



CITY OF GRANTS

FY27 BUDGET BOOK

Final Budget for Fiscal Year 2026-2027
Our City, Our Future: Clean. Safe. Thriving.

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1. Letter from Administration

Mayor, Governing Body, and Citizens of Grants:

On behalf of City Administration and staff, I am pleased to present the FY27 Final Budget Book for the City of Grants. This document is intended to provide the Governing Body with a comprehensive, readable, and transparent summary of the City's interim operating plan for Fiscal Year 2026-2027.

The FY27 Final Budget was prepared to maintain operational continuity, preserve financial stability, and continue the essential city services relied upon by residents, businesses, visitors, and community partners. The budget is intentionally conservative because the interim budget occurs before all revenues, grant awards, capital projects, and operational needs are fully finalized.

The City continues to face increased operational pressure from inflation, rising infrastructure costs, utility operations, insurance increases, equipment maintenance, and recruitment and retention challenges. Despite those pressures, the FY27 Final Budget includes a proposed 3% raise for all City employees. Health insurance premiums are projected to increase approximately 9%, and no change is proposed to the City's benefit contribution structure. The City will continue paying approximately 90% of employee health insurance costs.

Operational priorities for FY27 continue to focus on public safety, infrastructure maintenance, utility operations, economic development readiness, financial stewardship, and long-term sustainability. The budget also recognizes that future Budget Adjustment Requests and final budget refinements will be necessary as projects, grants, revenues, and capital needs become more certain.

This budget book is intended to provide a practical governing body packet: a high-level summary, supporting financial tables, fund narratives, and a policy framework for reviewing and approving the FY27 Final Budget.

Respectfully submitted,

Victor Villalobos
City Treasurer

2. Executive Summary

The FY2027 Adopted Budget reflects the City of Grants' commitment to responsible financial management, transparency, and long-term fiscal sustainability. Developed through collaboration among the Governing Body, City Administration, department directors, and the Finance Department, the budget balances the City's operational needs while continuing strategic investments in infrastructure, public safety, utilities, and community services.

The adopted budget authorizes **\$35,767,340** in budgeted revenues and **\$36,081,472** in budgeted expenditures across all governmental, special revenue, capital project, debt service, and enterprise funds. The difference between annual revenues and expenditures is primarily attributable to the planned use of accumulated cash balances and one-time funding sources for capital improvements and other nonrecurring expenditures. This approach allows the City to invest in critical infrastructure and equipment without creating ongoing operating commitments.

The City remains in a strong financial position. The General Fund is projected to maintain a reserve of **34.7%**, substantially exceeding the New Mexico statutory minimum reserve requirement of **8.33%**. Maintaining reserves above the minimum requirement provides the City with financial flexibility to respond to emergencies, economic uncertainty, and unforeseen operational needs while preserving the continuity of essential public services.

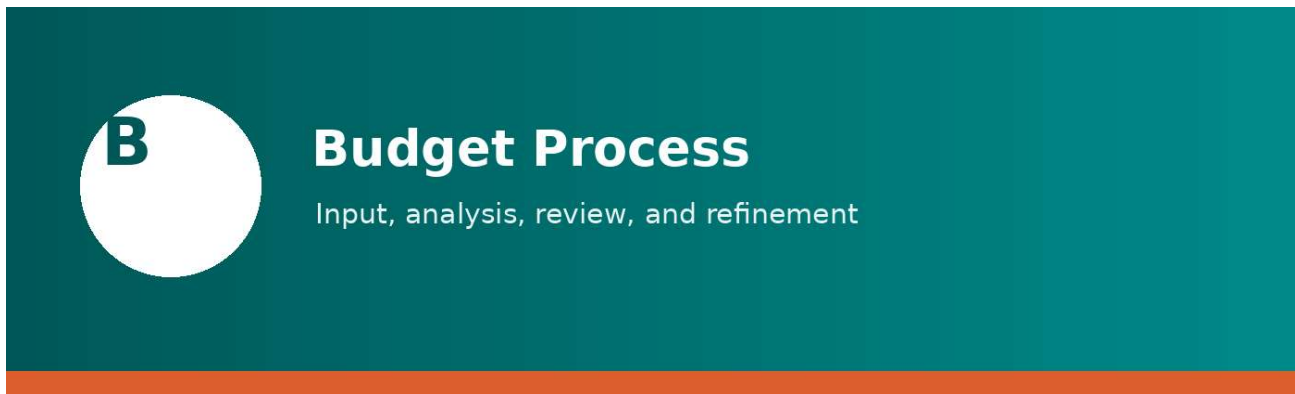
The FY2027 Adopted Budget also reflects the City's continued investment in its workforce through a **3% salary adjustment** and the continuation of the City's practice of paying approximately **90% of employee health insurance premiums**. These investments support employee recruitment, retention, and the delivery of high-quality municipal services.

As the City looks toward the future, the FY2027 Adopted Budget emphasizes infrastructure investment, utility system reliability, public safety, financial stewardship, and responsible long-term planning. By maintaining conservative budgeting practices and using one-time resources for one-time needs, the City continues to strengthen its financial foundation while meeting the needs of the community.

FY2027 Highlights

- **\$39,683,841** in total budgeted revenues.
- **\$40,751,937** in total budgeted expenditures.
- **34.7%** projected General Fund reserve, exceeding the State minimum requirement of **8.33%**.
- Approximately **\$19.8 million** in projected ending cash and investments.
- Includes a **3% salary adjustment** for City employees.
- Continues the City's commitment to paying approximately **90%** of employee health insurance premiums.
- Continues investment in infrastructure, capital equipment, and essential public services through strategic use of grants, legislative appropriations, and accumulated one-time resources.

3. Budget Development Process



The FY27 Final Budget was developed through a combination of departmental requests, historical financial analysis, governing body survey input, revenue trend review, operational forecasting, and required DFA budget submission procedures. Because this is an interim budget, the process was focused on establishing a responsible starting point rather than finalizing every project or policy adjustment.

Inputs Used in the FY27 Final Budget

- Departmental budget requests and operational needs.
- Historical spending and revenue trends from FY24, FY25, and FY26 activity.
- Governing body surveys and feedback received.
- Current year activity through March 2026.
- Known personnel and benefit cost changes.
- Capital outlay and grant assumptions known at the time of preparation.
- Utility, enterprise, public safety, streets, parks, and facility needs.

Council Input

Governing body input opportunities were provided through budget surveys. Not all surveys were returned; however, the feedback received was considered during development. Additional Council input can still be incorporated during the final budget process and through future BARs.

Final Budget Philosophy

The budget is designed as an operational starting point. It is conservative by nature, avoids over-reliance on uncertain awards or future projects, and allows the City to continue core operations while preserving flexibility.

4. Community Snapshot

A Community Built on Resilience

Located in the heart of western New Mexico along **Interstate 40** and historic **Route 66**, the City of Grants serves as the commercial, governmental, and cultural center of Cibola County. Surrounded by breathtaking landscapes, including Mount Taylor, the City offers a unique blend of history, outdoor recreation, and economic opportunity.

Originally established as a railroad community and later recognized for its role in the uranium mining industry, Grants has continued to evolve by embracing new opportunities while preserving the values that have shaped the community for generations. Today, the City provides a full range of municipal services that support residents, businesses, and visitors throughout the region.

As a home-rule municipality, the City of Grants is committed to responsible governance, financial stewardship, and delivering high-quality public services. These services include public safety, water and wastewater utilities, parks and recreation, library services, senior programs, airport operations, planning and development, and street maintenance.

The FY2027 Adopted Budget reflects this commitment by balancing today's operational needs with investments that strengthen the City's infrastructure, workforce, and long-term financial health.

Community at a Glance

Government Type: Home Rule Municipality

County: Cibola County

Region: Western New Mexico

Major Transportation Corridors: Interstate 40 and Historic Route 66

Primary Services:

- Police
- Fire & EMS
- Water Utility
- Wastewater Utility
- Solid Waste
- Airport
- Parks & Recreation
- Library
- Senior Center
- Planning & Zoning
- Streets & Infrastructure

Community Priorities

The FY2027 Adopted Budget continues to support investments in:

- Maintaining reliable public infrastructure.
- Protecting public health and safety.
- Preserving the City's financial stability.
- Investing in employees and organizational excellence.
- Supporting sustainable economic growth.
- Enhancing the quality of life for residents and visitors

5. Economic and Community Context

The City of Grants continues to operate in a challenging economic environment. The community has experienced long-term impacts from changes in regional industries, limited local revenue growth, aging infrastructure, and increased public service expectations. At the same time, the City has opportunities to strengthen infrastructure, support economic development, and prepare for future growth.

Current Challenges

- Limited revenue growth compared to increasing service demands.
- Aging water, wastewater, street, drainage, and facility infrastructure.
- Higher health insurance, utility, fuel, materials, and construction costs.
- Recruitment and retention pressure across city operations.
- Dependence on grants and capital outlay for large infrastructure projects.

Opportunities

- Stable GRT trends provide a stronger planning base than in prior years.
- Infrastructure investment can support future growth and development.
- EMS and enterprise operations continue to be important service and revenue centers.
- Economic development efforts and potential regional industry activity may improve the long-term outlook.

The FY27 Final Budget recognizes both sides of this context: the City must remain cautious, but it must also continue investing in the services and infrastructure necessary for long-term community stability.

6. Financial Snapshot

The FY2027 Adopted Budget reflects the City's continued commitment to sound financial management and long-term sustainability. Through conservative budgeting practices, strategic planning, and responsible stewardship of public resources, the City maintains a strong financial position while continuing to invest in essential public services, infrastructure, and community priorities.

The adopted budget authorizes **\$39,683,841** in total budgeted revenues and **\$40,751,937** in total budgeted expenditures. The planned use of accumulated cash balances and other one-time resources supports capital improvements and strategic investments without creating ongoing operating obligations.

What These Numbers Mean

The City's financial position remains strong due to prudent financial planning and disciplined budgeting practices.

Key indicators include:

- **Strong liquidity**, providing flexibility to respond to emergencies and operational needs.
- **General Fund reserves** that substantially exceed State minimum requirements.
- **Strategic use of one-time resources** to fund one-time capital projects rather than recurring operations.
- **Balanced operating practices** that support the long-term sustainability of municipal services.

These indicators demonstrate the City's continued focus on maintaining financial stability while investing in the infrastructure, personnel, and services that support the community.

Financial Priorities

The FY2027 Adopted Budget emphasizes:

- Maintaining healthy operating reserves.
- Preserving financial flexibility.
- Investing in infrastructure and capital assets.
- Supporting reliable public services.
- Protecting the City's long-term financial condition

This snapshot should be read as a financial planning summary. Certain funds are restricted by law, grant conditions, enterprise requirements, or council policy, and are not freely available for general operating purposes.

7. Revenue Overview

Funding the Services Our Community Depends On

Every service provided by the City of Grants begins with a reliable source of revenue. The FY2027 Adopted Budget is supported by a diversified mix of local taxes, state-shared revenues, utility charges, grants, licenses and permits, and other service-related revenues. This balanced approach helps reduce reliance on any single revenue source while providing the financial resources necessary to maintain essential municipal services.

The City develops its revenue estimates using a conservative forecasting approach based on historical collections, current economic conditions, statutory distributions, and anticipated grant awards. This practice promotes long-term financial stability and reduces the risk of overestimating available resources.

While certain revenues, such as gross receipts taxes and utility charges, provide ongoing support for operations, many revenues are legally restricted to specific purposes. State and federal grants, lodgers' tax revenues, and other dedicated funding sources may only be used for the purposes authorized by law or by the granting agency. As a result, not all revenues are available to support general governmental operations.

The FY2027 Adopted Budget continues the City's commitment to matching recurring revenues with recurring operating expenditures while using grants, legislative appropriations, and accumulated cash balances primarily for one-time capital improvements and strategic investments.

Major Revenue Sources

The City's revenues are generated from a variety of sources, including:

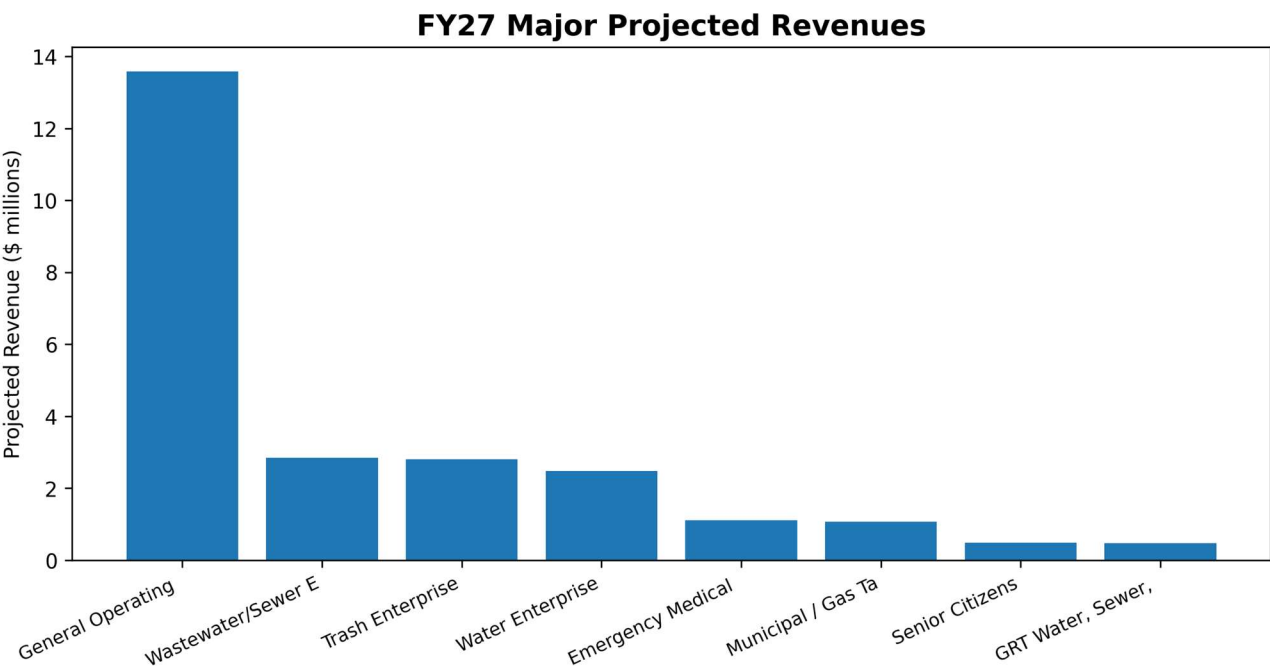
- **Gross Receipts Taxes (GRT)** – The City's largest locally generated revenue source supporting general governmental operations.
- **Property Taxes** – Support debt service, public safety, and other authorized governmental purposes.
- **State-Shared Revenues** – Distributions received from the State of New Mexico, including gross receipts tax distributions and other shared revenues.
- **Charges for Services** – User fees for utilities, recreation programs, airport operations, permits, licenses, and other municipal services.
- **Grants and Legislative Appropriations** – Funding provided by federal and state agencies for specific programs, infrastructure improvements, and capital projects.
- **Other Revenues** – Interest earnings, fines, franchise fees, leases, and miscellaneous revenues.

Revenue Philosophy

The City follows several guiding principles when developing revenue estimates:

- Use conservative revenue assumptions.
- Avoid relying on one-time revenues to fund recurring operations.
- Diversify revenue sources whenever practical.
- Comply with all legal restrictions governing dedicated revenues.
- Continuously monitor revenue collections and adjust projections as necessary

FY27 projected revenues are based on known and estimated recurring revenues, enterprise activity, grants, capital outlay, and other available funding sources. The interim budget uses a cautious revenue approach because actual receipts and project reimbursements may change during the year.



8. Expenditure Overview

Investing in Essential Services

The FY2027 Adopted Budget represents the City's commitment to providing reliable public services while responsibly managing taxpayer and ratepayer resources. Every expenditure authorized within the budget supports the delivery of essential municipal services, the maintenance of public infrastructure, and investments that strengthen the community's long-term future.

The City develops its expenditure budget by carefully evaluating operational needs, capital improvement priorities, contractual obligations, regulatory requirements, and available financial resources. Throughout the budget process, departments work collaboratively to prioritize expenditures that provide the greatest benefit to residents while maintaining financial sustainability.

The FY2027 Adopted Budget continues the City's practice of funding recurring operating costs with recurring revenues while utilizing grants, legislative appropriations, and accumulated one-time resources for capital improvements, equipment replacement, and other nonrecurring expenditures. This approach helps preserve structural balance and reduces long-term financial risk.

How Budgeted Resources Are Invested

Budgeted expenditures support a broad range of municipal services, including:

Public Safety

Police protection, fire suppression, emergency medical services, emergency preparedness, code enforcement, and municipal court operations.

Utilities & Infrastructure

Water and wastewater operations, solid waste collection, street maintenance, drainage improvements, airport operations, fleet maintenance, and other public infrastructure.

Community Services

Parks, recreation programs, library services, senior programs, cemetery operations, and other quality-of-life services.

General Government

Administration, finance, human resources, information technology, planning and zoning, legal services, municipal clerk functions, and risk management.

Capital Investment

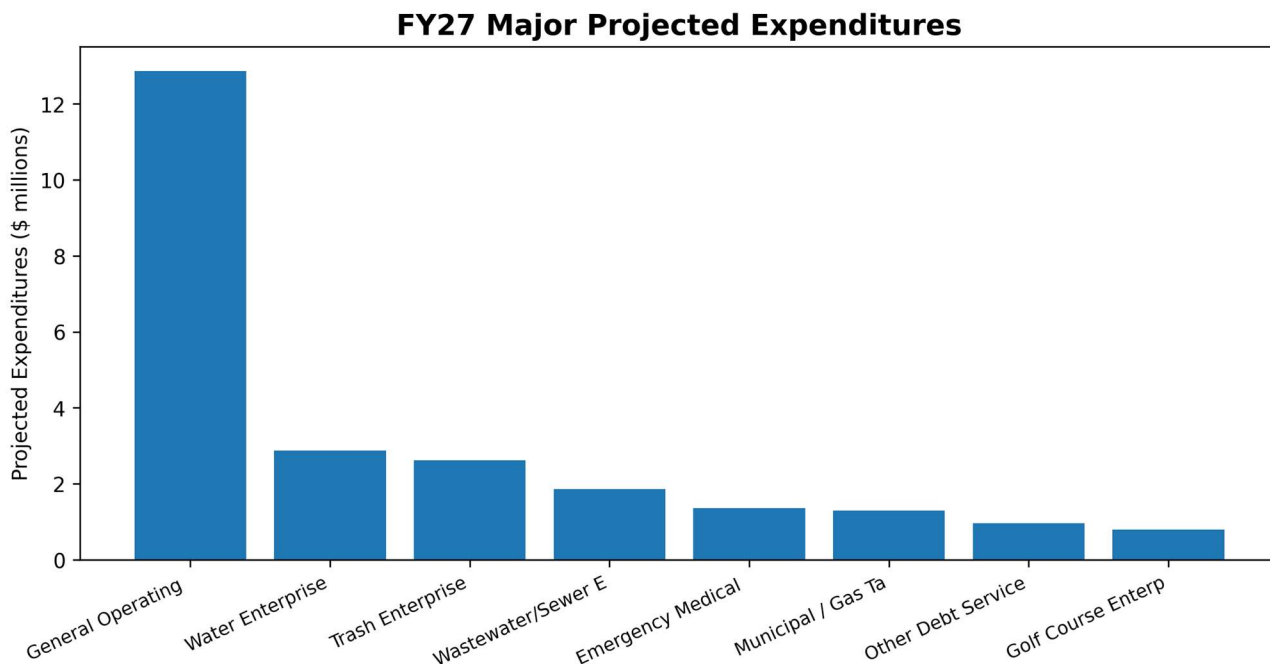
Construction projects, major equipment purchases, facility improvements, technology modernization, and infrastructure rehabilitation funded through grants, legislative appropriations, debt proceeds, or accumulated one-time resources.

Expenditure Philosophy

The City follows several guiding principles when developing the expenditure budget:

- Prioritize essential public services.
- Preserve long-term financial stability.
- Invest strategically in infrastructure and capital assets.
- Maintain operational efficiency and accountability.
- Use one-time resources only for one-time expenditures whenever practical.

Projected FY27 expenditures reflect the City's responsibility to maintain essential services, support personnel, fund utility and enterprise operations, and address infrastructure and maintenance needs. Personnel, insurance, utilities, equipment maintenance, and public safety continue to be major cost drivers.



Major Expenditure Drivers

- Employee wages, benefits, PERA, FICA, and health insurance.
- Public safety operations, emergency response, and equipment readiness.
- Water, wastewater, solid waste, streets, drainage, and facilities maintenance.
- Insurance, utilities, fuel, materials, and contract services.
- Debt service and transfers necessary to support restricted or enterprise activities.

9. Financial Stability & General Reserve

Maintaining a Strong Financial Foundation

Long-term financial stability is one of the City's highest priorities. The FY2027 Adopted Budget continues the City's commitment to conservative financial management by maintaining healthy operating reserves, responsibly managing expenditures, and planning for future capital and operational needs.

The General Fund serves as the City's primary operating fund and supports many of the essential governmental services residents rely upon each day, including public safety, parks, administration, planning, and other core municipal functions. Maintaining adequate reserves within the General Fund helps ensure these services can continue during periods of economic uncertainty, unexpected emergencies, or unforeseen operational challenges.

For FY2027, the City projects a **General Fund reserve of 34.7%**, substantially exceeding New Mexico's statutory minimum reserve requirement of **8.33%** (one-twelfth of budgeted expenditures). This reserve level reflects years of prudent financial planning and provides the flexibility needed to address unexpected needs while continuing to invest in the community.

The City also continues its practice of using accumulated cash balances and other one-time funding sources for capital improvements, equipment replacement, and other nonrecurring expenditures. This strategy preserves structural balance by avoiding the use of temporary resources to support ongoing operating costs.

Why Fund Balance Matters

Maintaining healthy reserves allows the City to:

- Respond quickly to emergencies and natural disasters.
- Absorb unexpected revenue fluctuations.
- Address unforeseen infrastructure or equipment failures.
- Maintain uninterrupted public services.
- Improve long-term financial flexibility.
- Demonstrate sound financial management to taxpayers, grant agencies, lenders, and oversight organizations.

General Fund Reserve Comparison

Measure	Percentage
City of Grants FY2027 Reserve	34.7%
State Minimum Requirement	8.33%
Difference	26.37 percentage points
Reserve Relative to State Minimum 4.2× the required minimum	

Financial Stewardship

The City's reserve policy reflects a commitment to long-term fiscal responsibility rather than short-term budgeting decisions. Maintaining reserves above the statutory minimum provides stability during changing economic conditions while allowing the City to continue delivering reliable municipal services and strategically invest in infrastructure and community priorities.

10. Understanding YOUR Budget

Why Does the City Have Multiple Funds?

Municipal governments account for public resources using separate funds to ensure revenues are spent only for their legally authorized purposes. Each fund functions as an independent fiscal and accounting entity with its own revenues, expenditures, and, in many cases, cash balance.

Maintaining separate funds promotes financial accountability, transparency, and compliance with New Mexico law, grant requirements, bond covenants, and other legal restrictions. While the City's budget is presented as one comprehensive financial plan, each fund serves a distinct purpose and may only be used for the activities authorized for that fund.

Understanding the different fund types helps explain why certain revenues cannot be used to support unrelated programs or services. For example, utility revenues must remain within utility operations, and many grant funds may only be used for the specific projects or programs for which they were awarded.

The City's Fund Structure

General Fund

The General Fund serves as the City's primary operating fund and supports core governmental services such as public safety, administration, parks, planning, and other general governmental functions.

Special Revenue Funds

Special Revenue Funds account for revenues that are legally restricted or committed to specific programs or services, including public safety, recreation, grants, lodgers' tax, and other dedicated activities.

Capital Project Funds

Capital Project Funds account for the acquisition, construction, and improvement of major public facilities and infrastructure. These projects are typically financed through grants, legislative appropriations, or other one-time funding sources.

Enterprise Funds

Enterprise Funds account for business-type activities that are primarily supported through user charges rather than taxes. These include the City's water, wastewater, solid waste, airport, golf course, and cemetery operations.

Debt Service Funds

Debt Service Funds account for the payment of principal and interest on the City's long-term debt obligations and ensure debt payments are tracked separately from operating activities.

Why This Matters

Using separate funds helps the City:

- Comply with State laws and grant requirements.
- Protect restricted revenues from unauthorized use.
- Improve financial transparency and accountability.
- Track the true cost of municipal services.
- Support accurate financial reporting and long-term planning

11. Personnel & Organization

Investing in the People Who Serve Our Community

The City of Grants is committed to providing high-quality municipal services through a dedicated workforce of public servants. Every day, City employees protect public safety, maintain critical infrastructure, operate utility systems, preserve public spaces, provide recreational opportunities, and deliver the many services that contribute to the quality of life enjoyed by residents and visitors.

The FY2027 Adopted Budget reflects the City's continued investment in its employees through competitive compensation, comprehensive benefits, professional development, and a safe, productive work environment. These investments help the City recruit, retain, and develop qualified employees while ensuring the continued delivery of reliable public services.

Municipal services are ultimately delivered by people. Whether responding to emergencies, maintaining streets and utilities, supporting local businesses, or serving residents at City Hall, the City's workforce is its most valuable asset.

Organizational Structure

The City operates through multiple departments that work collaboratively to provide essential governmental and enterprise services, including:

- Administration
- Finance
- Human Resources
- Information Technology
- Police Department
- Fire & EMS
- Public Works
- Water Utility
- Wastewater Utility
- Solid Waste
- Airport
- Parks & Recreation
- Library
- Senior Center
- Municipal Court
- Community Development & Planning
- Animal Control
- Code Enforcement

Workforce Philosophy

The City is committed to:

- Recruiting and retaining qualified employees.

- Providing competitive compensation and benefits.
- Promoting employee development and training.
- Maintaining a safe and professional workplace.
- Delivering responsive, customer-focused public service.
- Encouraging accountability, teamwork, and continuous improvement.

FY2027 Workforce Investments

The FY2027 Adopted Budget includes:

- A **3% salary adjustment** for City employees.
- Continued employer contribution of approximately **90% of employee health insurance premiums**.
- Ongoing investment in employee training, safety, and professional development.
- Continued support for recruiting and retaining a skilled municipal workforce.

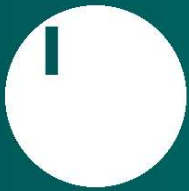
Why It Matters

Every budget dollar ultimately supports the delivery of public services. Investing in employees ensures the City can continue providing reliable police and fire protection, dependable utility services, well-maintained infrastructure, quality parks and recreation programs, and responsive customer service to the community.

Key Takeaway

The City of Grants' greatest asset is its people. The FY2027 Adopted Budget recognizes that investing in employees is an investment in the quality, reliability, and sustainability of the services provided to the community.

12. Capital and Infrastructure Priorities



Infrastructure & Services

Public safety, utilities, streets, and facilities

Capital and infrastructure needs continue to be among the City's most significant long-term financial challenges. Many of the City's infrastructure needs are larger than what can be funded through annual operating revenues alone, making grants, legislative appropriations, and external financing critical to long-term progress.

- Water system improvements and utility reliability.
- Wastewater treatment, collection, and regulatory compliance.
- Street, drainage, and right-of-way maintenance.
- Fleet and heavy equipment replacement planning.
- Public safety facilities, equipment, and operational readiness.
- Facility maintenance, renovations, and ADA/accessibility needs.

The interim budget includes known and conservative capital assumptions. Additional capital projects may be added or modified through BARs as grants and funding agreements are finalized.

13. Financial Stability and Fund Balance



Financial Stability

Reserves, fund balance, and conservative forecasting

Financial stability requires monitoring more than total cash. The City must consider restrictions, reserves, investments, grant timing, enterprise fund needs, and whether a fund has sufficient recurring revenue to support recurring expenses.

Metric	Updated FY27 Amount
Projected Ending Cash	\$11,282,425.93
Investments per Balance Sheet	\$9,604,466
Reserves / Restricted Balances	(\$1,078,775)
Adjusted Balance after Reserves Including Investments	\$19,808,116.63

Fund Balance Considerations

- Some funds are legally or programmatically restricted.
- Enterprise funds must be monitored for long-term self-sufficiency.
- Grant funds may fluctuate based on reimbursement timing.
- Transfers should be evaluated to ensure they are sustainable and properly authorized.
- Final budget adoption should revisit fund balances and any developing deficits or structural concerns.

14. Fund Summary Detail

The following table summarizes active funds in the revised FY27 Final Budget. This section is intended to support Council review of the funds that make up the overall budget summary.

Active Funds	Beginning Cash Balance	Projected Revenues	Projected Transfers	Projected Expenses	Projected Ending Cash	Investments per Balance Sheet	DFA/LGD Reserves / UB Bank Account/ GGI Bank Account/ Water	Adjusted Balance after reserves Including Investments
11000 - General Operating Fund	5,412,319.67	13,574,289.00	(1,546,629.40)	(12,945,301.00)	4,494,678.27	2,841,776.15	(1,078,775.08)	6,257,679.34
20100 - Corrections	0.00	0.00	200,000.00	(200,000.00)	0.00	0.00	0.00	0.00
20600 - Emergency Medical Services	0.00	1,112,000.00	252,000.00	(1,364,000.00)	0.00	0.00	0.00	0.00
20900 - Fire Protection	86,123.61	371,000.00	0.00	(371,000.00)	86,123.61	4,000.00	0.00	90,123.61
21100 - Law Enforcement Protection Fund	0.00	116,000.00	0.00	(116,000.00)	0.00	0.00	0.00	0.00
Law Enforcement Recruitment (Laws of 2024)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21400 - Lodger's Tax	436,110.95	446,000.00	0.00	(441,280.00)	440,830.95	30,000.00	0.00	470,830.95
21600 - Municipal / Gas Tax	1,501,653.58	1,065,000.00	0.00	(1,300,000.00)	1,266,653.58	0.00	0.00	1,266,653.58
21900 - Senior Citizens	0.00	502,526.00	256,159.40	(758,809.00)	(123.60)	123.60	0.00	0.00
21901 - Senior Companion	0.00	57,917.00	0.00	(57,917.00)	0.00	0.00	0.00	0.00
21902 - Foster Grandparent	6,585.29	60,438.00	0.00	(60,438.00)	6,585.29	0.00	0.00	6,585.29
21903 - Senior Employment Program	1,162.84	32,630.00	0.00	(32,630.00)	1,162.84	0.00	0.00	1,162.84
21904- Care Companion Program	103.54	17,183.00	0.00	(17,183.00)	103.54	0.00	0.00	103.54
28000 Cannabis Tax Fund	159,186.48	60,000.00	0.00	(31,500.00)	187,686.48	0.00	0.00	187,686.48
29900 - NM Clean & Beautiful	2,730.29	0.00	0.00	0.00	2,730.29	0.00	0.00	2,730.29
29901 - Special Library	0.00	96,089.00	0.00	(85,789.00)	10,300.00	0.00	0.00	10,300.00
29904 - Cibola Health Council	295,308.91	75,000.00	0.00	(75,000.00)	295,308.91	0.00	0.00	295,308.91
30300 - State Legislative	0.00	6,989,249.70	0.00	(6,989,249.70)	0.00	0.00	0.00	0.00
30500- GRT Water, Sewer, and EMS	240,081.04	470,000.00	0.00	(400,000.00)	310,081.04	0.00	0.00	310,081.04
30900 - Federally Funded Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39900 - Capital Outlay	139,519.93	5,988,018.97	0.00	(5,988,018.97)	139,519.93	2,950,355.01	0.00	3,089,874.94
40400 - NMFA Debt Service	0.00	0.00	0.00	0.00	0.00	363,500.00	0.00	363,500.00
49900 - Other Debt Service	0.00	65,000.00	905,300.00	(970,300.00)	0.00	0.00	0.00	0.00
50100 - Water Enterprise	4,069,635.80	2,474,500.00	402,551.00	(2,905,902.00)	4,040,784.80	3,310,711.02	0.00	7,351,495.82
50200 - Trash Enterprise	0.00	2,808,000.00	(187,000.00)	(2,621,000.00)	0.00	0.00	0.00	0.00
50300 - Wastewater/Sewer Enterprise	0.00	2,850,000.00	(991,021.00)	(1,858,979.00)	0.00	64,000.00	0.00	64,000.00
50400 - Airport Enterprise	0.00	158,000.00	108,300.00	(266,300.00)	0.00	40,000.00	0.00	40,000.00
50600 - Cemetery Enterprise	0.00	80,000.00	18,390.00	(98,390.00)	0.00	0.00	0.00	0.00
51800 - Golf Course Enterprise	0.00	215,000.00	581,950.00	(796,950.00)	0.00	0.00	0.00	0.00
TOTALS=	12,350,521.93	39,683,840.67	0.00	(40,751,936.67)	11,282,425.93	9,604,465.78	(1,078,775.08)	19,808,116.63

15. Department and Fund Narratives

The following narratives provide context for the major funds and departments included in the interim budget. They are written for governing body review and are intended to explain the purpose, major cost pressures, and FY27 focus areas for each area.

General Operating Fund

The General Operating Fund supports core city services including administration, finance, public safety support, city operations, streets support, facilities, and other general governmental functions. This fund remains the primary operating fund for unrestricted City services.

FY27 Snapshot	Amount
Beginning Cash	\$5,412,320
Projected Revenues	\$13,574,289
Projected Transfers	(\$1,546,629)
Projected Expenses	\$12,945,301
Projected Ending Cash	\$4,494,678

- Maintain essential services and administrative support.
- Monitor GRT and recurring revenue performance.
- Support personnel, benefit, and insurance obligations.
- Preserve flexibility for final budget refinements.

Corrections Fund

The Corrections Fund supports detention-related costs and restricted corrections-related activity. The interim budget reflects planned activity and transfers necessary to meet the City's obligations.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$0
Projected Transfers	\$200,000
Projected Expenses	\$200,000
Projected Ending Cash	\$0

- Continue monitoring detention-related expenditures.
- Ensure restricted resources are used for eligible purposes.
- Evaluate transfer needs during final budget review.

Emergency Medical Services

EMS remains an important public service and revenue-generating operation. The budget reflects emergency response activity, personnel and operational costs, and continued demand for ambulance services.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$1,112,000
Projected Transfers	\$252,000
Projected Expenses	\$1,364,000
Projected Ending Cash	\$0

- Maintain emergency response readiness.
- Monitor ambulance revenue and collection trends.
- Evaluate equipment, staffing, and operating cost needs.

Fire Protection

Fire Protection supports fire response, equipment readiness, and fire-service operations. Continued investment in apparatus, training, and equipment is necessary to maintain service levels.

FY27 Snapshot	Amount
Beginning Cash	\$86,124
Projected Revenues	\$371,000
Projected Transfers	\$0
Projected Expenses	\$371,000
Projected Ending Cash	\$90,124

- Preserve emergency response capacity.
- Monitor equipment and facility needs.
- Use restricted fire protection resources appropriately.

Law Enforcement Protection Fund

The Law Enforcement Protection Fund supports eligible law enforcement purposes and must be managed consistent with state funding restrictions and program requirements.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$116,000
Projected Transfers	\$0
Projected Expenses	\$116,000
Projected Ending Cash	\$0

- Support police equipment and eligible law enforcement needs.
- Monitor grant/stipend requirements.
- Coordinate expenditures with Police Department priorities.

Lodgers Tax

Lodgers Tax supports tourism, promotion, and eligible activities consistent with state law, local ordinances, and adopted procedures. The fund should remain focused on eligible promotion and tourism-related purposes.

FY27 Snapshot	Amount
Beginning Cash	\$436,111
Projected Revenues	\$446,000
Projected Transfers	\$0
Projected Expenses	\$441,280
Projected Ending Cash	\$470,831

- Support eligible tourism and promotional activity.
- Maintain clear award and reimbursement documentation.
- Monitor lodging activity and revenue trends.

Municipal / Gas Tax

City and gas tax resources support street/parks-related infrastructure, maintenance, and transportation-related priorities. These funds are important for roadway preservation and related capital planning.

FY27 Snapshot	Amount
Beginning Cash	\$1,501,654
Projected Revenues	\$1,065,000
Projected Transfers	\$0
Projected Expenses	\$1,300,000
Projected Ending Cash	\$1,266,654

- Support streets/parks and eligible transportation improvements.
- Plan for equipment and maintenance needs.
- Coordinate with capital and infrastructure priorities.

Senior Citizens Programs

Senior program funds support services for older residents and related community programs. Funding sources may include restricted grants and program-specific revenues.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$502,526
Projected Transfers	\$256,159
Projected Expenses	\$758,809
Projected Ending Cash	\$0

- Maintain service continuity for senior residents.
- Track restricted funding requirements.
- Monitor grant reimbursements and program costs.

Cannabis Tax Fund

Cannabis tax revenues provide an additional revenue source that can support eligible city priorities. Because the revenue source is relatively newer, it should be monitored conservatively.

FY27 Snapshot	Amount
Beginning Cash	\$159,186
Projected Revenues	\$60,000
Projected Transfers	\$0
Projected Expenses	\$31,500
Projected Ending Cash	\$187,646

- Monitor recurring revenue trends.
- Avoid overcommitting unstable revenue.
- Consider strategic use during final budget review.

Special Library

Special Library resources support library-related programs, materials, and eligible expenditures. The fund should be used to supplement community access to library services.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$96,089
Projected Transfers	\$0
Projected Expenses	\$85,789
Projected Ending Cash	\$10,300

- Support library operations and materials.
- Maintain compliance with funding restrictions.
- Evaluate community service needs.

GRT Water, Sewer, and EMS

This fund supports designated GRT activity related to water, sewer, and EMS needs. It is an important tool for infrastructure and service stabilization.

FY27 Snapshot	Amount
Beginning Cash	\$240,081
Projected Revenues	\$470,000
Projected Transfers	\$0
Projected Expenses	\$400,000
Projected Ending Cash	\$310,081

- Use resources for eligible water, sewer, and EMS priorities.
- Coordinate with enterprise fund needs.
- Monitor transfers and project timing.

Capital Outlay

Capital Outlay funds are tied to specific projects and external funding sources. Activity can fluctuate significantly based on award timing, project progress, and reimbursement cycles.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$0
Projected Transfers	\$0
Projected Expenses	\$0
Projected Ending Cash	\$0

- Track each appropriation by scope and deadline.
- Coordinate with DFA and granting agencies.
- Use BARs as awards and projects are finalized.

Debt Service

Debt service funds account for obligations that must be paid according to financing schedules and legal requirements. Debt-related activity should remain clearly separated from operating activity.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$65,000
Projected Transfers	\$903,000
Projected Expenses	\$968,000
Projected Ending Cash	\$0

- Maintain timely debt payments.
- Monitor pledged revenues and required transfers.
- Ensure debt service is reflected in final budget planning.

Water Enterprise

The Water Enterprise Fund supports water utility operations, infrastructure, maintenance, and service delivery. It is one of the City's most important enterprise functions and requires long-term capital planning

FY27 Snapshot	Amount
Beginning Cash	\$4,069,636
Projected Revenues	\$2,474,500
Projected Transfers	\$402,551
Projected Expenses	\$2,905,902
Projected Ending Cash	\$3,089,875

- Maintain utility service reliability.
- Plan for infrastructure replacement and regulatory needs.
- Monitor cash, rates, and recurring operating costs.

Trash Enterprise

The Trash Enterprise Fund supports solid waste collection and related operations. Cost pressures include equipment, fuel, disposal, staffing, and contract costs.

FY27 Snapshot	Amount
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Beginning Cash	\$0
Projected Revenues	\$2,808,000
Projected Transfers	(\$187,000)
Projected Expenses	\$2,621,000
Projected Ending Cash	\$0

- Maintain reliable sanitation services.
- Monitor equipment and fuel costs.
- Evaluate long-term cost recovery.

Wastewater / Sewer Enterprise

The Wastewater/Sewer Enterprise Fund supports treatment, collection, disposal, compliance, and related infrastructure. Wastewater needs often require significant capital investment and regulatory attention.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$2,850,000
Projected Transfers	(\$991,021)
Projected Expenses	\$1,858,979
Projected Ending Cash	\$0

- Maintain treatment and compliance obligations.
- Plan for capital and infrastructure needs.
- Monitor operating costs and fund sustainability.

Airport Enterprise

The Airport Enterprise Fund supports airport operations, maintenance, and aviation-related infrastructure. Airport activity may involve grants, capital projects, and operational partnerships.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$158,000
Projected Transfers	\$108,300
Projected Expenses	\$266,300
Projected Ending Cash	\$0

- Maintain safe airport operations.
- Monitor utility and infrastructure needs.
- Evaluate grant and capital project opportunities.

Cemetery Enterprise

The Cemetery Enterprise Fund supports cemetery operations, maintenance, and service delivery. Long-term maintenance and customer service remain core priorities.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$80,000
Projected Transfers	\$18,390
Projected Expenses	\$98,390
Projected Ending Cash	\$0

- Maintain grounds and cemetery operations.
- Monitor revenue and cost recovery.
- Plan for equipment and maintenance needs.

Golf Course Enterprise

The Golf Course Enterprise Fund supports golf course operations, grounds maintenance, irrigation, and related services. The fund should continue to be monitored for operating sustainability and any relationship to wastewater reuse or irrigation needs.

FY27 Snapshot	Amount
Beginning Cash	\$0
Projected Revenues	\$215,000
Projected Transfers	\$581,950
Projected Expenses	\$796,950
Projected Ending Cash	\$0

- Monitor operating revenue and expenses.
- Evaluate maintenance and irrigation requirements.
- Review long-term financial sustainability during final budget development.

16. Financial Policies

Guiding Principles for Financial Stewardship

The City of Grants follows sound financial management practices that promote accountability, transparency, and long-term fiscal sustainability. These principles guide the development and administration of the annual budget and support the responsible stewardship of public resources.

Balanced Budget

The City develops its annual budget using conservative revenue estimates while aligning available financial resources with operational and capital priorities.

Conservative Revenue Forecasting

Revenue estimates are based on historical trends, current economic conditions, statutory distributions, and other reliable information to reduce the risk of overestimating available resources.

Responsible Use of One-Time Resources

One-time revenues, accumulated cash balances, grants, and legislative appropriations are used primarily to fund capital improvements, equipment replacement, and other nonrecurring expenditures rather than ongoing operating costs.

Reserve Management

The City maintains General Fund reserves above the minimum required by New Mexico law to provide financial stability, support emergency response, and preserve flexibility during periods of economic uncertainty.

Capital Planning

The City prioritizes investments that preserve public infrastructure, improve municipal facilities, replace aging equipment, and enhance the delivery of public services.

Transparency and Accountability

The City is committed to transparent financial reporting, regular budget monitoring, public participation, and compliance with applicable State laws and reporting requirements.

Continuous Financial Monitoring

The budget is monitored throughout the fiscal year. Budget Adjustment Requests (BARs) are presented to the Governing Body as needed to ensure the budget remains accurate and responsive to operational needs while maintaining compliance with State law.

Budget Accountability & Financial Oversight

Maintaining Transparency Throughout the Fiscal Year

The adoption of the annual budget marks the beginning of the City's financial management process. Throughout the fiscal year, the City continuously monitors revenues, expenditures, cash balances, and capital project activity to ensure public resources are managed responsibly and in accordance with the Governing Body's adopted budget.

Financial accountability is achieved through regular reporting, internal controls, compliance with State law, and ongoing oversight by City Administration, the Finance Department, department directors, the Governing Body, independent auditors, and State oversight agencies.

Financial Oversight

The City promotes financial accountability through:

- Monthly monitoring of revenues and expenditures.
- Budget Adjustment Requests (BARs) presented to the Governing Body as needed.
- Compliance with New Mexico budget laws and DFA reporting requirements.
- Independent annual financial audits.
- Procurement policies and internal purchasing controls.
- Cash management and investment monitoring.
- Grant compliance and reimbursement oversight.
- Capital project monitoring and financial reporting.

Internal Controls

Strong internal controls help safeguard public resources by:

- Segregating financial responsibilities.
- Requiring approvals for expenditures.
- Monitoring purchasing and procurement activities.
- Reconciling cash and financial records.
- Reviewing financial activity throughout the fiscal year.
- Supporting accurate financial reporting.

These practices help ensure that public funds are managed responsibly while maintaining transparency and accountability.

Commitment to Transparency

The City is committed to providing clear, accurate, and timely financial information to the Governing Body and the public. Budget documents, financial reports, audits, and other financial information help promote informed decision-making and reinforce public confidence in the City's financial management.

17. Frequently Asked Questions

Understanding the City's Budget

Why are budgeted expenditures greater than budgeted revenues?

The FY2027 Adopted Budget includes the planned use of accumulated cash balances, grants, and other one-time funding sources for capital improvements and other nonrecurring expenditures. This does not necessarily indicate a structural operating deficit.

What is the General Fund?

The General Fund is the City's primary operating fund and finances many of the essential governmental services provided to the community, including administration, public safety support, parks, planning, and other general governmental functions.

What is a fund?

A fund is a separate fiscal and accounting entity established to account for revenues that must be used for specific purposes. Separate funds help ensure accountability, transparency, and compliance with State law and grant requirements.

Why can't utility revenues be used for other City services?

Utility operations are accounted for as Enterprise Funds and are primarily supported by user charges. Those revenues are intended to support utility operations, maintenance, and infrastructure improvements rather than general governmental services.

Why does the City maintain reserves above the State minimum?

Maintaining healthy reserves strengthens the City's ability to respond to emergencies, economic uncertainty, and unexpected infrastructure or operational needs while supporting long-term financial stability.

Can the budget change during the year?

Yes. Budget Adjustment Requests (BARs) may be presented to the Governing Body throughout the fiscal year to address changing operational needs, grant awards, capital projects, or other authorized budget changes in accordance with New Mexico law.

Where can I obtain additional financial information?

Additional information, including annual financial audits, budget documents, and other public records, is available from the City of Grants Finance Department in accordance with applicable public records laws

Appendix: Terms and Acronyms

Term	Meaning
BAR	Budget Adjustment Request used to amend the budget after adoption.
DFA/LGD	New Mexico Department of Finance and Administration, Local Government Division.
GRT	Gross Receipts Tax. A major source of city revenue.
Enterprise Fund	A fund used for services financed primarily through user charges, such as water, sewer, trash, airport, cemetery, or golf course.
Special Revenue Fund	A fund used to account for restricted or dedicated revenues.
Projected Ending Cash	Estimated cash remaining after projected revenues, transfers, and expenditures.
Adjusted Balance	Balance after considering investments and reserves/restricted balances.
Interim Budget	The initial operating budget that provides authority to operate at the start of the fiscal year.
Final Budget	The refined budget adopted later in the budget cycle.



Let's Continue Making Progress Together.

Stewardship

Every budget is more than numbers—it reflects a community's priorities and a commitment to its future. The FY2027 Final Budget demonstrates the City of Grants' commitment to responsible financial stewardship, transparency, and long-term financial stability.

Acknowledgments

The FY2027 Final Budget reflects the collaborative efforts of the Governing Body, City Administration, department directors, supervisors, and employees whose dedication to public service made this financial plan possible.