore, the budget was based on incomplete data relating to cash balances. In FY23, the Budget Office was finally able to achieve full staffing by filling all of its vacancies, unfortunately two staff left at end of the FY23 and since that time the Budget Office has had a 50% vacancy rate. The two vacant positions are currently in recruitment. Filling vacancies in FY24 will allow the Budget Office to implement additional oversight processes that will assist with the identification of deficits. In addition, catching up on the City's last few years' audits will ensure that the Budget Office has the most accurate information possible regarding the upcoming budget year's cash balances. This information will be used to plan accordingly during the budget season (late winter to early spring). The City is also implementing a new budget software, Questica, which will help modernize the budgeting process and will facilitate more timely budget-to-actuals monitoring including quarterly and monthly budget projection reports.

*Responsible Official:* Finance Director, Assistant Finance Director, and Budget Officer

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-014 – Capital Assets (Other Matters)**

*Condition:* During our testing over expenditures, we noted four mobile storage containers, with a cost of \$9,200 each and one engine, with a cost of \$42,084 were not capitalized in accordance with City policy.

*Criteria:* City policy for capitalization at \$5,000.

*Cause:* Management did not identify the purchases as being capital in nature and over the City's capitalization threshold at the time of the transaction or during the yearend reconciliation of capital assets.

*Effect:* This could result in a material misstatement or fraudulent capital asset activity.

*Auditor recommendation:* The City should ensure all capital asset processes and controls are followed.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. Management acknowledges the identified misclassification issue and attributes it to several factors. Firstly, the outdated system previously used for tracking capital assets limited effective management of fixed assets, as these were tracked externally to the legacy system. Secondly, the under-resourced accounting department faced challenges in thoroughly reviewing and correcting capital expenditures due to staffing constraints.

To address these issues, the City is proactively implementing the Fixed Asset Module in the new ERP (Enterprise Resource Planning) system, scheduled for completion by June 30, 2024. This implementation will encompass the establishment of a comprehensive process for the accurate classification of expenditures, from initial requisition to the final recording of transactions. This process will ensure adherence to the City's capitalization policy.

Moreover, the Fixed Asset Module will become the authoritative record for the City's capital assets. To support this initiative, City staff will engage in Munis PACE training programs to integrate best business practices in the creation, maintenance, and review of the Fixed Asset Module. These trainings will also provide a foundational framework for departmental training, ensuring a consistent and informed approach to managing capital asset expenditures across all departments. This comprehensive strategy demonstrates the City's commitment to aligning its asset management practices with established accounting principles and improving overall financial governance.

*Responsible Official:* Finance Director, Accounting Officer, Controller, and Accounting Manager responsible for Capital Assets and CIP.

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-015 – Bank Account authorized signers (Other Matters)**

*Condition:* During our testing we noted the former Finance Director was still a signer on the Guadalupe Credit Union bank account, even though her employment with the City ended in April 2022.

*Criteria:* The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of designing proper control activities is implementing and maintaining appropriate segregation of duties both in job function and in financial systems.

*Cause:* A review of the authorized users was not completed and/or the access was not identified and removed subsequent to the Finance Director leaving the City.

*Effect:* This could result in a material misstatement or fraudulent activity.

*Auditor recommendation:* The City should ensure all bank accounts are updated annual with the proper authorized signers.

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. The primary reason for this oversight was due to the high turnover staff turnover during FY22 To address the issue, we will reinforce our internal control environment by establishing annual reviews of all bank account records, ensuring they align with best practices in financial governance. In recognition of the risks posed by high staff turnover, we will leverage the implementation of Treasury Management in Munis to ensure our bank record management is current. Scheduled for completion by mid-FY25, this module will serve as the authoritative source of banking information, integrating live data feeds from all active bank accounts for real-time record accuracy. The Treasury Management Module will interface with the HR module, which maintains an active employee dataset, thereby facilitating role-based access control and ensuring that banking records reflect current personnel changes. By adopting these measures, City Management is committed to adhering to the COSO framework's standards, thereby strengthening our internal controls, enhancing risk management, and ensuring the integrity of our financial reporting and record-keeping processes.

*Responsible Official:* Finance Director, Assistant Finance Director, Treasury Officer, Accounting Officer, Controller

*Timeline and Estimated Completion Date:* December 31, 2024

**State of New Mexico**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-016 (originally 2021-010) – Wage Rate Clauses in Construction Contracts (Other Noncompliance)  
(repeated/modified)**

*Condition:* Contracts between the City and contractors performing construction work financed with Federal funds in the Airport Improvement Program did not include clauses regarding Wage Rate requirements under the Davis-Bacon Act clauses. Work performed under these contracts was found to be compliant with these requirements.

*Management's Progress on Repeat Findings:* The 2021 audit was completed in June of 2023. As such, the City was unable to take corrective action during fiscal year 2022 that would result in progress towards resolving this finding.

*Criteria:* Appendix II to 2 CFR Part II, section (D), states that all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act, unless the specific program's regulations do not require this provision. The Airport Improvement Program does require this provision.

*Effect:* The City could enter into a contract agreement with contractors who are not familiar with the Davis-Bacon act and not follow requirements to pay laborers a prevailing wage weekly. This could lead to disallowed costs charged to the grant and/or repayment to the Grantor agency.

*Cause:* Affected contracts were entered into prior to July 1, 2021 and were not amended during the year. The City's controls did not have a chance to operate in the FY as no new contracts or amendments were completed to ensure the required clauses related to the Wage Rate requirement were listed in the contractor's contract.

*Auditors' Recommendation:* We recommend the City strengthen the controls in place to provide assurance that contract agreements entered into with contractors contain the required clauses set by the Davis-Bacon Act.

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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-016 (originally 2021-010) Wage Rate Clauses in Construction Contracts (Other Noncompliance)  
(repeated/modified) (Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. In September of 2022, the City hired a highly qualified Grants Manager who has been continuously working with City Departments that receive grant funding to raise awareness of requirements such as the need to include specific contract clauses in agreements funded with federal dollars. In February 2023, the City hired a certified Chief Procurement Officer (CPO) with over ten years of experience in the State General Services Department's State Purchasing Division. The CPO is working to increase awareness of the City's Procurement policies and procedures through trainings for City departments and the development of checklists and guides to ensure compliance. During FY24 the Finance Director, the Grant Manager, and the Purchasing Officer will work with the Assistant City Attorney responsible for contract review to improve the internal controls over contracts funded with federal funds. The City Attorney's Office and the Purchasing Division will work to develop a contract template for federally-funded construction contracts. Policies and procedures will be developed to ensure that all contract agreements entered into with federal funds contain the required clauses set by the Davis-Bacon act.

*Responsible Official:* Finance Director, Grant Manager, Purchasing Officer, Assistant City Attorney

*Timeline and Estimated Completion Date:* June 30, 2024

**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-017 (originally 2019-020) – Late Audit Report (Other Noncompliance) (repeated/modified)**

*Condition:* The audited financial statements of the Agency were submitted to the New Mexico Office of the State Auditor after the statutory deadline of December 15, 2022.

*Management’s Progress on Repeat Findings:* The City is taking action on multiple fronts to catch up on its annual financial statement audits. The City contracted with the accounting firm Carr, Riggs, & Ingram (CRI) on September 6, 2022 to conduct both the FY21 and FY22 audits. The FY23 audit contract was executed on October 3, 2023. Additionally, over the past year the City strengthened its finance leadership team by hiring highly qualified individuals into the Finance Director, Grants Manager, Chief Procurement Officer, and Controller positions. A new Accounting Officer is scheduled to join the City team in early January 2024. The City continues to search for individuals to fill staff accounting positions. To assist in completing the FY21, FY22, and FY23 audits, the City has also contracted with CliftonLarsonAllen (CLA) for consulting services including audit preparation and operational support.

In January 2023, the City successfully upgraded the Tyler Munis ERP system from version 2011.3 to version 2019.1. The newer version of Munis offers enhanced functionality and greater ability to interface with other critical IT systems such as the Kronos employee timekeeping system and the UCIS Utility Billing System.

*Criteria:* Per Section 2.2.2.9 A(1)(g) NMAC, the audited financial statements of the Agency for the year ended June 30, 2022 were due to the New Mexico Office of the State Auditor by December 15, 2022.

*Effect:* The City is not in compliance with the report due date prescribed in the New Mexico Administrative Code. Additionally, late audits have the potential to impact the City’s ability to maintain its bond rating.

*Cause:* Due to the Global COVID-19 pandemic and the implementation of a new ERP system Tyler Munis on 7/1/2019, the Fiscal Year 2020 audit was submitted to the State Auditor’s Office on 9/22/2021, 9 months after the due date of 12/15/2020. This created delays in starting the City’s FY21 audit. The FY20 external audit firm, CliftonLarsonAllen, was contracted to perform the FY21 audit; however, that firm withdrew from the FY21 audit engagement in April of 2022. Shortly thereafter there was turnover in the Finance Director position and other key finance positions.

*Auditors’ Recommendation:* The City should continue to work with its consultant to catch up its financial reporting and records to allow for the completion of the 2023 and future audits. It is also recommended that the City do its best to maintain a consistent leadership team in order to stabilize the finance department into the future.

**State of New Mexico**  
**City of Santa Fe**  
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**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**2022-017 (originally 2019-020) – Late Audit Report (Other Noncompliance) (repeated/modified)  
(Continued)**

*Views of Responsible Officials and Planned Corrective Action:* The City agrees with this finding. Due to the Global COVID-19 pandemic and the implementation of a new ERP system Tyler MUNIS on 7/1/2019, the Fiscal Year 2020 audit was submitted to the State Auditor’s Office on 9/22/2021, 9 months after the due date of 12/15/2020. This created delays in starting the City’s FY21 audit. The FY20 external audit firm was contracted to perform the FY21 audit; however, that firm withdrew from the FY21 audit engagement in April of 2022. Shortly thereafter there was turnover in the Finance Director position, and there were several other finance position vacancies due to the pandemic that slowed progress on the FY20 and FY21 audits. The City contracted with a new independent public accounting firm on September 6, 2022 to conduct both the FY21 and FY22 audits. The City also contracted with the previous independent auditor for consulting services including audit preparation and operational support. Additionally, the Finance Department, in the post pandemic environment, has since been able to hire qualified key staff members and implement hard close procedures for both FY22 and FY23, and a monthly close procedure was implemented for FY23, to assist with the year-end close process.

*Responsible Official:* Finance Director, Accounting Officer, and Controller.

*Timeline and Estimated Completion Date:* May 15, 2024



**State of New Mexico**  
**City of Santa Fe**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

**SECTION V – PRIOR YEAR AUDIT FINDINGS**

2021-001 – Schedule of Expenditures of Federal Awards and Internal Controls over Grant Reporting – Repeated/Modified

2021-002 – Internal Controls over Financial Close and Reporting – Repeated/Modified

2021-003 – Controls over Journal Entries – Repeated/Modified

2021-004 – Controls over Cash Balances – Repeated/Modified

2021-005 – Management Professional Consultants – Resolved

2021-006 – CDBG Reporting – Resolved

2021-007 – CDBG Program Income – Resolved

2021-008 – Equipment and Real Property Management – Resolved

2021-009 – Matching and Financial Reporting – Repeated/Modified

2021-010 – Special Test and Provisions, Wage Rate Requirement – Repeated/Modified

2021-011 – Suspension and Debarment – Resolved

2021-012 – Activities Allowed, Allowable Costs, and Period of Performance Controls over Non-payroll – Resolved

2021-013 – Cash management – Resolved

2021-014 – Activities Allowed, Allowable Costs, and Period of Performance Controls over Non-payroll – Resolved

2021-015 – Controls over Payment Vouchers – Resolved

2021-016 – Controls over Accounts Payable – Repeated/Modified

2021-017 – Pledged Collateral – Repeated/Modified

2021-018 – Emergency Procurement – Repeated/Modified

2021-019 – Budgetary Compliance – Repeated/Modified

2021-020 – Cash Appropriations in Excess of Available Cash Balances – Repeated/Modified

**State of New Mexico  
City of Santa Fe  
Schedule of Findings and Questioned Costs  
June 30, 2022**

**SECTION V – PRIOR YEAR AUDIT FINDINGS (Continued)**

2021-021 – CDBG Activities Allowed and Allowable Costs over Payroll – Resolved

2021-022 – Late Audit Report – Repeated/Modified

**State of New Mexico  
City of Santa Fe  
Other Disclosures  
June 30, 2022**

**EXIT CONFERENCE**

An exit conference was held on December 4, 2023. In attendance were the following:

**Representing the City of Santa Fe:**

|                             |                            |
|-----------------------------|----------------------------|
| Alan Webber                 | Mayor                      |
| Randy Grissom               | Chair – Audit Committee    |
| Carol Romero-Wirth          | City Councilor             |
| John Blair                  | City Manager               |
| Layla Archuleta-Maestas     | Assistant City Manager     |
| Emily Oster, CPA, CGMA, CPO | Finance Director           |
| Alexis Lotero               | Assistant Finance Director |
| Cheryl James                | Grant Manager              |
| Josie Bolden                | Controller                 |
| Clarence Romero             | Treasury Officer           |
| Chris Zaucha                | Contractor                 |
| Joan Scholz                 | Contractor                 |
| Matt Bone, CPA, CGMA, CGFM  | Contractor                 |

**Representing Carr, Riggs & Ingram, LLC:**

Alan D. "A.J." Bowers, Jr., CPA, CITP    Partner

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs, & Ingram LLC prepared the GAAP-basis financial statements and footnotes of the City of Santa Fe from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.