



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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2024

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INTRODUCTORY SECTION



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City of Santa Fe
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**State of New Mexico
City of Santa Fe
Official Roster
June 30, 2024**

| <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 |
| Alma Castro | | District 1 |
| Carol Romero-Wirth | | District 2 |
| Michael Garcia | | District 2 |
| Pilar F.H. Faulkner | | 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> | |
| Emily Oster | | Finance Director |
| Alexis Lotero | | Assistant Finance Director |
| Josefa Bolden | | Controller |
| Travis Dutton-Leyda | | Chief Procurement Officer |
| Andrew Hopkins | | Budget Officer |
| Melanie Sharpe | | Payroll Officer |
| Matt Bonifer | | Accounting Officer |



FINANCIAL SECTION





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INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, P.E., CFE, 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, 2024, 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, 2024, 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 Auditor's 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

Correction of Error

As described in Note 2 to the financial statements, the prior year financial statements have been corrected for an error in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 24, the GASB required pension schedules on pages 130 through 133, the GASB required other post-employment benefit schedules on pages 134 through 137, and the notes to the required supplementary information on page 138 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 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 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.

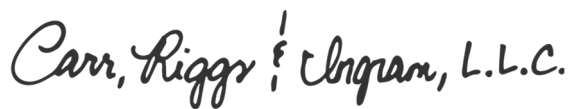
Other Information

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 auditor’s 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 16, 2024, 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 16, 2024

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
June 30, 2024

As management of the City of Santa Fe (the "City"), we offer readers of the City's financial statements this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. This analysis is intended to serve as an introduction to the City's basic financial statements and to provide an analytical overview of the City's operations. We encourage readers to consider the information presented here in conjunction with the City's *Basic Financial Statements* starting on page 26, the *Notes to the Financial Statements* starting on page 53, 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 \$775,137,665 (net position). The City's net position that is restricted for capital projects and other purposes is \$101,198,694. The City's net investment in capital assets is \$607,474,424. The City has an overall unrestricted net position as of June 30, 2024 of 66,464,547.
- Change in net position for the year ended June 30, 2024 was an increase of \$73,429,635 as a result of operations. The increase is primarily due to an increase in revenues of 7%. Overall the City continues to have a strong financial position, operating reserves, and assets available to provide services to citizens.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$82,043,517 or 65% of total general fund expenditures.
- The City's total debt outstanding at June 30, 2024 is \$208,751,101.

THE BASIC 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 set of financial statements provides both long-term and short-term views of the City's financial activities and financial position. 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. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, and include the *statement of net position* and the *statement of activities*.

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 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, 2024

THE BASIC 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those functions that are intended to recover all or a portion of this costs through user fees and charges (*business-type activities*). The governmental activities of the City include basic services such as general government, physical environment (public works), economic environment, public safety, human services (health and welfare), and culture and recreation. The governmental services are supported by general City revenues such as taxes, and by specific program revenues such as fees.

The business-type activities of the City include wastewater management, water management, environmental services, Santa Fe Convention Center, College of Santa Fe, municipal recreation complex, parking, railyard properties, airport, transit system, and Genoveva Chavez Community Center. Unlike governmental services, these services are generally supported by charges paid by users based on the amount of service they use.

The government-wide financial statements are prepared on the accrual basis of accounting that means they include all economic resources of the City as a whole. The government-wide financial statements can be found on pages 26 through 29 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. 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.

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
June 30, 2024

THE BASIC FINANCIAL STATEMENTS (Continued)

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*.

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, community development grants fund, the debt service fund, and the ½% gross receipts tax capital projects 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 community development grants fund to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 30 through 39 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 within the financial statements: 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. 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 40 through 49 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 53 through 127 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 141 through 189 of this report.

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$775,137,665 at the close of the most recent fiscal year. The City had revenues that exceeded expenditures during the year in the amount of \$73,429,635 which increased net position in the current year as a result of operations.

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 \$607,474,424 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, 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

| | June 30, 2024 | | | June 30, 2023 | | | Percent Change |
|--|-------------------------|--------------------------|------------------|-------------------------|--------------------------|------------------|----------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total | |
| Governmental Activities | | | | | | | |
| Current and other assets | \$ 245,853,160 | \$ 219,010,620 | \$ 464,863,780 | \$ 236,500,426 | \$ 202,270,896 | \$ 438,771,322 | 5.95% |
| Net capital assets | 369,537,623 | 428,683,645 | 798,221,268 | 372,726,868 | 414,025,216 | 786,752,084 | 1.46% |
| Total assets | 615,390,783 | 647,694,265 | 1,263,085,048 | 609,227,294 | 616,296,112 | 1,225,523,406 | 3.06% |
| Deferred outflows of resources | 45,075,161 | 12,208,545 | 57,283,706 | 27,966,363 | 8,237,462 | 36,203,825 | 58.23% |
| Total assets and deferred outflows of resources | 660,465,944 | 659,902,810 | 1,320,368,754 | 637,193,657 | 624,533,574 | 1,261,727,231 | 4.65% |
| Current liabilities | 63,045,666 | 26,294,498 | 89,340,164 | 64,935,958 | 25,614,246 | 90,550,204 | -1.34% |
| Long-term liabilities | 257,533,567 | 144,119,923 | 401,653,490 | 238,355,422 | 147,939,824 | 386,295,246 | 3.98% |
| Total liabilities | 320,579,233 | 170,414,421 | 490,993,654 | 303,291,380 | 173,554,070 | 476,845,450 | 2.97% |
| Deferred inflows of resources | 31,569,825 | 22,667,610 | 54,237,435 | 37,264,384 | 22,552,690 | 59,817,074 | -9.33% |
| Net investment in capital assets | 281,638,552 | 325,835,872 | 607,474,424 | 273,912,597 | 302,982,075 | 576,894,672 | 5.30% |
| Restricted | 101,198,694 | - | 101,198,694 | 110,688,906 | - | 110,688,906 | 0.00% |
| Unrestricted (deficit) | (74,520,360) | 140,984,907 | 66,464,547 | (87,963,610) | 125,444,739 | 37,481,129 | 77.33% |
| Total net position | 308,316,886 | 466,820,779 | 775,137,665 | 296,637,893 | 428,426,814 | 725,064,707 | 6.91% |
| Total liabilities, deferred inflows of resources, and net position | \$ 660,465,944 | \$ 659,902,810 | \$ 1,320,368,754 | \$ 637,193,657 | \$ 624,533,574 | \$ 1,261,727,231 | 4.65% |

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

The City's total revenues of \$372,973,922 and expenses of \$299,544,287 resulted in a change in net position of \$73,429,635 as a result of City operations. Comparative information for changes in net position is shown in the table below.

City of Santa Fe's Change in Net Position

| | June 30, 2024 | | | June 30, 2023 | | | Percent Change |
|---|-------------------------|--------------------------|--------------------|-------------------------|--------------------------|--------------------|----------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total | |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| Charges for services | \$ 24,195,869 | \$ 92,996,432 | \$ 117,192,301 | \$ 20,675,776 | \$ 84,543,413 | \$ 105,219,189 | 11% |
| Operating grants and contribution | 10,839,935 | 7,153,428 | 17,993,363 | 11,994,382 | - | 11,994,382 | 50% |
| Capital grants and contributions | 6,095,022 | 4,651,829 | 10,746,851 | 10,413,480 | 9,134,268 | 19,547,748 | 0% |
| General revenues | | | | | | | |
| Gross receipts tax | 162,558,672 | - | 162,558,672 | 151,575,148 | 6,504,900 | 158,080,048 | 3% |
| Other taxes | 37,077,926 | 6,976,298 | 44,054,224 | 40,648,558 | - | 40,648,558 | 8% |
| Investment income (loss) | 9,483,089 | 7,145,445 | 16,628,534 | 7,282,284 | 3,091,026 | 10,373,310 | 0% |
| Transfers in (out) | (31,541,713) | 31,541,713 | - | (25,112,088) | 25,112,088 | - | 0% |
| Other revenues | 2,746,030 | 1,053,947 | 3,799,977 | 947,166 | 788,390 | 1,735,556 | 100% |
| Total revenues | 221,454,830 | 151,519,092 | 372,973,922 | 218,424,706 | 129,174,085 | 347,598,791 | 7% |
| Expenses | | | | | | | |
| General government | 43,179,035 | - | 43,179,035 | 35,209,306 | - | 35,209,306 | 23% |
| Public safety | 75,724,543 | - | 75,724,543 | 50,016,610 | - | 50,016,610 | 51% |
| Public works | 29,744,323 | - | 29,744,323 | 28,805,328 | - | 28,805,328 | 3% |
| Community development | 13,932,038 | - | 13,932,038 | 11,493,911 | - | 11,493,911 | 21% |
| Culture and recreation | 21,495,260 | - | 21,495,260 | 15,467,774 | - | 15,467,774 | 39% |
| Education | 3,442,367 | - | 3,442,367 | 2,977,713 | - | 2,977,713 | 16% |
| Interest and other charges | 1,945,657 | - | 1,945,657 | 1,449,353 | - | 1,449,353 | 34% |
| Issuance costs | 2,818 | - | 2,818 | 2,200 | - | 2,200 | 0% |
| Wastewater management | - | 16,040,945 | 16,040,945 | - | 14,031,661 | 14,031,661 | 14% |
| Water management | - | 35,292,352 | 35,292,352 | - | 32,068,295 | 32,068,295 | 10% |
| Environmental services | - | 16,726,439 | 16,726,439 | - | 15,799,354 | 15,799,354 | 6% |
| College of Santa Fe | - | 4,887,953 | 4,887,953 | - | 5,263,948 | 5,263,948 | -7% |
| Santa Fe Convention Center | - | 5,911,145 | 5,911,145 | - | 5,363,427 | 5,363,427 | 10% |
| All other proprietary funds | - | 31,219,412 | 31,219,412 | - | 25,789,748 | 25,789,748 | 21% |
| Total expenses | 189,466,041 | 110,078,246 | 299,544,287 | 145,422,195 | 98,316,433 | 243,738,628 | 23% |
| Increase in net position | 31,988,789 | 41,440,846 | 73,429,635 | 73,002,511 | 30,857,652 | 103,860,163 | -29% |
| Net position - beginning of year, as originally reported | | | | | | | |
| | 296,637,893 | 428,426,814 | 725,064,707 | 223,635,382 | 397,569,162 | 621,204,544 | 17% |
| Net position - error corrections | | | | | | | |
| | (20,309,796) | (3,046,881) | (23,356,677) | - | - | - | 100% |
| Net position - beginning of year, after corrections | | | | | | | |
| | 276,328,097 | 425,379,933 | 701,708,030 | 223,635,382 | 397,569,162 | 621,204,544 | 13% |
| Net position - ending | | | | | | | |
| | \$ 308,316,886 | \$ 466,820,779 | \$ 775,137,665 | \$ 296,637,893 | \$ 428,426,814 | \$ 725,064,707 | 7% |

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
June 30, 2024

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 \$188,205,037, an increase of \$6,099,428 in comparison with the prior year. Approximately 42.2 percent of this total amount, \$79,459,384, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, or assigned for other purposes to indicate that it is not available for new spending.

The general fund is the main governmental operating fund of the City. Its total fund balance for the fiscal year-ended June 30, 2024, was approximately \$83.4 million as compared to \$76.5 million at the prior year-end, amounting to a net \$6.9 million increase. Two measures of the General Fund's liquidity are: (1) the percent of total fund balance as a percent of expenditures and (2) the spendable/unrestricted fund balance as a percent of expenditures. The total fund balance was 65.8 percent of expenditures and the spendable/unrestricted component was 64.7 percent of expenditures. The unassigned fund balance represents 64.7 percent of the total general fund expenditures or approximately 7 months of operating equity.

BUDGETARY HIGHLIGHTS

The overall City financial picture as of June 30, 2024 is a bit more optimistic than expected when the FY24 budget was adopted in the spring of 2023. The largest single source of revenue to the City is Gross Receipts Tax (GRT), which represents 31% of the City's total operating revenue budget. As of the fourth quarter of FY24, GRT ended up approximately 13% over budget, and this figure reflects a 7.25% increase over the FY23 GRT number. This performance, while reflecting a positive development, reflects the trend staff have noted in previous GRT disbursements of FY24, wherein the annual GRT growth curve seen in the previous few years has appeared to be tapering off or flattening. The Finance Department will continue to monitor these trends as the FY25 GRT earnings numbers come in, and will revise future earnings estimates accordingly. As for the remainder of the revenue picture, other major items such as Property Tax, Lodgers' Tax, Gasoline Tax, Licenses/Permits and Utility Fees have also performed above budgeted estimates, though some categories such as Franchise Fees, Ambulance Fees, and Fines & Forfeitures ended up underperforming in FY24. Overall, however, the revenue picture is a positive one, with total overall revenues coming in at 1% over budget. On the expenditure side, we have seen the trend continue from past years, wherein major expense categories such as Contractual Services, Repairs & Maintenance, Supplies and Travel/Training ended the year well under budget. Overall expenses came in at 15% below budgeted levels at the end of FY24.

State of New Mexico
City of Santa Fe
Management’s Discussion and Analysis
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BUDGETARY HIGHLIGHTS (Continued)

The revenue and expenditure situation for the General Fund is quite similar to the overall picture, with GRT coming in at approximately 14% over budget, or 7.25% over the previous fiscal year. Some other revenue categories such as Property Taxes, Other Taxes, Licenses & Permits, Recreation Fees, and Other Fees & Services performed significantly better than expected, while some others, including Franchise Fees, Ambulance Fees, Planning/Land Use Fees and Fines & Forfeitures came in below budgeted estimates (note: the large negative variance for Miscellaneous Revenues is attributable to reimbursements and refunds from various other categories). Overall General Fund revenues came in at 11% over budget for the fiscal year. Meanwhile, expenditure trends in the General Fund are largely similar to those seen in the all funds arena, with major categories such as Contractual, Repairs & Maintenance, Supplies, and Travel/Training expected to come in well under budget, and only one category (Utilities) projected to come in appreciably over budget. Overall, General Fund expenditures ended the fiscal year at 10% below budget for FY24.

ADMINISTRATION OF CAPITAL ASSETS AND DEBT

Capital Assets

The City’s investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$369,537,623 for governmental activities and \$428,683,645 for business-type activities (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, right of way, art, buildings and structures, improvements, equipment and machinery, furniture and fixtures, vehicles, data processing and software, traffic signals, streets, right-to-use assets- equipment, and right-to-use assets- subscriptions. The tables below show the summarized capital assets of the City as of June 30, 2024.

State of New Mexico
City of Santa Fe
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June 30, 2024

ADMINISTRATION OF CAPITAL ASSETS AND DEBT (Continued)

| Governmental Activities Asset Description | Carrying Amount | Accumulated Depreciation | Net Position Balance |
|--|----------------------------|-------------------------------------|---------------------------------|
| Capital assets not being depreciated | | | |
| Land | \$ 172,049,821 | \$ - | \$ 172,049,821 |
| Construction in progress | 51,504,017 | - | 51,504,017 |
| Right of Way | 78,281 | - | 78,281 |
| Art | 885,046 | - | 885,046 |
| Total capital assets not being depreciated | 224,517,165 | - | 224,517,165 |
| Capital assets being depreciated | | | |
| Buildings and Structures | 78,369,741 | 30,402,468 | 47,967,273 |
| Improvements | 108,912,522 | 90,097,916 | 18,814,606 |
| Equipment and Machinery | 27,330,715 | 17,614,027 | 9,716,688 |
| Furniture and Fixtures | 1,374,496 | 563,599 | 810,897 |
| Vehicle | 43,685,391 | 26,324,700 | 17,360,691 |
| Data Processing and Software | 15,295,940 | 10,618,140 | 4,677,800 |
| Traffic Signals | 23,683,156 | 23,477,191 | 205,965 |
| Streets and bridges | 234,596,117 | 190,767,274 | 43,828,843 |
| Right of use asset- equipment | 208,498 | 75,093 | 133,405 |
| Right of use asset- subscriptions | 5,281,899 | 3,777,609 | 1,504,290 |
| Total capital assets being depreciated | 538,738,475 | 393,718,017 | 145,020,458 |
| Total capital assets | \$ 763,255,640 | \$ 393,718,017 | \$ 369,537,623 |

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ADMINISTRATION OF CAPITAL ASSETS AND DEBT (Continued)

| Business-type Activities Asset Description | Carrying Amount | Accumulated Depreciation | Net Position Balance |
|---|----------------------------|-------------------------------------|---------------------------------|
| Capital assets not being depreciated | | | |
| Land | \$ 38,260,558 | \$ - | \$ 38,260,558 |
| Water Rights | 3,434,979 | - | 3,434,979 |
| Construction in progress | 66,254,459 | - | 66,254,459 |
| Art | 219,971 | - | 219,971 |
| Total capital assets not being depreciated | 108,169,967 | - | 108,169,967 |
| Capital assets being depreciated | | | |
| Buildings and Structures | 334,841,747 | 128,905,092 | 205,936,655 |
| Improvements | 155,706,129 | 150,194,382 | 5,511,747 |
| Sewerlines and Utility Systems | 203,888,063 | 116,606,026 | 87,282,037 |
| Equipment and Machinery | 21,761,349 | 20,642,247 | 1,119,102 |
| Furniture and Fixtures | 805,807 | 647,326 | 158,481 |
| Vehicles | 43,184,150 | 31,429,620 | 11,754,530 |
| Data Processing and Software | 2,570,249 | 2,478,689 | 91,560 |
| Streets | 8,563,898 | - | 8,563,898 |
| Right of use asset- equipment | 335,951 | 240,283 | 95,668 |
| Right of use asset- subscriptions | - | - | - |
| Total capital assets being depreciated | 771,657,343 | 451,143,665 | 320,513,678 |
| Total capital assets | \$ 879,827,310 | \$ 451,143,665 | \$ 428,683,645 |

Additional information on the City's capital assets can be found in Note 7 on page 87 through 90 of this report.

Long-Term Debt

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

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | \$ 13,860,000 | \$ 15,250,000 | \$ - | \$ - | \$ 13,860,000 | \$ 15,250,000 |
| Revenue bonds/loans | 50,140,500 | 56,674,300 | 69,617,198 | 74,170,000 | 119,757,698 | 130,844,300 |
| Other loans/notes payable | 17,237,218 | 16,648,257 | 26,069,398 | 28,639,328 | 43,306,616 | 45,287,585 |
| Bond premiums | 4,658,032 | 5,830,235 | 6,902,355 | 7,760,043 | 11,560,387 | 13,590,278 |
| Compensated absences | 6,074,185 | 5,175,409 | 2,025,432 | 1,929,534 | 8,099,617 | 7,104,943 |
| Lease and subscription liabilities | 1,247,498 | 3,261,314 | 100,890 | 222,986 | 1,348,388 | 3,484,300 |
| Claims payable | 10,818,395 | 10,417,341 | - | - | 10,818,395 | 10,417,341 |
| Total long-term debt | \$ 104,035,828 | \$ 113,256,856 | \$ 104,715,273 | \$ 112,721,891 | \$ 208,751,101 | \$ 225,978,747 |

Additional information on the City's debt can be found in Note 8 on page 91 through 104 of this report.

State of New Mexico
City of Santa Fe
Management's Discussion and Analysis
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ECONOMIC FACTORS AND THE FISCAL YEAR 2025 ADOPTED BUDGET

Like other communities around the nation, the City of Santa Fe had to quickly adapt to rapidly changing situations as the pandemic situation evolved. The City has continued to adapt to hybrid work formats and continued its efforts in working together with community counterparts. The City focused significant efforts in employee retention and recruitment, including the completion of a compensation and classification study and the implementation of a new pay plan during FY24.

A driving force in developing our budget each year is the estimation of City revenues. Gross Receipts Tax (GRT) accounts for 71.6% of the total FY25 General Fund budgeted revenues. The remaining General Fund revenues are comprised primarily of property taxes, franchise fees, licenses and permits, and fees and service charges.

Regarding the future outlook, our guidance for FY25 budget development was to begin with the FY24 adopted budget, less one-time items. The adopted FY25 budget includes a 3% adjustment in salaries and salary-dependent benefits for all employees, which increased reoccurring expense by \$4.1 million dollars. Projected revenues remained in line with the City's financial policy goal to maintain reserves of at least double the amount required by the State of New Mexico Department of Finance and Administration. The State requires that one-twelfth of General Fund revised-budgeted expenditures be maintained as a cash reserve.

The overall City adopted FY25 expenditure budget is \$440.1 million as compared to FY21 adopted expenditures of \$291.5 million. Overall City budgeted revenues for FY25 were \$448.4 million as compared to FY21 adopted revenues of \$334 million.

Looking ahead, early FY25 data suggests that while GRT revenues are stabilizing, inflationary pressures and labor market constraints could pose challenges. With national unemployment creeping toward 4.5% and local labor force participation slowing, Santa Fe will face a moderation in job growth through FY25. This aligns with broader economic projections of a decelerating U.S. GDP, which is expected to slow from 2.7% in 2024 to 1.3% by 2026. Concurrently, consumer spending, a key driver of GRT, is projected to cool as inflationary pressures ease but household prudence grows, particularly among lower-income groups. These factors may temper revenue growth and necessitate careful fiscal planning to sustain long-term financial stability for many municipalities. For Santa Fe, this will be offset by continued population growth and expansion of the city as a regional center, which will continue to attract businesses that boost GRT revenue growth.

By FY26, Santa Fe's economic landscape may reflect broader macroeconomic shifts due to the election transition, including tariff-induced inflationary pressures and potential federal policy changes. CPI inflation is expected to rise slightly to 2.5% by late 2026, and cautious hiring practices could keep unemployment elevated. Nevertheless, Santa Fe's diversified revenue streams and strong fiscal management position the city to weather potential downturns.

State of New Mexico
City of Santa Fe
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ECONOMIC FACTORS AND THE FISCAL YEAR 2025 ADOPTED BUDGET (Continued)

Strategic adjustments to expenditure forecasts and proactive monitoring of GRT trends will be essential in ensuring balanced budgets and stable service delivery amid evolving economic conditions. Property Tax revenue and Lodger's Tax revenues are expected to continue to steadily increase, driven by strong anticipated performance from the luxury tourism sector and increasing property values.

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 of Santa Fe, 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, 2024 | Primary Government | | |
|--|------------------------------------|-------------------------------------|------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Current assets | | | |
| Cash, cash equivalents, and investments | \$ 195,786,900 | \$ 175,982,895 | \$ 371,769,795 |
| Receivables | | | |
| Taxes | 32,587,112 | 1,260,032 | 33,847,144 |
| Intergovernmental | 7,441,335 | 7,827,411 | 15,268,746 |
| Customer, net | - | 14,540,722 | 14,540,722 |
| Other | 4,537,814 | 1,398,490 | 5,936,304 |
| Leases receivable, current | 321,338 | 475,980 | 797,318 |
| Inventory | 91,493 | 687,534 | 779,027 |
| Prepaid expenses | - | 511,114 | 511,114 |
| Internal balances | (640,265) | 640,265 | - |
| Total current assets | 240,125,727 | 203,324,443 | 443,450,170 |
| Noncurrent assets | | | |
| Restricted cash, cash equivalents, and investments | 2,339,710 | 1,496,219 | 3,835,929 |
| Leases receivable, net of current portion | 3,387,723 | 14,189,958 | 17,577,681 |
| Capital assets not being depreciated | 224,517,165 | 108,169,967 | 332,687,132 |
| Capital assets being depreciated | 533,248,078 | 771,321,392 | 1,304,569,470 |
| Right-to-use assets - leases | 208,498 | 335,951 | 544,449 |
| Right-to-use assets - subscriptions | 5,281,899 | - | 5,281,899 |
| Accumulated amortization - leases | (75,093) | (240,283) | (315,376) |
| Accumulated amortization - subscriptions | (3,777,609) | - | (3,777,609) |
| Accumulated depreciation | (389,865,315) | (450,903,382) | (840,768,697) |
| Total noncurrent assets | 375,265,056 | 444,369,822 | 819,634,878 |
| Total assets | 615,390,783 | 647,694,265 | 1,263,085,048 |
| Deferred outflows of resources | | | |
| Deferred outflows - pension | 38,246,123 | 10,218,227 | 48,464,350 |
| Deferred outflows - OPEB | 6,829,038 | 1,990,318 | 8,819,356 |
| Total deferred outflows of resources | 45,075,161 | 12,208,545 | 57,283,706 |
| Total assets and deferred outflows of resources | \$ 660,465,944 | \$ 659,902,810 | \$ 1,320,368,754 |

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

| June 30, 2024 | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 17,232,266 | \$ 11,195,295 | \$ 28,427,561 |
| Accrued payroll | 4,537,801 | 1,260,837 | 5,798,638 |
| Due to other governments | 18,166 | 445,172 | 463,338 |
| Unearned revenue | 9,259,901 | 631,672 | 9,891,573 |
| Deposits held in trust for others | 6,994,185 | 2,854,033 | 9,848,218 |
| Other current liabilities | 708,830 | 1,185,691 | 1,894,521 |
| Accrued interest payable | 471,076 | 304,209 | 775,285 |
| Claims and judgments | 10,818,395 | - | 10,818,395 |
| Lease liabilities, due within one year | 35,857 | 84,098 | 119,955 |
| Subscription liabilities, due within one year | 1,089,164 | - | 1,089,164 |
| Long term liabilities, due within one year | 11,880,025 | 8,333,491 | 20,213,516 |
| Total current liabilities | 63,045,666 | 26,294,498 | 89,340,164 |
| Noncurrent liabilities | | | |
| Net pension liability | 158,898,699 | 42,453,010 | 201,351,709 |
| Net OPEB liability | 18,422,481 | 5,369,229 | 23,791,710 |
| Lease liabilities, due in more than one year | 99,666 | 16,792 | 116,458 |
| Subscription liabilities, due in more than one year | 22,811 | - | 22,811 |
| Long term liabilities, due in more than one year | 80,089,910 | 96,280,892 | 176,370,802 |
| Total noncurrent liabilities | 257,533,567 | 144,119,923 | 401,653,490 |
| Total liabilities | 320,579,233 | 170,414,421 | 490,993,654 |
| Deferred inflows of resources | | | |
| Deferred inflows - unamortized gain on refund of bo | 755,823 | 157,932 | 913,755 |
| Deferred inflows - leases | 3,582,081 | 14,630,046 | 18,212,127 |
| Deferred inflows - pension | 2,351,530 | 628,257 | 2,979,787 |
| Deferred inflows - OPEB | 24,880,391 | 7,251,375 | 32,131,766 |
| Total deferred inflows of resources | 31,569,825 | 22,667,610 | 54,237,435 |
| Net position | | | |
| Net investment in capital assets | 281,638,552 | 325,835,872 | 607,474,424 |
| Restricted for | | | |
| Debt service | 3,355,201 | - | 3,355,201 |
| Capital projects | 20,404,301 | - | 20,404,301 |
| Special revenue | 77,439,192 | - | 77,439,192 |
| Unrestricted (deficit) | (74,520,360) | 140,984,907 | 66,464,547 |
| Total net position | 308,316,886 | 466,820,779 | 775,137,665 |
| Total liabilities, deferred inflows of resources, and net position | \$ 660,465,944 | \$ 659,902,810 | \$ 1,320,368,754 |

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, 2024 | | Program Revenues | | |
|--|-----------------------|---------------------------------|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government | \$ 43,179,035 | \$ 15,236,389 | \$ - | \$ 21,763 |
| Public safety | 75,724,543 | 607,315 | 3,376,163 | - |
| Public works | 29,744,323 | 6,466,695 | 439,116 | 4,946,695 |
| Culture and recreation | 13,932,038 | 89,938 | 303,941 | 814,026 |
| Community development | 21,495,260 | 1,795,532 | 6,720,715 | 312,538 |
| Education | 3,442,367 | - | - | - |
| Interest and other charges | 1,945,657 | - | - | - |
| Issuance costs | 2,818 | - | - | - |
| Total governmental activities | 189,466,041 | 24,195,869 | 10,839,935 | 6,095,022 |
| Business-type activities | | | | |
| Wastewater management | 16,040,945 | 16,082,001 | - | - |
| Water management | 35,292,352 | 44,389,948 | - | - |
| Santa Fe Convention Center | 5,911,145 | 587,399 | - | - |
| College of Santa Fe | 4,887,953 | 1,756,500 | - | - |
| Environmental services | 16,726,439 | 16,748,393 | 26,303 | - |
| Municipal recreation complex | 3,775,348 | 1,580,516 | - | - |
| Parking | 5,571,419 | 5,017,581 | - | - |
| Railyard properties | 1,703,312 | 1,142,533 | - | - |
| Airport | 6,383,728 | 2,535,810 | 1,788,246 | 4,120,219 |
| Transit system | 8,950,745 | 1,615,522 | 5,338,879 | 531,610 |
| Genoveva Chavez Community Center | 4,834,860 | 1,540,229 | - | - |
| Total business-type activities | 110,078,246 | 92,996,432 | 7,153,428 | 4,651,829 |
| Total primary government | \$ 299,544,287 | \$ 117,192,301 | \$ 17,993,363 | \$ 10,746,851 |
| General revenues and transfers | | | | |
| Taxes | | | | |
| Gross receipts | | | | |
| Lodgers' | | | | |
| Property | | | | |
| Other | | | | |
| Lease revenue | | | | |
| Investment income | | | | |
| Other revenues | | | | |
| Gain from sale of assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year, as originally reported | | | | |
| Net position - error corrections (note 2) | | | | |
| Net position - beginning of year, after corrections | | | | |
| 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 Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (27,920,883) | \$ - | \$ (27,920,883) |
| (71,741,065) | - | (71,741,065) |
| (17,891,817) | - | (17,891,817) |
| (12,724,133) | - | (12,724,133) |
| (12,666,475) | - | (12,666,475) |
| (3,442,367) | - | (3,442,367) |
| (1,945,657) | - | (1,945,657) |
| (2,818) | - | (2,818) |
| (148,335,215) | - | (148,335,215) |
| - | 41,056 | 41,056 |
| - | 9,097,596 | 9,097,596 |
| - | (5,323,746) | (5,323,746) |
| - | (3,131,453) | (3,131,453) |
| - | 48,257 | 48,257 |
| - | (2,194,832) | (2,194,832) |
| - | (553,838) | (553,838) |
| - | (560,779) | (560,779) |
| - | 2,060,547 | 2,060,547 |
| - | (1,464,734) | (1,464,734) |
| - | (3,294,631) | (3,294,631) |
| - | (5,276,557) | (5,276,557) |
| (148,335,215) | (5,276,557) | (153,611,772) |
| 162,558,672 | - | 162,558,672 |
| 16,229,164 | 6,976,298 | 23,205,462 |
| 12,622,445 | - | 12,622,445 |
| 8,226,317 | - | 8,226,317 |
| 213,258 | 591,293 | 804,551 |
| 9,483,089 | 7,145,445 | 16,628,534 |
| 1,967,166 | 460,404 | 2,427,570 |
| 565,606 | 2,250 | 567,856 |
| (31,541,713) | 31,541,713 | - |
| 180,324,004 | 46,717,403 | 227,041,407 |
| 31,988,789 | 41,440,846 | 73,429,635 |
| 296,637,893 | 428,426,814 | 725,064,707 |
| (20,309,796) | (3,046,881) | (23,356,677) |
| 276,328,097 | 425,379,933 | 701,708,030 |
| \$ 308,316,886 | \$ 466,820,779 | \$ 775,137,665 |

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

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

| June 30, 2024 | General Fund | Community Development Grants Fund |
|--|-------------------------|--|
| Assets | | |
| Cash, cash equivalents, and investments | \$ 73,342,856 | \$ 15,292,484 |
| Receivables | | |
| Taxes | 20,185,256 | 247,020 |
| Intergovernmental | 3,309,627 | 588,354 |
| Other, net | 793,735 | - |
| Leases | - | - |
| Inventory | 73,408 | - |
| Due from other funds | 3,324,162 | 689,978 |
| Total assets | \$ 101,029,044 | \$ 16,817,836 |
| Liabilities, deferred inflows of resources, and fund balances | | |
| Liabilities | | |
| Accounts payable | \$ 4,603,870 | \$ 1,712,666 |
| Accrued payroll | 3,936,111 | - |
| Due to other governments | 16,208 | - |
| Unearned revenue | - | 8,692,811 |
| Deposits held in trust for others | 6,357,309 | 612,091 |
| Other current liabilities | 650,031 | - |
| Due to other funds | 1,437,063 | 1,529 |
| Total liabilities | 17,000,592 | 11,019,097 |
| Deferred inflows of resources | | |
| Unavailable revenue - leases | - | - |
| Unavailable revenue - property taxes | 544,244 | - |
| Unavailable revenue - other | 88,833 | - |
| Total deferred inflows of resources | 633,077 | - |
| Fund balances | | |
| Nonspendable | 73,408 | - |
| Spendable | | |
| Restricted | - | 5,798,739 |
| Assigned | 1,278,450 | - |
| Unassigned (deficit) | 82,043,517 | - |
| Total fund balances | 83,395,375 | 5,798,739 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 101,029,044 | \$ 16,817,836 |

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

| 1/2% Gross Receipts Tax Capital Projects Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|------------------------------|--|---|
| \$ 10,312,471 | \$ 3,125,559 | \$ 82,053,558 | \$ 184,126,928 |
| 5,040,132 | 164,686 | 6,950,018 | 32,587,112 |
| - | - | 3,543,354 | 7,441,335 |
| - | 5,021 | 2,692,504 | 3,491,260 |
| - | - | 3,709,061 | 3,709,061 |
| - | - | - | 73,408 |
| 707,753 | - | 15,903,768 | 20,625,661 |
| \$ 16,060,356 | \$ 3,295,266 | \$ 114,852,263 | \$ 252,054,765 |
| \$ 307,788 | \$ - | \$ 8,137,911 | \$ 14,762,235 |
| 45,901 | - | 356,771 | 4,338,783 |
| - | 955 | - | 17,163 |
| - | - | 567,090 | 9,259,901 |
| - | - | 24,785 | 6,994,185 |
| 14,167 | - | 44,632 | 708,830 |
| 18,247,219 | - | 1,580,115 | 21,265,926 |
| 18,615,075 | 955 | 10,711,304 | 57,347,023 |
| - | - | 3,582,081 | 3,582,081 |
| - | 116,623 | - | 660,867 |
| - | - | 2,170,924 | 2,259,757 |
| - | 116,623 | 5,753,005 | 6,502,705 |
| - | - | - | 73,408 |
| - | 3,177,688 | 98,417,368 | 107,393,795 |
| - | - | - | 1,278,450 |
| (2,554,719) | - | (29,414) | 79,459,384 |
| (2,554,719) | 3,177,688 | 98,387,954 | 188,205,037 |
| \$ 16,060,356 | \$ 3,295,266 | \$ 114,852,263 | \$ 252,054,765 |

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, 2024

| | |
|--|----------------|
| Fund balances - total governmental funds | \$ 188,205,037 |
| Amounts reported for governmental activities in the statement of net position are different because | |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds | 364,441,323 |
| Right to use assets, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds | 1,135,832 |
| 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 | (3,839,478) |
| Delinquent items 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 | |
| Delinquent property taxes | 660,867 |
| Liquor licenses | 88,833 |
| Land sales | 2,170,924 |
| 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 | 36,170,904 |
| Deferred inflows - pension | (2,223,937) |
| Deferred outflows - OPEB | 6,420,671 |
| Deferred inflows - OPEB | (23,392,576) |
| Deferred inflows - unamortized gain on refunding of bonds | (755,823) |
| Liabilities, including accrued interest, accrued compensated absences, bonds payable, loans payable, net pension liability, net OPEB liability, and subscription liabilities are not due and payable in the current period and, therefore, are not reported in the funds | |
| Accrued interest | (471,076) |
| Current portion of accrued compensated absences | (1,859,680) |
| Long term accrued compensated absences | (3,866,750) |
| Current portion of subscription liabilities | (939,152) |
| Current portion of lease liabilities | (35,857) |
| Long term portion of lease liabilities | (99,666) |
| Current portion of long term debt payable | (9,899,379) |
| Long term portion of long term debt payable | (75,996,371) |
| Net pension liability | (150,276,920) |
| Net OPEB Liability | (17,320,840) |
| Net position - governmental activities | \$ 308,316,886 |

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

| For the year ended June 30, 2024 | General Fund | Community Development Grants Fund |
|--|-------------------------|--|
| Revenues | | |
| Taxes | | |
| Gross receipts | \$ 106,133,722 | \$ 1,367,573 |
| Lodgers' | - | - |
| Property | 10,270,979 | - |
| Other | 6,540,694 | - |
| Intergovernmental | | |
| Federal operating | - | 5,565,429 |
| State operating | - | 30,115 |
| State capital | - | - |
| Local | - | - |
| Lease revenue | - | - |
| Charges for services | 15,224,389 | 1,608,969 |
| Investment income (loss) | 3,367,284 | 543,656 |
| Other revenues | 1,357,383 | - |
| Total revenues | 142,894,451 | 9,115,742 |
| Expenditures | | |
| Current | | |
| General government | 21,436,506 | - |
| Public safety | 64,027,814 | - |
| Public works | 19,717,380 | - |
| Community development | 2,098,436 | 13,485,824 |
| Education | 3,321,337 | - |
| Culture and recreation | 4,816,882 | - |
| Capital outlay | 11,245,330 | - |
| Debt service | | |
| Principal payments | 87,723 | - |
| Interest | 2,116 | - |
| Debt issuance costs | - | - |
| Total expenditures | 126,753,524 | 13,485,824 |
| Excess (deficiency) of revenues over expenditures | 16,140,927 | (4,370,082) |
| Other financing sources (uses) | | |
| Proceeds from sale of assets | - | 253,193 |
| Proceeds from software subscriptions | - | - |
| Transfers in | 3,545,419 | 587,810 |
| Transfers (out) | (12,741,913) | (105,027) |
| Total other financing sources (uses) | (9,196,494) | 735,976 |
| Net change in fund balances | 6,944,433 | (3,634,106) |
| Fund balances - beginning of year | 76,450,942 | 9,432,845 |
| Fund balances - end of year | \$ 83,395,375 | \$ 5,798,739 |

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

| 1/2% Gross Receipts Tax Capital Projects Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|------------------------------|--|---|
| \$ 27,905,189 | \$ - | \$ 27,152,188 | \$ 162,558,672 |
| - | - | 16,229,164 | 16,229,164 |
| - | 2,231,670 | - | 12,502,649 |
| - | - | 1,685,623 | 8,226,317 |
| - | - | 1,109,363 | 6,674,792 |
| - | - | 4,135,028 | 4,165,143 |
| - | - | 6,095,022 | 6,095,022 |
| - | - | 20,487 | 20,487 |
| - | - | 213,258 | 213,258 |
| - | - | 7,350,511 | 24,183,869 |
| 1,174,399 | 59,274 | 3,814,900 | 8,959,513 |
| - | - | 589,297 | 1,946,680 |
| 29,079,588 | 2,290,944 | 68,394,841 | 251,775,566 |
| 4,023,036 | 22,317 | 13,081,892 | 38,563,751 |
| - | - | 6,332,023 | 70,359,837 |
| - | - | 1,771,942 | 21,489,322 |
| - | - | 5,147,177 | 20,731,437 |
| - | - | - | 3,321,337 |
| - | - | 4,721,845 | 9,538,727 |
| 522,288 | - | 20,554,120 | 32,321,738 |
| - | 8,043,201 | 1,759,271 | 9,890,195 |
| - | 3,210,687 | 360,289 | 3,573,092 |
| - | 2,818 | - | 2,818 |
| 4,545,324 | 11,279,023 | 53,728,559 | 209,792,254 |
| 24,534,264 | (8,988,079) | 14,666,282 | 41,983,312 |
| - | - | 457,829 | 711,022 |
| - | - | 168,286 | 168,286 |
| 1,053,565 | 10,394,068 | 22,447,612 | 38,028,474 |
| (22,588,531) | - | (39,356,195) | (74,791,666) |
| (21,534,966) | 10,394,068 | (16,282,468) | (35,883,884) |
| 2,999,298 | 1,405,989 | (1,616,186) | 6,099,428 |
| (5,554,017) | 1,771,699 | 100,004,140 | 182,105,609 |
| \$ (2,554,719) | \$ 3,177,688 | \$ 98,387,954 | \$ 188,205,037 |

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, 2024

| | |
|---|---------------|
| Net change in fund balances - total governmental funds | \$ 6,099,428 |
| 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 | 5,589,967 |
| 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 | 32,321,738 |
| Depreciation expense | (15,375,003) |
| Amortization of right-to-use assets | (1,002,427) |
| Capital asset disposals | (145,416) |
| 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 | 119,796 |
| Change in unavailable revenue related to liquor licenses | 12,000 |
| 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 | |
| Contributions subsequent to the measurement date - pension | 8,426,152 |
| Pension expense | (20,998,516) |
| Contributions subsequent to the measurement date - OPEB | 1,281,012 |
| OPEB benefit | 5,239,881 |
| 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 | |
| Increase in accrued compensated absences | (929,167) |
| Decrease in accrued interest | 60,890 |
| Proceeds from new leases | (168,286) |
| Principal payments on debt payable | 8,816,156 |
| Principal payments on subscription liabilities | 1,041,276 |
| Principal payments on lease liabilities | 32,763 |
| Amortization of deferred loss on extinguishment of debt | 394,342 |
| Amortization of bond premiums and deferred debt items | 1,172,203 |
| Change in net position of governmental activities | \$ 31,988,789 |

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

| For the Year Ended June 30, 2024 | Budgeted Amounts | | Actual | Variances |
|---|-------------------------|--------------------|--------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| | | | | Final to Actual |
| Revenues | | | | |
| Taxes | | | | |
| Gross receipts | \$ 91,660,137 | \$ 92,885,727 | \$ 106,133,722 | \$ 13,247,995 |
| Property | 9,092,019 | 9,198,395 | 10,270,979 | 1,072,584 |
| Other | 7,075,604 | 7,075,604 | 6,540,694 | (534,910) |
| Charges for services | 19,149,594 | 19,749,594 | 15,224,389 | (4,525,205) |
| Investment income (loss) | - | - | 3,367,284 | 3,367,284 |
| Other revenues | 285,000 | 285,000 | 1,357,383 | 1,072,383 |
| Total revenues | 127,262,354 | 129,194,320 | 142,894,451 | 13,700,131 |
| Expenditures | | | | |
| Current | | | | |
| General government | 24,982,115 | 29,052,096 | 21,436,506 | 7,615,590 |
| Public safety | 57,093,519 | 65,319,786 | 64,027,814 | 1,291,972 |
| Public works | 30,190,505 | 33,107,087 | 19,717,380 | 13,389,707 |
| Community development | 2,245,475 | 2,231,412 | 2,098,436 | 132,976 |
| Culture and recreation | 11,000,912 | 11,110,160 | 8,138,219 | 2,971,941 |
| Capital outlay | 45,376 | 39,341 | 11,245,330 | (11,205,989) |
| Total expenditures | 125,557,902 | 140,859,882 | 126,753,524 | 14,106,358 |
| Excess (deficiency) of revenues over expenditures | 1,704,452 | (11,665,562) | 16,140,927 | 27,806,489 |
| Other financing sources (uses) | | | | |
| Designated cash (budgeted cash increase) | 6,900,000 | 22,213,968 | - | (22,213,968) |
| Proceeds from sale of assets | - | - | - | - |
| Transfers in | 2,512,078 | 3,545,419 | 3,545,419 | - |
| Transfers (out) | (11,116,530) | (14,093,825) | (12,741,913) | 1,351,912 |
| Total other financing sources (uses) | (1,704,452) | 11,665,562 | (9,196,494) | (20,862,056) |
| Net change in fund balances | - | - | 6,944,433 | 6,944,433 |
| Fund balances - beginning of year | - | - | 76,450,942 | 76,450,942 |
| Fund balances - end of year | \$ - | \$ - | \$ 83,395,375 | \$ 83,395,375 |

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
Community Development Block Grant Fund

| For the Year Ended June 30, 2024 | Budgeted Amounts | | Actual | Variances |
|---|-------------------------|-------------------|---------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| | | | | Final to Actual |
| Revenues | | | | |
| Taxes | | | | |
| Gross receipts | \$ 1,181,001 | \$ 1,181,001 | \$ 1,367,573 | \$ 186,572 |
| Intergovernmental | | | | |
| Federal operating grants | 1,614,151 | 14,426,524 | 5,565,429 | (8,861,095) |
| State operating grants | - | 36,864 | 30,115 | (6,749) |
| Charges for services | 789,155 | 789,155 | 1,608,969 | 819,814 |
| Investment income (loss) | - | - | 543,656 | 543,656 |
| Other revenues | - | - | - | - |
| Total revenues | 3,584,307 | 16,433,544 | 9,115,742 | (7,317,802) |
| Expenditures | | | | |
| Current | | | | |
| Community development | 7,571,313 | 26,092,144 | 13,485,824 | 12,606,320 |
| Total expenditures | 7,571,313 | 26,092,144 | 13,485,824 | 12,606,320 |
| Excess (deficiency) of revenues over expenditures | (3,987,006) | (9,658,600) | (4,370,082) | 5,288,518 |
| Other financing sources (uses) | | | | |
| Designated cash (budgeted cash increase) | 3,380,910 | 9,157,532 | - | (9,157,532) |
| Proceeds from sale of assets | 18,286 | 18,285 | 253,193 | 234,908 |
| Transfers in | 587,810 | 587,810 | 587,810 | - |
| Transfers (out) | - | (105,027) | (105,027) | - |
| Total other financing sources (uses) | 3,987,006 | 9,658,600 | 735,976 | (8,922,624) |
| Net change in fund balances | - | - | (3,634,106) | (3,634,106) |
| Fund balances - beginning of year | - | - | 9,432,845 | 9,432,845 |
| Fund balances - end of year | \$ - | \$ - | \$ 5,798,739 | \$ 5,798,739 |

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, 2024 | Business-type Activities - Enterprise Funds | | |
|--|--|-----------------------------|-----------------------------------|
| | Waste Water Management | Water Management | Environmental Services |
| Assets | | | |
| Current assets | | | |
| Cash, cash equivalents, and investments | \$ 38,579,649 | \$ 77,772,104 | \$ 29,118,669 |
| Receivables | | | |
| Taxes | 630,016 | - | 630,016 |
| Intergovernmental | - | - | - |
| Customer, net | 2,029,953 | 8,660,996 | 1,973,039 |
| Other | 1,990 | 69,800 | 1,444 |
| Prepaid expenses | - | 511,114 | - |
| Due from other funds | 94,053 | - | 585,447 |
| Lease receivable | - | 109,004 | - |
| Inventory | - | 687,534 | - |
| Total current assets | 41,335,661 | 87,810,552 | 32,308,615 |
| Noncurrent assets | | | |
| Leases receivable, less current portion | - | 1,697,595 | - |
| Capital assets not being depreciated | 18,962,412 | 17,448,438 | 431,890 |
| Capital assets being depreciated | 121,766,997 | 331,435,587 | 22,579,236 |
| Right-to-use lease assets - leases | - | - | - |
| Right-to-use lease assets - subscriptions | - | - | - |
| Accumulated amortization - leases | - | - | - |
| Accumulated amortization - subscriptions | - | - | - |
| Accumulated depreciation | (87,785,543) | (182,322,417) | (15,683,872) |
| Total capital assets, net accumulated depreciation | 52,943,866 | 166,561,608 | 7,327,254 |
| Total noncurrent assets | 52,943,866 | 168,259,203 | 7,327,254 |
| Total assets | 94,279,527 | 256,069,755 | 39,635,869 |
| Deferred outflows of resources | | | |
| Deferred outflows - pension | 1,665,749 | 2,731,208 | 1,775,795 |
| Deferred outflows - OPEB | 330,522 | 534,433 | 350,157 |
| Total deferred outflows of resources | 1,996,271 | 3,265,641 | 2,125,952 |
| Total assets and deferred outflows of resources | \$ 96,275,798 | \$ 259,335,396 | \$ 41,761,821 |

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

| Business-type Activities - Enterprise Funds | | | | Governmental |
|---|----------------------|-----------------------|-----------------------|----------------------|
| Santa Fe | College of Santa | Nonmajor | | Activities |
| Convention | Fe | Enterprise | Total | Internal Service |
| Center | | Funds | | Funds |
| \$ 10,948,803 | \$ 2,335,492 | \$ 18,724,397 | \$ 177,479,114 | \$ 13,999,682 |
| - | - | - | 1,260,032 | - |
| - | - | 7,827,411 | 7,827,411 | - |
| - | - | 1,876,734 | 14,540,722 | - |
| - | 2 | 1,325,254 | 1,398,490 | 1,046,554 |
| - | - | - | 511,114 | - |
| - | - | - | 679,500 | - |
| 26,503 | - | 340,473 | 475,980 | - |
| - | - | - | 687,534 | 18,085 |
| <u>10,975,306</u> | <u>2,335,494</u> | <u>30,094,269</u> | <u>204,859,897</u> | <u>15,064,321</u> |
| 358,588 | - | 12,133,775 | 14,189,958 | - |
| 71,499 | 11,873,388 | 59,382,340 | 108,169,967 | 484,083 |
| 50,498,489 | 42,950,541 | 202,090,542 | 771,321,392 | 4,758,968 |
| - | - | 335,951 | 335,951 | - |
| - | - | - | - | 2,379,261 |
| - | - | (240,283) | (240,283) | - |
| - | - | - | - | (1,842,517) |
| <u>(18,700,724)</u> | <u>(19,564,500)</u> | <u>(126,846,326)</u> | <u>(450,903,382)</u> | <u>(1,819,327)</u> |
| <u>31,869,264</u> | <u>35,259,429</u> | <u>134,722,224</u> | <u>428,683,645</u> | <u>3,960,468</u> |
| <u>32,227,852</u> | <u>35,259,429</u> | <u>146,855,999</u> | <u>442,873,603</u> | <u>3,960,468</u> |
| <u>43,203,158</u> | <u>37,594,923</u> | <u>176,950,268</u> | <u>647,733,500</u> | <u>19,024,789</u> |
| 389,174 | 46,244 | 3,610,057 | 10,218,227 | 2,075,219 |
| 76,582 | 9,100 | 689,524 | 1,990,318 | 408,367 |
| <u>465,756</u> | <u>55,344</u> | <u>4,299,581</u> | <u>12,208,545</u> | <u>2,483,586</u> |
| <u>\$ 43,668,914</u> | <u>\$ 37,650,267</u> | <u>\$ 181,249,849</u> | <u>\$ 659,942,045</u> | <u>\$ 21,508,375</u> |

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, 2024 | Business-type Activities - Enterprise Funds | | |
|---|--|-----------------------------|-----------------------------------|
| | Waste Water Management | Water Management | Environmental Services |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 1,505,412 | \$ 4,136,036 | \$ 1,065,766 |
| Accrued payroll | 168,916 | 254,803 | 252,596 |
| Accrued interest payable | 45,554 | 104,341 | - |
| Unearned revenue | - | - | - |
| Other liabilities | - | 545,213 | 582,540 |
| Due to other governments | 2,356 | 12,144 | 344,281 |
| Deposits held in trust for others | 15,250 | 2,129,756 | - |
| Bonds payable, current, net of amortized discounts | 727,878 | 1,342,689 | - |
| Notes payable, current | - | 965,053 | - |
| Lease liabilities, current | - | - | - |
| Subscription liabilities - due within one year | - | - | - |
| Compensated absence payable, current | 123,658 | 192,064 | 134,247 |
| Claims and judgment payable | - | - | - |
| Due to other funds | 39,235 | - | - |
| Total current liabilities | 2,628,259 | 9,682,099 | 2,379,430 |
| Noncurrent liabilities | | | |
| Bonds payable, net of unamortized discounts | 12,950,286 | 30,992,604 | - |
| Notes payable | - | 4,779,631 | - |
| Compensated absences payable | 241,843 | 365,785 | 236,008 |
| Lease payable | - | - | - |
| Subscription liabilities, due in more than one year | - | - | - |
| Net pension liability | 6,919,508 | 11,348,541 | 7,377,488 |
| Net OPEB liability | 898,457 | 1,433,056 | 946,460 |
| Total noncurrent liabilities | 21,010,094 | 48,919,617 | 8,559,956 |
| Total liabilities | 23,638,353 | 58,601,716 | 10,939,386 |
| Deferred inflows of resources | | | |
| Deferred inflows - unamortized gain on refunding of bonds | - | - | - |
| Deferred inflows - leases | - | 1,762,172 | - |
| Deferred inflows - pension | 105,611 | 163,862 | 110,053 |
| Deferred inflows - OPEB | 1,208,724 | 1,941,356 | 1,276,964 |
| Total deferred inflows of resources | 1,314,335 | 3,867,390 | 1,387,017 |
| Net position | | | |
| Net investment in capital assets | 39,265,702 | 128,481,631 | 7,327,254 |
| Unrestricted (deficit) | 32,057,408 | 68,384,659 | 22,108,164 |
| Total net position | 71,323,110 | 196,866,290 | 29,435,418 |
| Total liabilities, deferred inflows of resources, and net position | \$ 96,275,798 | \$ 259,335,396 | \$ 41,761,821 |

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

| Business-type Activities - Enterprise Funds | | | | Governmental |
|---|------------------|----------------|----------------|------------------|
| Santa Fe | College of Santa | Nonmajor | Total | Internal Service |
| Convention | Fe | Enterprise | | Funds |
| Center | | Funds | | |
| \$ 348,900 | \$ 244,020 | \$ 3,895,161 | \$ 11,195,295 | \$ 2,470,031 |
| 52,783 | 5,995 | 525,744 | 1,260,837 | 199,018 |
| 53,179 | 56,454 | 44,681 | 304,209 | - |
| 300,000 | 16,667 | 315,005 | 631,672 | - |
| - | - | 57,938 | 1,185,691 | - |
| - | - | 86,391 | 445,172 | 1,003 |
| 572,847 | 23,333 | 112,847 | 2,854,033 | - |
| 1,352,970 | - | 1,717,822 | 5,141,359 | - |
| - | 1,000,000 | 522,551 | 2,487,604 | - |
| - | - | 84,098 | 84,098 | - |
| - | - | - | - | 150,012 |
| 13,689 | 1,216 | 239,654 | 704,528 | 120,966 |
| - | - | - | - | 10,818,395 |
| - | - | - | 39,235 | - |
| 2,694,368 | 1,347,685 | 7,601,892 | 26,333,733 | 13,759,425 |
| 15,685,529 | - | 11,749,775 | 71,378,194 | - |
| - | 18,055,000 | 747,163 | 23,581,794 | - |
| 25,665 | 2,281 | 449,322 | 1,320,904 | 226,789 |
| - | - | 16,792 | 16,792 | - |
| - | - | - | - | 22,811 |
| 1,616,877 | 192,127 | 14,998,469 | 42,453,010 | 8,621,779 |
| 206,593 | 24,550 | 1,860,113 | 5,369,229 | 1,101,641 |
| 17,534,664 | 18,273,958 | 29,821,634 | 144,119,923 | 9,973,020 |
| 20,229,032 | 19,621,643 | 37,423,526 | 170,453,656 | 23,732,445 |
| - | - | 157,932 | 157,932 | - |
| 323,592 | - | 12,544,282 | 14,630,046 | - |
| 23,928 | 2,843 | 221,960 | 628,257 | 127,593 |
| 279,012 | 33,156 | 2,512,163 | 7,251,375 | 1,487,815 |
| 626,532 | 35,999 | 15,436,337 | 22,667,610 | 1,615,408 |
| 14,830,765 | 16,204,429 | 119,726,091 | 325,835,872 | 3,787,645 |
| 7,982,585 | 1,788,196 | 8,663,895 | 140,984,907 | (7,627,123) |
| 22,813,350 | 17,992,625 | 128,389,986 | 466,820,779 | (3,839,478) |
| \$ 43,668,914 | \$ 37,650,267 | \$ 181,249,849 | \$ 659,942,045 | \$ 21,508,375 |

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

| For Year Ended June 30, 2024 | Business-type Activities - Enterprise Funds | | |
|---|---|-----------------------|---------------------------|
| | Waste Water Management | Water Management | Environmental Services |
| Operating revenues | | | |
| Charges for services | \$ 15,935,712 | \$ 43,720,002 | \$ 16,385,583 |
| Facilities rentals | 51,925 | 58,171 | 266,000 |
| Other revenues | 94,364 | 611,775 | 96,810 |
| Premiums | - | - | - |
| Total operating revenues | 16,082,001 | 44,389,948 | 16,748,393 |
| Operating expenses | | | |
| Salaries, wages, and fringe benefits | 5,432,648 | 8,586,034 | 5,511,214 |
| Contractual services and utilities | 2,140,340 | 5,650,297 | 5,351,612 |
| Repairs and maintenance | 1,761,829 | 501,540 | 1,003,576 |
| Supplies | 962,455 | 910,574 | 607,208 |
| Small equipment | - | 624 | 486,679 |
| Depreciation and amortization expense | 2,152,559 | 8,518,330 | 1,616,520 |
| Insurance | - | - | - |
| Claims and judgments | - | - | - |
| Other | 3,104,155 | 10,026,111 | 2,146,709 |
| Total operating expenses | 15,553,986 | 34,193,510 | 16,723,518 |
| Operating income (loss) | 528,015 | 10,196,438 | 24,875 |
| Non-operating revenues (expenses) | | | |
| Investment income (loss) | 1,615,312 | 3,394,436 | 1,283,905 |
| Intergovernmental | | | |
| State-shared taxes | 3,488,149 | - | 3,488,149 |
| Federal | - | - | - |
| State | - | - | 26,303 |
| Gain (loss) on sale of capital assets | - | - | - |
| Lease revenue | - | 126,775 | - |
| Interest expense, net of premium amortization | (486,959) | (1,098,842) | (2,921) |
| Other nonoperating revenue (expense) | - | - | - |
| Total non-operating revenues (expenses) | 4,616,502 | 2,422,369 | 4,795,436 |
| Income (loss) before transfers and capital contributions | 5,144,517 | 12,618,807 | 4,820,311 |
| Capital grants | | | |
| Federal | - | - | - |
| State | - | - | - |
| Transfers | | | |
| Transfers in | 2,479,671 | 4,016,249 | 1,564,131 |
| Transfers (out) | (1,680,643) | (4,422,939) | (1,573,756) |
| Change in net position | 5,943,545 | 12,212,117 | 4,810,686 |
| Net position - beginning of year, as originally reported | 66,357,189 | 185,694,516 | 25,653,646 |
| Net position - error corrections | (977,624) | (1,040,343) | (1,028,914) |
| Net position - beginning of year, after corrections | 65,379,565 | 184,654,173 | 24,624,732 |
| Net position - end of year | \$ 71,323,110 | \$ 196,866,290 | \$ 29,435,418 |

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

| Business-type Activities - Enterprise Funds | | | | Governmental |
|--|-------------------|-------------------|----------------|-------------------------|
| Santa Fe | | Nonmajor | | Activities |
| Convention | College of | Enterprise | | Internal Service |
| Center | Santa Fe | Funds | Total | Funds |
| \$ 524,655 | \$ - | \$ 11,264,947 | \$ 87,830,899 | \$ 13,320,550 |
| 62,377 | 1,756,500 | 411,586 | 2,606,559 | - |
| 367 | - | 1,755,658 | 2,558,974 | 304,681 |
| - | - | - | - | 32,452,427 |
| 587,399 | 1,756,500 | 13,432,191 | 92,996,432 | 46,077,658 |
| 1,132,938 | 226,273 | 12,305,830 | 33,194,937 | 8,791,021 |
| 383,426 | 1,012,708 | 5,881,798 | 20,420,181 | 3,267,254 |
| 128,809 | 764,725 | 1,148,790 | 5,309,269 | 261,663 |
| 108,868 | 18,324 | 942,921 | 3,550,350 | 1,682,974 |
| 92,756 | - | 334,028 | 914,087 | 1,027,370 |
| 1,212,090 | 1,700,174 | 4,601,173 | 19,800,846 | 1,990,064 |
| 5,590 | 372,536 | 18,130 | 396,256 | 5,192,063 |
| - | - | - | - | 23,281,162 |
| 2,395,881 | 111,822 | 5,673,889 | 23,458,567 | 734,579 |
| 5,460,358 | 4,206,562 | 30,906,559 | 107,044,493 | 46,228,150 |
| (4,872,959) | (2,450,062) | (17,474,368) | (14,048,061) | (150,492) |
| 170,677 | 3,383 | 677,732 | 7,145,445 | 523,576 |
| - | - | - | 6,976,298 | - |
| - | - | 7,127,125 | 7,127,125 | - |
| - | - | - | 26,303 | - |
| - | - | 2,250 | 2,250 | - |
| 22,368 | - | 442,150 | 591,293 | - |
| (450,787) | (681,391) | (312,853) | (3,033,753) | (4,596) |
| (65) | - | 460,469 | 460,404 | - |
| (257,807) | (678,008) | 8,396,873 | 19,295,365 | 518,980 |
| (5,130,766) | (3,128,070) | (9,077,495) | 5,247,304 | 368,488 |
| - | - | 531,610 | 531,610 | - |
| - | - | 4,120,219 | 4,120,219 | - |
| 7,112,304 | 4,161,154 | 20,423,185 | 39,756,694 | 5,358,979 |
| (52,286) | - | (485,357) | (8,214,981) | (137,500) |
| 1,929,252 | 1,033,084 | 15,512,162 | 41,440,846 | 5,589,967 |
| 20,884,098 | 16,959,541 | 112,877,824 | 428,426,814 | (9,429,445) |
| - | - | - | (3,046,881) | - |
| 20,884,098 | 16,959,541 | 112,877,824 | 425,379,933 | (9,429,445) |
| \$ 22,813,350 | \$ 17,992,625 | \$ 128,389,986 | \$ 466,820,779 | \$ (3,839,478) |

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

| For Year Ended June 30, 2024 | Business-type Activities - Enterprise Funds | | |
|---|--|-----------------------------|-----------------------------------|
| | Waste Water Management | Water Management | Environmental Services |
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 16,378,561 | \$ 44,001,258 | \$ 17,199,105 |
| Cash payments to suppliers for goods and services | (10,665,124) | (29,404,368) | (12,151,405) |
| Cash payments to employees for services | (2,762,938) | (3,090,513) | (3,163,321) |
| Net cash provided (used) by operating activities | 2,950,499 | 11,506,377 | 1,884,379 |
| Cash flows from noncapital financing activities | | | |
| Intergovernmental taxes and grants | 3,488,149 | - | 3,514,452 |
| Other nonoperating revenue (expense) | - | - | - |
| Transfers in from other funds | 2,479,671 | 4,016,249 | 1,564,131 |
| Transfers out to other funds | (1,680,643) | (4,422,939) | (1,573,756) |
| Cash received from leases | - | 126,775 | - |
| Net cash provided (used) by noncapital financing activities | 4,287,177 | (279,915) | 3,504,827 |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (7,966,437) | (10,258,299) | (3,328,412) |
| Proceeds from sale of capital assets | - | - | - |
| Proceeds from capital grants | - | - | - |
| Principal paid on bonds, notes, leases, and SBITAs | (817,044) | (2,238,779) | (193,907) |
| Interest paid on bonds, notes, leases, and SBITAs | (489,761) | (1,104,700) | (3,505) |
| Net cash provided (used) by capital and related financing activities | (9,273,242) | (13,601,778) | (3,525,824) |
| Cash flows from investing activities | | | |
| Interest and dividends on investments | 1,615,312 | 3,394,436 | 1,283,905 |
| Net cash provided (used) by investing activities | 1,615,312 | 3,394,436 | 1,283,905 |
| Net increase (decrease) in cash, cash equivalents, and investments | (420,254) | 1,019,120 | 3,147,287 |
| Cash, cash equivalents, and investments - beginning of year | 38,999,903 | 76,752,984 | 25,971,382 |
| Cash, cash equivalents, and investments - end of year | \$ 38,579,649 | \$ 77,772,104 | \$ 29,118,669 |

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

| Business-type Activities - Enterprise Funds | | | | Governmental |
|--|-------------------|-------------------|----------------|-------------------------|
| Santa Fe | | Nonmajor | | Activities |
| Convention | College of | Enterprise | Total | Internal Service |
| Center | Santa Fe | Funds | | Funds |
| \$ 761,234 | \$ 1,683,041 | \$ 7,128,269 | \$ 87,151,468 | \$ 46,505,478 |
| (3,227,084) | (2,484,484) | (18,630,233) | (76,562,698) | (35,000,947) |
| (878,233) | 66,034 | (8,174,575) | (18,003,546) | (8,579,226) |
| (3,344,083) | (735,409) | (19,676,539) | (7,414,776) | 2,925,305 |
| - | - | 8,119,204 | 15,121,805 | - |
| (65) | - | - | (65) | - |
| 7,112,304 | 4,161,154 | 20,423,185 | 39,756,694 | 5,358,979 |
| (52,286) | - | (485,357) | (8,214,981) | (137,500) |
| 22,368 | - | 442,150 | 591,293 | - |
| 7,082,321 | 4,161,154 | 28,499,182 | 47,254,746 | 5,221,479 |
| (90,263) | (815,319) | (12,000,547) | (34,459,277) | (1,830,409) |
| - | - | 2,250 | 2,250 | - |
| - | - | 4,120,219 | 4,120,219 | - |
| (1,298,070) | (975,000) | (2,541,009) | (8,063,809) | (1,108,060) |
| (455,357) | (683,570) | (329,943) | (3,066,836) | (4,596) |
| (1,843,690) | (2,473,889) | (10,787,030) | (41,505,453) | (2,943,065) |
| 170,677 | 3,383 | 677,732 | 7,145,445 | 523,576 |
| 170,677 | 3,383 | 677,732 | 7,145,445 | 523,576 |
| 2,065,225 | 955,239 | (1,286,655) | 5,479,962 | 5,727,295 |
| 8,883,578 | 1,380,253 | 20,011,052 | 171,999,152 | 8,272,387 |
| \$ 10,948,803 | \$ 2,335,492 | \$ 18,724,397 | \$ 177,479,114 | \$ 13,999,682 |

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

| For Year Ended June 30, 2024 | Business-type Activities - Enterprise Funds | | |
|---|--|-----------------------------|-----------------------------------|
| | Waste Water Management | Water Management | Environmental Services |
| Reconciliation of operating income (loss) | | | |
| To net cash provided (used) by | | | |
| Operating activities | | | |
| Operating income (loss) | \$ 528,015 | \$ 10,196,438 | \$ 24,875 |
| Adjustments to reconcile operating income (loss) | | | |
| to net cash provided (used) by operating activities | | | |
| Depreciation/Amortization/Bad debt expense | 2,152,559 | 8,518,330 | 1,616,520 |
| Difference between deferred outflows and related to pensions and OPEB | (674,694) | (1,105,517) | (643,357) |
| Difference between deferred inflows and related to pensions and OPEB | (292,635) | (521,289) | (415,636) |
| Difference between deferred inflows related to leases | - | (126,776) | - |
| Difference between net pension/OPEB liability | 845,917 | 1,385,680 | 502,362 |
| Change in assets and liabilities | | | |
| (Increase) Decrease in Accounts receivables | (182,106) | (2,941,376) | (224,072) |
| (Increase) Decrease in Other receivables | (434) | (403) | (311) |
| (Increase) Decrease in Lease receivables | - | 106,013 | - |
| (Increase) Decrease in Taxes receivables | (41,300) | - | (41,300) |
| (Increase) Decrease in Prepaid expense | - | 45,167 | - |
| (Increase) Decrease in Due from other funds | - | - | - |
| Increase (Decrease) in Accounts Payable | 520,400 | 2,336,926 | 736,063 |
| Increase (Decrease) in Lease Payable | - | - | - |
| Increase (Decrease) in Gross Receipts Tax Payable | - | 236,926 | - |
| Increase (Decrease) in Compensated Absences Payable | 33,297 | (13,800) | 9,049 |
| Increase (Decrease) in Accrued Wages Payable | 66,913 | 96,185 | 137,998 |
| Increase (Decrease) in Other Liabilities | - | - | 201,856 |
| Increase (Decrease) in Due to Other Governments | (5,433) | (7,173,683) | (19,668) |
| Increase (Decrease) in Customer Deposits | - | 690,901 | - |
| Increase (Decrease) in Unearned Revenue | - | - | - |
| Increase (Decrease) in Inventory | - | (223,345) | - |
| Increase (Decrease) in Claims Payable | - | - | - |
| Net cash provided (used) by operating activities | \$ 2,950,499 | \$ 11,506,377 | \$ 1,884,379 |

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

| Business-type Activities - Enterprise Funds | | | | Governmental |
|--|---------------------|------------------------|-----------------------|-------------------------|
| Santa Fe | | Nonmajor | | Activities |
| Convention | College of | Enterprise | | Internal Service |
| Center | Santa Fe | Funds | Total | Funds |
| \$ (4,872,959) | \$ (2,450,062) | \$ (17,474,368) | \$ (14,048,061) | \$ (150,492) |
| 1,212,090 | 1,700,174 | 4,601,175 | 19,800,848 | 1,990,064 |
| (145,830) | (34,571) | (1,367,114) | (3,971,083) | (900,534) |
| (86,066) | 10,754 | (767,903) | (2,072,775) | (309,428) |
| (22,368) | - | 2,429,691 | 2,280,547 | - |
| 135,679 | 107,077 | 1,334,824 | 4,311,539 | 1,371,892 |
| - | - | (564,962) | (3,912,516) | (1,032,777) |
| 302 | (1) | (1,135,232) | (1,136,079) | 445,151 |
| 19,589 | - | (2,562,330) | (2,436,728) | - |
| - | - | (6,560,542) | (6,643,142) | - |
| - | - | - | 45,167 | - |
| - | - | - | - | - |
| 176,312 | (73,458) | 2,123,314 | 5,819,557 | 1,015,446 |
| - | - | (84,096) | (84,096) | - |
| - | - | - | 236,926 | - |
| 2,521 | 1,205 | 63,626 | 95,898 | (30,391) |
| 32,960 | 3,473 | 252,261 | 589,790 | 80,256 |
| - | - | - | 201,856 | - |
| - | - | 43 | (7,198,741) | - |
| 203,687 | - | (15,161) | 879,427 | - |
| - | - | 50,235 | 50,235 | - |
| - | - | - | (223,345) | 45,064 |
| - | - | - | - | 401,054 |
| \$ (3,344,083) | \$ (735,409) | \$ (19,676,539) | \$ (7,414,776) | \$ 2,925,305 |

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

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

| June 30, 2024 | Custodial Funds |
|---|----------------------------|
| Assets | |
| Cash, cash equivalents, and investments | \$ 105,540,318 |
| Total assets | \$ 105,540,318 |
| Net position | |
| Held For | |
| Santa Fe Solid Waste Management Agency | \$ 21,280,217 |
| Buckman Direct Diversion Project | 84,260,101 |
| Total net position | 105,540,318 |
| Total net position | \$ 105,540,318 |

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**

| For the Year Ended June 30, 2024 | Custodial Funds |
|---|----------------------------|
| Additions | |
| Contributions | |
| Members | \$ 27,088,113 |
| Total contributions | 27,088,113 |
| Investment Earnings | |
| Interest Income | 6,004,675 |
| Total Investment Earnings | 6,004,675 |
| Total additions | 33,092,788 |
| Deductions | |
| Distribution to Members | 19,877,944 |
| Total deductions | 19,877,944 |
| Net increase in fiduciary net position | 13,214,844 |
| Net position - beginning of year | 92,325,474 |
| Net position - end of year | \$ 105,540,318 |

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, New Mexico (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, enterprise 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 enterprise 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 enterprise funds. Separate financial statements are provided for governmental funds, enterprise 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, enterprise, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column on their respective financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in their respective financial statements. Major individual governmental and enterprise 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 enterprise 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 the state shared gross receipts tax income fund and the state shared gas tax income fund. The general fund also includes revenues and costs associated with community services, community development, and building codes.

The *Community Development Special Revenue Fund* is used to account for the City's 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.

The *1/2% Gross Receipts Tax Capital Projects 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 re-construction 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 *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 City reports the following enterprise 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.

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 *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 City 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.

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 enterprise 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 City 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.

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)

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.

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.

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)

- 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.
- 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 amortized cost 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 NM LGIP 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 NM LGIP 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.

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)

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 10th and April 10th 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.

Unbilled receivables – An amount for unbilled revenue is recorded in the enterprise 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.

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 enterprise 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.

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)

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 enterprise 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, 2024, was \$511,114.

Leases Receivable

The City's leases receivable are 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.

**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)

Capital Assets

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, right-to-use subscription assets 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, 2024. 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.

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.

Land, construction in progress, right of way assets, water rights, and art are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

| Assets | Years | Assets | Years |
|---------------------------|--------------|--------------------------------|--------------|
| Buildings and Structures | 50 | Vehicles | 4-8 |
| Improvements | 10 | Equipment and Machinery | 4-10 |
| Furniture and Fixtures | 10 | Sewerlines and Utility Systems | 2 |
| Data Processing Equipment | 3 | Software | 10 |
| Streets and Bridges | 25 | Traffic Signals | 10 |

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)

Leases and right-to-use assets

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The right-to-use asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Deferred Outflows of Resources

In addition to assets, the statement of net position 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 two types of items that qualify for reporting in this category, deferred outflows - pension and deferred outflows - OPEB. Deferred outflows - pension and deferred outflows - OPEB qualify for reporting under GASB 68 and 75, respectively, and are further detailed in Note 11 and Note 12.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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. The City reports four categories of items that qualify for reporting as deferred inflows of resources. Deferred inflows - unamortized gain on refund of bonds is related to a previous refunding of long-term liabilities that resulted in a gain on refunding which is recognized over a period of time. Deferred inflows - leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets. Deferred inflows - pension and deferred inflows - OPEB qualify for reporting under GASB 68 and 75, respectively, and are further detailed in Note 11 and Note 12.

Deferred inflows reported in the governmental funds balance sheet represents unavailable revenue, which arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from three sources: leases, property taxes and liquor license and land sales, categorized as "other" deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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)

Accrued Payroll

Accrued payroll is comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2024, along with applicable FICA, Medicare, PERA, retiree health care, and other benefits expenses.

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 enterprise 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.

Subscription-Based Information Technology Arrangements

Subscription agreements that provide the City with access to a software or similar intangible asset for a period of time in excess of twelve months are reported as a right-to-use subscription asset with a related subscription liability. The liability is recorded at the present value of future subscription payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The right-to-use subscription asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Subscription assets are amortized over the shorter of the useful life of the asset or the lease term. The subscription liability is reduced for payments made, less the interest portion of the payment.

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, 2024.

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)

Long-term Obligations

In the government-wide financial statements, and enterprise 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 enterprise 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.

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.

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)

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. The City classified \$73,408 of fund balance as nonspendable related to inventory in the government fund balance sheet at June 30, 2024.

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.

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. The City has assigned General Fund fund balance of \$1,278,450 resulting from cash reserves designated for the fiscal year 2025 budget.

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.

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)

Net Position

In business-type activities, enterprise 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 57 and 141-143. 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 consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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 and federal 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.

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 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.

Enterprise 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 enterprise 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.

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, value of liabilities and right-of-use assets related to leases and subscription-based IT arrangements, allowance for uncollectible accounts, expected useful lives of capital assets, current portion of accrued compensated absences, the estimate for landfill closure and post closure 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 16, 2024. See note 20 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

During the fiscal year ended June 30, 2024, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of GASB Statement No. 100 had a significant impact on the City. See Note 2 for further information.

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

GASB 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.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

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

Note 2: ERROR CORRECTION

The City’s fiscal year 2024 financial statements incorporate a change in accounting principle and a change within the financial reporting entity and reflect the correction of an error in previously issued financial statements. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of their nature and effect on amounts reported in the financial statements.

- The City discovered during the year that the June 30, 2022 unbilled accounts receivable in funds Waste Water Management Fund, Water Management Fund, and Environmental Services Fund posted to the general ledger were not reversed in fiscal year 2023. Total reversals were \$977,624, \$2,449,146, and 1,028,914, respectively.
- An adjustment was posted to the Water Management Fund for previously unrecognized fiscal agent fees from Buckman Direct Diversion relating to fiscal years 2021-2024 totaling \$1,408,803.
- The City adjusted the Governmental Activities to report the CWSRF loan payable (see note 8) in the amount of \$1,481,317, which was previously reported as \$0.
- The City adjusted beginning CIP balance in the governmental activities to coincide with inventory records in the amount of \$18,828,479.

The following table summarizes the corrections to the City’s beginning fund balance and net position as a result of the error corrections:

| | Fund Financial Statements | | |
|---|-----------------------------------|-----------------------------|-----------------------------------|
| | Enterprise | | |
| | Waste Water Management | Water Management | Environmental Services |
| June 30, 2023 fund balance as previously reported | \$ 66,357,189 | \$ 185,694,516 | \$ 25,653,646 |
| Error corrections | (977,624) | (1,040,343) | (1,028,914) |
| June 30, 2023 fund balance as corrected | \$ 65,379,565 | \$ 184,654,173 | \$ 24,624,732 |

| | Government-Wide Financial Statements | |
|---|---|-------------------------------------|
| | Governmental Activities | Business-Type Activities |
| June 30, 2023 net position as previously reported | 296,637,893 | \$ 428,426,814 |
| Error correction | (20,309,796) | (3,046,881) |
| June 30, 2023 net position as corrected | \$ 276,328,097 | \$ 425,379,933 |

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 enterprise 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 Local Government Division of the State of New Mexico Department of Finance and Administration. Before July 1st, 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 Government 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.

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 enterprise 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:

| | Excess (deficiency) of revenues over expenditures | |
|-----------------------------------|--|---------------------|
| | Original Budget | Final Budget |
| Budgeted governmental funds | | |
| General Fund | \$ 1,704,452 | \$ (11,665,562) |
| Community Development Grants Fund | (3,987,006) | (9,658,600) |
| 1.5% Gross Receipts Tax Fund | 20,249,134 | 18,416,451 |
| Debt Service Fund | (10,394,068) | (10,394,068) |
| Other governmental funds | 8,290,745 | (18,198,606) |
| Budgeted proprietary funds | | |
| Waste Water Management Fund | 148,484 | (22,951,532) |
| Water Management Fund | 9,581,113 | (31,123,345) |
| Environmental Services Fund | (3,426,053) | (5,985,941) |
| Santa Fe Convention Center Fund | (5,516,067) | (7,275,776) |
| College of Santa Fe Fund | (3,567,358) | (4,453,778) |
| Nonmajor proprietary funds | (12,641,348) | (23,194,296) |
| Internal Service Fund | (5,697,218) | (5,697,218) |

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, 2024.

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, 2024, \$27,814,700 of the City's bank balance of \$28,564,700 was subject to custodial credit risk. Of this amount, \$27,803,490 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$11,210 of the City's deposits was uninsured and uncollateralized at June 30, 2024.

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

Note 4: DEPOSITS AND INVESTMENTS (Continued)

| | Citibank | Wells Fargo | Sterling National Bank | Total |
|---|-------------------|----------------------|-----------------------------------|----------------------|
| Amount of deposits | \$ 261,210 | \$ 28,038,201 | \$ 265,289 | \$ 28,564,700 |
| FDIC/SIPC coverage | (250,000) | (250,000) | (250,000) | (750,000) |
| Total uninsured public funds | 11,210 | 27,788,201 | 15,289 | 27,814,700 |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name | - | 27,788,201 | 15,289 | 27,803,490 |
| Uninsured and uncollateralized | \$ 11,210 | \$ - | \$ - | \$ 11,210 |
| Collateral requirement (50%) | \$ 5,605 | \$ 13,894,101 | \$ 7,645 | \$ 13,907,351 |
| Pledged securities | - | 65,542,116 | 15,598 | 65,557,714 |
| Over (under) collateralized | \$ (5,605) | \$ 51,648,015 | \$ 7,953 | \$ 51,650,363 |

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.

The City utilizes pooled accounts for their funds. Cash and investments of the General, Special Revenue, Capital Projects, Enterprise 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)

Reconciliation to the Statement of Net Position

| | |
|---|----------------|
| Cash, cash equivalents, and investments per statement of net position | \$ 371,769,795 |
| Restricted cash, cash equivalents and investments per statement of net position | 3,835,929 |
| Cash and cash equivalents per statement of fiduciary net position | 105,540,318 |
| <hr/> | |
| Total cash, cash equivalents, and investments | 481,146,042 |
| Plus outstanding checks | 3,433,028 |
| Less outstanding deposits | (775,675) |
| Less restricted NMFA debt funds | (78,168) |
| Less New MexiGROW LGIP | (83,659,956) |
| Less Principal cash and investments - City | (295,622,962) |
| Less Principal cash and investments - BDD | (75,871,934) |
| Less petty cash | (5,675) |
| <hr/> | |
| Bank balance of deposits | \$ 28,564,700 |
| <hr/> | |

Investments

The City's investments at June 30, 2024 include the following:

| Investment Type | Weighted Average Maturities | Fair Value | Rating* |
|----------------------------------|--------------------------------|----------------|-----------|
| | 34 day WAM (R) and | | |
| New MexiGROW LGIP | 90 day WAM (F) | \$ 83,659,956 | AAAm |
| U.S. Treasury Money Market Funds | >365 Days | 7,286,214 | AA+ |
| Fixed Income Securities | 0 to 3 years | 9,976,563 | AA+ |
| Money market funds | <365 days | 354,232,119 | Not Rated |
| <hr/> | | | |
| Total | | \$ 455,154,852 | |
| <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 \$9,976,563. These securities do not have call options.

Maturity rates consist of the following as of June 30, 2024:

| Investment Type | Amount | Not subject to | | |
|----------------------------|-----------------------|---------------------------|-------------------------|------------------|
| | | Interest Rate Risk | Less than 1 Year | 1-5 Years |
| New MexiGROW LGIP | \$ 83,659,956 | \$ 83,659,956 | \$ - | \$ - |
| U.S. Treasury Money Market | 7,286,214 | 7,286,214 | - | - |
| Money Market Funds | 354,232,119 | 354,232,119 | - | - |
| Fixed Income Securities | 9,976,563 | - | 9,976,563 | - |
| Total investments | \$ 455,154,852 | \$ 445,178,289 | \$ 9,976,563 | \$ - |

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 \$83,659,956 with the NM 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 \$9,976,563 in investments at June 30, 2024 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, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|--------------|---------|---------|--------------|
| Fixed Income Securities | \$ 9,976,563 | \$ - | \$ - | \$ 9,976,563 |
| Total investments | \$ 9,976,563 | \$ - | \$ - | \$ 9,976,563 |

Note 5: RECEIVABLES

Receivables as of June 30, 2024 for governmental activities are as follows:

| | General Fund | Community Development Grants Fund | 1/2% Gross Receipts Tax Fund |
|--|---------------|---|------------------------------------|
| Taxes | | | |
| Property | \$ 753,432 | \$ - | \$ - |
| Gross receipts | 11,609,970 | 247,020 | 5,040,132 |
| Gasoline and oil taxes | - | - | - |
| Other | 7,821,854 | - | - |
| Intergovernmental | | | |
| Federal operating grants | - | 588,354 | - |
| Federal capital grants | - | - | - |
| State operating grants | 172,182 | - | - |
| State capital grants | - | - | - |
| Opioid settlement | 3,137,445 | - | - |
| Other | | | |
| Interest | 214,446 | - | - |
| Ambulance receivable | 3,409,900 | - | - |
| Allowance - ambulance receivable | (3,212,883) | - | - |
| Miscellaneous | 382,272 | - | - |
| Allowance - uncollectable miscellaneous | - | - | - |
| Lease revenue | - | - | - |
| Totals | \$ 24,288,618 | \$ 835,374 | \$ 5,040,132 |

(Continued)

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

Note 5: RECEIVABLES (Continued)

| | Debt Service Fund | Nonmajor Governmental Fund | Total Governmental Funds |
|--|----------------------|----------------------------------|--------------------------------|
| Taxes | | | |
| Property | \$ 164,686 | \$ - | \$ 918,118 |
| Gross receipts | - | 494,042 | 17,391,164 |
| Gasoline and oil taxes | - | 254,078 | 254,078 |
| Other | - | 6,201,898 | 14,023,752 |
| Intergovernmental | | | |
| Federal operating grants | - | 510,256 | 1,098,610 |
| State operating grants | - | 497,562 | 669,744 |
| State capital grants | - | 2,535,536 | 2,535,536 |
| Opioid settlement | - | - | 3,137,445 |
| Other | | | |
| Interest | 5,021 | - | 219,467 |
| Ambulance receivable | - | - | 3,409,900 |
| Allowance - ambulance receivable | - | - | (3,212,883) |
| Miscellaneous | - | 4,349,546 | 4,731,818 |
| Allowance - uncollectable miscellaneous | - | (1,657,042) | (1,657,042) |
| Lease revenue | - | 3,709,061 | 3,709,061 |
| Totals | \$ 169,707 | \$ 16,894,937 | \$ 47,228,768 |

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$660,867, license fees in the amount of \$139,608, and land sales in the amount of \$2,120,149 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

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

Note 5: RECEIVABLES (Continued)

Receivables as of June 30, 2024 for business-type activities are as follows:

| | Waste Water Management | Water Management | Environmental Services | Santa Fe Convention Center | College of Santa Fe |
|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------------|---|--------------------------------|
| Taxes | | | | | |
| Gross receipts taxes | \$ 630,016 | \$ - | \$ 630,016 | \$ - | \$ - |
| Intergovernmental | | | | | |
| Operating grants | - | - | - | - | - |
| State capital grants | - | - | - | - | - |
| Customer | | | | | |
| Charges for services | 2,412,417 | 9,527,592 | 2,428,652 | - | - |
| Allowance - charges for services | (545,760) | (866,596) | (455,613) | - | - |
| Notes receivable | 163,296 | - | - | - | - |
| Other | | | | | |
| Other revenue | 1,990 | 69,800 | 1,444 | - | 2 |
| Lease receivable | - | 1,806,599 | - | 385,091 | - |
| Totals | \$ 2,661,959 | \$ 10,537,395 | \$ 2,604,499 | \$ 385,091 | \$ 2 |

(Continued)

| | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|-------------------------------------|--|----------------------|-----------------------------------|
| Taxes | | | |
| Gross receipts taxes | \$ - | \$ 1,260,032 | \$ - |
| Intergovernmental | | | |
| Federal capital grants | 5,833,202 | 5,833,202 | - |
| State capital grants | 1,994,209 | 1,994,209 | - |
| Customer | | | |
| Charges for services | 2,581,715 | 16,950,376 | - |
| Allowance - charges for services | (704,981) | (2,572,950) | - |
| Notes receivable | - | 163,296 | - |
| Other | | | |
| Other revenue | 1,325,254 | 1,398,490 | 1,046,554 |
| Lease receivable | 12,474,248 | 14,665,938 | - |
| Totals | \$ 23,503,647 | \$ 39,692,593 | \$ 1,046,554 |

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

Note 5: RECEIVABLES (Continued)

Lease Receivables

The City has recorded lease receivables in accordance with 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 activities, 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 June 30, 2021.

During the year ended June 30, 2024, the following changes occurred in lease receivables reported on the statement of net position for governmental activities:

| | Balance | | | Balance | Due Within |
|-------------------------------|---------------------|-------------|-------------------|---------------------|-------------------|
| | June 30, 2023 | Increases | Decreases | June 30, 2024 | One Year |
| SF Health Club | \$ 37,745 | \$ - | \$ 14,215 | \$ 23,530 | \$ 14,652 |
| Kitchen Angels | 1,921,173 | - | 83,599 | 1,837,574 | 118,165 |
| Sanchez Family | 28,743 | - | 2,396 | 26,347 | 2,494 |
| Verizon 18-1097 | 784,264 | - | 42,027 | 742,237 | 43,164 |
| New Food Depot | 930,363 | - | 67,130 | 863,233 | 67,251 |
| Shelter | 60,693 | - | 60,693 | - | - |
| B&GC | 287,374 | - | 72,396 | 214,978 | 74,529 |
| Highland | 6,753 | - | 5,591 | 1,162 | 1,083 |
| Café Des Artistes | 4,188 | - | 4,188 | - | - |
| Plaza Café | 31,704 | - | 31,704 | - | - |
| Total lease receivable | \$ 4,093,000 | \$ - | \$ 383,939 | \$ 3,709,061 | \$ 321,338 |

The future minimum lease payments for governmental activities to be received as of June 30, 2024 is as follows:

| Fiscal Year | | | | Total Lease |
|-----------------|---------------------|-------------------|-----------|------------------|
| Ending June 30, | Payment | Interest | | Receivable |
| 2025 | \$ 321,338 | \$ 26,151 | \$ | 470,762 |
| 2026 | 323,265 | 23,716 | | 373,869 |
| 2027 | 316,248 | 21,261 | | 371,871 |
| 2028 | 259,780 | 19,110 | | 54,770 |
| 2029 | 266,884 | 17,038 | | 283,922 |
| 2030-2034 | 1,560,856 | 50,996 | | 1,611,852 |
| 2035-2039 | 660,690 | 3,267 | | 663,957 |
| Totals | \$ 3,709,061 | \$ 161,539 | \$ | 3,870,600 |

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

Note 5: RECEIVABLES (Continued)

Lease Receivables (Continued)

Total lease revenue and interest revenue recognized in the governmental activities for the year ended June 30, 2024 was \$504,686 and \$29,020.

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, 2024, the following changes occurred in lease receivables reported on the statement of net position for business-type activities:

| | Balance | | | Balance | Due Within |
|-------------------------------|----------------------|---------------------|-------------------|----------------------|-------------------|
| | June 30, 2023 | Increases | Decreases | June 30, 2024 | One Year |
| Warehouse | \$ 7,913,890 | \$ - | \$ 211,406 | \$ 7,702,484 | \$ 194,640 |
| Wiskey Golf | 24,886 | - | 2,990 | 21,896 | 3,024 |
| Spectra Airport | 724,792 | - | 17,605 | 707,187 | 17,605 |
| T-Mobile | 595,534 | - | 42,398 | 553,136 | 42,458 |
| Verizon 18-0851 | 702,441 | - | 33,927 | 668,514 | 35,491 |
| Verizon 18-0852 | 614,636 | - | 29,686 | 584,950 | 31,054 |
| Verizon 18-1098 | 415,298 | - | 22,217 | 393,081 | 22,780 |
| Verizon 19-0533 | 356,690 | - | 19,589 | 337,101 | 20,129 |
| Gate 13 | 140,034 | - | 3,382 | 136,652 | 3,550 |
| Jet Center | 705,691 | - | 31,296 | 674,395 | 21,637 |
| La Bocal Feliz | 4,199 | - | 3,957 | 242 | 242 |
| Hotel Chimayo | 25,432 | - | 5,967 | 19,465 | 6,132 |
| Youthworks | 5,687 | - | 5,687 | - | - |
| Horno Restaurant | - | 23,769 | 7,119 | 16,650 | 7,935 |
| Signature Flight Support a | - | 1,949,025 | 45,385 | 1,903,640 | 38,883 |
| Signature Flight Support b | - | 573,078 | 9,836 | 563,242 | 11,433 |
| Signature Flight Support c | - | 329,884 | 5,561 | 324,323 | 6,580 |
| Signature Flight Support d | - | 19,892 | 1,714 | 18,178 | 2,208 |
| Los Magueyes | - | 15,839 | 608 | 15,231 | 3,713 |
| Tres Colores | - | 26,692 | 1,121 | 25,571 | 6,486 |
| Total lease receivable | \$ 12,229,210 | \$ 2,938,179 | \$ 501,451 | \$ 14,665,938 | \$ 475,980 |

Deferred inflows of resources are recorded for leases at the date the lease is entered into, in an amount equal to the initial lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of the related leases.

**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, 2024 is as follows:

| Fiscal Year Ending June 30, | Payment | Interest | Total Lease Receivable |
|--|----------------------|---------------------|-----------------------------------|
| 2025 | \$ 475,980 | \$ 233,180 | \$ 709,160 |
| 2026 | 486,377 | 226,399 | 712,776 |
| 2027 | 490,779 | 219,492 | 710,271 |
| 2028 | 495,039 | 212,014 | 707,053 |
| 2029 | 506,268 | 205,237 | 711,505 |
| 2030-2034 | 2,737,885 | 909,967 | 3,647,852 |
| 2035-2039 | 2,902,290 | 694,615 | 3,596,905 |
| 2040-2044 | 2,388,221 | 473,172 | 2,861,393 |
| 2045-2049 | 2,447,288 | 235,114 | 2,682,402 |
| 2050-2054 | 1,544,507 | 65,670 | 1,610,177 |
| 2055-2059 | 191,304 | - | 191,304 |
| Totals | \$ 14,665,938 | \$ 3,474,860 | \$ 18,140,798 |

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.

Total lease revenue and interest revenue recognized in the governmental activities for the year ended June 30, 2024 was \$591,293 and \$232,733.

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 for the year ended June 30, 2024:

| Fund | Transfers Out | Transfers In |
|------------------------------------|----------------------|----------------------|
| General | \$ 12,741,913 | \$ 3,545,419 |
| Community Development Grants | 105,027 | 587,810 |
| 1/2% Gross Receipts Tax | 22,588,531 | 1,053,565 |
| Debt Service | - | 10,394,068 |
| Internal Service | 137,500 | 5,358,979 |
| Gross Receipts Tax | 25,261,969 | - |
| Capital Equipment Reserve | 781,341 | - |
| Franchise Fee | 62,000 | - |
| Economic Development | 60,000 | 913,500 |
| Lodger's Tax | 9,476,182 | - |
| Emergency Services | 123,163 | 478,142 |
| Resource Conservation | - | 995,262 |
| Impact Fee | 2,106,645 | - |
| Transportation Grants | - | 130,728 |
| Senior Citizen Grants/Programs | - | 1,875,993 |
| Library | - | 1,053,023 |
| Recreation Programs | - | 2,841,681 |
| Facilities CIP | - | 2,487,000 |
| Special Projects | - | 3,250,000 |
| City Street Projects | 1,484,895 | 5,918,774 |
| CIP Community Development | - | 105,027 |
| City Parks and Trails Improvements | - | 2,398,482 |
| Waste Water Management | 1,680,643 | 2,479,671 |
| Water Management | 4,422,939 | 4,016,249 |
| Environmental Services | 1,573,756 | 1,564,131 |
| Santa Fe Convention Center | 52,286 | 7,112,304 |
| College of Santa Fe | - | 4,161,154 |
| Railyard Properties | - | 1,541,943 |
| Municipal Recreation Complex | - | 3,580,176 |
| Parking Enterprise | - | 2,860,137 |
| Transit Bus System | 55,357 | 9,371,754 |
| Genoveva Chavez Community Center | 430,000 | 3,069,175 |
| Total Transfers | \$ 83,144,147 | \$ 83,144,147 |

**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 as of June 30, 2024 is as follows:

| | Due from Other Funds | Due to Other Funds |
|------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 3,324,162 | \$ 1,437,063 |
| 1/2% Gross Receipts Tax Fund | 707,753 | 18,247,219 |
| Gross Receipts Tax | 15,323,465 | - |
| Waste Water Management | 94,053 | 39,235 |
| Environmental Services | 585,447 | - |
| Economic Development | 30,346 | 9,806 |
| Law Enforcement | 549,957 | - |
| Community Development | 689,978 | 1,529 |
| Recreation Programs | - | 1,010,309 |
| Land Development | - | 560,000 |
| Totals | \$ 21,305,161 | \$ 21,305,161 |

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, 2024, follows. Land, construction in progress, right-of-way, and art are not subject to depreciation.

| Governmental activities | Balance June 30, 2023 | June 30, 2023 correction | Additions | Deletions | Balance June 30, 2024 |
|---|----------------------------------|-------------------------------------|----------------------|------------------------|----------------------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 169,939,946 | \$ - | \$ 2,109,875 | \$ - | \$172,049,821 |
| Construction in progress | 74,211,698 | (18,828,479) | 20,316,226 | (24,195,428) | 51,504,017 |
| Right-of-Way | 78,281 | - | - | - | 78,281 |
| Art | 885,046 | - | - | - | 885,046 |
| Total capital assets not being depreciated | 245,114,971 | (18,828,479) | 22,426,101 | (24,195,428) | 224,517,165 |
| Capital assets being depreciated | | | | | |
| Buildings and Structures | 66,915,641 | - | 11,454,100 | - | 78,369,741 |
| Improvements | 105,655,254 | - | 3,257,268 | - | 108,912,522 |
| Equipment and Machinery | 23,950,306 | - | 3,622,716 | (242,307) | 27,330,715 |
| Furniture and Fixtures | 1,125,873 | - | 248,623 | - | 1,374,496 |
| Vehicles | 36,465,787 | - | 8,618,904 | (1,399,300) | 43,685,391 |
| Data Processing and Software | 12,926,142 | - | 2,369,798 | - | 15,295,940 |
| Traffic Signals | 23,517,339 | - | 165,817 | - | 23,683,156 |
| Streets and bridges | 228,580,156 | - | 6,015,961 | - | 234,596,117 |
| Right-to-use asset- equipment | 40,212 | - | 168,286 | - | 208,498 |
| Right-to-use asset- subscriptions | 5,601,952 | - | - | (320,053) | 5,281,899 |
| Total capital assets being depreciated | 504,778,662 | - | 35,921,473 | (1,961,660) | 538,738,475 |
| Total capital assets | 749,893,633 | (18,828,479) | 58,347,574 | (26,157,088) | 763,255,640 |
| Accumulated depreciation | | | | | |
| Buildings and Structures | 29,092,994 | - | 1,309,474 | - | 30,402,468 |
| Improvements | 84,713,872 | - | 5,384,044 | - | 90,097,916 |
| Equipment and Machinery | 16,244,228 | - | 1,612,106 | (242,307) | 17,614,027 |
| Furniture and Fixtures | 471,561 | - | 92,038 | - | 563,599 |
| Vehicles | 24,440,019 | - | 3,144,596 | (1,259,915) | 26,324,700 |
| Data Processing and Software | 9,193,419 | - | 1,424,721 | - | 10,618,140 |
| Traffic Signals | 23,447,662 | - | 29,529 | - | 23,477,191 |
| Streets and bridges | 187,461,208 | - | 3,306,066 | - | 190,767,274 |
| Right-to-use asset- equipment | 40,212 | - | 34,881 | - | 75,093 |
| Right-to-use asset- subscriptions | 2,061,590 | - | 2,030,041 | (314,022) | 3,777,609 |
| Total accumulated depreciation | 377,166,765 | - | 18,367,496 | (1,816,244) | 393,718,017 |
| Net capital assets | \$ 372,726,868 | \$ (18,828,479) | \$ 39,980,078 | \$ (24,340,844) | \$369,537,623 |

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, 2024 was charged to governmental activities as follows:

| | |
|------------------------|----------------------|
| General Government | \$ 2,003,821 |
| Public Safety | 2,460,000 |
| Public Works | 7,226,251 |
| Community Development | 461,250 |
| Culture and Recreation | 4,151,252 |
| <hr/> | |
| Total | <u>\$ 16,302,574</u> |

The City has lease liabilities associated with the right-to-use assets as of June 30, 2024, which are further described in Note 8. Amortization of right-to-use equipment assets and right-to-use subscription assets totaled \$34,881 and \$2,030,041, respectively, for the year ended June 30, 2024, charged to governmental activities.

A summary of business-type activities capital assets and changes occurring during the year ended June 30, 2024 follows. Land, water rights, construction in progress, and art are not subject to depreciation.

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

Note 7: CAPITAL ASSETS (Continued)

| Business-type activities | Balance June 30, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|----------------------------------|----------------------|------------------------|----------------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 38,260,558 | \$ - | \$ - | \$ 38,260,558 |
| Water Rights | 3,434,979 | | | 3,434,979 |
| Construction in Progress | 90,961,426 | 27,583,164 | (52,290,131) | 66,254,459 |
| Art | 219,971 | - | - | 219,971 |
| Total capital assets not being depreciated | 132,876,934 | 27,583,164 | (52,290,131) | 108,169,967 |
| Capital assets being depreciated | | | | |
| Buildings and Structures | 328,807,354 | 6,034,393 | - | 334,841,747 |
| Improvements | 155,315,876 | 390,253 | - | 155,706,129 |
| Sewerlines and Utility Systems | 166,078,679 | 37,809,384 | - | 203,888,063 |
| Equipment and Machinery | 20,741,833 | 1,106,971 | (87,455) | 21,761,349 |
| Furniture and Fixtures | 662,843 | 142,964 | - | 805,807 |
| Vehicles | 38,494,725 | 5,076,198 | (386,773) | 43,184,150 |
| Data Processing and Software | 2,476,673 | 93,576 | - | 2,570,249 |
| Streets | - | 8,563,898 | - | 8,563,898 |
| Right-to-use asset- equipment | 335,951 | - | - | 335,951 |
| Right-to-use asset- subscriptions | 75,735 | - | (75,735) | - |
| Total capital assets being depreciated | 712,989,669 | 59,217,637 | (549,963) | 771,657,343 |
| Total capital assets | 845,866,603 | 86,800,801 | (52,840,094) | 879,827,310 |
| Accumulated depreciation | | | | |
| Buildings and Structures | 121,317,980 | 7,587,112 | - | 128,905,092 |
| Improvements | 147,366,521 | 2,827,861 | - | 150,194,382 |
| Sewerlines and Utility Systems | 112,100,919 | 4,505,107 | - | 116,606,026 |
| Equipment and Machinery | 18,312,289 | 2,366,018 | (36,060) | 20,642,247 |
| Furniture and Fixtures | 638,909 | 8,417 | - | 647,326 |
| Vehicles | 29,438,384 | 2,378,009 | (386,773) | 31,429,620 |
| Data Processing and Software | 2,468,328 | 10,361 | - | 2,478,689 |
| Streets | - | - | - | - |
| Right-to-use asset- equipment | 160,189 | 80,094 | - | 240,283 |
| Right-to-use asset- subscriptions | 37,868 | 37,867 | (75,735) | - |
| Total accumulated depreciation | 431,841,387 | 19,800,846 | (498,568) | 451,143,665 |
| Net capital assets | \$ 414,025,216 | \$ 66,999,955 | \$ (52,341,526) | \$ 428,683,645 |

**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, 2024 was charged to business-type activities as follows:

| | |
|----------------------------------|---------------|
| Santa Fe Convention Center | \$ 1,212,090 |
| Parking Operations | 979,010 |
| Environmental Services | 1,616,520 |
| Waste Water Management | 2,152,559 |
| Water Management | 8,518,330 |
| Municipal Recreation Center | 186,210 |
| Genoveva Chavez Community Center | 845,306 |
| Airport | 1,317,447 |
| Transit Operations | 822,672 |
| Railyard | 332,567 |
| College of Santa Fe | 1,700,174 |
| <hr/> | |
| Total | \$ 19,682,885 |
| <hr/> | |

The City has lease liabilities and subscription liabilities associated with the right-to-use assets as of June 30, 2024, which are further described in Note 8. Amortization of right-to-use assets and right-to-use subscription totaled \$80,094 and \$37,867, respectively for the year ended June 30, 2024, 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, 2024, the following changes occurred in the liabilities reported in the government-wide statement of net position:

| | Balance June 30, 2023 | June 30, 2023 correction | Additions | Deletions | Balance June 30, 2024 | Due Within One Year |
|------------------------------------|--------------------------|-----------------------------|----------------------|----------------------|--------------------------|------------------------|
| General obligation | | | | | | |
| bonds | \$ 15,250,000 | \$ - | \$ - | \$ 1,390,000 | \$ 13,860,000 | \$ 1,435,000 |
| GRT senior lien | | | | | | |
| revenue bonds | 33,835,000 | - | - | 2,602,500 | 31,232,500 | 2,683,000 |
| GRT subordinate lien | | | | | | |
| revenue bonds | 22,839,300 | - | - | 3,931,300 | 18,908,000 | 3,821,000 |
| NMFA notes payable | 240,346 | - | - | 119,243 | 121,103 | 121,103 |
| Bank notes payable | 16,407,911 | - | - | 773,113 | 15,634,798 | 879,374 |
| CWSRF loan payable | - | 1,481,317 | - | - | 1,481,317 | - |
| Bond premiums | 5,830,235 | - | - | 1,172,203 | 4,658,032 | 959,902 |
| Compensated absences | 5,175,409 | - | 2,515,482 | 1,616,706 | 6,074,185 | 1,980,646 |
| Lease liabilities | - | - | 168,286 | 32,763 | 135,523 | 35,857 |
| Subscription liabilities | 3,261,314 | - | - | 2,149,339 | 1,111,975 | 1,089,164 |
| Claims payable | 10,417,341 | - | 23,682,216 | 23,281,162 | 10,818,395 | 10,818,395 |
| Total long-term liabilities | \$ 113,256,856 | \$ 1,481,317 | \$ 26,365,984 | \$ 37,068,329 | \$ 104,035,828 | \$ 23,823,441 |

General Obligation Bonds

At June 30, 2024, 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 of Issue | Outstanding June 30, 2024 |
|---------------------------------------|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2013 GO Bond | 7/23/2013 | 8/1/2032 | 4.00% | \$ 12,000,000 | \$ 6,570,000 |
| Series 2014 GO Bond | 8/4/2014 | 8/1/2034 | 4.00% | 5,800,000 | 3,765,000 |
| Series 2019 GO Bond | 11/14/2019 | 8/1/2029 | 5.00% | 5,445,000 | 3,525,000 |
| Total general obligation bonds | | | | | \$ 13,860,000 |

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 general obligation bonds as of June 30, 2024, including interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|---------------|--------------|--------------------|
| 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 | 1,610,000 | 350,944 | 1,960,944 |
| 2029 | 1,680,000 | 283,019 | 1,963,019 |
| 2030-2034 | 5,685,000 | 514,332 | 6,199,332 |
| 2035 | 410,000 | 6,919 | 416,919 |
| Totals | \$ 13,860,000 | \$ 2,584,174 | \$ 16,444,174 |

GRT Senior Lien Revenue Bonds

At June 30, 2024, 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 of Issue | Outstanding June 30, 2024 |
|-------------------------------------|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2014 | 9/30/2014 | 6/1/2029 | 5.00% | \$ 15,460,000 | \$ 11,080,000 |
| Series 2016 B | 7/13/2016 | 6/1/2035 | 5.00% | 15,330,000 | 3,167,500 |
| Series 2018A | 12/11/2018 | 6/1/2038 | 5.00% | 20,000,000 | 16,985,000 |
| Total GRT senior lien revenue bonds | | | | | \$ 31,232,500 |

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, 2024, including interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|---------------|--------------|--------------------|
| 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 | 3,879,500 | 1,071,490 | 4,950,990 |
| 2029 | 4,068,000 | 885,600 | 4,953,600 |
| 2030-2034 | 7,643,000 | 2,726,770 | 10,369,770 |
| 2035-2038 | 6,431,500 | 793,110 | 7,224,610 |
| Totals | \$ 31,232,500 | \$ 9,648,170 | \$ 40,880,670 |

GRT Subordinate Lien Revenue Bonds

At June 30, 2024, 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 of Issue | Outstanding June 30, 2024 |
|--|---------------|------------|---------------|-----------------------------|------------------------------|
| Series 2013B | 7/23/2013 | 8/1/2032 | 4.00% | \$ 13,780,000 | \$ 9,460,000 |
| Series 2016D | 7/13/2016 | 6/1/2028 | 5.00% | 2,020,000 | 920,000 |
| Series 2018 | 2/27/2018 | 6/1/2028 | 5.00% | 10,290,000 | 4,745,000 |
| Series 2021 | 12/14/2021 | 12/13/2026 | 5.00% | 9,894,000 | 3,783,000 |
| Total GRT subordinate lien revenue bonds | | | | | \$ 18,908,000 |

**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, 2024, including interest payments are as follows:

| Fiscal Year | | | | |
|------------------------|----------------------|---------------------|---------------------------|--|
| Ending June 30, | Principal | Interest | Total Debt Service | |
| 2025 | \$ 3,821,000 | \$ 728,243 | \$ 4,549,243 | |
| 2026 | 3,997,000 | 543,689 | 4,540,689 | |
| 2027 | 2,150,000 | 408,125 | 2,558,125 | |
| 2028 | 2,240,000 | 316,975 | 2,556,975 | |
| 2029 | - | 226,675 | 226,675 | |
| 2030-2034 | 3,130,000 | 929,925 | 4,059,925 | |
| 2035-2036 | 3,570,000 | 249,900 | 3,819,900 | |
| Totals | \$ 18,908,000 | \$ 3,403,532 | \$ 22,311,532 | |

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 of Issue | Outstanding June 30, 2024 |
|---------------------------------|----------------------|-----------------|----------------------|-------------------------------------|--------------------------------------|
| NMFA Fire PPRF -3458 | 11/1/2017 | 5/1/2025 | 1.630% | \$ 917,815 | \$ 121,103 |
| Total NMFA notes payable | | | | | \$ 121,103 |

**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, 2024, including interest payments, are as follows:

| Fiscal Year | | | | | |
|------------------------|------------------|-----------------|---------------------------|---------|--|
| Ending June 30, | Principal | Interest | Total Debt Service | | |
| 2025 | \$ 121,103 | \$ 2,058 | \$ | 123,161 | |
| Totals | \$ 121,103 | \$ 2,058 | \$ | 123,161 | |

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:

| Description | Date of Issue | Due Date | Interest Rate | Original Amount of Issue | Outstanding June 30, 2024 |
|--------------------------|----------------------|-----------------|----------------------|-------------------------------------|--------------------------------------|
| Solar Energy Project | 3/29/2021 | 12/1/2039 | 2.150% | \$ 17,244,894 | \$ 15,634,798 |
| Total bank notes payable | | | | | \$ 15,634,798 |

**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, 2024, including interest payments, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|----------------------|---------------------|----------------------|
| 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 | 1,022,817 | 270,334 | 1,293,151 |
| 2029 | 1,074,747 | 248,117 | 1,322,864 |
| 2030-2034 | 4,981,302 | 892,795 | 5,874,097 |
| 2035-2039 | 5,186,961 | 382,859 | 5,569,820 |
| 2040 | 591,392 | 6,344 | 597,736 |
| Totals | \$ 15,634,798 | \$ 2,734,168 | \$ 18,368,966 |

Lease Liabilities

The City's governmental activities have entered into agreements to lease property. 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, 2024:

| | Effective Date | End Date | Monthly Payments | Borrowing Rate | Lease Liability | Right-to-Use Lease Asset, net amortization |
|-------------------------|----------------|-----------|---------------------|-------------------|--------------------|--|
| Santa Fe Animal Shelter | 9/1/2023 | 6/30/2028 | \$ 1,680 | 2.13% | \$ 77,372 | \$ 77,372 |
| Solace Crisis Treatment | 7/1/2023 | 6/30/2027 | 1,620 | 2.13% | 58,151 | 56,033 |
| Total | | | | | \$ 135,523 | \$ 133,405 |

Lease debt service requirements to maturity are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-----------------|-------------------|
| 2025 | \$ 35,857 | \$ 2,455 | \$ 38,312 |
| 2026 | 38,505 | 1,649 | 40,154 |
| 2027 | 39,907 | 815 | 40,722 |
| 2028 | 21,254 | 195 | 21,449 |
| Totals | \$ 135,523 | \$ 5,114 | \$ 140,637 |

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

Note 8: LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

Subscription Liabilities

The City has six (6) software arrangements that require recognition under GASBS No. 96. The City now recognizes subscription-based information technology arrangements (SBITA) liabilities and intangible right-to-use subscription assets for various software packages and applications. The City used discount rates as detailed below for the arrangements. There are no residual value guarantees in the agreements.

Subscription liabilities, right-of-use assets, and terms are as follows at June 30, 2024:

| Description | Date of Issue | Due Date | Interest Rate | Subscription Liability | Subscription Asset, Net Amortization |
|---------------------------------|---------------|-----------|---------------|------------------------|--------------------------------------|
| Image Trend Inc | 10/15/2021 | 6/1/2025 | 7.00% | \$ 89,839 | \$ 88,341 |
| Tyler Tech Munis | 3/22/2017 | 6/1/2025 | 7.00% | 554,264 | 610,861 |
| Tyler Technologies | 3/22/2017 | 6/1/2025 | 7.00% | 296,879 | 250,238 |
| Adobe CDW Agreement | 5/26/2022 | 6/1/2025 | 7.00% | 117,541 | 118,540 |
| MO 365 Contract #3202628 | 11/14/2018 | 12/1/2024 | 7.00% | - | 381,181 |
| Ardham Current 20-0000-21-00014 | 9/21/2021 | 4/1/2026 | 7.00% | 53,452 | 55,129 |
| Total | | | | \$ 1,111,975 | \$ 1,504,290 |

The following is a schedule of minimum future payments from subscription agreements as of June 30, 2024:

| Fiscal Year Ending June 30, | Principal | Interest | Total Payments |
|--------------------------------|---------------------|-----------------|---------------------|
| 2024 | \$ 1,089,164 | \$ 2,777 | \$ 1,091,941 |
| 2025 | 22,811 | 23 | 22,834 |
| Totals | \$ 1,111,975 | \$ 2,800 | \$ 1,114,775 |

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, 2024, compensated absences increased \$898,776 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)

Business-Type Activities

The enterprise 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, 2024:

| | Balance June 30, 2023 | Additions | Deletions | Balance June 30, 2024 | Due Within One Year |
|------------------------------------|--------------------------|-------------------|---------------------|--------------------------|------------------------|
| GRT senior lien | | | | | |
| revenue bonds | \$ 1,455,000 | \$ - | \$ 97,500 | \$ 1,357,500 | \$ 102,000 |
| GRT subordinate lien | | | | | |
| revenue bonds | 5,380,000 | - | 1,193,000 | 4,187,000 | 954,450 |
| Revenue bonds | 24,220,000 | - | 1,555,000 | 22,665,000 | 1,635,000 |
| Utility revenue bonds | 43,115,000 | - | 1,707,302 | 41,407,698 | 1,765,000 |
| NMFA notes payable | 28,639,328 | - | 2,569,930 | 26,069,398 | 2,487,604 |
| Bond premiums | 7,760,043 | - | 857,688 | 6,902,355 | 684,909 |
| Compensated absences | 1,929,534 | 769,891 | 673,993 | 2,025,432 | 704,528 |
| Lease liabilities | 184,986 | - | 84,096 | 100,890 | 84,098 |
| Subscription liabilities | 38,000 | - | 38,000 | - | - |
| Total long-term liabilities | \$ 112,721,891 | \$ 769,891 | \$ 8,776,509 | \$ 104,715,273 | \$ 8,417,589 |

GRT Senior Lien Revenue Bonds

At June 30, 2024, 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 enterprise funds. The GRT senior lien revenue bonds are as follows:

| Description | Date of Issue | Due Date | Interest Rate | Original Amount of Issue | Outstanding June 30, 2024 |
|--|---------------|----------|---------------|-----------------------------|------------------------------|
| Series 2016B | 7/13/2016 | 6/1/2023 | 5.00% | \$ 6,570,000 | \$ 1,357,500 |
| Total GRT senior lien revenue bonds | | | | | \$ 1,357,500 |

**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 senior lien revenue bonds as of June 30, 2024, including interest payments, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 102,000 | \$ 51,990 | \$ 153,990 |
| 2026 | 106,500 | 47,910 | 154,410 |
| 2027 | 111,000 | 43,650 | 154,650 |
| 2028 | 115,500 | 39,210 | 154,710 |
| 2029 | 117,000 | 36,900 | 153,900 |
| 2030-2034 | 657,000 | 110,580 | 767,580 |
| 2035-2038 | 148,500 | 5,940 | 154,440 |
| Totals | \$ 1,357,500 | \$ 336,180 | \$ 1,693,680 |

GRT Subordinate Lien Revenue Bonds

At June 30, 2024, 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 enterprise funds. The GRT subordinate lien revenue bonds are as follows:

| Description | Date of Issue | Due Date | Interest Rate | Original Amount of Issue | Outstanding June 30, 2024 |
|--|---------------|------------|---------------|-----------------------------|------------------------------|
| Series 2017 | 6/2/2017 | 6/1/2033 | 4.00% | \$ 4,530,000 | \$ 2,775,000 |
| Series 2021 | 12/14/2021 | 12/13/2026 | 5.00% | 13,590,000 | 1,412,000 |
| Total GRT subordinate lien revenue bonds | | | | | \$ 4,187,000 |

**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 subordinate lien revenue bonds as of June 30, 2024, including interest payments, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|--------------|------------|--------------------|
| 2025 | \$ 954,450 | \$ 142,408 | \$ 1,096,858 |
| 2026 | 1,003,000 | 99,607 | 1,102,607 |
| 2027 | 290,000 | 73,486 | 363,486 |
| 2028 | 295,000 | 64,902 | 359,902 |
| 2029 | 305,000 | 55,786 | 360,786 |
| 2030-2033 | 1,339,550 | 118,015 | 1,457,565 |
| Totals | \$ 4,187,000 | \$ 554,204 | \$ 4,741,204 |

Revenue Bonds

At June 30, 2024, 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 of Issue | Outstanding June 30, 2024 |
|----------------------------------|---------------|-----------|---------------|-----------------------------|------------------------------|
| Series 2015 Convention Center | 4/8/2015 | 6/15/2035 | 4.00% | \$ 21,287,700 | \$ 14,278,950 |
| Series 2015 Parking | 4/8/2015 | 6/15/2035 | 4.00% | 12,502,300 | 8,386,050 |
| Total revenue bonds | | | | | \$ 22,665,000 |

**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, 2024, including interest payments, are as follows:

| Fiscal Year | Principal | Interest | Total Debt Service |
|------------------------|----------------------|---------------------|---------------------------|
| Ending June 30, | | | |
| 2025 | \$ 1,635,000 | \$ 930,409 | \$ 2,565,409 |
| 2026 | 1,720,000 | 847,024 | 2,567,024 |
| 2027 | 1,810,000 | 759,304 | 2,569,304 |
| 2028 | 1,900,000 | 666,994 | 2,566,994 |
| 2029 | 1,995,000 | 570,094 | 2,565,094 |
| 2030-2034 | 8,730,000 | 1,792,440 | 10,522,440 |
| 2035 | 4,875,000 | 175,500 | 5,050,500 |
| Totals | \$ 22,665,000 | \$ 5,741,765 | \$ 28,406,765 |

Utility Revenue Bonds

At June 30, 2024, 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 enterprise funds. The utility revenue bonds are as follows:

| Description | Date of Issue | Due Date | Interest Rate | Original Amount of Issue | Outstanding June 30, 2024 |
|------------------------------------|----------------------|-----------------|----------------------|-------------------------------------|--------------------------------------|
| Series 2016 | 6/14/2016 | 6/1/2039 | 5.00% | \$ 36,665,000 | \$ 29,047,698 |
| Series 2019 | 3/20/2019 | 6/1/2038 | 5.00% | 13,550,000 | 12,360,000 |
| Total utility revenue bonds | | | | | \$ 41,407,698 |

**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, 2024, including interest payments, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|----------------------|----------------------|----------------------|
| 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 | 1,975,000 | 1,493,250 | 3,468,250 |
| 2029 | 2,070,000 | 1,394,500 | 3,464,500 |
| 2030-2034 | 14,985,000 | 5,245,000 | 20,230,000 |
| 2035-2039 | 16,847,698 | 2,288,600 | 19,136,298 |
| Totals | \$ 41,407,698 | \$ 15,282,100 | \$ 56,689,798 |

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 of Issue | Outstanding June 30, 2024 |
|-------------------------|---------------|-----------|---------------|-----------------------------|------------------------------|
| NMFA 2014 Fleet | 12/1/2014 | 6/1/2026 | 2.59% | \$ 3,500,000 | \$ 654,714 |
| NMFA DW #2 Buckman | 12/1/2008 | 6/1/2038 | 1.75% | 15,150,000 | 4,368,611 |
| NMFA DW #4 | 12/1/2013 | 6/1/2035 | 1.75% | 2,525,000 | 1,376,073 |
| NMFA Refunding 2019 | 7/12/2019 | 12/1/2030 | 3.60% | 23,705,000 | 19,055,000 |
| NMFA 2019 Parking | 8/1/2019 | 6/1/2027 | 1.90-2.15% | 1,575,000 | 615,000 |
| Total NMFA loans | | | | | \$ 26,069,398 |

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 enterprise 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, 2024, including interest payments, are as follows:

| Fiscal Year | Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------|------------------------|-------------------|---------------------|---------------------------|
| 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 | | 2,114,253 | 635,154 | 2,749,407 |
| 2029 | | 2,169,783 | 582,087 | 2,751,870 |
| 2030-2034 | | 6,977,072 | 2,175,192 | 9,152,264 |
| 2035-2039 | | 7,495,000 | 889,787 | 8,384,787 |
| Totals | \$ | 26,069,398 | \$ 6,534,664 | \$ 32,604,062 |

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, 2024, compensated absences increased \$95,898 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, \$347,755 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's business-type activities have 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, 2024:

| | 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% | \$ 100,890 | \$ 95,668 |
| Total | | | | | \$ 100,890 | \$ 95,668 |

Lease debt service requirements to maturity are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|---------------|-------------------|
| 2024 | \$ 84,098 | \$ 221 | \$ 84,319 |
| 2025 | 16,792 | 3 | 16,795 |
| Totals | \$ 100,890 | \$ 224 | \$ 101,114 |

Subscription Liabilities

The City has 1 software arrangements that requires recognition under GASBS No. 96. The City now recognizes subscription-based information technology arrangements (SBITA) liabilities and intangible right-to-use subscription assets for various software packages and applications. The City used discount rates as detailed below for the arrangements. There are no residual value guarantees in the agreements.

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, 2024, 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.

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

Note 9: RISK MANAGEMENT (Continued)

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

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

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|-----------------------------|---|---|---------------------------|---------------------------------------|
| 2022-2023 | | | | |
| Risk Management Fund | \$ 2,995,666 | \$ 4,067,781 | \$ 2,231,167 | \$ 4,832,280 |
| Santa Fe Health/Dental Fund | 1,530,000 | 17,662,033 | 17,869,033 | 1,323,000 |
| Workers' Compensation Fund | 3,896,771 | 1,566,899 | 1,201,609 | 4,262,061 |
| Unemployment Claims Fund | - | 39,547 | 39,547 | - |
| Total | \$ 8,422,437 | \$ 23,336,260 | \$ 21,341,356 | \$ 10,417,341 |
| 2023-2024 | | | | |
| Risk Management Fund | \$ 4,832,280 | \$ 2,255,628 | \$ 2,124,217 | \$ 4,963,691 |
| Santa Fe Health/Dental Fund | 1,323,000 | 20,110,241 | 19,950,241 | 1,483,000 |
| Workers' Compensation Fund | 4,262,061 | 1,237,745 | 1,128,102 | 4,371,704 |
| Unemployment Claims Fund | - | 78,602 | 78,602 | - |
| Total | \$ 10,417,341 | \$ 23,682,216 | \$ 23,281,162 | \$ 10,818,395 |

**State of New Mexico
City of Santa Fe
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 | \$ (2,554,719) |
|-------------------------|----------------|

Nonmajor Funds

| | |
|---------------|----------|
| Franchise Fee | (430) |
| NEA Grants | (28,984) |

| | |
|----------------------|----------|
| Total nonmajor funds | (29,414) |
|----------------------|----------|

| | |
|--------------------------|----------------|
| Total governmental funds | \$ (2,584,133) |
|--------------------------|----------------|

Internal Service Funds

| | |
|-------------------------------|----------------|
| Risk Management | \$ (3,934,964) |
| Workers' Compensation | (2,240,020) |
| Services to Other Departments | (11,781,062) |

| | |
|------------------------------|-----------------|
| Total internal service funds | \$ (17,956,046) |
|------------------------------|-----------------|

**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 City had no funds that exceeded budget at the fund level for the year ended June 30, 2024.
- 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, 2024:

| | Budgeted Deficit - Cash Appropriations | Beginning Year Cash & AR Available | Cash Appropriation in Excess of Available |
|--------------------------------|---|---|--|
| Governmental Funds | | | |
| Non Major Funds | | | |
| Capital Equipment Reserve Fund | \$ (803,571) | \$ 137,069 | \$ (666,502) |

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 5 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
City of Santa Fe
Notes to Financial Statements**

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 \$11,289,958.

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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2023. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2023. 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, 2024, the City reported a liability of \$102,554,027 for its proportionate share of the net pension liability. At June 30, 2023, the City's proportion was 4.8432 percent, which increased from its proportion measured as of June 30, 2022, by 0.2104 percent.

For the year ended June 30, 2024, the City recognized PERA Fund Municipal General Division pension expense of \$12,132,244. At June 30, 2024, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 7,697,101 | \$ 1,251,587 |
| Net difference between projected and actual earnings on pension plan investments | 9,642,497 | - |
| Changes of assumption | - | - |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 2,580,379 | 1,139,226 |
| City's contributions subsequent to the measurement date | 6,580,131 | - |
| Total | \$ 26,500,108 | \$ 2,390,813 |

**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)

\$6,580,131 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2023 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|----------------------|
| 2024 | \$ 5,086,859 |
| 2025 | 2,180,486 |
| 2026 | 9,383,820 |
| 2027 | 877,999 |
| Thereafter | - |
| | |
| Total | \$ 17,529,164 |

For PERA Fund Municipal Police Division, at June 30, 2024, the City reported a liability of \$40,803,876 for its proportionate share of the net pension liability. At June 30, 2023, the City's proportion was 4.2311 percent, which increased from its proportion measured as of June 30, 2022, by 0.4491 percent.

For the year ended June 30, 2024, the City recognized PERA Fund Municipal Police Division pension expense of \$6,528,639. At June 30, 2024, the City reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 3,495,347 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 3,388,883 | - |
| Changes of assumption | - | - |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 2,392,082 | 213,491 |
| City's contributions subsequent to the measurement date | 2,166,919 | - |
| | | |
| Total | \$ 11,443,231 | \$ 213,491 |

**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)

\$2,166,919 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2023 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|--------------|
| 2024 | \$ 3,317,212 |
| 2025 | 1,786,815 |
| 2026 | 3,649,387 |
| 2027 | 309,407 |
| Thereafter | - |
| | |
| Total | \$ 9,062,821 |
| | |

For PERA Fund Municipal Fire Division, at June 30, 2024, the City reported a liability of \$57,993,806 for its proportionate share of the net pension liability. At June 30, 2023, the City's proportion was 6.4382 percent, which decreased from its proportion measured as of June 30, 2022, by 0.0075 percent.

For the year ended June 30, 2024, the City recognized PERA Fund Municipal Fire Division pension expense of \$7,130,797. At June 30, 2024, the City reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 4,579,511 | \$ 14,793 |
| Net difference between projected and actual earnings on pension plan investments | 2,464,068 | - |
| Changes of assumptions | - | - |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 934,524 | 360,690 |
| City's contributions subsequent to the measurement date | 2,542,908 | - |
| | | |
| Total | \$ 10,521,011 | \$ 375,483 |
| | | |

**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)

\$2,542,908 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2023 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|--------------|
| 2024 | \$ 2,856,083 |
| 2025 | 1,802,475 |
| 2026 | 2,722,512 |
| 2027 | 221,550 |
| Thereafter | - |
| | |
| Total | \$ 7,602,620 |
| | |

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

| | |
|--------------------------------|---|
| Actuarial valuation date | June 30, 2022 |
| Actuarial cost method | Entry Age Normal |
| Amortization period | 25 years |
| Asset valuation method | Level Percentage of Payroll for all divisions except for the Legislative division which is Level Dollar |
| Actuarial Assumptions: | |
| Investment rate of return, net | 7.25% annual rate |
| Projected salary increases | 3.25% to 13.50% annual rate |
| Includes inflation at | 2.50% |
| Mortality assumptions | The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generational. For nonpublic safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups. |
| Experience Study Dates | July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2017 (economic). |

**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)

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

| ALL FUNDS - Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|--------------------------|---|
| Global Equity | 38.00% | 6.90% |
| Risk Reduction & Mitigation | 17.00% | 3.90% |
| Credit Oriented Fixed Income | 19.00% | 6.00% |
| Real Assets to include Real Estate Equity | 18.00% | 7.00% |
| Multi-Risk Allocation | 8.00% | 0.61% |
| Total | 100.00% | |

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2023. 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:

| PERA Fund Municipal General Division | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability | \$ 148,688,013 | \$ 102,554,027 | \$ 64,197,285 |

| PERA Fund Municipal Police Division | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability | \$ 58,760,959 | \$ 40,803,876 | \$ 26,105,063 |

| PERA Fund Municipal Fire Division | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability | \$ 74,951,399 | \$ 57,993,806 | \$ 44,075,541 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report.

Payables to the pension plan. At June 30, 2024 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, 2023, the Fund’s measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------|
| Plan Membership | |
| Current retirees and surviving spouses | 52,978 |
| Inactive and eligible for deferred benefit | 12,552 |
| Current active members | 93,595 |
| | 159,125 |
| | |
| Active membership | |
| State general | 18,462 |
| State police and corrections | 1,260 |
| Municipal general | 17,283 |
| Municipal police | 3,169 |
| Municipal Fire | 2,419 |
| Educational Retirement Board | 51,002 |
| | 93,595 |
| | 93,595 |

**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 \$1,759,581 for the year ended June 30, 2024.

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

At June 30, 2024, the City reported a liability of \$23,791,710 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2023. At June 30, 2023, the City’s proportion was 1.3971 percent.

For the year ended June 30, 2024, the City recognized OPEB benefit of (\$8,260,973). At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Changes of assumptions | \$ 4,578,637 | \$ 22,443,577 |
| Net difference between projected and actual earnings on pension plan investments | 508,702 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 1,570,235 | 5,380,685 |
| Difference between expected and actual experience | 402,201 | 4,307,504 |
| City's contributions subsequent to the measurement date | 1,759,581 | - |
| Total | \$ 8,819,356 | \$ 32,131,766 |

**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)

Deferred outflows of resources totaling \$1,759,581 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year ended June 30: | | |
|----------------------------|-----------|---------------------|
| 2023 | \$ | (8,153,720) |
| 2024 | | (5,799,395) |
| 2025 | | (6,484,441) |
| 2026 | | (3,652,493) |
| 2027 | | (981,942) |
| | | |
| Total | \$ | (25,071,991) |
| | | |

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

| | |
|-----------------------------|--|
| Actuarial valuation date | June 30, 2022 |
| 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 | 3.00% 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 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs |
| Mortality | ERB members: 2020 GRS Southwest Region 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:

| Asset Class | Long-Term |
|-------------------------------|------------------|
| U.S. core fixed income | 1.6% |
| U.S. equity - large cap | 6.9% |
| Non U.S. - emerging markets | 8.7% |
| Non U.S. - developed equities | 7.2% |
| Private equity | 10.0% |
| Credit and structured finance | 3.7% |
| Real estate | 3.6% |
| Absolute return | 3.2% |
| U.S. equity - small/mid cap | 6.9% |

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 6.22% as of June 30, 2023. 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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.50% for PERA members, was used to calculate the net OPEB liability through 205. Beyond 2059, the index rate for a 20-year, tax exempt general obligation municipal bond with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 6.22% is the blended discount rate.

**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 or 1-percentage-point higher than the current discount rate:

| 1% Decrease (5.22%) | Current Discount Rate (6.22%) | 1% Increase (7.22%) |
|------------------------|-------------------------------------|------------------------|
| \$ 29,995,508 | \$ 23,791,710 | \$ 18,762,995 |

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:

| 1% Decrease | Current Trend Rates | 1% Increase |
|---------------|------------------------|---------------|
| \$ 19,697,140 | \$ 23,791,710 | \$ 28,494,263 |

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, 2023.

Payable Changes in the Net OPEB Liability. At June 30, 2024, 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 \$101,198,694 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 57 and 141-143.

Note 16: FUND BALANCE

Fund balances on the modified accrual basis were classified as follows as of June 30, 2024:

| | General Fund | Community Development Grants Fund | 1/2% Gross Receipts Tax Fund | Debt Service Fund |
|----------------------------|----------------------|---|------------------------------------|----------------------|
| Fund balances | | | | |
| Nonspendable | | | | |
| Inventories | \$ 73,408 | | \$ - | \$ - |
| Restricted for | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Community development | - | 5,798,739 | - | - |
| Culture and recreation | - | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | 3,177,688 |
| Assigned to | | | | |
| General government | 1,278,450 | - | - | - |
| Unassigned (deficit) | 82,043,517 | - | (2,554,719) | - |
| Total fund balances | \$ 83,395,375 | \$ 5,798,739 | \$ (2,554,719) | \$ 3,177,688 |

(Continued)

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

Note 16: FUND BALANCE (Continued)

| | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|--|---|
| Fund balances | | |
| Nonspendable | | |
| Inventories | \$ - | \$ 73,408 |
| Restricted for | | |
| General government | 40,583,157 | 40,583,157 |
| Public safety | 14,218,726 | 14,218,726 |
| Public works | 16,048,553 | 16,048,553 |
| Community development | 361,336 | 6,160,075 |
| Culture and recreation | 4,246,576 | 4,246,576 |
| Capital projects | 22,959,020 | 22,959,020 |
| Debt service | - | 3,177,688 |
| Assigned to | | |
| General government | - | 1,278,450 |
| Unassigned (deficit) | (29,414) | 79,459,384 |
| Total fund balances | \$ 98,387,954 | \$ 188,205,037 |

**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.

| | |
|---|--|
| Agency number for Agency making the disclosure (Abating Agency) | 6160 |
| Abating Agency Name | City of Santa Fe, New Mexico |
| Abating Agency Type | Municipal Government |
| Tax Abatement Agreement Name | Ridgetop Road, LLC Industrial Revenue Bond |
| Name of agency affected by abatement agreement (Affected Agency) | County of Santa Fe, New Mexico |
| Agency number of Affected Agency | 341-A |
| Agency type of Affected Agency | State of New Mexico |
| Recipient(s) of tax abatement | Ridgetop Road, LLC |
| Tax abatement program (name and brief description) | Ridgetop Road, LLC is an IRB Bond issued in 2007 |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency Tax | New Mexico Constitution, Article III, Sections 1 and 2 and the enabling legislation, NMSA 1978, sec7-37-7. |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$19,399 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$0.00 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omissionSections 1 and 2 and the enabling | N/A |

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

Note 17: TAX ABATEMENTS (Continued)

| | |
|---|---|
| Agency number for Agency making the disclosure (Abating Agency) | 6160 |
| Abating Agency Name | City of Santa Fe, New Mexico |
| Abating Agency Type | Municipal Government |
| Tax Abatement Agreement Name | El Castillo Retirement Residences |
| Name of agency affected by abatement agreement (Affected Agency) | County of Santa Fe, New Mexico |
| Agency number of Affected Agency | 341-A |
| Agency type of Affected Agency | County Government |
| Recipient(s) of tax abatement | El Castillo Retirement Residences |
| Tax abatement program (name and brief description) | Industrial Revenue Bond for the construction of an adult residential retirement facility to be located at 401 Old Taos Highway, Santa Fe, NM. |
| Specific Tax(es) Being Abated | Property Tax |
| Authority under which abated tax would have been paid to Affected Agency Tax | 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 |
| Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement | \$19,351 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | \$0.00 |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omissionSections 1 and 2 and the enabling | N/A |

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

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.

Note 20: SUBSEQUENT EVENTS

On August 14, 2024, the City's Governing Body approved a resolution to submit to the November 5, 2024 General Election ballot a question of the issuance of its general obligation bonds in the maximum principal amount of \$25 million to be repaid from property taxes for the purpose of improving roads and streets within the City. The bond question was approved by voters and the City plans to issue some or all of the authorized bonds in calendar year 2025. The bonds are expected to have a repayment term of 20 years and an anticipated annual interest rate of approximately 4.5%.

On August 14, 2024, the City's Governing Body adopted an ordinance authorizing the City to enter into a loan agreement with the New Mexico Environment Department (NMED) for the purpose of obtaining project loan funds in the amount of up to \$151 million, plus accrued interest, to assist in financing improvements to the City's Water, Wastewater and Environmental Services public utility systems. The project loan funds are expected to consist of \$114 million for improvements to the Wastewater system, \$17 million for the Water system, and \$20 million for the Environmental Services system. The loan principal and interest will be repaid with pledged revenues of the Water Management, Wastewater Management and Environmental Services enterprise funds. Utility rate increases are being considered to ensure sufficient revenues are available to meet future debt service obligations.

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

Note 20: SUBSEQUENT EVENTS (Continued)

NMED intends to fund the loan agreement with funds that include a one-time federal grant to the NMED from the Environmental Protection Agency (EPA) and under the terms of the loan agreement, the project loan funds will be subject to specific requirements of the federal grant. The NMED has agreed to disburse the proceeds over the construction period of the project and loan proceeds are expected to be drawn in phases. The total principal amount of the loan shall not exceed \$151 million, and the annual interest rate on that principal amount shall not exceed 0.01% percent.

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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 | 2024 | 2023 | 2022 | 2021 |
| Measurement Date | 2023 | 2022 | 2021 | 2020 |
| City of Santa Fe's proportion of the net pension liability | | | | |
| Municipal General | 4.84% | 4.63% | 4.61% | 4.98% |
| Municipal Police | 4.23% | 3.78% | 3.74% | 3.91% |
| Municipal Fire | 6.44% | 6.45% | 6.14% | 6.38% |
| City of Santa Fe's proportionate share of the net pension liability | | | | |
| Municipal General | \$ 102,554,027 | \$ 82,172,010 | \$ 51,959,877 | \$ 100,650,298 |
| Municipal Police | 40,803,876 | 30,394,382 | 19,337,294 | 33,544,013 |
| Municipal Fire | 57,993,806 | 48,951,798 | 37,243,200 | 48,260,429 |
| | <u>\$ 201,351,709</u> | <u>\$ 161,518,190</u> | <u>\$ 108,540,371</u> | <u>\$ 182,454,740</u> |
| City of Santa Fe's covered payroll | | | | |
| Municipal General | \$ 52,773,846 | \$ 45,070,560 | \$ 44,932,990 | \$ 43,261,864 |
| Municipal Police | 11,361,204 | 9,212,824 | 8,662,615 | 8,256,683 |
| Municipal Fire | 11,036,366 | 10,096,995 | 8,408,680 | 7,980,522 |
| | <u>\$ 75,171,416</u> | <u>\$ 64,380,379</u> | <u>\$ 62,004,285</u> | <u>\$ 59,499,069</u> |
| City of Santa Fe's proportionate share of the net pension liability as a percentage of its covered payroll | | | | |
| Municipal General | 194.33% | 182.32% | 115.64% | 232.65% |
| Municipal Police | 359.15% | 329.91% | 223.23% | 406.26% |
| Municipal Fire | 525.48% | 484.82% | 442.91% | 604.73% |
| Plan fiduciary net position as a percentage of the total pension liability | | | | |
| Municipal General | 67.26% | 69.35% | 77.25% | 66.36% |
| Municipal Police | 67.26% | 69.35% | 77.25% | 66.36% |
| Municipal Fire | 67.26% | 69.35% | 77.25% | 70.30% |

See notes to required supplementary information.

June 30,

| 2020 2019 | 2019 2018 | 2018 2017 | 2017 2016 | 2016 2015 | 2015 2014 |
|----------------|----------------|----------------|----------------|----------------|---------------|
| 5.04% | 5.04% | 5.26% | 5.28% | 5.46% | 5.00% |
| 4.01% | 4.51% | 4.73% | 4.49% | 4.71% | 4.00% |
| 6.44% | 6.64% | 6.76% | 7.07% | 6.89% | 7.17% |
| \$ 87,167,781 | \$ 80,279,724 | \$ 72,228,756 | \$ 84,294,324 | \$ 55,705,113 | \$ 42,647,687 |
| 29,585,909 | 30,741,220 | 26,273,806 | 33,098,305 | 22,640,627 | 15,588,474 |
| 44,258,054 | 42,523,848 | 38,675,254 | 47,146,743 | 35,553,318 | 29,910,003 |
| \$ 161,011,744 | \$ 153,544,792 | \$ 137,177,816 | \$ 164,539,372 | \$ 113,899,058 | \$ 88,146,164 |
| \$ 45,942,073 | \$ 46,293,968 | \$ 46,164,487 | \$ 45,175,990 | \$ 45,329,706 | \$ 44,378,612 |
| 8,909,101 | 7,518,896 | 9,746,730 | 8,900,280 | 9,228,017 | 9,209,308 |
| 8,569,312 | 8,442,319 | 7,848,810 | 7,848,810 | 7,848,819 | 7,981,492 |
| \$ 63,420,486 | \$ 62,255,183 | \$ 63,760,027 | \$ 61,925,080 | \$ 62,406,542 | \$ 61,569,412 |
| 189.73% | 173.41% | 156.46% | 186.59% | 122.89% | 96.10% |
| 332.09% | 408.85% | 269.57% | 371.88% | 245.35% | 169.27% |
| 516.47% | 503.70% | 492.75% | 600.69% | 452.98% | 0.00% |
| 70.52% | 71.13% | 73.74% | 69.18% | 76.99% | 81.29% |
| 70.52% | 71.13% | 73.74% | 69.18% | 76.99% | 81.29% |
| 70.52% | 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*

| As of and for the Year Ended June 30, | 2024 | 2023 | 2022 | 2021 |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Contractually required contribution | | | | |
| Municipal General | \$ 6,580,131 | \$ 5,422,738 | \$ 4,417,264 | \$ 4,403,433 |
| Municipal Police | 2,166,919 | 2,168,646 | 1,764,256 | 1,663,222 |
| Municipal Fire | 2,542,908 | 2,544,910 | 2,211,188 | 1,841,501 |
| | <u>\$ 11,289,958</u> | <u>\$ 10,136,294</u> | <u>\$ 8,392,708</u> | <u>\$ 7,908,156</u> |
| Contributions in relation to the contractually required contribution | | | | |
| Municipal General | \$ (6,580,131) | \$ (5,422,738) | \$ (4,417,264) | \$ (4,403,433) |
| Municipal Police | (2,166,919) | (2,168,646) | (1,764,256) | (1,663,222) |
| Municipal Fire | (2,542,908) | (2,544,910) | (2,211,188) | (1,841,501) |
| | <u>\$ (11,289,958)</u> | <u>\$ (10,136,294)</u> | <u>\$ (8,392,708)</u> | <u>\$ (7,908,156)</u> |
| Contribution deficiency (excess) | | | | |
| Municipal General | \$ - | \$ - | \$ - | \$ - |
| Municipal Police | - | - | - | - |
| Municipal Fire | - | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City of Santa Fe's covered payroll | | | | |
| Municipal General | \$ 56,249,517 | \$ 52,773,846 | \$ 45,070,560 | \$ 44,932,990 |
| Municipal Police | 11,846,697 | 11,361,204 | 9,212,824 | 8,662,615 |
| Municipal Fire | 12,410,269 | 11,036,366 | 10,096,995 | 8,408,680 |
| | <u>\$ 80,506,483</u> | <u>\$ 75,171,416</u> | <u>\$ 64,380,379</u> | <u>\$ 62,004,285</u> |
| Contributions as a percentage of covered payroll | | | | |
| Municipal General | 10.80% | 10.30% | 9.80% | 9.80% |
| Municipal Police | 22.90% | 22.40% | 19.15% | 19.15% |
| Municipal Fire | 20.15% | 19.65% | 21.90% | 21.90% |

See notes to required supplementary information.

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-------------|----------------|----------------|----------------|----------------|-----------------|
| \$ | 4,131,508 | \$ 4,387,468 | \$ 4,421,074 | \$ 4,408,708 | \$ 4,167,065 | \$ 8,958,197 |
| | 1,560,513 | 1,683,820 | 1,799,071 | 1,842,132 | 1,682,505 | 2,975,446 |
| | 1,727,783 | 1,855,256 | 1,827,762 | 1,773,462 | 1,682,505 | 2,975,446 |
| \$ | 7,419,804 | \$ 7,926,544 | \$ 8,047,907 | \$ 8,024,302 | \$ 7,532,075 | \$ 14,909,089 |
| \$ | (4,131,508) | \$ (4,387,468) | \$ (4,421,074) | \$ (4,408,708) | \$ (4,167,065) | \$ (8,958,197) |
| | (1,560,513) | (1,683,820) | (1,799,071) | (1,842,132) | (1,682,505) | (2,975,446) |
| | (1,727,783) | (1,855,256) | (1,827,762) | (1,773,462) | (1,682,505) | (2,975,446) |
| \$ | (7,419,804) | \$ (7,926,544) | \$ (8,047,907) | \$ (8,024,302) | \$ (7,532,075) | \$ (14,909,089) |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ | 43,261,864 | \$ 45,942,073 | \$ 46,293,968 | \$ 46,164,487 | \$ 45,175,990 | \$ 45,329,706 |
| | 8,256,683 | 8,909,101 | 7,518,896 | 9,746,730 | 8,900,280 | 9,228,017 |
| | 7,980,522 | 8,569,312 | 8,442,319 | 7,848,810 | 7,848,810 | 7,848,819 |
| \$ | 59,499,069 | \$ 63,420,486 | \$ 62,255,183 | \$ 63,760,027 | \$ 61,925,080 | \$ 62,406,542 |
| | 9.80% | 9.55% | 9.55% | 9.55% | 9.55% | 9.55% |
| | 19.15% | 18.90% | 18.90% | 18.90% | 18.90% | 18.90% |
| | 21.90% | 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***

| Fiscal Year Measurement Date | June 30, | | |
|---|----------------------|----------------------|----------------------|
| | 2024 2023 | 2023 2022 | 2022 2021 |
| City of Santa Fe's proportion of the net OPEB liability | 1.39710% | 1.34735% | 1.36373% |
| City of Santa Fe's proportionate share of the net OPEB liability | \$ 23,791,710 | \$ 31,145,376 | \$ 44,871,488 |
| City of Santa Fe's covered-employee payroll | 74,563,014 | 63,772,953 | 62,040,365 |
| City of Santa Fe's proportionate share of the net OPEB liability as a percentage of its covered payroll | 31.91% | 48.84% | 72.33% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 44.16% | 33.33% | 25.39% |

* 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, | | | |
|---------------|---------------|---------------|---------------|
| 2021 2020 | 2020 2019 | 2019 2018 | 2018 2017 |
| 1.44720% | 1.57395% | 1.60610% | 1.54336% |
| \$ 60,766,670 | \$ 49,562,956 | \$ 69,838,711 | \$ 69,732,971 |
| 59,640,075 | 61,730,000 | 64,392,990 | 61,850,783 |
| 101.89% | 80.29% | 108.18% | 108.79% |
| 16.50% | 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***

| As of and for the Year Ended June 30, | 2023 | 2023 | 2022 |
|--|---------------|---------------|---------------|
| Contractually required contributions | \$ 1,759,581 | \$ 1,600,216 | \$ 1,352,060 |
| Contributions in relation to the contractually required contribution | (1,759,581) | (1,600,216) | (1,352,060) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| City of Santa Fe's covered payroll | \$ 79,838,999 | \$ 74,563,014 | \$ 63,772,953 |
| Contributions as a percentage of covered payroll | 2.00% | 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.

| 2021 | 2020 | 2019 | 2018 |
|---------------|---------------|---------------|---------------|
| \$ 1,328,945 | \$ 1,277,038 | \$ 1,321,022 | \$ 1,375,677 |
| (1,328,945) | (1,277,038) | (1,321,022) | (1,375,677) |
| \$ - | \$ - | \$ - | \$ - |
| \$ 62,040,365 | \$ 59,640,075 | \$ 61,730,000 | \$ 64,392,990 |
| 2.00% | 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 ACFR available at <https://www.nmpera.org/financial-overview>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2022 report is available at <http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports/>.

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 total OPEB liability measured at June 30, 2022, changes in assumptions include adjustments resulting from an increase in the discount rate from 3.62% to 5.42%.



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 Fund - 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.

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.

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.

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

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

| June 30, 2024 | Special Revenue | | |
|--|--|-------------------------------|----------------------|
| | Capital Equipment Reserve | Gross Receipts Tax | Franchise Fee |
| Assets | | | |
| Cash and cash equivalents | \$ 123,413 | \$ 6,940,017 | \$ - |
| Receivables | | | |
| Taxes | - | 3,780,098 | 13,063 |
| Intergovernmental | - | - | - |
| Other, net | 54,000 | - | - |
| Leases | - | - | - |
| Due from other funds | - | 15,323,465 | - |
| Total assets | \$ 177,413 | \$ 26,043,580 | \$ 13,063 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 98,756 | \$ - |
| Pooled Cash - Cash Overdrawn | - | - | 13,493 |
| Accrued payroll | - | - | - |
| Unearned Revenue | - | - | - |
| Deposits held in trust for others | - | - | - |
| Other Current Liabilities | - | 10,625 | - |
| Due to other Funds | - | - | - |
| Total liabilities | - | 109,381 | 13,493 |
| Deferred inflows of resources | | | |
| Unavailable revenue - leases | - | - | - |
| Property Taxes | - | - | - |
| Unavailable revenue - other | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable | | | |
| Restricted | 177,413 | 25,934,199 | - |
| Unassigned (deficit) | - | - | (430) |
| Total fund balances | 177,413 | 25,934,199 | (430) |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 177,413 | \$ 26,043,580 | \$ 13,063 |

| Special Revenue | | | | | |
|---------------------------------|----------------------|--|----------------------------|-------------------------------|---|
| Economic Development | Lodger's Tax | Public Campaign Financing | Animal Services | Emergency Services | Fire Environmental Service |
| \$ 633,262 | \$ 12,981,720 | \$ 662,482 | \$ 93,043 | \$ 3,805,420 | \$ 1,888,885 |
| 123,511 | 1,778,721 | - | - | - | - |
| - | - | - | - | 298,262 | 243,605 |
| 48,211 | 12,121 | - | - | - | - |
| 3,709,061 | - | - | - | - | - |
| 30,346 | - | - | - | - | - |
| \$ 4,544,391 | \$ 14,772,562 | \$ 662,482 | \$ 93,043 | \$ 4,103,682 | \$ 2,132,490 |
| | | | | | |
| \$ 843,024 | \$ 785,827 | \$ - | \$ - | \$ 162,271 | \$ - |
| - | - | - | - | - | - |
| 11,284 | 113,618 | - | - | 2,753 | - |
| - | 84,690 | - | - | - | - |
| 19,285 | 5,500 | - | - | - | - |
| 2,000 | - | - | - | - | - |
| 9,806 | - | - | - | - | - |
| 885,399 | 989,635 | - | - | 165,024 | - |
| | | | | | |
| 3,582,081 | - | - | - | - | - |
| - | - | - | - | - | - |
| 50,775 | - | - | - | - | - |
| 3,632,856 | - | - | - | - | - |
| | | | | | |
| 26,136 | 13,782,927 | 662,482 | 93,043 | 3,938,658 | 2,132,490 |
| - | - | - | - | - | - |
| 26,136 | 13,782,927 | 662,482 | 93,043 | 3,938,658 | 2,132,490 |
| | | | | | |
| \$ 4,544,391 | \$ 14,772,562 | \$ 662,482 | \$ 93,043 | \$ 4,103,682 | \$ 2,132,490 |

(Continued)

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

| June 30, 2024 | Special Revenue | | |
|--|----------------------------|----------------------------------|----------------------|
| | Law Enforcement | Resource Conservation | City Drainage |
| Assets | | | |
| Cash and cash equivalents | \$ 7,325,679 | \$ 196,960 | \$ 8,797,039 |
| Receivables | | | |
| Taxes | 630,016 | - | - |
| Intergovernmental | 70,191 | - | - |
| Other, net | 216,168 | - | 213,211 |
| Leases | - | - | - |
| Due from other funds | 549,957 | - | - |
| Total assets | \$ 8,792,011 | \$ 196,960 | \$ 9,010,250 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 560,741 | \$ - | \$ 311,560 |
| Pooled Cash - Cash Overdrawn | - | - | - |
| Accrued payroll | 7,662 | - | 6,387 |
| Unearned Revenue | 149,066 | - | - |
| Deposits held in trust for others | - | - | - |
| Other Current Liabilities | 20,007 | - | - |
| Due to other Funds | - | - | - |
| Total liabilities | 737,476 | - | 317,947 |
| Deferred inflows of resources | | | |
| Unavailable revenue - leases | - | - | - |
| Property Taxes | - | - | - |
| Unavailable revenue - other | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable | | | |
| Restricted | 8,054,535 | 196,960 | 8,692,303 |
| Unassigned (deficit) | - | - | - |
| Total fund balances | 8,054,535 | 196,960 | 8,692,303 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 8,792,011 | \$ 196,960 | \$ 9,010,250 |

Special Revenue

| Impact Fee | Transportation Grants | Senior Citizen Grants/Programs | Historic Preservation | Library | NEA Grants |
|---------------------|----------------------------------|---|----------------------------------|---------------------|-------------------|
| \$ 7,110,025 | \$ - | \$ 236,104 | \$ 308,720 | \$ 1,114,382 | \$ - |
| - | - | - | - | - | - |
| - | 98,123 | 277,637 | - | 20,000 | - |
| - | 3,569 | - | - | 25,000 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| \$ 7,110,025 | \$ 101,692 | \$ 513,741 | \$ 308,720 | \$ 1,159,382 | \$ - |
| \$ - | \$ 2,770 | \$ 55,549 | \$ - | \$ 8,510 | \$ - |
| - | 21,410 | - | - | - | 28,984 |
| 2,285 | 13,962 | 96,856 | - | 22,502 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 12,000 | - | - | - | - | - |
| - | - | - | - | - | - |
| 14,285 | 38,142 | 152,405 | - | 31,012 | 28,984 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 7,095,740 | 63,550 | 361,336 | 308,720 | 1,128,370 | - |
| - | - | - | - | - | (28,984) |
| 7,095,740 | 63,550 | 361,336 | 308,720 | 1,128,370 | (28,984) |
| \$ 7,110,025 | \$ 101,692 | \$ 513,741 | \$ 308,720 | \$ 1,159,382 | \$ - |

(Continued)

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

| June 30, 2024 | Special Revenue | | |
|--|-------------------|-------------------|-------------------|
| | Plaza Use | Public Facilities | Quality of Life |
| Assets | | | |
| Cash and cash equivalents | \$ 144,611 | \$ 179,904 | \$ 386,843 |
| Receivables | | | |
| Taxes | - | - | - |
| Intergovernmental | - | - | - |
| Other, net | 75 | - | - |
| Leases | - | - | - |
| Due from other funds | - | - | - |
| Total assets | \$ 144,686 | \$ 179,904 | \$ 386,843 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 687 | \$ 49,155 | \$ 18,155 |
| Pooled Cash - Cash Overdrawn | - | - | - |
| Accrued payroll | - | - | - |
| Unearned Revenue | - | - | - |
| Deposits held in trust for others | - | - | - |
| Other Current Liabilities | - | - | - |
| Due to other Funds | - | - | - |
| Total liabilities | 687 | 49,155 | 18,155 |
| Deferred inflows of resources | | | |
| Unavailable revenue - leases | - | - | - |
| Property Taxes | - | - | - |
| Unavailable revenue - other | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable | | | |
| Restricted | 143,999 | 130,749 | 368,688 |
| Unassigned (deficit) | - | - | - |
| Total fund balances | 143,999 | 130,749 | 368,688 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 144,686 | \$ 179,904 | \$ 386,843 |

| Special Revenue | | | Capital Projects | | |
|---------------------|---------------------|----------------------------|-------------------|-----------------------|---------------------|
| Recreation Programs | Land Development | Special Recreation Leagues | CIP Reallocation | Resource Conservation | Facilities CIP |
| \$ 2,841,605 | \$ 714,417 | \$ 110,415 | \$ 489,447 | \$ 1,046,510 | \$ 3,516,184 |
| 370,531 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,120,149 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 3,212,136</u> | <u>\$ 2,834,566</u> | <u>\$ 110,415</u> | <u>\$ 489,447</u> | <u>\$ 1,046,510</u> | <u>\$ 3,516,184</u> |
| | | | | | |
| \$ 261,288 | \$ - | \$ - | \$ - | \$ 569,644 | \$ 643,850 |
| - | - | - | - | - | - |
| 39,321 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,010,309 | 560,000 | - | - | - | - |
| <u>1,310,918</u> | <u>560,000</u> | <u>-</u> | <u>-</u> | <u>569,644</u> | <u>643,850</u> |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,120,149 | - | - | - | - |
| | | | | | |
| - | 2,120,149 | - | - | - | - |
| | | | | | |
| 1,901,218 | 154,417 | 110,415 | 489,447 | 476,866 | 2,872,334 |
| - | - | - | - | - | - |
| <u>1,901,218</u> | <u>154,417</u> | <u>110,415</u> | <u>489,447</u> | <u>476,866</u> | <u>2,872,334</u> |
| | | | | | |
| <u>\$ 3,212,136</u> | <u>\$ 2,834,566</u> | <u>\$ 110,415</u> | <u>\$ 489,447</u> | <u>\$ 1,046,510</u> | <u>\$ 3,516,184</u> |

(Continued)

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

| June 30, 2024 | Capital Projects | | |
|--|-----------------------------|-----------------------------|-----------------------------------|
| | Special Projects | Bond Acquisition | City Drainage Projects |
| Assets | | | |
| Cash and cash equivalents | \$ 3,027,826 | \$ 1,245,115 | \$ 1,613,104 |
| Receivables | | | |
| Taxes | - | - | - |
| Intergovernmental | - | 73,350 | - |
| Other, net | - | - | - |
| Leases | - | - | - |
| Due from other funds | - | - | - |
| Total assets | \$ 3,027,826 | \$ 1,318,465 | \$ 1,613,104 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 256,881 | \$ 26,897 | \$ - |
| Pooled Cash - Cash Overdrawn | - | - | - |
| Accrued payroll | 2,476 | - | - |
| Unearned Revenue | - | - | - |
| Deposits held in trust for others | - | - | - |
| Other Current Liabilities | - | - | - |
| Due to other Funds | - | - | - |
| Total liabilities | 259,357 | 26,897 | - |
| Deferred inflows of resources | | | |
| Unavailable revenue - leases | - | - | - |
| Property Taxes | - | - | - |
| Unavailable revenue - other | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable | | | |
| Restricted | 2,768,469 | 1,291,568 | 1,613,104 |
| Unassigned (deficit) | - | - | - |
| Total fund balances | 2,768,469 | 1,291,568 | 1,613,104 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,027,826 | \$ 1,318,465 | \$ 1,613,104 |

| Capital Projects | | | | | |
|---------------------------------|--------------------------------------|---|---------------------------------|---------------------------------|--|
| City Street Projects | CIP Community Development | City Parks and Trails Improvements | Art for CIP Projects | Library Improvements | Total Nonmajor Governmental Funds |
| \$ 6,799,674 | \$ 734,964 | \$ 6,742,474 | \$ 293,387 | \$ 13,814 | \$ 82,117,445 |
| 254,078 | - | - | - | - | 6,950,018 |
| 2,439,067 | - | 23,119 | - | - | 3,543,354 |
| - | - | - | - | - | 2,692,504 |
| - | - | - | - | - | 3,709,061 |
| - | - | - | - | - | 15,903,768 |
| \$ 9,492,819 | \$ 734,964 | \$ 6,765,593 | \$ 293,387 | \$ 13,814 | \$ 114,916,150 |
| \$ 2,429,898 | \$ 293,217 | \$ 759,231 | \$ - | \$ - | \$ 8,137,911 |
| - | - | - | - | - | 63,887 |
| 37,665 | - | - | - | - | 356,771 |
| - | - | 333,334 | - | - | 567,090 |
| - | - | - | - | - | 24,785 |
| - | - | - | - | - | 44,632 |
| - | - | - | - | - | 1,580,115 |
| 2,467,563 | 293,217 | 1,092,565 | - | - | 10,775,191 |
| - | - | - | - | - | 3,582,081 |
| - | - | - | - | - | - |
| - | - | - | - | - | 2,170,924 |
| - | - | - | - | - | 5,753,005 |
| 7,025,256 | 441,747 | 5,673,028 | 293,387 | 13,814 | 98,417,368 |
| - | - | - | - | - | (29,414) |
| 7,025,256 | 441,747 | 5,673,028 | 293,387 | 13,814 | 98,387,954 |
| \$ 9,492,819 | \$ 734,964 | \$ 6,765,593 | \$ 293,387 | \$ 13,814 | \$ 114,916,150 |

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, 2024 | Special Revenue | | |
|--|------------------------------|-----------------------|----------------------|
| | Capital | Gross Receipts | |
| | Equipment Reserve | Tax | Franchise Fee |
| Revenues | | | |
| Taxes | | | |
| Gross Receipts Taxes | \$ - | \$ 20,928,892 | \$ - |
| Lodgers' Taxes | - | - | - |
| Other | - | - | 54,497 |
| Intergovernmental | | | |
| Federal operating | - | - | - |
| State operating | - | - | - |
| State capital | - | - | - |
| Local | - | - | - |
| Lease revenue | - | - | - |
| Charges for services | - | - | - |
| Investment income (loss) | 33,354 | 1,187,151 | 1,788 |
| Other revenues | - | - | - |
| Total revenues | 33,354 | 22,116,043 | 56,285 |
| Expenditures | | | |
| Current | | | |
| General government | 22,229 | 591,346 | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Community development | - | - | - |
| Culture and recreation | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest and other charges | - | - | - |
| Total expenditures | 22,229 | 591,346 | - |
| Excess (deficiency) of revenues over expenditures | 11,125 | 21,524,697 | 56,285 |
| Other financing sources (uses) | | | |
| Proceeds from sale of assets | 224,496 | - | - |
| Proceeds from software subscriptions | - | - | - |
| Transfers in | - | - | - |
| Transfers (out) | (781,341) | (25,261,969) | (62,000) |
| Total other financing sources (uses) | (556,845) | (25,261,969) | (62,000) |
| Net change in fund balances | (545,720) | (3,737,272) | (5,715) |
| Fund balances - beginning of year | 723,133 | 29,671,471 | 5,285 |
| Fund balances - end of year | \$ 177,413 | \$ 25,934,199 | \$ (430) |

Special Revenue

| Economic Development | Lodger's Tax | Public Campaign Financing | Animal Services | Emergency Services | Fire Environmental Service |
|---------------------------------|----------------------|--|----------------------------|-------------------------------|---|
| \$ 683,787 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 16,229,164 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 187,192 | 31,869 |
| 350,000 | - | - | - | 1,509,134 | 292,405 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 213,258 | - | - | - | - | - |
| 121,319 | - | - | 29,278 | - | - |
| 29,020 | 858,580 | 24,423 | 3,430 | 127,204 | 69,636 |
| 3,097 | 248,467 | 19,308 | - | 25,507 | - |
| 1,400,481 | 17,336,211 | 43,731 | 32,708 | 1,849,037 | 393,910 |
| 2,807,129 | 7,381,613 | 90,000 | - | - | - |
| - | - | - | 64,883 | 1,513,097 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 8,064 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,807,129 | 7,381,613 | 90,000 | 64,883 | 1,521,161 | - |
| (1,406,648) | 9,954,598 | (46,269) | (32,175) | 327,876 | 393,910 |
| 243,669 | - | - | - | - | - |
| - | - | - | - | - | - |
| 913,500 | - | - | - | 478,142 | - |
| (60,000) | (9,476,182) | - | - | (123,163) | - |
| 1,097,169 | (9,476,182) | - | - | 354,979 | - |
| (309,479) | 478,416 | (46,269) | (32,175) | 682,855 | 393,910 |
| 335,615 | 13,304,511 | 708,751 | 125,218 | 3,255,803 | 1,738,580 |
| \$ 26,136 | \$ 13,782,927 | \$ 662,482 | \$ 93,043 | \$ 3,938,658 | \$ 2,132,490 |

(Continued)

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, 2024 | Special Revenue | | |
|---|--------------------|--------------------------|---------------|
| | Law Enforcement | Resource Conservation | City Drainage |
| Revenues | | | |
| Taxes | | | |
| Gross Receipts Taxes | \$ 3,488,149 | \$ - | \$ - |
| Lodgers' Taxes | - | - | - |
| Other | - | - | - |
| Intergovernmental | | | |
| Federal operating | - | - | - |
| State operating | 1,005,563 | - | - |
| State capital | - | - | - |
| Local | - | - | - |
| Lease revenue | - | - | - |
| Charges for services | 578,037 | - | 2,959,155 |
| Investment income (loss) | 266,219 | - | 324,310 |
| Other revenues | 21 | - | - |
| Total revenues | 5,337,989 | - | 3,283,465 |
| Expenditures | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | 4,754,043 | - | - |
| Public works | - | 71,420 | 1,146,432 |
| Community development | - | - | - |
| Culture and recreation | - | - | - |
| Capital outlay | 755,770 | - | 22,663 |
| Debt service | | | |
| Principal | 32,763 | 772,955 | - |
| Interest and other charges | 2,901 | 347,826 | - |
| Total expenditures | 5,545,477 | 1,192,201 | 1,169,095 |
| Excess (deficiency) of revenues over expenditures | (207,488) | (1,192,201) | 2,114,370 |
| Other financing sources (uses) | | | |
| Proceeds from sale of assets | (10,336) | - | - |
| Proceeds from software subscriptions | 168,286 | - | - |
| Transfers in | - | 995,262 | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | 157,950 | 995,262 | - |
| Net change in fund balances | (49,538) | (196,939) | 2,114,370 |
| Fund balances - beginning of year | 8,104,073 | 393,899 | 6,577,933 |
| Fund balances - end of year | \$ 8,054,535 | \$ 196,960 | \$ 8,692,303 |

Special Revenue

| Impact Fee | Transportation Grants | Senior Citizen Grants/Programs | Historic Preservation | Library | NEA Grants |
|---------------------|----------------------------------|---|----------------------------------|---------------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 380,603 | 509,699 | - | - | - |
| - | 58,513 | 615,472 | 22,798 | 120,205 | - |
| - | - | - | - | - | - |
| - | 20,487 | - | - | - | - |
| - | - | - | - | - | - |
| 3,449,507 | - | 65,244 | - | 51,399 | - |
| 339,780 | - | - | 11,381 | 2,262 | - |
| 1,303 | 6,983 | 213,446 | - | 14,268 | - |
| 3,790,590 | 466,586 | 1,403,861 | 34,179 | 188,134 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 52,556 | 501,534 | - | - | - | - |
| - | - | 4,207,799 | - | - | - |
| - | - | - | 13,651 | 1,158,913 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 52,556 | 501,534 | 4,207,799 | 13,651 | 1,158,913 | - |
| 3,738,034 | (34,948) | (2,803,938) | 20,528 | (970,779) | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 130,728 | 1,875,993 | - | 1,053,023 | - |
| (2,106,645) | - | - | - | - | - |
| (2,106,645) | 130,728 | 1,875,993 | - | 1,053,023 | - |
| 1,631,389 | 95,780 | (927,945) | 20,528 | 82,244 | - |
| 5,464,351 | (32,230) | 1,289,281 | 288,192 | 1,046,126 | (28,984) |
| \$ 7,095,740 | \$ 63,550 | \$ 361,336 | \$ 308,720 | \$ 1,128,370 | \$ (28,984) |

(Continued)

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, 2024 | Special Revenue | | |
|---|------------------------|--------------------------|------------------------|
| | Plaza Use | Public Facilities | Quality of Life |
| Revenues | | | |
| Taxes | | | |
| Gross Receipts Taxes | \$ - | \$ - | \$ - |
| Lodgers' Taxes | - | - | - |
| Other | - | - | - |
| Intergovernmental | | | |
| Federal operating | - | - | - |
| State operating | - | 160,938 | - |
| State capital | - | - | - |
| Local | - | - | - |
| Lease revenue | - | - | - |
| Charges for services | 31,084 | - | - |
| Investment income (loss) | 5,331 | 6,633 | 14,261 |
| Other revenues | 1 | - | 1 |
| Total revenues | 36,416 | 167,571 | 14,262 |
| Expenditures | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Community development | - | - | - |
| Culture and recreation | 43,914 | 145,696 | 150,694 |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest and other charges | - | - | - |
| Total expenditures | 43,914 | 145,696 | 150,694 |
| Excess (deficiency) of revenues over expenditures | (7,498) | 21,875 | (136,432) |
| Other financing sources (uses) | | | |
| Proceeds from sale of assets | - | - | - |
| Proceeds from software subscriptions | - | - | - |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (7,498) | 21,875 | (136,432) |
| Fund balances - beginning of year | 151,497 | 108,874 | 505,120 |
| Fund balances - end of year | \$ 143,999 | \$ 130,749 | \$ 368,688 |

| Special Revenue | | | Capital Projects | | |
|---------------------|------------------|----------------------------|------------------|-----------------------|----------------|
| Recreation Programs | Land Development | Special Recreation Leagues | CIP Reallocation | Resource Conservation | Facilities CIP |
| \$ 2,051,360 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 21,763 |
| - | - | - | - | - | - |
| - | - | 7,455 | - | - | - |
| - | 26,338 | 4,071 | 18,044 | 36,462 | 37,942 |
| 9,155 | - | - | - | 47,739 | 1 |
| 2,060,515 | 26,338 | 11,526 | 18,044 | 84,201 | 59,706 |
| - | - | - | - | 109 | 1,611 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,191,118 | 1 | 4,548 | - | - | - |
| 159,128 | - | - | - | 1,230,352 | 1,877,533 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,350,246 | 1 | 4,548 | - | 1,230,461 | 1,879,144 |
| (1,289,731) | 26,337 | 6,978 | 18,044 | (1,146,260) | (1,819,438) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,841,681 | - | - | - | - | 2,487,000 |
| - | - | - | - | - | - |
| 2,841,681 | - | - | - | - | 2,487,000 |
| 1,551,950 | 26,337 | 6,978 | 18,044 | (1,146,260) | 667,562 |
| 349,268 | 128,080 | 103,437 | 471,403 | 1,623,126 | 2,204,772 |
| \$ 1,901,218 | \$ 154,417 | \$ 110,415 | \$ 489,447 | \$ 476,866 | \$ 2,872,334 |

(Continued)

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, 2024 | Capital Projects | | |
|--|-----------------------------|-----------------------------|-----------------------------------|
| | Special Projects | Bond Acquisition | City Drainage Projects |
| Revenues | | | |
| Taxes | | | |
| Gross Receipts Taxes | \$ - | \$ - | \$ - |
| Lodgers' Taxes | - | - | - |
| Other | - | - | - |
| Intergovernmental | | | |
| Federal operating | - | - | - |
| State operating | - | - | - |
| State capital | - | - | - |
| Local | - | - | - |
| Lease revenue | - | - | - |
| Charges for services | - | - | - |
| Investment income (loss) | - | 45,902 | 59,468 |
| Other revenues | - | - | - |
| Total revenues | - | 45,902 | 59,468 |
| Expenditures | | | |
| Current | | | |
| General government | 2,187,855 | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Community development | - | - | - |
| Culture and recreation | - | - | - |
| Capital outlay | - | 754,688 | 2,109,875 |
| Debt service | | | |
| Principal | 953,553 | - | - |
| Interest and other charges | 9,562 | - | - |
| Total expenditures | 3,150,970 | 754,688 | 2,109,875 |
| Excess (deficiency) of revenues over expenditures | (3,150,970) | (708,786) | (2,050,407) |
| Other financing sources (uses) | | | |
| Proceeds from sale of assets | - | - | - |
| Proceeds from software subscriptions | - | - | - |
| Transfers in | 3,250,000 | - | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | 3,250,000 | - | - |
| Net change in fund balances | 99,030 | (708,786) | (2,050,407) |
| Fund balances - beginning of year | 2,669,439 | 2,000,354 | 3,663,511 |
| Fund balances - end of year | \$ 2,768,469 | \$ 1,291,568 | \$ 1,613,104 |

Capital Projects

| City Street Projects | CIP Community Development | City Parks and Trails Improvements | Art for CIP Projects | Library Improvements | Total Nonmajor Governmental Funds |
|---------------------------------|--|---|---------------------------------|---------------------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,152,188 |
| - | - | - | - | - | 16,229,164 |
| 1,631,126 | - | - | - | - | 1,685,623 |
| - | - | - | - | - | 1,109,363 |
| - | - | - | - | - | 4,135,028 |
| 4,946,695 | 312,538 | 814,026 | - | - | 6,095,022 |
| - | - | - | - | - | 20,487 |
| - | - | - | - | - | 213,258 |
| 58,033 | - | - | - | - | 7,350,511 |
| 87,217 | 23,223 | 160,145 | 10,816 | 509 | 3,814,900 |
| - | - | - | - | - | 589,297 |
| 6,723,071 | 335,761 | 974,171 | 10,816 | 509 | 68,394,841 |
| - | - | - | - | - | 13,081,892 |
| - | - | - | - | - | 6,332,023 |
| - | - | - | - | - | 1,771,942 |
| - | 939,378 | - | - | - | 5,147,177 |
| - | - | 13,310 | - | - | 4,721,845 |
| 11,456,708 | - | 2,179,339 | - | - | 20,554,120 |
| - | - | - | - | - | 1,759,271 |
| - | - | - | - | - | 360,289 |
| 11,456,708 | 939,378 | 2,192,649 | - | - | 53,728,559 |
| (4,733,637) | (603,617) | (1,218,478) | 10,816 | 509 | 14,666,282 |
| - | - | - | - | - | 457,829 |
| - | - | - | - | - | 168,286 |
| 5,918,774 | 105,027 | 2,398,482 | - | - | 22,447,612 |
| (1,484,895) | - | - | - | - | (39,356,195) |
| 4,433,879 | 105,027 | 2,398,482 | - | - | (16,282,468) |
| (299,758) | (498,590) | 1,180,004 | 10,816 | 509 | (1,616,186) |
| 7,325,014 | 940,337 | 4,493,024 | 282,571 | 13,305 | 100,004,140 |
| \$ 7,025,256 | \$ 441,747 | \$ 5,673,028 | \$ 293,387 | \$ 13,814 | \$ 98,387,954 |

State of New Mexico
City of Santa Fe
Combining Balance Sheet - General Fund

| June 30, 2024 | General Fund | LG Abatement Fund | Total General Fund |
|--|-------------------------|------------------------------|-------------------------------|
| Assets | | | |
| Cash, cash equivalents, and investments | \$ 68,740,137 | \$ 4,602,719 | \$ 73,342,856 |
| Receivables | | | |
| Taxes | 20,185,256 | - | 20,185,256 |
| Intergovernmental | (682,849) | 3,992,476 | 3,309,627 |
| Other, net | 793,735 | - | 793,735 |
| Leases | - | - | - |
| Inventory | 73,408 | - | 73,408 |
| Due from other funds | 3,324,162 | - | 3,324,162 |
| Total assets | \$ 92,433,849 | \$ 8,595,195 | \$ 101,029,044 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 4,603,870 | \$ - | \$ 4,603,870 |
| Accrued payroll | 3,936,111 | - | 3,936,111 |
| Due to other governments | 16,208 | - | 16,208 |
| Deposits held in trust for others | 6,357,309 | - | 6,357,309 |
| Other current liabilities | 650,031 | - | 650,031 |
| Due to other funds | 1,437,063 | - | 1,437,063 |
| Total liabilities | 17,000,592 | - | 17,000,592 |
| Deferred inflows of resources | | | |
| Unavailable revenue - property taxes | 544,244 | - | 544,244 |
| Unavailable revenue - other | 88,833 | - | 88,833 |
| Total deferred inflows of resources | 633,077 | - | 633,077 |
| Fund balances | | | |
| Nonspendable | 73,408 | - | 73,408 |
| Spendable | | | |
| Restricted | - | 8,595,195 | 8,595,195 |
| Assigned | 1,278,450 | - | 1,278,450 |
| Unassigned (deficit) | 73,448,322 | - | 73,448,322 |
| Total fund balances | 74,800,180 | 8,595,195 | 83,395,375 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 92,433,849 | \$ 8,595,195 | \$ 101,029,044 |

State of New Mexico
City of Santa Fe
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - General Fund

| For the year ended June 30, 2024 | General Fund | LG Abatement Fund | Total General Fund |
|--|-------------------------|------------------------------|-------------------------------|
| Revenues | | | |
| Taxes | | | |
| Gross receipts | \$ 106,133,722 | \$ - | \$106,133,722 |
| Property | 10,270,979 | - | 10,270,979 |
| Other | 6,540,694 | - | 6,540,694 |
| Charges for services | 15,224,389 | - | 15,224,389 |
| Investment income (loss) | 3,367,284 | - | 3,367,284 |
| Other revenues | 1,357,383 | - | 1,357,383 |
| Total revenues | 142,894,451 | - | 142,894,451 |
| Expenditures | | | |
| Current | | | |
| General government | 21,436,506 | - | 21,436,506 |
| Public safety | 64,027,814 | - | 64,027,814 |
| Public works | 19,717,380 | - | 19,717,380 |
| Community development | 2,098,436 | - | 2,098,436 |
| Education | 3,321,337 | - | 3,321,337 |
| Culture and recreation | 4,816,882 | - | 4,816,882 |
| Capital outlay | 11,245,330 | - | 11,245,330 |
| Debt service | | | |
| Principal payments | 87,723 | - | 87,723 |
| Interest | 2,116 | - | 2,116 |
| Total expenditures | 126,753,524 | - | 126,753,524 |
| Excess (deficiency) of revenues over expenditures | 16,140,927 | - | 16,140,927 |
| Other financing sources (uses) | | | |
| Transfers in | 3,545,419 | - | 3,545,419 |
| Transfers (out) | (12,741,913) | - | (12,741,913) |
| Total other financing sources (uses) | (9,196,494) | - | (9,196,494) |
| Net change in fund balances | 6,944,433 | - | 6,944,433 |
| Fund balances - beginning of year | 67,855,747 | 8,595,195 | 76,450,942 |
| Fund balances - end of year | \$ 74,800,180 | \$ 8,595,195 | \$ 83,395,375 |

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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

| For Year Ended June 30, 2024 | Municipal Recreation Complex | Parking Enterprise | Railyard Properties |
|--|---|-------------------------------|--------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash, investments, and cash equivalents | \$ 2,722,156 | \$ 4,067,729 | \$ 2,523,102 |
| Receivables, net of allowance | | | |
| Grants | - | - | - |
| Accounts, net of allowances | 449,693 | 1,427,041 | - |
| Other | 11,691 | - | 160 |
| Lease receivable | - | 22,831 | 194,588 |
| Total current assets | 3,183,540 | 5,517,601 | 2,717,850 |
| Noncurrent assets | | | |
| Lease receivables, net of current portion | - | 370,300 | 7,453,729 |
| Capital assets not being depreciated | 2,969,703 | 10,483 | 20,702,341 |
| Capital assets being depreciated | 18,867,223 | 39,028,733 | 40,387,184 |
| Right-to-use lease assets - leases | 335,951 | - | - |
| Less amortization - leases | (240,283) | - | - |
| Less accumulated depreciation | (17,133,432) | (12,584,432) | (33,482,616) |
| Total noncurrent assets | 4,799,162 | 26,825,084 | 35,060,638 |
| Total assets | 7,982,702 | 32,342,685 | 37,778,488 |
| Deferred outflows of resources | | | |
| Deferred outflows - pension | 184,950 | 464,810 | 38,912 |
| Deferred outflows - OPEB | 36,495 | 91,472 | 7,658 |
| Total deferred outflows of resources | 221,445 | 556,282 | 46,570 |
| Total assets and deferred outflows of resources | \$ 8,204,147 | \$ 32,898,967 | \$ 37,825,058 |

| Airport | Transit Bus System | GCCC | Total |
|----------------------|---------------------------|----------------------|-----------------------|
| \$ 5,938,272 | \$ 3,263,820 | \$ 209,318 | \$ 18,724,397 |
| 1,892,403 | 5,935,008 | - | 7,827,411 |
| - | - | - | 1,876,734 |
| - | 1,313,403 | - | 1,325,254 |
| 123,054 | - | - | 340,473 |
| 7,953,729 | 10,512,231 | 209,318 | 30,094,269 |
| 4,309,746 | - | - | 12,133,775 |
| 32,455,041 | 323,012 | 2,921,760 | 59,382,340 |
| 43,580,365 | 28,526,710 | 31,700,327 | 202,090,542 |
| - | - | - | 335,951 |
| - | - | - | (240,283) |
| (29,718,483) | (19,087,159) | (14,840,204) | (126,846,326) |
| 50,626,669 | 9,762,563 | 19,781,883 | 146,855,999 |
| 58,580,398 | 20,274,794 | 19,991,201 | 176,950,268 |
| 744,435 | 1,396,000 | 780,950 | 3,610,057 |
| 123,463 | 274,733 | 155,703 | 689,524 |
| 867,898 | 1,670,733 | 936,653 | 4,299,581 |
| \$ 59,448,296 | \$ 21,945,527 | \$ 20,927,854 | \$ 181,249,849 |

(Continued)

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

| For Year Ended June 30, 2024 | Municipal Recreation Complex | Parking Enterprise | Railyard Properties |
|---|---|-------------------------------|--------------------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 876,952 | \$ 366,617 | \$ 174,998 |
| Accrued payroll | 15,809 | 71,130 | 3,672 |
| Accrued interest payable | - | 29,739 | 13,304 |
| Unearned revenue | 3,359 | - | - |
| Other liabilities | 49,553 | 8,081 | - |
| Due to other governments | - | 58 | - |
| Deposits held in trust for others | - | 94,362 | - |
| Bonds payable, current, net of amortized discounts | - | 670,291 | 1,047,531 |
| Notes payable, current | - | 200,000 | - |
| Lease liabilities, current | 84,098 | - | - |
| Compensated absence, current | 7,151 | 30,485 | 444 |
| Total current liabilities | 1,036,922 | 1,470,763 | 1,239,949 |
| Noncurrent liabilities | | | |
| Bonds payable, net of unamortized discounts | - | 8,434,919 | 3,314,856 |
| Notes payable, net of current portion | - | 415,000 | - |
| Lease liabilities, net of current portion | 16,792 | - | - |
| Compensated absences, net of current portion | 13,408 | 57,156 | 833 |
| Net pension liability | 768,399 | 1,931,116 | 161,665 |
| Net OPEB liability | 98,452 | 246,762 | 20,660 |
| Total noncurrent liabilities | 897,051 | 11,084,953 | 3,498,014 |
| Total liabilities | 1,933,973 | 12,555,716 | 4,737,963 |
| Deferred inflows of resources | | | |
| Unamortized gain on refunding of bonds | - | - | 157,932 |
| Deferred inflows - leases | - | 384,038 | 7,537,660 |
| Deferred inflows - pension | 11,371 | 28,578 | 2,392 |
| Deferred inflows - OPEB | 132,964 | 333,263 | 27,902 |
| Total deferred inflows of resources | 144,335 | 745,879 | 7,725,886 |
| Net position | | | |
| Net investment in capital assets | 4,698,272 | 16,734,574 | 23,086,590 |
| Unrestricted (deficit) | 1,427,567 | 2,862,798 | 2,274,619 |
| Total net position | 6,125,839 | 19,597,372 | 25,361,209 |
| Total liabilities, deferred inflows of resources, and net position | \$ 8,204,147 | \$ 32,898,967 | \$ 37,825,058 |

| Airport | Transit Bus System | GCCC | Total |
|----------------------|---------------------------|----------------------|-----------------------|
| \$ 2,034,156 | \$ 272,274 | \$ 170,164 | \$ 3,895,161 |
| 103,908 | 141,308 | 189,917 | 525,744 |
| - | 1,638 | - | 44,681 |
| 311,646 | - | - | 315,005 |
| 304 | - | - | 57,938 |
| 86,333 | - | - | 86,391 |
| - | 14 | 18,471 | 112,847 |
| - | - | - | 1,717,822 |
| - | 322,551 | - | 522,551 |
| - | - | - | 84,098 |
| 38,752 | 130,990 | 31,832 | 239,654 |
| 2,575,099 | 868,775 | 410,384 | 7,601,892 |
| - | - | - | 11,749,775 |
| - | 332,163 | - | 747,163 |
| - | - | - | 16,792 |
| 72,654 | 245,589 | 59,682 | 449,322 |
| 3,092,855 | 5,799,870 | 3,244,564 | 14,998,469 |
| 333,063 | 741,140 | 420,036 | 1,860,113 |
| 3,498,572 | 7,118,762 | 3,724,282 | 29,821,634 |
| 6,073,671 | 7,987,537 | 4,134,666 | 37,423,526 |
| - | - | - | 157,932 |
| 4,622,584 | - | - | 12,544,282 |
| 45,771 | 85,832 | 48,016 | 221,960 |
| 449,816 | 1,000,941 | 567,277 | 2,512,163 |
| 5,118,171 | 1,086,773 | 615,293 | 15,436,337 |
| 46,316,923 | 9,107,849 | 19,781,883 | 119,726,091 |
| 1,939,531 | 3,763,368 | (3,603,988) | 8,663,895 |
| 48,256,454 | 12,871,217 | 16,177,895 | 128,389,986 |
| \$ 59,448,296 | \$ 21,945,527 | \$ 20,927,854 | \$ 181,249,849 |

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

| For Year Ended June 30, 2024 | Municipal Recreation Complex | Parking Enterprise | Railyard Properties |
|---|---|-------------------------------|--------------------------------|
| Operating revenues | | | |
| Charges for services | \$ 1,503,216 | \$ 4,845,805 | \$ - |
| Facilities rentals | 1,527 | - | - |
| Other revenues | 75,773 | 171,776 | 1,142,533 |
| Total operating revenues | 1,580,516 | 5,017,581 | 1,142,533 |
| Operating expenses | | | |
| Salaries, wages, and fringe benefits | 511,521 | 1,848,506 | 123,574 |
| Contractual services and utilities | 2,555,268 | 872,652 | 578,697 |
| Repairs and maintenance | 89,055 | 160,977 | 208,552 |
| Supplies | 126,614 | 87,692 | 7,403 |
| Small equipment | 79,219 | - | 64,535 |
| Depreciation and amortization expense | 266,304 | 979,010 | 332,567 |
| Insurance | - | - | - |
| Other | 231,124 | 1,311,437 | 329,770 |
| Total operating expenses | 3,859,105 | 5,260,274 | 1,645,098 |
| Operating income (loss) | (2,278,589) | (242,693) | (502,565) |
| Non-operating revenues (expenses) | | | |
| Investment income (loss) | 15,453 | 84,821 | 244,804 |
| Intergovernmental | | | |
| Federal | - | - | - |
| State | - | - | - |
| Gain (loss) on sale of capital assets | - | - | - |
| Lease revenue | - | 26,415 | 245,170 |
| Interest expense, net of premium amortization | 83,757 | (311,145) | (58,214) |
| Other nonoperating revenue (expense) | - | 460,469 | - |
| Total non-operating revenues (expenses) | 99,210 | 260,560 | 431,760 |
| Income (loss) before contributions and transfers | (2,179,379) | 17,867 | (70,805) |
| Capital grants | | | |
| Federal | - | - | - |
| State | - | - | - |
| Transfers in | 3,580,176 | 2,860,137 | 1,541,943 |
| Transfers (out) | - | - | - |
| Change in net position | 1,400,797 | 2,878,004 | 1,471,138 |
| Net position - beginning of year | 4,725,042 | 16,719,368 | 23,890,071 |
| Net position - end of year | \$ 6,125,839 | \$ 19,597,372 | \$ 25,361,209 |

| | Transit Bus | | |
|---------------|---------------|---------------|----------------|
| Airport | System | GCCC | Total |
| \$ 2,146,189 | \$ 1,552,155 | \$ 1,217,582 | \$ 11,264,947 |
| 100,378 | 491 | 309,190 | 411,586 |
| 289,243 | 62,876 | 13,457 | 1,755,658 |
| 2,535,810 | 1,615,522 | 1,540,229 | 13,432,191 |
| 2,653,719 | 4,888,958 | 2,279,552 | 12,305,830 |
| 1,064,107 | 93,108 | 717,966 | 5,881,798 |
| 215,757 | 290,289 | 184,160 | 1,148,790 |
| 272,193 | 281,092 | 167,927 | 942,921 |
| 139,388 | 5,623 | 45,263 | 334,028 |
| 1,317,447 | 860,539 | 845,306 | 4,601,173 |
| 18,130 | - | - | 18,130 |
| 702,987 | 2,503,885 | 594,686 | 5,673,889 |
| 6,383,728 | 8,923,494 | 4,834,860 | 30,906,559 |
| (3,847,918) | (7,307,972) | (3,294,631) | (17,474,368) |
| 332,124 | 530 | - | 677,732 |
| 1,788,246 | 5,338,879 | - | 7,127,125 |
| - | - | - | - |
| - | 2,250 | - | 2,250 |
| 170,565 | - | - | 442,150 |
| - | (27,251) | - | (312,853) |
| - | - | - | 460,469 |
| 2,290,935 | 5,314,408 | - | 8,396,873 |
| (1,556,983) | (1,993,564) | (3,294,631) | (9,077,495) |
| - | 531,610 | - | 531,610 |
| 4,120,219 | - | - | 4,120,219 |
| - | 9,371,754 | 3,069,175 | 20,423,185 |
| - | (55,357) | (430,000) | (485,357) |
| 2,563,236 | 7,854,443 | (655,456) | 15,512,162 |
| 45,693,218 | 5,016,774 | 16,833,351 | 112,877,824 |
| \$ 48,256,454 | \$ 12,871,217 | \$ 16,177,895 | \$ 128,389,986 |

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

| For Year Ended June 30, 2024 | Municipal Recreation Complex | Parking Enterprise | Railyard Properties |
|---|---|-------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 1,951,997 | \$ 5,178,179 | \$ 1,041,288 |
| Cash payments to suppliers for goods and services | (3,308,270) | (3,218,199) | (1,233,002) |
| Cash payments to employees for services | (337,554) | (912,131) | (91,435) |
| Net cash provided (used) by operating activities | (1,693,827) | 1,047,849 | (283,149) |
| Cash flows from noncapital financing activities | | | |
| Intergovernmental taxes and grants | - | 460,469 | - |
| Transfers in from other funds | 3,580,176 | 2,860,137 | 1,541,943 |
| Transfers out to other funds | - | - | - |
| Cash received from leases | - | 26,415 | 245,170 |
| Net cash provided (used) by noncapital financing activities | 3,580,176 | 3,347,021 | 1,787,113 |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (53,980) | (203,932) | (281,774) |
| Proceeds from sale of capital assets | - | - | - |
| Proceeds from capital grants | - | - | - |
| Principal paid on bonds, notes, leases, and SBITAs | (186,388) | (835,691) | (1,204,920) |
| Interest paid on bonds, notes, leases, and SBITAs | 73,887 | (313,894) | (62,000) |
| Net cash provided (used) by capital and related financing activities | (166,481) | (1,353,517) | (1,548,694) |
| Cash flows from investing activities | | | |
| Interest and dividends on investments | 15,453 | 84,821 | 244,804 |
| Net cash provided (used) by investing activities | 15,453 | 84,821 | 244,804 |
| Net increase (decrease) in cash, cash equivalents, and investments | 1,735,321 | 3,126,174 | 200,074 |
| Cash, cash equivalents, and investments - beginning of year | 986,835 | 941,555 | 2,323,028 |
| Cash, cash equivalents, and investments - end of year | \$ 2,722,156 | \$ 4,067,729 | \$ 2,523,102 |

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

| Airport | Transit Bus System | GCCC | Total |
|----------------|---------------------------|--------------|---------------|
| \$ 2,739,387 | \$ (5,401,623) | \$ 1,619,041 | \$ 7,128,269 |
| (5,044,377) | (3,714,055) | (2,112,330) | (18,630,233) |
| 574,790 | (4,904,887) | (2,503,358) | (8,174,575) |
| (1,730,200) | (14,020,565) | (2,996,647) | (19,676,539) |
| 1,788,246 | 5,870,489 | - | 8,119,204 |
| - | 9,371,754 | 3,069,175 | 20,423,185 |
| - | (55,357) | (430,000) | (485,357) |
| 170,565 | - | - | 442,150 |
| 1,958,811 | 15,186,886 | 2,639,175 | 28,499,182 |
| (10,731,472) | (621,996) | (107,393) | (12,000,547) |
| - | 2,250 | - | 2,250 |
| 4,120,219 | - | - | 4,120,219 |
| - | (314,010) | - | (2,541,009) |
| - | (27,936) | - | (329,943) |
| (6,611,253) | (999,692) | (107,393) | (10,787,030) |
| 332,124 | 530 | - | 677,732 |
| 332,124 | 530 | - | 677,732 |
| (6,050,518) | 167,159 | (464,865) | (1,286,655) |
| 11,988,790 | 3,096,661 | 674,183 | 20,011,052 |
| \$ 5,938,272 | \$ 3,263,820 | \$ 209,318 | \$ 18,724,397 |

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

| For Year Ended June 30, 2024 | Municipal Recreation Complex | Parking Enterprise | Railyard Properties |
|---|---|-------------------------------|--------------------------------|
| Reconciliation of operating income (loss) | | | |
| To net cash provided (used) by | | | |
| Operating activities | | | |
| Operating income (loss) | \$ (2,278,589) | \$ (242,693) | \$ (502,565) |
| Adjustments to reconcile operating income (loss) | | | |
| to net cash provided (used) by operating activities | | | |
| Depreciation/Amortization/Bad debt expense | 266,304 | 979,011 | 332,567 |
| Difference between deferred outflows and related to pensions and OPEB | (66,719) | (212,500) | (15,846) |
| Difference between deferred inflows and related to pensions and OPEB | (44,158) | (56,219) | (7,063) |
| Difference between deferred inflows related to leases | - | (26,414) | (245,170) |
| Difference between net pension/OPEB liability | 50,881 | 364,267 | 20,235 |
| Change in assets and liabilities | | | |
| (Increase) Decrease in Accounts receivables | (436,668) | (128,294) | - |
| (Increase) Decrease in Other receivables | 128,903 | - | (32) |
| (Increase) Decrease in Lease receivables | - | 22,167 | 191,407 |
| (Increase) Decrease in Taxes receivables | - | - | - |
| Increase (Decrease) in Accounts Payable | 759,983 | 293,139 | (47,450) |
| Increase (Decrease) in Lease Payable | (84,096) | - | - |
| Increase (Decrease) in Accrued Wages Payable | 5,152 | 41,062 | 1,202 |
| Increase (Decrease) in due to other governments | - | 43 | - |
| Increase (Decrease) in Customer Deposits | - | (15,161) | - |
| Increase (Decrease) Unearned Revenue | 3,359 | - | - |
| Net cash provided (used) by operating activities | \$ (1,693,827) | \$ 1,047,849 | \$ (283,149) |

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

| Airport | Transit Bus System | GCCC | Total |
|-----------------------|-------------------------------|-----------------------|------------------------|
| \$ (3,847,918) | \$ (7,307,972) | \$ (3,294,631) | \$ (17,474,368) |
| 1,317,447 | 860,539 | 845,307 | 4,601,175 |
| (397,871) | (467,462) | (206,716) | (1,367,114) |
| (7,042) | (376,337) | (277,084) | (767,903) |
| 2,701,275 | - | - | 2,429,691 |
| 888,544 | 193,084 | (182,187) | 1,334,824 |
| - | - | - | (564,962) |
| 9,900 | (1,274,003) | - | (1,135,232) |
| (2,775,904) | - | - | (2,562,330) |
| (716,596) | (5,843,946) | - | (6,560,542) |
| 938,026 | 100,804 | 78,812 | 2,123,314 |
| - | - | - | (84,096) |
| 73,672 | 42,942 | 88,231 | 252,261 |
| - | - | - | 43 |
| - | - | - | (15,161) |
| 46,876 | - | - | 50,235 |
| <u>\$ (1,730,200)</u> | <u>\$ (14,020,565)</u> | <u>\$ (2,996,647)</u> | <u>\$ (19,676,539)</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

| June 30, 2024 | Risk Management | Santa Fe Health/ Dental | Workers' Compensation |
|--|----------------------------|--|----------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash, cash equivalents, and investments | \$ 2,023,519 | \$ 15,579,035 | \$ 2,138,951 |
| Receivables | | | |
| Other | - | 1,046,554 | - |
| Inventory | - | - | - |
| Total current assets | 2,023,519 | 16,625,589 | 2,138,951 |
| Noncurrent assets | | | |
| Capital assets not being depreciated | - | - | - |
| Capital assets being depreciated | 125,712 | - | - |
| Right-to-use assets - subscriptions | - | - | - |
| Accumulated amortization - subscriptions | - | - | - |
| Accumulated depreciation | (62,763) | - | - |
| Total noncurrent assets | 62,949 | - | - |
| Total assets | 2,086,468 | 16,625,589 | 2,138,951 |
| Deferred outflows of resources | | | |
| Deferred outflows - pension | 135,281 | 91,003 | - |
| Deferred outflows - OPEB | 26,625 | 17,914 | - |
| Total deferred outflows of resources | 161,906 | 108,917 | - |
| Total assets and deferred outflows of resources | \$ 2,248,374 | \$ 16,734,506 | \$ 2,138,951 |

| Unemployment Fund | Services to Other Departments | Total |
|------------------------------|--|----------------------|
| \$ 365,276 | \$ - | \$ 20,106,781 |
| - | - | 1,046,554 |
| - | 18,085 | 18,085 |
| <u>365,276</u> | <u>18,085</u> | <u>21,171,420</u> |
| - | 484,083 | 484,083 |
| - | 4,633,256 | 4,758,968 |
| - | 2,379,261 | 2,379,261 |
| - | (1,842,517) | (1,842,517) |
| - | (1,756,564) | (1,819,327) |
| - | <u>3,897,519</u> | <u>3,960,468</u> |
| <u>365,276</u> | <u>3,915,604</u> | <u>25,131,888</u> |
| - | 1,848,935 | 2,075,219 |
| - | 363,828 | 408,367 |
| - | <u>2,212,763</u> | <u>2,483,586</u> |
| <u>\$ 365,276</u> | <u>\$ 6,128,367</u> | <u>\$ 27,615,474</u> |

(Continued)

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

| June 30, 2024 | Risk Management | Santa Fe Health/ Dental | Workers' Compensation |
|---|----------------------------|--|----------------------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 447,028 | \$ 966,190 | \$ 7,267 |
| Pooled cash - cash overdrawn | - | - | - |
| Accrued payroll | 7,690 | 5,315 | - |
| Due to other governments | - | - | - |
| Compensated absences - current | 8,953 | 3,466 | - |
| Subscription liabilities - due within one year | - | - | - |
| Claims and judgment payable | 4,963,691 | 1,483,000 | 4,371,704 |
| Total current liabilities | 5,427,362 | 2,457,971 | 4,378,971 |
| Noncurrent liabilities | | | |
| Compensated absences payable | 16,787 | 6,499 | - |
| Subscription liabilities, due in more than one year | - | - | - |
| Net pension liability | 562,043 | 378,086 | - |
| Net OPEB liability | 71,825 | 48,327 | - |
| Total noncurrent liabilities | 650,655 | 432,912 | - |
| Total liabilities | 6,078,017 | 2,890,883 | 4,378,971 |
| Deferred inflows of resources | | | |
| Deferred inflows - pension | 8,318 | 5,595 | - |
| Deferred inflows - OPEB | 97,003 | 65,268 | - |
| Total deferred inflows of resources | 105,321 | 70,863 | - |
| Net position | | | |
| Net investment in capital assets | 62,949 | - | - |
| Unrestricted (deficit) | (3,997,913) | 13,772,760 | (2,240,020) |
| Total net position | (3,934,964) | 13,772,760 | (2,240,020) |
| Total liabilities, deferred inflows of resources, and net position | \$ 2,248,374 | \$ 16,734,506 | \$ 2,138,951 |

| Unemployment Fund | Services to Other Departments | Total |
|------------------------------|--|----------------------|
| \$ 21,468 | \$ 1,028,078 | \$ 2,470,031 |
| - | 6,107,099 | 6,107,099 |
| - | 186,013 | 199,018 |
| - | 1,003 | 1,003 |
| - | 108,547 | 120,966 |
| - | 150,012 | 150,012 |
| - | - | 10,818,395 |
| <u>21,468</u> | <u>7,580,752</u> | <u>19,866,524</u> |
| - | 203,503 | 226,789 |
| - | 22,811 | 22,811 |
| - | 7,681,650 | 8,621,779 |
| - | 981,489 | 1,101,641 |
| - | <u>8,889,453</u> | <u>9,973,020</u> |
| <u>21,468</u> | <u>16,470,205</u> | <u>29,839,544</u> |
| - | 113,680 | 127,593 |
| - | <u>1,325,544</u> | <u>1,487,815</u> |
| - | 1,439,224 | 1,615,408 |
| - | 3,724,696 | 3,787,645 |
| <u>343,808</u> | <u>(15,505,758)</u> | <u>(7,627,123)</u> |
| <u>343,808</u> | <u>(11,781,062)</u> | <u>(3,839,478)</u> |
| <u>\$ 365,276</u> | <u>\$ 6,128,367</u> | <u>\$ 27,615,474</u> |

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

| June 30, 2024 | Risk Management | Santa Fe Health/ Dental | Workers' Compensation |
|--|----------------------------|--|----------------------------------|
| Operating revenues | | | |
| Charges for services | \$ - | \$ - | \$ - |
| Other revenues | 104,067 | 130,881 | 69,733 |
| Premiums | 7,562,142 | 24,864,229 | - |
| Total operating revenues | 7,666,209 | 24,995,110 | 69,733 |
| Operating expenses | | | |
| Salaries, wages, and fringe benefits | 506,542 | 1,725,005 | 279,994 |
| Contractual services and utilities | 325,270 | 1,079,576 | 63,264 |
| Repairs and maintenance | - | - | - |
| Supplies | 85,830 | 50,439 | - |
| Small equipment | - | - | - |
| Depreciation and amortization expense | 15,267 | - | - |
| Insurance | 4,574,155 | 617,908 | - |
| Claims and judgments | 2,124,217 | 19,950,241 | 1,128,102 |
| Other | 227,479 | 5,900 | - |
| Total operating expenses | 7,858,760 | 23,429,069 | 1,471,360 |
| Operating income (loss) | (192,551) | 1,566,041 | (1,401,627) |
| Non-operating revenues (loss) | | | |
| Interest expense | - | - | - |
| Investment income (loss) | - | 430,793 | 80,278 |
| Total non-operating revenues (expenses) | - | 430,793 | 80,278 |
| Income (loss) before transfers | (192,551) | 1,996,834 | (1,321,349) |
| Government contributions | | | |
| Transfers in | 2,878,261 | 2,418,718 | - |
| Transfers (out) | (62,500) | (75,000) | - |
| Change in net position | 2,623,210 | 4,340,552 | (1,321,349) |
| Net position - beginning of year | (6,558,174) | 9,432,208 | (918,671) |
| Net position - end of year | \$ (3,934,964) | \$ 13,772,760 | \$ (2,240,020) |

| Unemployment | Services to Other | Total |
|---------------------|------------------------------|----------------|
| Fund | Departments | |
| \$ - | \$ 13,320,550 | \$ 13,320,550 |
| - | - | 304,681 |
| 26,056 | - | 32,452,427 |
| 26,056 | 13,320,550 | 46,077,658 |
| - | 6,279,480 | 8,791,021 |
| - | 1,799,144 | 3,267,254 |
| - | 261,663 | 261,663 |
| - | 1,546,705 | 1,682,974 |
| - | 1,027,370 | 1,027,370 |
| - | 1,974,797 | 1,990,064 |
| - | - | 5,192,063 |
| 78,602 | - | 23,281,162 |
| - | 501,200 | 734,579 |
| 78,602 | 13,390,359 | 46,228,150 |
| (52,546) | (69,809) | (150,492) |
| - | (4,596) | (4,596) |
| 12,505 | - | 523,576 |
| 12,505 | (4,596) | 518,980 |
| (40,041) | (74,405) | 368,488 |
| - | 62,000 | 5,358,979 |
| - | - | (137,500) |
| (40,041) | (12,405) | 5,589,967 |
| 383,849 | (11,768,657) | (9,429,445) |
| \$ 343,808 | \$ (11,781,062) | \$ (3,839,478) |

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

| For Year Ended June 30, 2024 | Risk Management | Santa Fe Health/ Dental | Workers' Compensation |
|---|----------------------------|--|----------------------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 7,874,332 | \$ 24,509,863 | \$ 63,496 |
| Cash payments to suppliers for goods and services | (7,205,540) | (21,544,064) | (1,081,723) |
| Cash payments to employees for services | (399,454) | (1,827,435) | (279,994) |
| Net cash provided (used) by operating activities | 269,338 | 1,138,364 | (1,298,221) |
| Cash flows from noncapital financing activities | | | |
| Transfers in from other funds | 2,878,261 | 2,418,718 | - |
| Transfers out to other funds | (62,500) | (75,000) | - |
| Net cash provided (used) by noncapital financing activities | 2,815,761 | 2,343,718 | - |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (12,858) | - | - |
| Principal paid on subscription liabilities | - | - | - |
| Interest paid on subscription liabilities | - | - | - |
| Net cash provided (used) by capital and related financing activities | (12,858) | - | - |
| Cash flows from investing activities | | | |
| Interest and dividends on investments | - | 430,793 | 80,278 |
| Net cash provided (used) by investing activities | - | 430,793 | 80,278 |
| Net increase (decrease) in cash, cash equivalents, and investments | 3,072,241 | 3,912,875 | (1,217,943) |
| Cash, cash equivalents, and investments - beginning of year | (1,048,722) | 11,666,160 | 3,356,894 |
| Cash, cash equivalents, and investments - end of year | \$ 2,023,519 | \$ 15,579,035 | \$ 2,138,951 |

| Unemployment Fund | Services to Other Departments | Total |
|----------------------|-------------------------------------|---------------|
| \$ 47,524 | \$ 14,010,263 | \$ 46,505,478 |
| (78,602) | (5,091,018) | (35,000,947) |
| - | (6,072,343) | (8,579,226) |
| (31,078) | 2,846,902 | 2,925,305 |
| - | 62,000 | 5,358,979 |
| - | - | (137,500) |
| - | 62,000 | 5,221,479 |
| - | (1,817,551) | (1,830,409) |
| - | (1,108,060) | (1,108,060) |
| - | (4,596) | (4,596) |
| - | (2,930,207) | (2,943,065) |
| 12,505 | - | 523,576 |
| 12,505 | - | 523,576 |
| (18,573) | (21,305) | 5,727,295 |
| 383,849 | (6,085,794) | 8,272,387 |
| \$ 365,276 | \$ (6,107,099) | \$ 13,999,682 |

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

| For Year Ended June 30, 2024 | Risk Management | Santa Fe Health/ Dental | Workers' Compensation |
|--|----------------------------|--|----------------------------------|
| Reconciliation of operating income (loss) | | | |
| To net cash provided (used) by | | | |
| Operating activities | | | |
| Operating income (loss) | \$ (192,551) | \$ 1,566,041 | \$ (1,401,627) |
| Adjustments to reconcile operating income (loss) | | | |
| to net cash provided (used) by operating activities | | | |
| Depreciation/Amortization/Bad debt expense | 15,267 | - | - |
| Difference between deferred outflows and related to pensions and OPEB | (75,653) | (20,720) | - |
| Difference between deferred inflows and related to pensions and OPEB | 458 | (36,378) | - |
| Difference between net pension/OPEB liability | 178,821 | (38,876) | - |
| Change in assets and liabilities | | | |
| (Increase) Decrease in Accounts receivables | - | (1,032,777) | - |
| (Increase) Decrease in Other receivables | - | 445,151 | - |
| Increase (Decrease) in Accounts Payable | 208,123 | 102,379 | (6,237) |
| Increase (Decrease) in Compensated Absences Payable | 3,181 | (5,567) | - |
| Increase (Decrease) in Accrued Wages Payable | 281 | (889) | - |
| Increase (Decrease) in Inventory | - | - | - |
| Increase (Decrease) in Claims Payable | 131,411 | 160,000 | 109,643 |
| Net cash provided (used) by operating activities | \$ 269,338 | \$ 1,138,364 | \$ (1,298,221) |

| Unemployment Fund | Services to Other Departments | Total |
|----------------------|-------------------------------------|---------------------|
| \$ (52,546) | \$ (69,809) | \$ (150,492) |
| - | 1,974,797 | 1,990,064 |
| - | (804,161) | (900,534) |
| - | (273,508) | (309,428) |
| - | 1,231,947 | 1,371,892 |
| - | - | (1,032,777) |
| - | - | 445,151 |
| 21,468 | 689,713 | 1,015,446 |
| - | (28,005) | (30,391) |
| - | 80,864 | 80,256 |
| - | 45,064 | 45,064 |
| - | - | 401,054 |
| <u>\$ (31,078)</u> | <u>\$ 2,846,902</u> | <u>\$ 2,925,305</u> |

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SUPPORTING SCHEDULES



**State of New Mexico
City of Santa Fe
Schedule of Deposits and Investments
June 30, 2024**

| Bank Account Type/Name | Citibank | LGIP |
|--|---------------------|----------------------|
| Santa Fe health - checking - non-interest bearing | \$ 261,210 | \$ - |
| LGIP Fund - interest bearing | - | 83,659,956 |
| NMFA investment accounts** | - | - |
| Municipal checking - interest bearing | - | - |
| Common - checking - non-interest bearing | - | - |
| Government money market - restricted cash - interest bearing | - | - |
| Cash - interest bearing | - | - |
| Money market - interest bearing | - | - |
| Fixed income securities - interest bearing | - | - |
| BDD Money market - interest bearing | - | - |
| False alarm trust - interest bearing | - | - |
| Total | 261,210 | 83,659,956 |
| Reconciling items | 912,482 | - |
| Reconciled balance | \$ 1,173,692 | \$ 83,659,956 |

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

Cash, cash equivalents, and investments per
statement of net position

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

| Principal | New Mexico Finance Authority | Sterling National Bank | Wells Fargo Bank | Totals |
|-----------------------|---|-----------------------------------|-----------------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 261,210 |
| - | - | - | - | 83,659,956 |
| - | 78,168 | - | - | 78,168 |
| - | - | 265,289 | - | 265,289 |
| - | - | - | 27,930,985 | 27,930,985 |
| 7,286,214 | - | - | - | 7,286,214 |
| - | - | - | - | - |
| 278,360,185 | - | - | - | 278,360,185 |
| 9,976,563 | - | - | - | 9,976,563 |
| 75,871,934 | - | - | - | 75,871,934 |
| - | - | - | 107,216 | 107,216 |
| 371,494,896 | 78,168 | 265,289 | 28,038,201 | 483,797,720 |
| (245,142) | - | - | (3,324,693) | (2,657,353) |
| <u>\$ 371,249,754</u> | <u>\$ 78,168</u> | <u>\$ 265,289</u> | <u>\$ 24,713,508</u> | <u>481,140,367</u> |
| | | | | 5,675 |
| | | | | (105,540,318) |
| | | | | (3,835,929) |
| | | | | <u>\$ 371,769,795</u> |

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State of New Mexico
City of Santa Fe
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2024

| Name of Depository | Description of Pledged Collateral | Maturity | CUSIP Number | Fair Market Value June 30, 2024 |
|---|-----------------------------------|----------|--------------|------------------------------------|
| Sterling National Bank | | | | |
| | FNMA FNMS 3.5% | 9/1/2043 | 3138ENS59 | \$ 15,598 |
| Total Sterling National Bank | | | | 15,598 |
| Name and location of safekeeper for above pledged collateral: BNY Mellon, New York, New York | | | | |
| Wells Fargo Bank | | | | |
| | FR ZS4671 3.0% | 8/1/2046 | 3132A5FL4 | 42,937,492 |
| | FNMA 4355 2.0% | 6/1/2051 | 31418DZV7 | 22,604,624 |
| Total Wells Fargo Bank | | | | 65,542,116 |
| Name and location of safekeeper for above pledged collateral: BNY Mellon, New York, New York | | | | |
| Total pledged collateral | | | | \$ 65,557,714 |

State of New Mexico
City of Santa Fe
Schedule of Joint Powers Agreements
For the Year Ended June 30, 2024

| Joint Power Agreement | Participants | Responsible Party | Description |
|---|--|--|---|
| 1 City of Santa Fe and County of Santa Fe | City of Santa Fe County of Santa Fe BDD | City of Santa Fe County of Santa Fe 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 County of Santa Fe SWMA | City of Santa Fe County of Santa Fe 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 NM Taxation and Revenue Department | City of Santa Fe NM Taxation and Revenue Department | City to issue CRS numbers necessary for the purpose of registering a business in New Mexico |

| Beginning and Ending Dates | Total Estimated Project Amount and Amount Applicable to Party | Amount contributed By City During Current Fiscal Year | Audit Responsibility | Fiscal Agent and Responsible Reporting Entity |
|---|--|--|-----------------------------|--|
| Date of approval by DFA to termination by either party's governing body | 50% | \$ 6,234,935 | BDD | BDD |
| Date of approval by DFA to termination by either party's governing body | 50% | \$ 5,117,397 | SWMA | SWMA |
| 7/1/2026 - 6/30/2026 | 0% | \$ - | City of Santa Fe | City of Santa Fe |

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COMPLIANCE SECTION





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

Joseph M. Maestas, P.E., CFE, 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 (the “City”), as of and for the year ended June 30, 2024, 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 16, 2024.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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 2024-002 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 other matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and questioned costs as items 2024-007 and 2024-008.

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, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
December 16, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Joseph M. Maestas, P.E., CFE, 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, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2024.

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 Auditor's 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 City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 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 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 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 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.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 a material weakness and significant deficiencies.

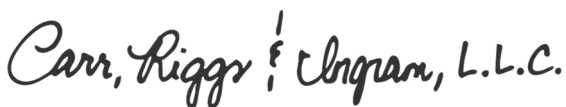
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a material weakness.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, and 2024-006 to be significant deficiencies.

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 compliance 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 responses.

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, LLC
Albuquerque, New Mexico
December 16, 2024

**State of New Mexico
City of Santa Fe
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

| Federal Grantor or Pass- Through Grantor / Program Title | Grant/Pass Thru Number |
|--|-----------------------------|
| U.S. Department of Housing and Urban Development | |
| CDBG - Entitlement Grants Cluster | |
| Community Development Block Grants/Entitlement Grants | B-22-MC-35-0003 |
| COVID-19 - Community Development Block Grants/Entitlement Grants | B-20-MC-35-0003 |
| Subtotal - CDBG - Entitlement Grants Cluster | |
| Total U.S. Department of Housing and Urban Development | |
| U.S. Department of Transportation | |
| <i>Direct Programs</i> | |
| COVID-19 Airport Improvement Program #51 | SAF-SWG- 3-35-0037-051-2020 |
| COVID-19 Airport Improvement Program #57 | SAF-SWG- 3-35-0037-057-2021 |
| Subtotal Airport Improvement Program | |
| Federal Transit Cluster | |
| Federal Transit Formula - Ridefinder Transit Enhancement | NM-2020-013-00 |
| COVID-19 - Federal Transit Formula - Coronavirus Response and Relief Supplemental Appropriations Act | NM-2024-003-00 |
| Federal Transit Formula - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions | NM-2020-015, NM-2020-023 |
| Subtotal Federal Transit Cluster | |
| <i>Passed through the New Mexico Highway and Transportation Department</i> | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | M01628, D16022, D18464 |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 01-AL-64-090 |
| <i>Passed through the New Mexico Department of Homeland Security & Emergency Management</i> | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | HMEP-2021-00-00 |
| Total U.S. Department of Transportation | |
| U.S. Department of the Treasury | |
| <i>Direct Program</i> | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 1505-0271 |
| Total U.S. Department of the Treasury | |
| National Endowment for the Arts | |
| <i>Passed through Arts Midwest</i> | |
| Promotion of the Arts Grants to Organizations and Individuals | 00031575 |
| Total National Endowment for the Arts | |

See accompanying notes to schedule of expenditures of federal awards.

| Assistance Listing Number | Federal Expenditures | Program/ Cluster Subtotal | Funds Provided to Subrecipients | Noncash Assistance |
|---------------------------|----------------------|---------------------------|---------------------------------|--------------------|
| 14.218 | \$ 1,512,065 | | \$ 588,054 | |
| 14.218 | 36,015 | | 36,015 | - |
| | | 1,548,080 | | |
| | | 1,548,080 | 624,069 | - |
| 20.106 | 902,589 | | - | - |
| 20.106 | 876,014 | | - | - |
| | | 1,778,603 | | |
| 20.507 | 3,685,987 | | - | - |
| 20.507 | 1,660,795 | | - | - |
| 20.526 | 531,610 | | - | - |
| | | 5,878,392 | | |
| 20.505 | 347,268 | | - | - |
| 20.608 | 33,335 | | - | - |
| 20.703 | 36,951 | | - | - |
| | | 8,074,549 | | |
| 21.027 | 4,233,636 | | 2,963,537 | - |
| | | 4,233,636 | 2,963,537 | - |
| 45.024 | 20,000 | | - | - |
| | | 20,000 | - | - |

(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, 2024

| Federal Grantor or Pass- Through Grantor / Program Title | Grant/Pass Thru Number |
|--|-----------------------------------|
| U.S. Department of Health and Human Services | |
| <i>Passed through the North Central New Mexico Economic District Non-Metro Area Agency</i> | |
| National Family Caregiver Support, Title III, Part E Aging Cluster | 2023-22-60026 |
| Special Programs for the Aging: Title III Part B, Grants for Supportive Services and Senior Centers Services & Senior Centers | 2023-22-60026 |
| Special Programs for the Aging: Title III Part C-1, Nutrition Services | 2023-22-60026 |
| Special Programs for the Aging: Title III Part C-2, Nutrition Services | 2023-22-60026 |
| Nutrition Services Incentive Program (NSIP) | 2023-22-60026 |
| <hr/> | |
| Subtotal Aging Cluster | |
| <i>Passed through New Mexico Department of Human Services</i> | |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance (SAMHSA) (CARA) | 2017-AR-BX-K032 |
| <hr/> | |
| Total U.S. Department of Health and Human Services | |
| <hr/> | |
| Corporation for National Community Service | |
| <i>Passed through the New Mexico State Agency on Aging</i> | |
| AmeriCorps Seniors Retired and Senior Volunteer Program (RSVP) Foster Grandparent/Senior Companion Cluster | 21-624-4000-0024 |
| AmeriCorps Seniors Foster Grandparent Program (FGP) | 21-624-4000-0024 |
| <hr/> | |
| Subtotal - Foster Grandparent/Senior Companion Cluster | |
| <hr/> | |
| Total Corporation for National Community Service | |
| <hr/> | |
| Executive Office of the President | |
| <i>Passed through the New Mexico Department of Public Safety</i> | |
| High Intensity Drug Trafficking Areas Program | NMDPS#23-7900-4000- IGSA00017 |
| <hr/> | |
| Total Executive Office of the President | |
| <hr/> | |
| U.S. Department of Homeland Security | |
| <i>Passed through the New Mexico Department of Homeland Security and Emergency Management</i> | |
| Emergency Management Performance Grants | EMT-2021-EP-00014-S01 |
| Homeland Security Grant Program | EMW-2020-SS-00127-S01-01 |
| <hr/> | |
| Total U.S. Department of Homeland Security | |
| <hr/> | |
| Total Federal Financial Assistance | |
| <hr/> | |

See accompanying notes to schedule of expenditures of federal awards.

| Assistance Listing Number | Federal Expenditures | Program/ Cluster Subtotal | Funds Provided to Subrecipients | Noncash Assistance |
|---------------------------|----------------------|---------------------------|---------------------------------|--------------------|
| 93.052 | 87,833 | | - | - |
| 93.044 | 65,053 | | - | - |
| 93.045 | 99,163 | | - | - |
| 93.045 | 46,806 | | - | - |
| 93.053 | 123,817 | | - | - |
| | | 334,839 | | |
| 93.243 | 68,877 | | - | - |
| | 491,548 | | - | - |
| 94.002 | 37,500 | | - | - |
| 94.011 | 25,198 | | - | - |
| | | 25,198 | | |
| | 62,698 | | - | - |
| 95.001 | 8,949 | | - | - |
| | 8,949 | | - | - |
| 97.042 | 26,751 | | - | - |
| 97.067 | 54,614 | | - | - |
| | 81,364 | | - | - |
| | \$ 14,520,825 | | \$ 3,587,606 | \$ - |

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, 2024

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "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 | \$ | 14,520,825 |
| Total expenditures funded by other sources | | 351,582,421 |
| <hr/> | | |
| Total expenditures | \$ | 366,103,246 |
| <hr/> <hr/> | | |

**State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s 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 auditor’s 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 Number | Federal Program |
|------------------------------|---|
| 20.106 | COVID-19 Airport Improvement Program |
| 20.507, 20.526 | Federal Transit Cluster |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds |

- | | |
|---|-----------|
| 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, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 – Controls over Construction in Process (Material Weakness)

Condition: The City's process for tracking construction in process (CIP) was not designed properly to ensure completed projects are capitalized and added to the capital asset subledger in a timely manner.

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. Systems and control activities should be in place to evaluate ongoing construction projects to ensure they are capitalized and depreciated when put in service.

Cause: The City experienced significant turnover in its finance department during the 2020 and 2021 fiscal years. As such, many of the individuals responsible for ensuring the proper accounting treatment of CIP and completed projects were lost. Further, there was a time delay in the establishment of a new finance team and no established process inherited to ensure proper accounting treatment.

Effect: The City had a back log of CIP project costs, some dating back to 2020, that had to be extensively re-evaluated to ensure proper capitalization and depreciation of completed projects.

Auditor recommendation: The City should have mechanisms in place that ensure the finance department is up to speed with the status of ongoing projects and when projects are completed/are ready to be moved to a depreciable category. Additionally, the status of CIP projects should be reviewed by the finance department on a periodic basis throughout the fiscal year to identify and adjust for completed projects in a timely manner.

Views of Responsible Officials and Planned Corrective Action: The City agrees with this finding. The City did not have the necessary staffing or tools in place from FY2020 to FY2024 to ensure that construction in process (CIP) was tracked, reviewed and reconciled timely. The City's process for tracking CIP was limited in functionality and did not ensure completed projects were capitalized timely, which resulted in a backlog of completed projects that remained in CIP after the date that they were placed in service.

In FY2024 the City designated an Accounting Manager in the Finance Department, as the primary position responsible for oversight of Capital Assets and CIP. Currently Excel worksheets are the primary tool used for tracking CIP expenditures and capital assets with data that is derived from the Munis accounting system. The magnitude and complexity of the City's capital asset management needs require specialized software. The Accounting Manager is the functional lead on a project to implement the Capital Assets module in the Munis ERP system. This module will help track and monitor capital expenditures by project, from planning to completion, and provide detailed functionality to help manage capital processes.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2024-001 – Controls over Construction in Process (Material Weakness) (Continued)

Additionally, functionality provided by the project ledgers within Munis will assist in tracking any projects associated with capital expenditures, including across multiple fiscal years. The Capital Assets and Project Ledger modules need to be used in tandem to maintain an accurate accounting of projects throughout their lifecycle to identify and adjust for completed projects in a timely manner.

In conjunction with the implementation of the Capital Asset module, the City plans to update its policies and procedures to align with best practices and the functionality of the module. These changes will be communicated with respective departments via training sessions to help ensure cohesive accounting of Capital Assets and CIP citywide.

Responsible Official: Finance Director, Assistant Finance Director, Accounting Officer, Controller, and Capital Asset Accounting Manager (in recruitment)

Timeline and Estimated Completion Date: June 30, 2026

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2024-002 – General Ledger Corrections (Significant Deficiency)

Condition: The following inaccuracies in the Munis general ledger were not identified and corrected by the City in a timely manner, leading to the need for error corrections to beginning fund balance and net position:

- The June 30, 2022 unbilled accounts receivable in funds 500, 505, and 510 were posted in Munis, but was not reversed in fiscal year 2023. The amounts of each accrual were \$988,605 in fund 500, \$2,479,226 in fund 505, and \$1,040,192 in fund 510.
- Expense totaling \$3,091,959 was recorded in fund 500 instead of 505 during fiscal year 2023.
- Fund 505 had not booked miscellaneous revenue and receivable for Buckman Direct Diversion fiscal agent fees relating to fiscal year 2021-2024 totaling \$1,408,803.

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 review the general ledger software for completeness and accuracy on a periodic basis.

Cause: The City was behind on audits and its financial closing process for an extended period of time prior to fiscal year 2024. This led to the inability to capture many adjustments in a timely manner in the City's general ledger system, which becomes closed to adjustment after a certain period of time.

Effect: The City adjusted for the items described above in fiscal year 2024 through fund balance and net position.

Auditor recommendation: The City's accounting and financial management team should continue to stay caught up on monthly and annual closing procedures. During these processes, the City should remain cognizant of items requiring adjustment and reversal to prevent instances such as those noted above in the future.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the finding. Vacancies in key positions including the Accounting Officer, the Controller and the General Ledger Accounting Manager meant that there was not sufficient staffing in Finance to ensure that timely reconciliation of the general ledger was occurring. These key positions were filled in FY24. The City now has a Controller with substantial governmental accounting experience and robust expertise in the Munis ERP system. The City also hired an Accounting Officer with extensive government and non-profit audit experience, and expertise in governmental financial reporting in New Mexico. An experienced staff member who is a CPA was promoted to fill the General Ledger Accounting Manager role. Filling these key positions and retaining qualified staff is essential to establishing and maintaining key internal controls necessary to ensure that transactions are recorded in the general ledger timely and accurately.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2024-002 – General Ledger Corrections (Significant Deficiency) (Continued)

The Finance Department is committed to keeping caught up with monthly and annual closing procedures. The items noted in the finding were identified and corrected by management during FY24 and reported to the auditors during the audit. City staff identified that the key control that was not functioning as designed was timely reconciliation. To address this, the City will implement timely periodic reconciliation between the subsidiary ledgers such as the UCIS Utility Billing system and the EnerGov Land Use system, and the Munis general ledger. The Finance Department will review and reconcile balance sheet accounts periodically throughout the fiscal year, researching and following up on items such as unchanged account balances. A reconciliation checklist will be compiled and will include items such as prompt review of abnormal balances, evaluation of unchanged account balances, and other “red flag” items. Items identified through the review will be assigned to staff in the Controller Division to follow up on and resolve.

Additionally, the Finance Department will implement monthly review of balance sheet account balances, and general ledger reconciliation for all funds at least semi-annually. The Finance Department will conduct a review of past audit adjusting entries and infrequent manual journal entries and develop a comprehensive checklist of necessary journal entries. Review of the checklist will be incorporated into the month-end and year-end closing process. Journal entry templates will be established in Munis to prompt the creation of required accounting entries monthly and annually. The templates will include fields to denote the accounting string, the timing, and which entries are reversals.

Responsible Official: Finance Director, Accounting Officer, Controller, and General Ledger Accounting Manager

Timeline and Estimated Completion Date: June 30, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS

2024-003 – Reimbursement Requests (Significant Deficiency in Internal Controls over Compliance)

Federal Program Information

Federal Award Title and ALN: Federal Transit Cluster, 20.507, 20.526
Federal Awarding Agency: Department of Transportation
Federal Award ID Number: N/A
Federal Award Year: 2024

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-3-35-0037-051-2020, SAF-SWG-3-35-0037-057-2021
Federal Award Year: 2024

Condition: The City submitted reimbursements for grants in an untimely fashion for multiple months at a time in the Federal Transit Cluster and only at year-end in the Airport Improvement Program.

Criteria: Per 2 CFR 200.303(a), the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity 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 200.302b, the non-federal entity must provide for effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

Cause: The City does not have sufficient controls in place to review and approve requests to submit as needed.

Questioned Cost: None.

Effect: The City’s financial position and cash balances were adversely affected due to the delay in requesting and receiving reimbursement for funds already disbursed. Significant time passing between disbursement of funds and preparation of reimbursement requests may increase the chance of errors.

Auditor recommendation: We recommend that the City establish policies and procedures for requesting reimbursement of grant expenditures on a monthly basis, including reconciliation of the expenditures and reimbursements under each grant.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

**2024-003 – Reimbursement Requests (Significant Deficiency in Internal Controls over Compliance)
(Continued)**

Views of Responsible Officials and Planned Corrective Action: The City agrees with this finding. Vacancies in key positions including the Airport Manager and the Transit Director of Administration meant that there was not sufficient expertise in the program areas to ensure that reimbursement requests were prepared and submitted timely. These key positions have now been filled. The City now has an Airport Manager with substantial experience managing municipal airports and overseeing federal funding for airports. The City also hired a Transit Director of Administration with extensive federal and state grant management experience, and expertise in Transit programs. The Accounting Officer, Grants Manager and Accounting Financial Analyst positions in the Finance Department have been filled, and the Grants Division is now fully staffed. More robust staffing is allowing Finance to perform more oversight in addition to working more closely with Transit and Airport program staff. Filling these key positions and retaining qualified staff is essential to establishing a process for timely requests for reimbursement, and reconciliation of expenditures and reimbursement under each grant.

The Transit Division is working with a contractor provided by the FTA on establishing policies and procedures to ensure compliance with federal grant requirements. This contractor is also providing training and technical assistance to the Transit program. The scope of this work includes ensuring requests for reimbursement of grant expenditures are submitted timely, and reconciliations of grant expenditures and reimbursements are completed timely and accurately.

The Airport Department is in the process of contracting with a vendor to assist with federal compliance and provide training for Airport staff on relevant Uniform Guidance requirements. The vendor's scope of work will include helping with developing and documenting policies and standard operating procedures for requests for reimbursement, and reconciliation of expenditures and reimbursements. Additionally, the Airport Department plans to create a Grant Accountant position which will be responsible for reconciling grant expenditures monthly and processing reimbursement requests quarterly.

In CY25 the City plans to provide Uniform Guidance training for staff which will include internal controls related to cash management.

Responsible Official: Finance Director, Airport Manager, Transit Director of Administration, Accounting Officer, Grants Manager.

Timeline and Estimated Completion Date: June 30, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-004 (2023-004) – Activities Allowed, Allowable Costs over Payroll (Significant Deficiency 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-3-35-0037-057-2021
Federal Award Year: 2024

Condition: Two payroll checks were duplicated and included in the request for reimbursement. These checks totaled \$2,694, out of a total of \$876,014 in payroll charged to the program.

Management’s Progress on Repeat Findings: Some progress made from prior year.

Criteria: Per 2 CFR 200.303(a), the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity 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 2 CFR section 200.430(f) – Factors affecting allowability of costs, costs charged to Federal programs may not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

Cause: The City does not have sufficient controls in place to ensure the accuracy of the amounts listed on the general ledger as charged to the grant.

Questioned Cost: Known and likely questioned costs of \$2,694

Effect: The City requested and received reimbursement for duplicate transactions not properly allocable to the program in the amount of \$2,694.

Auditor recommendation: The auditor recommends that the City implement a final review for potential duplicated costs prior to approving reimbursement requests, and adjust the general ledger for any such items noted.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-004 (2023-004) – Activities Allowed, Allowable Costs over Payroll (Significant Deficiency in Internal Controls over Compliance) (Repeated/Modified) (Continued)

Views of Responsible Officials and Planned Corrective Action: The City agrees with this finding. A reimbursement request was submitted 3/18/24 in the amount of \$634,532.45. It was later identified that the reimbursement request included duplicate payroll expenditures in the amount of \$2,694. One of the duplicated items, totaling \$1,115, was identified through internal review within the City of Santa Fe after the reimbursement request was submitted. A credit memo has been processed in the FAA’s Delphi system and the City has repaid the \$1,115 amount that was duplicated. The other item, totaling \$1,579, was identified through the external audit. The City will process an additional credit memo and repay the \$1,579 amount promptly.

The Finance Director, the Accounting Officer, and the Grants team are working with the Airport team to strengthen policies and procedures and ensure a full review of the general ledger for the federal program to ensure no duplicate costs are charged prior to reimbursement requests being submitted. A secondary review by the Finance Department of all Airport requests for reimbursement is now occurring prior to submission to FAA. In addition, we have started using employee pay advices as additional supporting documentation for reimbursement requests. In the past excel spreadsheets were used as supporting documentation, and the Finance Department review sometimes happened after the reimbursement request was submitted.

Vacancies in key positions resulted in a lack of robust review of reimbursement requests prior to submission. These key positions have now been filled. The City now has an Airport Manager with substantial experience managing municipal airports and overseeing federal funding for airports. The Accounting Officer, Grants Manager and Accounting Financial Analyst positions in the Finance Department have been filled, and the Grants Division is now fully staffed. More robust staffing is allowing Finance to work more closely with the Airport team. One of the primary duties of the new Accounting Financial Analyst in the Grants Division is to support the administration of Airport grants.

The City is in the process of contracting with a vendor to assist the Airport with federal compliance and provide training for Airport staff on relevant Uniform Guidance requirements. The vendor’s scope of work will include helping with developing and documenting policies and standard operating procedures for requests for reimbursement. Additionally, the Airport Department plans to create a Grant Accountant position which will be responsible for reconciling grant expenditures monthly and processing reimbursement requests quarterly. The Finance Department will continue to perform a secondary review of Airport requests for reimbursement prior to submission to FAA.

In CY25 the City plans to provide Uniform Guidance training for staff which will include internal controls related to activities allowed and allowable costs.

Responsible Official: Finance Director, Airport Manager, Accounting Officer, Grants.

Timeline and Estimated Completion Date: June 30, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-005 (2023-006) – Equipment and Real Property Management (Material Weakness over 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-3-35-0037-051-2020
Federal Award Year: 2024

Condition: The City’s approved annual inventory was not complete. There was no information to identify the funding source of the equipment and/or property.

Management’s Progress on Repeat Findings: Some progress made from prior year.

Criteria: Per 2 CFR 200.303(a), the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity 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 2 CFR 200.313(d)(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Cause: Turnover in related positions resulted in delays in making revisions to the listing to incorporate information on Federal participation in the purchases.

Questioned Cost: None.

Effect: The City could dispose of federally funded equipment without following federal guidelines.

Auditor recommendation: The auditor recommends the City enhance the design of its control activities and create a tool to assist in tracking and maintaining equipment purchased with federal funds. Additionally, the employees responsible for the inventory should be trained to ensure understanding of the Uniform Guidance requirements relevant to equipment and real property management. Periodic review should also be designed to evaluate compliance with relevant requirements.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-005 (2023-006) – Equipment and Real Property Management (Material Weakness over Internal Controls over Compliance) (Repeated/Modified) (Continued)

Views of Responsible Officials and Planned Corrective Action: The City agrees with this finding. During FY24 the Airport Manager hired a Heavy Equipment Mechanic. This position is responsible for tracking, maintaining, and repairing Airport equipment. Logbooks are now being kept for all equipment.

In CY25 the Finance Director, the Accounting Officer, and the Grants team will work with the Airport team to improve internal controls over equipment purchased with federal funds. Policies and procedures will be developed to ensure that an accurate physical inventory that contains the information required by the Uniform Guidance is conducted at year-end.

The City is in the process of contracting with a vendor to assist the Airport with federal compliance and provide training for Airport staff on relevant Uniform Guidance requirements. The vendor's scope of work will include helping with developing and documenting policies and standard operating procedures related to equipment management. Tools will be developed to facilitate tracking and maintaining equipment purchased with federal funds.

Additionally, the Airport Department plans to create a Grant Accountant position which will be responsible for reconciling grant expenditures monthly. The Grant Accountant will also work with the Airport Heavy Equipment Mechanic to ensure that the inventory listing includes the funding source used for the purchase (i.e. federal or non-federal).

In CY25 the City plans to provide Uniform Guidance to staff which will include capital assets and equipment information, and the specific requirements for the year-end inventory.

Responsible Official: Finance Director, Airport Manager, Airport Heavy Equipment Mechanic, Accounting Officer, Grants Manager.

Timeline and Estimated Completion Date: June 30, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-006 – Subrecipient Monitoring (Significant Deficiency in Internal Controls over Compliance)

Federal Program Information

Federal Award Title and ALN: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds, 21.027
Federal Awarding Agency: Department of the Treasury
Federal Award ID Number: N/A
Federal Award Year: 2024

Condition: In 5 of 5 samples tested, there was no indication of the City review and approval on performance reports required of the subrecipient to submit for monitoring. Other monitoring activities were performed. One contract was reported as a subaward on the preliminary SEFA.

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 200.332e(1), in monitoring a subrecipient, a pass-through entity must review financial and performance reports.

Cause: Inconsistent application of controls throughout the year and with different subrecipients and entities resulted in poor documentation of control activities, and misclassification of a contract as a subaward.

Questioned Cost: None.

Effect: Inconsistent application of controls can result in noncompliance due to errors or fraud not being prevented or detected by employees. The Uniform Guidance requires pass-through entities to review reports submitted by subrecipients, and the City was not able to substantiate compliance with this requirement.

Auditor recommendation: We recommend the City strengthen policies and procedures to ensure program directors are following procedures and documenting review and approval as part of monitoring of subrecipients, and that subawards reported on the SEFA are verified against the characteristics of the agreement and the relationship with the other entity.

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS (Continued)

2024-006 – Subrecipient Monitoring (Significant Deficiency in Internal Controls over Compliance)

Views of Responsible Officials and Planned Corrective Action: The City agrees with this finding. Vacancies in key positions resulted in a lack of robust oversight of subrecipient monitoring during FY24. These key positions have now been filled. The Accounting Officer, Grants Manager and Accounting Financial Analyst positions in the Finance Department have been filled with qualified people who have extensive grant management experience, and the Grants Division is now fully staffed. More robust staffing is allowing Finance to work more closely with federal grant program managers throughout City government.

During the second half of FY24 the Finance team worked with our accounting consulting firm to develop and deploy Uniform Guidance training to over 50 employees City-wide. The AGA Recipient checklist for determining if the entity receiving funds has a contractor or subrecipient relationship was discussed and provided during this training and some City departments are now using it as part of the process to develop agreements that use federal funds. The Finance Director’s review of proposed agreements now includes an evaluation of the reasonableness of the subrecipient or contractor determination prior to the Finance Director signing the agreement.

In CY25 the Finance team will work to develop additional procedures to ensure that subawards reported on the SEFA are verified against the characteristics of the agreement and the relationship with the other entity. Additionally, the Finance Director, the Accounting Officer, and the Grants team will work to strengthen policies and procedures and deploy training to ensure program managers understand subrecipient monitoring procedures, including documenting review and approval as part of monitoring of subrecipients. The City plans to provide additional Uniform Guidance training for staff in CY25 which will include subrecipient monitoring requirements.

Responsible Official: Finance Director, Accounting Officer, Grants Manager.

Timeline and Estimated Completion Date: June 30, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS

2024-007 (2021-017) – Pledged Collateral (Other Noncompliance) (repeated/modified)

Condition: The City's Citibank account was under-collateralized by \$5,605 at June 30, 2024.

Management Progress on Repeat Findings: The City closed its account with Guadalupe Credit Union prior to yearend, which had been uncollateralized since the inception of the finding. However, another account was over the FDIC limit unexpectedly at June 30, 2024, resulting in the instance above.

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 did not provide collateralization for the account in question, which was not identified by the City.

Auditor's Recommendation: The City should work with Citibank 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 concurs with this finding. The Citibank account serves as a clearing account for claims related to the City's self-insured health plan, which is managed by Cigna Healthcare. Cigna processes payments from the Citibank account, and the City replenishes the account on a weekly basis. The Treasury Officer and the Benefits and Wellness Manager have been in communication with Cigna representatives to clarify the New Mexico requirement for pledged collateral on public funds. The Finance Department, in collaboration with the Human Resources Department and Cigna, will develop and implement a plan to ensure that the pledged collateral requirement for the claims account is met moving forward.

Responsible Official: Finance Director, Assistant Finance Director, and Treasury Officer, Benefits and Wellness Manager

Timeline and Estimated Completion Date: June 30, 2025

**State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
June 30, 2024**

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

**2024-008 (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:

| | Budgeted Deficit - Cash Appropriations | Beginning Year Cash & AR Available | Cash Appropriation in Excess of Available |
|--------------------------------|---|---|--|
| Governmental Funds | | | |
| Non Major Funds | | | |
| Capital Equipment Reserve Fund | \$ (803,571) | \$ 137,069 | \$ (666,502) |

Management Progress on Repeat Findings: The City had less funds in deficit and the dollar amount by which the funds were over-expended decreased as compared to fiscal year 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.

Auditor's 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.

Views of Responsible Officials and Planned Corrective: The City agrees with this finding. The issue that caused the deficit is related to proceeds received from an auction that was held to dispose of surplus City property, primarily vehicles that could no longer be used by the City. The revenue from the auction was recorded in the funds that owned the assets that were disposed of. The Budget team and the Capital Asset Accounting Manager agreed to transfer cash from those funds into Fund 210 (Capital Equipment Reserve) to fund the purchase of new vehicles. This transfer entry was never recorded in Munis, however the purchase of the new vehicles did occur during FY24, resulting in a deficit in Fund 210 as of June 30, 2024.

State of New Mexico
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Schedule of Findings and Questioned Costs
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SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

2024-008 (2021-020) – Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance) (continued) (repeated/modified)

The City agrees that conducting periodic reviews for adequate coverage of budget deficits throughout the fiscal year would be helpful. The City is implementing new budget software, Questica, which will help modernize the budgeting process and will facilitate timelier budget-to-actuals monitoring including quarterly and monthly budget projection reports. The reporting capabilities of the Questica system will help the budget team conduct periodic reviews for adequate coverage of budget deficits. This will allow deficits and issues to be identified earlier, allowing time for entries to be made to resolve the deficits before the end of the fiscal year.

Responsible Official: Finance Director, Assistant Finance Director, Accounting Officer, and Budget Officer, Controller and Capital Asset Accounting Manager (in recruitment)

Timeline and Estimated Completion Date: December 31, 2025

State of New Mexico
City of Santa Fe
Schedule of Findings and Questioned Costs
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SECTION V – PRIOR YEAR AUDIT FINDINGS

2023-001 (originally 2019-007) – Schedule of Expenditures of Federal Awards and Internal Controls over Grant Reporting – Resolved

2023-002 (originally 2017-001) – Internal Controls over Financial Close and Reporting – Resolved

2023-003 (originally 2020-008) – Controls over Cash Balances – Resolved

2023-004 – Activities allowed, Allowable Costs over Payroll – Repeated/Modified

2023-005 – Activities allowed, Allowable Costs over Payroll - Resolved

2023-006 – Equipment and Real Property Management – Repeated/Modified

2023-007 (originally 2021-009) – Financial Reporting – Resolved

2023-008 (originally 2021-017) – Pledged Collateral – Repeated/Modified

2023-009 (originally 2020-021) – Budgetary Compliance – Resolved

2023-010 (originally 2021-020) – Cash Appropriations in Excess of Available Cash Balances – Repeated/Modified

2023-011 – Controls Over Vendor Information – Resolved

2023-012 – Bank Account authorized signers – Resolved

2023-013 (originally 2019-020) – Late Audit Report – Resolved

**State of New Mexico
City of Santa Fe
Other Disclosures
June 30, 2024**

EXIT CONFERENCE

An exit conference was held on December 10, 2024. In attendance were the following:

Representing the City of Santa Fe:

| | |
|-----------------------------|----------------------------|
| Alan Webber | Mayor |
| Diane Rubin | Chair – Audit Committee |
| Carol Romero-Wirth | City Councilor |
| Randy Randall | Interim City Manager |
| Emily Oster, CPA, CGMA, CPO | Finance Director |
| Alexis Lotero | Assistant Finance Director |
| Matthew Bonifer, CPA | Accounting Officer |
| Andy Hopkins | Budget Officer |
| Josie Bolden | Controller |
| Melanie Sharpe | Payroll Officer |
| Travis Dutton-Leyda, CPO | Procurement Officer |
| Erika Lujan | Grants Manager |
| Diane Sena | Treasury Manager |
| Matt Bone, CPA | Contractor |
| Joan Scholz | Contractor |
| Chris Zaucha | Contractor |

Representing Carr, Riggs & Ingram, LLC:

| | |
|---------------------------------------|---------|
| Alan D. "A.J." Bowers, Jr., CPA, CITP | Partner |
| Eric Spurlin, 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.