

CITY OF SANTA FE

**QUARTERLY FINANCIAL PERFORMANCE REPORT**

As of September 30, 2021



**CITY OF SANTA FE – QUARTERLY FINANCIAL REPORT**  
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## **I. EXECUTIVE SUMMARY**

This report is a summary of financial results for the City through the first quarter of the fiscal year. It provides summarized information on how the City's financial sources (revenues) and uses (expenditures) have performed to date by department and major categories. Significant financial developments and budget variances are highlighted and explained. The report also includes a projection of revenues and expenditures to the end of the fiscal year based on year-to-date activity and historical trends. Finance Department staff continues to work with other City Departments to ensure that City resources will be used in the most efficient and cost-effective manner.

The overall City financial picture as of September 30, 2021 is more optimistic than expected when the FY22 budget was adopted in the April 2021. The Finance Department will continue to closely monitor the City's revenue and expenditure profile, and recommend adjustments where necessary. At this point in time, All Funds and General Fund expenditures are expected to end the fiscal year within budgeted levels.

Gross Receipts Tax (GRT) revenue represents the largest single source of the City's revenues, any significant change to GRT estimates has significant impact to the City's overall revenue picture. Better-than-expected first quarter GRT revenue performance continues the strong economic recovery trend. Other major revenue categories in the General Fund such as Property Tax, Ambulance Fees, Planning & Land Use Fees and Miscellaneous Revenues are projected in line with budgeted levels, and no significant deviation from budgeted revenue estimates is currently anticipated at this point in the fiscal year.

The economic downturn in 2020 caused by the pandemic has created widely different experiences across sectors and demographic groups. Hardest hit sectors were retail and tourism related industries which sharply contracted in Santa Fe. Overall Taxable Gross Receipts, revenue to Santa Fe business, was \$3.6 billion in calendar year 2019. In calendar year 2020, Taxable Gross Receipts for Santa Fe businesses fell by \$447 million, or 12 percent to \$3.1 billion. A return to a period of economic contraction seen in 2020 is highly unlikely even considering the recent uptick in COVID 19 cases. Vaccination rates in Santa Fe still higher than average and Governor Lujan Grisham has made the booster shots available.

Despite the economic headwinds including inflation, supply chain shortages, and a realignment of the labor market, the economic recovery in nationally and in Santa Fe is strong and economic growth is poised to be robust for the remainder of the fiscal year. The economic news nationally continues to be positive with equity markets remaining near all-time highs and manufacturing and service activities expanding. Nationally, growth of real, trade-weighted foreign GDP contracted 4.8 percent in 2020 but is projected to rebound to 5.5 percent in 2021 and continued growth of over 4 percent in 2022.

Locally businesses in Santa Fe are moving closer to pre-pandemic capacity. Santa Fe unemployment is at 5.4%, down from 7.0% in July 2021. In the first 9 months of calendar year 2021, Taxable Gross Receipts for Santa Fe businesses total \$2.9 billion, or \$200 million shy of the calendar year 2020 total of \$3.1 billion.

In Santa Fe, the first quarter of the fiscal year is an important time for GRT and Lodgers Tax revenue collection which is driven by summer tourism. In Santa Fe, steady growth in GRT and Lodgers' Tax revenues are expected. Effects of inflation create a double-edge sword: GRT and Lodgers Tax revenue are likely to increase (as goods prices increase), but city expenditures will also rise. The City's Gross Receipts Tax revenue shows continued strength, earning a total of \$36 million in GRT revenue in the first quarter of the FY22. The FY22 first quarter GRT revenue is 33 percent of the total \$108.9 million budgeted for General Fund, well ahead of prior years. The FY20 first quarter GRT distributions was 31 percent of the total GRT earned compared to 24 percent in the first quarter of FY21 during the height of the pandemic.

In addition, the City received the settlement from City of Albuquerque v. Stephanie Schardin Clarke in the amount of \$2.7 million in October 2021. After \$292 thousand in attorney's fees, the City earned one time revenue in the settlement of \$2.4 million.

Moving forward, the economic recovery in Santa Fe is expected to continue in the coming months and economists are forecasting that high-levels of consumer spending and travel will continue. With that, the City is anticipating exceeding the Gross Receipts Tax revenue originally budgeted. The budget adjustments in the second quarter of the FY22 will be funded from GRT revenue earned in the first quarter of FY22 above originally budgeted GRT revenue estimates.

The proposed FY22 budget adjustments make further investments in core city operations and resident needs. These investments increase funding in key areas such as staffing for Land Use, Legal, HR, Safety, Finance, Parking, MRC, Broadband, Municipal Court and other department operations. Additionally, budget adjustments at midyear are proposed to fund recruitment and retention initiatives. Other investments target adding recurring and non-recurring funding for key City services and projects in Parks and the MRC. By responding quickly to the positive economic news in FY22, we look forward to ensuring that City operations are in strong position to hit the ground running in January 2022.

### **Federal Update**

The strength in the economy was in part a result of the legislative response including federal laws passed in 2020 and 2021 by Congress, chief among them the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Successive rounds of substantial fiscal support have boosted economic activity since March 2020 and are projected to continue to do so through 2023 including the Infrastructure Investment & Jobs Act and the "Build Back Better" bill. To help recover from the financial and economic impacts of COVID-19, the City of Santa Fe will receive \$15 million in federal funding from the American Rescue Plan Act for use through the end of 2024. The City will budget the ARPA funds in early 2022.

### **State Update**

The State of New Mexico is also showing a strong economic recovery with the latest State revenue projections totaling \$1.4 billion in new money for FY23. Oil and natural gas production revenue in New Mexico is leading the recovery. State economists did note that New Mexico lost about 104,000 jobs at the height of the pandemic, and it could take until 2026 to reach pre-pandemic job levels, the report says. The State's Legislative Session begins in January 2022 and the City will actively lobby for additional capital outlay funds for key capital projects.

### **Refinancing Update**

The City of Santa Fe recently received AA+/AA by Fitch Ratings and S&P Global for its Subordinate Lien GRT Revenue Refunding Bond, while having all the other bonds affirmed with the same ratings. The ratings agencies cited the Santa Fe's strong economic fundamentals and the City's sound budget management during the pandemic. Characterizing the City's rating outlook at "stable," Fitch said, "The city's strong budget management was demonstrated by its efforts to maintain sustainability in anticipation of pandemic-induced revenue pressures via significant restructuring of its operations."

S&P Global stated, "Santa Fe's good management practices support stable financial reserves and balanced operations." S&P Global's rating reflects its view of "strong-to-very strong debt service coverage supported by a strong economy." It noted the City of Santa Fe's revenue collections in the latter half of fiscal 2021 "reflected steady increases which are expected to continue into fiscal 2022." In its credit opinion, S&P Global termed the City's

economic fundamentals as "strong," noting, "New economic development continues with restaurants, retail and commercial establishments. Tourism and the movie industry are picking back up after a slowdown due to the pandemic."

The excellent bond ratings and recognition of the City's strong fiscal management practices during the COVID-19 pandemic and the City's strong financial health, enabled the City to successfully refinance outstanding debt. On Tuesday, November 16, the City successfully sold \$13.59 million of the 2021 Subordinate Lien GRT Revenue Refunding bonds on the open market. RBC Capital Markets and Baird led the City's bond sale as underwriters. By refunding the 2010 B Railyard Infrastructure Development bond and the 2012 A CIP GRT revenue bond with the new 2021 Subordinate Lien GRT Revenue Refunding Bond, the City will save over \$1.3 million of interest expense in the next five years. Since we were able to refund our bonds at lower interest rates, we save taxpayer's money and put those dollars toward meeting the needs of our community.

**CITY OF SANTA FE - FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY22**

**ALL FUNDS - OPERATING BUDGET SUMMARY & PROJECTIONS**

Exhibit 1

DESCRIPTION	FISCAL YEAR	FISCAL YEAR 2021/2022				
	2020/2021 ACTUAL	APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
<b>BEGINNING BALANCE</b>	<b>212,274,620</b>	<b>276,861,971</b>	<b>276,861,971</b>	<b>276,861,971</b>	<b>276,861,971</b>	
<i>Revenues :</i>						
Gross Receipts Tax	112,820,977	108,931,958	108,931,958	35,992,810	108,931,958	0%
Property Tax	10,519,380	10,942,596	10,942,596	174,887	10,942,596	0%
Franchise Fees	5,174,821	3,827,926	3,827,926	674,786	3,827,926	0%
Lodgers' Tax	7,629,850	8,741,248	8,741,248	3,272,471	8,741,248	0%
Gasoline Tax	1,596,238	1,181,966	1,181,966	446,224	1,181,966	0%
Other Taxes	469,728	566,003	566,003	40,338	566,003	0%
Licenses & Permits	3,928,630	3,660,995	3,660,995	898,518	3,660,995	0%
Ambulance Fees	4,661,818	2,772,000	2,772,000	174,200	2,772,000	0%
Insurance Premiums/Deductible	25,399,599	34,660,413	34,660,413	5,266,345	34,660,413	0%
Parking Fees	417,971	4,107,311	4,107,311	46,717	4,107,311	0%
Recreation Fees	253,323	2,493,386	2,493,386	53,706	2,493,386	0%
Solid Waste Fees	17,587,516	12,691,735	21,557,190	3,840,126	21,557,190	0%
Wastewater Fees	10,832,942	14,009,608	14,009,608	2,538,166	14,009,608	0%
Water Fees	28,501,155	34,632,985	34,689,432	7,514,486	34,689,432	0%
Other Fees/Services**	26,709,705	23,905,274	24,040,135	1,331,955	24,040,135	0%
Fines & Forfeitures	183,609	873,664	873,664	4,522	873,664	0%
Miscellaneous Revenues***	37,894,983	3,837,162	4,177,137	115,762	4,177,137	0%
Interest on Investments	5,634	449,394	449,394	1,862	449,394	0%
State Grants	2,637,325	9,109,576	9,434,779	-	9,434,779	0%
Federal Grants	872,285	6,144,673	8,886,653	-	8,886,653	0%
SF County/Other Grants	73,824	105,144	8,648,564	-	8,648,564	0%
Transfers In	46,467,645	47,632,367	49,501,412	275,000	49,501,412	0%
<b>Subtotal - Revenues</b>	<b>344,638,959</b>	<b>335,277,384</b>	<b>358,153,770</b>	<b>62,662,881</b>	<b>358,153,770</b>	<b>0%</b>
<b>TOTAL RESOURCES</b>	<b>556,913,579</b>	<b>612,139,355</b>	<b>635,015,741</b>	<b>339,524,852</b>	<b>635,015,741</b>	
<i>Expenditures :</i>						
Salaries	69,995,040	83,642,680	88,389,117	19,809,112	88,389,117	0%
Benefits	34,464,635	42,464,549	44,755,294	9,725,322	44,755,294	0%
Contractual Services	29,580,473	31,629,030	38,217,578	14,659,480	38,217,578	0%
Utilities	12,927,703	11,816,044	13,304,638	4,906,871	13,304,638	0%
Repairs & Maintenance	5,923,876	6,341,626	8,179,467	2,660,177	8,179,467	0%
Supplies	10,064,045	12,439,929	13,396,210	4,354,319	13,396,210	0%
Insurance	31,347,733	35,645,453	36,048,736	6,303,443	36,048,736	0%
Travel & Training	433,909	1,076,843	1,235,670	204,471	1,235,670	0%
Other Operating	26,806,872	31,022,079	33,739,197	4,801,657	33,739,197	0%
Capital Purchases	4,398,729	4,228,594	8,992,940	2,470,233	8,992,940	0%
Land & Building	1,965,971	3,785,400	4,611,189	25,965	4,611,189	0%
Debt Service-Principal	546,107	19,917,738	19,917,738	-	19,917,738	0%
Debt Service-Interest	11,476	8,241,711	8,241,711	-	8,241,711	0%
Transfers Out	51,585,042	50,710,771	61,618,375	1,065,000	61,618,375	0%
<b>TOTAL EXPENDITURES</b>	<b>280,051,608</b>	<b>342,962,447</b>	<b>380,647,860</b>	<b>70,986,051</b>	<b>380,647,860</b>	<b>0%</b>
<b>ENDING BALANCE</b>	<b>276,861,971</b>	<b>269,176,908</b>	<b>254,367,881</b>	<b>268,538,801</b>	<b>254,367,881</b>	

\*Includes year-to-date actuals plus encumbrances as of September 30, 2021; excludes CIP funds

\*\*Other Fees/Services include: Internal Service Charges; Airport Fees; Police/Court Fees; Transit Fees; Land Use Fees; and various other fees/services

\*\*\*Miscellaneous Revenues are primarily comprised of Bond Proceeds. This category also includes: Bond Premiums; Sales Revenue; Reimbursements; Refunds; Advertising Income; Insurance Recoveries; Rental Income; and other miscellaneous revenues

Exhibit 3

FY 2021-22 All Funds Projections

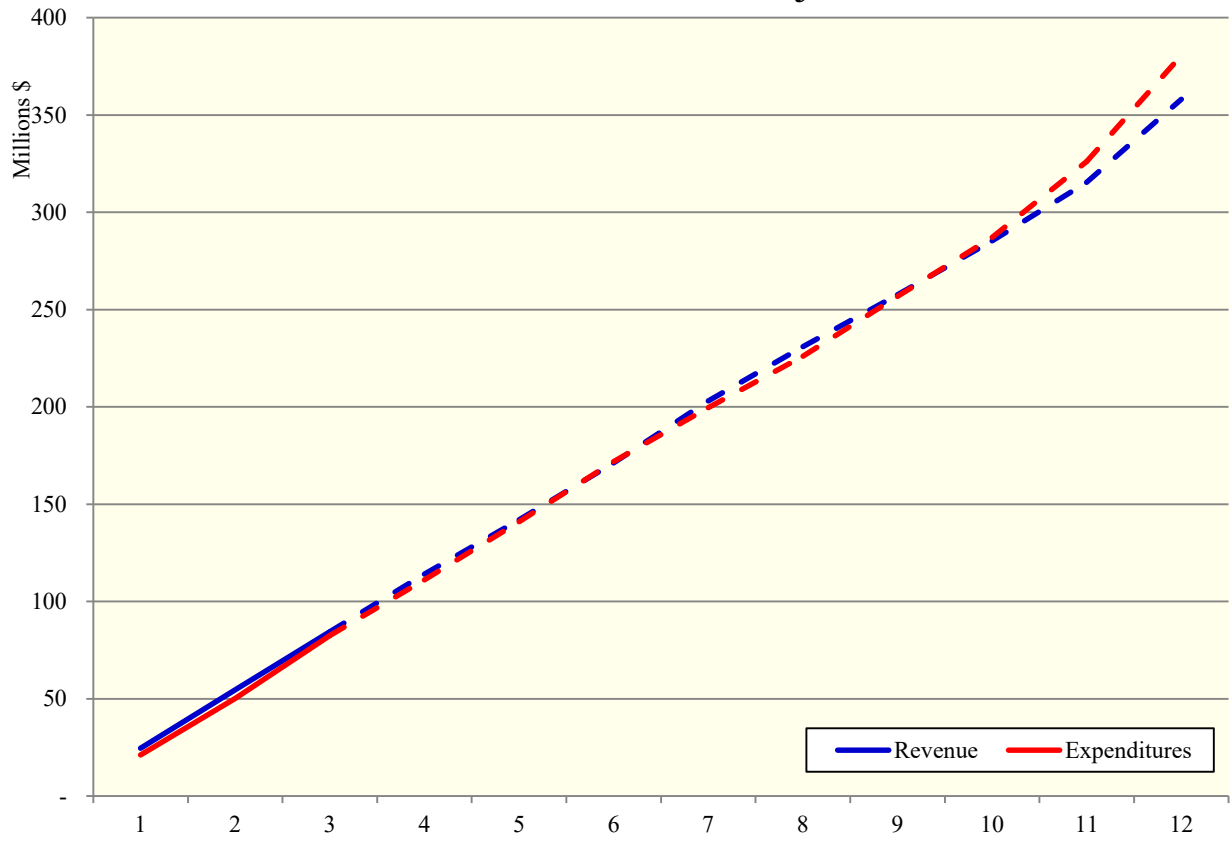
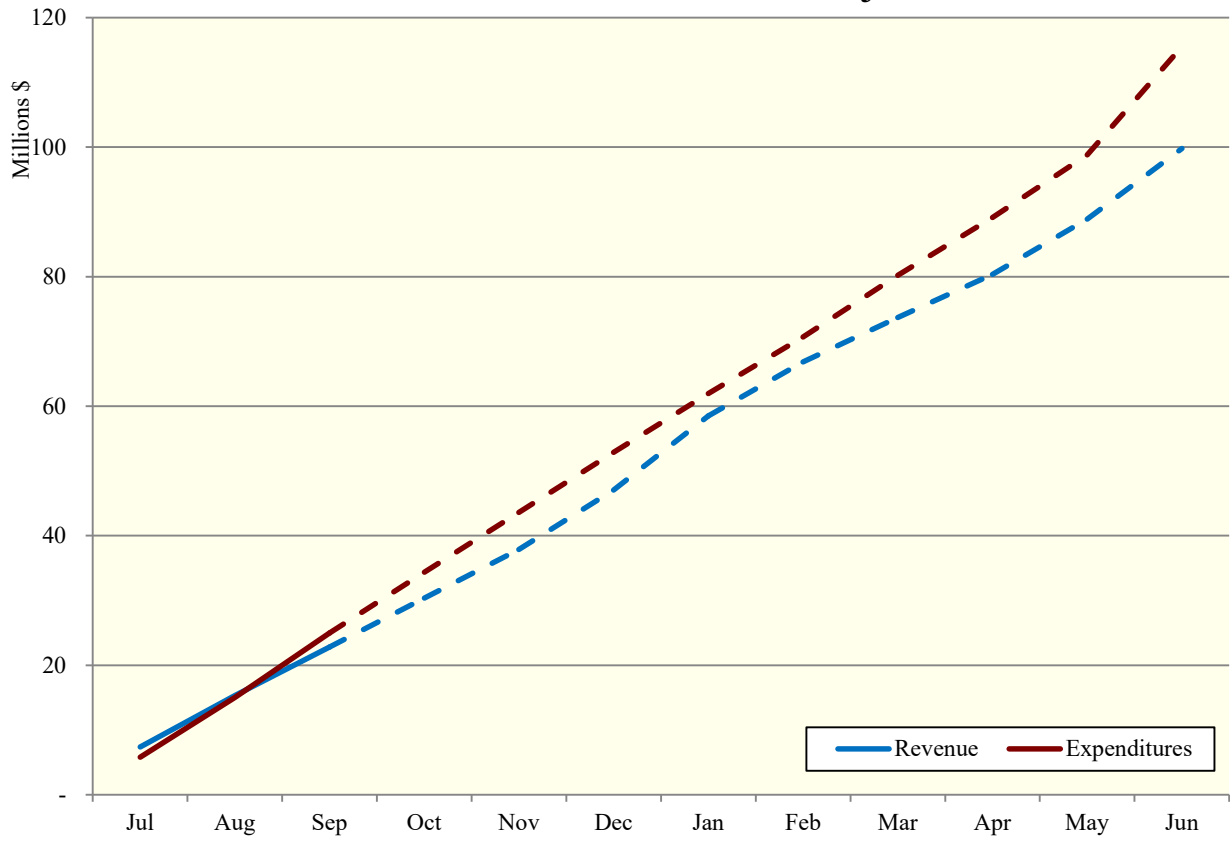


Exhibit 4

FY 2021-22 General Fund Projections



**CITY OF SANTA FE - FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY22**

**GENERAL FUND SUMMARY & PROJECTIONS**

Exhibit 2

DESCRIPTION	FISCAL YEAR	FISCAL YEAR 2021/2022				
	2020/2021 ACTUAL	APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
<b>BEGINNING BALANCE</b>	<b>23,728,880</b>	<b>39,015,591</b>	<b>39,015,591</b>	<b>39,015,591</b>	<b>39,015,591</b>	
<i>Revenues :</i>						
Gross Receipts Tax	71,544,818	68,914,879	68,914,879	22,604,510	68,914,879	0%
Property Tax	8,929,577	8,964,503	8,964,503	174,887	8,964,503	0%
Franchise Fees	5,139,953	3,756,726	3,756,726	674,786	3,756,726	0%
Other Taxes	469,728	512,120	512,120	40,338	512,120	0%
Licenses & Permits	3,874,685	3,590,581	3,590,581	898,318	3,590,581	0%
Ambulance Fees	4,661,818	2,772,000	2,772,000	174,200	2,772,000	0%
Planning/Land Use Fees	378,456	752,915	752,915	95,963	752,915	0%
Recreation Fees	50,215	183,022	183,022	19,447	183,022	0%
Reimbursed Expenditures**	4,864,978	5,424,866	5,424,866	3,418	5,424,866	0%
Other Fees/Services	115,766	410,609	410,609	13,775	410,609	0%
Fines & Forfeitures	143,404	210,452	210,452	(83)	210,452	0%
Miscellaneous Revenues	(2,152,232)	54,782	54,782	(8,000)	54,782	0%
Interest on Investments	-	8,906	8,906	-	8,906	0%
State/Other Grants	70,245	611,555	740,859	-	740,859	0%
Transfers In	7,621,688	2,693,664	3,493,664	-	3,493,664	0%
<b>Subtotal - Revenues</b>	<b>105,713,100</b>	<b>98,861,580</b>	<b>99,790,884</b>	<b>24,691,558</b>	<b>99,790,884</b>	<b>0%</b>
<b>TOTAL RESOURCES</b>	<b>129,441,980</b>	<b>137,877,171</b>	<b>138,806,475</b>	<b>63,707,149</b>	<b>138,806,475</b>	
<i>Expenditures :</i>						
Salaries	38,830,003	48,893,871	48,763,115	11,136,530	48,763,115	0%
Benefits	18,747,872	24,428,088	24,317,318	5,419,298	24,317,318	0%
Contractual Services	4,364,081	9,365,234	10,124,699	3,365,595	10,124,699	0%
Utilities	3,882,023	3,740,962	3,741,662	353,157	3,741,662	0%
Repairs & Maintenance	792,562	785,320	792,863	294,514	792,863	0%
Supplies	1,912,201	3,357,570	3,378,808	889,514	3,378,808	0%
Insurance	2,939,037	3,122,394	3,122,394	-	3,122,394	0%
Travel & Training	54,641	386,271	386,271	58,727	386,271	0%
Other Operating	6,215,769	8,477,164	9,763,528	1,205,667	9,763,528	0%
Capital Purchases	383,524	362,500	1,143,060	953,682	1,143,060	0%
Land & Building	5,881	86,718	87,458	2,648	87,458	0%
Transfers Out	12,298,794	2,945,803	9,935,803	-	9,935,803	0%
<b>TOTAL EXPENDITURES</b>	<b>90,426,389</b>	<b>105,951,895</b>	<b>115,556,979</b>	<b>23,679,332</b>	<b>115,556,979</b>	<b>0%</b>
<b>ENDING BALANCE</b>	<b>39,015,591</b>	<b>31,925,276</b>	<b>23,249,496</b>	<b>40,027,817</b>	<b>23,249,496</b>	

\*Includes year-to-date actuals plus encumbrances as of September 30, 2021

\*\*Reimbursed Expenditures are mostly comprised of internal charges to various City Divisions for services provided by GF Departments such as Finance, ITT, & HR



**II. REVENUE UPDATE**

**Gross Receipts Tax**

The following provides a brief summary of the Gross Receipts Tax (GRT) for the City of Santa Fe. The New Mexico Taxation and Revenue Department (TRD) reports the monthly tax receipts collection activity data. As part of the City’s efforts to increase transparency and regular reporting on the City’s finances, City staff provides the written memos monthly about Santa Fe’s taxable gross receipts and the gross receipts revenue distributions. Due to the two month delay, the City received the Gross Receipts Tax (GRT) generated in September 2021 from the Taxation and Revenue Department in November 2021.

Taxable gross receipts for the first quarter totaled \$1.15 billion, up 38 percent, or \$317 million, from \$828 million earned in the first quarter of FY21 (July – September 2020). Taxable gross receipts also exceeded the pre-pandemic levels of \$972.3 million during the first quarter of FY20 (July – September 2019) by 18 percent, or \$173.1 million. Gross receipts received in the first quarter of FY22 were particularly strong in Accommodation and Food services, returning to its historic weight of 15 percent of total taxable gross receipts. Retail sales have also been particularly strong, coming in over \$100 million a month for the first quarter.

Exhibit 5

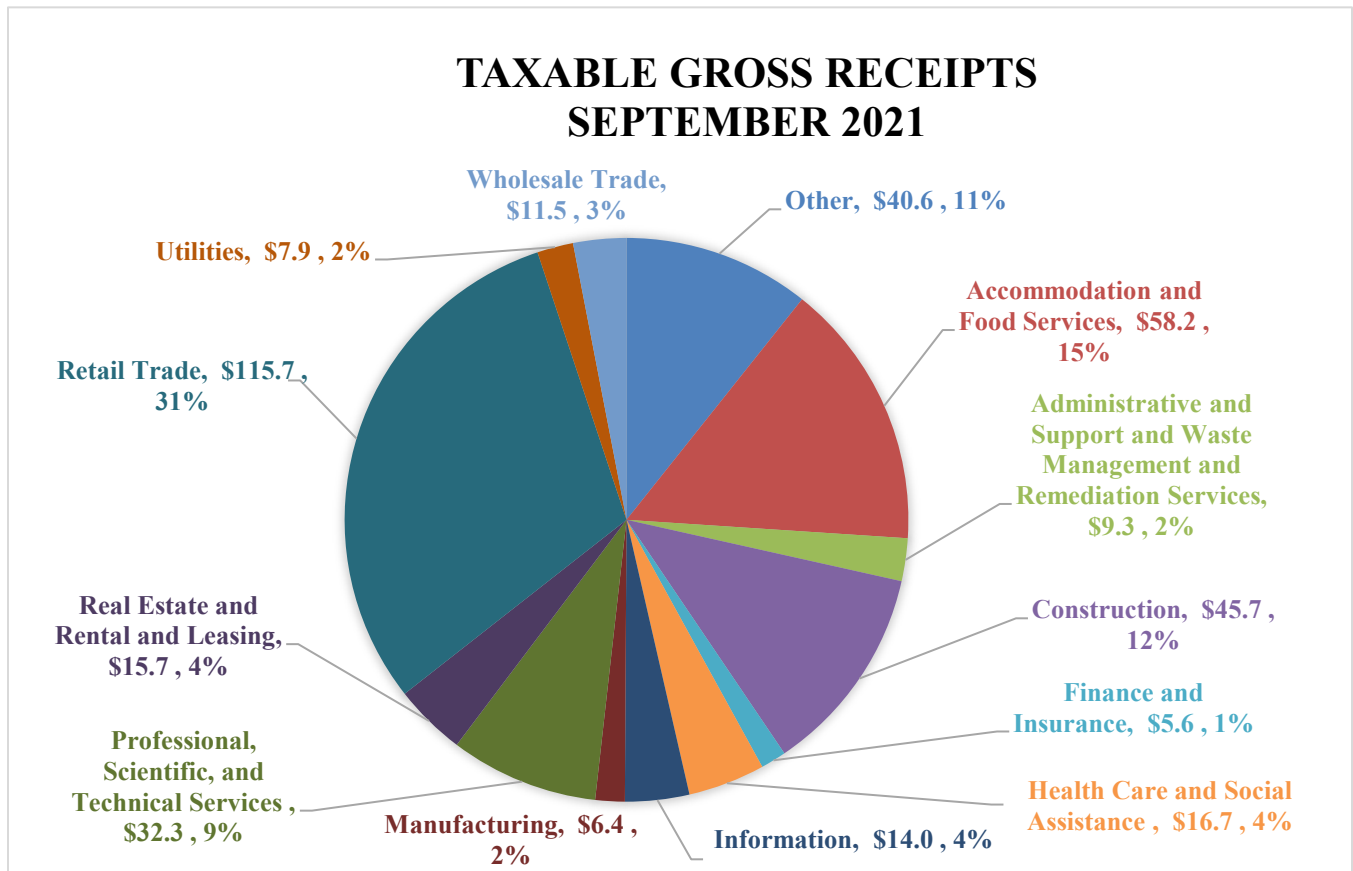
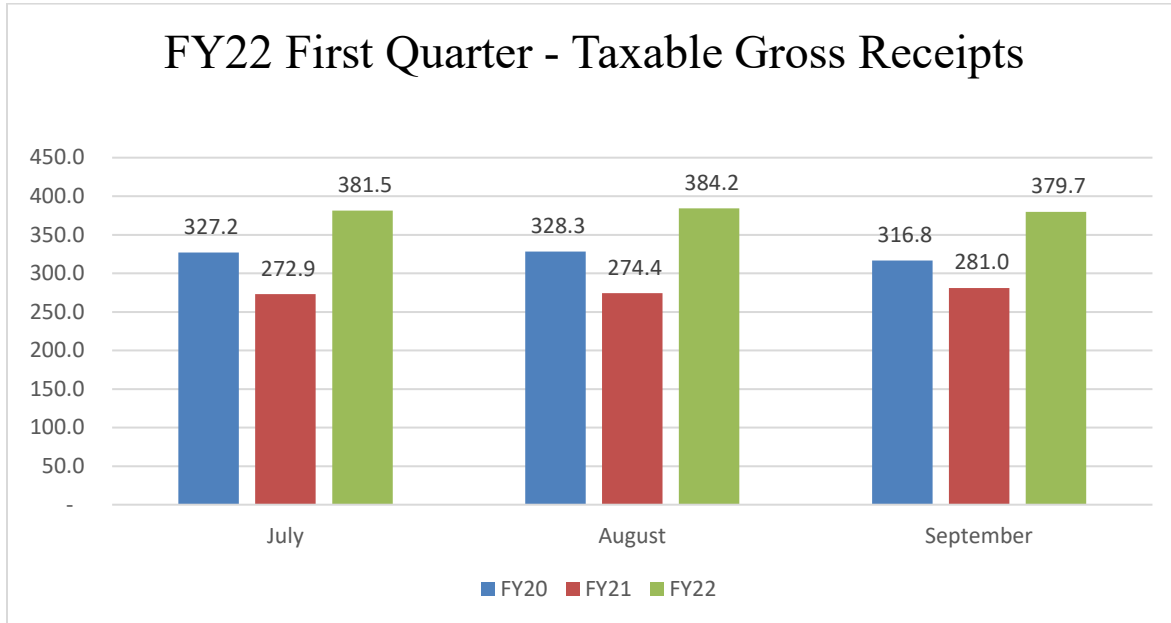


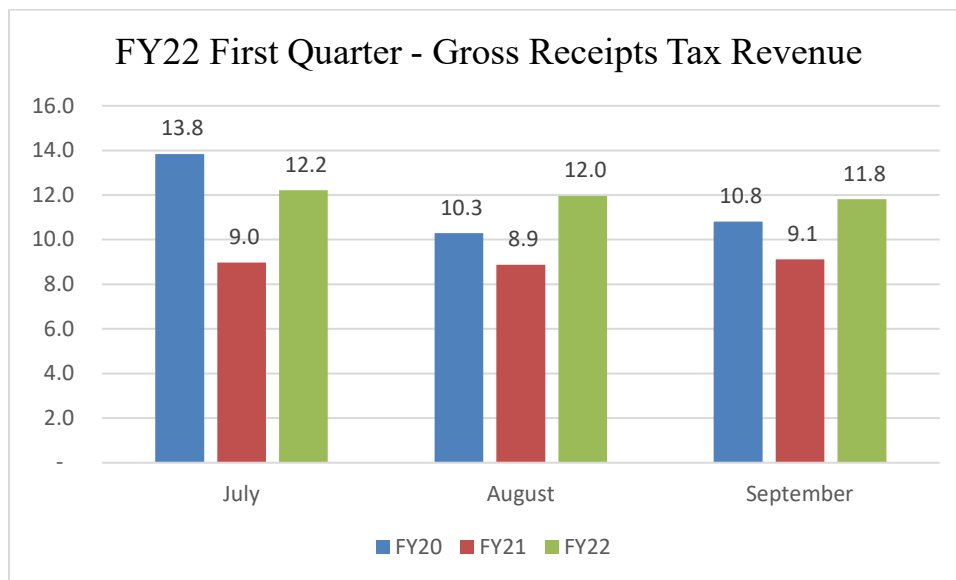
Exhibit 6



(Source: NM Taxation & Revenue Dept.)

The data below represents the economic activity in July, August and September 2021, for which the distribution is made to the City by the New Mexico Tax and Revenue Department in September, October and November 2021. Distributions to the City for the first quarter totaled \$36 million, not including the \$2.7 million tax settlement with NM TRD. The total first quarter distribution for FY22 was 33 percent greater than the FY21 distribution of \$27.0 million.

Exhibit 7



(Source: NM Taxation & Revenue Dept.)

It should be noted that in July 2019 the City received \$3.7 million in a one-time payment from TRD due to a filing error by a class of taxpayers. So far this year, the City has received \$36 million, or 33 percent, of a total GRT budget of \$108.9 million, with nine months currently left in the fiscal year.

**Property Tax**

Property Tax consists of real property, tangible movable business property, mobile homes and agricultural properties located in the City of Santa Fe. Changes in property valuation may occur when ownership transitions to a new owner, improvements to the property occur, damage due to disaster or calamity occurs, or the property is reassessed.

As the table below illustrates, the principal disbursements of Property Tax receipts from the County to the City occur in December and January, and the secondary disbursements occur in May and June. During the pandemic collections, property tax collections decreased by 3 percent, or \$324 thousand. In FY22 collections for Property Tax revenue for the first quarter total \$175 thousand.

Exhibit 8

<b>City of Santa Fe - Property Tax Revenue</b>						
	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY21</b>	<b>FY22</b>
<b>July</b>	172,569	158,252	212,697	161,529	-	109,539
<b>August</b>	63,996	79,868	81,281	110,346	89,304	39,363
<b>September</b>	42,455	44,247	42,774	34,766	28,086	25,985
<b>October</b>	30,150	28,885	17,268	17,654	67,877	
<b>November</b>	15,353	19,190	29,698	17,828	18,451	
<b>December</b>	3,302,302	3,320,524	3,954,097	1,740,341	1,708,123	
<b>January</b>	3,510,709	3,686,706	2,614,809	3,459,982	4,139,156	
<b>February</b>	175,880	367,028	216,805	1,661,070	700,858	
<b>March</b>	140,224	170,670	143,742	137,126	171,915	
<b>April</b>	260,779	257,874	227,314	272,546	218,482	
<b>May</b>	1,058,610	1,122,336	1,101,607	1,686,092	746,199	
<b>June</b>	2,370,471	2,240,642	2,193,829	1,544,454	2,630,929	
<b>Totals</b>	<b>11,143,498</b>	<b>11,496,223</b>	<b>10,835,922</b>	<b>10,843,734</b>	<b>10,519,380</b>	<b>174,887</b>

**Lodgers’ Tax**

Lodgers’ Tax collections are generated from hotels, motels and short-term rentals within the City of Santa Fe. Lodgers’ tax is remitted for revenue generated from lodging at a taxable premise within the City limits. Five percent of the lodgers’ tax is an imposed occupancy tax and two percent is a convention center fee, for a total of seven percent of gross taxable rent paid to vendors. The lodgers’ tax, guided by State Statute and City ordinance, provides funding “...for the purpose of advertising, publicizing and promoting facilities, tourist attractions and acquisition, construction and maintenance of tourist attractions and recreational facilities, and for all other legally permissible purposes.”

Between FY16 and FY19, Lodgers’ tax saw a steady climb, averaging 8 percent growth. FY20 saw a decline of 14.2 percent, or \$1.7 million, with FY21 revenue declining an additional 27 percent, or \$2.9 million. Over the last few years the New Mexico Legislature has amended the State Lodgers Tax code and the City amended its code in April 2021. Primary changes to the State Statutes addressed two exemptions: the three-room rule and the exemption for non-permanent residence rentals greater than 30 days were both eliminated.

As the economy is recovering, the City is benefiting from gains in lodgers’ tax revenue as well. The large collection in June 2021 is the result of many lodgers’ tax payers catching up with past due payments. The City has selected a potential candidate for the Lodgers’ Tax Administrator and Finance Department staff expect to have this position on board before by January 2022. In FY22 collections for Lodgers’ Tax revenue for the first quarter total \$3.3 million.

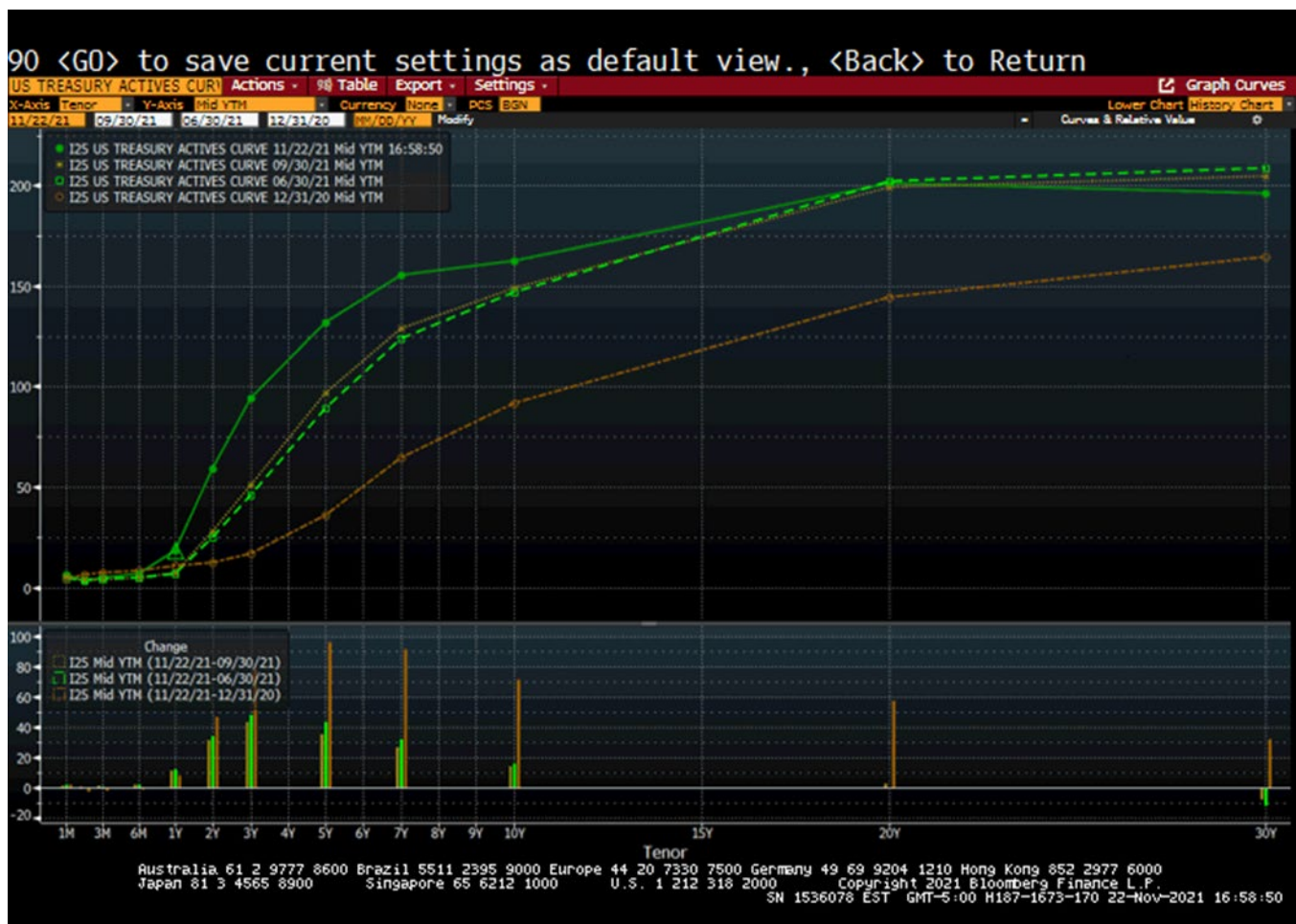
Exhibit 9

<b>City of Santa Fe - Lodgers Tax Revenue</b>						
	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY21</b>	<b>FY22</b>
<b>July</b>	941,920.00	1,078,010	1,048,015	1,240,740	23,931	37,619
<b>August</b>	1,227,105.44	1,272,253	1,400,668	1,468,833	391,580	1,522,137
<b>September</b>	1,368,371.50	1,040,098	1,189,742	1,589,619	407,336	1,712,716
<b>October</b>	1,140,638.23	1,163,774	1,675,466	1,302,014	403,827	
<b>November</b>	1,168,681.30	1,433,342	1,224,889	1,336,926	492,280	
<b>December</b>	666,376.07	681,448	584,388	814,187	363,491	
<b>January</b>	750,601.19	592,630	1,185,232	1,071,043	271,213	
<b>February</b>	237,906.02	199,416	592,367	615,993	191,006	
<b>March</b>	726,119.03	1,105,901	692,646	461,249	378,936	
<b>April</b>	867,925.31	998,849	980,496	273,786	784,365	
<b>May</b>	718,793.06	822,564	858,851	160,471	778,087	
<b>June</b>	995,027.04	1,085,668	827,742	187,915	3,191,660	
<b>Total</b>	<b>10,809,464</b>	<b>11,473,953</b>	<b>12,260,501</b>	<b>10,522,776</b>	<b>7,677,712</b>	<b>3,272,471</b>

### III. INVESTMENT PORTFOLIO UPDATE

Interest rates remained near zero for the first quarter of FY22 and expectations are that rates will remain near zero for the remainder of 2021, with a couple of potential rate hikes in late 2022. Inflation, regardless of the measure, is above the Federal Reserve’s stated target rate of two percent, but the Federal Open Market Committee (FOMC) is unlikely to take any action in the short term. The Consumer price for the month of October increased 6.2 percent over the previous year, surprising both the Federal Reserve and market. Even with the surprising increases in prices, the FOMC is still betting that this inflation is transitory and will eventually fall back to the two percent target. In other Federal Reserve news, President Biden nominated Federal Chair Jerome Powell for a second term and nominated Fed Governor Lael Brainard to be the Vice Chair, ending months of speculation.

Exhibit 10



The above chart depicts four US Treasury Note yield curves. The brown line shows the curve as of December 31, 2020, and the top curve reflects the curve as of November 22, 2021. The two lines in between show the curves for June 30 and September 30, 2021. Interest rates are rising, especially the ones over which the Federal Reserve does not have total control. While the return from one day to one year is miniscule, the risk of moving out to two or three years with inflation at six percent is significant. Given the investment climate, the entire investment portfolio is in money market funds to avoid market losses, but this strategy does not have an upside to significant revenue generation.

# CITY OF SANTA FE - FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY22

## Investment Strategy

With the yield curve as low and flat as it is from overnight to one year, there is no reason to take any interest rate risk. Currently 17 percent of the portfolio is in Prime Money Market Funds, giving the City a small exposure to credit risk. Finance Department staff continue to monitor the investment markets, interest rates and economic activity during this global crisis and will ensure that City funds are prudently invested for safety, liquidity and yield.

### Exhibit 11

City of Santa Fe						
Portfolio Holdings Report						
as of September 30, 2021						
<u>Issuer</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Coupon</u>	<u>YTM</u>	<u>Maturity Date</u>
Guadalupe CU	263,379	263,379	263,379	1.00%	1.00%	8/1/2022
SECU Library	272,110	272,110	272,110	0.75%	0.75%	4/25/2022
SECU City	260,951	260,951	260,951	0.75%	0.75%	7/21/2022
<b>Total CDs</b>	<b>796,440</b>	<b>796,440</b>	<b>796,440</b>		<b>0.83%</b>	
<b>Investment Trust</b>						
Blackrock Prime Inst #24	25,365,577	25,366,945	25,365,577		0.07%	
JP Morgan Prime MM Fund #3605	22,338,217	22,341,884	22,338,217		0.05%	
Wells Fargo Bank MM	169,055,177	169,055,177	169,055,177		0.03%	
NM LGIP	40,007,167	40,007,167	40,007,167		0.06%	
	<b>256,766,138</b>	<b>256,771,172</b>	<b>256,766,138</b>			
<b>Restricted Cash</b>						
Wells Fargo Bank Restricted	4,831,051	4,831,991	4,831,051		0.03%	
<b>BDD Settlement</b>						
Wells Fargo Bank MM	36,001,252	36,001,252	36,001,252		0.03%	
<b>Total Portfolio</b>	<b>298,394,881</b>	<b>298,400,855</b>	<b>298,394,881</b>		<b>0.04%</b>	