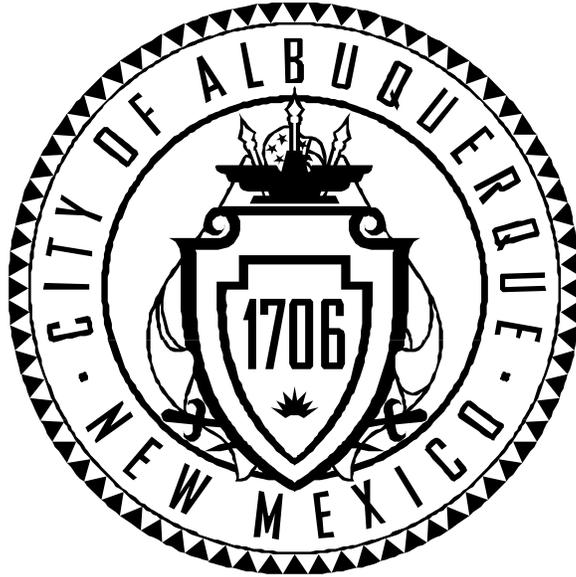


CITY OF ALBUQUERQUE



ANNUAL INFORMATION STATEMENT

DATED MARCH 27, 2014

**IN CONNECTION WITH BONDS AND
OTHER OBLIGATIONS**

CITY OF ALBUQUERQUE

MAYOR

Richard J. Berry

CITY COUNCIL

Ken Sanchez (President)	District 1
Isaac Benton	District 2
Klarissa J. Peña	District 3
Brad Winter	District 4
Dan Lewis	District 5
Rey Garduño	District 6
Diane G. Gibson	District 7
Trudy Jones (Vice-President)	District 8
Don Harris	District 9

ADMINISTRATION

Robert J. Perry, Chief Administrative Officer
John Soladay, Chief Operations Officer
Trina M. Casados, Acting City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Lou D. Hoffman, CCM, P.E., Director
Cilia E. Agliandolo, CTP, Treasurer
Pamela S. Fanelli, CMA, City Controller
Olivia Padilla Jackson, Deputy Director

OFFICE OF MANAGEMENT AND BUDGET

Gerald E. Romero, Budget Officer
Jacques Blair, PhD., City Economist

LEGAL DEPARTMENT

David Tourek, Esq., City Attorney
Blake Whitcomb, Esq., Asst. City Attorney

BOND COUNSEL

Brownstein Hyatt Farber Schreck, LLP, Albuquerque, New Mexico

DISCLOSURE COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Albuquerque, New Mexico

SPECIAL TAX COUNSEL

Kutak Rock LLP, Denver, Colorado

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INTRODUCTION

This “Annual Information Statement Dated March 27, 2014 in Connection with Bonds and Other Obligations” (the “Annual Statement”) has been prepared by the City to provide certain financial and other information relating to the City, its various enterprise operations and its other projects, the revenues of which secure certain outstanding long-term obligations of the City. The Annual Statement also includes annual financial information and operating data which the City has agreed in certain continuing disclosure undertakings to provide on an annual basis for the benefit of its bondholders. See “CONTINUING DISCLOSURE UNDERTAKINGS.”

City Council (the “Council”) actions taken after January 1, 2014, including information relating to bonds, notes or other obligations of the City issued or incurred after that date, are not included in the Annual Statement. Other information contained in the Annual Statement is current as of January 1, 2014, unless specifically stated otherwise in the Annual Statement. The information in the Annual Statement is subject to change without notice and the delivery of the Annual Statement shall not create any implication that the affairs of the City have remained unchanged since the date of its delivery. The distribution of the Annual Statement by the City does not in any way imply that the City has obligated itself to update the information therein. All financial and other information presented in the Annual Statement has been provided by the City from its records, except for information expressly attributed to other sources believed to be reliable.

The City does not intend that the Annual Statement be relied on as specific offering information in connection with the primary offering and issuance by the City of bonds, notes or other obligations. The presentation of information, including tables of receipts from taxes, enterprise revenues and other information, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City or its enterprises. No representation is made that past experiences, as might be shown by such financial and other information will necessarily continue in the future.

Questions regarding information contained in the Annual Statement should be directed to Cilia Agliarolo, Treasurer, City of Albuquerque, Albuquerque/Bernalillo County Government Center, One Civic Plaza, NW, Albuquerque, New Mexico 87102 (P.O. Box 1293, Albuquerque, New Mexico 87103), Telephone (505) 768-3309, Fax (505) 768-3447. Information about the City may also be obtained through the City’s web site, www.cabq.gov.

CONTINUING DISCLOSURE UNDERTAKINGS

Pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”), the City has entered into continuing disclosure undertakings (the “Disclosure Undertakings”) for the benefit of holders of the following outstanding bonds of the City:

- (1) Airport Refunding and Improvement Revenue Bonds, Series 2004A and Taxable Series 2004B;

- (2) Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (3) General Obligation General Purpose Bonds, Series 2007B;
- (4) General Obligation Storm Sewer Bonds, Series 2007C;
- (5) Airport Refunding Revenue Bonds, Series 2008;
- (6) Airport Refunding Revenue Bonds, Series 2008B-C;
- (7) Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2008A;
- (8) General Obligation General Purpose Bonds, Series 2008A;
- (9) General Obligation Storm Sewer Bonds, Series 2008B;
- (10) Subordinate Lien Airport Refunding Revenue Bonds, Series 2008E;
- (11) Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B;
- (12) General Obligation General Purpose Bonds, Series 2009A;
- (13) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2009A;
- (14) Gross Receipts Tax Refunding Revenue Bonds, Series 2009B;
- (15) General Obligation General Purpose Bonds, Series 2011A;
- (16) General Obligation General Purpose Bonds, Series 2012A;
- (17) General Obligation Storm Sewer Bonds, Series 2012B;
- (18) Gross Receipts Tax Improvement Revenue Bonds, Series 2013;
- (19) General Obligation General Purpose Bonds, Series 2013A;
- (20) General Obligation Storm Sewer Bonds, Series 2013B; and
- (21) General Obligation Storm Sewer Refunding Bonds, Series 2013C.

In each of its Disclosure Undertakings, the City has agreed to file certain annual information with the Municipal Securities Rulemaking Board. Timely filing of the information provided in the Annual Statement, including the City's current audited financial statements, with the Municipal Securities Rulemaking Board satisfies the disclosure requirements set forth in the Disclosure Undertakings. In recent years, the City's year end audits have not been completed in time for the City to make filings of the audit within the time required by certain of its Disclosure Undertakings. Other than the delay in filing its audited financial statements, the City has been in compliance with the requirements of its Disclosure Undertakings.

OUTSTANDING CITY OBLIGATIONS

Summary of Outstanding Obligations

The City has issued and there are outstanding certain general obligation bonds payable from property tax revenues and limited obligations payable from State and municipal gross receipts tax revenues, net revenues of various City enterprise operations, special property assessments, and certain single family and multifamily housing programs. These outstanding obligations are generally described below and certain terms of such obligations are summarized in the Comprehensive Audited Financial Report of the City of Albuquerque, Audited General Purpose Financial Statements as of and for the Fiscal Year ended June 30, 2013 ("CAFR"), a portion of which will be attached hereto as Appendix A upon its completion. Other information relating to the City's outstanding obligations, including information about debt service coverage ratios, can be obtained from the CAFR. The CAFR can be viewed at and downloaded from the City's website, www.cabq.gov. Certain of these

obligations are further secured by municipal bond insurance and other credit enhancement provided by various entities as described under the caption "Credit Enhancement." The CUSIP numbers for each maturity of the City's outstanding obligations, as applicable, are listed in Appendix B hereto.

Ratings of City Obligations

The assigned ratings on the City's bonds reflect only the respective views of the rating agencies. These ratings are the long-term ratings of the City with respect to the bonds. Some City bonds are credit enhanced and, assuming the credit enhancer has a higher rating than the underlying rating on the bonds, have a rating which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement" under this caption. Any explanation of the significance of the ratings may be obtained from the respective rating agency. There can be no assurance that these ratings will continue for any given period of time or that any rating will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any downward change in, or withdrawal of, a rating may have an adverse effect on the marketability and/or market price of the City's bonds.

Tax-Supported Obligations

General Obligation Debt

Outstanding General Obligation Bonds. The City presently has outstanding general purpose general obligation bonds in an outstanding aggregate principal amount of \$294,095,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$33,770,000.

In a regular municipal election held October 8, 2013, the issuance of \$104,899,000 general purpose general obligation bonds and \$10,101,000 storm sewer general obligation bonds was approved. It is anticipated that the City will issue its General Purpose General Obligation Bonds, Series 2014A in the aggregate principal amount of \$47,668,000 and its Storm Sewer General Obligation Bonds, Series 2014B in the aggregate principal amount of \$4,561,000 on or about May 29, 2014.

CITY OF ALBUQUERQUE
Outstanding General Obligation Bonds
As of January 1, 2014

Issue	Principal Amount Of Original Issue	Currently Outstanding
<u>General Purpose G.O. Bonds:</u>		
September 2007	\$43,045,000	\$10,955,000
June 2008	39,000,000	15,125,000
June 2009	54,970,000	30,530,000
February 2011	135,000,000	107,000,000
May 2012	61,760,000	60,445,000
May 2013	<u>70,040,000</u>	<u>70,040,000</u>
Total	<u>\$403,815,000</u>	<u>\$294,095,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
September 2007	\$5,080,000	\$5,080,000
June 2008	4,000,000	4,000,000
May 2012	8,035,000	8,035,000
May 2013	4,980,000	4,980,000
May 2013	<u>11,675,000</u>	<u>11,675,000</u>
Total	<u>\$33,770,000</u>	<u>\$33,770,000</u>
<u>Total General Obligation Bonds</u>	<u>\$437,585,000</u>	<u>\$327,865,000</u>

The Constitution of the State of New Mexico (the “State”) limits the amount of general purpose general obligation indebtedness of the City to 4% of the assessed value of taxable property within the City. Based on the most recent assessed value of real property in the City of \$11,967,046,394, as shown below, and the City’s outstanding general purpose general obligation debt of \$294,095,000, the City has the capacity to issue \$184,586,856 aggregate principal amount of general purpose general obligation bonds in the future.

CITY OF ALBUQUERQUE
Test for Maximum General Purpose G.O. Bonds

4% of Assessed Value of \$11,967,046,394:	\$478,681,856
Outstanding (General Purpose subject to 4% limitation):	\$294,095,000
Available for Future Issues:	\$184,586,856

CITY OF ALBUQUERQUE
Assessed Valuation
(County Tax Year⁽¹⁾ 2013)

Market Value of Property Assessed ⁽²⁾	\$43,807,477,956
(1/3 Market Value)	13,873,577,182
Less Exemptions	(2,270,988,523)
Plus Centrally Assessed (Corporate)	<u>364,457,735</u>
Certified Net Tax Base	<u>\$11,967,046,394</u>

- (1) The County Tax Year (“Tax Year”) begins November 1 and ends October 31.
- (2) Reflects market values submitted to the State by the County Assessor prior to properties assessed late. Value shown was used to assess property taxes for the tax year. Current values could vary from value shown. The New Mexico Court of Appeals upheld the statutory valuation cap and its application under Section 7-36-21.2 NMSA 1978 in 2012. The Court of Appeals ruling has been appealed to the New Mexico Supreme Court but no legal briefing has occurred or rulings issued. The final judicial resolution of this issue could have a material effect on how property is valued within the City and related property tax collections. See “FINANCIAL INFORMATION – Property Taxes” herein. The effect of the Court decision on recent or future increases in residential property values is uncertain and the City makes no predictions in that regard.

Sources: City of Albuquerque, Department of Finance and Administrative Services; Bernalillo County Assessor; New Mexico Department of Finance and Administration.

CITY OF ALBUQUERQUE
Direct and Overlapping General Obligation Debt
As of January 1, 2014

Gross G.O. Bonded Debt	\$327,865,000 ⁽¹⁾
Less G.O. Sinking Fund Balance	25,878,346
Net G.O. Bonded Debt	<u>\$301,986,654</u>

	<u>G.O. Debt</u>	<u>Tax Year 2013 Assessed Valuation</u>	<u>% Applicable to City</u>	<u>Gross Overlapping</u>
City of Albuquerque	\$327,865,000	\$11,967,046,394	100.00%	\$327,865,000
Albuquerque Public Schools	490,345,000	14,492,031,762	82.58%	404,910,882
Albuquerque Metropolitan Arroyo Flood Control Authority ⁽²⁾	30,625,000	14,020,986,194	85.35%	26,138,732
Central New Mexico Community College	85,465,000	16,557,891,922	72.27%	61,768,951
Bernalillo County	99,405,000	14,504,259,537	82.51%	82,016,200
State of New Mexico	372,700,000	54,236,985,670	22.06%	<u>82,233,888</u>
Total Direct and Overlapping G.O. Debt				<u>\$984,933,653</u>

RATIOS

Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation	8.23%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation	2.74%
Assessed Valuation Per Capita (2010 Estimated Population 552,804) ⁽³⁾	\$21,648
Direct and Overlapping G.O. Debt Per Capita	\$1,782

(1) Amount does not include any bonds which have been advance refunded and fully defeased by an escrow containing cash and securities.

(2) Statutory maximum of general obligation debt of \$80,000,000.

(3) University of New Mexico Bureau of Business and Economic Research. Based on 1.2% yearly population growth in City and 1.6% population growth in Albuquerque Metropolitan Statistical Area.

Sources: City of Albuquerque, Department of Finance and Administrative Services; Bernalillo County Assessor; New Mexico Department of Finance and Administration.

CITY OF ALBUQUERQUE
Ratio of Net General Obligation Debt to Taxable Value
And Net General Obligation Debt Per Capita

GENERAL OBLIGATION DEBT

Fiscal Year	Population⁽¹⁾	Taxable Value(000s)⁽²⁾	Total G.O. Debt (000s)	Debt Service Fund (000s)⁽³⁾	Net G.O. Debt (000s)	Ratio of Net G.O. Debt To Taxable Value	Net G. O. Debt Per Capita
2004	483,249	\$7,887,551	\$126,810	\$46,158	\$80,652	1.02%	\$166.90
2005	494,477	8,285,493	239,205	19,487	219,718	2.65%	444.34
2006	508,486	9,307,581	276,205	9,977	266,228	2.86%	523.57
2007	517,162	9,858,169	235,765	8,139	227,626	2.31%	440.15
2008	523,240	10,949,766	292,620	87,565	205,055	1.87%	391.89
2009	529,219	11,581,011	297,968	69,834	228,134	1.97%	431.08
2010	545,852	11,951,430	257,880	73,851	184,029	1.54%	337.14
2011	552,804	11,920,466	323,805	8,588	315,217	2.64%	570.21
2012	552,804	11,876,389	345,260	6,303	338,957	2.85%	613.16
2013	555,417	11,967,046	327,865	5,948	321,917	2.69%	579.60

(1) United States Census Bureau.

(2) Assessment made by County Assessor. The taxable value by State statute is one-third of assessed value.

(3) Available for debt service.

Source: City of Albuquerque, Department of Finance and Administrative Services (unless otherwise noted).

CITY OF ALBUQUERQUE
Aggregate Debt Service
For Outstanding General Obligation Bonds
As of January 1, 2014

Fiscal Year	Principal	Interest	Total Debt Service
2014	\$46,805,000	\$12,873,066	\$59,678,066
2015	38,665,000	11,065,725	49,730,725
2016	38,670,000	9,550,650	48,220,650
2017	33,350,000	7,987,575	41,337,575
2018	28,530,000	6,607,125	35,137,125
2019	22,440,000	5,465,925	27,905,925
2020	22,440,000	4,511,325	26,951,325
2021	22,440,000	3,556,725	25,996,725
2022	22,440,000	2,602,125	25,042,125
2023	22,450,000	1,793,425	24,243,425
2024	11,750,000	946,050	12,696,050
2025	11,830,000	536,550	12,366,550
2026	6,055,000	181,650	6,236,650
TOTAL	\$327,865,000	\$67,677,916	\$395,542,916

Source: City of Albuquerque, Department of Finance and Administrative Services.

CITY OF ALBUQUERQUE
Historical General Obligation Bond Debt Service
As a Percent of Total General Fund Expenditures

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (Excluding G.O. Debt Service)⁽¹⁾	Debt Service as a % of Total General Fund Expenditures (Excluding G.O. Debt Service)
2004	\$52,220,000	\$9,366,770	\$61,586,770	\$349,401,983	17.6%
2005	87,355,917	7,747,457	95,103,374	393,168,745	24.2%
2006	76,440,000	10,562,178	87,002,178	445,130,907	19.5%
2007	71,270,000	8,869,510	80,139,510	475,697,255	16.8%
2008	74,625,000	9,205,374	83,830,374	481,785,495	17.4%
2009	65,028,000	9,634,353	74,662,353	451,379,000	16.5%
2010	69,075,000	9,529,809	78,604,809	455,137,270	17.3%
2011	48,530,000	9,591,425	58,121,415	446,038,625	13.0%
2012	49,615,000	10,971,476	60,586,476	459,239,839	13.2%
2013	53,220,000	12,019,306	65,241,306	425,551,556	15.3%

(1) Includes transfers and other financing uses. Property taxes collected to pay debt service on outstanding general obligation bonds are accounted for in an internal fund other than the City's General Fund.

Sources: City of Albuquerque Comprehensive Annual Financial Reports.

Current Ratings of the General Obligation Bonds. The City's outstanding general obligation bonds are currently rated "Aa1 (negative outlook)" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Service ("S&P") and "AA+" by Fitch, Inc. ("Fitch").

State Gross Receipts Tax Obligations

Outstanding State Gross Receipts Tax Obligations. The City presently has outstanding the following series of special limited obligation bonds and loans secured by a pledge of revenues received by the City as a distribution from the State of the City's share of the State gross receipts tax as described in "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes."

CITY OF ALBUQUERQUE
Outstanding State Gross Receipts Tax Obligations
As of January 1, 2014

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Gross Receipts Tax Refunding Revenue Bonds, Series 2008A	\$16,655,000	\$3,105,000
Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B ⁽¹⁾	11,275,000	9,745,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2009B	28,305,000	26,485,000
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B ⁽²⁾	11,650,000	10,300,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2013	42,030,000	<u>42,030,000</u>
Total		<u>\$91,665,000</u>

(1) These Bonds are also secured by a pledge of the net revenues of certain City housing projects.

(2) These Bonds are also secured by a pledge of lease payments due to the City from the lease of the baseball stadium and from surcharges imposed on ticket sales, concessions and other goods and services sold at the baseball stadium.

Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Bonds. The City has outstanding the following series of special limited obligations secured by a pledge of both state gross receipts tax revenues distributed to the City by the State as described in "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes" and 50% of the revenues received by the City from the 5% lodgers' tax levied, as described in "FINANCIAL INFORMATION - Lodgers' Tax and Hospitality Fee."

CITY OF ALBUQUERQUE
Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Bonds
As of January 1, 2014

Issue	Principal Amt. Of Original Issue	Outstanding Principal Amt.
Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A	\$31,965,000	\$31,965,000
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	28,915,000	27,120,000
Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2009A	10,535,000	10,455,000
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Improvement and Refunding Revenue Bonds, Series 2011A ⁽¹⁾	22,660,000	<u>18,930,000</u>
Total Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Obligations		<u>\$88,470,000</u>

(1) The City's Hospitality Fee revenues in Fiscal Year 2013 were insufficient to cover debt service on the Series 2011A Bonds by approximately \$402,376 and the City relied on state gross receipts tax revenues to cover the deficiency.

Combined Debt Service. The following schedule shows, for each calendar year, the total combined debt service estimated for all outstanding bonds of the City payable from State gross receipts tax revenues. See "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes."

**Total Combined Debt Service
Outstanding State Gross Receipts Tax Obligations**

Calendar Year	Series 2004A	Series 2004B	Series 2008A	Series 2008B	Series 2009A	Series 2009B	Series 2011A	Series 2011B	Series 2013	Combined Debt Service Requirements
2014	\$1,575,641	\$1,729,779	\$3,259,940	\$879,388	\$621,719	\$2,164,600	\$2,367,413	\$1,021,998	\$2,996,414	\$16,616,892
2015	1,575,641	1,728,264	-	880,638	682,369	4,268,650	2,307,213	1,023,798	2,997,763	15,464,336
2016	1,575,641	1,795,059	-	880,888	745,019	4,303,900	2,177,813	1,021,923	2,995,763	15,496,006
2017	1,575,641	1,802,541	-	880,138	806,019	4,309,900	2,110,813	1,024,673	2,999,513	15,509,238
2018	1,575,641	1,803,676	-	878,388	873,269	4,302,650	2,043,813	1,020,148	2,997,163	15,494,748
2019	1,575,641	1,818,733	-	880,638	1,485,669	4,362,400	1,410,313	1,023,398	2,998,513	15,555,305
2020	1,575,641	1,816,904	-	881,638	1,562,169	4,375,400	1,338,813	1,025,148	2,998,513	15,574,226
2021	1,575,641	1,818,996	-	881,388	1,642,169	4,313,400	1,258,188	1,022,248	2,996,113	15,508,143
2022	1,575,641	1,809,741	-	879,888	1,725,169	874,650	1,199,388	1,026,848	2,996,313	12,087,638
2023	1,575,641	1,864,678	-	877,138	453,706	-	1,996,388	1,023,448	2,999,700	9,990,699
2024	1,575,641	1,820,302	-	877,413	1,936,806	-	1,196,838	1,022,766	2,995,500	11,425,266
2025	1,575,641	1,891,735	-	880,388	1,954,150	-	1,196,388	1,019,516	2,998,750	11,516,568
2026	1,575,641	4,131,833	-	876,525	-	-	1,198,731	1,023,610	2,997,250	11,803,590
2027	1,575,641	4,220,896	-	881,088	-	-	1,198,631	-	2,996,000	10,872,256
2028	1,575,641	4,306,109	-	877,656	-	-	1,196,000	-	2,999,750	10,955,156
2029	1,575,641	4,396,918	-	877,344	-	-	-	-	2,998,000	9,847,903
2030	3,875,641	2,182,215	-	879,881	-	-	-	-	2,998,200	9,935,937
2031	5,747,541	403,866	-	-	-	-	-	-	2,999,988	9,151,395
2032	5,841,381	403,866	-	-	-	-	-	-	2,998,100	9,243,347
2033	5,937,631	403,866	-	-	-	-	-	-	2,998,100	9,339,597
2034	3,592,631	2,838,866	-	-	-	-	-	-	2,998,900	9,430,397
2035	6,257,631	268,967	-	-	-	-	-	-	1,759,500	8,286,098
2036	1,502,381	5,123,967	-	-	-	-	-	-	-	6,626,348
2037	6,690,881	-	-	-	-	-	-	-	-	6,690,881
Total	<u>\$64,655,974</u>	<u>\$50,381,777</u>	<u>\$3,259,940</u>	<u>\$14,950,425</u>	<u>\$14,488,233</u>	<u>\$33,275,550</u>	<u>\$23,396,743</u>	<u>\$13,299,522</u>	<u>\$647,713,801</u>	<u>\$282,421,967</u>

Note: Columns may not add to totals due to rounding.

The State gross receipts tax revenues of the City attributable to the 1.225% levy for Fiscal Year 2013 were \$176,024,010. The maximum calendar year combined debt service requirements for the outstanding State Gross Receipts Tax Obligations of the City as shown in the preceding table are \$16,616,892 (occurring in calendar year 2014). The coverage ratio of the Fiscal Year 2013 State Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 10.59x.

Current Ratings of State Gross Receipts Tax Bonds. The City’s outstanding state gross receipts tax bonds are currently rated “Aa2” by Moody’s, “AAA” by S&P, and “AA” by Fitch.

2014 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2014 payable from General Fund tax revenues, (ii) the property tax debt of certain overlapping jurisdictions and (iii) the per capita debt resulting from such aggregate outstanding amounts as of such date.

**CITY OF ALBUQUERQUE
Debt Calculations for Tax-Supported Obligations
Outstanding as of January 1, 2014**

<u>GENERAL OBLIGATION DEBT⁽¹⁾</u>	<u>Total Outstanding</u>	<u>Per Capita (Population of 552,804⁽²⁾)</u>
Direct G.O. Debt	\$327,865,000	\$593.09
Overlapping Jurisdiction G.O. Debt	<u>657,068,653</u>	<u>1,188.61</u>
Total Direct and Overlapping G.O. Debt	<u>\$984,933,653</u>	<u>\$1,781.71</u>
 SPECIAL TAX OBLIGATIONS		
State Gross Receipts Tax Bonds ⁽³⁾	\$91,665,000	\$165.82
State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds ⁽⁴⁾	<u>88,470,000</u>	<u>160.04</u>
Direct Special Tax Obligations	<u>\$180,135,000</u>	<u>\$325.86</u>

TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS

- (1) See table entitled “City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2014” under this caption.
- (2) United States Census Bureau.
- (3) See table entitled “City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2014” under this caption.
- (4) See table entitled “City of Albuquerque Outstanding State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds as of January 1, 2014” under this caption.

Enterprise Obligations

Airport Revenue Bonds

Outstanding Airport Revenue Bonds. The City presently has outstanding the following special limited obligations secured by net revenues of the Albuquerque International Sunport and Double Eagle II Airport. See “ENTERPRISE OPERATIONS - Albuquerque Airport.”

CITY OF ALBUQUERQUE Outstanding Airport Revenue Bonds as of January 1, 2013

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions ⁽¹⁾
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽²⁾⁽³⁾	Refunding	\$20,610,000	\$9,260,000	MBIA surety	7/1/13 @ 100%
Senior Lien Airport Improvement Revenue Bonds, Series 2004B ⁽³⁾	Fuel Facility, Terminal and Improvement	30,000,000	18,315,000	MBIA surety	7/1/13 @ 100%
Airport Refunding Revenue Bonds, Series 2008A ⁽⁴⁾	Refunding	13,640,000	10,480,000	FSA surety	N/A
Airport Refunding Revenue Bonds, Series 2008B-C ⁽⁴⁾	Refunding	21,290,000	7,135,000	FSA surety	7/1/18 @ 100% (Series C Bonds)
Subordinate Lien Airport Refunding Revenue Bonds, Series 2008E ⁽²⁾	Refunding	26,680,000	6,490,000	\$2,668,000	N/A
Airport Refunding Revenue Bonds, Series 2009A	Refunding	26,080,000	17,130,000	N/A	7/1/20 @ 100%
Airport Refunding Revenue Bonds Series 2011A (AMT)	Refunding	15,375,000	<u>9,485,000</u>	N/A	N/A
Total Airport Revenue Bonds			<u>\$78,295,000</u>		

- (1) These bonds are also subject to mandatory redemption at par on the dates and under certain circumstances relating to damage to or destruction of the Airport or condemnation of all or a part of the Airport as described in the bond documents relating to such bonds.
- (2) These bonds are payable from net revenues of the Airport on a subordinate lien basis to the other outstanding Airport revenue bonds, which are sometimes referred to herein as “Senior Parity Obligations.” See also “Credit Enhancement” under this caption for a description of certain credit enhancement relating to the Series 2004A Bonds.
- (3) National Public Finance Guaranty Corp. (formerly MBIA Insurance Corporation) has provided its bond insurance policy in connection with these bonds. See “Credit Enhancement” under this caption.
- (4) Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp.) has provided its bond insurance policy in connection with these bonds. See “Credit Enhancement” under this caption.

Combined Debt Service. The following schedule shows, for each calendar year, the estimated total combined debt service payable for the outstanding Airport revenue bonds of the City.

Total Combined Outstanding Debt Service of Airport Obligations

Calendar Year	Series 2004B Bonds	Series 2008A Bonds	Series 2008 B&C Bonds	Series 2009A Bonds	Series 2011A Bonds	Total Senior Parity Obligations	Series 2004A Bonds	Series 2008E Bonds	Total Subordinate Obligations	Total Combined Requirements
2014	\$2,493,338	\$2,414,000	\$3,614,926	\$3,254,325	\$3,408,800	\$15,185,389	\$2,214,338	\$6,788,540	\$9,002,878	\$24,188,267
2015	2,410,088	2,429,500	1,736,420	3,255,275	3,412,000	13,243,283	2,211,970	-	2,211,970	15,455,253
2016	2,326,838	2,429,500	493,213	3,253,825	3,400,800	11,904,175	2,173,466	-	2,173,466	14,077,641
2017	2,260,238	2,414,500	482,213	3,249,975	-	8,406,925	2,170,667	-	2,170,667	10,577,592
2018	2,193,638	2,415,000	556,013	3,254,975	-	8,419,625	1,881,469	-	1,881,469	10,301,094
2019	2,110,388	-	531,213	3,255,175	-	5,896,775	-	-	-	5,896,775
2020	2,027,138	-	501,000	-	-	2,528,138	-	-	-	2,528,138
2021	1,956,375	-	-	-	-	1,956,375	-	-	-	1,956,375
2022	1,885,613	-	-	-	-	1,885,613	-	-	-	1,885,613
2023	1,814,850	-	-	-	-	1,814,850	-	-	-	1,814,850
2024	1,739,925	-	-	-	-	1,739,925	-	-	-	1,739,925
Total	\$23,218,429	\$12,102,500	\$7,914,998	\$19,523,550	\$10,221,600	\$72,981,073	\$10,651,910	\$6,788,540	\$17,440,450	\$90,421,523

Note: Columns may not add to totals due to rounding.

In the ordinances pursuant to which the City’s Airport Obligations have been issued, the City has agreed to charge all users of the Airport reasonable rates sufficient to produce Net Revenues (as adjusted in accordance with the authorizing ordinances) annually to cover 120% of the debt service requirements on all outstanding Senior Parity Obligations (“Test No. 1”) and 110% of the debt service requirements on all Outstanding Airport Obligations (“Test No. 2”). The Revenues of the Airport for Fiscal Year 2013 were \$66,933,000. The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$15,185,389 (occurring in calendar year 2014). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2013 (\$36,783,000) to such maximum estimated calendar year debt service requirements is 2.42x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations is \$24,188,267 (occurring in calendar year 2014). With respect to Test No. 2, the coverage ratio of the Net Revenues of the Airport for Fiscal Year 2013, plus investment income from debt service funds (which is not included in Test No. 1) (\$36,843,000) to such maximum estimated calendar year debt service requirements is 1.52x.

Historical Debt Service Coverage. The following table sets forth historical debt service coverage for both Senior Parity Obligations and Subordinate Parity Obligations for the fiscal years shown.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Airport Revenues ⁽¹⁾	\$66,287	\$69,115	\$65,508	\$67,752	\$66,933
Less:					
Operation and Maintenance Expenses	30,166	29,541	29,827	30,649	30,150
Net Airport Revenues	\$36,121	\$39,574	\$35,681	\$37,103	\$36,783
Coverage Test One					
Senior Lien Debt Service Requirements	\$17,932	\$16,395	\$16,178	\$15,962	\$15,073
Test One debt coverage ratio (1.2x)	2.01	2.41	2.21	2.32	2.44
Coverage Test Two					
Interest income from Debt Service Funds	\$593	\$236	\$114	\$105	\$60
Net Airport Revenues plus interest income	\$36,714	\$39,810	\$35,795	\$37,208	\$36,843
Total Debt Service Requirements	\$26,971	\$26,378	\$26,209	\$25,053	\$24,272
Test Two debt service coverage ratio (1.1x) ⁽²⁾	1.36	1.51	1.37	1.49	1.52

⁽¹⁾ Dollars in thousands.

⁽²⁾ The numbers herein, calculated consistent with requirements under applicable debt instruments for the City’s Airport Obligations, vary from the unaudited statistical information reported in tables appended to the City’s Comprehensive Annual Financial Report (“CAFR”) for prior fiscal years which was calculated pursuant to other accounting practices.

Source: City of Albuquerque

Current Ratings of the Airport Revenue Bonds. The majority of the City’s outstanding Airport obligations are credit enhanced. However, in certain circumstances the underlying ratings on the respective bonds are currently higher than the current ratings for the respective bond insurers and, therefore, the underlying ratings, and not the credit-enhanced ratings, should be considered the ratings on the Airport obligations. In those instances, the underlying

ratings are applicable. See “Credit Enhancement” under this caption. The following underlying ratings have been assigned to the Senior Parity Obligations: “A1” by Moody’s, “A+” by S&P and “A+” by Fitch. The following underlying ratings have been assigned to the Subordinate Parity Obligations: “A2” by Moody’s, “A” by S&P and “A” by Fitch.

Joint Water and Sewer System Obligations

The joint water and sewer system was owned by the City and operated by its Public Works Department until December 17, 2003 (the “Water/Sewer System”), and revenue bond debt issued by the City relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature created the Albuquerque Bernalillo County Water Utility Authority (the “Authority”) pursuant to Section 72-1-10 NMSA 1978, as amended, and provided that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System would be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of holders of outstanding debts of the Water/Sewer System. The City has transferred functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System to the Authority, and the policy-making functions of the Water/Sewer System have been transferred to the Authority. The Authority has a minimal relationship with the City under the current Memorandum of Understanding, dated July 1, 2013, by and between the Authority and the City. These ties include the Authority’s rental of space and computer equipment from the City and Authority employees may participate in certain City employment benefits such as medical, dental, vision and life insurance. Other than these limited connections, the Authority operates independently of the City and Bernalillo County, New Mexico.

Information relating to outstanding Water/Sewer System obligations may be found in the Annual Information Statement of the Authority dated January 27, 2014 on file with the Municipal Securities Rulemaking Board.

Refuse Removal and Disposal System Revenue Bonds

Outstanding Refuse System Revenue Bonds. The City presently has outstanding the following special limited obligations secured by net revenues of the City’s refuse removal and disposal system. See “ENTERPRISE OPERATIONS - Refuse Removal and Disposal System.”

CITY OF ALBUQUERQUE
Outstanding Refuse Removal and Disposal Revenue Bonds
As of January 1, 2014

Issue	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions
NMFA – Refuse Removal and Disposal Loan (2004)	System Improvements	\$5,800,000	\$677,986	N/A	Callable on any interest payment date
NMFA – Refuse Removal and Disposal Loan (2008)	System Improvements	2,600,000	<u>853,809</u>	N/A	Callable on any date after March 14, 2009
Total Refuse System Revenue Bonds			<u>\$1,531,795</u>		

Combined Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total combined debt service requirements payable for the City’s outstanding refuse and disposal system revenue bonds through their respective final maturity dates.

CITY OF ALBUQUERQUE
Total Combined Debt Service
Outstanding Refuse and Disposal System Revenue Bonds
As of January 1, 2014

Calendar Year	NMFA Loan (2004)	NMFA Loan (2008)	Combined Debt Service Requirements
2014	<u>\$677,986</u>	\$426,886	\$1,104,872
2015	--	<u>426,923</u>	<u>426,923</u>
Total	<u>\$677,986</u>	<u>\$853,809</u>	<u>\$1,531,795</u>

In the ordinances pursuant to which the City’s refuse and disposal system obligations have been issued, the City has agreed to charge users of the system such reasonable rates as are sufficient to produce net revenues annually to pay 150% of the annual debt service requirements on all outstanding refuse and disposal system obligations. The audited net revenues of the City’s solid waste and refuse disposal system for Fiscal Year 2013 were \$17,191,953. See “ENTERPRISE OPERATIONS - Refuse Removal and Disposal System.” The maximum calendar year combined debt service requirements for the outstanding refuse and disposal system revenue bonds of the City (as shown above) are \$1,104,872 (occurring in calendar year 2014). The coverage ratio of the 2013 refuse and disposal system net revenues (\$17,191,953) to such maximum calendar year combined debt service requirements (\$1,104,872) is 15.5x.

Current Ratings of the Refuse System Revenue Bonds. The City currently does not have any outstanding refuse and disposal system debt with a credit rating.

Housing Obligations

Collateralized Mortgage Obligations

1988 CMO Bonds. On December 28, 1988, the City issued its Municipal Refunding Collateralized Mortgage Obligations, Series 1988A (the “1988 CMO Bonds”) in the aggregate principal amount of \$43,650,000. The 1988 CMO Bonds were outstanding as of January 1, 2014 in the aggregate principal amount of \$5,000,000. The only 1988 CMO Bonds currently outstanding are the Class A-4 Bonds which are zero coupon or capital appreciation bonds. Interest on the 1988 CMO Bonds is subject to federal income taxation.

The 1988 CMO Bonds were issued to provide funds for the purpose of refunding and defeasing the City’s Residential Mortgage Revenue Refunding Bonds, Series 1980. The 1988 CMO Bonds are secured by (i) mortgage loans (the “Mortgage Loans”) with liens on one-to-four family residences (including condominiums) in the City, originally owned by persons of low and moderate income, and (ii) moneys and securities held under the indenture relating to those Bonds. The Mortgage Loans currently are being serviced for the City by mortgage servicing institutions pursuant to certain agreements (collectively, each an “Agreement” and, together, the “Agreements”). Certain scheduled payments on the 1988 CMO Bonds are unconditionally and irrevocably guaranteed pursuant to a bond insurance policy from Financial Guaranty Insurance Company.

The bond insurance policy, the Mortgage Loans, the Agreements, and certain payments received by the Trustee, together with amounts available in the reserve account, and certain other amounts held under the 1988 Indenture, constitute the security for the 1988 CMO Bonds.

Multifamily Revenue Bonds

On December 16, 2008, the City issued its Gross Receipts Tax Revenue Refunding Bonds (Beach, Bluewater and Manzano Vista Projects) Series 2008B (the “Series 2008B Bonds”) in the original principal amount of \$11,275,000 for the purpose of refunding the City’s Affordable Housing Projects Refunding Revenue Bonds, Series 2000.

The Series 2008B Bonds are secured by a lien on, and payable from, State gross receipts tax revenues and the net revenues of the Beach Apartments Project, the Manzano Vista Apartments Project and the Bluewater Village Apartments Project and certain funds and accounts created under the ordinance authorizing issuance of the Series 2008B Bonds. See “OTHER PROJECTS OF THE CITY - Housing Projects.”

A Project Revenue Stabilization Fund was established which, as of January 1, 2014, had a balance of \$500,012. Also in connection with the refunding, a Repair and Replacement Fund was established for the benefit of the three projects which, as of January 1, 2014, had a balance of \$500,011.

Transit-Related Obligations

On July 25, 2006, the City entered into a Lease-Purchase Agreement with BOSC, Inc. for the purchase of buses for the City's Transit Department. The City pledged grant revenues it is scheduled to receive from the United States Federal Transit Authority ("FTA") pursuant to 49 U.S.C. Section 5307 and FTA Regulations for repayment of the Lease-Purchase Agreement. The City has not pledged any ad valorem or gross receipts tax revenues toward repayment of the Lease-Purchase Agreement.

The following schedule shows, for each calendar year, the total debt service requirements payable for the City's outstanding Transit Department Lease-Purchase Agreement through the anticipated final maturity date.

CITY OF ALBUQUERQUE
Debt Service Schedule
Outstanding Transit Department Lease-Purchase Agreement
As of January 1, 2014

Date	Principal	Interest	Total
1/1/2014	\$1,188,881	\$126,203	\$1,315,084
7/1/2014	1,214,415	100,940	1,315,085
1/1/2015	1,239,946	75,139	1,315,085
7/1/2015	1,266,294	48,790	1,315,084
1/1/2016	1,029,716	21,881	1,051,597

Credit Enhancement

The following table sets forth certain information concerning the providers of credit enhancement (including municipal bond insurance and letters of credit) supporting outstanding obligations of the City. Certain City bonds with municipal bond insurance have underlying ratings which are higher than the ratings of the respective municipal bond insurer. In those instances, the underlying rating on the bonds is applicable rather than the credit-enhanced ratings. **The City makes no representation as to the financial status of or otherwise about any of such credit providers; investors should contact the respective provider for any such information.**

CITY OF ALBUQUERQUE
Credit Enhancement Supporting Outstanding Obligations of the City

Name of Credit Provider	Outstanding Aggregate Principal Amount of Obligations Supported	Present Ratings of Credit Provider ⁽¹⁾	Credit Enhanced Obligations
Financial Guaranty Insurance Company ⁽²⁾	\$5,000,000	S & P: rating withdrawn Moody's: rating withdrawn	· Municipal Refunding Collateralized Mortgage Obligations, Series 1988 ⁽³⁾
Assured Guaranty Municipal Corp. (formerly Financial Security Assurance)	\$76,700,000	S & P: AA- Moody's: A2	· Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A ⁽³⁾ · Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽³⁾ · Airport Refunding Revenue Bonds, Series 2008A ⁽³⁾ · Airport Refunding Revenue Bonds, Series 2008B-C ⁽³⁾
National Public Finance Guarantee Corp. (formerly MBIA Insurance Corporation)	\$27,575,000	S & P: A Moody's: Baa1	· Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽³⁾ · Senior Lien Airport Improvement Revenue Bonds, Series 2004B ⁽³⁾

(1) To the City's knowledge as of January 27, 2014.

(2) On April 19, 2013, FGIC Corporation emerged from its Chapter 11 bankruptcy proceedings.

(3) Denotes bonds which have underlying ratings higher than the current ratings from both S & P and Moody's, for the respective municipal bond insurer.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The statistics and other information set forth below have been obtained from the referenced sources. The City has assumed that the information obtained from sources other than the City is accurate without independently verifying it. Historical figures provided under this caption have not been adjusted to reflect economic trends such as inflation. The following information, to the extent obtained from sources other than the City, is not to be relied upon as a representation or guarantee of the City.

The City and Metropolitan Area

Albuquerque is the largest city in the State, accounting for roughly one-quarter of the State's population. Located at the center of the State in Bernalillo County (the "County") at the intersection of two major interstate highways and served by both rail and air, Albuquerque is the major trade, commercial and financial center of the State.

CITY OF ALBUQUERQUE Area in Square Miles

	<u>Square Miles</u>
December 31, 1885	0.36
December 31, 1940	11.15
December 31, 1950	48.81
December 31, 1960	61.94
December 31, 1970	82.72
December 31, 1980	100.31
December 31, 1990	137.46
January 1, 2000	181.70
January 1, 2014	188.80

Source: City of Albuquerque Planning Department

Population

The Albuquerque Metropolitan Statistical Area ("MSA") includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

POPULATION

<u>Year</u>	<u>City</u>	<u>Bernalillo County</u>	<u>Albuquerque MSA</u>	<u>State</u>
1960	201,189	262,199	292,500 ⁽¹⁾	951,023
1970	244,501	315,774	353,800 ⁽¹⁾	1,017,055
1980	332,920	420,262	485,500 ⁽¹⁾	1,303,303
1990	384,736	480,577	589,131	1,515,069
2000 ^{(2) (4)}	448,607	556,678	729,649	1,819,046
2005 ⁽³⁾	497,543	606,502	797,146	1,912,884
2010 ⁽⁴⁾	545,852	662,564	887,077	2,059,179
2011 ⁽³⁾	552,180	669,880	897,320	2,078,674
2012 ⁽³⁾	555,417	673,460	901,700	2,085,538

- (1) Because Valencia County was split into two counties in 1981, official data is not available prior to that year for the Albuquerque MSA. Figures shown represent estimates by the University of New Mexico Bureau of Business and Economic Research.
- (2) April of 2000 is the month and year of the Census. It is reported as the benchmark; all other years are as of July of the year. The Census in 2000 expanded the Albuquerque MSA to include Torrance County, population of 16,911.
- (3) U.S. Dept. of Commerce, Bureau of the Census, Population Division.
- (4) 2010 decennial census U.S. Dept. of Commerce, Bureau of the Census.

Sources: U.S. Dept. of Commerce, Bureau of the Census, except as indicated in footnotes.

Population in the City grew at a compounded annual rate of 1.97% during the 1960s, 3.13% during the 1970s, 1.46% during the 1980s, 1.55% during the 1990s and 2% annually for 2000 to 2010. The percentage of the State's population in the City was 21.2% in 1960, 24.0% in 1970, 25.5% in 1980, 25.4% in 1990, 24.7% in 2000, and 26.5% in 2010.

Age Distribution

The following table sets forth a comparative age distribution profile for the City, the State and the United States.

Population by Age Group

<u>Age</u>	<u>City</u>	<u>State</u>	<u>U.S.</u>
0-17	23.79%	24.76%	23.37%
18-24	9.62%	9.80%	9.98%
25-34	15.21%	13.16%	13.21%
35-44	12.88%	11.78%	12.74%
45-54	12.98%	12.94%	13.84%
55 and Older	25.52%	27.56%	26.86%

Source: The Nielsen Company, 2014

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2003 to Fiscal Year 2012 grew at an average of 0.3% a year. This growth is limited due to declines in employment in Fiscal Year 2009 through Fiscal Year 2012. The local economy posted strong growth in Fiscal Years 2006 and 2007 but growth slowed to 0.4% in Fiscal Year 2008 and

declined by 2.2% in Fiscal Year 2009 and 3.4% in Fiscal Year 2010. In Fiscal Year 2011 employment declined by 0.7% and in Fiscal Year 2012 it was near flat with a 0.1% decline.

The information on non-agricultural employment for the State and the Albuquerque MSA reported in the following table represents estimates by the New Mexico Department of Workforce Solutions. More detailed information on non-agricultural employment can be found in the table entitled “Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2004-2013” under the heading "Major Industries" under this caption.

Non-Agricultural Employment (000s)

Fiscal Year	<u>ALBUQUERQUE MSA</u>		<u>NEW MEXICO</u>		<u>UNITED STATES</u>	
	<u>Employment</u>	<u>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>
2004	363	0.2%	783	1.53%	130,517	0.3%
2005	369	1.5%	799	2.00%	132,486	1.5%
2006	385	4.5%	821	2.68%	134,980	1.9%
2007	394	2.4%	838	2.03%	136,919	1.4%
2008	396	0.4%	847	1.06%	137,662	0.5%
2009	387	(2.2%)	832	(1.77%)	133,868	(2.8%)
2010	374	(3.4%)	805	(3.25%)	129,714	(3.1%)
2011	371	(0.7%)	803	(0.25%)	130,505	0.6%
2012	368	(0.9%)	804	0.11%	132,578	1.6%
2013	368	0.0%	807	0.4%	134,733	1.6%

Sources: Albuquerque MSA and New Mexico data based on figures from the New Mexico Department of Workforce Solutions; U.S. data from the U.S. Department of Labor.

Civilian Employment/Unemployment Rates

Fiscal Year	Civilian Labor Force	Number Employed	Albuquerque MSA	New Mexico	United States
2004	383,328	362,304	5.48%	5.95%	5.80%
2005	389,323	369,149	5.18%	5.52%	5.30%
2006	396,772	379,431	4.37%	4.64%	4.82%
2007	403,738	389,569	3.51%	3.64%	4.54%
2008	406,748	391,537	3.74%	3.72%	4.84%
2009	406,700	382,776	5.88%	5.64%	7.27%
2010	401,586	370,035	7.86%	7.65%	9.73%
2011	399,627	367,115	8.14%	7.74%	9.29%
2012	397,445	366,932	7.68%	7.18%	8.60%
2013	399,252	370,674	7.16%	6.82%	7.83%

Sources: New Mexico Department of Workforce Solutions and United States Department of Labor.

The following table lists the major employers in the Albuquerque area and their estimated number of full-time and part-time employees for 2013. Albuquerque Public

Schools, University of New Mexico, Kirtland Air Force Base, Sandia National Laboratories, the City and Presbyterian Healthcare Services were the largest employers in the Albuquerque area.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2013

ORGANIZATION	EMPLOYEES	DESCRIPTION
Albuquerque Public Schools	14,810	Public School District
University of New Mexico	14,644	Educational Institution
Sandia National Labs	8,930	Science-Based Technologies that Support National Security
Presbyterian Healthcare Services	8,217	Hospital/Medical Services
Kirtland Air Force Base (Civilian)	6,095	Air Force Material Command
UNM Hospital	5,959	Hospital/Medical Services
City of Albuquerque	5,854	Government
State of New Mexico	5,590	Government
Kirtland Air Force Base (Military Active Duty)	4,520	Air Force Material Command
Lovelace	4,000	Hospital/Medical Services
Intel Corporation	3,500	Semiconductor Manufacturer
Bernalillo County	2,348	Government
Central New Mexico Community College	1,976	Educational Institution

(1) For a discussion regarding major employers and certain changes which may impact their number of employees, see "Major Industries" under this caption.

Source: City survey of employers.

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy. The latest information available to the City is for Fiscal Year 2013 (June 30, 2013) unless otherwise noted. The City makes no projections or representations, nor shall the provision of such information create any implication that there has been no change in the described employment sectors of the City or that any historical trends set forth herein will continue.

The industry composition of the Albuquerque economy is similar to the United States economy. The two material differences are that manufacturing makes up a smaller portion of the Albuquerque economy and government plays a bigger role. State government is a significant portion of the Albuquerque economy due to the University of New Mexico, and the federal government is significant due to civilian and military employment at Kirtland Air Force Base, and regional offices for the Veterans Administration, the United States Forest Service and Social Security Offices.

In general the Albuquerque economy has not recovered as well from the recession as the United States as a whole or the majority of other states or metropolitan areas. In Fiscal Year 2013, statistical changes in employment in the Albuquerque MSA were flat, while they increased by 0.4% and 1.6% in the State and the United States, respectively. More recent job information shows that employment is beginning to increase in the Albuquerque MSA. These increases began in April 2013 and have continued through the most recent information in November 2013, with a total increase of approximately 1.0%.

Employment by the federal government in the Albuquerque MSA declined in both Fiscal Years 2012 and 2013. The City believes the reductions in federal government employment in Fiscal Year 2012 were most likely due to federal agencies not filling vacancies in preparation for possible cuts through sequestration. On January 17, 2013, the United States Air Force put a hiring freeze on all civilian government employment to prepare for possible reductions. Kirtland Air Force Base has approximately six thousand civilian employees. The sequestration continued to put downward pressure on federal government hiring. While the recent budget resolution ends some of the uncertainty in federal funding it is expected that funding will be at lower levels than in the past.

The unemployment rates in both Albuquerque and the State have remained below the United States unemployment rate. The percentage changes in the unemployment rate in Albuquerque have increased or decreased by roughly the same percentages as the United States since 2008. Even though the unemployment rate has declined in the Albuquerque MSA, some of this is due to workers leaving the labor force and not being counted as unemployed.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 17% of Albuquerque MSA employment. As a whole, employment in this sector decreased by an annual average of 0.8% from Fiscal Year 2004 to Fiscal Year 2013. Wholesale trade, retail trade and utilities lost employment in this period. Retail is an important sector for the City and makes up approximately 36% of gross receipts tax revenues. Gross receipts tax revenues from retail trade were adversely affected during the recession with several layoffs in this sector and closures of several chain stores. Employment in the sector as a whole declined 5% in Fiscal Year 2009 and has continued to lose jobs. The job market is smaller in Fiscal Year 2013 and employment was nearly flat with a loss of 0.4% annually.

Health Services and Education. Albuquerque is a major regional medical center. Presbyterian Healthcare Services is one of the largest employers in the area. This is the fastest growing category in the Albuquerque MSA economy. From Fiscal Year 2004 to Fiscal Year 2013, the average annual growth was 3.3%. The sector now makes up 15.4% of non-agricultural employment. Much of this growth is due to a change in Medicare policy that allows payment for home healthcare. Although the educational sector is small in comparison to the health services sector, the educational sector has also grown substantially in the past several years. In Fiscal Year 2013, the growth of the health services and employment sectors levelled off with 1.2% growth.

Leisure and Hospitality. This sector includes eating and drinking establishments as well as hotels and other tourist-related facilities. Employment for the sector showed average annual growth of 1.0% from Fiscal Year 2004 to Fiscal Year 2013. In Fiscal Year 2013, employment increased 2.6% making it one of strongest sectors with a total of 10.6% of non-agricultural employment. Gross receipts tax revenues for this sector have recovered after a decline in Fiscal Year 2009 and no growth in Fiscal Year 2010, with a 5% increase in Fiscal Year 2011, a 3% increase in Fiscal Year 2012 and flat growth in Fiscal Year 2013.

Lodging accounts for approximately 10% of the total gross receipts tax revenues for this sector. After increasing between Fiscal Years 2002 and 2008, lodgers' tax revenues in Fiscal Year 2009 showed a decline of 11.2%, with an additional 2% decline in Fiscal Year

2010. Lodgers' tax revenues increased 1.2% in Fiscal Year 2011, declined 0.4% in Fiscal Year 2012, and grew 3% in Fiscal Year 2013.

Professional and Business Services. This sector includes temporary employment agencies, back-office operations, Sandia National Labs ("Sandia") and other scientific and research facilities. This sector had peak employment in Fiscal Year 2009 of 64,342 jobs, decreasing to 54,575 jobs in Fiscal Year 2013 with a 2.1% decline from Fiscal Year 2012 to Fiscal Year 2013. Much of this decrease is due to declines in engineering and architectural services as construction slowed dramatically. The sector now accounts for 14.8% of non-agricultural employment in the Albuquerque MSA.

The budget for Sandia remained about \$2.2 billion for Fiscal Years 2008 to 2010, and increased to approximately \$2.4 billion in Fiscal Years 2011 through 2013. The Sandia Science and Technology Park houses research facilities and/or manufacturing that benefit from the expertise available from Sandia. Lowe's home improvement centers hired approximately 600 back-office jobs through Fiscal Years 2012 and 2013. Air USA, a tactical aircraft services company, announced it will move its headquarters from Quincy, Illinois, to Albuquerque, creating up to 200 jobs. The company provides combat training to the U.S. military, other government contractors, and NATO allies.

Manufacturing. This sector accounted for 4.7% of City employment in Fiscal Year 2013, after a loss of over 10,000 manufacturing jobs between Fiscal Years 2000 and 2010. Over the past three fiscal years, this sector has experienced modest growth in Fiscal Years 2011 and 2012, but saw a decrease of 2.5% in Fiscal Year 2013. Notably, events over the past few years include Schott Solar closing its manufacturing plant in June of 2012, resulting in a loss of 250 positions, and Bendix/King, a subsidiary of Honeywell Aerospace, moving its headquarters to Albuquerque with a related 140 jobs.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline in employment of 2.1% from Fiscal Year 2004 to Fiscal Year 2013, in part due to closures of call centers for MCI, Comcast and QWEST (now Century Link). In Fiscal Year 2013 the sector posted a gain of 8.3% and currently makes up 2.3% of non-agricultural employment. The film industry is included in this sector and there has been significant activity in this sector in recent years in large part due to the State's film tax credits program. In addition to movies and television shows being filmed in Albuquerque, a large sound studio (Albuquerque Studios) has been built within the City.

Government. Over the past ten years government employment (comprised of federal, state and local employees) has increased its share of non-agricultural employment in the City from 19.7% to 22.4%. However, the sector lost approximately 900 jobs in Fiscal Years 2011 and 2012 due to reductions in government funding and overall weakness in the economy. "Government," as defined by the U.S. Department of Labor for purposes of reporting non-agricultural employment, does not include military employment, which represents approximately 4,860 jobs in the Albuquerque MSA. In addition, "government" does not include employment at Sandia which is operated by a private contractor, although funded by the federal government (primarily the Department of Energy), and its approximately 8,800 jobs are counted in the Professional and Business Services sector discussed above. Some of the largest employers in the Albuquerque MSA are in the government sector, including

Albuquerque Public Schools, the University of New Mexico, Kirtland Air Force Base and the City.

Federal government employment in Albuquerque increased by approximately 1,625 jobs from Fiscal Year 2004 to Fiscal Year 2013, with many of these jobs with the U.S. Forest Service. However, these increases have receded in recent fiscal years with losses of approximately 300 federal jobs in Fiscal Year 2012 and 683 federal jobs in Fiscal Year 2013. State government employment has increased over the past several years and there were no years where State government reduced employment in Albuquerque. The majority of these jobs are at the University of New Mexico and the University of New Mexico Hospital. Local government employment over the past several years has increased by approximately 5,000 jobs. The increase is related, in part, to the inclusion of tribal casinos in this sector, some of which have evolved into destination resorts. Several of these resorts are operated by private companies and employment is therefore included in the private sector. The largest portion of employment in the local government sector is Albuquerque Public Schools.

Military. Federal military employment is not specifically categorized as a non-agricultural employment sector within the City. However, military employment is an important part of the Albuquerque economy. Kirtland Air Force Base is a major military installation and home to over 150 different operations. The University of New Mexico's Bureau of Business and Economic Research estimated that total military employment in the Albuquerque MSA declined slightly between Fiscal Years 2004 and 2013. The general downtrend of military jobs reflects the decision of the military to replace some military jobs with civilians.

Financial Activities. This sector includes finance, insurance, credit intermediation and real estate. Currently, the Financial Activities sector comprises 4.7% of the non-agricultural employment in the City. Employment in this sector experienced 0.8% average annual decline from Fiscal Year 2004 to Fiscal Year 2013. Since Fiscal Year 2006, the sector has lost approximately 1,900 jobs. The job losses result primarily from the slowdown in the real estate market and the problems and consolidation of the financial sector in general. In Fiscal Year 2013 the sector posted a small gain as real estate and banking improved.

Construction. Construction employment in the Albuquerque MSA is generally cyclical. There can be large increases in employment due to large road projects, commercial expansions or strong residential construction, and, conversely, large decreases upon completion of such projects. Fiscal Year 2007 had employment of 31,150, a new maximum for this sector and an increase of 7,600 jobs from Fiscal Year 2003. Employment has fallen steadily and in Fiscal Year 2013 employment was at 18,725 jobs. This corresponds to a loss of over 12,000 jobs since the peak in Fiscal Year 2007 and is directly related to the slowdown in single family and commercial construction.

The City averaged around 5,000 single-family housing permits between Fiscal Years 2003 through 2005. Permits began declining in 2006 and fell to only 436 permits in Fiscal Year 2009. Permits have increased since 2009, but only reached 923 in Fiscal Year 2013. The value of new commercial permits has generally declined since 2006. Some of these declines in recent years were offset by public construction. In Fiscal Year 2012, despite a decrease in new commercial permit values, there was an increase of 6.7% overall in building permit values. While still at historically low levels, this is the first increase in total building permit values since Fiscal Year 2006. Permit values in Fiscal Year 2013 continued this upward trend and in

total increased in value 29%. Multi-family and commercial were strong contributors to this growth. Additions and alterations have shown strong growth with Fiscal Year 2013 being one of the highest totals in the past ten years.

BUILDING PERMITS ISSUED IN THE CITY OF ALBUQUERQUE

Fiscal Year	Single Family		Multi-Family		Commercial		Public		Additions & Alterations	Total Permits
	Permits	\$ Value	Units	\$ Value	Permits	\$ Value	Permits	\$ Value	\$ Value	\$ Value
2004	5,046	575,455,103	1,000	60,496,038	120	127,369,680	10	29,698,218	131,866,466	924,885,505
2005	4,967	720,890,242	470	25,206,921	131	113,672,827	16	58,844,052	166,695,983	1,085,310,025
2006	4,373	731,846,449	389	32,917,627	156	213,525,989	9	43,710,103	154,431,159	1,176,431,317
2007	2,490	467,022,842	1,083	103,574,132	125	206,558,035	4	14,681,069	268,512,462	1,060,348,540
2008	1,214	222,075,316	638	45,836,909	124	220,788,429	10	79,282,230	225,299,537	793,282,421
2009	436	77,223,886	198	18,549,849	81	103,040,438	20	58,529,283	233,224,405	490,567,861
2010	876	140,369,408	168	14,763,081	34	26,197,123	8	18,076,792	209,624,603	409,031,007
2011	725	120,749,010	278	37,022,789	45	65,940,484	1	3,300,300	165,845,129	392,857,712
2012	846	153,465,589	350	32,509,563	36	46,257,090	4	31,907,654	165,883,476	430,023,373
2013	923	170,470,736	945	73,378,214	63	78,523,292	4	5,545,791	226,949,710	554,867,742
Growth 2012 to 2013	9.1%	11.1%	170.0%	125.7%	75.0%	69.8%	0.0%	(82.6%)	36.8%	29.0%

Below

Total Housing Units in the City of Albuquerque	Total Units	Single Family	Multi-Family	Mobile Homes & Others
As of 1990 Census	166,870	101,780	55,931	9,159
1990-2000 Housing Units Added	31,844	24,863	7,354	(373)
As of 2000 Census	198,714	126,643	63,285	8,786
2000-2010 Housing Units Added	40,452	35,858	3,554	1,040
As of 2010 Census	239,166	162,501	66,839	9,826
2012-2013 Housing Units Added	4,067	2,494	1,573	n/a
Estimated Units as of July 2013	243,233	164,995	68,412	9,826

Sources: City of Albuquerque Planning Department; Census Bureau, U.S. Department of Commerce.

Historical Employment by Sector

The following table describes by industry sector the estimated nonagricultural wage and salary employment for the Albuquerque MSA during the past ten years.

Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2012 to 2013	Annual Average Growth 2004- 2013	Industry Share 2013 ABQ	Industry Share 2013 USA
Natural Resources/Mining/Constr.	24,033	25,825	30,417	31,150	29,617	25,942	22,458	20,867	19,183	18,725	(2.4%)	(2.7%)	5.1%	4.2%
Manufacturing	23,833	23,075	23,433	24,133	22,883	20,242	17,517	17,642	17,750	17,308	(2.5%)	(3.5%)	4.7%	9.0%
Trade Transportation and Utilities	66,017	65,633	67,183	68,176	69,133	65,642	62,425	61,975	61,533	61,292	(0.4%)	(0.8%)	16.7%	19.0%
• Wholesale Trade	13,075	12,975	13,083	13,292	13,367	12,408	11,900	11,533	11,425	11,492	0.6%	(1.4%)	3.1%	4.2%
• Retail Trade	42,408	42,300	43,683	44,167	44,833	43,017	41,117	40,925	40,642	40,308	(0.8%)	(0.6%)	11.0%	11.1%
• Transportation, Warehousing and Utilities	10,533	10,358	10,417	10,717	10,933	10,217	9,408	9,517	9,467	9,492	0.3%	(1.1%)	2.6%	3.7%
Information	10,383	9,450	9,008	9,375	9,200	9,150	9,008	8,525	7,950	8,592	8.1%	(2.1%)	2.3%	2.0%
Financial Activities	18,900	19,058	19,375	19,167	18,983	18,375	18,133	17,492	17,475	17,592	0.7%	(0.8%)	4.8%	5.8%
Professional & Bus. Svcs	57,717	58,708	61,992	63,492	64,342	67,725	58,192	57,400	55,742	54,575	(2.1%)	(0.6%)	14.8%	13.3%
Educational and Health Services	42,100	44,300	47,108	48,542	49,850	52,642	54,100	55,083	55,908	56,583	1.2%	3.3%	15.4%	15.2%
Leisure and Hospitality	35,600	36,217	37,408	39,158	39,392	37,950	37,183	37,225	38,017	38,992	2.6%	1.0%	10.6%	10.2%
Other Services	11,700	11,758	11,992	12,183	12,325	12,267	11,800	11,742	11,717	11,800	0.7%	0.1%	3.2%	4.0%
Government	72,867	74,475	77,283	78,992	80,317	82,200	83,100	83,200	82,553	82,283	(0.3%)	1.4%	22.4%	16.6%
LOCAL GOVERNMENT	35,692	38,650	38,075	39,067	40,208	41,625	41,617	41,342	40,717	40,692	(0.1%)	1.5%	11.1%	10.7%
STATE GOVERNMENT	23,050	23,708	24,800	25,375	25,625	25,658	25,850	26,083	26,342	26,800	1.7%	1.7%	7.3%	3.8%
FEDERAL GOVERNMENT	14,125	14,117	14,408	14,550	14,483	14,917	15,633	15,775	15,475	14,792	(4.4%)	0.5%	4.0%	2.1%
Total Nonagricultural	363,150	368,500	385,200	394,367	396,042	387,133	373,917	371,150	367,808	367,742	0.0%	0.1%	100.0%	100.0%

Source: Data (as of June 30, 2013) provided by the New Mexico Department of Labor.

Income

The following table sets forth annual per capita personal income levels for the Albuquerque MSA, the State and the United States. The Bureau of Economic Analysis defines “earnings” to include wages and salaries, proprietor’s income and other labor income (such as bonuses).

Per Capita Personal Income

Calendar Year	Albuquerque MSA	New Mexico	United States
2003	\$29,466	\$26,307	\$32,676
2004	30,300	27,470	34,300
2005	31,628	29,095	35,888
2006	33,189	30,610	38,127
2007	34,102	31,963	39,804
2008	34,978	33,399	40,873
2009	34,151	32,491	39,357
2010	34,177	33,170	40,163
2011	35,529	34,782	42,298
2012	36,272	35,682	43,735

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

FINANCIAL INFORMATION

General

Taxes and Revenues

The City is a home rule charter municipality. No tax imposed by the governing body of a charter municipality, unless authorized by general law, becomes effective until approved at an election of its voters. Taxes authorized by general law that may be imposed without an election include a property tax for general purposes (up to a maximum of 7.65 mills), which is set by the State Department of Finance and Administration, and certain local-option gross receipts taxes, except that an election to impose certain local-option gross receipts taxes must be called if required by statute or if the governing body provides in the ordinance that the tax shall not be effective until approved at an election or upon the filing of a petition meeting certain requirements requesting that an election be held. The City does not have the power to impose a tax on income.

The general policy of the City is to charge for services where those who benefit from the services are easily identified and charged according to their use and benefit. Thus, refuse, golf and airport services are intended to be self-supporting. Permits and inspection fees are established in relation to the cost of providing control and inspection and as permitted by law. Other fees, including admission fees to the zoo, fees charged participants in adult sports programs, rider charges for transit services, charges for municipal parking facilities, and fees charged for filing of plats and subdivisions, help offset some of the costs of providing these services.

Budget Process - Operating Funds

The City operates on a Fiscal Year basis, from July 1 through June 30. Pursuant to the City Charter, the Mayor, in consultation with the Council, formulates the City's operating budget and submits it to the Council on or before April 1 of each year. Budget data is prepared on the modified accrual basis, consistent with the City's basis of accounting. Governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting, while enterprise and nonexpendable trust funds are on an accrual basis. Transactions are recorded in individual funds and each is treated as a separate entity. The Council is required to hold at least three public hearings and must adopt an operating budget within sixty (60) days after it is proposed by the Mayor or the Mayor's proposed budget is deemed adopted. The annual City operating budget determines departmental appropriations by program. Expenditures may not legally exceed appropriations. The financial officers and staff of each department are responsible for monitoring and controlling the expenditures of their departments to ensure that budgeted appropriations for their departments are not exceeded. The City's Office of Management and Budget monitors expenditures and revenues quarterly. Budget amendments during or after the end of the Fiscal Year require approval of the Mayor and the Council, except that the Mayor has authority to adjust program budgets up to 5% or \$100,000, whichever is less, provided that no such adjustment shall result in a change in the total expenditures authorized in the budget for City government as a whole.

Budget Process - Estimates, Forecasting and Revision of Revenues

In May or June of each year the Council adopts a budget for the upcoming Fiscal Year (beginning July 1). The City prepares revenue forecasts for five-year periods (referred to as the "Five-Year Forecast") each December and updates the budget year forecast prior to introduction of the Mayor's proposed general fund budget. All revenue forecasts are prepared by the City Office of Management and Budget. These forecasts make certain adjustments to revenue forecasts in the current budget based on events occurring since the preparation of the budget and provide a starting point for preparation of the next year's budget. The Forecast Advisory Committee, comprised of economists and others from City government, the University of New Mexico, State government and the private sector, reviews forecasts and makes recommendations. After incorporating any recommendations of the Advisory Committee, the Five-Year Forecast is presented to the Council. In response to changing conditions and revenue forecasts, the City may amend the budget at any time during the year.

Budget Process - Capital Funds

The budget amounts of the capital project funds and certain of the special revenue funds are individual project budgets authorized by the Council for the entire length of the project which is not necessarily the same as the Fiscal Year of the City. Pursuant to City ordinance, the Mayor develops a capital implementation program ("CIP") which consists of a ten-year plan of capital expenditures, including a more detailed two-year CIP budget, and submits it to the Council by January 23 of each odd-numbered year. See "Capital Implementation Program" below. The Council is required to hold at least one public hearing and must approve the budget as proposed or as the Council amends it within sixty (60) days after the submission date. The Mayor may change the amount designated for a specific capital project in a CIP budget without Council approval, if the total change does not exceed 20% of the original amount designated for the project.

A City ordinance also sets forth requirements for Council review and approval of certain applications or proposals for federal grants. Once the Council has approved a federal grant application, the Mayor is authorized to expend any funds awarded as a result of the grant application if the grant does not require the City's commitment of funds or resources which were approved by the Council to be increased by more than 10% and if the goals, objectives and proposed programs included in the application approved by the Council have not changed.

The General Fund

General Fund Revenues

The General Fund is the City's primary operating fund and is used to account for the general operations of the City and for all financial resources, except those required to be accounted for in another fund. The City has reserve accounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. Set forth below are discussions of General Fund revenues in Fiscal Year 2013, the approved Fiscal Year 2014 budget and Five-Year-Forecast for Fiscal Year 2014.

Fiscal Year 2013 Budgeted and Actual

The original revenue estimate for Fiscal Year 2013 was \$471.3 million. The economic improvement that was expected to occur did not materialize and the City reduced projected Fiscal Year 2013 revenues by \$6.2 million to \$465.1 million. The actual receipts were \$3 million above that estimate at \$468.1 million

Gross Receipts Taxes.

Gross receipts tax revenues were budgeted at \$302.3 million in the Fiscal Year 2013 budget, which constitutes expected growth of 2.45%. However, based on actual receipts during Fiscal Year 2013, the City determined the projected growth was not occurring and revised the budgeted gross receipts tax revenues down \$8.3 million, or growth of 0.7%. At the end of Fiscal Year 2013, actual gross receipts tax revenues were \$296.7 million, equating to growth of 1.2% or \$2.7 million above the revised estimate.

Local Tax Revenues.

The City budgeted for property tax revenues to decline in Fiscal Year 2013 based on the Bernalillo County Assessor's property value assessments. In actuality, property tax revenues increased by 1.2% and were \$1 million above the budgeted estimate.

Licenses and Permits.

Building inspection and permitting revenue was stronger than originally projected in the Fiscal Year 2013 budget. The actual revenues were 16.4% above Fiscal Year 2012 levels and \$1.3 million above the Fiscal Year 2013 budget estimate.

Charges for Services.

In Fiscal Year 2013, actual revenues from charges for services were \$1.4 million below budget projections, in large part due to a \$3 million reduction in a CIP funded position. The reduction in revenues was offset by a corresponding reduction in expenses. Charges for City

services and entrance to City venues increased by \$2.3 million from the budget. This was due to increases in construction charges and eight months of a fee increase at the bio-park.

Other Transfers.

Transfers in Fiscal Year 2013 included a one-time transfer of \$659,000. The remaining transfers are largely ongoing transfers between City funds.

Fiscal Year 2014 Approved Budget (Revenues)

This section describes the Fiscal Year 2014 approved budget. At the time of drafting the budget, the Fiscal Year 2013 revenues were estimated and not the preliminary actual numbers described above.

Revenues for the approved Fiscal Year 2014 budget are \$472.8 million, an increase of \$7.7 million or 1.7% above the estimated revenues for Fiscal Year 2013. Recurring revenues increase by 2.2% from the estimated Fiscal Year 2013 revenues.

Gross Receipts Taxes.

Gross receipts tax revenues are expected to increase 1.7% over Fiscal Year 2013 estimates. The increase is based on expected economic growth, but tempered by the fact that the Albuquerque economy continued to lose jobs through the first eight months of Fiscal Year 2013.

Local Tax Revenues.

Property tax revenues are expected to grow by 1% and franchise fee revenues are expected to be 2.2% above Fiscal Year 2013 levels.

Licenses and Permits.

Building permit revenues are expected to show relatively strong growth at 20% above the Fiscal Year 2013 estimate. This corresponds with the growth in building permit values. Other permits revenues are tied to growth in population and the economy.

Charges for Services.

Growth is expected at less than 1%. Entrance fees, other than the completed year of the fee increase at the bio-park, are budgeted to remain flat and there is very limited growth in reimbursements for services provided by City employees.

Other Transfers.

Transfers from other funds are expected to decline in Fiscal Year 2014. This is due to loss of \$649,000 in one-time revenue from the Special Assessments District Fund in Fiscal Year 2013.

Fiscal Year 2014 Approved Budget (Expenditures)

The approved General Fund budget for Fiscal Year 2014 is \$480.3 million which reflects a nominal 1.0% increase over the original Fiscal Year 2013 budget of \$475.6 million. Significant recurring cost increases include employee health benefits, transfers to Risk Management, employee pay adjustments, water utility costs, and transfers to other funds such as Transit and Capital Acquisition. A number of reductions were made to balance recurring costs to recurring revenue. These reductions were made after careful review to determine which would have the least impact on service delivery to City residents. They include eliminating 28 vacant positions in the General Fund and subsidized funds, adjusting salary savings for certain departments, and reducing contract services and other operating line items where the reductions would have the least impact. In addition, the City entered into a fuel hedge agreement extending through June 30, 2014 to provide a fixed price for nearly 4.5 million gallons of diesel and unleaded fuel purchased.

Since the Five-Year Forecast done in December 2012, the amount of projected carry-forward balance in the General Fund has increased resulting in one-time resources. These resources are used for a number of one-time costs in the Fiscal Year 2014 budget including an additional \$3 million transfer to capital for ABQ: The Plan, a \$1.2 million subsidy to the Parking Department for debt service, \$903,000 for a municipal election, \$500,000 in Family & Community Services for a reimbursement to the federal Housing and Urban Development Department, \$497,000 in cultural and economic development contracts, and \$306,000 for an update to the bio-park's Master Plan.

This Fiscal Year 2014 Budget is essentially a maintenance-of-effort budget with very few changes from Fiscal Year 2013. Funding for social service contracts is largely unchanged, with changes in contractors reflecting the latest round of competitive bidding. The passage of an increase in minimum wage from \$7.50 to \$8.50 was considered and analyzed. The full year impact with no changes in staffing is estimated to cost nearly \$800,000 to the General Fund. However, some savings are expected after pay plans for temporary employees were restructured. In the final budget, only \$100,000 was added to aquatics for lifeguards and other support staff. Other departments are expected to realign staffing to accommodate the minimum wage increase.

Utilities were also analyzed for the larger departments looking at a 3-year history. Some re-alignments were made, but only the Parks and Recreation Department was given additional funding of \$700,000 to accommodate added acreage coming-on-line and the increased water usage rates related to a 5% rate increase passed by the Albuquerque Bernalillo County Water Utility Authority.

Total General Fund reserves are at \$43.7 million. The base reserve of \$40 million represents 1/12 of appropriations. The City reserves an additional \$600,000 for fiscal prudence. The City has also reserved \$2.4 million for potential employee pay increases subject to negotiations under applicable collective bargaining agreements. This reserve is the equivalent of one percent for all employees covered under collective bargaining agreements with the City. Also reserved is \$667,000 for a potential runoff election.

The City moved the Household Hazardous Waste Program from the Environmental Health Department to the Solid Waste Department (SWD) and budgeted \$700,000 for the

Program. The Solid Waste Department previously paid for the program with a transfer to the General Fund.

The City's cost allocation model was updated for the Fiscal Year 2014 budget, the first update since Fiscal Year 2008. The model calculates the indirect rates charged to internal service departments and granting agencies. The new calculations for indirect rates resulted in additional revenue for the General Fund, offset partially by additional transfers from the General Fund to the Transit Department and other subsidized funds.

Fiscal Year 2014 update for Five-Year Forecast

The City Administration provided a Five-Year Forecast to City Council in January 2014. The first year of the Forecast is a re-estimate of the Fiscal Year 2014 revenues. Mostly due to strength in gross receipts tax revenues, the total re-estimated revenues for Fiscal Year 2014 are \$4.3 million above the Fiscal Year 2014 budget. Gross receipts tax revenues began increasing at the end of Fiscal Year 2013 and have continued for the first six months of Fiscal Year 2014 with revenues 3.7% above the first six months in Fiscal Year 2013. Property taxes are also expected to be larger than the budgeted amount in Fiscal Year 2014 due to an increased tax base in Fiscal Year 2013 with projected growth of 0.8%. Some of these gains are offset by slightly weaker than budgeted building and inspection revenues, though growth is still strong at approximately 10%.

The Five-Year Forecast estimates expenditures in Fiscal Year 2014 to be at budget, including additional appropriations passed by the City Council. The revised expenditure total is \$483.9 million. The Fiscal Year 2014 budget has an available fund balance of \$534,000 compared to the Five-Year Forecast which provides for a Fiscal Year 2014 fund balance of \$6.2 million. This disparity is largely the result of higher revenues and lower expenses for Fiscal Year 2013 based on unaudited actual figures. Additionally, actual revenues in Fiscal Year 2014 are greater than budgeted for Fiscal Year 2014.

GENERAL FUND

(\$000's)	Fiscal Year 2013 Original Budget	Fiscal Year 2013 Estimated	Change	% Change	Fiscal Year 2014 Approved Budget	Change Est. Actual Fiscal Year 2013 & Approved Fiscal Year 2014	% Change
Revenue							
Recurring	\$470,229	\$462,786	(\$7,443)	(1.58%)	\$472,771	\$9,985	2.16%
Non-Recurring	<u>1,075</u>	<u>2,330</u>	<u>1,255</u>	<u>116.74%</u>	<u>71</u>	<u>(2,259)</u>	<u>(96.95%)</u>
TOTAL	<u>\$471,304</u>	<u>\$465,116</u>	<u>(\$6,188)</u>	<u>(1.31%)</u>	<u>\$472,842</u>	<u>\$7,726</u>	<u>1.66%</u>
Expenditure							
Recurring	\$468,843	\$459,113	(\$9,730)	(2.08%)	\$470,204	\$11,091	2.42%
Non-Recurring	<u>6,758</u>	<u>13,515</u>	<u>6,757</u>	<u>99.99%</u>	<u>10,131</u>	<u>(3,384)</u>	<u>(25.04%)</u>
TOTAL	<u>\$475,601</u>	<u>\$472,628</u>	<u>(\$2,973)</u>	<u>(0.63%)</u>	<u>\$480,335</u>	<u>\$7,707</u>	<u>1.63%</u>
Recurring Balance	\$1,386	\$3,673			\$2,567		

Details on the City's Fiscal Year 2014 Budget and Five-Year Forecast are available on the City website at <http://www.cabq.gov/budget/>.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2009-2013, approved budget for Fiscal Year 2014 and the Five-Year Forecast for 2014.

General Fund Revenues, Expenditures and Fund Balances Fiscal Years 2009-2013 (\$000s)

REVENUES	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Approved Budget 2013	Actual 2013	Approved Budget 2014	Five-Year Forecast 2014 ⁽¹⁾	Average Annual Chg 09-14
Taxes:									
Property Tax	\$46,505	\$72,628	\$74,578	\$76,802	\$76,716	\$77,720	\$76,857	\$78,124	10.6%
Gross Receipts Tax	120,048	113,162	114,789	116,721	120,330	117,955	118,949	120,644	(0.2%)
Other Taxes	18,907	18,746	18,186	20,321	19,702	19,563	19,652	19,652	1.0%
Water Authority PILOT/Franchise	4,922	5,141	5,323	5,900	5,556	6,006	6,136	6,136	4.5%
Payment in lieu of taxes	1,532	1,541	1,741	1,756	1,619	1,706	1,706	1,706	1.1%
TOTAL TAXES	191,914	211,238	214,617	221,501	223,923	222,950	226,262	226,262	3.1%
Licenses & Permits	7,860	9,255	9,629	10,370	9,936	11,342	11,966	11,966	10.3%
Intergovernmental Revenue:									
State and Federal Grants	835	164	114	118	102	262	102	102	(34.3%)
State Shared Revenue:									
Gross Receipts Tax	178,397	168,486	173,587	176,610	181,993	178,753	179,981	182,480	0.2%
Other State Shared	5,064	5,115	4,757	4,429	4,090	4,040	4,090	4,090	(4.2%)
County	133	347	308	290	319	448	239	239	12.4%
TOTAL INTERGOVERNMENTAL REVENUE	184,430	174,112	178,766	181,447	186,504	183,503	184,412	186,911	0.0%
Charges for Services	42,444	41,346	41,162	45,558	45,542	44,088	48,464	48,464	2.7%
Miscellaneous	2,519	3,808	2,362	2,782	1,928	2,825	1,368	1,368	(11.5%)
Other Transfers	9,112	17,409	6,057	3,581	3,471	3,407	2,269	2,174	(24.3%)
TOTAL REVENUES	438,279	457,168	452,591	465,239	471,304	468,114	472,842	477,144	1.5%
Beginning Fund Balance	58,685	43,132	45,164	53,225	49,102	59,223	51,714	58,516	(2.5%)
TOTAL RESOURCES	496,965	500,300	497,755	518,464	520,406	527,338	524,556	535,660	1.1%
EXPENDITURES									
General government	65,692	63,907	64,739	64,966	n/a	66,093	n/a	n/a	
Public safety	213,975	217,638	218,142	220,378	n/a	219,690	n/a	n/a	
Cultural and recreation	58,358	60,679	67,623	68,121	n/a	68,892	n/a	n/a	
Municipal Development	27,020	28,794	23,899	24,507	n/a	25,338	n/a	n/a	
Health	13,230	13,001	15,878	16,090	n/a	16,793	n/a	n/a	
Human services	39,812	37,236	27,389	28,176	n/a	28,747	n/a	n/a	
Other transfers out	35,746	33,881	28,362	37,002	n/a	43,447	n/a	n/a	
TOTAL EXPENDITURES	453,833	455,137	446,032	459,240	475,601	468,999	480,335	483,993	1.1%
ENDING FUND BALANCE	43,132	45,163	51,722	59,223	44,805	58,339	44,221	51,667	0.5%
TOTAL ADJUSTMENTS	(1,080)	(1,067)	(2,879)	(2,994)	(8)	(2,185)	(15)	(52)	
Reserves	38,436	38,414	37,961	41,094	44,346	41,454	43,672	45,405	2.6%
AVAILABLE FUND BALANCE	3,616	5,682	10,883	15,135	451	14,700	534	6,210	
Ending fund balance as percent of total expenditure	9.5%	9.9%	12.0%	12.9%	9.4%	12.4%	9.2%	10.7%	
Recurring revenues	\$428,982	\$443,967	\$449,557	\$462,059	\$470,203	\$465,784	\$472,771	\$463,673	2.0%
Recurring expenditures	\$432,405	\$450,336	\$441,549	\$447,242	\$468,843	\$455,484	\$470,204	\$463,320	1.7%

(1) Submitted January 14, 2014 to City Council (2014-2018).

Revenues

Intergovernmental Revenues

The principal source of intergovernmental revenues to the City's General Fund is the distribution made by the State to the City from the State Gross Receipts Tax. The State Gross Receipts Tax distribution to a municipality equals 1.225% of the gross receipts collected in that municipality, including a make-whole payment from the State to the City related to deductions for certain medical and food purchases. In addition to the 1.225% gross receipts tax distribution, intergovernmental revenues include distributions of gasoline, motor vehicle fees, and a municipal share of the State compensating tax.

Municipally Determined Revenues

The City's primary revenue sources, other than intergovernmental revenues, include, in order of magnitude, the municipal (local option) gross receipts tax, the real property tax and charges for services.

Local Option Gross Receipts Taxes. The City has authority under the Municipal Local Option Gross Receipts Taxes Act (Sections 7-19D-1, *et seq.* NMSA 1978, as amended) to impose up to 1.50% municipal gross receipts tax on the gross receipts of any person engaging in business in the City. The municipal gross receipts tax imposed by the City on January 1, 2014 is 1.00%. The City is statutorily authorized to impose a municipal infrastructure gross receipts tax in the maximum amount of 0.25%. Currently, the City imposes a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose an additional 0.0625% municipal infrastructure gross receipts tax for general purposes without a referendum and may impose, with voter approval, an additional 0.125% municipal infrastructure gross receipts tax for general municipal purposes, infrastructure, regional transit and/or economic development. The City has authority to impose a 0.0625% municipal environmental services gross receipts tax and a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, but has declined to impose these taxes. If the City becomes a member of a regional transit district, upon request from the district, the City, after an election approving the tax, shall impose a municipal regional transit gross receipts tax of up to 0.50% for a public transit system, public transit projects or services for the district.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2013, 6.544 mills were imposed on residential property and 6.544 mills were imposed on commercial property. These revenues are subject to yield control. See "Property Taxes" below.

Charges for Services. Many services provided by the City's General Fund agencies are provided to the public or other governmental entities on a fee basis. Services for which fees are charged include engineering services, patching and paving, filings of plats and subdivisions, photocopying, sales of maps and publications, bio-park, museums, swimming pools, meals and other activities at senior centers, animal control and zoo admissions. The

City also has a cost allocation plan which is used as a basis for assessing indirect overhead charges on non-General Fund agencies and on capital expenditures.

Property Taxes

Generally

The State Constitution limits the rate of real property taxes which all taxing jurisdictions can levy for operations to a maximum of 20 mills (\$20.00 per \$1,000 of assessed valuation). Beginning in Fiscal Year 1987, the maximum levy for City operations (the “operational levy”) has been 7.650 mills. The operational levy is subject to yield control. The yield control provisions of Section 7-37-7.1 NMSA 1978, as amended, require that the Local Government Division of the New Mexico Department of Finance and Administration annually adjust operational mill levies subject to yield control after the reassessment of property to prevent revenues on locally assessed residential and non-residential properties from increasing by more than the sum of 5% for inflation plus the growth in the tax base due to new value. In cases in which a rate is set for a governmental unit that is imposing a newly authorized rate pursuant to Section 7-37-7 NMSA 1978, the rate must be at a level that will produce in the first year of imposition revenues no greater than that which would have been produced if the valuation of property subject to the imposition had been the valuation in the Tax Year in which the increased rate was authorized by the taxing district. The yield control provisions do not apply to the property tax levy imposed to pay debt service on outstanding general obligation debt.

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age of the owner, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 (“Statutory Valuation Cap”). The section provides that, with respect to properties within a county assessing properties in the aggregate at or greater than 85% of their market value, a property's new valuation shall not exceed 103% of the previous year's valuation or 106.1% of the valuation two years prior to the Tax Year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the Tax Year for which the value of the property is being determined. The constitutionality of the Statutory Valuation Cap has been challenged in a number of venues and the most recent challenge was certified to the New Mexico Court of Appeals. On March 28, 2012, the New Mexico Court of Appeals upheld the Statutory Valuation Cap and its application under Section 7-36-21.2 NMSA 1978. The Court of Appeals ruling has been appealed to the New Mexico Supreme Court. The final judicial resolution of this issue could have a material effect on how property is valued within the City and related property tax collections.

Rates

The total rates for City property taxes in effect for Tax Year 2013 (Fiscal Year 2014) are 11.520 mills for residential and 11.520 mills for commercial property. As set by the State Department of Finance and Administration, the general obligation bond debt service levy for Tax Year 2013 (Fiscal Year 2014) is 4.976 mills and the operational levy is 6.544 mills residential and 6.544 mills non-residential.

Purpose of Property Tax	Total Taxing Authority	Levy Imposed	Unused Authority
Operations:			
Residential	7.650 mills	6.544 mills	1.106 mills
Commercial		6.544 mills	1.106 mills
Debt Service: ⁽¹⁾	12.000 mills ⁽²⁾		
Residential		4.976 mills	7.024 mills
Commercial		4.976 mills	7.024 mills

- (1) Debt service levy is a function of assessed value and bonds outstanding authorized in City general elections every two years.
- (2) The City is authorized to contract debt, after an election, and is required to levy a tax, not exceeding 12 mills on the dollar, for payment of the debt from such election. The 12 mill limitation is applicable at the time of bond issuance and prohibits issuance of a general obligation bond if the anticipated mill levy necessary to satisfy debt service is greater than 12 mills. An existing general obligation can require imposition of the mill levy in excess of 12 mills if so required to meet debt service obligations.

Source: City of Albuquerque, Office of City Treasurer.

State law mandated a statewide reassessment of properties in 1986 (Fiscal Year 1987), when 1980 market values became the basis for determining assessed valuation. Subsequent statewide reassessments were conducted in 1990 and odd numbered years thereafter each of which brought valuations in line with the market value of two years prior to such reassessment. It is anticipated that the State, through County Assessor offices, will continue the policy of biennial reassessments to maintain valuation at current and correct value, as required by statute.

Limits Regarding General Obligation Indebtedness

The aggregate amount of general obligation indebtedness of the City for general purposes under the State Constitution is limited to 4% of, and the single debt limitation to 12 mills on, the assessed value of taxable property within the City (excepting the construction or purchase of a water or sewer system with general obligation indebtedness, which has no limit). Schools are limited to 6% of the assessed valuation and counties are limited to 4% of the assessed valuation.

CITY OF ALBUQUERQUE
Summary of Outstanding Obligations
as of January 1, 2014

	<u>CURRENTLY OUTSTANDING</u>
GENERAL OBLIGATION BONDS:	
General Purpose G.O. Bonds (Subject to 4% debt limitation)	\$294,095,000
Storm Sewer G.O. Bonds (Secured by Ad Valorem taxes)	<u>33,770,000</u>
TOTAL GENERAL OBLIGATION BONDS	<u>\$327,865,000</u>
REVENUE BONDS:	
State Shared GRT	\$91,665,000
State Shared GRT/Lodgers/Hospitality	88,470,000
Airport Revenue	78,295,000
Transit Bus Lease	5,939,252
Refuse Removal and Disposal	1,531,795
Fire Protection Fund	<u>1,334,193</u>
TOTAL REVENUE BONDS	<u>\$267,235,240</u>
TOTAL G.O. AND REVENUE BONDS	<u>\$595,100,240</u>

Tax Administration

The County is charged with the responsibility of administering the assessment and collection of property taxes for the City. The State assesses corporate property such as utilities, pipelines and railroads which cross county lines. Assessments are made as of January 1 of each year, with one-half of the taxes on that assessment due the following November 10 and one-half due April 10 of the next calendar year. The taxes due November 10 become delinquent December 11, while the April 10 payment becomes delinquent May 11. Properties on which taxes are delinquent are transferred to the State, which conducts a tax sale if taxes remain unpaid. The proceeds of the tax sale are remitted to the political subdivisions at the rates of the then current tax levy.

**CITY OF ALBUQUERQUE
Net Taxable Property Values**

Tax Year⁽¹⁾	Real Property	Corporate Property	Personal Property	Net Taxable Valuation	Percent (%) Growth Per Year
2004	\$7,582,619,605	\$314,998,373	\$387,875,178	\$8,285,493,156	5.09%
2005	8,602,349,098	324,655,661	380,575,833	9,307,580,592	12.34%
2006	9,133,223,501	342,401,308	382,543,969	9,858,168,778	5.92%
2007	10,175,391,552	367,219,331	407,155,155	10,949,766,038	11.07%
2008	10,767,888,832	374,068,647	439,054,344	11,581,011,823	5.76%
2009	11,535,490,917	325,907,636	437,678,107	12,299,076,660	6.20%
2010	11,125,742,821	383,474,990	411,248,499	11,920,466,310	(3.08%)
2011	11,170,440,616	391,592,916	389,396,311	11,951,429,843	0.26%
2012	11,091,666,660	398,029,323	386,693,492	11,876,389,475	(0.63%)
2013	11,221,053,442	364,457,735	381,535,217	11,967,046,394	0.76%

(1) County Tax Year begins November 1 and ends October 31. Figures are as of October in each year.

Source: Bernalillo County Treasurer's Office.

Top 10 Ad Valorem Taxpayers for Tax Year 2013 (Fiscal Year 2014)⁽¹⁾

Name of Taxpayer	Taxable Value⁽²⁾ 2013 Assessed	Percentage of Total City Assessed Valuation
PNM Electric	\$164,739,707	1.39%
Qwest Corp. (Century Link)	66,841,218	0.56%
Gas Company of New Mexico	41,361,525	0.35%
Verizon Wireless (VAW), LLC	20,194,430	0.17%
Simon Property Group Ltd (Cottonwood Mall)	15,962,333	0.13%
AHS Medical Center	12,051,009	0.10%
Southwest Airlines	11,993,329	0.10%
AT&T	10,464,670	0.09%
ABQ Uptown LLC	9,937,500	0.08%
ABQ Plaza Office Investment	9,191,000	0.08%
Top Ten Centrally and Locally Assessed Values		<u>3.05%</u>

- (1) Major taxpayers are those taxpayers that have a tax bill on a single piece of property of at least \$50,000. In figuring the total tax bills for these taxpayers, only their properties with tax bills of \$50,000 or more are included except Public Service Company (PNM), which has multiple tax bills. The list is compiled once a year, usually in November, and does not reflect final net taxable values. As a result of methodology, year to year comparisons may not be meaningful.
- (2) The aggregate net taxable value of the top 10 taxpayers for Tax Year 2013 represents only 3.05% of the total net taxable value of the City for 2013. See the following table entitled "City of Albuquerque History of Property (Ad Valorem) Tax Levy and Collection."

Source: Bernalillo County Treasurer's Office.

CITY OF ALBUQUERQUE
History of Property (Ad Valorem) Tax Levy and Collection

Fiscal Year	Total Current Tax Levy⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	City Debt Service Collections	Percent of Total City Levy
2004	\$87,976,148	\$84,534,873	96.09%	\$3,674,088	\$88,208,961	100.26%	\$63,153,644 ⁽²⁾	71.8%
2005	92,559,948	88,965,021	96.12%	3,234,797	92,199,818	99.61%	66,046,681	71.4%
2006	102,290,447	99,100,903	96.88%	3,189,545	102,290,447	100.00%	75,054,147	73.4%
2007	109,792,820	106,845,546	97.32%	2,374,766	109,220,312	99.48%	77,749,060	70.8%
2008	121,288,852	117,075,560	96.53%	4,107,018	121,182,578	99.91%	86,949,406	71.7%
2009	128,353,335	123,524,371	96.24%	4,828,964	128,353,335	100.00%	89,078,618	69.4%
2010	135,374,474	129,018,014	95.30%	6,356,460	135,374,474	100.00%	59,720,924 ⁽²⁾	43.4%
2011	133,928,778	128,514,900	95.96%	4,345,808	132,860,708	99.20%	58,388,075	43.6%
2012	137,680,758	130,707,502	94.94%	4,732,716	135,440,218	98.37%	58,638,356	42.6%
2013	136,815,825	132,352,911	96.74%	4,535,781	136,888,692	100.05%	59,168,200	43.2%

(1) Includes both operating and debt service levies. Reported each January by the County Treasurer based on tax bills, including those under protest.

(2) Decline in debt service collections due to shift in mill levy designation from debt service to operations.

Source: City of Albuquerque, Department of Finance and Administrative Services

CITY OF ALBUQUERQUE
Property Tax Rates
Weighted Average Residential and Non-Residential
Per \$1,000 Assessed Valuation
All Overlapping Governmental

Fiscal Year	Total Tax Levy	City	Bernalillo County	State of New Mexico	Abq. Public Schools	Central NM Community College	Flood Control Authority	UNM Hospital	Conservancy District
2004	46.668	11.154	9.549	1.520	8.497	3.175	0.936	6.500	5.337
2005	46.160	11.149	9.536	1.028	8.493	3.174	0.934	6.500	5.346
2006	44.367	11.080	8.369	1.234	8.415	3.069	0.920	6.317	4.963
2007	44.766	11.148	8.575	1.291	8.489	3.489	0.936	6.487	4.655
2008	46.169	11.112	8.464	1.250	10.582	3.151	0.926	6.429	4.255
2009	46.535	11.180	8.697	1.150	10.637	3.187	0.937	6.500	4.247
2010	46.958	11.410	8.500	1.530	10.656	3.271	0.931	6.400	4.260
2011	47.285	11.410	8.825	1.530	10.656	3.273	0.931	6.400	4.260
2012	42.831	11.520	8.907	1.362	10.645	3.322	0.675	6.400	0.000
2013	43.089	11.520	9.082	1.360	10.652	3.400	0.675	6.400	0.000

Source: Bernalillo County Treasurer's Office.

Gross Receipts Taxes

State Gross Receipts Taxes

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-91 NMSA 1978, as amended), authorizes the State to impose the State Gross Receipts Tax which is levied by the State for the privilege of doing business in the State and is collected by the Department of Taxation and Revenue (the “Department”). The State Gross Receipts Tax is levied at 5.125% of taxable gross receipts. Of the 5.125 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225% is remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed in the City effective on January 1, 2014 is 7.00%.

Taxed Activities. For the privilege of engaging in business in the State, the State Gross Receipts Tax is imposed upon any person engaging in business in the State. “Gross Receipts” is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing property employed in the State, from selling certain research and development services performed outside the State the product of which is initially used in the State and from performing services in the State. The definition excludes cash discounts allowed and taken, the State Gross Receipts Tax payable on transactions for the reporting period and any county gross receipts tax, county fire protection excise tax, county and municipal gross receipts tax, any type of time-price differential and certain gross receipts or gross receipts taxes imposed by an Indian tribe or pueblo. Unlike most other states, the State taxes sales and services, including legal services and certain medical services. For a description of the percentages of gross receipts tax revenues that have been historically received in various other sectors, see “Gross Receipts Taxes - Historical Taxable Gross Receipts” under this caption.

Exemptions. Some activities and industries are exempt from the State Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations (some of which are taxable by the State, with no local distribution), receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, receipts from the sale of prescription drugs and certain federal government paid medical expenses and interest and receipts from the sale or leasing of natural gas, oil or mineral interests. Various deductions are also allowed, including, but not limited to, receipts from various types of sales or leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions and receipts from the sale of certain food and certain medical services. See “Imposition of Tax” under this caption. In spite of the numerous specified exemptions and deductions from gross receipts taxation, the general presumption is that all receipts of a person engaging in business in the State are subject to the State Gross Receipts Tax.

Administration of the Tax. Businesses must make their payments of State Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the State Gross Receipts Tax is administered by the Revenue Division of the Taxation and Revenue Department of the State (the “Revenue Division”), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the following disbursements to the municipalities in the State. The Revenue Division remits monthly to municipalities, including the City, an amount equal to the product of the quotient of 1.225% divided by the tax rate times the net receipts (total amount paid by taxpayers less any refunds disbursed) attributable to the gross receipts of businesses located in the municipality and other designated areas.

Remedies for Delinquent Taxes. The Revenue Division may assess State Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom State Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within 30 days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than 36 months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the State Gross Receipts Tax is paid within 10 days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent State Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

Historical Revenues. The state-shared gross receipts tax revenues received by the City for the past five fiscal years are as follows:

Historical State Gross Receipts Tax Revenues

Fiscal Year	Revenues ⁽¹⁾
2009	\$176,702,867
2010	166,120,127
2011	171,037,029
2012	173,705,642
2013	176,024,010

- (1) In the 2013 legislative session, the New Mexico Legislature approved legislation, signed by the Governor, that reduces payments from the State to municipalities, including the City, related to tax deductions for food and medical expenses. The payments, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. The new legislation also authorizes additional local option tax authority for municipalities if they choose to enact them. This legislation will negatively impact the City’s gross receipts tax revenues in the future.

Source: City of Albuquerque, Department of Finance and Administrative Services. Calculated based on reports from the New Mexico Department of Taxation and Revenue.

Certain of the revenues received from this tax are pledged to the payment of gross receipts tax bonds of the City. Some of those bonds are also secured by other revenues of the City, such as lodgers’ taxes. See “FINANCIAL INFORMATION – Lodgers’ Tax and Hospitality Fee.”

Municipal and Other Gross Receipts Taxes

Imposition of Tax. In addition to receiving a distribution from the State, the Municipal Local Option Gross Receipts Taxes Act (Sections 7-19D-1 through 7-19D-16 NMSA 1978, as amended) authorizes the City under State law to impose up to 1.50% municipal gross receipts tax in increments of one-eighth of one percent on the gross receipts of any person engaging in business in the City. The City currently imposes 1.00% municipal gross receipts tax. One half of one percent (0.50%) is used for general purposes. An additional 0.25% municipal gross receipts tax is imposed to provide for street maintenance, roadway improvements, an increase in the level of services provided by the public transit system, and construction of a bikeway system. A 0.25% increment of municipal gross receipts tax is imposed to provide for public safety, a variety of social-service programs and detention facility expenses. The City has also imposed a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose, but has not imposed a second 0.0625% municipal infrastructure gross receipts tax, without a referendum; an additional 0.125% municipal infrastructure tax for general municipal purposes, infrastructure, regional transit and/or economic development, with a positive referendum; a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, with a positive referendum; and a 0.0625% municipal environmental services gross receipts tax without a referendum. If the City becomes a member of a regional transit district, upon request from the district, the City, after an election approving the tax, is required to impose a municipal regional transit gross receipts tax of up to 0.5% for a public transit system or public transit projects or services for the district. The tax may be imposed in increments of 0.0625%.

On December 18, 2006, the City Council formed five tax increment development districts (the “Districts”) for the Mesa del Sol project in southeast Albuquerque. Pursuant to the City Council’s action, 67% of certain gross receipts tax generated within the Districts will be available for payment of bonds, the proceeds of which will be used for construction of public infrastructure within the Districts by the developer of the project. The remaining 33% of applicable gross receipts tax revenues generated within the Districts but not dedicated to Mesa del Sol will flow to the City. It is anticipated that these tax increment revenues that the City has dedicated to the Districts will be pledged to future issuance of the Districts’ tax increment revenue bonds. The state began collecting tax revenues for the Districts in January 2008. On October 27, 2009, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2009A which was retired on October 28, 2009. On December 9, 2011, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2011 which was retired on December 12, 2011. On December 4, 2012, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2012 which was retired on December 5, 2012. The Districts’ obligations are not the obligations of the City.

On October 6, 2008, the City formed tax increment development districts for Winrock and Quorum at ABQ Uptown. In 2012, the City dissolved the Quorum at ABQ Uptown tax increment development district and is negotiating a rebate payment to the City from the developer. The Winrock tax increment development district continues in existence. The City dedicated 70% of certain local option gross receipts tax increment and 75% of property tax increment generated within the Winrock district. The tax increment revenues that the City dedicated to the Winrock District will be pledged to tax increment revenue bonds that the District intends to issue for public infrastructure improvements that will ultimately be dedicated to the City.

Historical Revenues. The revenues received by the City as a result of its imposition of municipal gross receipts tax and municipal infrastructure gross receipts tax for the past five fiscal years are as follows:

CITY OF ALBUQUERQUE
Historical Municipally Imposed Gross Receipts Tax Revenues

Fiscal Year	Revenues
2009	\$154,156,616
2010	131,990,118 ⁽¹⁾
2011	144,543,941 ⁽²⁾
2012	149,966,442
2013	143,258,103

(1) Reduction in 2010 revenues due to economic recession and decrease in the gross receipts tax rate of 0.25% for five months.

(2) Increase is due to an improvement in the economy and an increase in gross receipts tax rate of 0.25% for 11 months.

Source: City of Albuquerque, Department of Finance and Administrative Services.

Taxing Authority and Payments

The following table outlines the gross receipts taxes to be paid to the State, the City and County by businesses in the City.

Fiscal Year 2014 Gross Receipts Tax Rate
(as of January 1, 2014)

Type of Tax & Purpose	Percentage Imposed
Municipal GRT	1.0000%
Municipal Infrastructure GRT	0.0625
Bernalillo County GRT	0.8125
State-Shared GRT	1.2250
State GRT	<u>3.9000</u>
Total	<u>7.0000%</u>

Source: City of Albuquerque, Office of City Treasurer.

The following table describes the City's taxing authority and the percentage it currently imposes to generate gross receipts tax revenues to the City:

**Fiscal Year 2014 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2014)**

Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	Unused Authority
Municipal GRT			
General Purposes ⁽¹⁾	0.5000%	0.5000%	--
General Purposes	0.5000%	0.0000%	0.5000%
Transportation	0.2500%	0.2500%	--
Public Safety	<u>0.2500%</u>	<u>0.2500%</u>	--
<i>Total Municipal GRT</i>	<u>1.5000%</u>	<u>1.0000%</u>	<u>0.5000%</u>
Municipal Infrastructure GRT			
General Purpose	0.1250%	0.0625%	0.0625%
Econ. Dev. & Transit	0.1250%	0.0000%	0.1250%
Municipal Environmental GRT	0.0625%	0.0000%	0.0625%
Municipal Capital Outlay GRT	0.2500%	0.0000%	0.2500%
Quality of Life GRT	0.2500%	0.0000%	0.2500%
Regional Transit GRT	<u>0.5000%</u>	<u>0.0000%</u>	<u>0.5000%</u>
<i>Total Other GRT</i>	<u>1.3125%</u>	<u>0.0625%</u>	<u>1.2500%</u>
Total Impositions by the City		<u>1.0625%</u>	
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.2875%</u>	

(1) Represents the municipal gross receipts tax pledged by the City to secure certain outstanding bonds.

Source: City of Albuquerque, Office of City Treasurer.

Historical Taxable Gross Receipts

The table which follows provides information about the City's taxable gross receipts by sector since 2004.

**CITY OF ALBUQUERQUE
Taxable Gross Receipts by Sector and Total Gross Receipts⁽¹⁾
Fiscal Years 2004-2013 (\$000,000)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2004</u>	<u>2013</u>
Construction	\$1,354.50	\$1,543.20	\$1,797.40	\$1,934.40	\$1,561.70	\$1,446.50	\$1,080.43	\$1,013.97	\$1,007.57	\$1,058.31	10.8%	7.3%
Manufacturing	275.00	266.50	278.00	319.10	312.30	263.70	217.95	261.85	283.02	289.00	2.2%	2.0%
Wholesale Trade	855.45	867.70	806.90	857.00	671.30	556.90	484.06	468.91	384.19	386.17	6.8%	2.7%
Retail Trade	5,036.70	5,126.70	5,484.80	5,948.40	6,352.60	6,025.80	5,864.96	5,911.35	6,106.72	6,184.48	40.3%	42.5%
Finance, Insurance & Real Estate	284.75	284.60	308.30	386.70	368.70	312.40	285.36	298.80	339.01	364.45	2.3%	2.5%
All Other Sectors	4,696.13	4,978.60	5,312.10	5,650.00	5,891.90	5,994.70	5,615.23	6,022.18	6,125.20	6,267.93	37.6%	43.1%
Total Taxable Gross Receipts ⁽²⁾	\$12,502.52	\$13,067.20	\$13,987.50	\$15,095.50	\$15,158.50	\$14,599.90	\$13,548.00	\$13,977.05	\$14,245.71	\$14,550.34	100.0%	100.0%
Total Gross Receipts Reported ⁽²⁾	\$22,406.90	\$24,598.90	\$26,521.30	\$28,111.70	\$28,753.40	\$26,625.63	\$24,865.63	\$25,855.45	\$26,485.21	\$26,800.55		

- (1) Albuquerque taxable gross receipts are according to distribution month, which lags reporting month by one month and activity month by two months. While taxable gross receipts is the reported tax base, the actual tax distributions may differ from those calculated by applying the tax and distribution rates to taxable gross receipts for any of a number of reasons (e.g., the filing taxpayer did not include a check or the check was returned; an adjustment was made for a previous over or under distribution to the City). Actual distributions average within 1-2% of computed tax due based on reported taxable gross receipts.
- (2) Totals may not add due to rounding.

Manner of Collection and Distribution

Businesses must make their payments of gross receipts taxes on or before the twenty-fifth day of each month for taxable events in the prior month. Collection of the State Gross Receipts Tax and municipal gross receipts taxes is administered by the Department, pursuant to Section 7-1-6 NMSA 1978, as amended. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the above-described disbursements to the municipalities and counties in the State and less required distributions to pay debt service on certain State bonds.

Remedies for Delinquent Taxes

The Department may assess gross receipts taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom gross receipts taxes have been assessed does not make payment (or protest the assessment or furnish security for payment) before 30 days after the date of assessment, the taxpayer becomes a delinquent taxpayer. A delinquent taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment. The Department may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than 60 months. Interest is due on any delinquent taxes from the first day following the day on which it is due at a variable rate based on the applicable federal rate under the Internal Revenue Code Section 6621, as determined from time to time, computed on a daily basis until paid, without regard to any installment agreement. However, if the gross receipts taxes are paid within 10 days after demand is made, no interest accrues.

The Department may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent State Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer which lien may be foreclosed as provided by State statutes.

Gasoline Tax

Generally

The rate of State tax on gasoline is \$0.17 per gallon. The gasoline tax is imposed on registered distributors of gasoline in the State at the time the gasoline is received by a registered distributor. Gasoline is generally deemed to be “received” when delivered to a registered distributor for resale to a wholesaler or retailer in the State. The registered distributor is responsible for filing gasoline tax returns with, and paying the gasoline tax due to, the Department on or before the twenty-fifth day of the month following the month in which the gasoline is received in the State. Distributors are required to include the gasoline tax in the resale price of gasoline sold to a purchaser. Delinquent taxpayers may be required to file a surety bond in favor of the State to ensure prompt filing of reports and the payment of all taxes levied by the Gasoline Tax Act. “Registered tribal distributors” are permitted to deduct

the tax from gasoline sold at the wholesale level. Each registered tribe is limited to total annual sales of 30 million gallons.

The amount of the distribution of gasoline tax receipts from the State (“State Shared Gasoline Tax Receipts”) is 10.38%. See the table entitled “Historical State Gasoline Tax Receipts” under this caption.

Distribution of the Gasoline Tax

Net receipts are the amount paid to the Department in any month less any refunds. Ninety percent (90%) of the amount distributed by the Department is paid to treasurers of municipalities in the proportion that the taxable motor fuel sales in each of the municipalities bears to the aggregate taxable motor fuel sales in all municipalities in the State. The remaining 10% is distributed by the Department to counties in the State.

Historical Receipts

The following table sets forth the historical distributions of State Gasoline Tax Receipts for Fiscal Years 2004-2013.

**CITY OF ALBUQUERQUE
Historical State Gasoline Tax Receipts**

Fiscal Year	State Gasoline Tax Receipts
2004	\$4,476,207
2005	4,686,513
2006	4,883,012
2007	5,500,512
2008	5,301,238
2009	5,177,825
2010	4,973,555
2011	4,765,348
2012	4,287,335
2013	4,835,671

Sources: City of Albuquerque, Department of Finance and Administrative Services.

Lodgers' Tax and Hospitality Fee

Lodgers' Tax

The lodgers’ tax is levied pursuant to the Lodgers’ Tax Act (Sections 3-38-13 through 3-38-24 NMSA 1978, as amended) and is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate imposed by the City is 5% and is imposed on the gross taxable rent paid for lodging (but not including State Gross Receipts Tax or local gross receipts tax).

Lodgers' tax revenues are pledged to the payment of the City's gross receipts/lodgers' tax bonds in an amount equal to fifty percent (50%) of the revenues produced by the City's imposition of the lodgers' tax, less certain administrative costs. Under the Lodgers' Tax Act, a municipality located in a class A county, such as the City, imposing an occupancy tax (such as the lodgers' tax) of more than two percent (2%) is required to use not less than one-half of the proceeds derived from the tax for the purposes of advertising, publicizing, and promoting the convention center and certain other tourist facilities or attractions within the City. The City uses the 50% of the lodgers' tax revenues not pledged to the payment of bonds to satisfy this requirement.

Hospitality Fee

The State Legislature passed the Hospitality Fee Act (Sections 3-38A-1 through 3-38A-12 NMSA 1978) which became effective in June 2003. Under the Act, the City has authority to impose, without a referendum, a hospitality fee of up to 1% of the gross rent proprietors receive from tourist accommodations within the City. On April 19, 2004, the City enacted its ordinance imposing the hospitality fee. The Hospitality Fee Act includes a section which repeals the Act effective July 1, 2028. As required by the Hospitality Fee Act, twenty-five percent of the fees collected are to be used for advertising to publicize and promote tourist-related attractions, facilities and events, twenty-five percent of the fees collected are to be used to extinguish debt incurred by a municipality for a metropolitan court facility, and the remaining fifty percent is to be used to equip and furnish the City's convention center. Hospitality fee revenues, in an amount equal to fifty percent (50%) of the revenues produced by the City's imposition of the fee, less certain administrative costs, are pledged to the payment of the City's outstanding Hospitality Fee obligations.

Historical Lodgers' Tax Revenues and Hospitality Fee Revenues

The gross taxable rent, lodgers' tax revenues and hospitality fee revenues collected by the City for the last five fiscal years are as follows:

**CITY OF ALBUQUERQUE
Historical Lodgers' Tax Revenues**

Fiscal Year	Gross Taxable Rent⁽¹⁾	Lodgers' Tax Revenues	Hospitality Fee Revenues
2009	\$204,211,780	\$10,210,607	\$2,042,120
2010	199,899,460	9,994,973	1,998,995
2011	202,428,900	10,122,386	2,024,477
2012	201,545,400	10,077,270	2,015,454
2013	204,103,740	10,205,187	2,041,037

(1) Defined by the Lodgers' Tax Act to mean "the total amount of rent paid for lodging, not including the State Gross Receipts Tax or local sales taxes."

Source: City of Albuquerque, Department of Finance and Administrative Services.

Employee Contracts

There were 5,880 full-time employment positions funded by the City for Fiscal Year 2013. As of January 1, 2014, of the filled positions, approximately 80% of City employees are affected by union contracts. There are seven bargaining units within the City. The City's union contracts are as follows: Albuquerque Officers' Association (A.F.S.C.M.E. Local 1888, AFL-CIO); Clerical and Technical Employees (A.F.S.C.M.E. Local 2962, AFL-CIO); United Transportation Union (A.F.S.C.M.E. Local 624 AFL-CIO); Blue Collar Workers (A.F.S.C.M.E. Local 624, AFL-CIO); Albuquerque Area Firefighters Union; Albuquerque Police Officers' Association; and Management Union (A.F.S.C.M.E. Local 3022, AFL-CIO). Currently five of the union contracts have expired and the City and union employees are operating under expired agreements. The City has renegotiated contracts with the Management Union and Albuquerque Area Firefighters Union.

Retirement Plan

The City participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees' Retirement Association of New Mexico ("PERA"), established by Section 10-11-1 *et seq.* NMSA 1978, as amended, requires contributions to its plan (the "Plan"), computed as a percentage of salary, from both employee and employer for all full time employees. The majority of State and municipal employees in New Mexico participate in the Plan. As required by State law, the City contributes to the plan amounts which vary from 7.0% to 21.25% of eligible employees' salaries. The City's liability under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. The City's required contributions to PERA for the years ending June 30, 2013, 2012 and 2011 were \$35,526,501, \$34,732,631, and \$33,662,266, respectively, which equal the required contributions for each year. The City has no unfunded liabilities with respect to the availability of funds to cover the obligations of the retirement plan. However, on June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires cost-sharing employers, such as the City, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 is effective for fiscal years beginning after June 15, 2014.

PERA issues a publicly available financial report that includes financial statements and additional information. A copy of this report can be obtained from PERA at www.pera.state.nm.us.

Actuarial information is shown below:

**State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2013**

Membership ¹	89,613
Actuarial Information	
Actuarial Accrued Liability ²	\$17,057,380,000
Actuarial Value of Assets ³	\$12,438,151,000
Unfunded Actuarial Accrued Liability	\$4,619,228,000
Funded Ratio	72.9%

¹ Includes both state and municipal divisions.

² Includes accrued liability of both the retired and active members.

³ The valuation of assets is based on an actuarial value of assets whereby gains and losses relative to a 7.75% annual return are smoothed in over a four-year period.

Source: Public Employees Retirement Association

As of June 30, 2012, PERA has an amortization or funding period of 128 years, based on the employer and member contribution rates in effect as of July 1, 2013. Member and employer rates are established pursuant to Sections 10-11-1 through 10-11-141 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 72.9% as of June 30, 2013 and the unfunded accrued actuarial liability of the PERA Fund has been reduced to be approximately \$4.6 billion. As of June 30, 2012, the funded ratio was 65.3% and the unfunded accrued actuarial liability of the PERA Fund was calculated to be approximately \$6.2 billion. The primary cause of the increase in the funded ratio and decrease in accrued actuarial liability is the investment gain from the 2013 plan year and passage of Senate Bill 27 during the 2013 New Mexico legislative session.¹ On a market value basis, PERA's funded ratio is approximately 74.33% as of June 30, 2013. The PERA Board's reform proposal, set forth in Senate Bill 27, had an immediate impact of reducing the \$6.2 billion unfunded liability by \$1.55 billion, increased the funded ratio by 6.6% and is projected to restore the Fund to approximately 100% funded status by Calendar Year 2042.

Other Post-Employment Benefits

In addition to pension benefits under a defined benefit contributory retirement plan through the PERA, the City provides certain health care and life insurance benefits for retired employees. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan and historically the claims paid in any one year have not exceeded the premiums. Under GASB 45, the City financials now reflect the liability owed beyond the annual premium amounts paid to the carrier. The amount of the Other Post-Employment Benefit ("OPEB") liabilities and related annual OPEB expense vary under GASB 45 based on

¹ Senate Bill 27 significantly amends the Public Employees' Retirement Act by creating a new tier of reduced benefits for new hires. The law reduces the cost of living adjustments for all current and future retirees; delays the application of cost of living adjustments for certain future retirees; suspends the cost of living adjustments for certain return-to-work retirees; provides for an increase in the statutory employee contribution rate of 1.5% (subject to certain requirements) for employees earning \$20,000 or more in annual salary; provides for an increase in the statutory employer contribution of 0.4% beginning in Fiscal year 2015; increases age and service requirements; lengthens the base average salary calculation amount from three to five years for future employees; increases the vesting period for employees from five to eight years for most members; lowers the annual service credit by 0.5% for most members; and makes several other clarifying and technical changes.

the funding policy. Prior to June 30, 2013, the City's funding policy was based "Pay-As-You-Go" which resulted in a lower assumed interest rate, higher Unfunded Actuarial Accrued Liability ("UAAL"), and higher Annual Required Contribution ("ARC"). As of July 1, 2013, the City's funding policy was changed. The new policy is based on "prefunding" which allows for a higher assumed internal rate of return, lower UAAL, and lower ARC. As of June 30, 2013, the City has over \$9.9 million in cash that will be managed through an Irrevocable Trust managed by US Bank for this purpose.

The State of New Mexico Retiree Health Care Act (the "Health Care Act") provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The purpose of the Health Care Act is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds deposited by the employer into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees. Each participating retiree pays a monthly premium for the medical plus basic life plan. Each participating employer makes contributions to the Fund in the amount of 1.666% of each participating employee's annual salary. Each participating employee contributes to the Fund an employee contribution equal to 0.833% of the employee's annual salary. Contributions are scheduled to be increased for both employers and employees as follows: employer contributions in Fiscal Year 2013 – 2.000%; employee contributions in Fiscal Year 2013 – 1.000%. The City remitted \$5,470,619 in Fiscal Year 2013, \$5,301,347 in Fiscal Year 2012, and \$4,688,405 in Fiscal Year 2011, which equaled the required contributions for each year.

Capital Implementation Program

General

The City finances a substantial portion of its traditional municipal capital improvements with general obligation bonds. Historically, the City issues general obligation bonds annually to finance capital improvements. However, certain improvements are financed with revenue bonds. The City's Capital Implementation Program consists of a ten-year program, with a general obligation bond election held every odd-numbered year to approve the two-year capital budget portion of the program.

Impact Fees

The City's impact fee ordinance was adopted by the Council on November 19, 2012 and implemented on December 8, 2012. Two lawsuits challenging the impact fee ordinance were filed in Bernalillo County District Court by developers in January 2013. The lawsuits allege that impact fee credits held by the developers under the City's previous impact fee ordinance were unlawfully devalued by the ordinance adopted on November 19, 2012. It is premature to speculate how the lawsuits might affect the City's impact fee ordinance or the collection of impact fees.

An impact fee is a one-time charge imposed on new development to help fund the costs of capital improvements that are necessitated by and attributable to new development. Impact fees may not be charged retroactively and may not be used for maintenance or repair. The cost calculation formulas recognize that new development in areas where major infrastructure already exists will have lower costs.

The seven types of new infrastructure that the City of Albuquerque impact fees support are: (i) road, (ii) drainage, (iii) fire, (iv) police, (v) park, (vi) open space, and (vii) trail. Service areas have been identified for each type of infrastructure.

The program supplements the existing Capital Implementation Program. The funds from the impact fees are used to develop infrastructure on a pay-as-you go basis and will not affect the City’s current general obligation bond program or the City’s bonding capacity.

Total Impact Fees

Fiscal Year	Total Collected
2009	\$3,242,428
2010 ⁽¹⁾	2,235,427
2011	1,329,023
2012	1,491,618
2013	1,486,701

(1) The City placed a partial moratorium on impact fees in September 2009. This moratorium limits fees to 50% of the calculated fee, or 0% if the home meets certain green building standards.

Source: City of Albuquerque, Planning Department.

Financial Statements

See Appendix A, Audited Financial Statements for Fiscal Year 2013.

ENTERPRISE OPERATIONS

Albuquerque Airport

Generally

Definitions

The following definitions are applicable to the discussion of the City’s Airport System.

“ABQ Airport” is defined as the Albuquerque International Sunport, which is located five miles southeast of downtown Albuquerque and is adjacent to Kirtland Air Force Base, an active United States Air Force (“USAF”) installation.

“Airport” is defined as any or all of the City’s existing and future Airport Facilities, and any interest of the City therein, including, without limitation, the Airport System, all land, buildings, structures, roadways and facilities thereof or related thereto of whatsoever character and wheresoever situated, within or without the boundaries of the City, and all enlargements,

additions, substitutions, improvements, extensions and equipment appertaining thereto, including, but not limited to, any parking facility for automobiles and other motor vehicles located at any Airport Facility and any industrial or commercial property located on land constituting a part of the Airport property; but excluding any special facility or related revenues until there has been defeasance of all special facilities obligations payable from such special facility or the lessees or operators thereof.

“Airport Facilities” is defined as the property comprising the Airport, including, without limitation, runways, terminals and other aircraft parking facilities, taxiways, aprons, approach and clear zones, safety areas, infield areas, landing and navigational aids, terminal and other buildings and any other facilities and land areas used in connection with the use and operation of any such facility.

“Airport Obligations” is defined as all bonds, notes or other instruments which evidence a borrowing payable from and secured by net revenues of the Airport, now outstanding or hereafter issued or incurred, including Airport bonds designated as Senior Parity Obligations and Subordinate Parity Obligations.

“Airport System” is defined as ABQ Airport and Double Eagle II Airport.

“Double Eagle II Airport” is defined as the general aviation reliever airport owned and operated by the City.

General

ABQ Airport is the principal air carrier airport serving the Albuquerque Metropolitan Area and the State, and provides the only major air carrier service to the State. ABQ Airport is owned by the City and operated by the City’s Aviation Department.

ABQ Airport is classified as a “medium hub” airport by the FAA. In Fiscal Year 2013, origination and destination passengers comprised an estimated 90% of passengers enplaned at ABQ Airport. In addition to ABQ Airport, the City also owns and operates Double Eagle II Airport. ABQ Airport has two principal runways for air carrier use and a 543,000 square foot main terminal complex (the “Terminal Building”) with 22 major national airline gates and one commuter airline gate. The Terminal Complex area includes a two-level terminal loop roadway system, a 3,400 space automobile parking structure, a 357 space credit/debit card parking lot, and a 450 space surface parking lot.

The Terminal Building was built in 1965 and was expanded in 1987 to add a new concourse, security office, passenger screening area, baggage claim area, and additional restrooms. The City is undertaking certain projects to rehabilitate and modernize the Terminal Building with Terminal Optimization Phase One completed and Terminal Building Improvement Phase Two began in Fiscal Year 2013. (See following section “Airport System Capital Program.”)

Agreement with the United States Air Force

Runways, taxiways, land and facilities at ABQ Airport (the “Airfield”) were deeded to the City by the United States Air Force (the “USAF”) in 1962. The USAF currently shares the use of the Airfield with the City under a lease agreement obligating the USAF to make an annual rental payment of \$50,000. The deed contains a reversion clause, which becomes effective if the City does not continue to use the Airfield as an airport. Further, the U.S. Government has a right of re-entry if the City does not comply with the covenants and restrictions in the deed and the lease agreement. The agreement also requires the USAF to provide aircraft rescue and fire-fighting services at ABQ Airport. The agreement expires in 2024.

Airport Service Area

The ABQ Airport Service Area includes the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance Counties) and the Santa Fe MSA (Santa Fe and Los Alamos Counties). The ABQ Airport also serves a secondary area consisting of the remainder of the State. The ABQ Airport is the only medium hub airport in the State with scheduled mainline airline service.

Airlines Serving Albuquerque

ABQ Airport is currently served by six mainline airlines (the “Signatory Airlines”) as well as regional and commuter airlines. The Signatory Airlines are as follows:

American Airlines ⁽¹⁾	US Airways ⁽¹⁾
Southwest Airlines ⁽³⁾	United Airlines
Delta Air Lines	Frontier Airlines ⁽²⁾

- (1) AMR Corporation, parent of American Airlines exited Chapter 11 bankruptcy on December 9, 2013 and consummated its merger with US Airways Group, Inc., parent of US Airways, to form American Airlines Group, Inc.
- (2) Frontier Airlines ceased operations January 2014 but continues to honor its airline contractual obligation through Fiscal Year 2016.
- (3) Southwest Airlines’ operations at ABQ Airport have historically been directly impacted by the doctrine commonly referred to as the “Wright Amendment” which became law in 1979 and is scheduled to expire in October 2014. The restrictions in the Wright Amendment on Southwest Airlines have historically resulted in higher enplanements at ABQ Airport, and the scheduled expiration of the Wright Amendment is anticipated to have a negative impact. In anticipation of the expiration of the Wright Amendment, ABQ Airport management has proactively increased marketing efforts, air service development and revenue diversification over the past several years to minimize the anticipated negative impact associated with the cessation of the Wright Amendment. Additionally, ABQ Airport has a high origination and destination base that provides a stable source of enplanements.

Each of the Signatory Airlines listed above has entered into a five-year Amended and Restated Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective date of July 1, 2011 (the "Airline Agreements"). Collectively, the Signatory Airlines lease approximately 79% of the available exclusive and preferential use space in the Terminal Building. Although they will not be considered a Signatory Airline, JetBlue Airways began non-stop daily service between ABQ Airport and JFK Airport in New York on April 22, 2013 and operates under the terms of a month-to-month Non-Signatory Airline Operating Agreement and Terminal Building Lease.

In addition to these major national airlines and their affiliate regional carriers, Pacific Wings d/b/a New Mexico Airlines, the only commuter airline serving ABQ Airport, provides commuter flights to Carlsbad and Los Alamos, New Mexico.

Two cargo airlines, Fed Ex and UPS (the "Cargo Airlines"), provide air cargo service at ABQ Airport. The Cargo Airlines have both entered into a five-year Amended and Restated Scheduled Cargo Airline Operating Agreement and Cargo Building Lease with the City effective July 1, 2011(the "Cargo Airline Agreements") and both operate as Signatory Cargo Airlines.

Historical Aircraft Operations and Enplaned Passengers

During Fiscal Year 2013, there were 141,708 aircraft operations (landings and takeoffs) at the ABQ Airport, a decrease of 7.3% from 152,128 in Fiscal Year 2012. Ending Fiscal Year 2013, 2,601,588 passengers enplaned at ABQ Airport, a decrease of 8.3% from 2,835,744 in Fiscal Year 2012. The airline traffic and passenger level decreases are attributable primarily to national economic weakness, fuel cost, and changes in airline competition and strategy. The following table presents the number of airline enplaned passengers for major national, affiliate regional and commuter airlines at the ABQ Airport from Fiscal Year 2004 through Fiscal Year 2013.

**Historical Airline Traffic Activity
ABQ Airport**

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
2004	3,121,162	3.7
2005	3,191,906	2.3
2006	3,299,021	3.4
2007	3,263,210	(1.1)
2008	3,417,525	4.7
2009	3,014,347	(11.8)
2010	2,933,346	(2.7)
2011	2,889,262	(1.5)
2012	2,835,744	(1.9)
2013	2,601,588	(8.3)

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at ABQ Airport decreased at an average annual rate of 2.0% per year between Fiscal Years 2004 and 2013, and Airport management projects a 2.0% decrease in Fiscal Year 2014. For the nation as a whole, the number of enplaned passengers was approximately 7.0% higher in Fiscal Year 2013 than it was in Fiscal Year 2004.

As the financial crisis and economic recession deepened in the second half of 2008, airlines reduced departing seat capacity at airports including ABQ Airport. Southwest Airlines' strategy to reallocate departing seat capacity to large-hub airports disproportionately affected medium-hub airports such as ABQ Airport. Additionally, enplanements in 2008 peaked due to intensified competition attributable to ExpressJet's branded operations, which discontinued in September 2008. The economic downturn started later in Albuquerque than most U.S. cities; it depressed consumer spending and resulted in reduced demand for air travel. Combined, these factors resulted in an 11.8% reduction in enplaned passenger traffic in Fiscal Year 2009. Throughout Fiscal Years 2010 through 2012, airlines continued reducing seats at ABQ Airport although the rate of decrease slowed. The ending result was a 1.9% decline in enplaned passengers for Fiscal Year 2012. In Fiscal Year 2013, enplaned passenger numbers decreased by 8.3%, reflecting further reductions in capacity by Southwest, Delta, United and US Airways. Although enplanements have declined over the past five fiscal years, ABQ Airport has a strong financial performance and stable operating results. These positive results are reflective of management's continuing efforts to contain costs and maximize non-airline revenue.

Airline Market Shares of Enplaned Passengers

During Fiscal Years 2009 through 2013, Southwest Airlines and American Airlines held the greatest percentage of market share. In Fiscal Year 2013, Southwest's market share in

Albuquerque was 57.3% and American's was 14.3% (19.0% combining US Airways). Combined, the two airlines accounted for at 71.6% (76.3% combining US Airways) of enplanements at the ABQ Airport during Fiscal Year 2013.

The following table presents the market shares of enplaned passengers by airline for Fiscal Years 2009 through 2013:

Historical Airline Market Shares of Enplaned Passengers

Operating Airline	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Southwest Airlines	54.4%	55.5%	57.2%	57.5%	57.3%
American Airlines ⁽¹⁾					
American	11.9%	12.5%	11.8%	10.7%	11.8%
US Airways	5.3	5.2	4.4	4.2	4.7
American Eagle	-	-	0.7	2.7	2.5
Subtotal	17.2%	17.7%	16.9%	17.6%	19.0%
United Airlines ⁽²⁾					
United	3.7%	2.5%	2.4%	1.9%	1.4%
Continental	2.2	1.3	0.7	0.4	-
SkyWest	3.6	4.0	4.5	5.3	5.1
Shuttle America	1.0	1.5	1.4	1.7	1.9
ExpressJet	2.5	2.8	2.5	2.4	1.4
Republic	-	-	-	-	0.7
Subtotal	13.0%	12.1%	11.6%	11.6%	10.5%
Delta Air Lines ⁽³⁾					
Delta	5.1%	7.5%	7.9%	9.9%	9.8%
Northwest	2.9	-	-	-	-
SkyWest	2.2	3.0	2.5	-	-
ExpressJet	0.2	-	-	-	-
Subtotal	10.4%	10.5%	10.4%	9.9%	9.8%
Frontier Airlines					
Frontier	3.9%	3.8%	3.5%	3.0%	2.5%
Republic	-	-	-	-	0.4
Subtotal	3.9%	3.8%	3.5%	3.0%	2.9%
JetBlue Airways	0.0%	0.0%	0.0%	0.0%	0.3%
ExpressJet ⁽⁴⁾	0.7%	0.0%	0.0%	0.0%	0.0%
All Other	0.4%	0.4%	0.4%	0.4%	0.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

(a) American and US Airways merged in December 2013 and will operate under American's name.

(b) United and Continental merged in 2011 and operate under United's name.

(c) Delta and Northwest merged in 2008 and operate under Delta's name.

(d) ExpressJet ceased operations as a Signatory Airline at ABQ Airport as of September 2, 2008.

Source: City of Albuquerque Aviation Department

Airport Administration

Mr. James D. Hinde, C.M., is the Director of Aviation. Mr. Hinde was appointed to this position by Mayor Richard J. Berry in December 2009. Mr. Hinde previously served under Mayor Chavez' administration as Acting Director of Aviation from January 2007 to March 2007. He has worked for the City's Aviation Department for twenty-two years as Manager of Engineering, Manager of Engineering and Environmental Affairs, and Planning Manager. Prior to his work with the City he was involved in design, project management, and inspection with several private engineering firms.

Ms. Pam White, C.M., is the Associate Director of Finance and is responsible for the Finance and Administration Division, consisting of airport revenue bonds, operating budget(s), accounts receivable, accounts payable, airport revenue, performance measures, capital improvement program, debt service, PFC program, procurement, professional technical contracts, and landside operations. Ms. White has twenty-three years experience in finance, administration and government accounting. Ms. White has a Bachelor of Science in Business Administration/Accounting and is currently enrolled in the American Association of Airport Executives certification program.

Mr. Jack D. Scherer is the Associate Director of Planning and Development for the Aviation Department. In this role Mr. Scherer participates in all planning efforts for development of the Airport System, and works closely with architects, engineers and consultants through all phases of design and construction of facilities and infrastructure. In addition, Mr. Scherer negotiates and manages the Airport's portfolio of leases and agreements, he is the point of contact for the City's Foreign Trade Zone located at the ABQ Airport, and he works closely with various economic development organizations to create additional opportunities for revenue generation within the Airport System. He has over 30 years of experience in real estate, land development and construction, and earned a Bachelor of Science degree from Fort Lewis College in Durango, Colorado.

The Associate Director of Operations position is currently vacant. The Aviation Director, James Hinde, is currently assuming the responsibilities and duties of this position.

Airport Financial Information; Airport Fund

General. The Airport Fund is an enterprise fund of the City and is self-sustaining. This proprietary type fund provides services which are intended to be financed primarily through user charges or activities where periodic determination of net income is appropriate.

Historical Financial Results. The following tables compare historical financial results of the Airport System.

**Historical Airport Revenues
(Fiscal Year 2009-2013)
(\$000s)**

	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
		<u>%</u>								
Airline Revenue	\$26,654	37.9	\$27,385	38.4	\$25,890	37.2	\$26,123	35.1	\$23,738	32.4
Non-Airline Revenue Terminal Bldg.	12,618	17.9	13,908	19.5	12,940	18.5	13,730	18.4	15,090	20.6
PFCs	7,380	10.5	7,444	10.4	7,288	10.4	10,741	14.4	9,932	13.6
CFCs	7,145	10.2	6,680	9.4	6,831	9.8	7,506	10.1	7,993	10.9
Passenger Parking Area	7,423	10.6	7,130	10.0	7,937	11.4	7,791	10.5	7,591	10.4
Miscellaneous	<u>9,135</u>	13.0	<u>8,848</u>	12.4	<u>8,879</u>	12.7	<u>8,445</u>	11.4	8,828	12.1
TOTAL	<u>\$70,355</u>	100.0	<u>\$71,395</u>	100.0	<u>\$69,765</u>	100.0	<u>\$74,267</u>	100.0	<u>\$73,172</u>	100.0

Source: City of Albuquerque

Airline Revenues. Airline revenues include revenues from the Signatory Airlines, Affiliate Airlines, Commuter Airlines, Air Cargo Airlines and Non-Signatory Airlines. Components of airline revenues include Terminal Building space rentals, loading bridge fees, baggage claim device charges, landing fees, cargo building rentals, and cargo apron rentals. See “Agreements with the Airlines” under this caption.

Amounts to be paid by the Signatory/Affiliate Airlines pursuant to the Airline Agreements constitute a major source of revenues to the Airport. As a whole, the Signatory Airlines represented approximately 99.4% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2013. Airline revenues constituted 32.4% of Gross Airport Revenues in Fiscal Year 2013.

Passenger Facility Charges. The City has had three applications to collect Passenger Facility Charges (“PFC”). In March 1996, the FAA approved the City’s application to collect a total of \$49,638,000 over a period of approximately six years by imposing a \$3.00 PFC on each enplaning revenue passenger at ABQ Airport. The closeout amendment for this application increased the collection authority by \$135,870. This FAA approval closed in May 2003. In June 2002, the FAA approved the City’s second PFC application which allowed the City to impose a \$3.00 PFC at ABQ Airport for a total collection amount of \$44,483,079. The closeout amendment for this application amended the total collections to \$41,844,636 to reflect actual collections and uses of PFC revenues. This FAA approval closed in May 2009. In June 2006, the FAA approved a third PFC application (“PFC #3”) in the amount of \$66,066,726. In October 2009, the FAA approved Amendment One to increase PFC #3 to \$68,885,899. In May 2011, the FAA approved Amendment Two to increase PFC #3 to \$78,203,803. Effective July 2011, the FAA approved an increase to the PFC #3 charge from \$3.00 to \$4.50. The expiration date for this FAA approval is October 2017.

PFC revenues are available to pay Airport Obligations issued to finance eligible projects, such as runway and terminal building improvements, and have been and will be used to reimburse the City for investments made by the City in eligible projects. PFC revenues are

included by the City as part of Gross Airport Revenues to the extent available to pay Airport Obligations, as directed by a designated officer of the City.

The following table sets forth the annual collections of PFCs from Fiscal Year 2009 through Fiscal Year 2013.

PFC Revenues (\$000s)

Fiscal Year	PFCs Collected ⁽¹⁾
2009	\$7,380
2010	7,444
2011	7,288
2012	10,741
2013	9,932

⁽¹⁾ PFCs received by the City net of collection and handling fees retained by airlines. The airlines are permitted to retain a portion of each PFC collected (currently \$0.11 of each PFC collected) as compensation for collecting and handling PFCs.

Non-Airline Revenues. Non-airline revenues include the rental car privilege fees; leased building rental fees; land rental fees and operating fees; non-airline terminal building space rentals; terminal building food and beverage concessions; terminal building retail concessions; terminal building advertising program; and other miscellaneous agreements. The largest component of non-airline revenues in Fiscal Year 2013 was the rental car privilege fees.

Rental Car Facility Revenues. The City currently operates under five year agreements (effective July 1, 2011), with eight rental car companies for the use and lease of counter space at the customer service building as well as 1,390 parking spaces in the ready/return parking area. The City maintains an option to extend the agreements for an additional five years. Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 10% of gross revenues against a minimum annual guarantee, (b) a monthly fee for use of ready/return parking spaces and (c) monthly fees for exclusive use and common use space in the customer service building. Under the agreements, the on-airport rental car companies are required to collect a Customer Facility Charge (“CFC”) per rental car contract day to be used for the operation of the rental car shuttle bus system and to pay debt allocated to the Rental Car Facility and associated roadways. CFC revenues and all rentals, fees and charges imposed by the City and collected from the rental car companies accounted for approximately 27.0% of Gross Airport Revenues in Fiscal Year 2013. (See “Customer Facility Charge” below). In addition, the City has 20-year leases with the on-airport rental car companies for use and lease of the service center facilities and vehicle storage areas.

Terminal Building Concession Revenues. Non-airline Terminal Building food and beverage concession revenues are generated under agreements with Fresquez Concessions, Inc. and Black Mesa Coffee Company to provide food and beverage services within the Terminal Building (the “Food and Beverage Concession Agreements”). In addition there are four retail concession operators (the “Retail Concession Agreements”), including Avila Retail Development & Management, El Mercado del Sol, Inc., Page Industries and Hudson-Garza

Albuquerque JV. These four retail concession operators offer a variety of retail merchandise including newspapers, magazines, books, Native American art and jewelry, southwest apparel and New Mexico souvenirs. Under the terms of the agreements, each operator is required to pay the City the greater of (a) a percentage of gross revenues or (b) a minimum monthly guarantee (“MMG”) amount. The MMG amount is to be adjusted each year to a sum of money representing one-twelfth (1/12) of 85% of each company’s prior year’s percentage of gross revenues paid to the City, but in no event shall the MMG for any month be less than the initial MMG.

Parking Area Revenues. The public parking facilities include a two-level terminal loop roadway system, a 3,400 space, 4-level parking garage, a 357 space uncovered surface parking lot, called the Credit Card Lot, and a 450 space covered surface parking lot, called the Economy Lot. Other parking facilities at ABQ Airport include three employee lots, which together provide approximately 600 spaces.

Public parking rates are \$1.00 for the first half hour. The maximum rates are as follows: short term lot parking garage is \$10.00 per day, the Economy Lot is \$7.00 per day, and the Credit Card Lot is \$7.00 per day, however, there is currently an analysis underway to review the parking rate(s). The public parking facilities generated revenues totaling \$7,673,994 (\$7,590,927 in public parking revenues plus \$83,067 in employee parking revenues) in Fiscal Year 2013. The City also receives revenues from commercial vehicle lane fees and taxicab permits, which together totaled \$345,793 in Fiscal Year 2013. The proposed Fiscal Year 2015 Budget for the Airport contains an increase in certain parking rates. If approved through the City’s legislative process, the increased parking rates would take effect July 1, 2014.

Revenues from Other Areas. Revenues from other areas at ABQ Airport principally include land and building rentals. Included are other governmental agency facilities, aircraft hangers, manufacturing and production facilities and various other property leases. Major sources of leased site rental revenues include the Sheraton Albuquerque Airport Hotel, general aviation fixed base operators and air cargo building rentals. The Sheraton pays a percentage of gross revenues for food, alcoholic beverages, room rentals and other miscellaneous categories against a minimum monthly guarantee.

Double Eagle II Airport Revenues. The City has two agreements with a fixed base operator to provide services to the general aviation community at Double Eagle II Airport. The City also maintains various land and building leases, including a lease for a 15,000 square foot hangar facility, a 10,000 square foot hangar facility, and a 41,585 square foot office building, all of which are owned by the City. In February 2012, the City leased the office building to a charter school known as Southwest Aeronautics, Mathematics, and Science Academy Charter School (the “SAMS Academy”). The SAMS Academy provides an educational opportunity in a state-of-the-art facility with an emphasis on an aeronautics and aviation curriculum designed to produce pilots, aircraft mechanics, and future engineers and mathematicians. The SAMS Academy lease is for a 15-year term (5-year lease with two renewal 5-year options). The lease has the potential of generating approximately \$4,300,000 during the 15 year term.

Federal Grants. The City receives annual federal grant monies from the FAA through the Airport Improvement Program (“AIP”). These funds are not included in the calculation of Gross Airport Revenues. AIP grants received by the City are either entitlement (determined by formula) or discretionary (determined by FAA prioritization of projects across the nation as a whole). Between Fiscal Year 2003 and Fiscal Year 2013, the City received a total of \$64.5 million in AIP grants and entitlement/discretionary funds. In Fiscal Years 2012-2013, the City received \$8,714,306 for five sustainable projects of which two were solar array projects from the FAA Voluntary Airport Low Emissions Program and one for \$2,745,364 for airfield lighting rehabilitation. ABQ Airport received \$8,275,767 for reconstruction of the General Aviation Apron and \$9,737,480 for Taxiway A reconstruction. In addition, a \$12.1 million project to reconstruct and widen the highway from Interstate 40 to Double Eagle II Airport is currently underway. The road project is funded primarily by Federal Highway Administration grants.

There can be no assurance as to the amount of such funding the Airport will receive in future years. The City’s financial plan for funding its Capital Program assumes that the City will receive AIP grants to fund the eligible portions of certain projects. In the event that AIP grants are not available, the City would either elect to delay, cancel, or fund the projects with airport funds and/or other sources.

Airline Agreements

Signatory Passenger Airline Agreements. Effective July 1, 2011, the Signatory Passenger Airlines entered into five year Amended and Restated Scheduled Airline Operating Agreement and Terminal Building Leases (“Signatory Passenger Airline Agreements”) with the City for the use and lease of certain facilities at ABQ Airport. The following is only a brief summary of certain provisions of the Signatory Passenger Airline Agreements.

Signatory Passenger Airlines and Signatory Cargo Airlines pay the City landing fees per 1,000-pound unit of maximum certified gross landing weight for the use of ABQ Airport. The landing fee rate is calculated according to a cost center residual methodology, whereby the City recovers 100% of the costs allocable to the Airfield.

Under the Signatory Passenger Airline Agreements, Terminal Building rental rates are calculated according to a commercial compensatory method based on rentable space and include a credit of certain concession revenues generated in the Terminal Building. Ticket counter, airline operations, and certain other space is leased on a per square foot basis. Holdrooms are leased on a per holdroom basis. The baggage claim area and the passenger circulation area are leased jointly, with allocable rentals recovered by formula. The credit is also distributed among the Signatory Passenger Airlines by formula. Loading bridge charges are calculated using a modified residual methodology and consist of a combination of a fixed fee charged per loading bridge to recover allocable capital costs and an operating fee charged per departing flight to recover allocable operating costs.

Each Signatory Passenger Airline has priority in using gates assigned to it on a

preferential use basis to accommodate its scheduled flights. However, the City may assign a preferential gate for use by others in periods when not in use by the renting Signatory Airline. The City has the right, but not the obligation, to reassign a Signatory Passenger Airline's preferentially assigned gate to another Signatory Passenger Airline, if the renting Signatory Passenger Airline's average scheduled gate utilization falls below four flights per gate per day, and the City determines that there is a reasonable need for the preferential use of such gate by another Signatory Passenger Airline.

Signatory Cargo Airline Agreements. Effective July 1, 2011, the Signatory Cargo Airlines entered into five year Amended and Restated Scheduled Cargo Airline Operating Agreement and Cargo Building Leases (the "Cargo Airline Agreements") with the City concerning their use of the air cargo facilities at ABQ Airport. Under the current Cargo Airline Agreements, each of the Signatory Cargo Airlines leases exclusive-use space in ABQ Airport's air cargo building and preferential-use apron parking spaces at the air cargo apron. Rates and charges for these facilities are calculated under a modified commercial compensatory approach, whereby the Signatory Cargo Airlines pay a rate calculated using a market-value approach.

Affiliate Airline Operating Agreements. The City maintains Affiliate Airline Operating Agreements with passenger airlines operating as regional affiliates of Signatory Passenger Airlines. The Affiliate Airline Operating Agreements are on a month-to-month basis. Service provided by these airlines is marketed and sold by Signatory Passenger Airlines under capacity purchase agreements and not by the Affiliate Airline itself.

Under the terms of the Affiliate Airline Agreements, Affiliate Airlines pay the same landing fee rate as the Signatory Passenger Airlines and participate in the year-end recalculation of airline rates and charges. Rents and fees for the use of the Terminal Building, where applicable, are paid by the Signatory Passenger Airline on behalf of the Affiliate Airline.

Commuter Airline Agreements. The City maintains Commuter Airline Lease and Operating Agreements with airlines providing commuter service throughout New Mexico. The Commuter Airline Lease and Operating Agreements are on a month-to-month basis. Under the terms of the Commuter Airline Lease and Operating Agreements, commuter airlines pay the same landing fee rate as the Signatory Passenger Airlines, but do not participate in the year-end recalculation of airline rates and charges. The agreements also allow the commuter airlines to pay fixed rates to rent space in the Terminal Building.

Non-Signatory Airline Agreements. The City maintains Non-Signatory Airline Operating Agreements and Terminal Building Leases (the "Non-Signatory Airline Agreement") with certain airlines providing service at ABQ Airport on both a scheduled and non-scheduled basis. The Non-Signatory Airline Agreements allow airlines to occupy space in the Terminal Building or air cargo facilities on a month-to-month basis. Additionally, the Non-Signatory Airline Agreements specify the fees to be paid for the use of Airport facilities, generally calculated at 115% of the applicable Signatory Passenger Airline rate. Non-Signatory Airlines do not participate in the year-end recalculation of airline rates and charges.

Air Service Incentive Programs. The City instituted an Airline Competition Incentive Program (the “ACIP”) and Airline Cooperative Marketing Program (the “ACMP”) in April 2013 to encourage new air service by incumbent and new-entrant airlines. The ACIP provides for credits of 100% of allocable landing fees and 75% of allocable terminal rentals and use fees for qualifying service to airports not served nonstop from ABQ Airport. The ACMP provides for subsidies for qualifying marketing activities related to ACIP-eligible service. ACIP and ACMP credits and subsidies are in effect for a maximum of two years for each qualifying service. The programs expire in December 2015. As of February 2014, only JetBlue Airways is participating in the ACIP and ACMP.

Customer Facility Charges

The Rental Car Facility is located on approximately 76 acres on the west side of ABQ Airport. The City currently has agreements with eight rental car companies operating from the Rental Car Facility (“On-Airport Rental Car Companies”). All rental car companies serving ABQ Airport are required to transport their customers between the Terminal Building and the Rental Car Facility on a common rental car shuttle bus system. There are 1,390 ready/return spaces at the Rental Car Facility.

Customer Facility Charges (“CFC”) are calculated to recover: (i) the costs of providing, operating and maintaining the common rental car shuttle bus system, which transports rental car customers to and from the Terminal Building and Rental Car Facility; (ii) certain debt service requirements on Airport Obligations issued to finance the Rental Car Facility and related improvements; and (iii) other allocable costs associated with common areas at the customer service building and access roadways. The City may recalculate the fee at least annually based on these costs and the projected number of rental car transaction days. The CFC is currently \$3.75 per contract day.

In the event that the projected CFC revenues in any year are less than the costs described above, the On-Airport Rental Car Companies are required to pay the City additional rent equal to the shortfall in CFC revenues. Excess revenues from the CFC in any year may be used to pre-pay debt service requirements or Airport Obligations issued to finance the Rental Car Facility, to pay any allowable Airport cost, or to reduce the CFC rate for the following year.

Airport System Capital Program

The City maintains a rolling five-year Capital Improvement Program (“CIP”) for the Airport System. The current CIP extends to FY 2018 and anticipates \$195.5 million in capital improvements. This CIP includes \$127.7 million in capital improvements through Fiscal Year 2016 which was pre-approved by the Signatory Airlines as part of the Airline Agreement(s). Capital improvements other than those identified in the pre-approved capital plan exceeding certain cost thresholds and not subject to other limitations are subject to the capital project review and approval provisions of the Airline Agreements.

Of the \$195.5 million CIP, \$182.4 million would improve ABQ Airport and \$13.1 million would improve Double Eagle II Airport. The funding plan for the CIP is a mixture of grants, “pay-as-you-go” Passenger Facility Charges, and Airport equity. The City plans to issue no new debt to fund projects through Fiscal Year 2018.

Most CIP projects are for the renewal or replacement of aging elements of airport infrastructure. The CIP reflects the lack of a need for significant expansion of airfield or terminal capacity. Large projects include the rehabilitation of Taxiways A, B and E and certain aircraft parking aprons; the upgrading of mechanical and electric systems in the Terminal Building; and, the conversion of Runway 17-35 at the Double Eagle II Airport to the primary runway.

Joint Water and Sewer System

The Water/Sewer System was owned by the City and operated by its Public Works Department until December 17, 2003 and revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10 NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (the “Authority”) and required that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of any holders of outstanding debts of the Water/Sewer System. The City has transferred functions, appropriations, money records, equipment and other real and personal property pertaining to the Water/Sewer system to the Authority and the policy-making functions of the Water/Sewer System have been transferred to the Authority. The Authority has a minimal relationship with the City under the current Memorandum of Understanding, dated July 1, 2013, by and between the Authority and the City. These ties include the Authority’s rental of space and computer equipment from the City and Authority employees may participate in certain City employment benefits such as medical, dental, vision and life insurance. Other than these limited connections, the Authority operates independently of the City and Bernalillo County, New Mexico.

Information relating to Water/Sewer System may be found in the Annual Information Statement of the Authority dated March 27, 2014 on file with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.

Refuse Removal and Disposal System

The City operates its Refuse Removal and Disposal System (the “Refuse System”) through its Solid Waste Management Department (the “Department”). The City has no competitors for refuse removal and disposal services within the City limits. The City collects all residential refuse and imposes a fee on each residential unit. Commercial refuse service is provided to all commercial users at a set fee. However, businesses may haul self-generated refuse, if they obtain a City permit to do so. Although businesses may haul self-generated refuse outside of the City limits to landfills which are not operated by the City, the City does not consider that this has a material effect on the City’s landfill operations.

Long-Range Plans

The Department developed an Integrated Waste Management Plan (IWMP) to serve as an important planning tool. The IWMP, by Zia Engineering & Environmental Consultants, reviews the current status of the City's solid waste management system including operations, rates and facilities and proposes an environmental plan for the future.

City Council approved the IWMP in 2010. The IWMP contains 23 recommendations to be implemented in the period from 2010 to 2020.

Recommendations in the IWMP which are currently in process or completed are as follows: to perform a cost of service analysis; perform a commercial accounts audit; revise the Department's Mission Statement; develop a Request for Proposals for private sector design, construction, ownership, and operation of a materials recovery facility (MRF); development of a permanent education and outreach program including staff; promotion of backyard composting; analysis of potential sites for transfer facility development; and implementation of cart-based residential recycling collection. The recommendation to address the large backlog of unmet functional equipment needs by fully funding the equipment replacement schedule was included with the Fiscal Year 2011 rate increase. The Department has utilized the increased System revenues to acquire new collection trucks and landfill equipment. The Department anticipates using the increased System revenues to continue upgrade of equipment over the next several fiscal years.

Many of the IWMP recommendations form the basis for the Department's Five-Year Plan, including the MRF project award and construction; development of a plan to site, design, construct, own, and operate a transfer station; automate residential curbside recycling collection using carts; implementing a Pay as You Throw ("PAYT") program for residential customers; and implementing a subscription-based green waste collection program. PAYT is a term coined by the U.S. Environmental Protection Agency, which means that residents pay for refuse service according to the level of service requested: more trash results in increased fees.

With direction from the Mayor, the City has entered into a 12-year contract with Friedman Recycling for operation of a private MRF. The facility opened in June 2013. The first quarter of operations resulted in a revenue share of more than \$50,000 to the Department.

The remaining recommendations will be considered and proposed in subsequent budget years as suggested in the IWMP.

Landfills

The City owns and operates its own landfill site, which has been registered with State and federal authorities since May 1990. The permit for the City's Cerro Colorado Landfill allows only licensed commercial haulers to dispose of solid waste at the landfill site. Residents are not allowed to haul waste to the landfill and, instead, must use the convenience centers described below. If current waste disposal operations continue unchanged, the landfill is expected to reach capacity in 2077. The landfill presently meets or exceeds all federal and state regulations. To continue in compliance with federal requirements, the City installed a methane gas collection system for the first six cells of the Cerro Colorado landfill and had a consultant

develop a landfill gas master plan to maximize efficiency and effectiveness in the future expansion of the landfill gas collection system. The Department worked with an engineering consultant to develop design plans and specifications for the Phase B portion of the master plan of the Gas Collection and Control System (GCCS) which will expand and upgrade the GCCS. Construction was completed in Fiscal Year 2013.

The City has a hazardous waste awareness program, a household hazardous waste collection program, and a landfill monitoring and remediation program, which are funded from refuse system revenues. The City does not accept hazardous, toxic or asbestos waste in its landfill. Only biomedical waste that has been previously incinerated is accepted. Both City and State regulatory agencies have established policies to strictly monitor these matters.

Collection System

The residential collection system consists of one-person crews using fully automated side-loading packer vehicles for regular household refuse and the separate collection of recycling. The collection of refuse and recycling occurs once a week. Each of approximately 180,000 households is provided with two 95-gallon containers on wheels. The containers are wheeled to the curb by the resident on his/her weekly collection day and are serviced by two fully automated collection vehicles, which utilize a hydraulic arm to grab, lift and empty the containers. The regular work schedule for residential refuse and recycling collection is five eight-hour days a week. Residential routes include 48 refuse routes, and 23 recycling routes including multi-family dwelling recycling.

Some examples of items collected in the curbside recycling program include: corrugated cardboard, cereal and cracker boxes, #1-7 plastics, milk and juice boxes, tin, aluminum, newspaper, junk mail, books, small electronics, and small appliances.

The City does not handle refuse collection for Albuquerque Public Schools or the University of New Mexico, two of the region's major employers, although those entities do use the City's landfill for a fee.

The commercial collection system is containerized to the maximum extent possible. Containers varying in size from two cubic yards to eight cubic yards and are mechanically dumped into packer trucks. Large generators of refuse use roll-off containers. Collection frequency and container size is determined by the needs of the customer and is factored into the fee calculation. Commercial routes include two rear packers, 17 roll-offs and 34 front-loading routes.

Convenience Centers

The City has constructed three convenience centers for public use, which accept residential self-haul waste and small commercial haulers with a vehicle size of less than two tons. Solid waste brought to the convenience centers is collected in large roll-off containers and 120-cubic-yard transfer trailers and hauled to the Cerro Colorado Landfill by the City as part of the convenience centers' operations. The tonnage collected at the convenience centers represents approximately 10% of the total annual tonnage disposed of at the Cerro Colorado

Landfill. The fee at the convenience centers is \$5.00 per load for individuals and small commercial haulers, not including tax.

Additional Recycling Programs

The City also provides 15 drop-off recycling sites located across the City where citizens can drop off their recyclables, including glass.

The department received approval from the New Mexico Solid Waste Bureau to operate a green waste composting site at the Cerro Colorado Landfill. The majority of materials for the green waste composting program is collected and then transported to the Cerro Colorado Landfill composting site from two of the three department convenience centers and seasonal programs. Primary materials include leaves, grass clippings, tree trimmings and other assorted yard trimmings. Collected manures are used as an amendment with the primary materials for the composting process. The department is currently selling compost and mulch at Montessa Park Convenience Center and Cerro Colorado Landfill to the general public and working to establish additional markets. The department is also using mulch products for internal needs, such as “landfill cover.”

Through a combination of City funds and a grant from the New Mexico Environment Department, the City diverts tires from disposal and sends them to a recycling facility that manufactures crumb rubber. The tire disposal fee of \$116.48, not including tax, covers the transportation and recycling tipping fee for this program.

The landfill gas-to-energy project was completed in Fiscal Year 2014. This \$1,394,500 project was funded through a combination of an Environmental Protection Agency grant, Bernalillo County funds and City funds in order to build a two-mile pipeline from the Cerro Colorado Landfill to the Bernalillo County Metropolitan Detention Center (“MDC”). The pipeline transports landfill gas to the MDC to be used to fuel domestic hot water boilers. Prior to construction of the pipeline, the gas was simply burned off.

Weeds, Litter and Graffiti Removal and Community Outreach

As part of the department’s overall mission of protecting and preserving the environment, the department is also responsible for the removal of weeds, litter and graffiti from the City’s major thoroughfares and public properties through its Clean City Division. Residential refuse bills include a charge of \$1.95 per household per month for this program. Commercial refuse bills also contain a charge.

The Clean City Division strategy and mission is to enhance the City’s condition and meet the community’s needs for a clean environment and improved quality of life within the City limits. Clean City Division, a seven day operation, is currently utilizing six principal programs: the Weed & Litter Program, Graffiti Removal Services, Community Support Program, Large Item Collections Program, Office Paper Recycling Program, and the Drop-Off Recycling Program. Maintaining the cleanliness, beauty and integrity of the City is common to each of these services.

The Weed & Litter Program has divided approximately 188 square miles in the City into five major sections to provide the safe removal of weeds and litter from major thoroughfare right of ways and undeveloped medians on a scheduled basis throughout the year. The Clean City Division provides litter control, graffiti and loose tumbleweed removal on the Interstate Highway right of ways within the City limits through a cooperative agreement between the City and the New Mexico Department of Transportation. The Clean City Division provides graffiti removal from properties within the City and visible from the public right-of-way or City-owned land and responds to special requests for graffiti removal on private property with the property owner's consent. The Clean City Division provides support and builds partnerships citywide with neighborhood associations, civic groups, and businesses for a variety of cleanup efforts and an array of special projects and special events throughout the year.

The Keep Albuquerque Beautiful ("KAB") Program is also supported by the Department and acts as a community outreach entity to promote awareness of environmental issues related to solid waste, recycling and sustainability. KAB is an affiliate of the National Keep America Beautiful organization and is funded by grant money from the State of New Mexico.

Solid Waste Management Administration

Ms. Jill Holbert is the Acting Director of the Solid Waste Management Department. She brings over 25 years of experience in integrated solid waste management; including waste reduction, recycling, composting and solid and household hazardous waste management. She is a New Mexico Environment Department certified operator for transfer stations, landfills and recycling facilities. Prior to joining the department, Ms. Holbert worked for the Solid Waste Bureau of the New Mexico Environment Department. She also served as the Solid Waste Management Division Director with the City of Santa Fe and manager of Santa Fe County's solid waste and recycling program. She holds a Master of Science degree in Community Development from the University of California and a bachelor's degree in Natural Resources from the University of Michigan.

Mr. Stephen C. Falk, CPA, is the Fiscal Manager of the Solid Waste Management Department. Mr. Falk has over 30 years of financial accounting experience, working as an auditor in public accounting, a financial manager in private industry, and in various governmental accounting positions. Mr. Falk has been a Certified Public Accountant for 30 years, and has worked for the City for the last 20 years.

Refuse System Financial Information

Operational Data and Tonnage History for the Refuse System. Shown below are the operational data and solid waste tonnage history for the Refuse System for Fiscal Years 2004 through 2013.

CITY OF ALBUQUERQUE
Refuse System Operational Data
Fiscal Years 2004-2013 Collections

Fiscal Year	Residential Units	Commercial Routes	Commercial Units	Commercial Routes	Refuse Employees	Collection Vehicles
2004	156,106	49	11,674	56	405	147
2005	160,201	40	11,436	52	414	154
2006	164,491	43	12,611	55	414	160
2007	167,782	44	13,346	56	432	164
2008	172,828	48	14,219	56	450	170
2009	175,162	48	13,086	56	427	171
2010	176,341	48	12,051	56	434	165
2011	177,202	48	11,954	56	433	163
2012	178,176	48	11,960	53	429	173
2013	179,779	48	11,934	53	432	177

Source: City of Albuquerque, Solid Waste Management Department.

CITY OF ALBUQUERQUE
Solid Waste Tonnage History
Fiscal Years 2004-2013

Fiscal Year	Commercial	Residential	Convenience Center, Private Haul, Other	Total Department
2004	224,350	179,290	104,350	507,990
2005	237,786	159,778	111,889	509,453
2006	239,670	190,527	118,661	548,858
2007	248,014	204,083	142,933	595,030
2008	231,977	203,043	168,717	603,737
2009	214,463	188,229	301,725	704,417
2010	220,100	172,391	137,124	529,615
2011	219,216	177,618	168,214	565,048
2012	209,799	172,845	116,693	499,337
2013	202,373	163,742	112,745	478,860

Source: City of Albuquerque, Solid Waste Management Department.

Budget, Rates and Charges. The capital and operating budgets for the Refuse System are submitted to the Council by April 1 of each year for the following fiscal year. The Council considers the budgets, together with the rates necessary to finance the operation and capital improvements, and adopts the budget and rates necessary for the next fiscal year no later than 60 days after their receipt. Biannually, decade capital plans are also prepared and adopted. These plans are modified by the annual budget process as immediate needs become clear. The current decade capital plan (2013-2022) calls for expenditures of approximately \$141 million financed with a combination of operating cash and refuse revenue bonds.

The rates for residential collection, commercial collection and the use of the Cerro Colorado landfill are established from time to time by City ordinance and are not subject to

approval by any other regulatory body. The Fiscal Year 2014 rate for residential collection is \$12.91 per month. Commercial rates vary considerably based on the size of container and frequency of service. Current landfill fees by tonnage (not including tax) are \$7.50 for up to 500 pounds, \$14.99 for 501 to 1,000 pounds, \$22.48 for 1,001 to 1,500 pounds, and \$30.00 for 1,501 to 2,000 pounds. Other rates apply for use of the landfill for certain categories of waste such as tires and contaminated soil. The current fee at the convenience centers is \$5.00 per load for residential and commercial haulers, not including tax. Included in the rate structure is a fuel surcharge assessed to all refuse customers when the price of diesel fuel exceeds \$2.30 per gallon.

The following tables present a limited 10-year summary of the history of refuse service rate adjustments implemented by the City showing the effective date of such adjustments. See “Historical Financial Information” under this caption. The City anticipates that additional rate increases will be necessary in future years based on findings in the Integrated Waste Management Plan and Cost of Service Study the Department completed as part of the Fiscal Year 2013 budget. The Studies seek, in part, to modernize recycling, encourage commercial recycling, implement a rate structure that reflects current costs and encourages more residential recycling. The Department was approved for a 25% rate increase in the Fiscal Year 2011 budget based on the cost of service study, which rate increase has been implemented. The new rates fully fund operations and restore the transfer to capital to a level that will provide quality services to customers efficiently and safely. The increased availability of funds for capital improvements will enable the department to replace an aging fleet of heavy collection and landfill equipment, which will result in lower maintenance costs.

CITY OF ALBUQUERQUE
Refuse System
Residential Collection Fee Adjustments

Year	Monthly Rate	% Increase
2004	10.24	0.0
2005	10.24	0.0
2006	10.75	5.0
2007	10.75	0.0
2008	10.75	0.0
2009	10.75	0.0
2010	10.75	0.0
2011	12.91	20.1
2012	12.91	0.0
2013	12.91	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

Year	Rate	% Increase
2004	105.65/ton (tires)	0.0
2005	105.65/ton (tires)	0.0
2006	110.93/ton (tires)	5.0
2007	110.93/ton (tires)	0.0
2008	110.93/ton (tires)	0.0
2009	110.93/ton (tires)	0.0
2010	110.93/ton (tires)	0.0
2011	116.48/ton (tires)	5.0
2012	116.48/ton (tires)	0.0
2013	116.48/ton (tires)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments

Year	Rate	% Increase
2004	\$3.30/load (residential)	0.0
	\$8.65/load (commercial)	0.0
2005	\$3.30/load (residential)	0.0
	\$8.65/load (commercial)	0.0
2006	\$3.47/load (residential)	5.0
	\$9.08/load (commercial)	5.0
2007	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2008	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2009	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2010	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2011	\$5.00/load (residential)	44.1
	\$5.00/load (commercial)	(44.9)
2012	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0
2013	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The Department bills approximately 191,000 accounts on a monthly basis for commercial and residential garbage collection, recycling collection and disposal fees. The City has an active agreement with the Albuquerque Bernalillo County Water Utility Authority (“ABCWUA”) to bill jointly for water and refuse services via the Customer Care and Billing System. The Department pays a portion of all incurred operating costs on an annual basis. As part of this agreement, the ABCWUA manages collections of delinquent accounts for the Department with the exception of accounts that only incur refuse or landfill charges and do not incur water charges.

The water/refuse utility bill indicates the current amount due, the past due balance and any necessary adjustments to the account. If a customer is more than 45 days delinquent, the customer is officially in “collections” status and begins receiving collection letters. After 90 days, the customer receives a 15-day trial shut-off notice. If the ABCWUA or the City does not receive a response from the customer, the City, for health and safety reasons, will continue to collect the customer’s refuse, but ABCWUA has the authority to shut off the customer's water (excluding disabled customers/life support) until the bill is paid or the customer has made arrangements for payment.

For accounts with only refuse service, the City requires a deposit from the customer. This deposit is applied to the account upon service termination as per the Refuse Ordinance. The City applies a 1.5% per month penalty to all delinquent bills. Under most circumstances, at any time a bill is delinquent, a lien on the customer’s property can be filed.

Historical Financial Information. The following table compares revenues and expenses over the past five fiscal years.

CITY OF ALBUQUERQUE
Refuse Removal and Disposal System
Historical Financial Information
Fiscal Years 2009-2013
(\$000)

	2009	2010	2011	2012	2013
Total Operating Revenues	\$53,072	\$52,346	\$61,435	\$62,098	61,102
Non-operating revenues (expenses):					
Interest ⁽¹⁾	531	336	124	100	35
Other	143	270	306	222	163
Gain(loss) on disposition of property & equipment	(409)	(508)	-	26	(19)
Fuel Surcharge	2,504	1,577	662	1,577	1,429
Transfer in/(out) ⁽²⁾	1,428	-	-	-	-
Total adjusted revenues	\$57,269	\$54,021	\$62,527	\$64,023	62,710
Total operating expenses (excluding interest expense)	\$51,698	\$49,457	\$50,177	\$52,002	53,088
Less:					
Payments in lieu of taxes	(946)	(928)	(1,112)	(1,127)	(1,120)
Depreciation	(5,918)	(5,198)	(3,762)	(4,509)	(6,242)
Amortization	(3)	(2)	(15)	12	(5)
Other	-	(369)	(262)	(142)	(203)
Total adjusted operating expenses	44,831	41,960	45,026	46,236	45,518
Net revenues available for debt service	\$12,438	\$11,061	\$17,501	\$17,787	17,192

(1) GASB-31 Market Value Adjustment (Interest).

(2) “Transfers in” revenue is zero for Fiscal Year 2010. The previous year’s transfers were from the General Fund to help pay the unfunded Clean City Division’s operating budget. The General Fund stopped the transfer in Fiscal Year 2010 due to budget constraints.

Source: City of Albuquerque Comprehensive Annual Financial Reports.

Capital Improvement Projects. The Council has implemented a limitation on all Department Capital Improvement Projects spending. The Department's Capital Improvement Projects debt service payment cannot exceed 11% of the total operating expenses.

OTHER PROJECTS OF THE CITY

Public Improvement Districts

The Public Improvement District Act was enacted by the State Legislature in 2001 and codified in Sections 5-11-1 through 5-11-27 NMSA 1978, as amended and supplemented (the "PID Act"). The PID Act provides procedures for local governments to create public improvement districts ("PIDs") through a petition and hearing process, followed by approval through an election of property owners and qualified resident electors. PIDs are authorized to finance various infrastructure and improvements, including water and sewer systems, streets and trails, parks, electrical, gas and telecommunications systems, public buildings, libraries and cultural facilities, school facilities, equipment and related costs of operation and administration.

The PID Act provides for financing based on levying property taxes on land within a PID, imposing special levies based on benefit to property, front footage, acreage, cost of improvements (or other factors apart from assessed valuation), and by providing for use charges for improvements or revenue-producing projects or facilities. PID taxes, levies and charges may be pledged to pay debt service on bonds issued by a PID. Under the Act, PID bonds are not obligations of the State of New Mexico or the local government jurisdiction in which the PID is located, but are obligations solely of the PID issuing the bonds. The Council adopted the Albuquerque Public Improvement District Policy Ordinance (the "PID Policy Ordinance") in February 2003, which enacts policies and procedures for processing and approving applications for approval of PIDs within the City's boundaries.

The Council has approved eight public improvement districts within the City; Ventana West Public Improvement District, Montecito Estates Public Improvement District, Saltillo Public Improvement District, The Trails Public Improvement District, The Boulders Public Improvement District, Volterra Public Improvement District, Mesa del Sol Public Improvement Districts and Lower Petroglyphs Public Improvement District. Each of the public improvement districts has issued special levy revenue bonds to finance construction of certain public infrastructure.

Housing Projects

Beach Apartments Project

The Beach Apartments Project was acquired by the City from the Resolution Trust Corporation ("RTC") in July 1991 with proceeds of its \$1,265,000 Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991. The complex was conveyed subject to a land use restriction agreement between the City and RTC which stipulates that not less than 35% of the units in the property be made available to households with incomes less than 65% of the area median income, adjusted for family size. The Beach Apartments Project consists of 74 units located in six two and three-story buildings, and the apartment building

complex includes a swimming pool and on-site security personnel. The table below shows the number and types of units of the Beach Apartments.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
13	Studio
8	One Bedroom
49	Two Bedroom
4	Three Bedroom

Annual occupancy rates for the Beach Apartments Project have ranged between 93% and 97.6% during 2009 to 2013. For Fiscal Year 2013, the Beach Apartments Project generated total revenues of \$545,900.80 and incurred \$311,369.44 in operating and other expenses, resulting in net income of \$234,531.36 for that period.

Manzano Vista Apartments Project

The Manzano Vista Apartments Project, purchased by the City in January 1994 with proceeds of its \$3,030,000 Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments, Project), Series 1994, consists of 158 units. The complex was purchased at foreclosure auction and was conveyed by foreclosure deed subject to a use agreement between the City and the U.S. Department of Housing and Urban Development (“HUD”). The use agreement has expired. Although Manzano Vista has no deed restrictions, the City provides 25% of the units in this complex as affordable housing. The table below shows the number and types of units of the Manzano Vista Apartments.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
24	One Bedroom
104	Two Bedroom
30	Three Bedroom

Annual occupancy rates for the Manzano Vista Apartments Project have ranged between 95.3% and 95.8% during 2012 to 2013. For Fiscal Year 2013, the Manzano Vista Apartments Project generated total revenues of \$1,375,068.91 and incurred \$949,808.63 in operating and other expenses, resulting in a net income of \$425,260.28 for that period.

Bluewater Village Apartments Project

The Bluewater Village Apartments Project is a 200-unit multi-family building and was acquired by the City with proceeds of its \$11,245,000 Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The Bluewater Village Apartments are operated as a mixed-income community, i.e., a portion of the units will be occupied by low and moderate-income families. The table below shows the number and types of units.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
50	One Bedroom
80	Two Bedroom
60	Three Bedroom
10	Four Bedroom

Annual occupancy rates for the Bluewater Village Apartments Project have ranged between 92% and 97.5% during 2009 to 2013. For Fiscal Year 2013, the Bluewater Village Apartments Project generated total revenues of \$1,568,872.81 and incurred 730,724.42 in operating and other expenses, resulting in net income of 838,148.39 for that period.

INVESTMENT POLICIES AND PROCEDURES

The City has adopted an Investment Policy (the “Investment Policy”) established and maintained by the Investment Oversight Committee which guides the City’s financial decisions. The Investment Oversight Committee reviews the Investment Policy annually and recommends changes as necessary. The Investment Oversight Committee is established by ordinance and consists of five voting members; the Director of Finance and Administrative Services serves as the Chair of the Investment Committee. Day-to-day management of the City’s Investment Program is delegated to the Treasury Division of the Department of Finance and Administrative Services, and specifically to the Investment Manager of the Treasury Division.

The City seeks to balance three primary objectives for its cash portfolio:

- maintaining sufficient liquidity to meet financial obligations;
- diversifying investments among asset classes to ensure safety of principal; and
- earning a market rate of return (subject to permitted investment constraints).

The liquidity goal is achieved by matching investment maturities with the expected timing of obligations. Diversification (safety) is accomplished through implementation of a strategic asset allocation, derived from modern portfolio theory concepts. Attainment of a market return is measured by benchmarking the portfolio against a relevant market index.

Recognizing that cash is an earning asset, the City tries to invest cash balances over amounts required to meet current financial obligations to achieve the highest rate of return consistent with the primary objectives of preservation of principal and maintenance of adequate liquidity. One of the major objectives of the City is to ensure the safety of its principal, which is accomplished by limiting credit risk and interest rate risk. Except for Non-Discretionary Funds, the City seeks to achieve a rate of return on investments at least equal to the average rate of return on the one year U.S. Treasury bill for the reporting period, or other appropriate performance measure as determined by the Investment Committee.

The City attempts to diversify its use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The Investment Policy generally provides that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment

portfolio can be invested in a single security type or with a single financial institution or at a single maturity. Furthermore, in an attempt to limit the City's exposure to the possibility of loss due to interest rate fluctuations, the City will commit no less than 80% of the funds in the commingled investment pool or other discretionary funds to maturities of no more than three (3) years from date of purchase. No more than 20% of the funds may be invested in maturities of up to five (5) years. Investment of non-discretionary assets, including funds to be held in trust, may be committed to maturities up to ten (10) years from the date of purchase.

The Investment Policy permits the City to invest in (a) direct obligations of the United States Treasury; (b) obligations of certain specified government-sponsored agencies; (c) accounts, certificates of deposit or time deposits with qualifying banks and savings and loan associations located in Bernalillo County, New Mexico; (d) bonds or securities of the State of New Mexico, its agencies, or certain of its subdivisions; (e) certain specified repurchase agreements; (f) specified short-term investment and other funds maintained by the State of New Mexico; (g) money market instruments and other securities of commercial banks, brokers-dealers and other specified financial investors; and (h) other permissible investments permitted under statutes of the State of New Mexico. Proceeds of bonds, amounts set aside to pay bonds and reserve funds relating thereto may also be invested in certain tax-exempt obligations and other investments specified in documents relating to the bonds and approved by the Council.

FORWARD-LOOKING STATEMENTS

This Annual Information Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Annual Information Statement, the words “estimate,” “forecast,” “intend,” “expect,” “project,” “budget,” “plan” and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

LITIGATION

There is no action, suit, proceeding, inquiry, investigation or controversy of any nature pending, or to the City's knowledge threatened, involving the City (i) in any way questioning (A) the authority of any officer of the City to exercise the duties and responsibilities of his or her office or (B) the existence, powers or authority of the City; or (ii) which, except as and to

the extent disclosed below may result, either individually or in the aggregate, in final judgments against the City materially adversely affecting its financial condition.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) \$200,000 for damage to or destruction of property arising out of a single occurrence, (ii) \$300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) \$400,000 to any person for any number of claims arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) \$750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence. In two consolidated cases, the City had two judgments entered against it that exceeded these caps on damages under the New Mexico Tort Claims Act. In August 1998, the New Mexico Supreme Court declared the cap on damages unconstitutional as to these two cases only. However, the Court changed the standard from an “intermediate scrutiny” standard to a “rational basis” standard by which the constitutionality issue will be determined in future cases. Since the “rational basis” standard is a lesser standard of scrutiny, the City expects that the cap will be upheld, if challenged in the future. The City has not experienced a material adverse financial impact on claims as a result of the decision in these cases.

Risk Management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its real and personal assets; workers compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000,000 for each workers’ compensation incident, \$1,050,000 for each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

The Risk Management Fund tracks claims on a fund by fund basis and assesses charges to each fund based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$1,000,000 at June 30, 2013, and is included in the unrestricted net position of the Risk Management Fund. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements 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 damage awards. Accordingly, claims are reevaluated periodically to consider the

APPENDIX A

**Independent Auditors' Report,
Management's Discussion and Analysis,
Audited Basic Financial Statement,
and Notes to Financial Statements**

As of and for the Fiscal Year ended June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2012 - JUNE 30, 2013
Albuquerque, New Mexico USA



city of albuquerque

Richard J. Berry - Mayor



CITY OF ALBUQUERQUE, NEW MEXICO
 Comprehensive Annual Financial Report
 Year ended June 30, 2013

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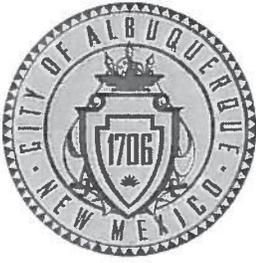
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INTRODUCTORY SECTION



March 7, 2014

Honorable Mayor and City Council
City of Albuquerque, New Mexico

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albuquerque, New Mexico, (City), for the fiscal year ended June 30, 2013. New Mexico State Statute 12-6-3, NMSA 1978 mandates that the financial affairs of the City's records be thoroughly examined and audited each year by independent public accountants. Federal law also requires that a single audit be performed for federal grant funds in conformance with the provisions of the Single Audit Act of 1984 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". All information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the Single Audit Information Section.

This report was prepared by the Department of Finance and Administrative Services with the assistance of various other City departments. City management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. REDW, Certified Public Accountants, have issued an unmodified opinion on the City's CAFR for the year ended June 30, 2013. As indicated by the opinion of our independent auditors, the report fairly presents the financial position and the results of operations of the City as measured by the financial activity of its various funds. The report has been set forth in a manner that will give the reader a broad understanding of the City's financial affairs. It includes disclosures necessary for the reader to gain an understanding of the City's financial activities. The independent auditors' report is located at the front of the Financial Section.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

Albuquerque, New Mexico is located in the central region of the state and is the economic and population hub of New Mexico. With an estimated population of 543,000 in 2010, Albuquerque ranks 33rd in population of the nation's cities and is the largest city in New Mexico with roughly one-fourth of the state's population. The City was founded in 1706, chartered as a town in 1885, and organized under territorial law as a city in 1891. The City became a charter city in 1917 and the voters approved a home rule amendment to the charter in 1971. In 1974, the electorate voted to establish a mayor-council form of government; the City Council consists of nine council members elected from districts. As a governmental entity, the City is not subject to Federal or State income taxes. The City provides traditional services such as public safety, culture and recreation, public works, highways and streets, storm drainage, and refuse collection. In addition, the City operates parking facilities, a transit system, an international airport, and a housing authority.

The CAFR of the City includes all government activities, organizations and functions for which the City is financially accountable. The criteria used to determine financial accountability are based on, and consistent with, the pronouncements of the Governmental Accounting Standards Board which sets criteria for defining the financial reporting entity. Effective July 1,

2003, water and sewer services that used to be provided by the City are now provided by the Albuquerque-Bernalillo County Water Utility Authority. In previous years the Authority was reported as a component unit of the City; however, effective in fiscal year 2012 the Authority reports as a stand-alone special purpose government, not as a component unit of the City. The City does not have relationships with any other organizations not included in this CAFR of such nature and significance that exclusion would render the City's financial statements incomplete or misleading.



Summary of Local Economy

Albuquerque is the major commercial, trade, service and financial center of the state. It is located in the central part of the state, at the intersection of two major interstate highways, and served by both rail and air. The Albuquerque Metropolitan Statistical Area (MSA) includes Bernalillo, Sandoval, Torrance and Valencia Counties. The MSA has a population 887,000 as of the 2010 census. The largest employers in the Albuquerque area are the University of New Mexico, Albuquerque Public Schools, Sandia National Labs (SNL), and Kirtland Air Force Base.

The Albuquerque economy has an industry composition not unlike that of the U.S. as a whole. Manufacturing makes up a smaller part of the Albuquerque economy, and government employment makes up a larger share.

Albuquerque MSA Employment in Thousands

NAICS CATEGORY	Employment FY/13	Share of FY/13 Employment	Growth FY/12 to FY/13	Compound Annual Average FY/08 to FY/13
Total Nonfarm Employment (does not include military)	367.74	100%	0%	-1.5%
Natural Resources and Mining and Construction	18.73	5%	-2%	-8.8%
Manufacturing	17.31	5%	-2%	-5.4%
Trade, Transportation, and Utilities	61.29	17%	0%	-2.4%
Information	8.59	2%	8%	-1.4%
Financial Activities	17.59	5%	1%	-1.5%
Aggregate of Services	161.95	44%	0%	-0.5%
Professional and Business Services	54.58	15%	-2%	-3.2%
Educational and Health Services	56.58	15%	1%	2.6%
Leisure and Hospitality	38.99	11%	3%	-0.2%
Other Services	11.80	3%	1%	-0.8%
Government	82.28	22%	0%	0.5%
MILITARY	6.24	n/a	0%	1.7%

While the U.S. has shown some gains in employment, the Albuquerque MSA has only recently begun to add jobs. FY/13 shows no job growth in total, with continued losses in Professional and Business Services, Construction and Manufacturing. The unemployment rate increased from 3.5% in FY/08 to a maximum of 8.3% in November of 2010. The rate has declined and was 6.2% in June of 2013. Although fiscal year 2013 showed no gain in employment the second half of the fiscal year showed some increases. Construction declined 37% from fiscal year

2008 to fiscal year 2013, an average annual decline of nearly 9%. Single family construction activity has increased, but it is at a low level. Commercial and public construction have increased and at the end of fiscal year 2013 employment in the construction sector showed an increase. Government employment after holding up in the recession declined in fiscal year 2012 and was flat in fiscal year 2013. One of the strengths for the Albuquerque economy is the national labs. Sandia National Laboratories (SNL) has devoted a great deal of research to terrorism and homeland security and the mission to protect the nuclear weapons arsenal. The micro-systems technology, or nano-technology, for which SNL is well known, may provide many novel and inexpensive answers to medical and materials sciences. The labs expertise and technology is also becoming more readily available to the private sector.

Additional historic economic information is presented in the statistical section of this report.

Long-term financial planning

As a matter of City policy, the General Fund is required to maintain an operating reserve equal to one-twelfth of the total annual appropriation level. This standard is more conservative than the State's standard as it includes transfers and nonrecurring appropriations. This reserve is included in the annual budget process and is modified as necessary, if material, throughout the year to reflect changes in appropriations. Annually, the budget process begins with the development and publication of a Five-Year Forecast which estimates future revenues and expenditures for the General Fund and the general fund subsidized funds. The purpose of this report is to identify key trends in revenues and expenditures and to provide information about the financial challenges anticipated over the next few years. The City's Forecasting Advisory Committee, including experts from within and outside government, reviews the forecasts and revenue projections prepared by City staff. Revenues are monitored monthly and expenditures are reviewed quarterly.

The City also develops a Decade Plan that guides the capital improvements program (CIP) and forms the basis for the general obligation bond program which is presented to and voted on by the public in odd-numbered years. This process allows for long-term planning for both initial construction costs as well as additional operating costs to staff, operate and maintain new facilities required in the community.

The City is committed to performance-based budgeting which drives the development of both operating and capital budgets.

Financial Policies

The City has a well developed system of program performance budgeting. Program strategies are developed to impact the defined and monitored community conditions which move the City towards achieving its goals. Each program strategy is a collection of specific service activities that are monitored for financial and performance management. Department directors are held responsible for the fiscal performance of their units as well as the programmatic performance of their units.

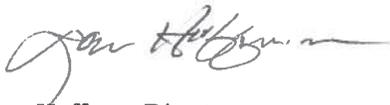
Historically, the City has been conservative in its approach to financial matters, managing long-term debt to control interest costs and stringently monitoring and controlling the use of both recurring and non-recurring operating revenues.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada presented the City of Albuquerque a Distinguished Budget Presentation Award for its annual appropriated budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications medium.

The preparation of this report could not have been accomplished without the dedicated services of the staff of the Department of Finance and Administrative Services. We wish to express our sincere appreciation to all members of the Department who contributed to its preparation and recognize the major effort of the Accounting Division and its Financial Reporting Section in administering the City's accounting system and in preparing this report. We also wish to thank each of you for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lou Hoffman", with a long horizontal flourish extending to the right.

Lou Hoffman, Director
Department of Finance and Administrative Services



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Albuquerque
New Mexico**

For the Fiscal Year Beginning

July 1, 2012

Christopher P. Merrill

President

Jeffrey R. Stone

Executive Director

The Government Finance Officers Association of The United States and Canada (GFOA) Presented A Distinguished Budget Presentation Award To the City of Albuquerque, New Mexico For Its Annual Budget For The Fiscal Year Beginning July 1, 2012. In Order To Receive This Award, A Governmental Unit Must Publish A Budget Document That Meets Program Criteria As a Policy Document, As A Financial Plan, As An Operations Guide, And As A Communication Device.

CITY OF ALBUQUERQUE

PRINCIPAL OFFICIALS

June 30, 2013

MAYOR

RICHARD J. BERRY

CITY COUNCIL

KEN SANCHEZ, PRESIDENT
ROXANNA MEYERS
ISAAC BENTON
BRAD WINTER
DAN LEWIS
REY GARDUNO
JANICE ARNOLD-JONES
TRUDY JONES, VICE PRESIDENT
DON HARRIS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5
DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9

CHIEF ADMINISTRATIVE OFFICER
ROBERT J. PERRY

DEPUTY CHIEF ADMINISTRATIVE OFFICER
GILBERT MONTANO

CHIEF OPERATIONS OFFICER
JOHN SOLADAY

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES
LOU HOFFMAN, DIRECTOR

Updated 07/25/13



City of Albuquerque

The People of Albuquerque

Mayor
Richard J. Berry

City Council
Director of Council Services
Laura Mason

- DST. 1 Ken Sanchez
- DST. 2 Roxanna Meyers
- DST. 3 Isaac Benton
- DST. 4 Brad Winter
- DST. 5 Dan Lewis
- DST. 6 Rey Garduño
- DST. 7 Janice Arnold-Jones
- DST. 8 Trudy Jones
- DST. 9 Don Harris

Director of Communications
Dayna G. Gardner

Office of Inspector General
Vacant

Office of Internal Audit
Debra Yoshimura
Acting Director

City Clerk
Amy B. Bailey

Chief Administrative Officer
Robert J. Perry

Administrative Hearing
Stanley Harada

Constituent Services
Director
Douglas Lutz

Deputy Chief Administrative Officer
Gilbert Montano

- Chief of Legislative Services
- Liaison to City Council
- Liaison to State Legislature
- Chief of Grants Administration
- Education Coordinator
- Mayor's Designee to selected Boards
- Planning/Development Liaison

Chief Operations Officer
John Soladay

Animal Welfare
Barbara Bruin

Aviation
James Hinde

Cultural Services
Beatriz (Betty) Rivera

Environmental Health
Mary Lou Leonard

Family & Community Services
Robin Dozier Otten

Parks & Recreation
Barbara Baca

Planning
Suzie Lubar, Acting

Senior Affairs
Jorja Armijo-Brasher

Solid Waste
Jill Holbert, Acting

Transit
Bruce Rizzieri

Office of Police Oversight
Robin Hammer

Police
Ray Schultz

Emergency Preparedness
Roger Ebner

Fire
James Breen

Legal
David Tourek

Human Resources
Vincent Yermal

Economic Development
John Garcia

Finance & Administrative Services
Lou Hoffman

Municipal Development
Michael Riordan, Acting

Signature: 
Robert J. Perry, Chief Administrative Officer

CITY OF ALBUQUERQUE, NEW MEXICO
CONTRIBUTORS
June 30, 2013

Lou Hoffman, Director
Department of Finance and Administrative Services

Olivia Padilla-Jackson, Deputy Director
Department of Finance and Administrative Services

Accounting Division Personnel

Pamela Fanelli, CMA, MBA
City Controller
Jesse Muniz
Assistant Accounting Officer
Mari Hughes, MACC
Accounting Manager
Amanda Vigil, MBA
Grant Administrator
Jason Shaw, CPA
Senior Principal Accountant
Joseph Cohen, CPA, CMA
Senior Principal Accountant
Nela Wilkinson, CPA
Accounting Systems Coordinator
Michelle Hayden
Principal Accountant
Yu Liang, CPA
Principal Accountant
Lawrence Maldonado
Principal Accountant
Tracy Milman
Principal Accountant
Josh Munoz, CPA
Principal Accountant
Monica Padilla
Senior Accountant
V. O. Shynkar, CPA
Principal Accountant
Matthew Whelan
Principal Accountant
Marianne Kemp, CPA
Principal Accountant – Grant Division
Carrie Hall
Principal Accountant – Grant Division
Dolores Gomez
Grant Accountant

Treasury Division Personnel

Cilia E. Aglialoro, CTP
Treasurer
Susan H. Biernacki, J.D.
Assistant Treasurer/Assistant City Attorney

City Fiscal Personnel

Mark Correa
Animal Welfare
Pam White, CM
Aviation Department
Phyllis Keller, CPA
Aviation Department
Denise Ortiz, CPA
Aviation Department
Stephanie Yara, CPA, CGFM, MBA
Council Services
Elaine Padilla
Dept. of Family & Community Services
Aubrey Thompson, CPA
Police Department
Alan Gutowski, CPA, CISA, CITP, CIA, CFE, ITIL® V 3
Risk Management
Karen Lopez
Senior Affairs
Chris Payton
Transit Department
Steve Falk, CPA
Solid Waste Management
Debbie Dombroski, CPA
Planning Department
Linda Oliver
Cultural Services Department
Barbara D'Onofrio
Albuquerque Housing Authority

Office of Management Budget

Gerald Romero
Budget Officer
Jacques Blair, PhD
City Economist
Patsy Pino
Executive Budget Analyst
Jayne Aranda
Executive Budget Analyst
Dee Dickson
Executive Budget Analyst
Stephanie Manzanares
Budget Analyst
Linda Cutler-Padilla
Budget Analyst

FINANCIAL SECTION

Independent Auditor's Report

The Honorable Richard J. Berry, Mayor and City Council Members
of the City of Albuquerque
Mr. Hector H. Balderas, New Mexico State Auditor

Report on the Financial Statements

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 comparison for the general fund of the City of Albuquerque, New Mexico (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, internal service funds and agency fund, and the budgetary comparisons for the major capital project fund, the major general obligation bond debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, nonmajor enterprise fund, internal service fund and agency fund of the City as of June 30, 2013, and the respective

position of each nonmajor governmental fund, nonmajor enterprise fund, internal service fund and agency fund of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the major capital project fund, the major general obligation bond debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 22 and the Schedule of Funding Progress for Life Insurance Benefits Plan on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The additional schedules listed as "other supplementary schedules" in the table of contents, as well as the Financial Data Schedule, Schedule of Changes in Fiduciary Assets and Liabilities, Schedule of Deposits and Investments by Financial Institution, Schedule of Pledged Collateral by Financial Institution, and Joint Powers Agreements, are also presented for purposes of additional analysis and are also not a required part of the financial statements.

The schedule of expenditures of federal awards, as well as the additional schedules listed as "other supplementary schedules" in the table of contents, and the Financial Data Schedule, Schedule of Changes in Fiduciary Assets and Liabilities, Schedule of Deposits and Investments by Financial Institution, Schedule of Pledged Collateral by Financial Institution, and Joint Powers Agreements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2014, 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 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 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 City's internal control over financial reporting and compliance.

[to be signed upon approval from Office of the State Auditor]

Albuquerque, New Mexico
March 7, 2014

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

This section of the City of Albuquerque's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$17.7 million during the year. The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3.9 billion (net position). Of this amount, \$207.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in subsequent accounting periods.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$464.3 million. Of the total fund balance, \$18.9 million is fund balance available for spending at the government's discretion (sum of unassigned and assigned fund balance).
- As of June 30, 2013, fund balance of the general fund was \$58.3 million. At the close of the current fiscal year, unassigned fund balance of the general fund was \$16.8 million or 3.96% of the total general fund expenditures of \$425.6 million.
- During fiscal year 2013, net position of the City's proprietary funds increased by \$14.6 million yielding net position of \$543.5 million as of June 30, 2013.
- The City's governmental activities long-term obligations increased by \$123.5 million during the current year. The key factors in this change were increases in long-term debt of \$96.3 million and an increase in accrued vacation, sick leave, and claims totaling \$25.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the fiscal year. In this statement, all changes in net position are reported when 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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, public works, health and welfare, human services, housing, and highways and streets. The business-type activities of the City include an airport, apartments, a baseball stadium, refuse disposal services, golf courses, parking facilities, housing authority, and a transit system.

In previous years, the Albuquerque Bernalillo County Water Utility Authority (Authority) was reported as a component unit of the City. The Authority provides water and sewer services to City residents. The City provides certain administrative services to the Authority under the terms of a Memorandum of Understanding. Beginning in fiscal year 2012, the Authority is reported as a stand-alone special purpose government. Accordingly, it is not included in this

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

report. The Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2013, is available by contacting the Authority at the following address: Fifth floor, P.O. Box 1293, Albuquerque, NM 87103.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are 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 are classified as: governmental funds, proprietary funds, and fiduciary funds, as described in the following sections.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. Governmental fund statements focus on sources, uses and balances of cash and other financial assets that can readily be converted to cash and that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, General Obligation Bond Debt Service, Special Assessments Debt Service and Capital Acquisition funds, all of which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in combining statements presented as supplementary information.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is presented in the Basic Financial Statements section of this report. A budgetary comparison statement for the General Obligation Bond Debt Service Fund and Capital Acquisition Fund, major funds, are presented in the supplementary information section. In addition, the City adopts an annual appropriated budget for nonmajor governmental funds. Budgetary comparison statements for those funds are also presented in the supplementary information section.

Proprietary funds – Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Albuquerque International Airport, Refuse Disposal, and Transit, which are considered major funds of the City. In addition the following nonmajor funds are reported: Apartments; Golf Course; Parking; Stadium; and Housing Authority.
- Internal Service funds are used to report activities that provide supplies and services for certain City programs and activities. These funds account for inventory warehousing and stock issues; workers' compensation, tort and other claims insurance coverage; vehicle maintenance and motor pool services; and communication services to City departments. In addition, an internal service fund provides health insurance coverage to City employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in combining statements reported as supplementary information.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's Agency Fund is reported as a fiduciary fund. Since the resources of this fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

The Schedule of Funding Progress for the Life Insurance Benefit Plan is presented as required supplementary information. Significant plan provisions are described in the notes to the basic financial statements.

Combining Statements

The combining statements of nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a comparative analysis of government-wide data for the most recently completed fiscal year and the prior fiscal year.

Statement of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Assets:							
Current and other assets	\$ 760.6	\$ 675.6	\$ 206.0	\$ 201.0	\$ 966.6	\$ 876.6	10.3%
Capital assets	3,426.6	3,368.2	489.0	506.6	3,915.6	3,874.8	1.1%
Total assets	<u>4,187.2</u>	<u>4,043.8</u>	<u>695.0</u>	<u>707.6</u>	<u>4,882.2</u>	<u>4,751.4</u>	2.8%
Liabilities:							
Long-term liabilities	640.8	517.4	109.2	134.4	750.0	651.8	15.1%
Other liabilities	185.2	168.3	42.2	44.3	227.4	212.6	7.0%
Total Liabilities	<u>826.0</u>	<u>685.7</u>	<u>151.4</u>	<u>178.7</u>	<u>977.4</u>	<u>864.4</u>	13.1%
Net position:							
Net investment in capital assets	3,020.7	3,007.0	376.9	364.0	3,397.6	3,371.0	0.8%
Restricted	204.8	203.2	95.0	93.6	299.8	296.8	1.0%
Unrestricted	135.7	147.9	71.7	71.3	207.4	219.2	-5.4%
Total net position	<u>\$ 3,361.2</u>	<u>\$ 3,358.1</u>	<u>\$ 543.6</u>	<u>\$ 528.9</u>	<u>\$ 3,904.8</u>	<u>\$ 3,887.0</u>	0.5%

The City's assets exceeded liabilities by \$3.9 billion at the close of the year. The largest portion of the City's net position (87.0%) reflects its investment of \$3.4 billion in capital assets (i.e. land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire these 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, resources needed to pay this debt must come from other sources since capital assets cannot be liquidated for these liabilities. The restricted net position amount of \$299.8 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$207.4 million, may be used to meet the City's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City has positive balances in all three categories of net position for the government as a whole, as well as for both the governmental and business-type activities.

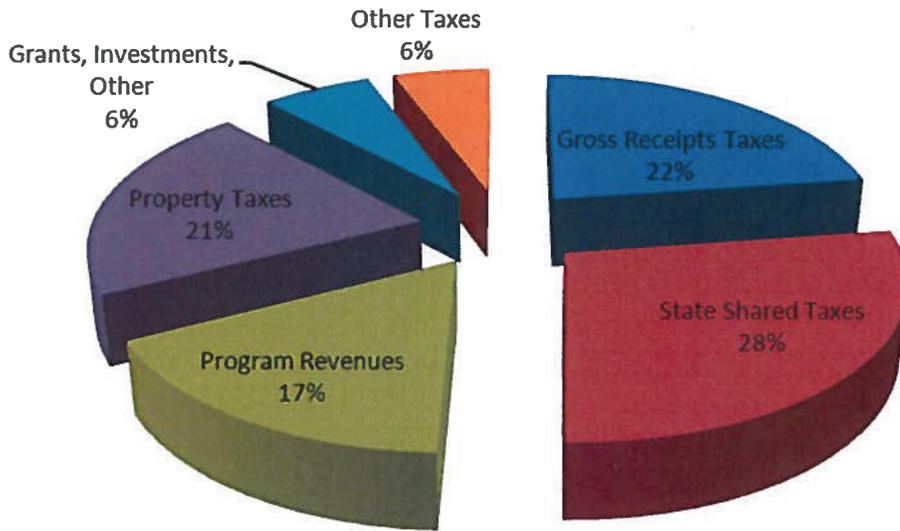
CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The City's net position increased by \$17.7 million during the current fiscal year. The increase in net position is explained in the governmental and business-type activities discussion.

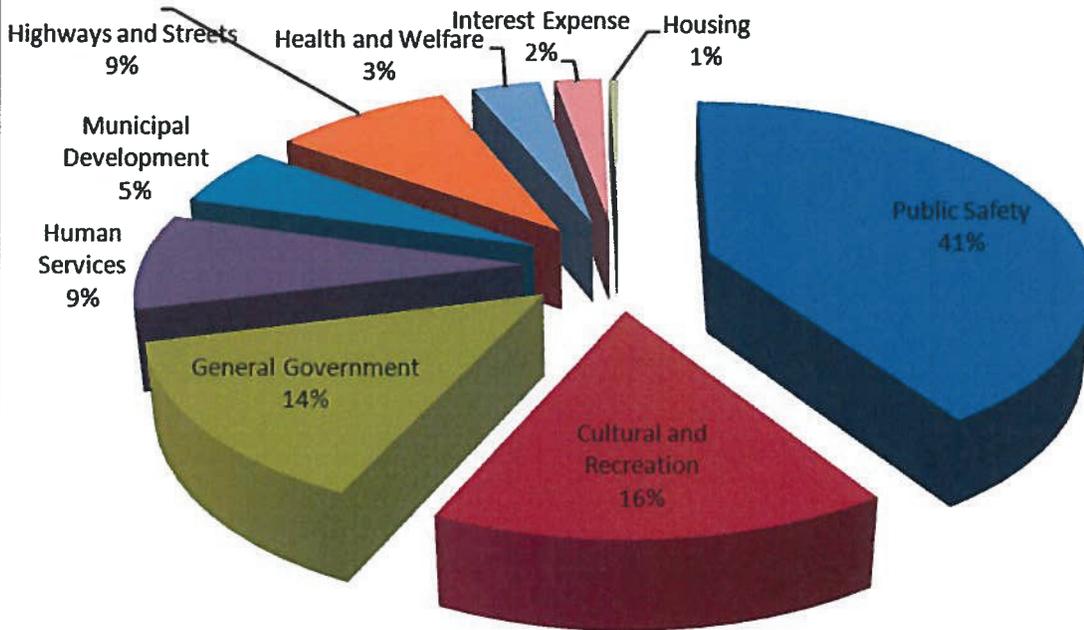
CHANGE IN NET POSITION
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 68.0	\$ 61.6	\$ 161.9	\$ 160.1	\$ 229.9	\$ 221.7	3.7%
Operating grants and contributions	37.1	29.5	28.3	27.9	65.4	57.4	13.9%
Capital grants and contributions	12.6	22.7	16.7	19.1	29.3	41.8	-29.9%
General revenues:							
Gross receipts taxes	152.8	151.1	-	-	152.8	151.1	1.1%
Property taxes	139.9	135.0	-	-	139.9	135.0	3.6%
Other taxes	38.3	38.9	-	-	38.3	38.9	-1.5%
State shared taxes and fees	187.7	185.0	-	-	187.7	185.0	1.5%
Grants, investment income, and other	39.0	35.2	2.3	5.9	41.3	41.1	0.5%
Total revenues	675.4	659.0	209.2	213.0	884.6	872.0	1.4%
Expenses:							
General government	91.2	77.9	-	-	91.2	77.9	17.1%
Public safety	261.7	240.0	-	-	261.7	240.0	9.0%
Cultural and recreation	102.4	96.7	-	-	102.4	96.7	5.9%
Municipal development	34.4	42.3	-	-	34.4	42.3	-18.7%
Health and welfare	22.1	18.7	-	-	22.1	18.7	18.2%
Human services	54.3	53.4	-	-	54.3	53.4	1.7%
Housing	2.9	4.9	-	-	2.9	4.9	-40.8%
Highways and streets	57.2	41.8	-	-	57.2	41.8	36.8%
Interest expense	15.3	14.9	-	-	15.3	14.9	2.7%
Airport	-	-	65.3	64.4	65.3	64.4	1.4%
Refuse disposal	-	-	59.8	51.9	59.8	51.9	15.2%
Transit	-	-	54.1	55.0	54.1	55.0	-1.6%
Non major enterprise funds	-	-	46.2	46.6	46.2	46.6	-0.9%
Total expenses	641.5	590.6	225.4	217.9	866.9	808.5	7.2%
Excess (deficiency) before transfers	33.9	68.4	(16.2)	(4.9)	17.7	63.5	-72.1%
Transfers	(30.8)	(32.1)	30.8	32.1	-	-	
Increase (decrease) in net position	3.1	36.3	14.6	27.2	17.7	63.5	-72.1%
Net Position July 1	3,358.1	3,321.8	528.9	501.7	3,887.0	3,823.5	1.7%
Net Position June 30	\$ 3,361.2	\$ 3,358.1	\$ 543.5	\$ 528.9	\$ 3,904.7	\$ 3,887.0	0.5%

Governmental Revenues by Source



Governmental Expenditures by Function



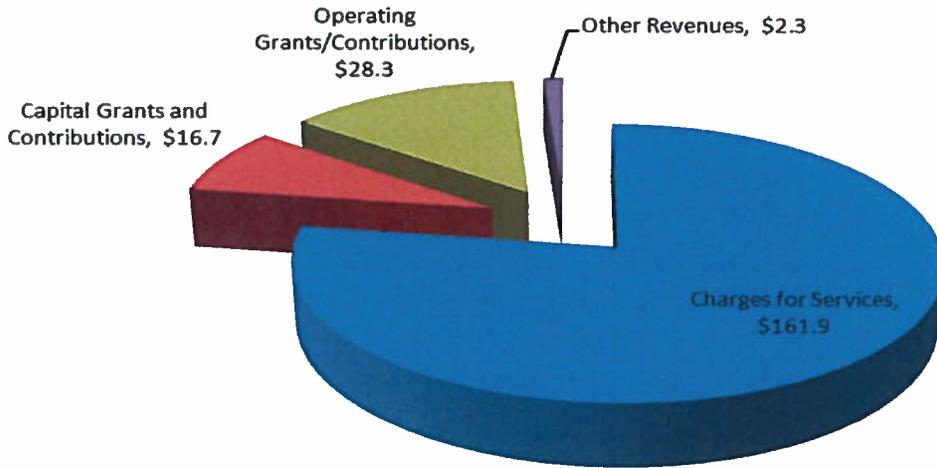
Governmental activities – Governmental activities increased the City's net position by \$3.1 million. Governmental activities revenue increased by \$16.4 million, or 2.5% from \$659.0 million in fiscal year 2012 to \$675.4 million in fiscal year 2013. Key elements in the change of the City's governmental activities revenues are as follows:

- Gross receipts tax revenue and state shared taxes and fees, which together account for approximately 50% of the City's governmental activities revenue, increased by \$4.4 million from \$336.1 million to \$340.5 million, or by 1.3% from prior year.

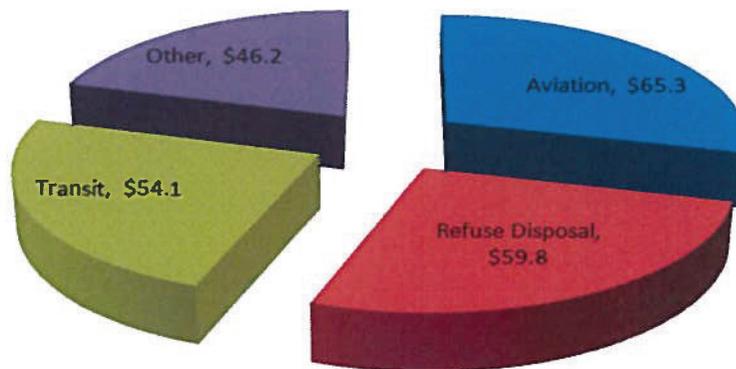
CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

- Program revenues consisting of charges for services, operating grants, capital grants, and contributions account for approximately 16.9% of the City's governmental activities revenues. Charges for services increased by \$2.7 million, operating grants and contributions increased by \$7.6 million and capital grants and contributions decreased by \$10.1 million resulting in an overall slight increase in program revenues of 0.1%. Building permit revenues increased from \$2.5 million in 2012 to \$3.0 million in 2013. Total licensing and permits are 24.9% higher than amounts recorded in fiscal year 2012.
- Property taxes, which account for approximately 20.7% of the City's governmental activities revenues, increased by from \$135.0 million to \$139.9 million, or by 3.6%. In fiscal year 2013 (tax year 2012) taxable assessed property valuations within the City decreased \$8.0 million from \$11.95 billion to \$11.88 billion, or by 0.63%. This change reflects the County Assessor's reassessments and new additions to the tax base and adjustments for yield control. The City's direct property tax mill levy rate remained at 11.52 in fiscal year 2013.
- Grants, investments, and other revenues, which account for approximately 6.3% of the City's governmental activities revenues, increased from \$35.2 million to \$42.7 million.
- Other taxes such as franchise, hospitality, lodgers', and payments in lieu of taxes decreased by \$600 thousand from \$38.9 million in fiscal year 2012 to \$38.3 million in fiscal year 2013, or by 1.5%. More detail comparison of other taxes can be found on Schedule 3 in the Statistical Section of this report.

Revenues By Source Business-type Activities



Expenses by Service Type Business-type Activities



Business-type activities – Business-type activities decreased the City’s net position by \$16.2 million in fiscal year 2013 before operating transfers of \$30.8 million. Business-type activities revenues decreased \$3.7 million from \$213.0 million in fiscal year 2012 to \$209.2 million in fiscal year 2013, or by (1.8%). Key factors for the increases in the charges for services category are on the following page:

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- The Airport Fund had an increase in net position of \$14.3 million in fiscal year 2013 compared to an \$18.3 million increase in 2012. The charges for services decreased from \$63.3 million in fiscal year 2012 to \$62.1 million in fiscal year 2013. Passenger facilities charges (PFCs) decreased from \$10.7 million to \$9.9 million in fiscal year 2013, operating expenses decreased from \$62.5 million in fiscal year 2012 to \$61.0 in fiscal year 2013, and capital contributions decreased from \$8.2 million in fiscal year 2012 to \$6.6 million in fiscal year 2013.
- The Refuse Disposal Fund had a decrease in net position of \$173 thousand in fiscal year 2013 compared to an increase of \$9.7 million in 2012. Charges for services increased \$433 thousand. Operating cost increased by \$7.9 million primarily due to the large purchases of recycling carts.
- The Transit Fund had a decrease in net position of \$892 thousand in fiscal year 2013 compared to a \$593 thousand decrease in fiscal year 2012. Capital contributions decreased from \$10.9 million in 2012 to \$10.0 million in 2013. Transfers decreased from \$32.7 million in 2012 to \$31.7 million in 2013.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$464.3 million, an increase of \$57.4 million in comparison with the prior year. Of the total balance at year-end, \$338.2 million is restricted fund balance which primarily consists of funds reserved for capital projects and improvements and \$28.4 is nonspendable, which relates to long-term receivables and property held for resale.

Revenues of governmental funds overall totaled approximately \$650.9 million in the fiscal year ended June 30, 2013, which represents a decrease of \$5.7 million from the previous year total of \$656.6 million. Intergovernmental revenues decreased by \$11.2 million of which \$1.9 million was attributed to an increase in the General Fund, a decrease in the Capital Acquisition fund of \$20.9 million and an increase operating grants of \$5.9 million. The City's governmental funds expenditures of \$724.2 million increased by \$40.2 million from the previous year's total of \$684.0 million. The primary cause of the increase is attributed to an increase in general government of \$12.4 million, an increase in capital outlay of \$11.5 million, an increase in culture and recreation expenditures of \$6.6 million, and a net increase in public works and highways and streets of \$2.9 million.

General Fund – This is the City's chief operating fund. At the end of the current fiscal year, the total fund balance was \$58.3 million, of which \$16.8 million is assigned and unassigned fund balance and \$41.5 million is committed for subsequent years' operations. The net change in fund balance for the current fiscal year was a decrease of \$885 thousand. The total revenues of \$463.3 million for the current fiscal year were \$3.1 million more than the previous fiscal year. The primary cause of the increase was due to increases in licenses and permits of \$2.3 million, an increase of intergovernmental revenue of \$1.9 million, increase of gross receipts taxes of \$1.4 million, followed by a decrease in charges for services of \$2.7 million. Total expenditures of \$425.6 million represent an increase of \$2.4 million from the previous fiscal year. Increases in expenditures were attributed to public works and highway and streets of \$2.2 million, human services of \$1.3 million, culture and recreation of \$1.0 million and general government of \$1.0 million. The increases were offset by decreases in capital outlay of \$3.6 million. See the general fund budgetary highlights for an analysis with respect to budgets.

General Obligation Bond Debt Service Fund – This fund is used to accumulate resources for the repayment of the City's GO Bonds. GO Bonds are backed by the full faith and credit of the City and may be used to finance any capital improvement approved by the voters. GO bonds may be redeemed by any regular City funding, but by policy, are generally redeemed by property taxes paid to the City. Fund balance in the City's General Obligation Bond Debt Service fund decreased by \$361 thousand from \$6.3 million in fiscal year 2012 to \$5.9 million in fiscal year 2013. Property tax revenues dedicated to the repayment of GO Bonds increased by \$530 thousand from \$58.6 million in fiscal year 2012 to \$59.1 million in fiscal year 2013, or by .9%. In fiscal year 2013, total property tax revenue increased by 3.7%. Taxable assessed property valuations decreased .6% for fiscal year 2013. The City's property tax rates have remained constant for well over a decade and no tax rate increase has been required to fund the GO Bond program of capital improvements. The decrease was primarily due to an increase in debt service principal and interest expenditures from the previous year.

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Special Assessments Debt Service Fund – This fund accounts for the monies accumulated for the payment of principal and interest of bonds secured by pledges of revenues from assessments levied against benefited properties. The Special Assessments Debt Service Fund spending is controlled primarily through bond indenture provisions. In fiscal year 2013, the City executed two tax exempt loan agreements with different maturity coupon rates and maturity dates for Special Assessment District No. 228. The balance outstanding at June 30, 2013, was \$25.24 million with \$345,000 payable within one year.

Capital Acquisition Fund – This fund is used to accumulate resources for the acquisition of Capital. Capital is defined as tangible property with a life beyond a one year budget cycle. Land, infrastructure, equipment, buildings as well as the services required to build or install these assets may be classified as capital. The Capital Acquisition Fund is primarily funded by bond proceeds, but recurring and non-recurring revenue may be used. Major capital improvements for the City are funded primarily with general obligation and enterprise fund revenue bonds. In many cases, these bond funds are matched with Federal and/or State contributions and private assessments. During the 2013 fiscal year, the Capital Acquisition Fund balance increased by \$44.5 million from \$219.5 million in fiscal year 2012 to \$264.0 million. The increase in fund balance during the year is attributed to bond proceeds, refunding bonds and premiums of \$128.3 million plus revenues of \$17.8 million and net transfers in of \$12.5 million exceeding total expenditures of \$114.2 million.

Enterprise Funds – The City's enterprise funds provide the same type of information presented in the government-wide financial statements business-type activities, but in more detail. At the end of the fiscal year, the unrestricted net position (in millions) were as follows:

Airport Fund	\$ 43.7
Refuse Disposal Fund	9.5
Transit Fund	4.1
Nonmajor enterprise funds	14.4
Total	\$ 71.7

Internal Service Funds – Internal Service Funds are used to account for certain governmental activities and had an unrestricted net position of \$(31.4) million in fiscal year 2013 as compared to unrestricted net position of \$11.5 million in fiscal year 2012. The change in net position is due to an increase in reserves in the Risk Management Fund. In recent years, the City has experienced an increase in claim amounts. In response to this increase, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. The City plans to increase annual funding to the Risk Management Fund reserve in the amount of \$2.5 million per year beginning in fiscal year 2015. All other internal service funds had a positive unrestricted net position as of June 30, 2013.

Fiduciary Funds – The only fund in this category is the City's Agency fund. This fund is used by the City to account for funds held for third parties.

Budgetary Highlights – The original fiscal year 2013 approved budget of \$475.6 million reflected a 1.7% increase over the original fiscal year 2012 budget of \$467.5 million. The budget was balanced without tax increases, pay cuts, layoffs, or reduction of hours. Funding was reserved for the equivalent of a 1% pay increase for employees making below \$50 thousand per year. Significant increases included the additional debt service for capital projects, full-year funding of positions added mid-year, cost of employee health benefits, electricity and water utility costs, increased costs for vehicle maintenance, and transfers to subsidized funds such as Parking and Open Space. There were also a number of one-time appropriations in the fiscal year 2013 budget including an additional \$2.9 million reserve for ABQ: The Plan, \$2.3 million for police vehicles, \$200 thousand for upgrades to the Mondo Track, \$615 thousand for new software, \$45 thousand for veterinarian supplies, and \$715 thousand in funding for cultural and social service programs. The final budget appropriation for fiscal year 2013 was \$485.5 million after additional legislation was passed for intra-year adjustments and re-appropriated encumbrances from fiscal year 2012.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's capital assets of governmental and business-type activities as of June 30, 2013, total \$3.9 billion, net of accumulated depreciation. The increase in capital assets in the current fiscal year was \$40.8 million or 1.05%. Capital assets are summarized as follows:

CAPITAL ASSETS
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
Land	\$ 301.8	\$ 296.5	\$ 64.5	\$ 64.5	\$ 366.3	\$ 361.0	1.5%
Right of way	1,145.2	1,145.2	-	-	1,145.2	\$ 1,145.2	0.0%
Other	-	-	1.0	1.0	1.0	\$ 1.0	0.0%
Buildings and improvements	325.2	309.2	173.5	216.0	498.7	\$ 525.2	-5.0%
Runways and improvements	-	-	65.8	64.5	65.8	\$ 64.5	2.0%
Improvements other than buildings and runways	291.0	285.4	110.8	83.2	401.8	\$ 368.6	9.0%
Equipment	30.5	23.6	45.0	52.9	75.5	\$ 76.5	-1.3%
Infrastructure	1,261.8	1,233.1	8.7	5.4	1,270.5	\$ 1,238.5	2.6%
Construction in progress	71.1	75.2	19.7	19.2	90.8	\$ 94.4	-3.8%
Total	\$ 3,426.6	\$ 3,368.2	\$ 489.0	\$ 506.7	\$ 3,915.6	\$ 3,874.9	1.1%

Governmental activities – In fiscal year 2013, \$71.5 million of street infrastructure was placed into service along with \$1.8 million of storm infrastructure. Of this amount, \$2.2 million was dedicated street infrastructure and \$397,830 was dedicated storm infrastructure. The construction in progress consists of expenditures made by the Capital Acquisition, Infrastructure Tax, and Impact Fee funds \$71.1 million was placed into service during fiscal year 2013. The following was placed in service: \$25.9 million buildings, \$25.0 million non-structural improvements, \$5.3 million land, and \$76.8 million of infrastructure. Machinery and equipment purchases totaled \$50.5 million, of which \$15.8 million was for public safety, and \$3.2 million was for public works.

Business-type activities – In 2013, the Aviation fund placed into service \$11.1 million in runway upgrades; \$4.3 million in improvements, which included terminal and rental car building renovations; and \$1.2 million in equipment, which included new cooling towers, new above ground storage tanks, and the donation of a Boeing 727 aircraft from FedEx. The construction work in progress increased by \$18.7 million. The construction work in progress consists of expenditures made in connection with the Aviation Fund. The Refuse Fund placed into service \$31.0 million in improvements, \$3.5 million in infrastructure, and \$7.2 million in equipment, which included \$7.0 million in heavy equipment. The Transit Fund placed into service \$3.7 million in buildings and \$6.2 million in improvements. More detailed information may be found in Section IV Note C. Capital Assets of the accompanying financial statements.

Debt administration – At the end of the current fiscal year, the City's governmental activities had total long-term obligations of \$744.1 million, of which \$103.2 million is due or payable within the next fiscal year. The total bonded debt, net of unamortized discounts and deferred amounts on refunding (\$3.7 million) and including unamortized premiums of \$25.9 million, is \$562.5 million. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable. During the fiscal year ended June 30, 2013, the City issued GO Bonds in the amount of \$75.0 million plus an additional \$6.1 million of short-term GO Bonds. The GO Bonds were issued to finance projects relating to streets \$14.9 million, senior, family, community centers, and community enhancement \$14.6 million, parks & recreation \$11.0 million, energy conservation, public facilities, and system modernization and housing \$10.2 million, library \$9.0 million, zoo, biological park museum, and cultural facilities \$ 5.5 million, storm sewer system \$5.0, public safety \$3.9 million, and public transportation \$.9 million.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

of general purpose obligation debt outstanding subject to the legal debt limit at June 30, 2013. The net general bonded debt per capita is \$675 which is the highest per capita amount in the last ten fiscal years. The lowest per capita amount was \$338 in the fiscal year ended June 20, 2003. The ratings on the City's uninsured general obligation bonds and gross receipts tax bonds for fiscal year 2013 are as follows:

Credit	Bond Ratings		
	Moody's	S & P	Fitch
General Obligation Bonds	Aa1	AAA	AA+
Gross Receipts Tax Revenue Bonds	Aa2	AAA	AA+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when developing the fiscal year 2014 budget. Many of the City's revenues are influenced by the economy. The gross receipts tax revenue forecast, particularly, is highly influenced by economic conditions. The budget anticipated growth of 1.7% in GRT, slightly down from fiscal year 2012 expectations. Part of this slower growth is due to changes in State tax law that allows additional deductions. Construction related revenues such as building permits are starting to grow and are expected to increase in fiscal year 2014 from fiscal year 2013 levels.

Property tax revenue growth was relatively low because of limited new property and commercial values. This was due to the economy. The two mill shift of property taxes from debt service to General Fund operations in fiscal year 2010 makes the property tax a more important source of revenue to the General Fund. The General Fund share of revenue from property taxes has increased from 8% in fiscal year 2008 to 16% in fiscal year 2014.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

The following table presents the underlying assumptions used in the budget process:

	2012	2013	2014
National Variables			
Real GDP Growth	2.0%	1.7%	2.3%
Federal Funds Rate	0.1%	0.2%	0.2%
10 U.S. Bonds	2.1%	1.7%	2.5%
CPI U	2.9%	1.5%	1.5%
Unemployment Rate(U.S.)	8.6%	8.1%	7.9%
Total Non-Farm Employment	1.4%	1.2%	1.6%
Manufacturing Employment	1.9%	1.3%	1.2%
Consumer sentiment index--University of Michigan	69.1	77.5	81.3
Exchange Rates	0.86	0.89	0.92
Current Trade Account (billions of \$)	(477.8)	(412.9)	(447.5)
Change in output per hour	0.8%	0.7%	0.5%
Natural Gas-Henry Hub \$ per MCF	3.0	3.1	4.3
West TX Intermediate (dollars per bbl)	95.0	89.8	89.4
Wage Growth	1.7%	1.8%	1.9%
Albuquerque Variables			
Employment Growth and Unemployment in Albuquerque MSA			
Total Non-Ag ABQ	-0.9%	0.4%	1.6%
Private-Non Construction	-0.2%	1.0%	2.0%
Construction Employment (growth)	-9.1%	-3.1%	2.1%
Manufacturing(ABQ)	1.3%	1.6%	2.2%
Unemployment Rate (Alb.)	7.5%	6.6%	6.5%
Construction Units Permitted in City of Albuquerque			
Single-Family Permits	843	1,014	1,342
Multi-Family Permits	359	622	642
Total Residential Permits	1,202	1,635	1,984

Source Global Insight and FOR-UNM November 2012 Baseline Forecasts

In October 2013, the voters passed a general obligation bond issue of \$115.6 million. Proceeds will be used for a variety of purposes including improvements for streets, storm drainage facilities, parks, senior and community centers, energy conservation, libraries and other cultural facilities. Based on information provided by the departments, the recurring operating impact on future budgets will be under \$1 million annually.

The total original General Fund appropriation for fiscal year 2014 is \$480.3 million. This is an increase of \$4.7 million from the original fiscal year 2013 budget of \$475.6 million. The economy following the recession remains fragile and the City continues to diligently monitor expenditures along with revenues so that it can respond quickly should changes be required.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director's office for the Department of Finance and Administrative Services of the City at Director's Office, DFAS, Room 11015, One Civic Plaza N.W., Albuquerque, New Mexico 87103.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash, investments, and accrued interest	358,277,534	36,273,528	394,551,062
Cash with fiscal agent held for debt service	68,226,249	25,313,076	93,539,325
Cash held by others	179,716	1,102,962	1,282,678
Taxes receivable, net	73,486,916	-	73,486,916
Accounts receivable, net of allowance for uncollectible accounts	3,926,819	14,613,812	18,540,631
Due from other governments	17,049,484	3,224,929	20,274,413
Customer deposits	248,162	-	248,162
Internal balances	8,167,571	(8,167,571)	-
Inventories of supplies	2,102,746	4,511,976	6,614,722
Prepaid expenses	46,765	10,165	56,930
Total current assets	<u>531,711,962</u>	<u>76,882,877</u>	<u>608,594,839</u>
Noncurrent Assets:			
Long-term accounts and notes receivable	29,607,295	-	29,607,295
Restricted assets:			
Cash, investments, and accrued interest	185,554,681	123,403,082	308,957,763
Grant receivables	-	2,757,853	2,757,853
Accounts receivable - developers	-	1,786,830	1,786,830
Land held for resale	10,086,398	-	10,086,398
Escrow deposits	-	425,018	425,018
Total restricted assets	<u>195,641,079</u>	<u>128,372,783</u>	<u>324,013,862</u>
Capital assets:			
Land and construction in progress	1,518,100,845	85,164,198	1,603,265,043
Capital assets depreciated and amortized	3,157,421,081	1,178,645,177	4,336,066,258
Accumulated depreciation and amortization	(1,248,893,056)	(774,840,796)	(2,023,733,852)
Total capital assets	<u>3,426,628,870</u>	<u>488,968,579</u>	<u>3,915,597,449</u>
Other:			
Capitalized bond issuance costs	3,627,682	686,950	4,314,632
Total other	<u>3,627,682</u>	<u>686,950</u>	<u>4,314,632</u>
Total noncurrent assets	<u>3,655,504,926</u>	<u>618,028,312</u>	<u>4,273,533,238</u>
Total assets	<u><u>4,187,216,888</u></u>	<u><u>694,911,189</u></u>	<u><u>4,882,128,077</u></u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	31,162,541	5,813,914	36,976,455
Accrued employee compensation and benefits	16,232,294	429,923	16,662,217
Accrued vacation and sick leave	25,016,982	4,287,538	29,304,520
Customer deposits	2,752,936	866,231	3,619,167
Unearned revenue	12,088,977	904,397	12,993,374
Contracts, claims, and other payable	120,334	-	120,334
Payable from restricted assets:			
Contracts, claims, and other payable	4,371,176	2,644,597	7,015,773
Current portion:			
Claims	25,242,425	-	25,242,425
Bonds, notes payable, and capital leases	59,092,000	24,238,072	83,330,072
Accrued interest	9,134,249	3,023,240	12,157,489
Total current liabilities	<u>185,213,914</u>	<u>42,207,912</u>	<u>227,421,826</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Landfill closure costs	-	1,924,562	1,924,562
Other	-	527,620	527,620
Total liabilities payable from restricted assets	<u>-</u>	<u>2,452,182</u>	<u>2,452,182</u>
Long-term payable:			
Bonds, notes payable, and capital leases, net of current portion, discounts and premiums	536,062,749	104,640,617	640,703,366
Total long-term payable	<u>536,062,749</u>	<u>104,640,617</u>	<u>640,703,366</u>
Other:			
Accrued vacation, sick leave and claims	91,234,447	2,124,821	93,359,268
Other post employment benefit obligation	12,750,306	-	12,750,306
Other liabilities	774,110	-	774,110
Total other	<u>104,758,863</u>	<u>2,124,821</u>	<u>106,883,684</u>
Total noncurrent liabilities	<u>640,821,612</u>	<u>109,217,620</u>	<u>750,039,232</u>
Total liabilities	<u>826,035,526</u>	<u>151,425,532</u>	<u>977,461,058</u>
NET POSITION			
Net investment in capital assets	3,020,656,484	376,890,833	3,397,547,317
Restricted for:			
Debt service	10,776,732	8,686,889	19,463,621
Construction	146,644,988	78,060,886	224,705,874
Housing and economic development	8,224,334	8,139,736	16,364,070
Federal and state funded programs	9,704,697	-	9,704,697
Open space and urban enhancement			
Expendable	1,108,563	-	1,108,563
Nonexpendable	28,354,672	-	28,354,672
Unrestricted	<u>135,710,892</u>	<u>71,707,313</u>	<u>207,418,205</u>
Total net position	<u><u>3,361,181,362</u></u>	<u><u>543,485,657</u></u>	<u><u>3,904,667,019</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>	
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:				
General government	91,152,456	(3,097,532)	43,146,843	9,847,505
Public safety	261,698,940	1,503,708	7,620,051	7,972,445
Culture and recreation	102,417,307	417,255	9,387,365	150,301
Public works/municipal development	34,424,930	636,863	-	-
Health and welfare	22,132,211	188,289	6,267,473	1,687,065
Human services	54,301,692	117,306	1,207,016	17,402,333
Housing	2,894,882	234,111	-	-
Highways and streets	57,222,278	-	470,302	-
Interest and other charges	15,318,069	-	-	-
Total governmental activities	641,562,765	-	68,099,050	37,059,649
Business-type activities:				
Airport	65,292,380	-	72,074,453	-
Refuse disposal	59,766,796	-	62,530,991	-
Transit	54,128,970	-	11,692,912	-
Golf course	4,075,304	-	3,681,595	-
Apartments	3,872,107	-	3,782,925	-
Housing authority	31,129,099	-	2,173,560	28,328,381
Parking facilities	4,960,068	-	4,084,248	-
Stadium	2,184,509	-	1,803,473	-
Total business-type activities	225,409,233	-	161,824,157	28,328,381
Total activity	866,971,998	-	229,923,207	65,388,030

General Revenues:

Taxes:

- Property taxes
- Franchise taxes
- Hospitality taxes
- Lodgers' taxes
- Gross receipts taxes, local option
- Payments in lieu of taxes
- NM shared taxes and fees not restricted to specific programs
- Grants and contributions not restricted to specific programs
- Special assessments bonds issued
- Miscellaneous revenue
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, July 1

Net position, June 30

The accompanying notes are an integral part of these financial statements

Program Revenues, cont.	Net (Expenses) Revenue and Changes in Net Position		
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
-	(35,060,576)	-	(35,060,576)
-	(247,610,152)	-	(247,610,152)
2,863,334	(90,433,562)	-	(90,433,562)
-	(35,061,793)	-	(35,061,793)
6,643,885	(7,722,077)	-	(7,722,077)
39,763	(35,769,886)	-	(35,769,886)
964,300	(2,164,693)	-	(2,164,693)
-	(56,751,976)	-	(56,751,976)
2,063,858	(13,254,211)	-	(13,254,211)
<u>12,575,140</u>	<u>(523,828,926)</u>	<u>-</u>	<u>(523,828,926)</u>
6,576,248	-	13,358,321	13,358,321
111,319	-	2,875,514	2,875,514
9,999,178	-	(32,436,880)	(32,436,880)
-	-	(393,709)	(393,709)
-	-	(89,182)	(89,182)
-	-	(627,158)	(627,158)
-	-	(875,820)	(875,820)
-	-	(381,036)	(381,036)
<u>16,686,745</u>	<u>-</u>	<u>(18,569,950)</u>	<u>(18,569,950)</u>
<u>29,261,885</u>	<u>(523,828,926)</u>	<u>(18,569,950)</u>	<u>(542,398,876)</u>
	139,945,235	-	139,945,235
	25,880,642	-	25,880,642
	2,070,913	-	2,070,913
	10,354,566	-	10,354,566
	152,832,133	-	152,832,133
	19,885	-	19,885
	187,650,180	-	187,650,180
	77,478	-	77,478
	25,497,795	-	25,497,795
	12,133,068	1,555,417	13,688,485
	1,283,269	769,585	2,052,854
	<u>(30,810,913)</u>	<u>30,810,913</u>	<u>-</u>
	<u>526,934,251</u>	<u>33,135,915</u>	<u>560,070,166</u>
	3,105,325	14,565,965	17,671,290
	<u>3,358,076,037</u>	<u>528,919,692</u>	<u>3,886,995,729</u>
	<u>3,361,181,362</u>	<u>543,485,657</u>	<u>3,904,667,019</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2013

	General Fund	GO Bond Debt Service Fund
	<u> </u>	<u> </u>
ASSETS		
Cash, investments, and accrued interest	\$ 46,386,231	\$ 5,128,945
Cash with fiscal agents held for debt service	-	58,949,391
Cash held by others	-	-
Taxes receivable, net	61,225,689	4,741,977
Other receivables, net	3,558,867	-
Due from other governments	2,211,052	-
Due from other funds	3,321,600	-
Advances to other funds	-	-
Prepaid items	46,753	-
Land held for sale	-	-
Total assets	<u>\$ 116,750,192</u>	<u>\$ 68,820,313</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 7,126,835	\$ 8,330
Contracts and other payable	181,853	-
Accrued employee compensation and benefits	16,018,435	-
Due to other funds	-	-
Advances from other funds	-	-
Unearned revenue	32,379,210	3,921,312
Deposits	2,704,323	-
Matured bonds and interest payable	-	58,949,391
Total liabilities	<u>58,410,656</u>	<u>62,879,033</u>
Fund balances (deficit):		
Nonspendable	46,753	-
Restricted	-	5,941,280
Committed	41,450,000	-
Assigned	-	-
Unassigned	16,842,783	-
Total fund balances	<u>58,339,536</u>	<u>5,941,280</u>
Total liabilities and fund balances	<u>\$ 116,750,192</u>	<u>\$ 68,820,313</u>

The accompanying notes are an integral part of these financial statements

Special Assessments Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
\$ 1,872,828	\$ 268,815,683	\$ 127,780,890	\$ 449,984,577
840,243	-	8,436,615	68,226,249
-	-	179,716	179,716
-	-	7,519,250	73,486,916
25,147,053	87,316	4,665,635	33,458,871
-	5,279,935	9,558,497	17,049,484
-	3,876,877	-	7,198,477
-	-	3,105,000	3,105,000
-	-	12	46,765
-	-	10,086,398	10,086,398
<u>\$ 27,860,124</u>	<u>\$ 278,059,811</u>	<u>\$ 171,332,013</u>	<u>\$ 662,822,453</u>
\$ 8,873	\$ 10,826,096	\$ 8,518,684	\$ 26,488,818
-	2,833,107	1,356,216	4,371,176
-	1,722	173,858	16,194,015
-	-	2,135,906	2,135,906
-	371,000	-	371,000
24,491,284	-	17,162,989	77,954,795
39,215	9,398	-	2,752,936
840,243	-	8,436,615	68,226,249
<u>25,379,615</u>	<u>14,041,323</u>	<u>37,784,268</u>	<u>198,494,895</u>
-	-	28,354,672	28,401,425
-	264,018,488	68,275,803	338,235,571
2,480,509	-	34,811,249	78,741,758
-	-	2,119,536	2,119,536
-	-	(13,515)	16,829,268
<u>2,480,509</u>	<u>264,018,488</u>	<u>133,547,745</u>	<u>464,327,558</u>
<u>\$ 27,860,124</u>	<u>\$ 278,059,811</u>	<u>\$ 171,332,013</u>	<u>\$ 662,822,453</u>

The accompanying notes are an integral part of these financial statements

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CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances governmental funds (page 28)	\$ 464,327,558
Capital assets used in governmental activities (except for internal service funds) are not financial resources and, therefore, are not reported in the funds.	3,425,998,537
Some long-term obligations applicable to governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position. (Note II.A)	(564,269,002)
Internal service funds are used by the City to charge the cost of tort liability, workers compensation and employee health insurance to other individual funds. In additions, the cost of providing communications, fleet maintenance and supplies warehousing services are also charged. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(30,741,549)
Some of the City's taxes will be collected after year-end and amounts due on real estate contracts are not available soon enough to pay for the current period's expenditures, and therefore, are reported as unearned revenue in the funds. (Note II.A)	<u>65,865,818</u>
Net position of governmental activities (page 24)	<u>\$ 3,361,181,362</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	GO Bond Debt Service Fund
Revenues:		
Taxes:		
Gross receipts taxes, local option	\$ 118,109,378	\$ -
Property taxes	77,720,491	59,168,200
Lodgers' and hospitality taxes	-	-
Franchise taxes	25,568,599	-
Payment in lieu of taxes	19,885	-
Licenses and permits	11,342,391	-
Intergovernmental - federal	-	-
Intergovernmental - state	183,348,747	-
Charges for services	44,353,146	-
Fines and forfeits	145,280	-
Interest on investments	70,661	71,426
Special assessments	-	-
Miscellaneous	2,600,825	-
	<u>463,279,403</u>	<u>59,239,626</u>
Total revenues		
	<u>463,279,403</u>	<u>59,239,626</u>
Expenditures:		
Current		
General government	65,878,907	-
Public safety	218,430,465	-
Culture and recreation	68,816,299	-
Public works	9,498,051	-
Highways and streets	15,375,529	-
Health	16,774,421	-
Human services	28,740,886	-
Housing	-	-
Debt service		
Principal	-	53,222,000
Interest	-	12,019,306
Fiscal agent fees and other fees	-	652,390
Capital outlay	2,036,998	-
	<u>2,036,998</u>	<u>-</u>
Total expenditures		
	<u>425,551,556</u>	<u>65,893,696</u>
Excess (deficiency) of revenues over expenditures		
	<u>37,727,847</u>	<u>(6,654,070)</u>
Other financing sources (uses):		
Transfers in	4,834,656	-
Transfers out	(43,447,366)	-
Premiums on bonds issued	-	6,292,617
Bond and notes issued	-	-
	<u>-</u>	<u>-</u>
Total other financing sources (uses)		
	<u>(38,612,710)</u>	<u>6,292,617</u>
Net change in fund balances		
	(884,863)	(361,453)
Fund balances , July 1	59,224,399	6,302,733
Fund balances, June 30	<u>58,339,536</u>	<u>\$ 5,941,280</u>

The accompanying notes are an integral part of these financial statements

Special Assessments Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
\$ -	\$ -	\$ 34,815,479	\$ 152,924,857
-	-	-	136,888,691
-	-	12,425,479	12,425,479
-	332,056	-	25,900,655
-	-	-	19,885
-	-	3,248,252	14,590,643
-	107,790	17,565,428	17,673,218
-	10,480,970	23,619,570	217,449,287
-	5,279,808	5,950,362	55,583,316
-	-	3,018,992	3,164,272
2,648	249,245	724,111	1,118,091
2,063,858	-	1,801,640	3,865,498
630	1,372,789	5,321,719	9,295,963
<u>2,067,136</u>	<u>17,822,658</u>	<u>108,491,032</u>	<u>650,899,855</u>
-	3,427,137	20,244,216	89,550,260
-	561,164	9,970,680	228,962,309
-	3,562,221	6,178,623	78,557,143
-	140,293	43,290	9,681,634
-	1,990,306	5,505,285	22,871,120
-	26,891	4,282,536	21,083,848
-	3,724,791	17,445,597	49,911,274
-	-	3,128,993	3,128,993
345,000	-	5,584,337	59,151,337
495,243	-	5,864,936	18,379,485
-	-	270,716	923,106
-	100,720,010	39,245,229	142,002,237
<u>840,243</u>	<u>114,152,813</u>	<u>117,764,438</u>	<u>724,202,746</u>
<u>1,226,893</u>	<u>(96,330,155)</u>	<u>(9,273,406)</u>	<u>(73,302,891)</u>
-	13,193,555	23,487,664	41,515,875
(659,000)	(688,255)	(25,882,167)	(70,676,788)
-	5,155,071	-	11,447,688
-	123,152,000	25,242,485	148,394,485
<u>(659,000)</u>	<u>140,812,371</u>	<u>22,847,982</u>	<u>130,681,260</u>
567,893	44,482,216	13,574,576	57,378,369
<u>1,912,616</u>	<u>219,536,272</u>	<u>119,973,169</u>	<u>406,949,189</u>
<u>\$ 2,480,509</u>	<u>\$ 264,018,488</u>	<u>\$ 133,547,745</u>	<u>\$ 464,327,558</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

Net change in fund balances – total governmental funds (page 31)	\$	57,378,369
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation in the current period. This is the amount by which additions to capital assets exceeded depreciation in the current period. (Note II.B)		58,512,170
The issuance of long-term debt (e.g., bonds, 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II.B)		(95,216,728)
Internal service funds are used by the City to charge the cost of tort liability, workers compensation and employee health insurance to other individual funds. In addition, the cost of providing communications, fleet maintenance and supplies warehousing services are also charged. The net revenue (expense) of the internal service funds is reported with governmental activities.		(42,921,112)
Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to provide financing resources for the current period. Likewise, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, revenues and expenses are reported regardless of when financial resources are available. This adjustment combines the net change of balances.		23,833,832
Interest earned on loans receivable are not available for collections and are not included in the governmental fund financial statements. However, the accrued interest is reported in the governmental-wide financial statements.		(1,377)
The change in liability for compensated absences that is reported as an expense in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		<u>1,470,171</u>
Change in net position of governmental activities (page 26)	\$	<u>3,105,325</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Gross receipts tax-local option	\$ 120,330,000	\$ 117,005,000	\$ 118,109,378	\$ 1,104,378
Current property tax	74,561,000	73,978,000	75,173,145	1,195,145
Delinquent property tax	2,155,000	2,155,000	2,547,346	392,346
Franchise taxes:				
Electric	8,843,000	8,944,000	9,221,280	277,280
Gas	4,480,000	4,057,000	4,001,624	(55,376)
Cable television	4,300,000	4,276,000	4,290,938	14,938
Telephone	1,813,000	1,904,000	1,809,925	(94,075)
Telecommunications	266,000	417,000	238,951	(178,049)
Water Authority	5,556,000	5,900,000	6,005,881	105,881
Payments in lieu of Taxes	-	-	19,885	19,885
Total taxes	222,304,000	218,636,000	221,418,353	2,782,353
Licenses and permits:				
Building permits	2,129,000	3,272,000	3,040,031	(231,969)
Plan checking permits	1,131,000	1,421,000	1,482,043	61,043
Business registration fees	1,235,000	1,235,000	1,255,803	20,803
Plumbing/mechanical permits	780,000	937,000	873,265	(63,735)
Restaurant inspections	1,071,000	1,200,000	1,213,982	13,982
Electrical/refrigeration permits	638,000	647,000	632,248	(14,752)
Other licenses and permits	178,000	181,000	200,322	19,322
Right of way usage permits	211,000	204,000	201,718	(2,282)
Liquor licenses	210,000	210,000	187,581	(22,419)
Animal licenses	260,000	260,000	253,925	(6,075)
Food retailers inspections	214,000	226,000	235,685	9,685
Swimming pool inspections	130,000	130,000	124,225	(5,775)
Flood plan certification	170,000	142,000	143,900	1,900
Reroofing permits	85,000	82,000	61,358	(20,642)
Zoning fence permits	-	-	145	145
Loading zone permits	9,000	12,000	10,459	(1,541)
Solicitation permits	5,000	5,000	12,292	7,292
Excavation permits	280,000	250,000	227,699	(22,301)
Barricading permits	1,200,000	1,000,000	1,185,710	185,710
Total licenses and permits	9,936,000	11,414,000	11,342,391	(71,609)
Intergovernmental:				
State shared:				
Gross receipts tax	180,315,000	175,345,000	177,113,998	1,768,998
Municipal road - gas tax	2,420,000	2,420,000	2,289,211	(130,789)
Motor vehicle license distribution	1,670,000	1,670,000	1,750,327	80,327
Municipal comp tax	1,678,000	1,694,000	1,484,890	(209,110)
Grants:				
Other	102,000	102,000	262,016	160,016
Bernalillo County-shared operations	319,000	377,000	448,305	71,305
Total intergovernmental	186,504,000	181,608,000	183,348,747	1,740,747

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services:				
General government:				
Administrative charges to other funds	26,197,000	24,411,000	22,415,600	(1,995,400)
Legal services	2,111,000	2,440,000	2,349,742	(90,258)
Grounds maintenance	1,069,000	1,069,000	1,051,171	(17,829)
Engineering fees	461,000	461,000	814,672	353,672
Engineering inspections	180,000	280,000	252,623	(27,377)
Shooting range fees	300,000	338,000	304,410	(33,590)
Records search fees	250,000	250,000	152,895	(97,105)
Filing of plats and subdivisions	96,000	96,000	173,410	77,410
Administrative fees	80,000	80,000	188,285	108,285
Photocopying	75,000	75,000	195,653	120,653
Hearing officer charges	80,000	80,000	64,420	(15,580)
Sign fees	135,000	66,000	95,183	29,183
Zoning plan check fees	111,000	96,000	101,655	5,655
Office services	35,000	35,000	26,030	(8,970)
Planning services	19,000	175,000	291,776	116,776
Land mediation charges	-	-	10,990	10,990
Sale of maps and publications	-	-	862	862
AGIS services	-	-	354	354
Other	-	-	2,084	2,084
Real property services	40,000	-	-	-
Public safety:				
Police services	4,395,000	4,395,000	3,642,963	(752,037)
Fire services	750,000	750,000	857,690	107,690
Culture and recreation:				
Zoo admissions	1,900,000	2,422,000	2,441,458	19,458
Cultural affairs	1,431,000	1,599,000	1,736,672	137,672
Albuquerque aquarium and gardens	1,200,000	1,584,000	1,563,665	(20,335)
Latch key program	600,000	988,000	901,244	(86,756)
Swimming pools	620,000	730,000	706,152	(23,848)
Sports programs	558,000	540,000	502,948	(37,052)
Other recreation charges	218,000	218,000	210,198	(7,802)
Museum charges	153,000	133,000	129,140	(3,860)
Other zoo charges	101,000	101,000	77,332	(23,668)
Community centers	95,000	93,000	103,595	10,595
Tournament/field rental	54,000	64,000	64,337	337
Outdoor recreation fees	1,000	1,000	24,133	23,133

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services:				
Highways and streets:				
Other street division charges/permits	311,000	309,000	268,584	(40,416)
Health:				
Animal control charges	996,000	1,184,000	1,424,274	240,274
Human services:				
Childcare services	675,000	889,000	745,356	(143,644)
Senior center memberships	272,000	272,000	229,190	(42,810)
Senior meal programs	136,000	136,000	129,089	(6,911)
Other	34,000	34,000	30,621	(3,379)
Senior dances	32,000	32,000	35,126	3,126
DSA Route #2	16,000	16,000	21,801	5,801
Senior coffee	12,000	12,000	15,763	3,763
Total charges for services	<u>45,799,000</u>	<u>46,454,000</u>	<u>44,353,146</u>	<u>(2,100,854)</u>
Fines and forfeits:				
Air quality penalties	120,000	120,000	145,280	25,280
Total fines and forfeits	<u>120,000</u>	<u>120,000</u>	<u>145,280</u>	<u>25,280</u>
Interest:				
Interest on investments	330,000	330,000	70,661	(259,339)
Total interest	<u>330,000</u>	<u>330,000</u>	<u>70,661</u>	<u>(259,339)</u>
Miscellaneous:				
Community center rentals	330,000	382,000	332,421	(49,579)
Jury duty and witness fees	2,000	2,000	1,133	(867)
Revenue sharing agreement	-	-	15,129	15,129
Rental of City property	167,000	173,000	165,219	(7,781)
Other miscellaneous	485,000	660,000	1,310,224	650,224
Sales of real property	-	-	67,774	67,774
Collections from property damage	-	-	466	466
Contributions and donations	496,000	496,000	708,469	212,469
Cash discounts earned/(lost)	-	-	(10)	(10)
Total miscellaneous	<u>1,480,000</u>	<u>1,713,000</u>	<u>2,600,825</u>	<u>887,825</u>
Total revenues	<u>466,473,000</u>	<u>460,275,000</u>	<u>463,279,403</u>	<u>3,004,403</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Current:				
General Government:				
Accounting	3,676,000	3,761,000	3,511,531	249,469
Administrative hearing office	617,000	617,000	491,210	125,790
Chief Administrative Officer	1,854,000	1,890,000	1,813,766	76,234
Citizen Services	3,612,000	3,612,000	3,358,920	253,080
Citywide financial support	1,073,000	1,073,000	1,035,325	37,675
Community revitalization	1,690,000	2,003,000	1,760,618	242,382
Council services	3,101,000	2,941,000	2,757,172	183,828
DFAS - strategic support	326,000	326,000	339,363	(13,363)
Downtown action team	-	183,000	183,000	-
Dues and memberships	422,000	422,000	427,824	(5,824)
Early retirement	6,350,000	8,481,000	8,380,572	100,428
Economic development	1,184,000	1,184,000	1,102,099	81,901
ED - Convention Center	1,914,000	1,914,000	1,765,260	148,740
Enterprise resource planning	2,718,000	2,718,000	2,683,892	34,108
Facilities	8,019,000	8,019,000	8,187,162	(168,162)
Information services	6,587,000	6,638,000	5,538,123	1,099,877
International trade	48,000	73,000	70,459	2,541
Joint committee- intergov. legislation	145,000	145,000	152,333	(7,333)
Legal services	4,553,000	4,553,000	4,312,228	240,772
Mayor's office	887,000	987,000	881,417	105,583
Office of Inspector General	333,000	333,000	264,748	68,252
Office of Internal Audit	826,000	826,000	740,991	85,009
Office of Management and Budget	1,194,000	1,194,000	991,818	202,182
Office of the City Clerk	793,000	1,393,000	1,258,727	134,273
One Stop Shop	6,369,000	6,369,000	6,231,281	137,719
Open and Ethical Elections	478,000	478,000	478,000	-
Personnel services	2,186,000	2,187,000	2,013,119	173,881
Planning - strategic support	1,659,000	1,659,000	1,558,337	100,663
Purchasing and office supply	1,159,000	1,159,000	1,027,701	131,299
Real property	680,000	680,000	594,642	85,358
Safe city strike force	900,000	900,000	886,775	13,225
Treasury	1,332,000	1,332,000	1,294,246	37,754
Total general government	<u>66,685,000</u>	<u>70,050,000</u>	<u>66,092,659</u>	<u>3,957,341</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (continued):				
Current:				
Public safety:				
Police Department:				
Communications & records	13,328,000	13,390,000	14,319,704	(929,704)
Family advocacy center	7,580,000	7,580,000	8,161,122	(581,122)
Investigative services	17,027,000	17,235,000	17,684,538	(449,538)
Neighborhood Policing	94,895,000	95,030,000	88,216,377	6,813,623
Off duty police overtime	1,825,000	1,825,000	1,222,042	602,958
Officer & department support	15,625,000	16,799,000	17,086,697	(287,697)
Prisoner transport	1,671,000	1,671,000	1,763,077	(92,077)
Professional standards	1,497,000	1,497,000	1,357,771	139,229
Fire Department:				
AFD headquarters	2,074,000	2,074,000	2,072,096	1,904
Dispatch	3,964,000	3,967,000	3,973,790	(6,790)
Emergency response	55,213,000	55,689,000	55,063,758	625,242
Fire prevention	3,853,000	3,874,000	3,660,334	213,666
Logistics	1,806,000	1,806,000	2,021,520	(215,520)
Technical services	611,000	620,000	618,921	1,079
Training and safety	2,360,000	2,360,000	2,467,918	(107,918)
Total public safety	<u>223,329,000</u>	<u>225,417,000</u>	<u>219,689,665</u>	<u>5,727,335</u>
Culture and recreation:				
Aquatics	4,008,000	4,113,000	4,060,778	52,222
Aviation landscape	981,000	981,000	659,376	321,624
Balloon museum	964,000	964,000	969,102	(5,102)
Biopark	11,748,000	12,411,000	12,412,749	(1,749)
CIP Biopark	2,444,000	2,444,000	695,958	1,748,042
CIP library	63,000	63,000	62,396	604
CIP parks	2,908,000	2,908,000	2,722,703	185,297
Community events	2,631,000	2,664,000	2,666,518	(2,518)
Community recreation	7,721,000	7,721,000	7,283,732	437,268
Cultural services- strategic support	1,416,000	1,416,000	1,421,164	(5,164)
Explora	1,425,000	1,425,000	1,426,775	(1,775)
Library	10,543,000	10,543,000	10,430,370	112,630
Museum	2,885,000	2,885,000	2,884,999	1
Parks and recreation- strategic support	805,000	805,000	752,004	52,996
Parks management	16,069,000	16,091,000	15,998,563	92,437
Promote safe use of firearms	478,000	478,000	449,388	28,612
Public Arts and Urban Enhancement	281,000	281,000	281,008	(8)
Quality recreation	2,238,000	2,279,000	2,221,465	57,535
Senior affairs- strategic support	1,566,000	1,596,000	1,473,578	122,422
Special events parking	19,000	19,000	19,000	-
Total culture and recreation	<u>71,193,000</u>	<u>72,087,000</u>	<u>68,891,626</u>	<u>3,195,374</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (continued):				
Current:				
Municipal Development				
Construction	1,874,000	1,977,000	1,776,118	200,882
Design recovered parks & CIP	1,575,000	1,575,000	1,380,843	194,157
Design recovered storm drain	2,368,000	2,368,000	2,132,605	235,395
Storm drainage	2,516,000	2,516,000	2,634,663	(118,663)
Strategic support	1,918,000	1,918,000	1,857,554	60,446
Street CIP	3,861,000	3,861,000	3,835,010	25,990
Street services	11,666,000	11,666,000	11,721,102	(55,102)
Total municipal development	<u>25,778,000</u>	<u>25,881,000</u>	<u>25,337,895</u>	<u>543,105</u>
Health:				
Animal care and control	9,679,000	9,679,000	9,568,936	110,064
Code enforcement	3,703,000	3,708,000	3,703,610	4,390
Consumer health protection	1,259,000	1,259,000	1,256,339	2,661
Environmental services	1,242,000	1,242,000	1,169,664	72,336
Strategic support	656,000	656,000	620,028	35,972
Vector born & zoonotic disease	483,000	516,000	474,338	41,662
Total health	<u>17,022,000</u>	<u>17,060,000</u>	<u>16,792,915</u>	<u>267,085</u>
Human services:				
Access to basic services- seniors	93,000	93,000	86,592	6,408
Develop affordable housing	1,477,000	1,477,000	1,425,825	51,175
Early childhood education	5,205,000	5,205,000	4,565,200	639,800
Emergency shelter	1,077,000	1,077,000	992,446	84,554
Health & social services	3,521,000	3,521,000	3,158,976	362,024
Mental health services	2,420,000	2,425,000	2,177,768	247,232
Partner with public education	5,282,000	5,282,000	4,379,057	902,943
Plan and coordinate	1,386,000	1,386,000	1,146,284	239,716
Reduce youth gangs	1,297,000	1,297,000	1,206,250	90,750
Substance abuse treatment and prevention	4,797,000	4,847,000	4,718,507	128,493
Supportive services to homeless	216,000	216,000	213,296	2,704
Provide transitional housing	155,000	155,000	154,850	150
Well being- seniors	4,555,000	4,608,000	4,521,745	86,255
Total human services	<u>31,481,000</u>	<u>31,589,000</u>	<u>28,746,796</u>	<u>2,842,204</u>
Total expenditures	<u>435,488,000</u>	<u>442,084,000</u>	<u>425,551,556</u>	<u>16,532,444</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess of revenues over expenditures	30,985,000	18,191,000	37,727,847	19,536,847
Other financing sources (uses):				
Transfers in	4,840,176	4,841,000	4,834,656	(6,344)
Transfers out	(40,113,000)	(43,386,555)	(43,447,366)	(60,811)
Total other financing sources and uses	<u>(35,272,824)</u>	<u>(38,545,555)</u>	<u>(38,612,710)</u>	<u>(67,155)</u>
Net change in fund balance	(4,287,824)	(20,354,555)	(884,863)	19,469,692
Fund balance, July 1	<u>59,224,399</u>	<u>59,224,399</u>	<u>59,224,399</u>	<u>-</u>
Fund balance, June 30	<u>\$ 54,936,575</u>	<u>\$ 38,869,844</u>	<u>\$ 58,339,536</u>	<u>\$ 19,469,692</u>

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

June 30, 2013

ASSETS	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
Current assets:		
Cash, investments, and accrued interest	\$ 15,473,363	\$ 5,829,571
Cash with fiscal agents held for debt service	22,488,990	1,986,587
Cash held by others	-	-
Accounts receivable, net of allowance for uncollectible accounts	3,572,389	3,863,508
Due from other funds	-	-
Prepaid expenses	-	-
Due from other governments	-	-
Customer deposits	-	-
Inventories of supplies	683,055	901,653
Total current assets	<u>42,217,797</u>	<u>12,581,319</u>
Noncurrent assets:		
Restricted assets:		
Cash, investments, and accrued interest	95,828,055	14,354,642
Account receivable - developers	-	-
Grant receivables	2,757,853	-
Escrow deposits	-	-
Total restricted assets	<u>98,585,908</u>	<u>14,354,642</u>
Capital assets:		
Land	37,903,819	5,165,506
Land and improvements acquired from U.S. Air Force	7,630,077	-
Buildings and improvements	188,160,074	13,015,665
Runways and other improvements	302,318,640	-
Infrastructure	-	9,668,583
Improvements other than buildings	227,307,415	31,075,010
Machinery and equipment	16,853,095	59,313,504
Other	854,296	16,870
Total	<u>781,027,416</u>	<u>118,255,138</u>
Less accumulated depreciation and amortization	522,948,167	63,486,502
Capital assets, net of depreciation	<u>258,079,249</u>	<u>54,768,636</u>
Construction work in progress	15,804,622	8,899
Total capital assets	<u>273,883,871</u>	<u>54,777,535</u>
Other:		
Capitalized bond issuance costs	418,815	1,504
Advances to other funds	-	-
Total other assets	<u>418,815</u>	<u>1,504</u>
Total noncurrent assets	<u>372,888,594</u>	<u>69,133,681</u>
Total assets	<u>\$ 415,106,391</u>	<u>\$ 81,715,000</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Fund	Other Enterprise Funds	Totals	
\$ 2,350	\$ 14,968,244	\$ 36,273,528	\$ 93,847,638
-	837,499	25,313,076	-
-	1,102,962	1,102,962	-
5,085,968	2,091,947	14,613,812	75,243
1,067,509	-	1,067,509	-
-	10,165	10,165	-
3,221,313	3,616	3,224,929	-
-	-	-	248,162
2,775,480	151,788	4,511,976	2,102,746
<u>12,152,620</u>	<u>19,166,221</u>	<u>86,117,957</u>	<u>96,273,789</u>
954,666	12,265,719	123,403,082	-
-	1,786,830	1,786,830	-
-	-	2,757,853	-
-	425,018	425,018	-
<u>954,666</u>	<u>14,477,567</u>	<u>128,372,783</u>	<u>-</u>
4,930,660	8,875,432	56,875,417	283,842
-	-	7,630,077	-
77,638,060	145,179,245	423,993,044	1,278,229
-	-	302,318,640	-
-	-	9,668,583	-
6,241,798	-	264,624,223	-
95,793,457	6,063,761	178,023,817	1,053,415
-	100,904	972,070	-
<u>184,603,975</u>	<u>160,219,342</u>	<u>1,244,105,871</u>	<u>2,615,486</u>
<u>86,077,060</u>	<u>102,329,067</u>	<u>774,840,796</u>	<u>1,985,153</u>
<u>98,526,915</u>	<u>57,890,275</u>	<u>469,265,075</u>	<u>630,333</u>
<u>2,114,083</u>	<u>1,775,900</u>	<u>19,703,504</u>	<u>-</u>
<u>100,640,998</u>	<u>59,666,175</u>	<u>488,968,579</u>	<u>630,333</u>
6,486	260,145	686,950	-
-	-	-	371,000
<u>6,486</u>	<u>260,145</u>	<u>686,950</u>	<u>371,000</u>
<u>101,602,150</u>	<u>74,403,887</u>	<u>618,028,312</u>	<u>1,001,333</u>
\$ 113,754,770	\$ 93,570,108	\$ 704,146,269	\$ 97,275,122

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2013

LIABILITIES	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
Current liabilities:		
Accounts payable	\$ 831,436	\$ 3,471,931
Accrued employee compensation and benefits	88,693	144,038
Accrued vacation and sick leave	1,087,790	1,658,692
Accrued fuel cleanup costs	-	-
Fare tokens outstanding	-	-
Customer deposits	605,553	116,032
Due to other funds	-	-
Due to other governments	-	-
Claims and judgments	-	-
Liabilities payable from restricted assets:		
Contracts and other payable	1,992,657	235,530
Unearned revenue	489,035	-
Current portion - revenue bonds, notes payable, and capital leases	20,016,250	1,921,534
Accrued interest	<u>2,472,740</u>	<u>87,511</u>
Total current liabilities	<u>27,584,154</u>	<u>7,635,268</u>
Noncurrent liabilities:		
Liabilities payable from restricted assets:		
Accrued landfill closure costs	-	1,924,562
Other	-	-
Total	<u>-</u>	<u>1,924,562</u>
Revenue bonds, notes payable and capital leases, net of current portion and unamortized discounts	<u>78,345,251</u>	<u>1,463,643</u>
Other:		
Claims and judgments	-	-
Accrued vacation and sick leave	853,057	447,175
Other post employment benefit obligation	-	-
Advances from other funds	-	-
Total	<u>853,057</u>	<u>447,175</u>
Total noncurrent liabilities:	<u>79,198,308</u>	<u>3,835,380</u>
Total liabilities	<u>106,782,462</u>	<u>11,470,648</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	192,087,817	54,466,223
Restricted for:		
Debt service	5,874,425	682,988
Construction	66,701,115	5,614,088
Housing vouchers	-	-
Unrestricted	43,660,572	9,481,053
Total net position (deficit)	<u>\$ 308,323,929</u>	<u>\$ 70,244,352</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds			Governmental
Transit	Other		Activities -
Fund	Enterprise	Totals	Internal
	Funds		Service
			Funds
\$ 944,184	\$ 566,363	\$ 5,813,914	\$ 4,673,723
165,516	31,676	429,923	38,279
1,286,607	254,449	4,287,538	502,283
-	-	-	120,334
139,809	-	139,809	-
-	4,837	726,422	-
3,708,633	2,421,447	6,130,080	-
-	-	-	-
-	-	-	25,242,425
416,410	-	2,644,597	-
400,000	15,362	904,397	-
1,188,881	1,111,407	24,238,072	-
-	462,989	3,023,240	-
<u>8,250,040</u>	<u>4,868,530</u>	<u>48,337,992</u>	<u>30,577,044</u>
-	-	1,924,562	-
-	527,620	527,620	-
-	527,620	2,452,182	-
<u>4,750,102</u>	<u>20,081,621</u>	<u>104,640,617</u>	<u>-</u>
-	-	-	84,590,225
490,077	334,512	2,124,821	99,096
-	-	-	12,750,306
-	3,105,000	3,105,000	-
<u>490,077</u>	<u>3,439,512</u>	<u>5,229,821</u>	<u>97,439,627</u>
<u>5,240,179</u>	<u>24,048,753</u>	<u>112,322,620</u>	<u>97,439,627</u>
<u>13,490,219</u>	<u>28,917,283</u>	<u>160,660,612</u>	<u>128,016,671</u>
94,708,501	35,628,292	376,890,833	630,333
434,784	1,694,692	8,686,889	-
1,000,991	4,744,692	78,060,886	-
-	8,139,736	8,139,736	-
4,120,275	14,445,413	71,707,313	(31,371,882)
<u>\$ 100,264,551</u>	<u>\$ 64,652,825</u>	<u>\$ 543,485,657</u>	<u>\$ (30,741,549)</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
Year ended June 30, 2013

	Airport Fund	Refuse Disposal Fund
Operating revenues:		
Charges for services	\$ 62,142,310	\$ 62,530,991
Operating expenses:		
Salaries and fringe benefits	\$ 15,832,304	\$ 23,424,107
Professional services	1,451,234	438,660
Utilities	2,816,448	434,482
Supplies	753,950	9,726,714
Travel	39,195	3,110
Fuels, repairs and maintenance	2,815,557	11,128,146
Contractual services	5,083,415	3,005,949
Claims and judgments	-	356
Insurance premiums	593,384	2,084,648
Other operating expenses	1,525,364	3,099,966
Depreciation	30,014,371	6,243,599
Bad debt expense (recovery)	102,950	203,452
Total operating expenses	61,028,172	59,793,189
Operating income (loss)	1,114,138	2,737,802
Non-operating revenues (expenses):		
Interest on investments	238,140	51,724
Federal housing grants	-	-
Housing assistance payments	-	-
Passenger facilities charges	9,932,143	-
Gain (loss) on disposition of property and equipment	(32,754)	167,760
Interest and other debt service expenses	(4,255,755)	(139,146)
Bond issue costs	24,301	(2,221)
Other	689,722	(61,401)
Total non-operating revenues (expenses)	6,595,797	16,716
Income (loss) before capital contributions and transfers	7,709,935	2,754,518
Capital contributions	6,576,248	111,319
Transfers in	-	-
Transfers out	-	(3,039,155)
Change in net position	14,286,183	(173,318)
Net position, July 1	294,037,746	70,417,670
Net position, June 30	\$ 308,323,929	\$ 70,244,352

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Fund	Other Enterprise Funds	Totals	
\$ 11,692,912	\$ 15,525,801	\$ 151,892,014	\$ 114,416,279
26,004,833	7,432,864	72,694,108	7,398,291
56,672	1,005,188	2,951,754	1,446,208
1,084,201	3,260,263	7,595,394	427,016
360,180	96,457	10,937,301	1,662,402
12,524	4,369	59,198	13,006
10,022,041	2,159,499	26,125,243	9,356,447
849,773	2,716,032	11,655,169	5,921,506
-	-	356	65,080,023
2,324,511	-	5,002,543	63,983,211
1,934,437	1,599,386	8,159,153	1,855,013
11,210,458	3,972,127	51,440,555	105,155
(61,093)	69,430	314,739	-
53,798,537	22,315,615	196,935,513	157,248,278
(42,105,625)	(6,789,814)	(45,043,499)	(42,831,999)
(3,799)	483,520	769,585	166,555
-	28,328,381	28,328,381	-
-	(22,664,147)	(22,664,147)	-
-	-	9,932,143	-
-	-	135,006	26,100
(326,106)	(1,206,654)	(5,927,661)	-
(4,327)	(34,671)	(16,918)	-
616,888	310,208	1,555,417	1,368,232
282,656	5,216,637	12,111,806	1,560,887
(41,822,969)	(1,573,177)	(32,931,693)	(41,271,112)
9,999,178	-	16,686,745	-
31,702,827	3,186,000	34,888,827	-
(770,962)	(267,797)	(4,077,914)	(1,650,000)
(891,926)	1,345,026	14,565,965	(42,921,112)
101,156,477	63,307,799	528,919,692	12,179,563
\$ 100,264,551	\$ 64,652,825	\$ 543,485,657	\$ (30,741,549)

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

Year ended June 30, 2013

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 61,823,381	\$ 62,278,697
Cash received from other funds for goods and services	-	-
Cash payments to employees for services	(15,641,240)	(23,367,417)
Cash payments to suppliers for goods and services	(13,431,556)	(23,244,211)
Cash payments to other funds for goods and services	(2,876,440)	(4,490,824)
Cash payments to claimants and beneficiaries	-	(356)
Miscellaneous cash received (paid)	67,070	-
Net cash provided by (used for) operating activities	<u>29,941,215</u>	<u>11,175,889</u>
Cash flow from noncapital financing activities:		
Operating grants received	-	-
Housing assistance payments	-	-
Principal paid on advance from other funds	-	-
Interest paid on advance from other funds	-	-
Other	689,722	49,918
Transfers from other funds	-	-
Transfers to other funds	-	(3,039,155)
Net cash provided by (used for) noncapital financing activities	<u>689,722</u>	<u>(2,989,237)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bond maturities and refunded bonds	(19,886,667)	(4,627,619)
Interest and other expenses paid on revenue bond maturities	(4,721,435)	(239,223)
Acquisition and construction of capital assets	(16,924,291)	(8,561,843)
Capital grants received	6,203,646	-
Passenger facilities charges	9,932,143	-
Proceeds from sale (retirement) of property and equipment	-	187,238
Net cash provided by (used for) capital and related financing activities	<u>(25,396,604)</u>	<u>(13,241,447)</u>
Cash flows from investing activities:		
Interest received on investments	238,140	51,724
Net cash provided by investing activities	<u>238,140</u>	<u>51,724</u>
Net increase (decrease) in cash and cash equivalents	5,472,473	(5,003,071)
Cash and cash equivalents, July 1	<u>128,317,935</u>	<u>27,173,871</u>
Cash and cash equivalents, June 30	\$ <u>133,790,408</u>	\$ <u>22,170,800</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Fund	Other Enterprise Funds	Totals	
\$ 7,946,412	\$ 15,087,567	\$ 147,136,057	\$ 539,767
-	-	-	115,086,289
(25,979,342)	(7,416,973)	(72,404,972)	(7,305,235)
(11,271,710)	(9,263,179)	(57,210,656)	(79,105,132)
(7,979,157)	(520,502)	(15,866,923)	(2,668,304)
-	-	(356)	(27,383,930)
616,888	25,975	709,933	1,060,633
(36,666,909)	(2,087,112)	2,363,083	224,088
-	28,328,381	28,328,381	-
-	(22,664,147)	(22,664,147)	-
-	(2,960,000)	(2,960,000)	-
-	(301,001)	(301,001)	-
-	272,193	1,011,833	-
31,702,827	3,186,000	34,888,827	-
(770,962)	(267,797)	(4,077,914)	(1,650,000)
30,931,865	5,593,629	34,225,979	(1,650,000)
(2,304,063)	(1,159,713)	(27,978,062)	-
(326,106)	(914,605)	(6,201,369)	-
(7,002,253)	(981,238)	(33,469,625)	(51,200)
14,494,330	-	20,697,976	-
-	-	9,932,143	-
-	-	187,238	5,450
4,861,908	(3,055,556)	(36,831,699)	(45,750)
(3,799)	483,520	769,585	166,555
(3,799)	483,520	769,585	166,555
(876,935)	934,481	526,948	(1,305,107)
1,833,951	28,664,961	185,990,718	95,152,745
\$ 957,016	\$ 29,599,442	\$ 186,517,666	\$ 93,847,638

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year ended June 30, 2013

	Airport Fund	Refuse Disposal Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,114,138	\$ 2,737,802
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	30,014,371	6,243,599
Miscellaneous income (expense)	67,070	-
Bad debt expense (recovery)	-	203,452
Provision for landfill liability	-	78,750
Decrease (increase) in assets:		
Receivables	236,843	(270,798)
Due from other governments	-	-
Due from other funds	-	-
Inventories of supplies	(35,384)	76,775
Prepaid expenses	-	-
Customer deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	96,432	1,982,794
Customer deposits	(239,154)	18,504
Accrued landfill closure costs and fuels cleanup	-	-
Accrued employee compensation and benefits	191,064	56,690
Fare tokens outstanding and customer deposits	-	-
Due to other funds	-	-
Contracts and other payable	(1,187,547)	48,321
Claims and judgments	-	-
Other	-	-
Unearned revenue	(316,618)	-
Due to other governments	-	-
Net cash provided by (used for) operating activities	\$ 29,941,215	\$ 11,175,889
Cash and cash equivalents at June 30 consist of:		
Current assets:		
Cash, investments, and accrued interest	\$ 15,473,363	\$ 5,829,571
Cash with fiscal agents held for debt service	22,488,990	1,986,587
Cash held by others	-	-
Restricted assets:		
Cash, investments, and accrued interest	95,828,055	14,354,642
Escrow deposits	-	-
Total cash and cash equivalents, June 30	\$ 133,790,408	\$ 22,170,800
Non-cash transactions:		
Increase (decrease) in fair value of investments	\$ (147,842)	\$ (25,379)
Amortization of bond issuance costs	(134,972)	-
Amortization of bond discounts/premiums	159,273	-
Gain (loss) on disposition of fixed assets	(32,754)	(19,478)
Increase in accrued land fill closure liability	-	78,750

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds

Governmental
Activities -
Internal
Service
Funds

Transit Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
\$ (42,105,625)	\$ (6,789,814)	\$ (45,043,499)	\$ (42,831,999)
11,210,458	3,972,127	51,440,555	105,155
616,888	38,015	721,973	1,381,266
(61,093)	69,430	211,789	-
-	-	78,750	-
(4,064,480)	(586,097)	(4,684,532)	51,246
-	(3,616)	(3,616)	-
(45,192)	-	(45,192)	459,154
252,158	12,201	305,750	853,714
3,959	15,975	19,934	32,991
-	-	-	(70,614)
593,172	(164,554)	2,507,844	1,759,245
-	143,991	(76,659)	-
-	-	-	(74,799)
25,491	15,891	289,136	88,739
(23,289)	-	(23,289)	-
(3,263,737)	1,224,986	(2,038,751)	-
(146,888)	-	(1,286,114)	-
-	-	-	37,696,093
-	-	-	1,360,178
341,269	(4,552)	20,099	-
-	(31,095)	(31,095)	(586,281)
<u>\$ (36,666,909)</u>	<u>\$ (2,087,112)</u>	<u>\$ 2,363,083</u>	<u>\$ 224,088</u>
\$ 2,350	\$ 14,968,244	\$ 36,273,528	\$ 93,847,638
-	894,499	25,370,076	-
-	1,102,962	1,102,962	-
954,666	12,208,719	123,346,082	-
-	425,018	425,018	-
<u>\$ 957,016</u>	<u>\$ 29,599,442</u>	<u>\$ 186,517,666</u>	<u>\$ 93,847,638</u>
\$ (4,533)	\$ 4,026	\$ (173,728)	\$ (118,908)
(4,327)	(4,399)	(143,698)	-
-	-	159,273	-
-	-	(52,232)	-
-	-	78,750	-

The accompanying notes are an integral part of these financial statements

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash, investments, and accrued interest	3,915,693
Restricted cash, investments, and accrued interest	184,382
Receivables	<u>386,145</u>
Total assets	<u><u>4,486,220</u></u>
LIABILITIES	
Accounts payable	460,134
Funds held for others	<u>4,026,086</u>
Total liabilities	<u><u>4,486,220</u></u>

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

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JUNE 30, 2013

I. Summary of significant accounting policies

The financial statements of the City of Albuquerque, New Mexico (City) have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. Significant accounting policies are described below.

A. Reporting entity

The City of Albuquerque, New Mexico (City), was founded in 1706, chartered as a town in 1885, and organized under territorial law as a city in 1891. The City became a charter city in 1917, and the voters approved a home rule amendment to the charter in 1971. In 1974, the electorate voted to establish a mayor-council form of government; the City Council consists of nine council members elected from districts. As a governmental entity, the City is not subject to Federal or State income taxes.

The City provides traditional services such as public safety, culture and recreation, public works, highways and streets, water and sewer services, and refuse collection. In addition, the City operates parking facilities, a transit system, an international airport, and a housing authority.

The accompanying financial statements present the City's primary government (funds, departments and programs). A primary government may be financially accountable for legally separate organizations if its elected officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The Albuquerque Bernalillo County Water Utility Authority (Authority), a stand-alone special-purpose government, is not reported as a component unit of the City. The City provides certain administrative services to the Authority under the terms of a Memorandum of Understanding. The Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2013, is available by contacting the Authority at the following address; Fifth floor, P.O. Box 1293, Albuquerque, NM 87103. The City had no component units during the year ended June 30, 2013.

B. Government-wide and fund financial statements

The government-wide financial statements (statement of net position and statement of activities) report information on all non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The 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 program. 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. Revenues included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The Agency Fund is reported on the accrual basis of accounting and has no measurement focus. Under accrual accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include gross receipts and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes, net of estimated

CITY OF ALBUQUERQUE, NEW MEXICO
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refunds and uncollectible amounts, are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues to be available if they are collected in the current period or within one month following the year-end. Revenues not considered available are recorded as unearned revenues. Governmental funds generally report expenditures when the related fund liability is incurred. However, expenditures for vacation and sick leave, and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of long-term debt are reported as other financing sources.

Property taxes, gross receipts taxes, motor vehicle taxes, cigarette taxes, gasoline 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. Gross receipts tax revenue is recognized when the underlying exchange transaction takes place. A small portion of the gross receipts tax revenue is derived from an estimate of delinquent taxes not yet collected and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The allocation of indirect expenses on the statement of activities is based on the relative usage by the function charged to all functions for services rendered by all central service activities of the general government such as accounting, information services, treasury, budgeting, and other central services.

The City reports the following major governmental funds:

General Fund - This fund is the City's primary operating fund and is used to account for the financial resources of the City, except those accounted for in another fund.

General Obligations Bond Debt Service Fund - This fund accounts for the monies set aside for the payment of principal and interest of general obligation bonds. The principal source of revenue is property taxes.

Special Assessments Debt Service Fund - This fund accounts for the monies accumulated for the payment of principal and interest of bonds secured by pledges of revenues from assessments levied against benefited properties. In previous fiscal years this fund had been classified as a nonmajor governmental fund.

Capital Acquisition Fund - This fund accounts for capital projects for which financing is provided by the sale of general obligation and revenue bonds, miscellaneous revenues and various grants.

The City reports the following major proprietary (enterprise) funds:

Airport Fund - This fund accounts for the operations of the Albuquerque International Sunport.

Refuse Disposal Fund - This fund accounts for the general operations of providing refuse removal services.

Transit Fund - This fund accounts for the operations of the City's Sun Tran bus system.

The City reports the following fund types:

Special Revenue Funds - To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - To account for the accumulation of resources for, and the payment of, general and special assessment long-term principal, interest, and related costs.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
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Capital Projects Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Enterprise Funds - These funds account for resources generally through services for which the City charges. These funds report on the full accrual basis of accounting.

Permanent Funds - These funds account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.

Internal Service Funds - These funds account for inventory warehousing and issues; worker's compensation, tort and other claims; vehicle maintenance and motor pool services; and communication services to City departments. In addition, these funds provide health insurance coverage to City employees.

Agency Funds - These funds account for monies held by the City in a custodial capacity on behalf of third parties or other agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges for risk management and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. Principal operating revenues, such as charges for services, result from exchange transactions in which each party receives and gives up essentially equal values. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses. These include operating subsidies, investment earnings, interest expense, and transactions that result from non-exchange transactions or ancillary activities.

D. Assets, liabilities, and net position

1. Deposits and investments

A significant portion of the cash and investments of funds of the City is pooled for investment purposes under the provisions of City ordinance and investment policy. The policy states that the City shall invest cash balances over the anticipated amount needed to meet operating requirements. Investments are recorded at fair value. The balance reported for each participating fund as "Cash, Investments, and Accrued Interest" represents the equity of that fund in the pooled cash, investments, and accrued interest. Interest earnings on pooled investments are allocated to the participating funds based on average daily balances.

The investment policy states that the City will not commit any funds invested in the pool to maturities longer than three years from the date of purchase, except investments held to meet legal reserve requirements on bond indebtedness. The maturity date of these investments will not exceed the final maturity date of the bond issue to which they are pledged. Funds are invested on the basis of a minimum of three bids and/or offers. Certificates of deposit are based on competitive rates for specified maturities.

All investments are valued at quoted market prices except for the investment in Special Assessments District bonds and in State of New Mexico Mortgage Finance Authority bonds that are computed at amortized cost approximating market value.

Investments in the State of New Mexico local government investment pool (LGIP) are valued at fair value based on quoted market prices as of the valuation date in accordance with GASB Statement No. 31. The LGIP is not SEC registered. The State Treasurer is authorized to invest the LGIP, with the advice and consent of the State Board of Finance, in accordance

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with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. This pool is subject to the standards set forth in the State Treasurer's Local Government Investment Policy document incorporated in and made a part of the State Treasurer's Investment Policy document. The Independent Auditors' Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditors' Report on Compliance and Internal Controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

The following categories of investments are specifically authorized by the City's policy:

Repurchase agreements - secured by collateral, which is delivered to a third-party safekeeping institution, with a market value equal to or greater than the value of the agreement.

U.S. Treasury obligations - bills, notes, and bonds.

Obligations of Federal agencies or instrumentalities - interest bearing or discount form.

Municipal bonds - rated in any of the three highest major rating categories by one or more nationally recognized rating agencies.

Fixed-income securities - through a diversified investment company registered pursuant to the federal Investment Company Act of 1940, provided the investment company or manager has total assets under management of at least one hundred million dollars (\$100,000,000).

The following categories of deposits are specifically authorized by the policy:

Checking accounts - at insured financial institutions.

Certificates of deposit - subject to restrictions set forth in the City's Fiscal Agent Ordinance (City policy requires a minimum of 50% security consisting of insurance and/or collateral).

Money market instruments - rated in the highest rating category by any nationally recognized rating agency.

2. Receivables and payables

Lending and borrowing arrangements between funds that are expected to be paid back within a year are referred to as "due to/from other funds." Lending/borrowing arrangements not expected to be paid back within a year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance non-spendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Proprietary fund receivables are recorded as revenue when earned including services earned but not billed, however the receivables of proprietary funds include billing for residential and commercial customers for City refuse services, consignment sales of bus tokens for transit services, space rental fees from commercial customer at the airport and baseball stadium, and from tenant rental fees for City Housing services. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivables, and historical experience. All property tax receivables are shown net of an allowance for uncollectibles.

3. Inventories and prepaid items

The inventories in the general fund consist of fuel, vehicle parts, and fluids. Inventories of supplies are valued at average cost. Inventory items are expensed when consumed. 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.

CITY OF ALBUQUERQUE, NEW MEXICO
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4. Land held for sale

Land held for sale consists primarily of approximately 4,865 acres located throughout the State of New Mexico obtained by trade with the federal government in July 1982, as part of the Acquisition and Management of Open Space Permanent Fund. Upon sale of these properties, a portion of the gain, if any, as defined in an agreement, is payable to a third party. Other land was obtained through foreclosure proceedings required by special assessment bond ordinances. The land for sale is valued at estimated fair market value, based on appraisals completed near the date of acquisition updated for property tax assessed values.

For the government-wide financial statements, the City recognizes income on real estate sales by recording the entire gross profit on sales that meet the requirements for the accrual method. Transactions that do not meet the requirements for the accrual method are recorded using the deposit method or installment method until the requirements for the accrual method are met. Under the deposit method, cash received is recorded as a deposit. Under the installment method, the City records the entire contract price and the related costs at the time the transaction is recognized as a sale, but the gross profit is deferred and recognized as payments are received on the related contract receivable. In the financial statements for the governmental funds, the City recognizes income from the sale of real estate when the principal on mortgage contracts are collected. At the time of the sale, the principal on the real estate contracts are recorded as unearned revenue.

5. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, construction in progress, rights of way and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year in accordance with State of New Mexico Administrative Code (Section 12-6-10 NMSA 1978) requirements in excess of \$5,000. Capital assets are recorded at historical cost or estimated historical cost. Software is capitalized when acquired while library books are not capitalized because the aggregated cost of books is immaterial. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with provisions of GASB Statement 34, works of art and historical treasures are not capitalized because those are: 1) held for public exhibition rather than for financial gain, 2) protected, kept unencumbered, cared for, and preserved, and 3) all proceeds from the sale of collection items are required to be used to acquire other items for collections.

Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of capital assets of the business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Infrastructure assets consist of the streets network: landscaped medians, roadways, right of ways, bridges, signals, beacons, trails, and trail bridges; and the storm network: easements, drainage pipes, lift stations, bridges, dams, detention basins right of ways, and arroyo easements right of ways. Streetlights managed by the local electric utility, sidewalks, traffic signs, dirt roads and milling roads are not considered infrastructure.

Capital assets, which are financed by general obligation bonds (to be repaid solely from property tax levies) for use by a proprietary fund, are reported as construction in progress in the government-wide financial statements during construction. The asset, when placed in service, is transferred at historical cost to the proprietary fund as a capital contribution from the City.

Buildings and improvements, infrastructure, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

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Buildings and improvements	15- 50 years
Runways and other improvements	15-25 years
Infrastructure	35-50 years
Improvements other than buildings	15-20 years
Machinery and equipment	3-13 years

6. *Deferred charges and other assets*

Costs incurred in connection with the issuance of bonds are capitalized and reported as capitalized bond issuance costs. These costs are amortized over the remaining maturity period of the related bond issues under a method that approximates the level interest rate method.

7. *Risk management*

Risk management activities are reported in the City's Risk management fund, a nonmajor internal service fund. Liabilities for workers' compensation, tort and other claims as of June 30, 2013, are accrued based on actuarial estimates and on a case-by-case evaluation of the probable outcome of claims filed against the City, as well as an estimate of claims incurred but not reported. The long-term portion of the liability is discounted at 2.5% over the estimated payment period. Revenues consist primarily of charges to other funds, the amounts of which approximate the cost of claims and other risk management costs arising from the activities of those funds.

8. *Compensated absences*

Subject to specific limits, employees accumulate vacation pay that is payable upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements. For proprietary funds, vacation costs are recognized as a liability when incurred.

City employees also accumulate specified amounts of sick leave that are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for vested amounts, due to employees meeting the termination or retirement requirements, but not payable from available, expendable resources is reported in the government-wide financial statements. For proprietary funds, accumulated sick leave pay is recognized when vested or taken whichever occurs first.

9. *Unearned revenue*

In governmental funds, tax revenues not collected within one month following year end are recorded as unearned. The City also records unearned revenue on rehabilitation loans, construction loans, economic development loans and special assessments. Revenue is recognized as the receivables are collected. In addition, unearned revenue includes moneys collected for food service and license fees, not yet earned.

10. *Special assessments*

Special assessment receivables are recorded upon approval of the assessment roll by the City Council, and the related revenues, interest, and penalties are recognized when due. City participation revenues are recorded at the time of receipt.

11. *Long-term obligations*

Long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Long-term obligations used to finance proprietary fund capital acquisitions and payable from revenue of proprietary funds are recorded in the applicable proprietary fund. Long-term obligations of governmental funds payable from general revenues of the City and special assessment levies are reported in the government-wide financial statements.

CITY OF ALBUQUERQUE, NEW MEXICO
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Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Net position

The government-wide and proprietary fund net position is categorized as follows:

Net investment in capital assets – This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.

Restricted net position – Restricted net position results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position is restricted for debt service, construction, housing and economic development, federal and state funded programs, and open space and urban enhancement. The government-wide statement of net position reports \$299,701,497 of restricted net position, of which \$19,465,147 is restricted by enabling legislation.

Unrestricted net position – This category reflects net position of the City, not restricted for any project or other purpose.

13. Fund balance

Fund balances are reported in classifications comprising a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The accompanying financial statements report the following categories of Fund Balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form or funds contractually required to be maintained intact. Nonspendable fund balance includes advances between funds, prepaid expenses, long-term receivables, and land held for resale because these items are not yet spendable.

Restricted fund balance is constrained externally by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Restricted fund balances are associated with various purposes, including public safety, culture and recreation, human services, and debt service.

Committed fund balance includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest decision making authority. The funds cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action employed to previously commit those amounts. The City includes funds that have been appropriated for various purposes by City Council and have been contractually obligated.

Assigned fund balance includes amounts that are constrained by the Office of Management and Budget to be used for specific purposes, but are neither restricted nor committed. These include miscellaneous capital projects, debt service, and general government.

Unassigned fund balance is the residual classification for the General Fund. The City includes funds that are not classified as nonspendable, restricted, committed or assigned.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made

CITY OF ALBUQUERQUE, NEW MEXICO
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about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The constraints on fund balance are detailed in the table below:

Fund Balance Category	General Fund	GO Bond Debt Service Fund	Special Assessments Debt Service Fund	Capital Acquisition Fund	Other Funds	Total
Nonspendable:						
Prepaid Expenses	46,753	-	-	-	-	46,753
Land Held for Resale	-	-	-	-	10,086,398	10,086,398
Permanent Fund Principal Investment	-	-	-	-	18,268,274	18,268,274
Total nonspendable fund balances	46,753	-	-	-	28,354,672	28,401,425
Restricted for:						
General Government	-	-	-	17,222,377	8,878,350	26,100,727
Public Safety	-	-	-	32,500,135	2,123,527	34,623,662
Culture and Recreation	-	-	-	52,784,610	49,742	52,834,352
Municipal Development Public Works	-	-	-	21,416,132	75,723	21,491,855
Highways and Streets	-	-	-	119,291,936	50,129,696	169,421,632
Health	-	-	-	-	2,052,682	2,052,682
Human Services	-	-	-	20,803,298	67,890	20,871,188
Housing	-	-	-	-	62,741	62,741
Debt Service	-	5,941,280	-	-	4,835,452	10,776,732
Total restricted fund balances	-	5,941,280	-	264,018,488	68,275,803	338,235,571
Committed to:						
Capital Projects	-	-	-	-	16,863,695	16,863,695
Culture and Recreation	-	-	-	-	1,920,015	1,920,015
Housing	-	-	-	-	10,121,175	10,121,175
Public Safety	-	-	-	-	4,511,642	4,511,642
General Government	41,450,000	-	-	-	1,394,722	42,844,722
Debt Service	-	-	2,480,509	-	-	2,480,509
Total committed fund balances	41,450,000	-	2,480,509	-	34,811,249	78,741,758
Assigned to:						
Capital Projects	-	-	-	-	2,119,413	2,119,413
General Government	11	-	-	-	112	123
Total assigned fund balances	11	-	-	-	2,119,525	2,119,536
Unassigned:						
	16,842,783	-	-	-	(13,515)	16,829,268
Total Fund Balances	58,339,547	5,941,280	2,480,509	264,018,488	133,547,734	464,327,558

CITY OF ALBUQUERQUE, NEW MEXICO
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JUNE 30, 2013

14. Statement of cash flows

For purposes of the statement of cash flows, pooled cash and investments (including restricted assets) of the City are considered to be cash equivalents although they include investments with a maturity in excess of three months when purchased because they have the characteristics of demand deposits for each individual fund. Non-pooled investments with original maturities of three months or more are deducted from cash, investments, and accrued interest and changes therein are reported as cash flows from investing activities.

15. Estimated amounts reported in financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

16. Bond premiums/issuance costs

In governmental fund types, bond premiums and issuance costs are recognized in the current period. Bond premiums are presented separately as other financing sources.

17. Inter-fund transactions

Transactions that would be recorded as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. These transactions include charges for administrative services, building rental, risk management services, vehicle maintenance and motor pool services, inventory and office services, retirees' health care, and payments in lieu of taxes. Other authorized transfers between funds are recorded as transfers and are included in the determination of the results of operations in the governmental, proprietary, and fiduciary funds.

18. New accounting pronouncements

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2013:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- GASB Statement No. 66, *Technical Corrections – 2012*.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

Except as discussed in the following paragraph, the City believes that the above listed GASB pronouncements will not have a significant financial impact to the City.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, becomes effective in the fiscal year ending June 30, 2015. The new standard will substantially change accounting and financial reporting for the City's participation in the Public Employees Retirement System (PERA), a cost sharing multiple-employer defined benefit retirement plan. The new standard will require the City's financial statements that use the economic resources measurement focus and accrual accounting to recognize a liability for the City's proportionate share of PERA's net pension liability, and to recognize pension expense, and to report deferred outflows of resources and deferred inflows of resources related to pensions, for its proportionate shares of PERA's collective pension expense and collective deferred outflows of resources and deferred inflows of resources.

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19. Reclassifications

Certain reclassifications of prior year information have been made to conform to the current period.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position –governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Long-term portion of:

Bonds and bond anticipation notes payable	\$ (327,545,000)
Gross receipts tax revenue bonds and notes payable	(160,090,000)
Special assessments bonds and notes payable	(24,897,485)
Fire fund loan	(1,334,193)
Deferred refunding costs	3,681,003
Unamortized bond premiums	(25,877,074)
Deferred bond issuance costs	3,627,682
Accrued rebatable arbitrage payable reported as other liability	(774,110)
Accrued vacation and sick leave	<u>(31,059,825)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$ (564,269,002)</u></u>

Another element of the reconciliation involves taxes receivable and other amounts that are not available to pay for the current period’s expenditures, are as follows:

Gross receipts tax	\$ 26,106,101
Property taxes	8,359,105
Franchise taxes	1,335,580
Gasoline taxes	661,232
Motor vehicle taxes	151,092
Rehab and developer loans	4,611,969
Special assessments	24,484,889
Amounts due on real estate contracts	11,337
Miscellaneous revenue	<u>144,513</u>
Net adjustment to governmental fund balance to arrive at net position of governmental activities	<u><u>\$ 65,865,818</u></u>

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlay 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.” The details of this difference, which excludes internal service funds, are as follows:

Capital additions, depreciated and non-depreciated	\$ 221,600,991
Prior year construction work in process reclassified to capital additions	(75,223,759)
Depreciation expense	(87,533,752)
Net gain (loss) on disposition of capital assets	(331,310)
Net adjustment to net change in governmental fund balances to arrive at change in net position of governmental activities	\$ 58,512,170

Another element of that reconciliation states that, “the issuance of long-term debt (e.g., bonds, 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. The details of this difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ (81,122,000)
Gross receipts tax bonds	(42,030,000)
Special assessment district bonds	(25,242,485)
Bond premium	(11,447,688)
Deferred bond issue costs	(529,574)
Arbitrage costs	113,200
Amortization:	
Bond discount	(185,893)
Bond premium	4,586,789
Bond issue costs	1,489,586
Principal repayments:	
General obligation bonds	53,222,000
Gross receipts tax revenue bonds	5,525,000
Fire Fund loan	59,337
Special assessment district bonds and notes	345,000
Net adjustment to net change in governmental fund balances to arrive at change in net position of governmental activities	\$ (95,216,728)

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Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to provide financing resources for the current period. Likewise, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, which is presented on the accrual basis, revenues and expenses are reported regardless of when financial resources are available.

Gross receipts taxes	\$	(95,532)
Franchise taxes		(20,013)
Property taxes		3,056,544
Gasoline taxes		185,343
Motor vehicle taxes		(6,452)
Collections on real estate contracts, rehab and developer loans, net of deferred gains		(2,931,186)
Special assessments		23,695,605
Other deferred revenues		(481)
		(481)
Net adjustment to net change in governmental fund balance to arrive at change in net position of governmental activities	\$	23,883,828

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets for the General Fund, the following special revenue funds: Community Development; Fire; Lodgers' Tax; Hospitality Tax; Culture and Recreation Projects; Albuquerque Biological Park; City Housing; Air Quality; HEART Ordinance; Operating Grants; Metropolitan Redevelopment; Housing and Neighborhood Economic Development; Law Enforcement Protection; Photo Enforcement Red Light; Gas Tax Road; City/County Facilities; Acquisition and Management of Open Space Expenditures; and Urban Enhancement Expenditures; and certain Debt Service Funds are departmental appropriations by program, the level at which expenditures may not legally exceed appropriations. Budgets were also prepared for the Quality of Life, Vehicle Equipment and Replacement, Infrastructure Tax and Impact Fees Capital Projects Funds. Budgets of each function and program include current expenditures, capital outlay and transfers. The annual budget approved by the City Council also includes proprietary funds. Budgets are adopted consistent with the basis of accounting described in Note I. C. As required by the home rule City charter, the annual budget is formulated by the Mayor and submitted to the City Council by April 1 for the fiscal year commencing July 1. When there is a proposal for a change in rates or fees, City ordinances provide that the Mayor shall submit the operating budget for the Refuse Disposal, Golf, and Aviation enterprise funds to the City Council no later than March 1. Public hearings are conducted to obtain citizen comments on the proposed budget. By June 1, the budget is adopted through passage of an appropriation resolution by the City Council.

The Mayor has the authority to change individual program appropriations by the lesser of five percent of the original appropriation or \$100,000, provided that the total amount of appropriations for the fund, as approved by the City Council, does not change. Approved appropriations lapse at the end of the fiscal year to the extent that they have not been expended or encumbered except any appropriation continued by ordinance. An annual budget, which is not legally adopted, for the City of Albuquerque Housing Authority is prepared in accordance with the Department of Housing and Urban Development regulations on an accrual basis and includes both operating and debt service activities as a single budget. The Special Assessments Debt Service Fund spending is controlled primarily through bond indenture provisions and, accordingly, no annual budget is presented in the accompanying financial statements.

B. Deficit fund equity

As of June 30, 2013, the following funds had fund balance/net position deficits:

Capital Projects Funds:	
Impact Fees	(\$13,515)
 Internal Services Funds:	
Risk Management	(\$37,074,572)

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The deficit in the Impact Fees Fund is a result of a change in accounting for unspent impact fees that was discovered and corrected during fiscal year 2011 and a change in market value of interest on investments. The deficit may change in future years due to fluctuations in the market value of investments.

The deficit in the Risk Management Fund is a result of an increase in claim amounts reported and expected to be reported due to several large law enforcement claims. During the current fiscal year the City conducted a review of its philosophy for reserving funds related to the reported claims liability and determined that a more conservative approach for reserving potential losses was necessary in order to ensure the ongoing solvency of the Risk Management Fund. Additional information can be found in Note IV, N.

IV. Detailed notes on all funds

A. Cash and investments

Cash, investments, and accrued interest and cash with fiscal agents at June 30, 2013, consist of the following:

(In thousands of dollars)

	City of Albuquerque				Related Organization
	Governmental Activities	Business- type Activities	Fiduciary Funds	Total	
Held with fiscal agents, net of unamortized discounts and premiums:					
Repurchase agreements	\$ 15,788	\$ 3,922	\$ 113	\$ 19,823	\$ 177
Local government obligations	1,354	336	10	1,700	15
Obligations of federal agencies or instrumentalities	269,828	67,024	1,937	338,789	3,025
State of New Mexico local government investment pool	-	8,051	-	8,051	-
Held in trust by Wells Fargo Bank in U.S. Treasury Fund	495	2,269	-	2,764	-
Total investments	287,465	81,602	2,060	371,127	3,217
Certificates of deposit	198,930	49,413	1,428	249,771	2,230
Demand deposits	125,198	54,751	608	180,557	36,182
Total bank deposits	324,128	104,164	2,036	430,328	38,412
Accrued interest receivable	577	313	4	894	6
Imprest cash funds	69	14	-	83	3
Escrow deposits	-	425	-	425	-
Total cash, investments, accrued interest and cash with fiscal agents	\$ 612,239	\$ 186,518	\$ 4,100	\$ 802,857	\$ 41,638
Financial statement presentation:					
Unrestricted cash, investments, and accrued interest:					
Cash, investments, and accrued interest	\$ 358,278	\$ 36,274	\$ 3,916	\$ 398,468	\$ 7,433
Cash, investments held for debt service	68,226	25,313	-	93,539	34,205
Cash held by others	180	1,103	-	1,283	-
Total unrestricted cash, investments, and accrued interest	426,684	62,690	3,916	493,290	41,638
Restricted noncurrent cash, investments, and accrued interest:					
Cash, investments, and accrued interest	185,555	123,403	184	309,142	-
Escrow deposits	-	425	-	425	-
Total restricted cash, investments, accrued interest	185,555	123,828	184	309,567	-
Total cash, investments, accrued interest and cash with fiscal agents	\$ 612,239	\$ 186,518	\$ 4,100	\$ 802,857	\$ 41,638

Related Organization - The Albuquerque Bernalillo County Water Utility Authority (Authority) is a related organization to the City. Under the terms of a Memorandum of Understanding between the City and the Authority, the City provides certain administrative services to the Authority including cash management and investing. A portion of the cash, investments and

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interest in the City's internal investment pool are assets of and are held for the Authority. The policies stated herewith for the City's investments also govern the Authority's investments.

Custodial credit risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's funds may not be returned to it. The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2013, none of the City's bank balances of \$469,554,000 was exposed to custodial credit risk.

Custodial credit risk – Investments - Custodial credit risk with respect to investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment basis. The investment policy further requires that all collateral securities held by a third party custodian, designated by the City Treasurer, shall be held in the City's name and evidenced by a safekeeping receipt or Federal Reserve book-entry reporting. The City's investment in the New Mexico State Treasurers Office (STO) Local Government Investment Pool (LGIP) represents a proportionate interest in the Pool's portfolio. The City's portion is not identified with specific investments and is not subject to custodial credit risk.

Credit risk - Credit risk is the risk that in the event an issuer or other counterparty to an investment does not fulfill its obligations, the City will not be able to recover the value of its principal. As a home rule city, the City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The City's Investment Committee annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested in securities other than repurchase agreements, U.S. Treasury bills and notes or insured/collateralized certificates of deposit. As part of the City's allocation evaluation, these guidelines are reviewed periodically, considering the probability of market and default risk in various investment sectors. The City's investment policy describes permitted investments as those allowed for municipalities with a population in excess of 65,000 per Section 10-10-10 of the Statutes of the State of New Mexico. Among permitted investments, the investment policy requires that 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement, and 2) certificates of deposit with local banks be fully insured by the FDIC. Investments in direct obligations of the U.S. Treasury are permitted as are securities of the U.S. Government agencies denoted in Section 6-10-10 F (2) of the State Statutes. At June 30, 2013, the City's internal investment pool held investments in fully-collateralized overnight repurchase agreements (repos), a fully-insured money market account, U.S. Government agency notes and a local government obligation.

In 2009, the City's internal investment pool liquidated its position in the STO LGIP. However, at June 30, 2013, the City continued to hold \$134,524 in the STO's "Reserve Contingency Fund" which represented the maximum potential loss from assets previously held in the LGIP's Primary Money Market Fund. The City does not expect any further recoveries from the reserve and has accrued the remaining balance as a loss. The City's Housing Authority Fund continued to hold a non-pooled position in the STO LGIP Fund of \$8,047,579 and a balance in the Reserve Contingency Fund of \$3,886. The State of New Mexico's LGIP is rated AAAM by Standard and Poors.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states the City will develop diversification strategies to avoid incurring concentration risk. The following general policies and constraints shall apply: With the exception of collateralized repos, U.S. Treasury securities, and authorized pools (comprising the "liquidity segment" of the portfolio), no more than 50% of the residual investment portfolio (the "core segment") will be invested in a single issue or at a single maturity. At June 30, 2013, the City's core segment is invested in debt securities issued by four Government Sponsored Entities (GSEs): the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Federal Home Loan Mortgage Corporation. These investments comprise 9%, 68%, and 23% respectively, of the core segment residual. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2013, liquidity and core segment maturities are allocated as follows: 0-12 months – 0%; 1-2 years – 12%; 3-5 years – 88%. Holdings in the STO LGIP represent 1% of the total portfolio.

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Summarized information concerning the GSE investments is as follows:

U.S. Agency Investments (summarized by GSE)	Wtd. Avg. Days to Maturity	Weighted Average Days to Call	Standard & Poor's Rating	Moody's Rating
Federal Home Loan Banks	964	50	AA+	Aaa
Federal National Mortgage Association	947	112	AA+	Aaa
Federal Home Loan Mortgage Corporation	852	157	AA+	Aaa

Repo holdings (collateral) consisted of U.S. Agency securities permitted under Section 6-10-10 N.M.S.A. 1978, and by the City's investment policy.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City's investment policy limits the City's exposure to interest rate risk by requiring that no less than 80% of the funds invested in the core segment of the internal investment pool or in other discretionary funds be in maturities of no more than three years from date of purchase. No more than 20% of the funds may be invested in maturities between three and five years. Investment of non-discretionary assets, including funds to be held in trust, may be committed to maturities up to ten years from the date of purchase. The weighted average maturity of the investments in the internal investment pool's core segment at June 30, 2013, was 926 days. The weighted average days to call of the core segment was 117 days.

Pledged collateral by bank - The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance of \$250,000 per depositor, per insured bank. The pledged collateral by bank (in thousands) at June 30, 2013, was as follows:

	US Bank	Bank of America	Bank of the West	Wells Fargo Bank	NM Bank & Trust	Bank of Albuquerque
Total amount on deposit	\$ 983	\$ 213,413	\$ 252,261	\$ 376	\$ 961	\$ 1,560
Less FDIC coverage	250	250	250	250	250	250
Total uninsured public funds	733	213,163	252,011	126	711	1,310
50% collateral requirement	367	106,581	126,005	63	356	655
Pledged securities, fair value	598	198,306	362,738	969	492	1,500
Pledged in excess of (less than) requirement	\$ 231	\$ 91,725	\$ 236,733	\$ 906	\$ 136	845

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B. Receivables

Taxes receivable at June 30, 2013, are from the following sources:

Gross receipts tax	\$ 57,396,073
Property tax	10,259,932
Lodgers' tax	1,235,966
Hospitality tax	247,193
Other taxes	4,347,752
Total	\$ <u>73,486,916</u>

The property taxes above include a receivable of \$4,741,977 in the General Obligation Bond Debt Service Fund and \$5,517,955 in the General Fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located in the City as of the preceding January 1. The Bernalillo County Assessor and the State of New Mexico Department of Taxation and Revenue determine the taxable valuations for the various classes of property at one-third of assessed valuation. Property in the City for the fiscal year 2013 tax levy had a taxable value of \$11,876,389,476. The State Constitution limits the rate of taxes for operating purposes for all taxing jurisdictions to 20 mills (\$20 per \$1000 assessed valuation), of which the City's portion, by state regulation, is limited to 7.650 mills for operations and 12.0 mills for each debt service obligation. The general obligation bond debt service levy for tax year 2012 (fiscal year 2013) is 4.976 mills and the operational levy is 6.544 mills on residential property and 6.544 mills on commercial property. Taxes are payable in two equal installments on November 10 and April 10 and become delinquent after 30 days.

Due from other governments

Due from other governments represents \$14.1 million in federal and state grant receivables, \$2.2 million from other governmental agencies and \$724 thousand in State receivables.

Accounts receivable and allowance for uncollectible accounts

Included on page 23, Statement of Net Position, are balances of receivables which are reported net of allowances for uncollectible accounts. The amounts of these receivables and allowances as of June 30, 2013, are as follows:

	<u>Total Receivables</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>
Current portion of accounts and notes receivable:			
Governmental activities:			
Major funds:			
General fund	\$ 4,044,331	\$ 485,464	\$ 3,558,867
Capital acquisition fund	87,316	-	87,316
Nonmajor governmental funds	259,834	54,441	205,393
Internal service funds	75,493	250	75,243
Total governmental activities	<u>\$ 4,466,974</u>	<u>\$ 540,155</u>	<u>\$ 3,926,819</u>
Business-type activities:			
Major funds:			
Airport	\$ 4,404,412	\$ 832,023	\$ 3,572,389
Refuse disposal	5,661,014	1,797,506	3,863,508
Transit	5,086,031	63	5,085,968
Nonmajor enterprise funds	2,287,562	195,615	2,091,947
Total business-type activities	<u>\$ 17,439,019</u>	<u>\$ 2,825,207</u>	<u>\$ 14,613,812</u>

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	<u>Total Receivables</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>
Long-term accounts and notes receivable:			
Governmental activities:			
Major funds:			
Special assessments debt service	\$ 25,207,261	\$ 60,208	\$ 25,147,053
Nonmajor funds:			
Rehabilitation loans	1,583,188	92,797	1,490,391
Notes receivable	553,145	-	553,145
Developer loans	2,416,706	-	2,416,706
Total governmental activities	<u>\$ 29,760,300</u>	<u>\$ 153,005</u>	<u>\$ 29,607,295</u>

Restricted assets – accounts receivable – developers:

Business-type activities:			
Nonmajor funds:			
Developer loans	\$ 1,901,392	\$ 114,562	\$ 1,786,830
Total business-type activities	<u>\$ 1,901,392</u>	<u>\$ 114,562</u>	<u>\$ 1,786,830</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2013, was as follows:

<u>Governmental activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Assets not being depreciated:				
Land	\$ 296,454,608	\$ 5,375,550	\$ -	\$ 301,830,158
Construction in progress	75,197,759	71,105,020	75,223,759	71,079,020
Right of way	1,145,191,667	-	-	1,145,191,667
	<u>1,516,844,034</u>	<u>76,480,570</u>	<u>75,223,759</u>	<u>1,518,100,845</u>
Assets being depreciated:				
Buildings	402,563,723	25,975,008	101,229	428,437,502
Infrastructure	1,896,715,881	76,831,267	-	1,973,547,148
Improvements	572,424,045	25,035,899	872,229	596,587,715
Machinery and equipment	152,124,634	50,552,069	43,827,987	158,848,716
	<u>3,023,828,283</u>	<u>178,394,243</u>	<u>44,801,445</u>	<u>3,157,421,081</u>
Less accumulated depreciation:				
Buildings	93,333,569	9,919,407	59,943	103,193,033
Infrastructure	663,625,594	48,122,896	-	711,748,490
Improvements	287,001,729	18,624,645	-	305,626,374
Machinery and equipment	128,548,388	11,091,602	11,314,831	128,325,159
	<u>1,172,509,280</u>	<u>87,758,550</u>	<u>11,374,774</u>	<u>1,248,893,056</u>
Capital assets being depreciated, net	<u>1,851,319,003</u>	<u>90,635,693</u>	<u>33,426,671</u>	<u>1,908,528,025</u>
Total capital assets, net	<u>\$ 3,368,163,037</u>	<u>\$ 167,116,263</u>	<u>\$ 108,650,430</u>	<u>\$ 3,426,628,870</u>

In fiscal year 2013, \$71.5 million of street infrastructure was placed into service along with \$1.8 million of storm infrastructure. Of this amount, \$2.2 million was dedicated street infrastructure and \$397,830 was dedicated storm infrastructure. The construction in progress consists of expenditures made by the Capital Acquisition, Infrastructure Tax, and Impact Fees funds \$71.1 million was placed into service during fiscal year 2013. The following was placed in service: \$25.9 million buildings, \$25.0 million non-structural, \$5.3 million land, and \$76.8 million of infrastructure. Machinery and equipment purchases totaled \$50.5 million, of which \$15.8 million was for public safety, and \$3.2 million was for public works.

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<u>Business-type activities</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets not being depreciated:				
Land	\$ 56,875,417	\$ -	\$ -	\$ 56,875,417
Land and improvements acquired from the U.S Air Force	7,630,077	-	-	7,630,077
Other	955,200	-	-	955,200
Construction work in progress	<u>19,154,704</u>	<u>18,731,994</u>	<u>18,183,194</u>	<u>19,703,504</u>
	84,615,398	18,731,994	18,183,194	85,164,198
Assets being depreciated:				
Buildings and improvements	455,244,006	4,864,496	36,115,458	423,993,044
Runways and improvements	291,215,235	11,103,405	-	302,318,640
Infrastructure	6,153,471	3,515,112	-	9,668,583
Improvements other than buildings and runways	223,492,915	41,131,308	-	264,624,223
Machinery and equipment	178,957,414	8,816,793	9,750,390	178,023,817
Other	-	16,870	-	16,870
	<u>1,155,063,041</u>	<u>69,447,984</u>	<u>45,865,848</u>	<u>1,178,645,177</u>
Less accumulated depreciation:				
Buildings and improvements	239,290,645	11,241,679	-	250,532,324
Runways and improvements	226,693,279	9,868,125	-	236,561,404
Infrastructure	705,322	226,029	-	931,351
Improvements other than buildings and runways	140,312,606	13,476,125	-	153,788,731
Machinery and equipment	126,059,845	16,652,632	9,687,178	133,025,299
Other	-	1,687	-	1,687
	<u>733,061,697</u>	<u>51,466,277</u>	<u>9,687,178</u>	<u>774,840,796</u>
Capital assets being depreciated, net	<u>422,001,344</u>	<u>17,981,707</u>	<u>36,178,670</u>	<u>403,804,381</u>
Total capital assets, net	<u>\$ 506,616,742</u>	<u>\$ 36,713,701</u>	<u>\$ 54,361,864</u>	<u>\$ 488,968,579</u>

In fiscal year 2013, the Aviation Fund placed into service \$11.1 million in runway upgrades; \$4.3 million in improvements, which included terminal and rental car building renovations; and \$1.2 million in equipment, which included new cooling towers, new above ground storage tanks, and the donation of a Boeing 727 aircraft from FedEx.

The Refuse Fund placed into service \$31.0 million in improvements, \$3.5 million in infrastructure, and \$7.2 million in equipment, which included \$7.0 million in heavy equipment.

The Transit Fund placed into service \$3.7 million in buildings and \$6.2 million in improvements.

The construction work in progress increased by \$18.7 million. The construction work in progress consists of expenditures made in connection with the Aviation Fund.

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Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>		
General government		\$ 3,652,154
Public safety:		
Corrections		74,995
Fire protection		2,800,231
Police protection		5,876,992
Culture and recreation		19,840,699
Public works:		
Municipal development		389,914
Storm		16,750,980
Highways and streets:		
Transportation/Street maintenance		34,213,284
Traffic engineering		96,180
Health		439,319
Human services		3,399,004
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis based on their usage of the assets		<u>224,798</u>
Total depreciation expense – governmental activities		<u>\$ 87,758,550</u>
 <u>Business-type activities:</u>		
Major funds:		
Airport		\$ 30,014,371
Refuse Disposal		6,243,599
Transit		11,210,458
Nonmajor funds		<u>3,972,127</u>
Total depreciation expense – business-type activities		51,440,555
Transfer of assets from governmental to business-type		19,729
Other assets		<u>134,094</u>
Total business-type activities		<u>\$ 51,594,378</u>

D. Interfund receivables, payables, and transfers

The interfund receivable and payable accounts have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2013, consists of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Major governmental funds	\$ 7,198,477	\$ -
Nonmajor governmental funds	-	2,135,906
Major enterprise funds	1,067,509	3,708,633
Nonmajor enterprise funds	-	2,421,447
Total	<u>\$ 8,265,986</u>	<u>\$ 8,265,986</u>

CITY OF ALBUQUERQUE, NEW MEXICO
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Interfund advances not expected to be repaid within one year are to be repaid from revenues or proceeds from the sale of assets are as follows as of June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Risk Management Fund	Capital Acquisition Fund	\$ 371,000
Nonmajor governmental fund *	Nonmajor enterprise fund *	<u>3,105,000</u>
Total advances		<u>\$ 3,476,000</u>

* Revenue bonds payable solely from gross receipts tax revenues were issued in fiscal year 2000. The proceeds of these bonds were advanced by the Sales Tax Refunding Debt Service Fund to the Parking Facilities Fund and are being used to construct, acquire or improve capital assets.

Interfund transfers for the year ended June 30, 2013, were as follows:

<u>From</u>	<u>To</u>	<u>Total</u>
General Fund	Capital Acquisition Fund	\$ 5,293,555
General Fund	Transit Fund	18,481,000
General Fund	Nonmajor enterprise funds	3,186,000
General Fund	Nonmajor governmental funds	16,486,811
Capital Acquisition Fund	Transit Fund	688,255
Refuse Disposal Fund	General Fund	2,737,416
Refuse Disposal Fund	Nonmajor governmental funds	301,739
Transit Fund	General Fund	353,947
Transit Fund	Nonmajor governmental funds	417,015
Nonmajor governmental funds	General Fund	1,282,000
Nonmajor governmental funds	Capital Acquisition Fund	6,500,000
Nonmajor governmental funds	Nonmajor governmental funds	6,225,595
Nonmajor governmental funds	Transit Fund	12,533,572
Nonmajor enterprise funds	General Fund	211,293
Nonmajor enterprise funds	Nonmajor governmental funds	56,504
Internal service funds	General Fund	250,000
Internal service funds	Capital Acquisition Fund	1,400,000
Total transfers		<u>\$ 76,404,702</u>

Transfers are summarized as follows:

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net In (Out)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 41,515,875	\$ (70,676,788)	\$ (29,160,913)
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds			
Enterprise funds	34,888,827	(4,077,914)	30,810,913
Internal service funds	-	(1,650,000)	(1,650,000)
Total transfers	<u>\$ 76,404,702</u>	<u>\$ (76,404,702)</u>	<u>\$ -</u>

CITY OF ALBUQUERQUE, NEW MEXICO
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The transfers from the General Fund to the other funds are for the purpose of: 1) providing a subsidy for the operations of the Transit and Open Space Management funds, 2) providing the City's local match for operating grants from federal and state agencies, 3) funding the purchase of police and fire vehicles, and various construction projects, and 4) transferring resources to debt service funds for the retirement of General Obligation and Sales Tax Refunding bonds.

The transfers to the General Fund from the major and nonmajor enterprise funds are primarily for payments in lieu of taxes.

Other transfers relating to funds within the nonmajor governmental funds type are: 1) for debt retirement and various other purposes, and 2) from permanent funds to the related expenditures for governmental special revenue funds.

E. Leases

The City has various lease commitments for real property. The lease commitments are for one to ten years, with most leases being for five years. About half of the leases have renewal options; the others do not. Lease expenses of \$1,688,322 were incurred for the year ended June 30, 2013. Lease commitments for future years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,587,064
2015	1,317,466
2016	747,486
2017	593,135
2018	52,020
2024-2028	260,100
2029-2033	260,080
2034-2037	98,333
Total	\$ <u>4,915,684</u>

The Housing Authority has also entered into a lease agreement as lessee for financing the acquisition of equipment and improvements. This lease agreement is treated as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception of the lease. At June 30, 2013, the outstanding balance of the capital lease is \$166,140. Amortization is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

The assets acquired through capital leases are as follows:

Equipment and Improvements	\$ 944,458
Less accumulated amortization	<u>(778,318)</u>
Total	\$ <u>166,140</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30</u>	<u>Principal and Interest</u>
2014	\$ 107,105
2015	<u>87,634</u>
Total minimum lease payment	194,739
Less amount representing interest	<u>(7,280)</u>
Present value of minimum lease payments	\$ <u>187,459</u>

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F. Restricted assets

Restricted assets arise principally from legal restrictions on expenditures of proceeds from general obligations bonds or sales tax revenue bonds in the governmental activities, or on expenditures of proceeds from revenue bonds of the enterprise funds. Restricted assets also include the investments restricted for use held in the City's permanent funds. The amount of restricted assets reported in the statement of net position at June 30, 2013, is as follows:

<u>Governmental activities</u>	
Capital Acquisition Fund	\$ 167,286,407
Acquisition and Management of Open Space Fund	20,453,236
Urban Enhancement Fund	7,901,436
Total	<u>\$ 195,641,079</u>
 <u>Business-type activities</u>	
Airport Fund	\$ 98,585,908
Refuse Disposal Fund	14,354,642
Transit Fund	954,666
Nonmajor enterprise funds	14,477,567
Total	<u>\$ 128,372,783</u>

G. Short-term and long-term obligations

Governmental activities:

Short-term obligations - On June 28, 2013, the City issued \$6,102,000 of Short-Term Taxable General Obligation Bonds, Series 2013D. The Series 2013D Bonds bear interest at the daily rate on the date of issuance applicable to the Local Government Investment Pool administered by the State Treasurer of New Mexico. The interest rate in effect was 0.500%. The proceeds of these bonds will be used for senior citizen facilities, public facility energy system modernization, and affordable housing. The bonds mature on July 1, 2013. The change in short-term obligations of the governmental activities for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Short-term General Obligation Bonds	<u>\$ 4,000,000</u>	<u>\$6,102,000</u>	<u>\$4,000,000</u>	<u>\$6,102,000</u>

Long-term obligations - Bonded obligations of the City consist of various issues of general obligation, revenue, and special assessment bonds. Also included in long-term obligations are notes payable, claims and judgments, deferred credits, other postemployment benefits, and accrued vacation and sick leave. The City has complied with all revenue bond ordinances and bond covenants requirements for maintaining specific reserves for future debt service as of June 30, 2013.

CITY OF ALBUQUERQUE, NEW MEXICO
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The changes in the long-term obligations of the governmental activities for the year ended June 30, 2013, are as follows:

	Outstanding				Payable in one year
	July 1, 2012	Increases	Decreases	June 30, 2013	
General obligation bonds	\$ 345,260,000	\$ 75,020,000	\$ 45,615,000	\$ 374,665,000	\$ 47,120,000
Gross receipts tax revenue bonds	129,030,000	42,030,000	5,445,000	165,615,000	5,525,000
Fire fund loan	1,393,530	-	59,337	1,334,193	-
Special assessment bonds and notes with governmental commitment	-	25,242,485	-	25,242,485	345,000
Accrued vacation and sick leave	33,056,820	22,921,304	24,316,921	31,661,203	25,016,982
Claims	72,136,559	65,079,418	27,383,327	109,832,650	25,242,425
Other post employment obligation	11,390,128	3,832,303	2,472,125	12,750,306	-
Other liabilities	887,310	2,488	115,688	774,110	-
Other:					
Deferred refunding costs	(3,866,896)	-	(185,893)	(3,681,003)	-
Unamortized bond premiums	19,016,175	11,447,688	4,586,789	25,877,074	-
	608,303,626	245,575,686	109,808,294	744,071,018	103,249,407
Current portion of long-term obligations	(90,947,022)	-	12,302,385	(103,249,407)	-
Total	\$ 517,356,604	\$ 245,575,686	\$ 122,110,679	\$ 640,821,611	\$ 103,249,407

Total interest cost incurred for governmental activities for the year ended June 30, 2013, was \$18,379,485, all of which was charged to expense.

General Obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on property located within the City. The accrued sick leave and vacation obligations are being liquidated primarily by the General Fund. Limited amounts are being liquidated by other funds. The City's Risk Management Fund (an internal service fund) liquidates all claims payable. General obligation bonds outstanding at June 30, 2013, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
June 30, 2005 General Purpose	11,130,000	4.00/5.00%	July 1, 2013	Not callable
June 30, 2005 Storm Sewer	11,575,000	4.00/4.25%	July 1, 2014	100% beginning July 1, 2013
September 11, 2007 General Purpose	16,300,000	4.50/5.00%	July 1, 2016	Not callable
September 11, 2007 Storm Sewer	5,080,000	4.25/5.00%	July 1, 2016	100% beginning July 1, 2015
June 26, 2008 General Purpose	19,900,000	3.25/4.00%	July 1, 2017	100% beginning July 1, 2016
June 26, 2008 Storm Sewer	4,000,000	4.50%	July 1, 2017	100% beginning July 1, 2016
June 24, 2009 General Purpose	36,640,000	2.00/4.00%	July 1, 2018	Not callable
February 24, 2011 General Purpose	117,700,000	3.00/4.375%	July 1, 2023	100% beginning July 1, 2020
May 22, 2012 General Purpose	61,760,000	2.00/5.00%	July 1, 2024	100% beginning July 1, 2020
May 22, 2012 Storm Sewer	8,035,000	3.00/4.00%	July 1, 2025	100% beginning July 1, 2020
May 22, 2012 Storm Sewer Refunding	7,525,000	.290%	July 1, 2013	Not callable
May 8, 2013 General Purpose	70,040,000	2.50/4.00%	July 1, 2026	100% beginning July 1, 2021
May 8, 2013 Storm Sewer	4,980,000	2.80%	July 1, 2026	100% beginning July 1, 2021
June 28, 2013 General Purpose ST	6,102,000	.500%	July 1, 2013	Not callable
	\$ 380,767,000			

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The Constitution of the State of New Mexico limits the amount of general-purpose general obligation bonds that may be issued by a municipality to four percent of the taxable valuation of property located within the City. At June 30, 2013, based on the most recent assessed taxable valuation of \$11,876,389,476, the City may issue an additional \$179,281,579 of general-purpose general obligation bonds. Included in the general obligation bonds outstanding at June 30, 2013, are Storm Sewer bonds in the amount of \$33,770,000 that are not subject to the legal debt limit.

On May 8, 2013, the City issued \$70,040,000 of General Obligation General Purpose Bonds, Series 2013A with an average coupon rate of 3.58%. The proceeds of these bonds were deposited into the Capital Acquisition Fund to be used to finance certain City projects relating to public safety, citizens' centers, parks and recreation facilities, facilities and equipment, libraries, public transportation, cultural facilities, streets, and zoo and bio park facilities. The bonds require annual principal payments and semi-annual interest payments through July 1, 2026.

Also on May 8, 2013, the City issued \$4,980,000 of General Obligation Storm Sewer Bonds, Series 2013B with a coupon rate of 3.00%. The proceeds of these bonds were deposited into the Capital Acquisition Fund to be used to finance certain storm sewer improvements. The bonds require semi-annual interest payments through July 1, 2026 at which time the bonds mature.

Sales Tax Revenue Bonds and Notes of the City are secured by a pledge of gross receipts tax (sales tax) revenues. Sales tax revenue bonds and notes outstanding at June 30, 2013, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
October 6, 2004 A Refunding	31,965,000	4.75%	July 1, 2037	100% beginning July 1, 2014
October 6, 2004 B Refunding	27,330,000	2.39/4.90%	July 1, 2014	100% beginning October 6, 2004
June 4, 2008 A Refunding	6,065,000	3.74/4.99%	July 1, 2014	Not callable
July 22, 2009 A Refunding	10,535,000	3.00/5.00%	July 1, 2025	100% beginning July 1, 2019
July 22, 2009 B Refunding	26,960,000	3.00/5.00%	July 1, 2022	100% beginning July 1, 2019
September 1, 2011 A Refunding	20,730,000	2.00/4.00%	July 1, 2028	100% beginning July 1, 2021
April 9, 2013 Improvement Bonds	42,030,000	1.50/5.00%	July 1, 2028	100% beginning July 1, 2023
	<u>\$ 165,615,000</u>			

On April 9, 2013, the City issued \$42,030,000 of Gross Receipts Tax Improvement Revenue Bonds, Series 2013. The bonds have an average coupon rate of 3.88% and require annual principal payments and semi-annual interest payments through July 1, 2035. The Series 2013 bonds are being issued for the purpose of study, design, engineering and reconstruction of the Paseo del Norte and Interstate I-25 interchange located within the City.

Fire Fund Loan - On January 28, 2011, the City closed on a loan with New Mexico Finance Authority (NMFA) for \$1,441,625 with an average interest rate of 3.417%. The proceeds were used to design, construct, equip, and furnish Fire Station #7. The terms of the loan require annual principal payments and semi-annual interest payments beginning November 1, 2011, and maturing May 1, 2031. As part of the agreement, the City also entered into an intercept agreement with NMFA whereby the principal and interest payment required will be from annual distributions made to the City's Fire Fund by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978. The State Treasurer will reduce the annual distribution to the City by \$100,926 beginning July 1, 2011, and then \$101,043 thereafter. The funds will be remitted directly to NMFA and held by NMFA until the November/May due dates. The balance due at June 30, 2013 is \$1,334,193.

Special Assessment Debt and Notes Payable is secured by pledges of revenues from special assessments levied. All special assessment debt requires semi-annual principal and interest payments. Special assessment debt is callable at 100% on any semi-annual interest payment date.

On October 30, 2012, the City executed a loan agreement with Banc of America Public Capital Corp for Special Assessment District No. 228. The tax exempt loan payable for \$22,743,479 has a coupon rate of 3.0% and matures on January 1, 2028. The proceeds are being used to finance the construction of streets, storm and sanitary sewer lines, and water lines. The balance outstanding at June 30, 2013 was \$22,743,479.

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On October 30, 2012, the City executed a loan agreement with Banc of America Leasing and Capital for Special Assessment District No. 228. The taxable loan payable for \$2,499,006 has a coupon rate of 2.30% and matures on January 1, 2015. The proceeds are being used to finance the construction of electrical and natural gas lines and telephone and cable television lines. The balance outstanding at June 30, 2013 was \$2,499,006.

Business-type activities:

Long-term obligations: the changes in the business-type activities obligations for the year ended June 30, 2013, are as follows:

	Outstanding				Payable in one year
	July 1, 2012	Increases	Decreases	June 30, 2013	
Revenue bonds	\$ 144,628,333	\$ -	\$ 24,576,666	\$ 120,051,667	\$ 21,931,250
Loans and notes payable	11,706,604	-	3,287,444	8,419,160	2,205,415
Accrued vacation and sick leave	6,347,146	5,068,060	5,002,847	6,412,359	4,287,538
Landfill closure costs	1,845,812	78,750	-	1,924,562	-
Other liabilities	549,722	243,418	265,520	527,620	-
Other:					
Deferred refunding costs	(1,277,924)	383,328	-	(894,596)	-
Unamortized bond premiums	1,680,351	-	550,355	1,129,996	-
Unamortized bond discounts	(14,634)	(363)	-	(14,997)	-
	<u>165,465,410</u>	<u>5,773,193</u>	<u>33,682,832</u>	<u>137,555,771</u>	<u>28,424,203</u>
Capitalized leases	302,172	-	114,713	187,459	101,407
Subtotal	<u>165,767,582</u>	<u>5,773,193</u>	<u>33,797,545</u>	<u>137,743,230</u>	<u>28,525,610</u>
Current portion	<u>(31,381,613)</u>	<u>-</u>	<u>(2,856,003)</u>	<u>(28,525,610)</u>	<u>-</u>
Business-type activity long-term obligations	<u>\$ 134,385,969</u>	<u>\$ 5,773,193</u>	<u>\$ 30,941,542</u>	<u>\$ 109,217,620</u>	<u>\$ 28,525,610</u>

Total interest cost incurred for business-type activities for the year ended June 30, 2013, was \$5,927,661, all of which was charged to expense.

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Airport Revenue Bonds are secured by pledges of net revenues of the airport. Airport Revenue bonds outstanding at June 30, 2013, are as follows:

Issue Dated	Amount	Interest Rate	Final Maturity	Call Provisions
March 23, 2004A, Refunding	\$10,935,000	1.63% to 5.11%	July 1, 2018	100% beginning July 1, 2005
March 23, 2004B	19,980,000	2.00% to 4.50%	July 1, 2024	100% beginning July 1, 2007
March 11, 2008A, Refunding	12,300,000	3.00% to 5.00%	July 1, 2018	Not callable
May 14, 2008B, Refunding	6,570,000	3.445% to 4.905%	July 1, 2015	Not callable
May 14, 2008C, Refunding	3,535,000	3.50% to 4.375%	July 1, 2020	100% beginning July 1, 2018
November 19, 2008E, Refunding	12,810,000	3.50% to 5.50%	July 1, 2014	Not callable
November 12, 2009A, Refunding	19,476,667	3.00% to 4.50%	July 1, 2019	Not callable
May 19, 2011, Refunding	12,485,000	2.00% to 4.00%	July 1, 2016	Not callable
Total outstanding	98,091,667			
Unamortized:				
Premiums (discounts)	1,064,381			
Deferred refunding costs	(794,547)			
Net outstanding	\$98,361,501			

Apartments Revenue Bonds are secured by pledges of net revenues of the apartments. On July 20, 2000, the City, pursuant to a mortgage and indenture of trust, issued its Affordable Housing Projects Refunding Revenue Bonds Series 2000 (Series 2000) in the aggregate principal amount of \$15,080,000 for the purpose of refunding and defeasing three bond issues of the City; 1) its Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991, 2) its Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments Project), Series 1994, and 3) its Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The Series 2000 bonds consist of debt issued by three City owned trusts; Beach, Bluewater Village and Manzano Vista Apartments. The debt constitutes a limited obligation of the City and is payable solely from the resources of these trusts. The facilities and the revenues derived from these facilities are pledged for the repayment of the bonds. The mortgage and indenture of trust contain significant requirements for annual debt service and use of project revenues and resources. Required funds include escrow and expense funds, a debt service fund, use of project reserve funds (debt service, retained earnings coverage and sinking fund installment accounts) and restricted property reserve funds (rehabilitation, renovation, repair and replacement accounts).

In December of 2008, the City issued \$11,275,000 Gross Receipts Tax Revenue Bonds (Series 2008B) to refund the Series 2000 Bonds. The City, pursuant to a mortgage and indenture of trust, issued the Series 2008B bonds as described above. The Series 2008B bonds consist of debt issued by the City owned trusts and the Apartments. This debt constitutes a limited obligation of the City and is payable solely from the resources for three trusts. Respective facilities and revenues derived from them are pledged for the repayment of these bonds. The mortgage and indenture of trust contains significant requirements for annual debt service and use of project revenues and resources. Required funds include a debt service fund, a net project revenue service fund, a property reserve fund and a stabilization fund. The Series 2008B Gross Receipts Revenue Bonds mature July 1, 2030, and bear an initial 4% coupon interest rate, increasing to 5.375% coupon rate at maturity. Interest is paid semiannually on January 1 and July 1. The initial payment was due July 1, 2009. Principal payment is due annually on July 1. The Series 2008B bonds are subject to optional and mandatory redemptions generally at par (unless long-term interest rates are in effect) as required by the mortgage and indenture of trust. The mortgage and indenture of trust requires a cumulative sinking fund redemption commencing January 1, 2011. The Apartments debt in the amount of \$10,105,000 is outstanding at June 30, 2013 and maturities extend through July 1, 2030.

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Refuse Disposal Revenue Bonds are secured by a pledge of net revenues from refuse disposal operations. Refuse Disposal Revenue Bonds outstanding at June 30, 2013, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provision
February 1, 1998	<u>\$ 905,000</u>	4.63%	July 1, 2013	100% July 1, 2007

Refuse Loans - On July 9, 2004, the City entered into a tax-exempt loan agreement with New Mexico Finance Authority for \$5,800,000 with an average interest rate of 2.87%. Final payment is due on July 1, 2014. The balance due on June 30, 2013, was \$1,287,779.

On March 16, 2008, the City entered into a tax-exempt loan agreement with New Mexico Finance Authority for \$2,600,000 with an average interest rate of 3.31%. Final payment is due on July 1, 2015. The outstanding balance at June 30, 2013, was \$1,192,398.

Stadium Loans are secured by pledges of net revenues of the Albuquerque baseball stadium. On September 1, 2011, the City issued Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds Taxable Series 2011B in the amount of \$11,650,000. The bonds have an average coupon rate of 3.23% and require annual principal payments and semi-annual interest payments through July 1, 2026. The outstanding balance at June 30, 2013, was 10,900,569.

Transit Loans - On July 25, 2006, the City entered into a tax-exempt lease-purchase agreement with SunTrust Leasing Corporation for \$20,000,000 with an average interest rate of 4.3%. Final payment is due on July 1, 2016. The principal balance outstanding at June 30, 2013, was \$5,938,983.

Summary of Annual Debt Service Requirements - The annual debt service requirements on bonds, notes and capital leases outstanding at June 30, 2013, are as follows:

Year ending June 30, 2013	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2014	\$ 59,151,805	\$ 20,654,072	\$ 24,238,072	\$ 5,006,207
2015	55,744,085	19,887,073	25,428,723	4,105,725
2016	47,836,912	17,896,237	16,729,408	3,225,374
2017	47,721,413	16,021,818	13,231,667	2,589,267
2018	42,275,748	14,193,779	10,270,000	2,046,434
2019 - 2023	164,488,543	49,109,221	26,150,416	5,211,446
2024 - 2028	86,819,665	23,271,757	10,235,000	1,562,776
2029 - 2033	33,550,507	12,467,498	2,375,000	196,053
2034 - 2038	35,370,000	4,148,500	-	-
2039 - 2043	-	-	-	-
Total	<u>\$ 572,958,678</u>	<u>\$ 177,649,955</u>	<u>\$ 128,658,286</u>	<u>\$ 23,943,282</u>

Arbitrage - Section 148 of the Internal Revenue Code generally provides that bonds issued by a municipality will be "arbitrage bonds", if any portion of the proceeds of the bonds are reasonably expected to be invested in obligations with a yield that is "materially higher" than the yield on the bonds. While municipalities are entitled to earn a certain amount of positive arbitrage during the period the bonds are outstanding, Section 148(f) generally requires that these earnings be paid to the Internal Revenue Service (IRS) at least every five years. As of June 30, 2013, the City has set aside \$774,110 in arbitrage interest due the IRS in connection with future filings and payments to the IRS. This amount is included in other liabilities in the Statement of Net Position. For fiscal year 2013, no payment is due to the IRS.

CITY OF ALBUQUERQUE, NEW MEXICO
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H. Refunded bonds

The City has refunded various bond issues by issuing refunding bonds, the proceeds of which have been placed in escrow and used to purchase securities of the United States Government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt. These assets are administered by trustees and are restricted to use for retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying general purpose financial statements as the City satisfied its obligation for payment of the refunded debt upon completion of the refunding transactions. Refunded debt outstanding at June 30, 2013, is as follows:

Gross Receipts Tax Revenue Bonds	\$30,455,000
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I. Conduit bonds

The City has acted from time to time as the issuer of conduit bonds, the proceeds of which have been immediately loaned to a private borrower. Such bonds are payable by the City only from amounts paid to the City by such conduit borrowers pursuant to a lease, loan or other agreement. The City has assigned its rights with respect to such bonds to various trustees that monitor amounts due by the borrowers and pay the principal and interest as due on such conduit bonds from the borrowers' payments. The City has no obligation to repay all or any portion of such bonds in the event the private borrowers fail to make their payments when due.

Industrial Revenue Bonds - As of June 30, 2013, there were thirty series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the twenty-six series issued after July 1, 1995, is \$696.8 million. The aggregate principal amount payable for the seven series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled \$102.8 million.

Metropolitan Redevelopment Bonds - As of June 30, 2013, there was one series of Metropolitan Redevelopment Bonds outstanding. The aggregate principal amount payable for the one series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled \$650,000.

Housing Authority Conduit Debt - The U.S. Department of Housing and Urban Development (HUD) guaranteed third party debt consisting of revenue bonds and permanent notes, payable to the Federal Financing Bank, which were issued to provide for the development and modernization of low rent housing units. These bonds and notes are payable by HUD and secured by annual contributions to the Albuquerque Housing Authority Fund. HUD regulations state that the bonds and notes do not constitute a debt of the Albuquerque Housing Authority Fund and, accordingly, these have not been reported in the accompanying financial statements. At June 30, 2013, the outstanding balance of the permanent notes was \$2,653,678 with annual payments required through 2017.

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J. Segment information

Significant financial data of major enterprise funds are reported in the statements for enterprise funds in the basic financial statements section. Significant financial data of nonmajor enterprise funds as of and for the year ended June 30, 2013, is as follows:

(in thousands of dollars)

	Golf Course Fund	Apartment- Ments Fund	Stadium Fund	Housing Authority Fund	Parking Fund	Total
CONDENSED STATEMENT OF NET POSITION						
Assets:						
Current assets	\$ 254	\$ 1,631	\$ 1,127	\$ 14,958	\$ 1,196	\$ 19,166
Restricted assets	87	1,511	229	8,450	4,201	14,478
Capital assets	5,214	11,516	13,902	9,671	19,363	59,666
Other assets	-	198	53	-	9	260
Total assets	5,555	14,856	15,311	33,079	24,769	93,570
Liabilities:						
Current liabilities	124	696	1,036	2,768	244	4,868
Liabilities payable from restricted assets	-	144	-	383	-	527
Bonds, notes payable, and other long-term liabilities	-	9,745	10,251	86	-	20,082
Accrued vacation and sick leave	132	-	12	144	46	334
Advances from other funds	-	-	-	-	3,105	3,105
Total liabilities	256	10,585	11,299	3,381	3,395	28,916
Net position:						
Net investment in capital assets	5,214	1,609	3,054	9,483	16,268	35,628
Net position restricted for:						
Debt service	45	1,364	229	-	56	1,694
Housing vouchers	-	-	-	8,140	-	8,140
Construction	42	-	-	-	4,703	4,745
Unrestricted net position (deficit)	(2)	1,298	729	12,075	346	14,446
Total net position	\$ 5,299	\$ 4,271	\$ 4,012	\$ 29,698	\$ 21,373	\$ 64,653
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION						
Operating revenues	\$ 3,682	\$ 3,783	\$ 1,803	\$ 2,174	\$ 4,084	\$ 15,526
Depreciation	(244)	(524)	(937)	(1,191)	(1,075)	(3,971)
Other operating expenses	(3,831)	(2,818)	(869)	(7,262)	(3,564)	(18,344)
Operating income (loss)	(393)	441	(3)	(6,279)	(555)	(6,789)
Nonoperating revenues (expenses):						
Interest on investments	1	-	-	16	465	482
Interest and other debt related expenses	-	(518)	(375)	(12)	(321)	(1,226)
Federal housing grants	-	(11)	-	28,328	-	28,317
Housing assistance payments	-	-	-	(22,664)	-	(22,664)
Other	26	-	9	172	100	307
Transfers in	-	-	67	-	3,119	3,186
Transfers out	(77)	(57)	-	-	(134)	(268)
Change in net position	(443)	(145)	(302)	(439)	2,674	1,345
Beginning net position	5,742	4,415	4,314	30,137	18,700	63,308
Ending net position	\$ 5,299	\$ 4,270	\$ 4,012	\$ 29,698	\$ 21,373	\$ 64,653
CONDENSED STATEMENT OF CASH FLOWS						
Net cash provided (used) by:						
Operating activities	\$ (167)	\$ 1,022	\$ 959	\$ (4,450)	\$ 549	\$ (2,087)
Noncapital financing activities	(77)	(57)	67	5,836	(176)	5,593
Capital and related financing activities	-	(1,010)	(1,082)	(963)	-	(3,055)
Investing activities	1	-	1	16	465	483
Net increase (decrease)	(243)	(45)	(55)	439	838	934
Beginning cash and cash equivalents	577	3,167	1,121	21,947	1,853	28,665
Ending cash and cash equivalents	\$ 334	\$ 3,122	\$ 1,066	\$ 22,386	\$ 2,691	\$ 29,599

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The Golf Course Fund charges a greens fee for the use of the City's golf courses. The Apartments Fund charges rental on housing for persons who meet eligibility requirements based on the level of income earned. The Stadium Fund provides a baseball stadium that is being used by an AAA class baseball team. The Housing Fund provides housing or rental assistance to low income City residents. The Parking Fund charges fees for the use of City-owned parking facilities.

K. Defined benefit pension plan

Plan Description - Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy - Plan members are required to contribute between 7.00%-16.65% of their gross salary, depending on the specific plan type. The City is required to contribute between 7.00%-21.25% of the gross covered salary, depending on the specific plan type.

The following are the plans covered by the City and the contribution requirements (in thousands of dollars) for the year ended June 30, 2013:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, Management, and Bus Drivers	13.15%	\$ 19,032	9.15%	\$ 13,243
Temporary Employees	7.00%	140	7.00%	140
J-Series 20 Year	16.65%	143	16.65%	143
Police	16.30%	9,255	18.50%	10,504
Fire	16.20%	5,715	21.25%	7,496
		<u>\$ 34,285</u>		<u>\$ 31,526</u>

The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the City has elected to make a percentage of the employees' contributions. The percentage of the employees' contributions paid by the City varies according to the specific plan type. The City's required contributions to PERA for the years ending June 30, 2013, 2012, and 2011 were \$31,526,501, \$34,732,631, and \$33,662,266, respectively. The City's total contributions to PERA, including the employer required contributions and the portion the City pays for the employees for the years ending June 30, 2013, 2012, and 2011 were \$60,980,095, \$63,316,398, and \$63,697,954, respectively.

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L. Post-employment benefits

In addition to providing pension benefits described in Note K, the City provides certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach the normal retirement eligibility conditions while working for the City.

Postemployment Life Insurance Benefits

Plan Description - The City's Life Insurance Benefit Plan (Plan) is a single employer defined benefit plan administered by the City; the Plan also includes coverage for the employees of the Albuquerque Bernalillo County Water Authority (a separate legal entity, formerly a component unit of the City). Insurance benefits are authorized by the City's Merit System Ordinance and Personnel Rules and Regulations. Upon retirement an employee will continue to be covered by the City's plan at no cost to the employee. Coverage will be one-half of the coverage reflected on the most recent annual life insurance adjustment report immediately prior to retirement up to a maximum of \$25,000. Effective July 1, 2008 the minimum amount of coverage per retiree is \$12,500. The number of retired employees covered under the life insurance benefit was 4,411 at June 30, 2013, and the amount of life insurance coverage for these retired employees was \$95,836,000.

Funding Policy - The City recognizes the cost of providing the life insurance benefits by charging the insurance premiums to expenditures. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan. The insurance company has the right to adjust the premiums based on claims paid. Historically, the claims paid in any one year have not exceeded the premiums. The required contribution is based on projected pay-as-you-go financing requirements. The current rate is .28 per \$1,000 face value of life insurance for actives and retirees. The life insurance premium costs for the City's retirees for the years ending June 30, 2013, 2012, and 2011 were \$316,168, \$310,637, and \$275,971, respectively. The life insurance and accidental death and dismemberment premium costs for the City's active employees for the years ending June 30, 2013, 2012, and 2011 were \$1,120,321, \$1,148,553, and \$1,149,148, respectively.

Annual OPEB Cost and Net OPEB Obligation - The City's annual postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City's net OPEB obligation to the Plan.

Net OPEB obligation at beginning of year		\$	11,390,128
Less: Water utility contribution at 8%			911,210
			10,478,918
Plus: Projected annual OPEB cost:			
Interest on net OPEB obligation at beginning of year			419,157
Annual required contribution (ARC) for current fiscal year			3,901,473
ARC adjustment for current fiscal year			(488,326)
			3,832,304
Less: Net employer contribution			(1,560,915)
Expected net OPEB obligation at end of year		\$	12,750,307

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 3,664,536	35.0%	\$ 8,372,486
6/30/12	\$ 3,909,642	22.8%	\$ 11,390,128
6/30/13	\$ 3,832,304	40.7%	\$ 12,750,307

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Funding Status and Funding Progress - As of June 30, 2013, the most recent actuarial valuation date, the Plan was 0% funded using the criteria established by GASBS 45. The actuarial accrued liability for benefits was \$58,657,889 (\$17,250,799 for active employees and \$41,407,088 for retired employees). There are no Plan assets; however, the City has earmarked \$9,912,560 in the City's Internal Service Employee Insurance Fund for future Plan costs. The covered payroll (annual payroll of active employees covered by the Plan) was \$253,660,903 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 23.1%. The ARC as a percent of payroll is 1.5% of which 0.5% is the normal cost as a percent of payroll. The ARC per active employee is \$544. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events of events far into the future. Examples include assumptions about future employment, mortality, and changes in life expectancies. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress is presented as required supplementary information following the notes to the financial statements.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the Plan as understood by the City and the Plan members and include the types of benefits provided at the time of each valuation and the City's historical pattern of paying for the Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2013, actuarial valuation, the Entry Age Normal (EAN) funding method was used where, for each plan member, the actuarial present value of benefits is levelly spread over the Plan member's earnings or service from entry age to assumed exit age. The EAN cost method is generally regarded by actuaries as the most stable of the funding methods. The goal of GASBS 45 is to match recognition of retiree life expense with the periods during which the benefit is earned and the City's actuary believe that EAN funding method effectively meets that goal in most circumstances. Another important issue in these calculations is the treatment of implicit subsidies where retiree coverage is subsidized by active employee costs. The City pays the same insurance premium rates for both active and retired employees, because the retired employees are on average older than active employees, there is an implicit subsidy of retiree coverage by active employee costs, which GASBS 45 generally requires be attributed to the retiree liability. The actuarial assumptions included a 4.0 percent investment rate of return on expected long-term returns on the City's own investments calculated on the funded level of the Plan at the valuation date. As of June 30, 2013, the Plan has not been funded and no interest was earned on the Plan assets during the year. The City intends to amortize the UAAL over a thirty-year period under the level percentage of pay method, beginning in the next fiscal year. The remaining amortization period at June 30, 2013, was 25 years. The ARC was based on a 4.0 percent discount rate, funding will be based on a 6.0 percent discount rate.

Retiree Health Care Act Contributions

Plan Description - The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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Funding Policy - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers are January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$5,470,619, \$5,301,347, and \$4,688,405, respectively, which equal the required contributions for each year.

M. Landfill closure and postclosure care cost

Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs in the Refuse Disposal Fund as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,924,562 reported as accrued landfill closure costs from restricted assets at June 30, 2013, represents the cumulative amount reported to date based on the use of 27.4% of the estimated capacity of the Cerro Colorado Landfills.

The City will recognize the remaining estimated cost of closure and post-closure care of \$5,093,988 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2013. The City expects to close the landfill in the year 2077. Actual cost may be higher due to inflation, change in technology, or change in regulations. The City has set aside \$2,460,092 for future post-closure costs. This amount is reported as a restricted asset on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate, or additional post-closure care requirements are determined (due to change in technology or applicable laws or regulations, for example); these costs may need to be covered by charges to future landfill users or from future tax revenue.

N. Risk management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its real and personal assets; workers compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000,000 for each workers' compensation incident, \$1,050,000 for each tort liability claim, and

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\$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

The Risk Management Fund tracks claims on a fund by fund basis and assesses charges to each fund based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$1,000,000 at June 30, 2013, and is included in the unrestricted net position of the Risk Management Fund. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements 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 damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Based on historical data, the City believes the Risk Management Fund is adequately funded. Moreover, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of \$1,000,000 the City, with Council approval, may levy a tax on real property to provide for the payment of catastrophic losses. In addition, the City started fiscal year 2013 with \$41,400,000 available in the committed General Fund balance.

In recent years, the City has experienced an increase in claim amounts. In response to this increase, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. The City plans to increase annual funding to the Risk Management Fund reserve in the amount of \$2.5 million per year by increasing charges to other funds beginning in fiscal year 2015.

Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. The amounts and change in the Fund's claims liability in fiscal year 2013 and 2012 were:

	2013	2012
Claims liability at July 1	\$ 72,136,558	\$ 66,902,536
Current year claims and change in estimates	65,079,418	26,923,508
Claims liquidated	(27,383,326)	(21,689,486)
Claims liability at June 30	\$ 109,832,650	\$ 72,136,558
The components of the claims liability at June 30 are:		
Current portion	\$ 25,242,425	\$ 16,800,000
Noncurrent portion	84,590,225	55,336,558
Total claims liability	\$ 109,832,650	\$ 72,136,558

O. Commitments and contingencies

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recorded in memorandum accounts of the City's governmental funds. Encumbrances lapse for budgetary purposes at the end of each fiscal year and the subsequent year's appropriations provide authority to complete these transactions. These typically are for property purchases and will be re-appropriated in the ensuing year. Encumbrances that are outstanding, but not re-appropriated, are a commitment of the City and the outstanding amount is reported in the table below.

Government activities:	
Major Funds: General Fund	\$ 2,352,765
Nonmajor government funds	9,733,867
Total governmental activities	\$ 12,086,632

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In addition, the business-type funds have uncompleted construction and other commitments for construction, improvements and replacements or from operating revenues:

Business-type activities:

Major Funds:

Airport Fund	\$ 82,505,738
Refuse Disposal Fund	5,614,088
Transit Fund	1,000,991
Nonmajor business-type funds	<u>4,744,692</u>
Total business-type activities	<u>\$ 93,865,509</u>

In the normal course of business, the City is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the estimatability of the claims. Those claims that are probable and estimable have been accrued in the accompanying financial statements. Claims that are possible and/or not estimable are disclosed herein. Remote claims are monitored until such time as they are resolved, disclosed, or accrued. Except as discussed in the following paragraphs, it is the opinion of City management that the ultimate resolution of other litigation will not have a material effect on the financial position of the City.

The City is a defendant in a legal proceeding that does not fall under the New Mexico Tort Claims Act; this legal proceeding alleges that certain time incurred by some of the City of Albuquerque's Fire Department, Transit Department and other employees are subject to overtime compensation. The ultimate outcome of these legal proceedings cannot presently be determined; the case is currently awaiting the Courts consideration on how the calculations are to be determined. Accordingly, no provision for any additional liability that may result upon the ultimate outcome has been recognized in the accompanying financial statements and schedules.

The City has received a number of Federal and State grants for specific purposes. These grants are subject to audit and may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, City management believes that such discrepancies, if any, will not be material.

P. Budget violations

In violation of City ordinance Section 2-11-12 ROA 1994, the City overspent the budget at the following fund levels. The City produces quarterly expenditure reports and provides this information to City Departments in an effort to prevent future violations.

Fund/Program	Final Budget	Actual	Variance
Albuquerque Biological Park Projects Fund/BioPark	\$18,990,255	\$19,282,035	\$(291,780)
City Housing Fund/Planning and Coordinating	10,916,069	11,802,894	(886,825)
Law Enforcement Protection Fund/Police Forfeitures	23,992,200	24,356,024	(363,824)
Apartments Fund/Apartments	4,457,000	4,894,540	(437,540)
Stadium Fund/Stadium Operations	2,922,000	2,922,856	(856)

Q. Significant effects of subsequent events

On July 1, 2013, the City issued \$11,675,000 of General Obligation Refunding Bonds, Series 2013C. The bonds have a coupon rate of 0.350% and require semi-annual interest payments until the bonds mature on July 1, 2014. The net proceeds of \$11,598,757 (less costs of issuance of \$76,243) were used to redeem in full the Series 2005B General Obligation Storm Sewer Bonds with maturity dates through July 1, 2014, and accrued interest of \$241,294 on the Series 2005B Bonds. This refunding was undertaken to reduce future interest costs resulting in a net decrease to debt service over the life of the bonds of \$121,725 and resulting in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$121,511.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Airport Refunding 2004 A	July 2014	013538GX5	\$1,760,000
Airport Refunding 2004 A	July 2015	013538GY3	1,840,000
Airport Refunding 2004 A	July 2016	013538GZ0	1,890,000
Airport Refunding 2004 A	July 2017	013538HA4	1,980,000
Airport Refunding 2004 A	July 2018	013538HB2	1,790,000
Airport Refunding 2004 B	July 2014	013538HK2	\$1,665,000
Airport Refunding 2004 B	July 2015	013538HL0	1,665,000
Airport Refunding 2004 B	July 2016	013538HM8	1,665,000
Airport Refunding 2004 B	July 2017	013538HN6	1,665,000
Airport Refunding 2004 B	July 2018	013538HP1	1,665,000
Airport Refunding 2004 B	July 2019	013538HQ9	1,665,000
Airport Refunding 2004 B	July 2020	013538HR7	1,665,000
Airport Refunding 2004 B	July 2021	013538HS5	1,665,000
Airport Refunding 2004 B	July 2022	013538HT3	1,665,000
Airport Refunding 2004 B	July 2023	013538HU0	1,665,000
Airport Refunding 2004 B	July 2024	013538HV8	1,665,000
Airport Refunding Revenue Bonds 2008	July 2014	013538JB0	\$1,890,000
Airport Refunding Revenue Bonds 2008	July 2015	013538JC8	2,000,000
Airport Refunding Revenue Bonds 2008	July 2016	013538JD6	2,100,000
Airport Refunding Revenue Bonds 2008	July 2017	013538JE4	2,190,000
Airport Refunding Revenue Bonds 2008	July 2018	013538JF1	2,300,000
Airport Refunding Revenue Bonds 2008B	July 2014	013538JM6	\$2,875,000
Airport Refunding Revenue Bonds 2008B	July 2015	013538JN4	1,150,000
Airport Refunding Revenue Bonds 2008C	July 2014	013538JU8	\$420,000
Airport Refunding Revenue Bonds 2008C	July 2015	013538JV6	420,000
Airport Refunding Revenue Bonds 2008C	July 2016	013538JW4	400,000
Airport Refunding Revenue Bonds 2008C	July 2017	013538JX2	405,000
Airport Refunding Revenue Bonds 2008C	July 2018	013538JY0	495,000
Airport Refunding Revenue Bonds 2008C	July 2019	013538JZ7	490,000
Airport Refunding Revenue Bonds 2008C	July 2020	013538KA0	480,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2014	013538 KJ1	\$6,490,000
General Obligation General Purpose 2007B	July 2014	013518W27	\$5,345,000
General Obligation General Purpose 2007B	July 2015	013518W35	2,805,000
General Obligation General Purpose 2007B	July 2016	013518W43	2,805,000
General Obligation General Purpose 2008A	July 2014	013518X42	\$4,775,000
General Obligation General Purpose 2008A	July 2015	013518X59	4,775,000
General Obligation General Purpose 2008A	July 2016	013518X67	4,775,000
General Obligation General Purpose 2008A	July 2017	013518X75	800,000
General Obligation General Purpose 2009A	July 2014	013518Y58	\$6,110,000
General Obligation General Purpose 2009A	July 2015	013518Y66	6,110,000
General Obligation General Purpose 2009A	July 2016	013518Y74	6,110,000

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General Obligation General Purpose 2009A	July 2017	013518Y82	6,110,000
General Obligation General Purpose 2009A	July 2018	013518Y90	6,090,000
General Obligation General Purpose 2011A	July 2014	013518Z57	\$10,700,000
General Obligation General Purpose 2011A	July 2015	013518Z65	10,700,000
General Obligation General Purpose 2011A	July 2016	013518Z73	10,700,000
General Obligation General Purpose 2011A	July 2017	013518Z81	10,700,000
General Obligation General Purpose 2011A	July 2018	013518Z99	10,700,000
General Obligation General Purpose 2011A	July 2019	0135182A2	10,700,000
General Obligation General Purpose 2011A	July 2020	0135182B0	10,700,000
General Obligation General Purpose 2011A	July 2021	0135182C8	10,700,000
General Obligation General Purpose 2011A	July 2022	0135182D6	10,700,000
General Obligation General Purpose 2011A	July 2023	0135182E4	10,700,000
General Obligation General Purpose 2012A	July 2014	0135182G9	\$5,700,000
General Obligation General Purpose 2012A	July 2015	0135182H7	5,700,000
General Obligation General Purpose 2012A	July 2016	0135182J3	5,700,000
General Obligation General Purpose 2012A	July 2017	0135182K0	5,700,000
General Obligation General Purpose 2012A	July 2018	0135182L8	5,700,000
General Obligation General Purpose 2012A	July 2019	0135182M6	5,700,000
General Obligation General Purpose 2012A	July 2020	0135182N4	5,700,000
General Obligation General Purpose 2012A	July 2021	0135182P9	5,700,000
General Obligation General Purpose 2012A	July 2022	0135182Q7	5,700,000
General Obligation General Purpose 2012A	July 2023	0135182R5	5,700,000
General Obligation General Purpose 2012A	July 2024	0135182S3	3,445,000
General Obligation General Purpose 2013A	July 2014	0135182V6	\$2,500,000
General Obligation General Purpose 2013A	July 2015	0135182W4	6,035,000
General Obligation General Purpose 2013A	July 2016	0135182X2	6,040,000
General Obligation General Purpose 2013A	July 2017	0135182Y0	6,040,000
General Obligation General Purpose 2013A	July 2018	0135182Z7	6,040,000
General Obligation General Purpose 2013A	July 2019	0135183A1	6,040,000
General Obligation General Purpose 2013A	July 2020	0135183B9	6,040,000
General Obligation General Purpose 2013A	July 2021	0135183C7	6,040,000
General Obligation General Purpose 2013A	July 2022	0135183D5	6,040,000
General Obligation General Purpose 2013A	July 2023	0135183E3	6,050,000
General Obligation General Purpose 2013A	July 2024	0135183F0	6,050,000
General Obligation General Purpose 2013A	July 2025	0135183G8	6,050,000
General Obligation General Purpose 2013A	July 2026	0135183H6	1,075,000
General Obligation Storm Sewer 2007C	July 2015	013518W50	\$2,540,000
General Obligation Storm Sewer 2007C	July 2016	013518W68	2,540,000
General Obligation Storm Sewer 2008B	July 2017	013518X83	\$4,000,000
General Obligation Storm Sewer 2012B	July 2024	0135182T1	\$2,255,000
General Obligation Storm Sewer 2012B	July 2025	0135182U8	5,780,000
General Obligation Storm Sewer Series 2013B	July 2026	0135183J2	\$4,980,000

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Gross Receipts Tax Refunding 2008A	July 2014	01354PCP7	\$3,105,000
Gross Receipts Tax Refunding 2008B	July 2014	01354PCV4	\$375,000
Gross Receipts Tax Refunding 2008B	July 2015	01354PCW2	395,000
Gross Receipts Tax Refunding 2008B	July 2016	01354PCX0	415,000
Gross Receipts Tax Refunding 2008B	July 2017	01354PCY8	435,000
Gross Receipts Tax Refunding 2008B	July 2018	01354PCZ5	455,000
Gross Receipts Tax Refunding 2008B	July 2019	01354PDA9	480,000
Gross Receipts Tax Refunding 2008B	July 2020	01354PDB7	505,000
Gross Receipts Tax Refunding 2008B	July 2021	01354PDC5	530,000
Gross Receipts Tax Refunding 2008B	July 2022	01354PDD3	555,000
Gross Receipts Tax Refunding 2008B	July 2023	01354PDE1	580,000
Gross Receipts Tax Refunding 2008B	July 2026	01354PDF8	1,930,000
Gross Receipts Tax Refunding 2008B	July 2030	01354PDG6	3,090,000
Gross Receipts Tax Refunding 2009B	July 2014	01354PDM3	\$865,000
Gross Receipts Tax Refunding 2009B	July 2015	01354PDN1	2,995,000
Gross Receipts Tax Refunding 2009B	July 2016	01354PDP6	3,180,000
Gross Receipts Tax Refunding 2009B	July 2017	01354PDQ4	3,345,000
Gross Receipts Tax Refunding 2009B	July 2018	01354PDR2	3,505,000
Gross Receipts Tax Refunding 2009B	July 2019	01354PDS0	3,740,000
Gross Receipts Tax Refunding 2009B	July 2020	01354PDT8	3,940,000
Gross Receipts Tax Refunding 2009B	July 2021	01354PDU5	4,075,000
Gross Receipts Tax Refunding 2009B	July 2022	01354PDV3	840,000
Gross Receipts Tax Series 2013	July 2014	01354PDW1	\$950,000
Gross Receipts Tax Series 2013	July 2015	01354PDX9	1,350,000
Gross Receipts Tax Series 2013	July 2016	01354PDY7	1,375,000
Gross Receipts Tax Series 2013	July 2017	01354PDZ4	350,000
Gross Receipts Tax Series 2013	July 2017	01354PEQ3	1,070,000
Gross Receipts Tax Series 2013	July 2018	01354PEA8	1,455,000
Gross Receipts Tax Series 2013	July 2019	01354PEB6	1,500,000
Gross Receipts Tax Series 2013	July 2020	01354PEC4	1,560,000
Gross Receipts Tax Series 2013	July 2021	01354PED2	1,620,000
Gross Receipts Tax Series 2013	July 2022	01354PEE0	1,685,000
Gross Receipts Tax Series 2013	July 2023	01354PEF7	1,760,000
Gross Receipts Tax Series 2013	July 2024	01354PEG5	1,835,000
Gross Receipts Tax Series 2013	July 2025	01354PEH3	1,930,000
Gross Receipts Tax Series 2013	July 2026	01354PEJ9	2,025,000
Gross Receipts Tax Series 2013	July 2027	01354PEK6	2,125,000
Gross Receipts Tax Series 2013	July 2028	01354PEL4	2,235,000
Gross Receipts Tax Series 2013	July 2031	01354PEM2	2,000,000
Gross Receipts Tax Series 2013	July 2031	01354PER1	5,310,000
Gross Receipts Tax Series 2013	July 2033	01354PEN0	5,355,000
Gross Receipts Tax Series 2013	July 2035	01354PEP5	4,540,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2030	01354MDB4	\$2,300,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2031	01354MDB4	4,280,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2032	01354MDC2	4,575,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2033	01354MDC2	4,900,000

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Gross Receipts Tax/Lodger Refunding 2004 A	July 2034	01354MDE8	2,800,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2035	01354MDE8	5,605,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2036	01354MDE8	1,130,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2037	01354MDE8	6,375,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2014	01354MDQ1	\$235,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2015	01354MDR9	245,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2016	01354MDR9	325,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2017	01354MDR9	350,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2018	01354MDR9	370,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2019	01354MDR9	405,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2020	01354MDR9	425,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2021	01354MDR9	450,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2022	01354MDR9	465,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2023	01354MDR9	545,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2024	01354MDR9	530,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2025	01354MDS7	630,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2026	01354MDS7	2,905,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2027	01354MDS7	3,155,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2028	01354MDS7	3,415,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2029	01354MDS7	3,695,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2030	01354MDS7	1,685,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2034	01354MDS7	2,435,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2036	01354MDS7	4,855,000
Gross Receipts/Lodgers 2009A	July 2014	01354MEJ6	\$145,000
Gross Receipts/Lodgers 2009A	July 2015	01354MEK3	210,000
Gross Receipts/Lodgers 2009A	July 2016	01354MEL1	280,000
Gross Receipts/Lodgers 2009A	July 2017	01354MEM9	355,000
Gross Receipts/Lodgers 2009A	July 2018	01354MEN7	440,000
Gross Receipts/Lodgers 2009A	July 2019	01354MEP2	1,070,000
Gross Receipts/Lodgers 2009A	July 2020	01354MEQ0	1,200,000
Gross Receipts/Lodgers 2009A	July 2021	01354MER8	1,340,000
Gross Receipts/Lodgers 2009A	July 2022	01354MES6	1,490,000
Gross Receipts/Lodgers 2009A	July 2023	01354MET4	280,000
Gross Receipts/Lodgers 2009A	July 2024	01354MEU1	1,775,000
Gross Receipts/Lodgers 2009A	July 2025	01354MEV9	1,870,000