

CITY OF ALBUQUERQUE



ANNUAL INFORMATION STATEMENT

DATED March 27, 2019

**IN CONNECTION WITH BONDS AND
OTHER OBLIGATIONS**

CITY OF ALBUQUERQUE

MAYOR

Tim Keller

CITY COUNCIL

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

ADMINISTRATION

Sarita Nair, JD, MCRP, Chief Administrative Officer
Lawrence Rael, MPA, Chief Operations Officer
Katy Duhigg, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Sanjay M. Bhakta, CPA, CGFM, CFE, CGMA, Chief Financial Officer/Director
Cilia E. Aglialoro, CTP, Treasurer
Pamela S. Fanelli, CMA, City Controller
Christopher H. Daniel, CFA, CPA, CTP, Chief Investment Officer

OFFICE OF MANAGEMENT AND BUDGET

Renee Martinez, Acting Budget Officer
Christine Boerner, City Economist

LEGAL DEPARTMENT

Esteban Aguilar, Jr., JD, City Attorney
Alan M. Varela, JD, Assistant City Attorney

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
CONTINUING DISCLOSURE UNDERTAKINGS	2
OUTSTANDING CITY OBLIGATIONS.....	3
Summary of Outstanding Obligations	3
Ratings of City Obligations	3
Tax-Supported Obligations	4
Enterprise Obligations	14
Housing Obligations	17
Fire Protection Fund	17
Credit Enhancement.....	18
ECONOMIC AND DEMOGRAPHIC INFORMATION	19
The City and Metropolitan Area	19
Population	20
Age Distribution.....	21
Employment.....	21
Historical Employment by Sector	23
Major Industries	25
Income.....	30
FINANCIAL INFORMATION	31
General	31
The General Fund	33
Revenues	39
Property Taxes	40
Gross Receipts Taxes.....	45
Gasoline Tax	52
Lodgers' Tax and Hospitality Fee.....	53
Employee Contracts	55
Retirement Plan.....	55
Other Post-Employment Benefits	56
Capital Implementation Program.....	57
Financial Statements	59
ENTERPRISE OPERATIONS	59
Albuquerque Airport.....	59

OTHER PROJECTS OF THE CITY	72
Public Improvement Districts	72
Housing Projects	73
INVESTMENT PROGRAM, POLICIES AND PROCEDURES	75
Governance	75
Portfolio Structure.....	75
Permissible Investments.....	76
Portfolio Management Approach.....	76
Reporting.....	76
Investment Procedures	76
FORWARD-LOOKING STATEMENTS	77
LEGAL MATTERS.....	78
Litigation.....	78
New Mexico Tort Claims Act Limitations	78
Risk Management	78
APPROVAL OF ANNUAL STATEMENT.....	80
 APPENDIX A – INDEPENDENT AUDITOR’S REPORT, MANAGERMENTS’ DISCUSSION & ANALYSIS, AUDITED BASIC FINANCIAL STATEMENT, & NOTES TO FINANCIAL STATEMENTS.....	 A-1
APPENDIX B – CUSIP NUMBERS FOR OUTSTANDING CITY BONDS	B-1

INTRODUCTION

This “Annual Information Statement Dated March 27, 2019 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.” **Inclusion of information in this Annual Statement that is not required by continuing disclosure undertakings is provided as a courtesy and does not create an affirmative obligation to provide such additional information in the future.**

City Council (the “Council”) actions taken after January 1, 2019 are not included in the Annual Statement unless related to bonds, notes or other obligations of the City issued or incurred after that date and disclosed in Official Statements. Other information contained in the Annual Statement is current as of January 1, 2019, 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 Aglialoro, 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) Gross Receipts Tax/Lodgers’ Tax Taxable Refunding Revenue Bonds, Series 2004B;
- 2) Airport Refunding Revenue Bonds, Series 2008C;
- 3) Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2009A;
- 4) Gross Receipts Tax Refunding Revenue Bonds, Series 2009B;
- 5) Gross Receipts Tax/Lodgers’ Tax Improvement Revenues Bonds, Series 2011A;
- 6) Gross Receipts Tax Revenues Bonds, Series 2011B;
- 7) General Obligation General Purpose Bonds, Series 2011A;
- 8) General Obligation General Purpose Bonds, Series 2012A;
- 9) General Obligation Storm Sewer Bonds, Series 2012B;
- 10) Gross Receipts Tax Improvement Revenue Bonds, Series 2013;
- 11) General Obligation General Purpose Bonds, Series 2013A;
- 12) General Obligation Storm Sewer Bonds, Series 2013B;
- 13) Gross Receipts Tax/Lodgers’ Tax Refunding and Improvement Revenue Bonds, Series 2014A;
- 14) General Obligation General Purpose Bonds, Series 2014A;
- 15) General Obligation Storm Sewer Bonds, Series 2014B;
- 16) Airport Refunding Revenue Bonds, Series 2014A (AMT);
- 17) General Obligation General Purpose Bonds, Series 2015A;
- 18) Gross Receipts Tax Improvement Revenue Bonds, Series 2015A;
- 19) Gross Receipts Tax Improvement Revenue Bonds, Taxable Series 2015B;
- 20) General Obligation Storm Sewer Bonds, Series 2015B;
- 21) General Obligation General Purpose Bonds, Series 2016A;
- 22) Gross Receipts Tax/Lodgers’ Tax Improvement Revenue Bonds, Series 2016
- 23) General Obligation Storm Sewer Bonds, Series 2016B;
- 24) Gross Receipts Tax Improvement Revenue Bonds, Series 2016C;
- 25) Gross Receipts Tax Municipal Infrastructure Revenue Bonds, Series 2017 (New Clean Renewable Energy Bonds);
- 26) General Obligation General Purpose Bonds, Series 2017A;
- 27) General Obligation General Purpose Bonds, Series 2018A.

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. The City has made material progress with its internal procedures and the release date for its annual audit has improved over the past several years. The improvements relate to the City staff’s increased mastery of the accounting and human resources software, as well as continuity in employment within the affected City departments. The City has timely filed Annual Financial Information, including audited financials for Fiscal Year 2013, 2014, 2015, 2016 and 2017 prior to the 270-day deadline. Additionally, in the past few years the City did not

provide notice to the market, in addition to the notice provided to the market by Moody's and Fitch, of the adjustments in ratings calibrations used by Moody's Investors Services and Fitch Ratings. These rating modifications resulted in upgrades to certain outstanding City obligations. The City also did not provide notice to the market, in addition to the notice provided to the market by Assured Guaranty, of the downgrade of Assured Guaranty Municipal Corp. which insured certain outstanding obligations of the City. The City intends to maintain compliance with its continuing disclosure undertakings in future years through the collective oversight and effort of current City finance staff and private consultants, all of whom have experience and knowledge related to the City's continuing disclosure obligations. Other than as described herein, the City believes it is in material compliance with its outstanding 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, 2018 ("CAFR"), a portion of which is attached hereto as Appendix A. Other information relating to the City's outstanding obligations, including information about debt service coverage ratios, can be obtained from the CAFR. The full 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. As of January 1, 2019, the City has outstanding general purpose general obligation bonds in an outstanding aggregate principal amount of \$359,605,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$29,616,000.

CITY OF ALBUQUERQUE Outstanding General Obligation Bonds As of January 1, 2019

Issue	Principal Amount Of Original Issue	Current Outstanding
<u>General Purpose G.O. Bonds:</u>		
February 2011	\$135,000,000	\$53,500,000
May 2012	61,760,000	31,945,000
May 2013	70,040,000	43,385,000
May 2014	57,060,000	37,840,000
May 2015	37,970,000	28,120,000
March 2016	71,523,000	59,500,000
April 2017	22,850,000	21,090,000
April 2018	<u>84,225,000</u>	<u>84,225,000</u>
Total	<u>\$595,398,000</u>	<u>\$359,605,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
May 2012	\$8,035,000	\$8,035,000
May 2013	4,980,000	4,980,000
May 2014	5,375,000	5,375,000
May 2015	4,726,000	4,726,000
March 2016	<u>6,500,000</u>	<u>6,500,000</u>
Total	<u>\$ 29,616,000</u>	<u>\$ 29,616,000</u>
<u>Total General Obligation Bonds</u>	<u>\$625,014,000</u>	<u>\$389,221,000</u>

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

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 \$13,666,023,452 as shown below, and the City’s outstanding general purpose general obligation debt of \$389,221,000, the City has the capacity to issue \$157,419,938 aggregate principal amount of general purpose general obligation bonds in the future.

CITY OF ALBUQUERQUE
Test for Maximum General Purpose General Obligation Bonds
(January 2019)

4% of Assessed Value of \$13,666,023,452	\$546,640,938
Outstanding (General Purpose subject to 4% limitation):	359,605,000
Available for Future Issues:	<u>\$187,035,938</u>

CITY OF ALBUQUERQUE
Assessed Valuation
(County Tax Year⁽¹⁾ 2018)

Market Value of Property Assessed	\$47,241,718,080
(1/3 Market Value)	15,747,239,360
Less Exemptions	(2,433,754,172)
Plus Centrally Assessed (Corporate)	<u>352,538,264</u>
Certified Net Tax Base	\$13,666,023,452

(1) The County Tax Year (“Tax Year”) begins November 1 and ends October 31.

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, 2019

Gross G.O. Bonded Debt	\$389,221,000
Less G.O. Sinking Fund Balance	16,066,651 ⁽¹⁾
Net G.O. Bonded Debt	<u>\$373,154,349</u>

	<u>G.O. Debt⁽²⁾</u>	<u>Tax Year 2018 Assessed Valuation</u>	<u>% Applicable to City</u>	<u>Gross Overlapping</u>
City of Albuquerque	\$389,221,000	\$13,666,023,452	100.00%	\$389,221,000
Albuquerque Public Schools	627,740,000	16,890,032,033	80.91%	507,915,529
Albuquerque Metropolitan Arroyo Flood Control Authority	44,495,000	15,790,177,471	86.55%	38,509,365
Central New Mexico Community College	117,165,000	19,204,597,260	71.16%	83,374,809
Bernalillo County	108,595,000	16,602,331,808	82.31%	89,388,758
State of New Mexico	411,525,000	60,268,947,927	22.68%	93,313,564
Total Direct and Overlapping G.O. Debt	\$1,698,741,000			\$1,201,723,026

RATIOS

Direct and Overlapping G.O. Debt as Percent of 2018 Taxable Assessed Valuation	12.43%
Direct and Overlapping G.O. Debt as Percent of 2018 Actual Market Valuation	3.60%
Assessed Valuation Per Capita (2018 Population 558,545)	\$24,467.18
Direct and Overlapping G.O. Debt Per Capita	\$3,041.37

(1) Unaudited.

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

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
2010	543,302	\$12,299,077	\$257,880	\$73,851	\$184,029	1.50%	\$338.72
2011	545,852	11,920,466	323,805	8,588	315,217	2.64	577.48
2012	551,742	11,951,430	349,260	6,303	342,957	2.87	621.59
2013	554,621	11,876,389	375,029	5,948	369,081	3.11	665.47
2014	556,495	11,967,046	354,380	8,309	346,071	2.89	621.88
2015	557,169	12,228,594	365,921	8,695	357,226	2.93	641.15
2016	559,121	12,414,140	373,989	14,286	359,703	2.89	643.34
2017	559,277	12,809,839	376,769	64,323	312,446	2.44	558.66
2018	558,545	13,251,142	349,376	20,753	328,623	2.48	588.36
2019 ⁽⁴⁾	563,526	13,666,023	389,221	16,067	373,154	2.73	662.18

(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.

(4) Estimate. Source: *Spotlight*, February 2019.

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, 2019

Fiscal Year	Principal	Interest	Total Debt Service
2019	\$44,770,000	\$16,455,960	\$61,225,960
2020	44,770,000	14,384,860	59,154,860
2021	44,765,000	12,313,760	57,078,760
2022	44,765,000	10,242,910	55,007,910
2023	44,775,000	8,317,960	53,092,960
2024	34,075,000	6,450,335	40,525,335
2025	34,155,000	5,056,585	39,211,585
2026	28,385,000	3,774,285	32,159,285
2027	22,321,000	2,701,835	25,022,835
2028	17,525,000	1,883,800	19,408,800
2029	14,235,000	1,255,950	15,490,950
2030	8,205,000	699,400	8,904,400
2031	6,475,000	323,750	6,798,750
TOTAL	\$389,221,000	\$83,861,390	\$473,082,390

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)
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
2014	50,030,000	13,114,378	63,144,378	472,825,899	13.4
2015	43,470,000	13,941,134	57,411,139	489,970,855	11.7
2016	53,625,000	13,959,443	67,584,443	503,242,418	13.4
2017	47,463,000	16,150,297	63,613,297	513,960,907	12.4
2018	44,380,000	14,405,054	58,785,054	521,117,304	11.2

(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 "Aa2" 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, 2019

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽¹⁾	\$28,915,000	\$25,595,000
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2009A ⁽¹⁾	10,535,000	9,025,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2009B	28,305,000	12,595,000
Gross Receipts Tax/Lodgers' Tax Revenue Bonds, Series 2011A ⁽¹⁾	22,660,000	10,410,000
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B ⁽²⁾	11,650,000	7,565,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2013	42,030,000	35,480,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A ⁽¹⁾	36,960,000	36,230,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2015A	39,085,000	36,145,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2015B	10,110,000	6,540,000
Gross Receipts Tax Revenue Bonds, Series 2015C	2,080,000	1,695,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Bonds, Taxable, Series 2016 ⁽¹⁾	24,000,000	23,365,000
Gross Receipts Tax Revenue Bonds, Series 2016B	8,430,000	8,430,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2016C	17,750,000	16,425,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2017 (NCREB)	25,110,000	<u>25,110,000</u>
Total		\$250,315,000

(1) These Bonds are also secured by Lodgers' Tax revenues.

(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.

Stadium Lease Payments and Surcharge. On September 1, 2011, the City issued Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B (the “Stadium Bonds”) in the amount of \$11,650,000. The Stadium Bonds have a lien on certain lease and surcharge revenues related to the City’s minor league baseball stadium and are payable through July 1, 2026. As of January 1, 2019, the Stadium Bonds are outstanding in the amount of \$7,565,000.

The pledged stadium lease revenues include all revenues derived by the City from the lease including (1) a base rent payment of \$700,000 per lease year, subject to rental adjustments as provided in the lease, (2) additional base rent not to exceed \$75,000 as set forth in the lease, (3) additional percentage rent, equal to 12.5% of the baseball team’s gross revenues in excess of \$5,500,000 per lease year or \$437,500, whichever is less, and (4) any parking revenues and other revenues due to the City pursuant to the lease.

The pledged surcharge revenues are calculated as equal to ten percent of the total amount of money or the value of other consideration paid to a vendor at the minor league baseball stadium by a user for property or services related to the stadium or related to activities occurring at the stadium, whether occurring at the stadium or not, including tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, and broadcast revenues.

The stadium lease revenues and surcharge revenues collected by the City for the last five Fiscal Years are as follows:

Historical Stadium Lease and Surcharge Revenues

<u>Fiscal Year</u>	<u>Stadium Revenues</u>
2014	\$1,762,693
2015	1,795,720
2016	1,762,028
2017	1,739,056
2018	1,873,376

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

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 2004B	Series 2009A	Series 2009B	Series 2011A	Series 2011B	Series 2013	Series 2014A	Series 2015A&B	Series 2015C	Series 2016	Series 2016B	Series 2016C	Combined Debt Service Requirements
2019	\$1,818,733	\$1,485,669	\$4,362,400	\$1,410,313	\$1,023,398	\$2,998,513	\$1,570,763	\$4,426,958	\$230,074	\$1,113,435	\$813,890	\$1,421,800	\$22,675,946
2020	1,816,904	1,562,169	4,375,400	1,338,813	1,025,148	2,998,513	1,574,313	4,430,558	231,599	1,233,985	814,630	1,419,000	22,821,032
2021	1,818,996	1,642,169	4,313,400	1,258,188	1,022,248	2,996,113	1,572,563	4,428,708	227,889	1,360,635	815,025	1,420,600	22,876,534
2022	1,809,741	1,725,169	874,650	1,199,388	1,026,848	2,996,313	1,570,663	2,929,430	229,251	1,483,085	810,075	1,421,450	18,076,063
2023	1,864,678	453,706	--	1,196,388	1,023,448	2,999,700	1,573,613	2,933,450	230,525	2,826,335	809,895	1,418,250	17,329,988
2024	1,820,302	1,936,806	--	1,196,838	1,022,766	2,995,500	1,576,263	2,929,088	226,743	1,532,3635	809,370	1,418,850	17,456,161
2025	1,891,735	1,954,150	--	1,196,388	1,019,516	2,998,750	1,576,063	2,928,588	227,896	1,573,135	813,500	1,419,100	17,598,821
2026	4,131,833	--	--	1,198,731	1,023,610	2,997,250	1,575,463	2,929,338	228,992	1,425,385	807,170	1,422,100	17,739,872
2027	4,220,896	--	--	1,198,631	--	2,996,000	1,574,463	2,931,088	--	1,481,235	815,610	1,422,600	16,640,523
2028	4,306,109	--	--	1,196,000	--	2,999,750	1,570,913	2,928,588	--	1,544,685	808,475	1,421,000	16,775,520
2029	4,396,918	--	--	--	--	2,998,000	1,571,850	2,928,538	--	1,599,460	811,110	1,417,800	15,723,676
2030	2,182,215	--	--	--	--	2,998,200	3,872,100	2,929,038	--	1,665,540	813,285	1,418,000	15,878,378
2031	403,866	--	--	--	--	2,999,988	5,747,275	2,929,638	--	1,722,260	--	1,421,400	15,224,427
2032	403,866	--	--	--	--	2,998,100	5,839,475	2,932,038	--	1,789,590	--	1,422,800	15,385,869
2033	403,866	--	--	--	--	2,998,100	5,935,075	2,931,038	--	1,856,815	--	1,422,200	15,547,094
2034	2,838,866	--	--	--	--	2,998,900	3,591,400	2,929,288	--	1,928,535	--	1,419,600	15,706,589
2035	268,967	--	--	--	--	1,759,500	6,253,800	2,932,038	--	2,004,150	--	--	13,218,455
2036	5,123,967	--	--	--	--	--	1,500,000	2,928,438	--	1,953,900	--	--	11,506,305
2037	--	--	--	--	--	--	6,687,200	2,930,438	--	2,060,455	--	--	11,678,093
2038	--	--	--	--	--	--	--	2,930,938	--	1,470,185	--	--	4,401,123
Total	<u>\$41,522,458</u>	<u>\$10,759,838</u>	<u>\$13,925,850</u>	<u>\$12,389,678</u>	<u>\$8,186,982</u>	<u>\$49,727,190</u>	<u>\$56,733,255</u>	<u>\$63,097,214</u>	<u>\$1,832,969</u>	<u>\$35,606,440</u>	<u>\$9,742,035</u>	<u>\$22,726,550</u>	<u>\$324,260,460</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 2018 were \$200,859,644. The maximum calendar year combined debt service requirements for the outstanding State-Shared Tax Obligations of the City as shown in the preceding table are \$22,876,534 (occurring in calendar year 2021). The coverage ratio of the Fiscal Year 2018 State-Shared Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 8.78x. The City can make no assurances that State-Shared Gross Receipts Tax Revenues in future years will maintain the Fiscal Year 2018 levels.

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.

2019 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2019 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, 2019

<u>GENERAL OBLIGATION DEBT</u>⁽¹⁾	<u>Total Outstanding</u>	<u>Per Capita (Population of 558,545)</u>
Direct G.O. Debt	\$389,221,000	\$696.85
Overlapping Jurisdiction G.O. Debt	<u>1,309,520,000</u>	<u>2,344.52</u>
Total Direct and Overlapping G.O. Debt	<u>\$1,698,741,000</u>	<u>\$3,041.37</u>
SPECIAL TAX OBLIGATIONS		
State Gross Receipts/Lodgers' Tax/Hospitality Fee/Stadium ⁽²⁾ Bonds	\$250,315,000	\$448.16
TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS	<u>\$1,949,056,000</u>	<u>\$3,489.53</u>

(1) See table entitled "City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2019" under this caption.

(2) See table entitled "City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2019" 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, 2019

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions⁽¹⁾
Airport Refunding Revenue Bonds, Series 2008C ⁽²⁾	Refunding	\$21,290,000	\$970,000	FSA surety	7/1/18 @ 100% (Series C Bonds)
Airport Refunding Revenue Bonds, Series 2009A	Refunding	26,080,000	3,115,000	N/A	N/A
Airport Refunding Revenue Note, Series 2014A (AMT)	Refunding	16,795,000	<u>9,710,000</u>	N/A	4/1/21 @ 100%
Total Airport Revenue Bonds/Notes			<u>\$16,790,000</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) 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 fiscal 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⁽¹⁾

Fiscal Year	Series 2004A Bonds	Series 2008A Bonds	Series 2008C Bonds	Series 2009A Bonds	Series 2014A Note	Total Senior Parity Obligations
2019	\$1,835,735 ⁽²⁾	\$2,357,500 ⁽²⁾	\$546,113	\$3,195,075	\$2,010,015	\$9,944,438
2020	-	-	521,106	3,185,088	1,930,360	5,636,554
2021	-	-	490,500	-	1,846,680	2,337,180
2022	-	-	-	-	1,773,910	1,773,910
2023	-	-	-	-	1,706,855	1,706,855
2024	-	-	-	-	1,635,515	1,635,515
2025	-	-	-	-	1,560,020	1,560,020
Total	\$1,835,735	\$2,357,500	\$1,557,719	\$6,380,163	\$12,463,355	\$24,594,472

(1) Columns may not add to totals due to rounding.

(2) The Series 2004A Bonds and Series 2008A Bonds were paid in full on July 1, 2018.

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 2018 were \$59,252,908. The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$8,101,723 (occurring in calendar year 2018). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2018 (\$26,748,929) to such maximum estimated calendar year debt service requirements is 3.30x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations is \$10,222,791 (occurring in calendar year 2018). With respect to Test No. 2, the coverage ratio of the Net Revenues of the Airport for Fiscal Year 2018, plus investment income from debt service funds (which is not included in Test No. 1) (\$26,937,228) to such maximum estimated calendar year debt service requirements is 2.64x.

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Airport Revenues ⁽¹⁾	\$66,373	\$56,693	\$57,027	\$54,494	\$59,252
Less:					
Operation and Maintenance Expenses	\$29,825	\$30,495	\$29,670	\$30,802	\$32,503
Net Airport Revenues	\$36,548	\$26,198	\$27,357	\$23,692	\$26,748
Coverage Test One					
Senior Lien Debt Service Requirements	\$15,286	\$13,085	\$11,747	\$11,555	\$8,101
Test One debt coverage ratio (1.2x)	2.39	2.73	2.33	2.05	3.30
Coverage Test Two					
Interest income from Debt Service Funds	\$77	\$95	\$154	\$188	\$188
Net Airport Revenues plus interest income	\$36,625	\$35,803	\$27,512	\$23,880	\$26,937
Total Debt Service Requirements	\$24,315	\$14,233	\$13,920	\$13,683	\$10,222
Test Two debt service coverage ratio (1.1x) ⁽²⁾	1.51	2.52	1.98	1.75	2.64

(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. Certain 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.

Refuse Removal and Disposal System Revenues Bonds

Outstanding Refuse System Revenue Bonds. As of January 1, 2019, the City has no outstanding special limited obligations secured by net revenues of the City's refuse removal and disposal system.

Housing Obligations

Multifamily Revenue Bonds

On April 21, 2016, the City issued its Gross Receipts Tax Refunding Revenue Note (Beach, Bluewater and Manzano Vista Projects) Series 2016B (the “Series 2016B Note”) in the original principal amount of \$8,430,000. The Series 2016B Note consists of a single note maturing in 2030.

The Series 2016B Note 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 2016B Note. See “OTHER PROJECTS OF THE CITY - Housing Projects.”

A Project Revenue Stabilization Fund was established which, as of March 1, 2019, had a balance of \$501,844.58. Also in connection with the refunding, a Repair and Replacement Fund was established for the benefit of the three projects which, as of March 1, 2019, had a balance of \$501,750.60.

Fire Protection Fund

In 2010, the City entered into a loan agreement with the New Mexico Finance Authority (the “Finance Authority”) evidencing a special, limited obligation of the City in the original principal amount of \$1,441,625 for the purpose of designing, constructing, equipping and furnishing of Fire Station No. 7 within the City. The loan is payable from fire protection fund revenues distributed to the City. Annual revenue from the fire protection fund is approximately \$1,600,000 and annual debt service is approximately \$101,000. Pursuant to an intercept agreement with the Finance Authority, funds are collected at the beginning of each fiscal year to facilitate the annual payment.

As of January 1, 2019, the loan was outstanding in the amount of \$1,026,570 and matures in 2031.

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
Assured Guaranty Municipal Corp. (formerly Financial Security Assurance)	\$970,000	S & P: AA (stable) Moody's: A2 (stable)	Airport Refunding Revenue Bonds, Series 2008C ⁽²⁾

(1) To the City's knowledge as of March 1, 2019.

(2) 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
December 31, 2000	181.70
December 31, 2018	189.18

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

Year	City	Bernalillo County	Albuquerque MSA	State
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⁾	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⁾	551,742	669,295	896,818	2,077,756
2012 ⁽³⁾	554,621	672,685	900,781	2,083,784
2013 ⁽³⁾	556,495	674,460	902,911	2,085,193
2014 ⁽³⁾	557,169	674,829	903,658	2,083,024
2015 ⁽³⁾	559,121	674,959	905,174	2,080,328
2016 ⁽³⁾	559,277	676,953	909,906	2,081,015
2017 ⁽³⁾	558,545	676,773	910,276	2,088,070

(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 as of January 1, 2018.

Percent of Population By Age Group			
Age	City	State	United States
0-17	22.57%	23.60%	22.60%
18-24	9.05	9.72	9.67
25-34	14.96	13.26	13.44
35-44	13.46	11.95	12.62
45-54	12.10	11.67	12.88
55-64	12.38	12.98	12.93
65-74	9.14	10.13	9.37
75 and Older	6.33	6.70	6.49

Source: Claritas. © 2018 by Environics Analytics (EA).

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2008 to Fiscal Year 2017 declined at an average of 0.2% a year. From Fiscal Year 2008 to Fiscal Year 2012 approximately 27,700 jobs were lost. In the following five fiscal years (2013 through 2017) the economy added just over 19,000 jobs. While Albuquerque is now recovering from the recession, the recovery has been slower than the nation as a whole. Employment in the nation reached its pre-recession peak in June 2014, while Albuquerque is still about 2,000 jobs short of its pre-recession peak in Fiscal Year 2008. Albuquerque is expected to finally surpass the Fiscal Year 2008 pre-recession peak of 382,000 jobs in Fiscal Year 2020, at approximately 386,000 jobs.

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 and U.S. Bureau of Labor statistics. More detailed information on non-agricultural employment can be found below under “Historical Employment by Sector” in the table entitled “Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2009-2018”.

**Non-Agricultural Employment
(000s)**

Fiscal Year	<u>ALBUQUERQUE MSA</u>		<u>NEW MEXICO</u>		<u>UNITED STATES</u>	
	Employment	% Chg.	Employment	% Chg.	Employment	% Chg.
2009	389.0	(2.3)%	831.8	(1.8)%	134,374	(2.7)%
2010	375.7	(3.4)	805.4	(3.2)	130,173	(3.1)
2011	373.2	(0.6)	802.5	(0.4)	131,002	0.6
2012	370.2	(0.8)	801.6	0.1	133,093	1.6
2013	373.2	0.8	808.7	0.9	135,212	1.6
2014	375.3	0.6	813.3	0.6	137,563	1.7
2015	378.5	0.9	824.3	1.3	140,430	2.1
2016	383.0	1.2	827.2	0.4	143,134	1.9
2017	389.5	1.7	834.1	0.8	145,433	1.6
2018	401.0	3.0	855.7	2.6	150,270	3.3

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 (Seasonally Adjusted).

Civilian Employment/Unemployment Rates

Fiscal Year	Civilian Labor Force	Number Employed	<u>Unemployment Rates</u>		
			Albuquerque MSA	New Mexico	United States
2009	407,287	381,530	6.3%	6.2%	7.6%
2010	413,684	380,616	8.0	8.1	9.8
2011	423,100	390,421	7.7	7.7	9.3
2012	419,028	387,812	7.4	7.4	8.5
2013	417,158	388,285	6.9	6.9	7.8
2014	414,365	386,289	6.8	6.9	6.8
2015	415,144	388,916	6.3	6.5	5.7
2016	418,630	393,173	6.1	6.6	5.0
2017	425,362	399,443	5.7	6.2	4.7
2018	434,841	413,577	4.9	5.2	4.2

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 2018.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2018

Organization	Employees	Description
Albuquerque Public Schools	14,810	Public School District
Kirtland Air Force Base (Civilian)	10,125	Defense
Sandia National Labs	9,852	Research Development
Presbyterian	7,310	Healthcare
UNM Hospital	6,021	Healthcare
City of Albuquerque	5,500	Government
State of New Mexico	4,950	Government
University of New Mexico	4,210	Education
Lovelace Health Systems	4,000	Hospital/Medical Services
Bernalillo County	2,648	Government
Rio Rancho Public Schools	2,000	Education
Central New Mexico Community College	2,000	Education

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

Source: Albuquerque Economic Development, as of February 2019.

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 2009-2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2017 to</u> <u>2018</u>	<u>Annual</u> <u>Average</u> <u>Growth</u> <u>2009-2018</u>	<u>Sector Share</u> <u>2018</u>	
													<u>ABQ</u>	<u>U.S.</u>
Total Nonagricultural	388,950	375,650	373,233	370,167	373,183	375,342	378,533	383,008	389,467	404,100	3.8%	0.4%	100.0%	100.0%
Natural Resources/Mining/Constr.	26,050	22,592	21,075	19,467	19,525	20,017	20,467	20,417	21,758	24,900	14.4	-0.5	5.6	5.1
Manufacturing	20,250	17,517	17,650	17,775	17,617	16,925	16,433	16,175	15,567	15,900	2.1	-2.7	4.0	8.5
Trade Transportation and Utilities	66,017	62,792	62,292	61,883	62,250	63,083	63,600	63,883	64,500	64,700	0.3	-0.2	16.6	18.8
• Wholesale Trade	12,700	12,217	11,817	11,717	11,783	11,775	11,892	11,767	11,975	11,700	-2.3	-0.9	3.1	4.1
• Retail Trade	43,025	41,125	40,942	40,650	40,775	41,567	41,767	42,342	42,275	42,500	0.5	-0.1	10.9	10.9
• Transportation, Warehousing and Utilities	10,292	9,450	9,533	9,517	9,692	9,742	9,942	9,775	10,250	10,500	2.4	0.2	2.6	3.8
Information	9,308	9,158	8,808	8,208	8,417	7,833	7,983	8,417	8,008	7,600	-5.1	-2.2	2.1	1.9
Financial Activities	18,500	18,292	17,642	17,658	17,775	17,892	17,917	18,058	18,575	19,500	5.0	0.6	4.8	5.8
Professional and Business Services	63,658	59,008	58,308	56,800	56,875	57,225	57,017	57,733	57,758	64,600	11.8	0.2	14.8	14.1
Educational and Health Services	52,725	54,175	55,192	56,033	57,308	58,417	60,592	63,050	65,192	64,800	-0.6	2.3	16.7	15.7
Leisure and Hospitality	37,950	37,200	37,225	38,000	39,258	40,217	41,583	41,850	42,675	44,300	3.8	1.7	11.0	10.8
Other Services	12,292	11,817	11,842	11,817	11,775	11,692	11,667	11,725	11,917	11,900	-0.1	-0.4	3.1	3.9
Government	82,200	83,100	83,200	82,525	82,383	82,042	81,275	81,700	83,517	85,900	2.9	0.5	21.4	15.3
LOCAL GOVERNMENT	41,625	41,617	41,342	40,708	40,683	40,475	40,092	39,983	40,025	41,200	2.9	-0.1	10.3	9.9
STATE GOVERNMENT	25,658	25,850	26,083	26,342	26,800	27,233	26,967	27,533	28,992	30,300	4.5	1.9	7.4	3.5
FEDERAL GOVERNMENT	14,917	15,633	15,775	15,475	14,900	14,333	14,217	14,183	14,500	14,400	-0.7	-0.4	3.7	1.9

Source: Data provided by the New Mexico Department of Labor.

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 2018 (ending June 30, 2018) 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 quickly from the recession as the United States as a whole or the majority of other states or metropolitan areas. However, Fiscal Year 2018 marks Albuquerque sixth year of consecutive job growth; for Fiscal Year 2019 Albuquerque is less than 2,000 jobs below the pre-recession high and may exceed pre-recession levels by Fiscal Year 2020.

The unemployment rates in both Albuquerque and the State remained below the United States unemployment rate from Fiscal Years 2000 to 2013. In Fiscal Years 2014 through 2017 the rate in Albuquerque exceeded the U.S. rate. At the end of Fiscal Year 2018 Albuquerque's unemployment was 4.2%; New Mexico and United States unemployment rates were 4.9% and 4%, respectively. In Fiscal Year 2018, Albuquerque employment grew by a little over 3,000 jobs, or about 0.9% over Fiscal Year 2017; Fiscal Year 2019 growth is currently trending at 1.3%, and appearing more diffused than in the past, with nearly every sector experiencing some gains.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 16.6% of Albuquerque MSA employment. As a whole, employment in this sector decreased by an annual average decline of 0.8% from Fiscal Year 2008 to Fiscal Year 2018; however, the sector is seeing modest gains in Fiscal Year 2019. Retail trade is the largest employment sector in this grouping with 11.1% of total employment and a trend in employment that is similar to the entire group. Retail trade is an important sector for the City and makes up approximately 26% of gross receipts tax revenues.

Educational and Health Services. 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 2008 to Fiscal Year 2018, the average annual growth was 3%, with similar growth occurring in Fiscal Year 2019. The sector now makes up 16.7% of non-agricultural employment. Much of this growth initially was 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.

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 1.4% from Fiscal Year 2008 to Fiscal Year 2017. For Fiscal Year 2018, growth for Accommodation and Food Services was 1.4% while Arts, Entertainment and Recreation remained somewhat stagnant; however, both subsectors are expected to grow near 1.5% in Fiscal Year 2019, assisted by activity at a new Netflix production hub as well as operations by other film production companies. The sector comprises 11% of total non-agricultural employment. Gross Receipts tax revenues for this sector has increased in every fiscal year since 2011 making it one of the largest contributors to the growth in gross receipts tax.

Lodging accounts for approximately 10% of the total gross receipts tax revenues of this sector. 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 have generally increased between Fiscal Year 2013 and Fiscal Year 2018 with 7.2% growth in Fiscal Year 2018, having exceeded the pre-recession peak in Fiscal Year 2016.

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 2008 of 65,275 jobs, decreasing to 56,800 jobs in Fiscal Year 2012 and growing to 57,758 by Fiscal Year 2017. Much of the decrease between 2008 and 2012 was 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 National Labs remained about \$2.2 billion for Fiscal Years 2008 to 2010, and increased to approximately \$2.7 billion in the federal Fiscal Year 2014. There were some modest increases in Fiscal Years 2015, 2016 and 2017; job expansion at Sandia National Laboratories is expected to keep growth in this sector robust. The Sandia Science and Technology Park houses research facilities and/or manufacturing that benefit from the expertise available from Sandia.

Manufacturing. Manufacturing employment has declined substantially, with a loss of 7,000 from Fiscal Year 2008 to Fiscal Year 2018. While Fiscal Year 2018 experienced some modest gains, the outlook for this sector continues to be negative, with limited growth potential as manufacturers such as Flagship Food Group, Vitality Works and Amfabsteel, Inc. make plans to expand in the coming years.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline in employment of 2.5% from Fiscal Year 2008 to Fiscal Year 2018, in part due to closures of call centers for MCI, Comcast and QWEST (now Century Link). Currently this sector makes up 2.0% 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. From Fiscal Year 2008 to 2017 government employment (comprised of federal, state and local employees) has increased by 3,100 jobs. However, the sector lost approximately 1,500 jobs from Fiscal Years 2011 to 2016 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 8,900 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 decreased by approximately 1,275 jobs from Fiscal Year 2011 to Fiscal Year 2017. In Fiscal Year 2017 there was an increase of 317 federal jobs. State government employment increased 3,400 from Fiscal Year 2008 to 2017. The majority of these jobs are at the University of New Mexico and the University of New Mexico Hospital. Local government employment from Fiscal Year 2007 to Fiscal Year 2016 lost approximately 917 jobs after a rapid increase of 2,560 jobs in Fiscal Years 2007 to 2009. While government employment in Fiscal Year 2018 also declined, Fiscal Year 2019 is showing modest improvement, with the exception of federal government, which maintains in negative territory. Local government includes 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 the 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. Kirtland Air Force Base has approximately 6,000 civilian employees. The University of New Mexico's Bureau of Business and Economic Research estimated that total military employment in the Albuquerque MSA declined about 90 jobs between Fiscal Years 2008 and 2018. The general downtrend of military jobs reflects in part 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 4.8% of the non-agricultural employment in the City. Employment in this sector experienced 0.8% average annual decline from Fiscal Year 2008 to Fiscal Year 2017. From Fiscal Year 2007 to Fiscal Year 2012 the sector lost approximately 1,725 jobs. The job losses resulted primarily from the slowdown in the real estate market and the problems and consolidation of the financial sector in general. In Fiscal Year 2013 through 2018 the sector posted gains as real estate and banking improved by adding 1,664 jobs.

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 31,375, a new maximum for this sector. Employment fell steadily and in Fiscal Year 2012 employment was at 19,886 jobs. In Fiscal Year 2018, the sector grew to 23,406 jobs, while improving, still far below pre-recession levels; this is directly related to the slowdown in single family and commercial construction.

Between Fiscal Years 2003 through 2005, construction of single-family housing units peaked in the City with an annual average of 5,000 single-family housing permits. Single family permits began declining in 2006 and fell to only 436 permits in Fiscal Year 2009. Single family permits have generally increased since 2009 and reached 971 in Fiscal Year 2017 and 1,331 units in Fiscal Year 2018. The value of new commercial permits declined from Fiscal Years 2008 to 2010 but since then has generally showed increases through Fiscal Year 2017; however, commercial permits declined again in Fiscal Year 2018. Total permit values have generally maintained an upward trend since Fiscal Year 2011. Additions and alterations showed strong growth with Fiscal Year 2017 being one of the highest totals in the past twenty years largely due to public projects. Fiscal Year 2017 showed a large increase in total value of permits. Commercial construction and additions and alternations values were both at historical highs.

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
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
2014	841	163,980,975	898	81,296,532	152	103,214,914	7	16,859,014	198,430,162	563,781,597
2015	871	167,352,011	449	39,390,742	112	116,776,561	10	17,257,410	165,159,484	505,936,208
2016	915	184,770,209	567	43,676,768	88	119,913,663	13	27,886,373	230,591,376	606,838,389
2017	971	183,587,235	984	60,907,961	132	242,802,744	9	25,894,927	298,194,709	811,387,576
2018	1,331	255,446,287	148	13,335,366	105	68,312,826	12	8,325,621	195,051,789	532,146,267
Growth 2017 to 2018	37.1%	39.1%	-85.0%	-78.1%	-20.5%	-71.9%	33.3%	-67.8%	-34.6%	-34.4%

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
2011-2018 Housing Units Added (permitted)	11,544	7,442	4,102	N/A
Estimated Units as of July 2018	250,710	169,943	70,941	9,826

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

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
2008	\$ 34,931	\$33,355	\$40,904
2009	34,349	32,737	39,284
2010	34,443	33,547	40,545
2011	35,656	35,048	42,727
2012	36,015	35,796	44,582
2013	35,465	35,204	44,826
2014	37,569	37,321	47,025
2015	38,988	38,397	48,940
2016	40,287	38,929	49,831
2017	40,856	39,811	51,640

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

The following table reflects the Percent of Households by Effective Buying Income Groups (“EBI”). EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of “in kind” income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

**Percent of Households by
Effective Buying Income Groups**

2018 Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under \$25,000	\$ 34,931	\$33,355	\$40,904
\$25,000 - \$34,999	34,349	32,737	39,284
\$35,000 - \$49,999	34,443	33,547	40,545
\$50,000 - \$74,999	35,656	35,048	42,727
Over \$75,000	36,015	35,796	44,582
2015 Est. Median Household Income	35,465	35,204	44,826
2016 Est. Median Household Income	37,569	37,321	47,025
2017 Est. Median Household Income	38,988	38,397	48,940
2018 Est. Median Household Income	40,287	38,929	49,831
2019 Est. Median Household Income	40,856	39,811	51,640

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

FINANCIAL INFORMATION

General

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 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 Revenue Projections

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 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 2018, the approved Fiscal Year 2019 budget and Five- Year-Forecast for Fiscal Year 2019.

Fiscal Year 2018 Approved Budget, Revised Estimates and Actual (Revenues)

This section describes the Fiscal Year 2018 approved budget for revenues and the actual audited revenues.

The approved Fiscal Year 2018 budget for revenues was \$530.9 million, an increase of \$19.7 million or 3.9% above actual revenues for Fiscal Year 2017. The estimated actual revenues for Fiscal Year 2018 were \$519.4 million, \$11.5 million below the original budget, mostly due to volatility in hold harmless distributions and a shortfall in projected gross receipts tax. Strengths in Fiscal Year 2018 were mostly in property taxes and modest improvement in building permits. Estimated actual recurring revenues were \$12.4 million below the original budget that included an additional \$3.7 million in non-recurring revenue.

Gross Receipts Taxes. The recurring gross receipts tax revenues for the approved Fiscal Year 2018 budget were expected to increase 3.0% over Fiscal Year 2017 estimated revenue. The increase was based on expected economic growth, but tempered by the third year of reductions in the food and medical hold harmless distribution estimated at \$3.6 million. The revised estimate for Fiscal Year 2018 recurring gross receipt taxes was 1.7% growth above the Fiscal Year 2017 level. However, as of the 2019 Five Year Forecast, estimated actual recurring gross receipts were \$8.2 million above the revised estimate. It is estimated that \$6.9 million of this is one-time revenue; of this, \$3.6 million is associated with food hold harmless distributions and \$1.5 million is due to a large distribution in the Finance and Insurance sector. Recurring growth in Fiscal Year 2018 was 3%, somewhat above the revised estimate of 1.7%.

Property Tax Revenues. Fiscal Year 2018 revenues were expected to increase only 1.5 % due to the limitation of yield control and expected continuation of weakness in non-residential property value. The actual revenues were \$328.7 thousand below the expected revenue, primarily due to a reduction in delinquent taxes. Franchise revenues in Fiscal Year 2018 were expected to decrease 2.4%, due in part to a shortfall in electricity partially offset by new rates allowed by the Public Regulatory Commission. Actual revenues for the electric and natural gas franchises were \$567

thousand and \$148 thousand below estimate due to a decline in fuel costs and a renegotiated coal contract. The Cable TV and telephone franchise revenues were also below estimates.

Licenses and Permits. Building permits were expected to grow 13% above Fiscal Year 2017, continuing relatively strong growth. Actual building permit revenues decreased 22%, or \$1.9 million below the estimate, largely due to Albuquerque Public Schools moving their permitting process to the State.

Charges for Services. Charges for services were expected to grow 6.9% in Fiscal Year 2018 but were revised down to account for Fiscal Year 2017 actual revenues, delays in the completion of new BioPark animal exhibits and the loss of charges for services as Bernalillo County completed its own facility for housing animals. The actual increase was \$576 thousand, or 2%, over the Fiscal Year 2018 estimate.

Other Transfers. Transfers from other funds increased by \$236 thousand. Interfund transfers for Fiscal Year 2018 included a one-time transfer from the Lodgers' Tax Fund of \$106 thousand for the 2019 National Senior Games to be held in Albuquerque. Additional one-time funding in Fiscal Year 2018 includes \$422 thousand from the Lodgers' Tax Fund and \$211 thousand from the Hospitality Fund

Fiscal Year 2019 Approved Budget (Revenues)

This section describes the projected Fiscal Year 2019 revenues for the budget that was approved in May of 2018. Fiscal Year 2019 revenues are estimated to be \$584.6 million or 11.3% above the Fiscal Year 2018 estimated actual. This budget also includes \$3.0 million in one-time revenue due to the next increased reduction in the hold harmless distributions in Fiscal Year 2019. The gross receipts tax base is expected to increase 2.3%, limited by the reduction in the hold harmless distributions.

Gross Receipts Taxes. Gross receipt tax revenues in Fiscal Year 2019 were expected to increase by 2.2% net of reductions in hold harmless distributions; however, an additional 3/8th hold harmless tax increment, effective July 1, 2018, boosts recurring growth to 17.3% with an expected increase of \$49.6 million.. In the first six months of Fiscal Year 2019 gross receipts tax receipts, as measured by the 1% distribution, are 2.8% above the same period in Fiscal Year 2018; the monthly year-over-year growth has varied between a 2.1% decrease and a 19.2% increase. In Fiscal Year 2019, deductions for the Tax Increment Development Districts are expected to be postponed into the future, with the first reduction taking place in Fiscal Year 2021.

Property Tax Revenues. Fiscal Year 2018 property tax revenues are increased slightly from the Fiscal Year 2019 budgeted level to 1.5%, based on a reduction in Fiscal Year 2018 revenues offset by an increase in the final assessed value of properties from the Bernalillo County Treasurer and a reduction for the Mesa del Sol Tax increment Development District. Yield control is limited in Fiscal Year 2019 due to a higher level of inflation; somewhat higher rates of inflation make yield control less of an issue going forward.

Licenses and Permits. Building permits are expected to grow 5.0% above the Fiscal Year 2018 estimate, continuing modest growth, recovering somewhat from declines in Fiscal Year 2018 reflecting

reductions in commercial construction. Fiscal Year 2018 showed a decline from Fiscal Year 2017 due to Albuquerque Public Schools moving their permitting process to the State. Other permits including business registration and restaurant inspections are expected to grow 3.0%.

Charges for Services. Charges for services are expected to increase \$1.4 million, or 5.9%, in Fiscal Year 2019 above the estimate for Fiscal Year 2018 due in part to increases in admission fees at museums, new adult membership fees at community centers, increased fees at senior centers, and some increases in planning fees. BioPark admissions are expected to increase \$700 thousand with fewer construction obstacles and a full year of a new exhibit for otters and the new penguin exhibit opening in Fiscal Year 2019.

Other Transfers. Transfers for Fiscal Year 2019 included a one-time transfer from the Lodgers' Tax Fund of \$622 thousand and the Hospitality Tax Fund of \$60 for the National Senior Games to be held in Albuquerque in 2019. Also included is a transfer for City Council Projects Capital Funds for \$57 thousand. The Lodgers' and Hospitality fund transfers are for the 2019 National Senior Games. There is also a \$362 thousand reduction in transfers from the Law Enforcement Protection fund to account for changes in forfeiture laws.

Fiscal Year 2019 Approved Budget (Expenditures)

The approved General Fund expenditures budget for Fiscal Year 2019 is \$582.6 million which reflects a 9.7% increase over the original Fiscal Year 2018 budget of \$530.9 million. The significant increase is due to a new 3/8th Gross Receipts Tax increase that took place effective July 1, 2018. The increase is projected to generate an additional \$49.6 million in Fiscal Year 2019, 60% of which is statutorily required to be spent on public safety. The Fiscal Year 2019 budget represents a \$63.2 million or 12.2% increase over the revised budget that included mid-year reductions due to slower than expected growth and erratic hold harmless distributions. Nevertheless, unaudited actual Fiscal Year 2018 revenue increased 4%, 2.3% higher than expected, much of which was one-time revenue associated with the hold harmless distribution and a large non-current adjustment in the Finance sector; the Fiscal Year 2019 budget includes \$4.5 million in non-recurring appropriations. Growth in appropriations is largely tied to new public safety initiatives and the correction of a \$25 million structural deficit paid from the 3/8 cent Gross Receipts Tax increase authorized by the Council in March 2018.

Significant non-recurring appropriations include \$4 million for police vehicle replacement, \$2 million for operating expenses associated with the National Senior Games to be held in Albuquerque in July 2019, Cultural Services for a myriad of special events, and Family and Community Services for social service contracts for a total of \$9.2 million in non-recurring appropriations.

Notable recurring cost increases for Fiscal Year 2019 include over \$13 million in Albuquerque Police Department funding for new 911 operators and supervisors, CASA positions, Property Crime Technicians, Crime Lab positions, vehicles, and contract funding for testing of backlogged DNA and fingerprint kits. Funding of over \$3 million is included in Albuquerque Fire Rescue for the addition of three new Emergency Medical/Basic Medical Units. Nearly \$1 million in new money is included in Family & Community Services, Cultural Services, and Parks for new or expanded youth programs aimed at keeping an additional ten thousand school-aged kids occupied in sports, activities, and clubs during non-school hours.

The Fiscal Year 2019 budget includes some CIP-coming-on-line funding including kennels at Animal Welfare, Los Altos Swimming Pool, Palo Duro Fitness Center, North Domingo Baca Gym, and the Penguin and Otter exhibits at the BioPark.

The Fiscal Year 2019 budget includes funding for the equivalent of a 2% pay increase for most full-time employees. Some bargaining units are funded for higher percentage increases, subject to negotiations.

AGGREGATE COMPARISON OF GENERAL FUND RECURRING/NON-RECURRING
in (\$000's)

			Change Original FY/18 & Est. FY/18	% Change Est. FY/18 to Original FY/18	Approved Budget FY/19	% Change Original FY/18 & Appvd. FY/19	% Change Est. FY/18 & Appvd. FY/19
(\$000's)	Original Budget FY/18	Estimated Actual FY/18					
Revenue:							
Recurring	\$528,119	\$515,700	(\$12,419)	-2.35%	\$578,132	9.47%	12.11%
Non-recurring	\$2,796	\$3,702	\$906	32.4%	\$4,466	59.73%	20.64%
TOTAL	\$530,915	\$519,402	(\$11,513)	-2.17%	\$582,598	9.73%	12.17%
Appropriations:							
Recurring	\$522,194	\$518,194	(\$4,000)	-0.77%	\$567,498	8.68%	9.52%
Non-recurring	\$7,979	\$13,603	\$5,624	70.49%	\$9,221	15.25%	-32.40%
TOTAL	\$530,173	\$531,797	\$1,624	0.31%	\$576,719	8.78%	8.45%
Less: recurring held in reserve					(\$2,432)		
Recurring Balance					\$8,202		

Five-Year Forecast Fiscal Year 2019

The Five-Year Forecast was submitted to City Council in December 2018. It provides a re-estimate of Fiscal Year 2019 data, including updates based on the most recent information available. Revenues for Fiscal Year 2019 are estimated at \$584.6 million or \$2 million above the Fiscal Year 2019 approved budget. In Fiscal Year 2019 growth is expected to increase, but limited to 2.2%, net of the loss of an additional \$2.3 million in hold harmless distributions and other items.

The revised expenses for Fiscal Year 2019 are estimated to be \$591.6 million or \$14.9 million above the approved budget, including subsequent appropriations by City Council including \$2.9 million in re-appropriated encumbrances from Fiscal Year 2018. It also includes an appropriation of \$1 million for the Office of the City Clerk for a special election on a Charter Amendment, and \$289 thousand to opt in with the State to run current and future municipal elections including run-off election and funding for a new IPRA unit. The revised Fiscal Year 2019 budget also includes \$1 million for extended services and hours at the Winter Emergency Shelter.

City's February 2018 Budget Deficit Report

In December 2017, Mayor Tim Keller created an initiative that directed members of his administration to work with financial experts in the City to address the structural deficit projected in the Five-Year Forecast and various other anticipated financial issues. An initial report on the results of the initiative was released in February 2018 (the "February 2018 Budget Deficit Report"). In

particular, the 2018 Budget Deficit Report identified (1) a \$25 million structural deficit over the five-year period resulting from slow economic growth, loss of hold-harmless tax revenues and the trend toward on-line purchasing; (2) a \$15 million increase in recurring costs attributable to costs of medical insurance, water costs, additional contributions to risk management fund and compliance with a settlement agreement; (3) an \$88 million increase over the five-year period in additional costs which would be necessary if the City adds 100 new police officers per year; (4) a \$21 million increase in one-time and short-term costs to address the equipment and technological needs of the City's first responders; and (5) a \$5.2 million recurring increase in costs if the City decides to improve public safety through advances in technology and initiatives that address the systemic pressures on first responders.

On March 5, 2018, the City Council approved an ordinance imposing a 0.375% gross receipts tax increase and directed that at least 60% of the proceeds of such increase be used for public safety purposes during Fiscal Years 2019 and 2020. The increase became effective July 1, 2018. The starting base for Fiscal Year 2019 is now modestly higher, with the economy showing some strength and Gross Receipts Tax distributions in the last quarter of Fiscal Year 2018 and the first two quarters of Fiscal Year 2019 improving. The Gross Receipts Tax base is forecasted to increase 2.2% in Fiscal Year 2019, not including the new 3/8th tax. The Fiscal Year 2019 base will be increased to reflect \$2.1 million in recurring Gross Receipts Tax revenue above the estimated actual. The new 3/8th hold harmless tax increase is expected to add additional revenue of \$49.6 million in Fiscal Year 2019 for 11 months of receipts.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2014-2018 and the approved budget for Fiscal Year 2019.

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Approved Budget 2019
REVENUES						
Taxes:						
Property Tax	\$78,282	\$79,233	\$81,246	\$81,798	\$83,268	\$84,885
Gross Receipts Tax	120,695	125,628	127,451	128,664	134,477	183,681
Other Taxes	19,764	19,397	17,541	19,857	18,429	19,609
Water Authority PILOT/ Franchise	5,513	7,065	7,338	7,576	7,983	7,890
Payment in lieu of taxes	1,714	1,847	1,885	1,973	1,905	--
Total Taxes	225,968	233,170	235,461	239,867	246,062	296,065
Licenses & Permits	11,705	11,307	11,899	13,049	11,544	12,028
Intergovernmental Revenue:						
State and Federal Grants	55	--	--	--	--	--
State-Shared Revenue:						
Gross Receipts Tax	182,859	190,912	192,660	195,792	203,772	203,111
Other State-Shared	4,516	4,062	4,461	4,620	4,471	4,646
County	238	264	278	267	282	282
Total Intergovernmental Revenue	187,667	195,239	197,399	200,679	208,525	208,039
Charges for Services	46,036	45,848	47,348	49,969	50,906	56,029
Miscellaneous	2,235	1,648	3,991	3,926	3,438	4,764
Other Transfers	4,319	2,624	3,790	3,689	3,678	5,678
TOTAL REVENUES	477,930	489,836	499,887	511,179	524,153	582,603
Beginning Fund Balance	58,339	63,444	63,309	59,953	57,171	57,171
TOTAL RESOURCES	536,269	553,280	563,196	571,131	581,324	639,774
EXPENDITURES						
General government	64,215	66,072	69,495	67,051	68,193	76,223
Public safety	217,958	229,495	232,902	243,384	251,072	275,658
Cultural and recreation	71,129	70,082	72,350	73,991	76,858	87,061
Municipal Development (Public Works and Streets)	24,110	29,477	28,919	30,020	29,025	30,408
Health	15,951	16,340	17,732	17,487	16,761	19,150
Human services	29,346	31,397	32,438	34,383	37,304	28,021
Other transfers out	50,118	47,108	49,408	47,646	47,192	60,919
TOTAL EXPENDITURES	472,826	489,971	503,242	513,961	526,405	577,440
ENDING FUND BALANCE	63,443	63,309	59,953	57,171	54,919	62,334
TOTAL ADJUSTMENTS	(3,249)	(3,470)	(4,142)	(1,820)	380	
Reserves	44,935	42,842	43,881	45,303	48,302	44,233
AVAILABLE FUND BALANCE	15,259	16,997	11,930	10,048	6,997	18,101
Ending fund balance as percent of total expenditure	13.4%	12.9%	11.9%	11.1%	1.3%	3.1%
Recurring revenues	471,811	484,920	496,160	506,601	528,119	578,132
Recurring expenditures	455,670	465,657	486,388	495,222	522,194	582,598

Sources: City of Albuquerque Comprehensive Annual Financial Reports; City of Albuquerque, Department of Finance and Administrative Services.

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 hold-harmless distribution 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 tax revenues, 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, 2018 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 but has declined to impose this tax. The City also has authority to impose a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes and has imposed 0.1250% of such authorization. Also, under legislation passed in the 2013 State legislative session, the City is authorized to impose up to 0.375% in gross receipts taxes related to the reduction in hold-harmless payments from the State. On March 5, 2018, the City Council approved an ordinance imposing such 0.375% increase. The increase became effective July 1, 2018.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2018, 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. 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 New Mexico Supreme Court affirmed this decision on June 30, 2014. To the extent that judicial or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property.

Rates

The total rates for City property taxes in effect for Tax Year 2018 (Fiscal Year 2019) 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 2018 (Fiscal Year 2019) 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⁾			
Residential	12.000 mills ⁽²⁾	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, 2019

	<u>CURRENTLY OUTSTANDING</u>
GENERAL OBLIGATION BONDS:	
General Purpose G.O. Bonds (Subject to 4% debt limitation)	\$359,605,000
Storm Sewer G.O. Bonds (Secured by Ad Valorem taxes)	<u>29,616,000</u>
TOTAL GENERAL OBLIGATION BONDS	<u>\$389,221,000</u>
REVENUE BONDS:	
State Shared GRT/Lodgers/Hospitality/Stadium	250,315,000
Airport Revenue	14,290,000
Fire Protection Fund	<u>1,026,570</u>
TOTAL REVENUE BONDS	<u>\$265,631,570</u>
TOTAL G.O. AND REVENUE BONDS	<u>\$654,852,570</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
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
2014	11,449,353,201	384,857,648	394,383,841	12,228,594,690	2.19
2015	11,639,318,991	367,466,788	407,355,017	12,414,140,796	1.52
2016	12,016,112,244	369,769,055	423,958,000	12,809,839,299	3.19
2017	12,424,132,418	379,318,637	447,691,027	13,251,142,082	3.45
2018	12,855,742,608	352,538,269	457,742,580	13,666,023,452	3.13

(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.

Principal Ad Valorem Taxpayers for Tax Year 2018 (Fiscal Year 2019)⁽¹⁾

Name of Taxpayer	Taxable Value⁽²⁾ 2018 Assessed	Percentage of Total City Assessed Valuation
Public Service Co. of New Mexico	\$179,787,484	1.06%
Gas Company of New Mexico	44,725,955	0.26
Comcast	35,469,693	0.21
Qwest Communications	26,508,315	0.16
Verizon	23,427,525	0.14
Southwest Airlines	18,130,563	0.11
AT&T	16,011,560	0.09
BN&SF	15,262,868	0.09
GCC Rio Grande	11,294,776	0.07
T-Mobile	<u>8,649,983</u>	<u>0.05</u>
Top Ten Centrally and Locally Assessed Values	<u>\$379,268,722</u>	<u>2.25%</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, 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 2018 represents only 2.25% of the total net taxable value of the City for 2018. 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
2009	\$128,698,136	\$122,483,590	95.17%	\$3,188,928	\$125,672,518	97.65%	\$89,078,618	69.4%
2010	137,620,118	128,323,241	93.24	4,025,478	132,348,719	96.17	59,720,924 ⁽²⁾	43.4
2011	136,017,057	128,514,760	94.48	4,454,464	132,969,224	97.76	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
2014	137,860,639	133,570,662	96.89	4,407,888	137,978,550	100.09	59,696,156	43.3
2015	140,181,218	135,987,851	97.01	4,014,171	140,002,022	99.87	59,021,550	42.1
2016	142,214,748	138,314,977	97.26	5,303,082	143,618,059	100.99	62,371,854	43.9
2017	145,255,034	141,457,590	97.39	4,182,399	145,639,989	100.27	63,842,388	44.0
2018	149,392,706	145,301,500	97.26	3,720,566	149,022,066	99.75	65,151,152	43.6

(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: Bernalillo County Treasurer's Office.

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
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	0.934	6.400	4.368
2013	43.089	11.520	9.082	1.360	10.652	3.402	0.935	6.400	4.313
2014	44.232	11.520	9.511	1.360	10.653	3.435	0.935	6.400	4.325
2015	44.185	11.483	9.461	1.360	10.729	3.423	0.932	6.357	4.536
2016	44.357	11.482	9.626	1.360	10.724	3.425	0.929	6.351	4.750
2017	44.378	11.366	9.480	1.360	10.687	3.832	0.924	6.249	4.980
2018	44.357	11.291	9.383	1.360	10.667	3.841	0.921	6.400	4.980

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, (the “State Gross Receipts Tax”) which is currently levied by the State for the privilege of doing business in the State and is collected by the Taxation and Revenue Department (the “Department”). The State Gross Receipts Tax is currently 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 cents are remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed in the City effective on July 1, 2018 is 7.875%.

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 the value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing or licensing property employed in the State, from granting a right to use a franchise employed in the State, from selling services performed outside the State, the product of which is initially used in the State or from performing services in the State. The definition of gross receipts principally excludes cash discounts allowed and taken, governmental gross receipts tax, leased vehicle gross receipts tax, local option gross receipts tax and Indian nation sales taxes payable on transactions for the reporting period, any type of time-price differential, amounts received solely on behalf of another in a disclosed agency capacity and amounts received by a New Mexico florist from the sale of flowers under certain circumstances. Unlike most other states, the State taxes sales and services, including legal services, utilities and certain medical services. The tax rate for construction businesses is determined by the location of each construction project. The tax rate for utilities is determined by the location of the meter used to record the amount of service consumed by the customer or the location of the telephone set. For cellular service, it is the location of the customer’s place of primary use

Exemptions. Some activities and industries are exempt from the Gross Receipts Tax Act, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations, certain paid but unrefunded receipts from sales of gasoline or alternative fuel, and receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends and interest, receipts from the sale or leasing of natural gas, oil or mineral interests. Various deductions are 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 the sale of certain construction services, receipts from processing certain agricultural products, receipts from certain publication sales, and certain receipts from interstate commerce transactions. Deductions include sales or leases to manufacturing entities, entities intending to resell or lease, sales or leases to those in construction, prescription drugs, certain hospital receipts, sales of food, Medicare payments and certain software development services. There are numerous exemptions and deductions from gross receipts taxation. However, the

general presumption is that all receipts of a person engaging in business are subject to the Gross Receipts Tax Act.

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 Department (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 60 months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 15.0% per year, compiled on a daily basis, until paid, without regard to any installment agreement. However, if the State Gross Receipts Tax is paid within ten 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⁾
2014	\$179,377,813
2015	186,074,619
2016	190,154,484
2017	192,979,609
2018	200,859,670
2019 ⁽²⁾	119,151,025

- (1) In the 2013 legislative session, legislation was adopted that begins reductions in Fiscal Year 2016 of 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 legislation also authorizes additional local option tax authority for municipalities if they choose to enact them. The City does not currently have plans to impose any of this additional taxing authority. This legislation will negatively impact the City's gross receipts tax revenues in the future.
- (2) Reflects seven months of receipts accrued through January 2019.

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

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-18 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 and a 0.1250% gross receipts tax for capital outlay purposes. On March 5, 2018, the City Council approved an ordinance imposing a 0.375% gross receipts tax increase which became effective July 1, 2018. 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 0.125% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, with a positive referendum; a 0.25% quality of

life gross receipts tax; and a 0.0625% municipal environmental services gross receipts tax without a referendum.

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. On December 19, 2013, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2013 which was retired on December 20, 2013. On December 16, 2014, District No. 1 issued its Taxable Short-Term Tax Bond, Series 2014 which was retired on December 17, 2014. The Districts’ obligations are not the obligations of the City.

On October 6, 2008, the City formed tax increment development districts for Winrock Town Center. The Winrock Town Center Tax Increment Development District 1 (“Winrock District 1”) and the Winrock Town Center Tax Increment Development District 2 (collectively, the “Winrock Districts”) continue in existence. The City dedicated 70% of certain local option gross receipts tax increments and 75% of property tax increment generated within the Winrock Districts. On July 8, 2015, Winrock District 1 issued its Senior Lien Gross Receipts Tax Increment Bonds, Series 2015 in the aggregate principal amount of \$43,325,000. The tax increment revenues that the City dedicated to the Winrock Districts are pledged to such tax increment revenue bonds that are financing 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
2014	\$156,085,343
2015	163,868,507
2016	164,817,850
2017	185,489,248
2018	194,878,184

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

Taxing Authority and Payments

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

Fiscal Year 2018 Gross Receipts Tax Rate
(as of January 1, 2019)

Type of Tax & Purpose	Percentage Imposed
Municipal GRT	1.0000%
Municipal Infrastructure GRT	0.0625
Municipal Capital Outlay GRT	0.1250
Municipal Hold-Harmless	0.3750
Bernalillo County GRT	1.1875
State-Shared GRT	1.2250
State GRT	<u>3.9000</u>
Total	7.875%

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 2019 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2019)**

Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	Unused Authority
Municipal GRT			
General Purposes	0.5000%	0.5000%	0.0000%
Basic Services	0.5000%	0.0000%	0.5000%
Transportation	0.2500%	0.2500%	0.0000%
Public Safety	<u>0.2500%</u>	<u>0.2500%</u>	<u>0.0000%</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%	0.1250%	0.1250%
Quality of Life GRT	0.2500%	0.0000%	0.2500%
Hold Harmless GRT	0.3750%	0.3750%	0.0000%
<i>Total Other GRT</i>	<u>1.1875%</u>	<u>0.1875%</u>	<u>1.0000%</u>
Total Impositions by the City		<u>1.5625%</u>	
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.7874%</u>	

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 Fiscal Year 2008.

CITY OF ALBUQUERQUE
Taxable Gross Receipts by Sector and Total Gross Receipts⁽¹⁾
Fiscal Years 2009-2018 (\$000,000)

Category ⁽²⁾	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Share of	
											2009	2018
Accommodation and Food Services	\$1,206	\$1,204	\$1,267	\$1,309	\$1,310	\$1,341	\$1,431	\$1,519	\$1,530	\$1,606	9.3%	10.6%
Admin and Support	127	143	141	129	151	150	171	233	236	302	1	2
Agriculture	7	4	4	4	5	7	9	14	19	26	0.1	0.2
Arts Entertainment and Recreation	78	80	86	91	88	98	112	122	148	156	0.6	1
Construction	1,446	1,080	1,014	1,008	1,080	1,122	1,154	1,214	1,398	1,620	11.1	10.7
Educational Services	91	112	143	123	99	111	103	90	88	83	0.7	0.5
Finance and Insurance	126	108	104	107	115	120	119	123	140	309	1	2
Health Care	703	721	746	768	799	823	938	1,006	1,058	1,237	5.4	8.2
Information and Cultural Industries	375	509	596	777	759	767	797	771	791	797	2.9	5.3
Management of Companies	17	17	15	10	20	23	24	(15)	20	16	0.1	0.1
Manufacturing	264	218	262	283	289	333	350	335	334	305	2	2
Mining	0	(0)	1	1	1	5	8	7	8	5	0	0
Other Services	1,624	1,355	1,421	1,299	1,414	1,400	1,374	1,390	1,350	1,364	12.5	9
Professional Scientific and Technical Services	1,511	1,381	1,497	1,462	1,452	1,487	1,547	1,636	1,649	1,624	11.6	10.7
Public Administration	2	1	1	0	0	2	2	1	2	2	0	0
Real Estate & Leasing	186	177	194	232	249	276	310	384	350	314	1.4	2.1
Retail Trade	4,005	3,884	3,833	3,950	4,023	3,966	4,040	4,125	4,164	4,144	30.8	27.4
Transportation and Warehousing	99	104	107	119	114	110	115	102	107	120	0.8	0.8
Unclassified Establishments	97	67	47	39	51	93	138	106	122	85	0.7	0.6
Utilities	460	450	520	550	570	567	564	525	517	532	3.5	3.5
Wholesale Trade	<u>557</u>	<u>484</u>	<u>469</u>	<u>384</u>	<u>386</u>	<u>372</u>	<u>384</u>	<u>380</u>	<u>395</u>	<u>466</u>	<u>4.3</u>	<u>3.1</u>
Total Taxable Gross Receipts ⁽³⁾	12,983	12,107	12,474	12,656	12,993	13,195	13,689	14,066	14,430	15,113	100%	100%
Food - Hold harmless Distribution	1,019	977	1,014	1,049	1,060	1,098	1,129	1,115	1,156	1,371		
Medical -Hold harmless Distribution	<u>523</u>	<u>470</u>	<u>496</u>	<u>551</u>	<u>514</u>	<u>484</u>	<u>452</u>	<u>446</u>	<u>459</u>	<u>339</u>		
Total Taxable Gross Receipts base ⁽³⁾	14,524	13,548	13,977	14,245	14,550	14,756	15,271	\$15,627	\$16,045	\$16,823		
Total Gross Receipts	\$26,457	\$24,728	\$25,825	\$26,327	\$26,801	\$27,316	\$26,170	\$28,165	\$28,847	\$30,590		

(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) North American Industrial Classifications System (NAICS) with exception of Food and Medical Hold Harmless.

(3) May not total due to rounding.

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

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 2009-2018.

CITY OF ALBUQUERQUE Historical State Gasoline Tax Receipts

Fiscal Year	State Gasoline Tax Receipts
2009	\$5,177,825
2010	4,973,555
2011	4,765,348
2012	4,287,335
2013	4,835,671
2014	4,446,255
2015	4,605,282
2016	4,835,201
2017	4,402,551
2018	4,810,917

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
2015	\$228,461,360	\$11,423,068	\$2,275,003
2016	237,347,900	11,867,395	2,373,479
2017	244,545,088	12,227,254	2,445,451
2018	234,514,040	12,177,552	2,435,509
2019	261,278,740	13,063,937	2,612,720

(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.

The following table sets forth estimated spending and future confirmed convention bookings in the City by number of individuals and room nights for Fiscal Years 2016-2020. While the numbers of future delegates and room nights are estimates based on historical convention history and therefore may be variable within a particular booking, cancellation of such confirmed future bookings is unlikely.

**Confirmed Convention Center Bookings
Fiscal Years 2016-2020⁽¹⁾**

Fiscal Year	Direct Spending	Attendance	Room Nights
2016	\$29,652,882	49,993	61,904
2017	20,473,600	45,010	46,768
2018	21,699,079	39,432	43,695
2019	43,610,878	72,604	78,324
2020	29,309,308	52,189	50,408

(1) Represents all Convention Center meetings/conventions and sporting events as of March 8, 2019.

Sources: Visit Albuquerque.

Employee Contracts

There were 6,064 full-time employment positions budgeted by the City for Fiscal Year 2019. Approximately 81% of City employees are affected by union contracts. There are eight 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); Transit 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; Prisoner Transport Officers; and Management Union (A.F.S.C.M.E. Local 3022, AFL-CIO). All collective bargaining agreements are current at this time.

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. The Plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. As required by State law, eligible employees are required to contribute between 7.74% and 18.15% of their gross salary, depending on the specific plan type, and the City is required to contribute between 7.40% and 21.65% of eligible employees' gross covered salary, depending on the specific plan type. The City's required contributions to PERA for the years ending June 30, 2018, 2017 and 2016 were \$36,278,146, \$35,376,597 and \$33,311,341, respectively, which equal the legally required contributions for each year. 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, 2018, 2017 and 2016 were \$64,913,483, \$63,864,670 and \$60,217,368, respectively. 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. As of June 30, 2018, the City reported a net pension liability of \$603,228,206 for its proportionate share of the net pension liability.

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, 2018 (in thousands)**

Membership ⁽¹⁾	105,925
Actuarial Information	
Accrued Liability ⁽²⁾	\$21,313,451
Actuarial Value of Assets ⁽³⁾	\$15,252,860
Unfunded Actuarial Accrued Liability	\$6,060,590

(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 7.25% annual return for the first 10 years and 7.75% thereafter. Annual returns are smoothed in over a four-year period.

Source: Public Employees Retirement Association.

Employer rates are established pursuant to Section 10-11-1 through 10-11-142 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 73.4% as of June 30, 2018.

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. In fiscal year 2018, the City implemented GASB Statement No. 75 which requires governments to recognize their proportionate share of long term liabilities related to Other Post-Employment Benefits. As of June 30, 2018, the City reported a total OPEB Liability of \$57,442,816, Net Fiduciary Position of \$18,898,242 and a net OPEB Liability of \$38,544,574 related to the OPEB Life Insurance Trust. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an

actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018. As of June 30, 2018, the City's proportionate share of the OPEB liability was 95%.

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 (the "RHCF") 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 2.5% of each participating employee's annual salary. Each participating employee contributes to the Fund an employee contribution equal to 1.25% of the employee's annual salary. The City's contributions to the RHCA for the years ended June 30, 2018, 2017 and 2016 were \$5,856,915, \$5,743,608 and \$5,526,285, respectively, which equal the required contributions for each year. In fiscal year 2018, the City implemented GASB Statement No. 75 which requires governments to recognize their proportionate share of the long term liabilities related to Other Post-Employment Benefits. As of June 30, 2018, the City reported a net OPEB Liability for Retiree Health Care of \$314,945,020 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2016. As of June 30, 2018, the City's proportionate share of the OPEB liability was 6.95%. The Plan Fiduciary Net Position as a percentage of the Total OPEB Liability for RHCA is 13.14%.

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.

Albuquerque Rapid Transit

A portion of the City's Capital Improvement Program is dedicated to the design, construction and purchase of revenue vehicles for the Albuquerque Rapid Transit project (the "ART Project") which, upon completion, will be an approximately 9-mile transit corridor along Central Avenue. Funding for the ART Project includes approximately (a) \$27 million of City funds already raised through bond financings and infrastructure tax, (b) \$31 million in federal grants already committed to the ART project by the City, of which \$23.3 million has been received, and (c) a \$75 million Small Starts Capital Grant that has been recommended by the Federal Transportation Administration (the "FTA"), of which \$50 million has been awarded by the FTA and the remaining \$25 million was allocated by Congress in the federal Fiscal Year 2018 capital grant apportionments, of these amounts \$39 million has been received. The City is

advancing the maximum amount of the Small Starts Capital Grant with the expectation that it will be reimbursed such amount upon receipt of such funds from the FTA. The City submitted an amendment to the Small Starts award in November 2018 in order to execute the remaining \$25 million. The City is optimistic that the FTA will approve the amendment. Construction was completed April 2018. The City anticipates that all remaining funds for the ART Project will be received upon completion of the vehicles purchase at the end of the calendar year 2019.

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. The City is also involved in an administrative appeal regarding cash refunds requested by an impact fee credit holder. It is similarly premature to speculate how this administrative appeal 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 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
2014 ⁽¹⁾	\$1,050,649
2015	1,556,858
2016	2,067,078
2017	3,021,358
2018	3,370,293

(1) In November 2012 City Council passed a new impact fee ordinance. These impact fees are phased in by calendar year: 20% in 2013, 40% in 2014, 60% in 2015, 80% in 2016 and 100% January 2017.

Source: City of Albuquerque, Planning Department.

Financial Statements

See Appendix A, Audited Financial Statements for Fiscal Year 2018.

ENTERPRISE OPERATIONS

Albuquerque Airport

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 2018, origination and destination passengers comprised an estimated 96.1% 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 574,452 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 460 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 has continued work on the Terminal Improvement Project which was designed to rehabilitate and modernize the pre-security portion of the terminal building with an anticipated completion in calendar year 2019. (See following section “Airport System Capital Program.”)

Deed and Agreements 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 (“USAF”) in 1962. 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. In 1962, the City entered into a 73 year lease (until 2035) with the United States Air Force (USAF), wherein the USAF pays the City \$50,000 per year for use of the airfield. In 1999, the City entered into a 25 year lease with the USAF to pay the Air Force \$34,164 per year until 2024 for use of property needed for a runway extension. The Aviation Department and the USAF have reached a mutual agreement to modify these leases as follows:

a. 1962 Lease: For the five-year period of January 1, 2018 to December 31, 2022, the USAF will increase its payment to the City from \$50,000 to \$105,000 per year, and the lease will terminate in 2022. The parties will negotiate a modern lease going forward.

b. 1999 Lease: The USAF agrees to waive the City's remaining payment obligations to the USAF through 2024 (\$219,194), and enter into a joint use agreement without charge to the City thereafter.

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 two non-signatory airlines, and regional and commuter airlines. The Signatory Airlines are as follows:

American Airlines	Alaska Airlines ⁽¹⁾
Southwest Airlines	United Airlines
Delta Air Lines	
JetBlue	

(1) Alaska Airlines began serving the Airport in 2014 and became a signatory airline in August 2017, with daily service between Albuquerque and Seattle, Portland, San Francisco, San Diego and Los Angeles.

Each of the Signatory Airlines listed above have entered into a five-year Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective term of July 1, 2016 through June 30, 2021 (the "Airline Agreements"). Collectively, the Signatory Airlines lease approximately 82% of the available exclusive and preferential use space in the Terminal Building. Frontier, Allegiant and Volaris Airlines have entered into a month to month Non-Signatory Airline Operating Agreement and Terminal Building Lease. Volaris began a twice weekly non-stop flight to Guadalajara, Mexico in November 2018. In addition, Frontier added seasonal non-stop flights to San Antonio, Austin and Denver in October 2018.

In addition to these mainline airlines and their affiliate regional carriers, the ABQ Airport has one commuter airline serving New Mexico and parts of Colorado. Boutique Air provides non-stop service to Alamosa, Colorado, Carlsbad and Silver City, New Mexico.

Two cargo airlines, Fed Ex and UPS (the "Cargo Airlines"), provide air cargo service at ABQ Airport. The Cargo Airline entered into a five-year Amended and Restated Scheduled Cargo Airline Operating Agreement and Cargo Building Lease with the City effective July 1, 2016 through June 30th 2021 (the "Cargo Airline Agreements") and both operate as Signatory Cargo Airlines.

Historical Aircraft Operations and Enplaned Passengers

During Fiscal Year 2018, there were 144,440 aircraft operations (landings and takeoffs) at the ABQ Airport, an increase of 10.4% from 130,832 in Fiscal Year 2017. Ending Fiscal Year 2018, 2,632,544 passengers enplaned at ABQ Airport, an increase of 8.7% from 2,421,456 in Fiscal Year 2017. The increase in enplaned passengers is reflective of an improving economy and additional service offerings at the ABQ Airport. The following table presents the number of enplaned passengers for major national, affiliate regional and commuter airlines at the ABQ Airport from Fiscal Year 2009 through Fiscal Year 2018.

Historical Airline Traffic Activity ABQ Airport

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
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)
2014	2,492,480	(4.2)
2015	2,383,062	(4.4)
2016	2,391,648	0.4
2017	2,421,456	1.2
2018	2,632,544	8.7

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at ABQ Airport decreased at an average annual rate of 1.5% per year between Fiscal Years 2009 and 2018, and Airport management forecasts an increase of 4.7% from Fiscal Year 2018 to Fiscal Year 2019. For the nation as a whole, the number of enplaned passengers was roughly 22% higher in Fiscal Year 2018 than it was in Fiscal Year 2009.

Enplaned passenger growth has resumed, beginning in Fiscal Year 2016 with enplanements 0.4% higher than Fiscal Year 2015. A decrease in Southwest enplanements was offset by increases on all other airlines, combined. Passenger numbers on Alaska Airlines alone increased over 110% from Fiscal Year 2017 to Fiscal Year 2018 with the addition of new routes from ABQ Airport. The number of enplaned passengers at ABQ Airport increased 8.7% in Fiscal Year 2018, and scheduled seat capacity increased 9.6% indicating a shift by airlines toward the use of larger aircraft

The airport's finances remain solid and are supported by a healthy balance sheet with a declining debt burden coupled with a strong liquidity position. 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 2014 through 2018, Southwest Airlines and American Airlines held the greatest percentage of market share. In Fiscal Year 2018, Southwest's market share in Albuquerque was 49.6% and American's was 19.9%. Combined, the two airlines accounted for 69.5% of enplanements at the ABQ Airport during Fiscal Year 2018.

The following table presents the market shares of enplaned passengers by airline for Fiscal Years 2014 through 2018:

Historical Airline Market Shares of Enplaned Passengers

Operating Airline	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Southwest Airlines	55.6%	56.7%	54.4%	53.2%	49.6%
American Airlines ⁽¹⁾					
American	14.4%	14.0%	17.3%	18.4%	19.2%
US Airways	4.7	5.4	1.5	0.0	0.0
Envoy Air (formerly American Eagle)	1.4	1.3	1.3	1.4	0.7
Subtotal	20.5%	20.7%	20.0%	19.8%	19.9%
United Airlines					
United	1.6%	0.3%	5.8%	5.6%	5.7%
SkyWest	3.5	2.8	2.5	3.2	3.8
Shuttle America	1.2	1.6	0.6	0.6	0.0
ExpressJet	2.2	2.2	0.3	0.6	0.2
Republic	1.7	1.5	0.4	0.2	1.1
GoJet	0.0	0.6	1.0	0.8	0.6
Subtotal	10.2%	9.0%	10.7%	11.0%	11.4%
Delta Air Lines					
Delta	7.7%	7.8%	8.8%	8.2%	9.1%
SkyWest	2.7	2.6	1.9	2.0	0.6
Subtotal	10.4%	10.4%	10.6%	10.1%	9.7%
Frontier Airlines					
Frontier ⁽²⁾	1.5%	0.0%	0.0%	0.0%	1.7%
Subtotal	1.5%	0.0%	0.0%	0.0%	1.7%
JetBlue Airways	1.5%	1.6%	1.7%	1.7	1.5%
Alaska	0.0%	1.4%	2.1%	2.4	4.6%
Allegiant ⁽²⁾	0.0%	0.0%	0.1%	1.5	1.2%
All Other	0.3%	0.2%	0.3%	0.3	0.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

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

(2) Non-signatory airlines.

Source: City of Albuquerque Aviation Department.

Airport Administration

Ms. Nyika Allen, is the Director of the Aviation Department. Ms. Allen is the first millennial to lead a City department, and is the first woman to serve as Director of the Department of Aviation. Immediately prior to assuming her position with the Aviation Department, Ms. Allen served as President and Chief Executive Officer of the New Mexico Technology Council. Ms. Allen holds a BBA in International Management from the Anderson School of Management at the University of New Mexico and the UNM Honors Program.

Mr. James D. Hinde, C.M., is the Deputy Director of Aviation. Mr. Hinde served as Director from December 2009 until December 2017 and as Acting Director of Aviation from January 2007 to March 2007. He has worked for the City's Aviation Department for twenty-eight years, beginning in 1991, as Manager of Engineering, Manager of Engineering and Environmental Affairs, Planning Manager, and Director. Prior to his work with the City he was involved in design, project management, and inspection with several private engineering firms. Mr. Hinde is a certified member with the American Association of Airport Executives.

Ms. Jane Lucero, AICP, A.A.E., is the Associate Director of Operations and Planning. Ms. Lucero has served in this role since July 2018. Prior to joining the City's Aviation Department, Ms. Lucero served as Acting Director and Airport Development Administrator for the New Mexico Department of Transportation Aviation Division from August 2007 until July 2018 where she worked with all airports in New Mexico on capital improvement projects from inception to completion. Ms. Lucero holds a BSET from New Mexico State University and a MCRP from the University of New Mexico. She is a Certified Planner (AICP) through the American Planning Association and is an Accredited Executive (A.A.E.) with the American Association of Airport Executives.

Mr. Joshua Castellano-Gonzalez, C.M., CGFM, is the Fiscal Manager of Aviation. Mr. Castellano-Gonzalez is bringing over fourteen years of experience in government finance to the Department of Aviation. Prior to his work in Aviation, Joshua served as lead Budget Analyst for the Public Safety Division at Bernalillo County. Joshua has his BBA in Business Management from New Mexico Highlands University. He is also a Certified Government Financial Manager (CGFM) and is a Certified Member (C.M.) with the American Association of Airport Executives.

The Associate Director of Planning and Development position is currently vacant. The Aviation Deputy Director, James Hinde, is currently assuming the responsibilities and duties of this position. It is anticipated that this position will be filled in the spring of 2019.

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 2014-2018)
(\$000s)

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>	
		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>
Airline Revenue	\$23,245	33.0	\$19,655	29.9	\$20,730	31.3	\$18,067	28.3	\$20,634	29.6
Non-Airline										
Revenue Terminal										
Bldg.	14,690	20.8	14,670	22.3	15,108	22.9	15,493	24.3	16,560	23.8
PFCs	9,227	13.1	8,905	13.5	8,939	13.5	9,058	14.2	10,171	14.6
CFCs	6,560	9.3	5,584	8.5	4,053	6.1	4,024	6.3	4,222	6.1
Passenger Parking										
Area	7,482	10.6	7,547	11.5	7,826	11.8	7,956	12.5	8,474	12.2
Miscellaneous	9,319	13.2	9,415	14.3	9,492	14.4	9,170	14.4	9,565	13.7
TOTAL	<u>\$70,523</u>	100.0	<u>\$65,776</u>	100.0	<u>\$66,148</u>	100.0	<u>\$63,768</u>	100.0	<u>\$69,626</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 96.7% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2018. Airline revenues constituted 29.6% of Gross Airport Revenues in Fiscal Year 2018.

Passenger Facility Charges. The City has had five 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 February 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 airport has begun the process to amend PFC#3 to actual expenses; PFC#4 was approved for \$14,163,797 by FAA to impose and use September 2016. The expiration date for PFC#4 was extended to July, 2018; PFC#5 was approved for \$14,813,147 by FAA to impose and use March 2018.

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 2012 through Fiscal Year 2018.

PFC Revenues (\$000s)

Fiscal Year	PFCs Collected ⁽¹⁾
2012	\$10,741
2013	9,932
2014	9,227
2015	8,905
2016	8,939
2017	9,058
2018	10,171

(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 2018 was the rental car privilege fees.

Rental Car Facility Revenues. The City currently operates under a five year agreement with eight rental car companies; all parties have agreed to exercise the option to extend for an additional five years (expiration July 1, 2021). The agreement with the eight rental car companies is 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. 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 24.3% of Gross Airport Revenues in Fiscal Year 2018. (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 which expires in 2021.

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.

CFCs 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. In 2017, the City Council granted CFC eligibility to include capital improvements to the Facility.

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 \$2.25 per contract day and is expected to be the same in the next preceding fiscal year.

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.

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 (purchased by Fresquez in 2017) to provide food and beverage services within the Terminal Building (the “Food and Beverage Concession Agreements”). In addition there are three retail concession operators (the “Retail Concession Agreements”), including Avila Retail Development & Management (purchased by Stellar Partners Inc. in July 2018) El Mercado del Sol, Inc. and Hudson-Garza Albuquerque JV. These three 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 initial terms of the agreements, each operator was 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 was 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 would the MMG for any month be less than the initial MMG. The Airport concessionaires requested a rent accommodation due to passenger enplanement reductions. During 2014 City Council approved a temporary suspension of the MMG until passenger enplanements reach 2,850,000 annually.

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. The public parking facilities generated revenues totaling \$8,561,850 (\$8,474,154 in public parking revenues plus \$87,696 in employee parking revenues) in Fiscal Year 2018. The City also receives revenues from commercial vehicle lane fees and taxicab permits, which together totaled \$515,976 in Fiscal Year 2018.

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 \$4,500,000 during the 15 year term. Beginning April 2014, SAMS began leasing 185,111 square feet of land for a sports complex which generates approximately \$37,000 in revenue for the airport annually.

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 2012 and Fiscal Year 2019, the City received a total of \$38.86 million in AIP grants through entitlement/discretionary funds. Albuquerque Sunport received \$37.18 million for projects related to the rehabilitation and/or reconstruction of aprons, taxiways and runways. Double Eagle II received \$1.67 million in funding for taxiway A1-B1 relocation design and construction and airfield maintenance supplies.

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. The existing five-year Scheduled Airline Operating Agreement and Terminal Building Leases (“Signatory Passenger Airline Agreement”) has a five year term expiring on June 30, 2021.

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 Agreement, Terminal Building rental rates are calculated according to a commercial compensatory method based on rentable space. An annual Terminal Building concession revenue credit is distributed to the airlines, based on a defined methodology in the Signatory Passenger Airline Agreement. 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 used jointly, the cost of which is fully recovered from the airlines. Loading bridge charges are calculated to recover all associated costs from the airlines.

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. The existing five-year Scheduled Cargo Airline Operating Agreement and Cargo Building Leases (the “Cargo Airline Agreement”) has a five year term expiring on June 30, 2021. Under the Cargo Airline Agreement, rates and charges are established for the Cargo Building and the Cargo Apron. A rate per square foot is established each year by the City to lease space in the Cargo Building. That rental rate is subject to adjustment each year. The rates and charges for the Cargo Apron is established according to a commercial compensatory methodology, whereby a rate per square foot of rentable space is established each year by the City; cargo airlines pay the rate per square foot for their leased Cargo Apron space.

Affiliate Airline Operating Agreements. Affiliate Airlines are passenger airlines operating as regional affiliates of Signatory Passenger Airlines. Service provided by these airlines is marketed and sold by Signatory Passenger Airlines under capacity purchase

agreements and not by the Affiliate Airline. Therefore, the City has no direct agreement with Affiliate Airlines.

Under the terms of the Signatory Passenger Airline Agreement, 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 and Alamosa, Colorado. 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 higher than 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 June 2021. In April 2015 JetBlue Airways completed its two years of qualifying service and currently is operating as a signatory airline. In September 2016 Alaska Airlines completed its two years of qualifying service and currently is operating as a signatory airline. In May 2018 Allegiant Airlines completed its two years of qualifying service and currently is operating as a non-signatory airline. Frontier Airlines began service in October 2018, and will be in the incentive program for two years. In September 2017 and November 2017 Alaska Airlines began operations to two new destinations and will be in the program for two years. Volaris Airlines began service in November 2018 and will be in the program for two years.

Airport System Capital Program

The City maintains a rolling five-year Capital Improvement Program (CIP). The current CIP extends to Fiscal Year 2023 and anticipates \$185.3 million in capital improvements. This CIP program has been pre-approved by the Signatory Airlines as part of the new Airline

Agreement(s) with a five-year term expiring June 30, 2021. 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 \$185.3 million CIP, \$174.5 million would improve ABQ Airport and \$10.8 million would be allocated to the Double Eagle II Airport. The funding plan for the CIP is a mixture of grants, “pay-as-you-go” PFC’s, CFC’s and Airport equity. The City plans to issue no new debt to fund projects.

At the ABQ Sunport, the large completed projects were: Master Plan Update, Aviation Center of Excellence land grading and utility installation, Sunport Blvd Signage and Lighting, Vale Remote Ground Power, Runway 8-12 Incursion Mitigation, Runway 8-26 Rehabilitation Construction and the Employee Parking Lots and Roadways. Other large projects include the design phases for rehabilitation/reconstruction/construction of Taxiways E and F6, continued improvements to the Terminal Building, and upgrading the Access Control System. Improvements scheduled in the Terminal Building will include: architectural features and finishes, wayfinding signage, identified building code upgrades, illuminated signage, refurbished bag carousels, seating, new meditation room, HVAC System, fire alarm upgrades, curbside enhancements, and updated ticket counters.

At the Double Eagle II Airport, projects include the approval phase of the master plan update, Taxiway A1-B1 relocation design and construction, the purchase of new fire and rescue equipment if needed, upgrading the tower communication radios and equipment.

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 nine 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, Lower Petroglyphs Public Improvement District and Juan Tabo Hills Estates Public Improvement District. Many of the public improvement districts have 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 100% from Fiscal Year 2010 through Fiscal Year 2018. For Fiscal Year 2018, the Beach Apartments Project generated total revenues of \$573,613.19 and incurred \$416,921.87 in operating and other expenses, resulting in net income of \$156,691.32 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 178 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
50	Three Bedroom

Annual occupancy rates for the Manzano Vista Apartments Project have ranged between 93.4% and 95% from Fiscal Year 2010 through Fiscal Year 2018. For Fiscal Year 2018, the Manzano Vista Apartments Project generated total revenues of \$1,495,239.56 and incurred \$1,292,355.90 in operating and other expenses, resulting in a net income of \$202,883.66 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 98% from Fiscal Year 2010 through Fiscal Year 2018. For Fiscal Year 2018, the Bluewater Village Apartments Project generated total revenues of \$1,607,498.70 and incurred \$1,215,255.05 in operating and other expenses, resulting in net income of \$392,243.65 for that period.

INVESTMENT PROGRAM, POLICIES AND PROCEDURES

The City holds significant cash balances, arising from capital project borrowings and operational revenues, and awaiting expenditure for purposed needs. It is imperative that the City forecast its daily, weekly, monthly, and annual net cash flow needs to ensure adequate liquidity is available. Aligning with the liquidity necessity is the requirement to protect these financial assets from material loss by minimizing market, interest rate, credit, liquidity, and other risks. Finally, once sufficient liquidity is ensured and risk minimized, the City seeks to maximize total return on invested assets, subject to risk tolerance constraints. This mandate of optimizing safety, liquidity, and return helps to ensure the citizens of the City that the investment program is protecting and enhancing the public's resources.

Governance

The City's Investment Oversight Committee (the "IOC") is responsible for formulating and implementing the investment policy. The IOC is provided with this authority by the Chief Administrative Officer via Chapter 4, Article 1.9 of the Fiscal Agent Ordinance, which states that the IOC is responsible for:

- a. Establishing, maintaining and amending general policy and procedures for investing city monies;
- b. Establishing collateral requirements for city deposits;
- c. Establishing specific parameters and/or limitations on particular types of investments; and
- d. Ensuring proper internal controls are established and maintained to prohibit unauthorized investment activities.

Portfolio Structure

Although the City accounts for its financial assets in various governmental Funds and general ledger accounts, and investment income and market value changes are apportioned accordingly, the assets are managed as two sub-portfolios:

1. the Liquidity Component; and
2. the Core Investment Component.

The primary purpose of the Liquidity Component is to provide daily liquidity to the City while controlling the risk factors described above. The return objective for this portfolio, measured in yield terms, is secondary. However, by deploying cash forecasting models the City strives to minimize the Liquidity Component level so that more cash may be deployed as earning assets in the Core Investment Component.

The purpose of the Core Investment Component is to convert excess cash, over and above the required Liquidity Component level, to earning assets. Performance is measured on a

total return basis. As this portfolio consists of operating reserves and bond proceeds awaiting eventual expenditure, a longer term focus is appropriate. However, principal preservation remains a primary objective, as the Core Investment Component's funds may be utilized to meet debt service, capital project, and operational requirements. As such, strict duration management is in order to manage acceptable principal value change.

Permissible Investments

The City's authorized asset classes and investment types are prescribed by New Mexico State Statute, NMSA Chapter 6, Articles 10-10, 10-16, and 10-17, and affirmed in the City of Albuquerque Code of Ordinances, Chapter 4, Article 1-10.

Portfolio Management Approach

The standard of prudence to be used by the City for managing its cash assets is the Uniform Prudent Investor Act (UPIA). This standard raises the level of care to which the City is to be held accountable, from that of "a businessman of ordinary prudence" (Prudent Man standard) to that of the UPIA, an expert standard incorporated into New Mexico statute in 2005. A major difference between the two standards is that, under the Prudent Man standard, each investment is analyzed separately. Conversely, the UPIA recognizes Modern Portfolio Theory and analyzes investments as components of a diversified portfolio. Asset classes and investment types such as corporate fixed income mutual funds, considered too risky for municipal portfolios on a standalone basis, are considered for use under the UPIA because of their risk-adjusted return enhancement capabilities in a portfolio context.

In alignment with the UPIA, the City has adopted a Strategic Asset Allocation (SAA) approach to the construction and management of its Core Investment Component portfolio. As opposed to the traditional yield or absolute total return approaches to public funds investment management, the City's strategy recognizes the inherent risk of various investments and adjusts for it. Further, the City's approach factors in how the returns of various asset classes vary relative to one another (correlate) through various periods. The overall goal of the approach, using a time-tested quantitative methodology known as Mean-Variance Optimization (MVO), is to manage the Core portfolio with the goal of providing the City the highest return for the level of risk exposure assumed.

Reporting

The Investment Officer is required to provide a comprehensive investment report to the IOC at least quarterly.

Investment Procedures

The City Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the financial assets of the City are protected from loss, theft or misuse. Further, detailed guidelines are required to carry out the City's investment program. Specifics for the internal controls and procedures are documented in an investment procedures manual utilized by the Investment Officer.

The manual addresses the following points:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Broker/dealer listing approval, transactional processing compliance;
- Asset allocation compliance procedures;
- IOC reporting details;
- Avoidance of physical delivery securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

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.

LEGAL MATTERS

Litigation

General

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.

APD Settlement Agreement with Department of Justice

In response to the Department of Justice's (the "DOJ") 2014 finding of excessive use of force by the Albuquerque Police Department ("APD"), the City of Albuquerque has entered into a settlement agreement with the DOJ that enumerates specific agreed upon deliverables. The City has been making steady progress towards implementation and full implementation of the settlement agreement is expected to occur in approximately four years from 2019. The cost of both compliance and monitoring together are expected to be less than \$4.5 million per year.

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. Both the Tort Claims Act and associated City Ordinance make provision for pro-rata payment of claims in the event the Fund would be exhausted by payment of all claims allowed during a particular fiscal year. (See §2-8-2-9) The statutory cap on damages recoverable under the Tort Claims Act has not been adjusted for many years, and it is reasonable to expect that the legislature may amend the statute to increase the cap on damages at some point in the coming years. Apart from claims brought under the State's Tort Claims Act, the City has experienced losses associated with civil rights claims that are not subject to the statutory damages cap.

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 property; and workers compensation losses. The City Council enabled the Risk Management Division and created the Risk Management Fund to finance these risks through a combination of self-insurance and commercial coverage. The Risk Management Fund tracks claims by Department and assesses charges to each Department based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was

\$76.5 million at June 30, 2018, 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 pay-outs), 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.

In the fiscal year ended June 30, 2013, 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. Beginning in fiscal year 2015, the City began funding a “Risk Recovery” plan through an allocation to the respective departments. The original goal was to recover \$36.3 million over ten years. In Fiscal Years 2015, 2016, 2017 and 2018, an aggregate amount of \$8.8 million was collected under the plan. The budget for Fiscal Year 2019 provided \$2.144 million toward the recovery. It should be noted that these allocation amounts are subject to annual appropriations by the City Council.

Finally, the City has reserve amounts created by the City’s policy to reserve one-twelfth of the General Fund budgeted amount. See Note IV.

APPROVAL OF ANNUAL STATEMENT

This Annual Statement and its distribution and use for the purposes herein have been authorized and approved by the City.

Submitted for Approval by:

Department of Finance and
Administrative Services

Approved by:

Chief Administrative Officer

 /s/ Sanjay Bhakta

 /s/ Sarita Nair

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, 2018

Report of Independent Auditors

The Honorable Timothy M. Keller, Mayor
City Council Members
City of Albuquerque, New Mexico
Mr. Wayne Johnson, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Albuquerque (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 did not audit the financial statements of the Albuquerque Housing Authority, a component unit of the City, which represents 100% of the balances and activities reported for the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albuquerque Housing Authority, is based solely on the report of the other auditors. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the City as of June 30, 2018, 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.

Emphasis of Matters

Adoption of New Accounting Pronouncement

As discussed in Note IV.N to the financial statements, effective July 1, 2018, the City adopted Governmental Accounting Standards Board (GASB) *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulting in retroactively adjusting the financial statements for all prior periods presented. Our opinion is not modified with respect to this matter.

Prior Period Correction of an Error

As discussed in Note IV.N to the financial statements, the City has recorded a correction of an error related to capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension contributions, schedule of proportionate share of net pension liability, schedule of other postemployment benefit contributions, schedule of proportionate share of net OPEB liability, and notes to required supplementary information related to OPEB activity, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is not a required part of the basic financial statements. The Financial Data Schedule, as required by the U.S. Department of Housing and Urban Development, *Guidelines for Public Housing Authorities and Independent Auditors under Uniform Financial Reporting Standards for Public Housing Authorities*, the combining and individual fund financial statements for all non-major funds, budgetary comparisons for major and non-major funds other than general, schedule of changes in assets and liabilities for the agency fund, and the additional schedules listed as combining financial statements and supplementary information and state compliance section (collectively, supplementary information) in the table of contents are presented for purpose of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section as listed in the table of contents 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2018

This page intentionally left blank

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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 standardized its asset lives for certain categories resulting in a prior period adjustment of \$14.2 million for governmental activities and \$108.0 million for business type activities. In addition, the City implemented GASBS 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation required a restatement of beginning net position which reduced governmental activities net position by \$337.0 million and proprietary funds by \$70.5 million. Additional information can be found in Note N in the notes to the financial statements.
- The City's total net position increased by \$40.4 million during the year. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3.2 billion (net position). As of June 30, 2018, unrestricted net position totaled (\$860.2) million. Unrestricted net position was affected by the implementation of GASB No. 68 and GASB No. 75.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$504.5 million. Of the total fund balance, \$22.7 million is fund balance available for spending at the government's discretion (sum of unassigned and assigned fund balance).
- As of June 30, 2018, fund balance of the general fund was \$54.6 million. At the close of the current fiscal year, unassigned fund balance of the general fund was \$6.3 million or 1.3% of the total general fund expenditures of \$479.5 million.
- Net position of the City's enterprise funds increased by \$84.1 million yielding a net position of \$720.9 million as of June 30, 2018. The City reported a cash overdraft in the Transit fund of \$75.0 million as opposed to recording an interfund loan between funds to report pooled cash. Additional information can be found in the Business-type activities section of the management discussion and analysis.
- The City's governmental activities long-term obligations increased by \$248.5 million during the current year. The key factors in this change were decreases in the pension obligation of \$103.0 million, an increase in accrued vacation, sick leave, and claims totaling \$9.9 million, an increase in other post-employment obligations of \$288.8 million, followed by an increase in long term debt of \$52.9 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 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, deferred outflows of resources, liabilities, and deferred inflow of resources 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,

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 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. Beginning in fiscal year 2012, the Authority is reported as a stand-alone special purpose government. Accordingly, it is not included in this report. The Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018 is available by contacting the Albuquerque Bernalillo Water Utility Authority at the following address: Fifth floor, P.O. Box 568, Albuquerque, NM 87103.

As of July 1, 2014 the Albuquerque Housing Authority (AHA) became a separate public body authorized by 3-45-5 NMSA 1978 as amended in 2014. Under the intergovernmental agreement between the City and AHA, all assets, debts and current employees of AHA were transferred to the Albuquerque Housing Authority. The Albuquerque Housing Authority is reported as a component unit of the City. The Albuquerque Housing Authority's Comprehensive Annual Financial Report as of June 30, 2018 is available by contacting them at the following address: 1840 University Blvd. SE Albuquerque, NM 87106. The Authority reported AHA Rio Vista, LLC and AHA Rio Developer, LLC as a blended component units and Los Lobos Realty, LLC and Rio Housing Associates LLP as discrete component units. See note P for additional information.

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, 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 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; and Stadium.
- Internal Service funds are used to report activities that provide supplies and services for certain City programs and

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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 accounts for the cost of providing 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.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City maintains the following two types of fiduciary funds:

- Agency fund – 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.
- Trust fund – The Albuquerque Pooled Other Post-Employment Benefits fiduciary trust fund has been established for the payment of non-pension post-employment benefits to retirees. The trust fund is used to account for resources held for the City of Albuquerque (City) and the Albuquerque Bernalillo County Water Utility Authority. The City of Albuquerque reports their allocable portion of the trust's net position.

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 Pension and OPEB Contributions, Schedule of Proportionate Share of Net Pension and Net OPEB Liability and the Notes to Required Supplementary Information Related to Pension and OPEB Activity are presented as required supplementary information. Additional information can be found in the notes to the basic financial statements in Note K and Note L.

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.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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
	2018	2017 restated	2018	2017 restated	2018	2017 restated	
Assets:							
Current and other assets	\$ 711.4	\$ 672.7	\$ 302.4	\$ 208.4	\$ 1,013.8	\$ 881.1	
Capital assets	3,564.3	3,557.5	703.0	658.0	4,267.3	4,215.5	
Total assets	4,275.7	4,230.2	1,005.4	866.4	5,281.1	5,096.6	3.6 %
Deferred Outflows of Resources	129.1	197.9	21.1	31.5	150.2	229.4	-34.5 %
Liabilities:							
Long-term liabilities outstanding	1,560.6	1,649.3	175.9	207.5	1,736.5	1,856.8	
Other liabilities	185.0	196.3	111.0	52.2	296.0	248.5	
Total liabilities	1,745.6	1,845.6	286.9	259.7	2,032.5	2,105.3	-3.5 %
Deferred Inflows of Resources:							
Deferred inflows related to taxes	59.5	1.9	12.3	-	71.8	1.9	
Deferred inflow related to pension	76.3	13.4	6.4	1.4	82.7	14.8	
Total deferred inflows of resources	135.8	15.3	18.7	1.4	154.5	16.7	825.1 %
Net position:							
Net investment in capital assets	3,070.4	3,097.9	652.3	627.2	3,722.7	3,725.1	
Restricted	260.9	235.2	120.9	161.8	381.8	397.0	
Unrestricted	(807.9)	(765.9)	(52.3)	(152.2)	(860.2)	(918.1)	
Total net position	\$ 2,523.4	\$ 2,567.2	\$ 720.9	\$ 636.8	\$ 3,244.3	\$ 3,204.0	1.3 %

The City's assets exceeded liabilities by \$3.2 billion at the close of the year. The City's net position reflects a net investment in capital assets (i.e. land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire these assets) of \$3.7 billion. 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. Restricted net position in the amount of \$381.8 million represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was affected by the implementation of GASB Statement No. 68 and GASB Statement No. 75 which affected available balances creating negative unrestricted net position.

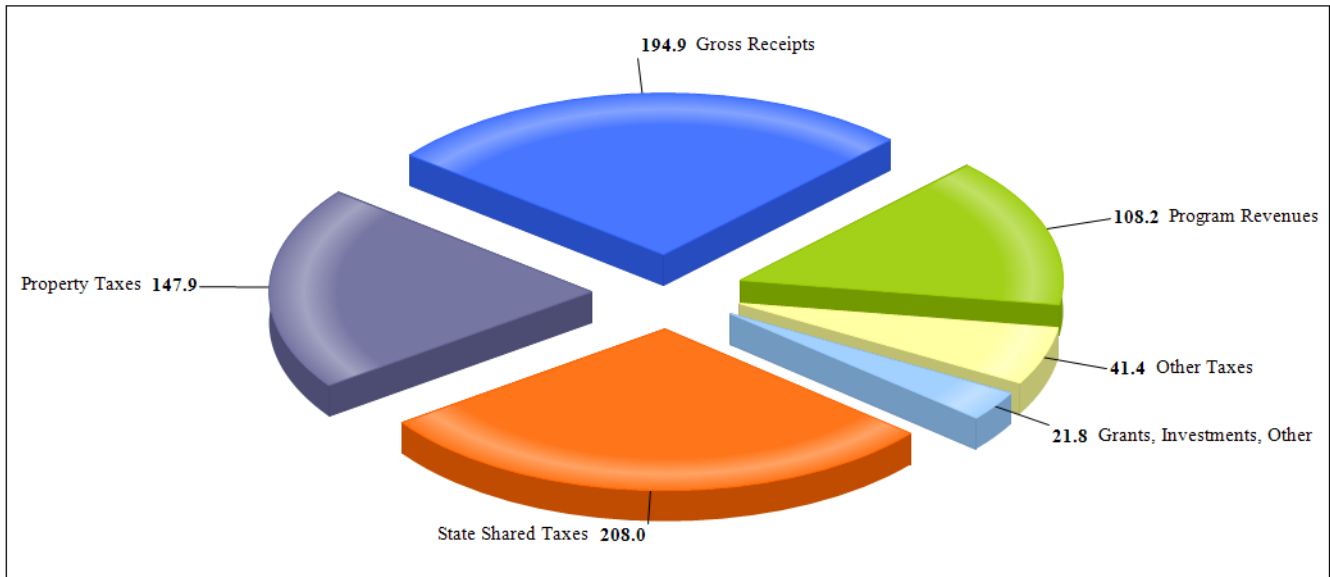
The City's net position increased by \$40.4 million during the current fiscal year. The increase in net position is explained in the governmental and business-type activities discussion.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

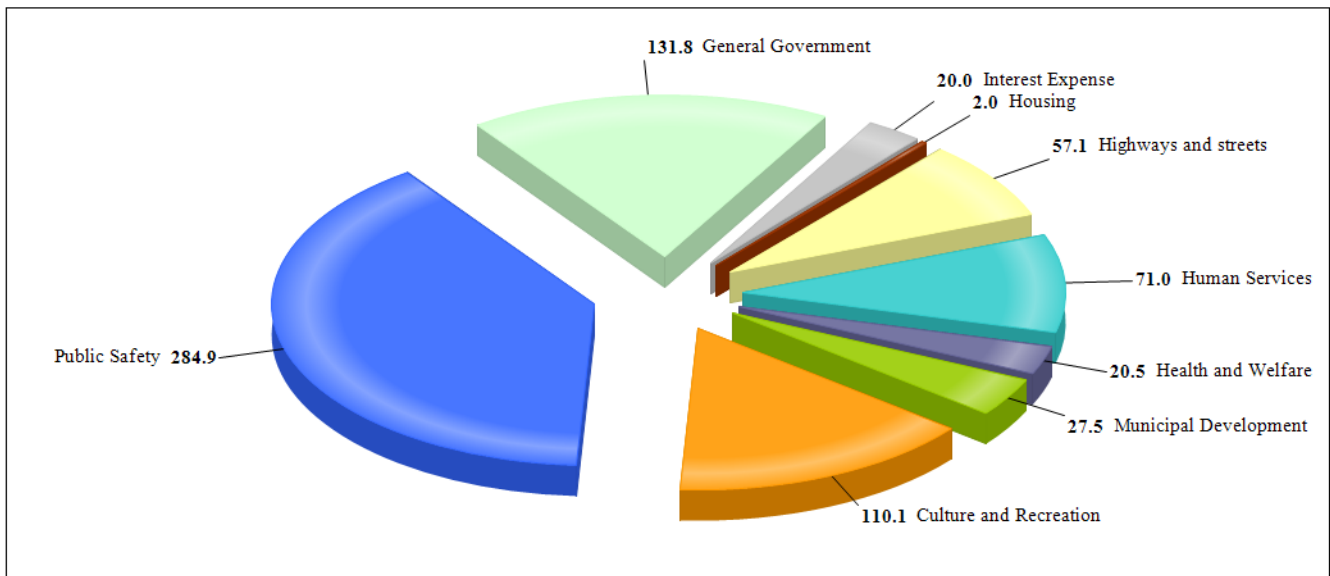
	Change in Net Position (in millions)						
	Governmental Activities		Business-type Activities		Total		Total Percent
	2018	2017 restated	2018	2017 restated	2018	2017 restated	Change
Revenues:							
Program revenues:							
Charges for services	\$ 69.6	\$ 74.5	\$ 166.3	\$ 159.8	\$ 235.9	\$ 234.3	0.7 %
Operating Grants and Contributions	31.6	31.7	-	-	31.6	31.7	(0.3)%
Capital Grants and Contributions	7.0	13.0	89.0	21.0	96.0	34.0	182.4 %
General revenues:							
Gross receipts taxes, local option	194.9	185.5	-	-	194.9	185.5	5.1 %
Property taxes	147.9	146.9	-	-	147.9	146.9	0.7 %
Other taxes	41.4	43.8	-	-	41.4	43.8	(5.5)%
Shared taxes and fees	208.0	201.2	-	-	208.0	201.2	3.4 %
Grants, investment income, and other	21.8	1.3	(0.3)	3.2	21.5	4.5	79.1 %
Total revenues	722.2	697.9	255.0	184.0	977.2	881.9	9.8 %
Expenses:							
General government	131.8	196.2	-	-	131.8	196.2	48.9 %
Public safety	284.9	242.4	-	-	284.9	242.4	(14.9)%
Culture and recreation	110.1	93.9	-	-	110.1	93.9	(17.3)%
Public works/municipal development	27.5	19.9	-	-	27.5	19.9	(38.2)%
Health and welfare	20.5	19.3	-	-	20.5	19.3	(6.2)%
Human services	71.0	59.5	-	-	71.0	59.5	(19.3)%
Highways and streets	57.1	42.0	-	-	57.1	42.0	(36.0)%
Housing	2.0	7.9	-	-	2.0	7.9	74.7 %
Interest and other charges	20.0	18.9	-	-	20.0	18.9	(5.8)%
Airport	-	-	63.1	56.8	63.1	56.8	(11.1)%
Refuse disposal	-	-	69.6	68.8	69.6	68.8	(1.2)%
Transit	-	-	62.4	62.0	62.4	62.0	(0.6)%
Nonmajor enterprise funds	-	-	16.9	16.6	16.9	16.6	1.8 %
Total expenses	724.9	700.0	212.0	204.2	936.9	904.2	3.6 %
Excess (deficiency) before transfers	(2.7)	(2.1)	43.0	(20.2)	40.3	(22.3)	- %
Transfers	(41.1)	(55.9)	41.1	55.9	-	-	- %
Increase (decrease) in net position	(43.8)	(58.0)	84.1	35.7	40.3	(22.3)	- %
Beginning net position July 1	2,567.2	2,948.0	636.8	563.6	3,204.0	3,511.6	(8.8)%
Prior period adjustment	-	(322.8)	-	37.5	-	(285.3)	(100.0)%
Ending net position June 30	\$ 2,523.4	\$ 2,567.2	\$ 720.9	\$ 636.8	\$ 3,244.3	\$ 3,204.0	3.3 %

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Governmental Revenues by Source
in Millions



Governmental Expenditures by Function
in Millions



Governmental activities – Governmental activities decreased the City's net position by \$43.8 million. Governmental activities revenue increased by \$24.3 million, or 3.5% from \$697.9 million in fiscal year 2017 to \$722.2 million in fiscal year 2018. Key elements in the change of the City's governmental activities revenues and expenditures are as follows:

- Gross receipts tax revenue and state shared taxes and fees, which together account for approximately 56% of the

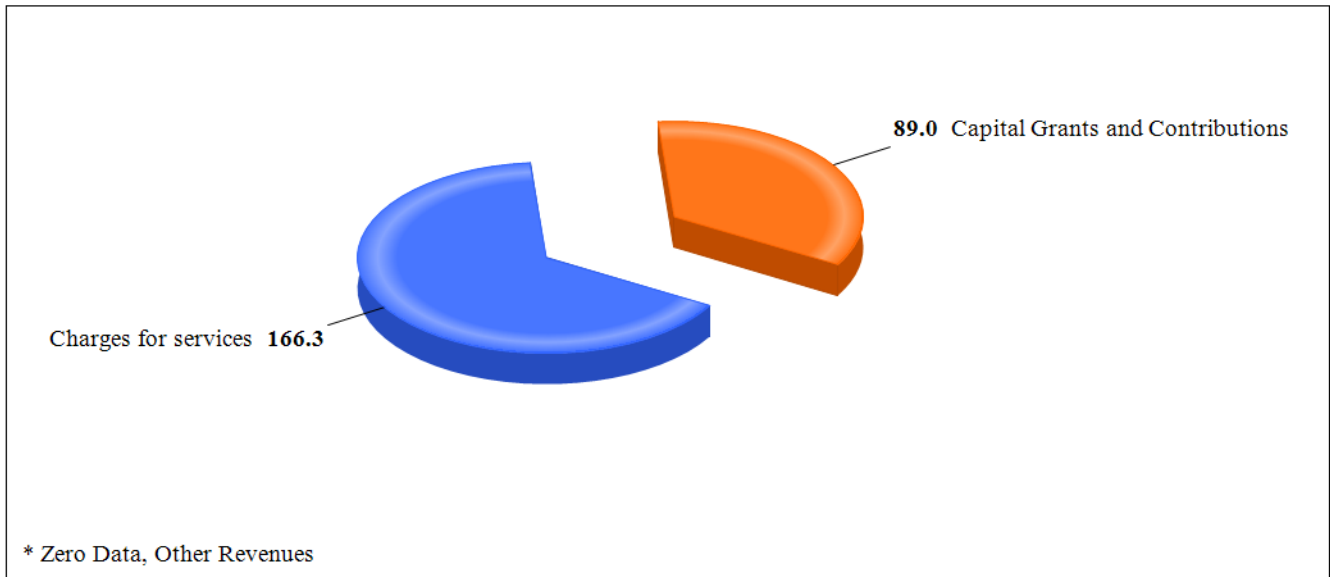
CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

City's governmental activities revenue, increased by \$16.2 million, from \$386.7 million to \$402.9 million, or by 4.2% from prior year. The Gross receipts tax revenue grew by 5.1%. The budgeted projections are adjusted for one time distributions or hold backs and do not include accruals. As a result the percentages in the government wide will differ with projected increases in GRT. State Shared taxes showed an increase in revenues of \$6.8 million compared to fiscal year 2017. Additional economic and budgetary facts are discussed in the economic factors section of the management discussion and analysis.

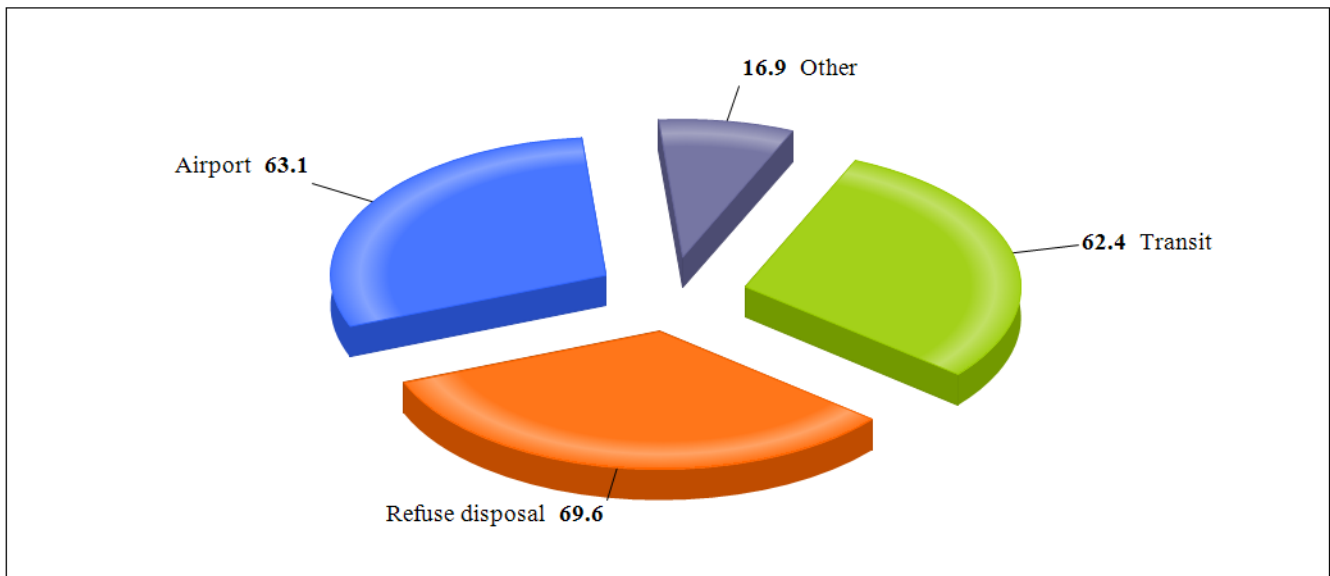
- Program revenues decreased by \$11.1 million compared to fiscal year 2017 from \$119.2 million in fiscal year 2017 to \$108.2 million in fiscal year 2018. Program revenue consisting of charges for services, operating grants, capital grants, and contributions account for approximately 15.0% of the City's governmental activities revenues. Charges for services decreased by \$4.9 million primarily due increases in general government charges. Capital grants and contributions decreased by \$6.1 million.
- Property taxes, which account for approximately 20.5% of the City's governmental activities revenues, increased by \$1.0 million from \$146.9 million in fiscal year 2017 to \$147.9 million. In fiscal year 2018 (tax year 2017) taxable assessed property valuations within the City increased \$441.3 million from \$12.81 billion to \$13.25 billion. 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 per \$1,000 assessed value in fiscal year 2018.
- Grants, investments, and other revenues increased by \$20.1 million from \$1.3 million in fiscal year 2017 to \$21.8 million in fiscal year 2018. Fiscal year 2017 was impacted by a transfer of assets from Governmental Funds to Proprietary Funds.
- Other taxes such as franchise, hospitality, lodgers', and payments in lieu of taxes decreased by \$2.4 million from \$43.8 million in fiscal year 2017 to \$41.4 million in fiscal year 2018, or by (5.5)%. The primary decrease was in franchise tax revenue of \$3.1 million. More detail comparison of other taxes can be found on Schedule 3 in the Statistical Section of this report.
- Governmental activities expenditures increased by \$24.9 million from \$700.0 million in fiscal year 2017 to \$724.9 million in fiscal year 2018. The City made some improvements to the allocation of pension contribution expense related to GASBS 68 and accurately allocated OPEB contribution expense related to GASB 75 to the programs. In addition, Public Safety expenditures increased \$7.7 million in fiscal year 2018.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Business-type Activities Revenues by Source
in Millions



Business-type Activities Expenses
in Millions



Business-type activities – Business-type activities increased the City’s net position by \$43.0 million in fiscal year 2018 before transfers of \$41.1 million. Business-type activities revenues increased \$71.0 million from \$184.0 million in fiscal year 2017 to \$255.0 million in fiscal year 2018, or by 38.6%. Key factors for the changes in the business type activities net position and revenues are explained below:

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

- The Airport Fund had an increase in net position of \$11.2 million in fiscal year 2018 compared to a \$9.2 million increase in 2017. The charges for services increased from \$53.8 million in fiscal year 2017 to \$58.5 million in fiscal year 2018. Passenger facilities charges (PFCs) increased by .47% from \$8.9 million in fiscal year 2017 to \$9.9 million in fiscal year 2018. Operating expenses increased from \$54.9 million in fiscal year 2017 to \$60.0 in fiscal year 2018, and capital contributions increased from \$1.9 million in fiscal year 2017 to \$5.2 million in fiscal year 2018. Depreciation expense increased in fiscal year 2018 by \$3.4 million with the adjustment to the capital assets depreciable lives.
- The Refuse Disposal Fund had an increase in net position of \$500.0 thousand in fiscal year 2018 compared to an increase of \$1.0 million in 2017. Charges for services remained constant while operating costs increased by \$600.0 thousand. The increase in operating costs can be explained by an increase in repair and maintenance and fuel of \$1.1 million and an increase in contractural services of \$1.5 million followed by a decrease in landfill closure costs of \$1.6 million.
- The Transit Fund had an increase in net position of \$73.6 million in fiscal year 2018. The primary reason is the recognition of the Federal Transit Authority Grant for the ART project. Charges for services dropped slightly from \$11.6 million in fiscal year 2017 to \$11.4 in fiscal year 2018. Operating expenses increased from \$58.9 million in 2017 to \$59.5 million in 2018 primarily due to slight increases in wages and repairs and maintenance and fuel. The Transit Fund reported a book overdraft of \$75 million as opposed to an interfund loan. This does not follow generally accepted accounting principles because City management felt that it was impractical to objectively determine which fund loaned the money since the expenditures were paid from the cash pool. The City believes that the reclassification difference between GAAP and the chosen method of presentation is not material. The City has subsequently received most of the federal funding for the Albuquerque Rapid Transit (ART) project and is expected to completely recover the amounts reported as a book overdraft in fiscal year 2019.

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 \$504.5 million, an increase of \$45.1 million in comparison with the prior year. Of the total balance at year-end, \$401.8 million is restricted fund balance which primarily consists of funds reserved for capital projects and improvements and \$18.6 million is nonspendable, which relates to permanent fund cash and cash equivalents.

Revenues of governmental funds overall totaled approximately \$722.8 million in the fiscal year ended June 30, 2018, which represents an increase of \$13.3 million from the previous year total of \$709.5 million. Intergovernmental revenues decreased by \$700.0 thousand which is made up of an \$8.2 million increase in the General Fund, an decrease in the Capital Acquisition Fund of \$4.0 million and a decrease in the nonmajor governmental funds of \$4.9 million. Miscellaneous revenues increased by \$1.9 million from \$12.9 million in fiscal year 2017 to \$14.8 million in fiscal year 2018. The City's governmental funds expenditures of \$763.7 million increased by \$49.5 million from the previous year's total of \$713.8 million. The primary cause of the increase is attributed to an increase in principal retirement expenditures of debt of \$70.2 million, an increase in public safety expenditures of \$9.1 million, followed by a decrease in capital outlay of \$21.8 million. The City aligned the process of debt payments with governmental standards in fiscal year 2017 which had a one-time effect on debt service expenditures.

General Fund – This is the City's chief operating fund. At the end of the current fiscal year, the total fund balance was \$54.6 million, of which \$6.3 million assigned and unassigned fund balance and \$48.3 million is committed for subsequent years' operations. The net change in fund balance for the current fiscal year was a decrease of \$2.5 million. The total revenues of \$518.6 million for the current fiscal year were \$12.9 million more than the previous fiscal year. The primary cause of the increase was due to increases in intergovernmental revenues of \$8.2 million, gross receipts taxes of \$5.5 million, property taxes of \$1.5 million, charges for services of \$.9 million, followed by decreases in franchise taxes of \$1.0 million, and license and permits of \$1.5 million. Total expenditures of \$479.5 million represent an increase of \$13.2 million from the previous year. Increases in expenditures were attributed to an increase in public safety of \$8.6 million, an increase in culture and recreation of \$3.1 million, and an increase in health and human services of \$2.2 million. Please refer to the general fund budgetary highlights for an analysis with respect to budgets.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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 \$1.1 million and from \$64.3 million in fiscal year 2017 to \$63.2 million in fiscal year 2018. Property tax revenues dedicated to the repayment of GO Bonds increased by \$2.0 million from \$63.8 million in fiscal year 2017 to \$65.8 million in fiscal year 2018. The City's property tax rates have remained constant for well over a decade and not tax rate increase has been required to fund the GO Bond program of capital improvements.

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 fiscal year 2018, the Capital Acquisition Fund balance increased by \$33.1 million from \$210.9 million in fiscal year 2017 to \$243.9 million. The increase in fund balance is attributed to new bond proceeds and premiums of \$115.8 million and a decrease in capital outlay of 29.6 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. Unrestricted net position decreased due to the implementation of GASB Statement 68 in fiscal year 2015 and GASB 75 in fiscal year 2018. At the end of the fiscal year, the unrestricted net position (in millions) is as follows:

Airport Fund	\$ 6.1
Refuse Disposal Fund	(37.8)
Transit Fund	(18.0)
Nonmajor enterprise funds	(2.6)
Total	<u><u>\$ (52.3)</u></u>

Internal Service Funds – Internal Service Funds are used to account for certain governmental activities and had an unrestricted net position of \$(23.0) million in fiscal year 2018 as compared to unrestricted net position of \$(9.8) million in fiscal year 2017. Unrestricted net position decreased in all internal service funds due to the implementation of GASB 68 and GASB 75.

Fiduciary Funds – There are two types of fiduciary funds the City uses to account for resources held for the benefit of others. The City's Agency fund is used by the City to account for funds held for third parties. The Albuquerque Pooled OPEB Trust Fund is used by the City and the Albuquerque Bernalillo County Water Utility Authority to account for funds held in an irrevocable trust for the other post-employment benefits relating to life insurance benefits for retirees. The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the Accounting Division at P.O. Box 1293, Room 8010, 8th Floor, Albuquerque, NM 87103.

Budgetary Highlights – The original fiscal year 2018 Approved Operating Budget was \$956.7 million, after interfund eliminations. The General Fund portion was \$530.2 million with total reserves of \$48.3 million. Overall General Fund revenue was originally expected to grow at 3.0% (later revised to 1.7%) over the estimate for the previous year. Appropriations were expected to grow at 0.7% over the estimate for the previous year. There were no major changes in programs or services delivered to the public in fiscal year 2018.

The growth in General Fund appropriations was largely associated with increased funding for public safety. In the Police Department, \$5.7 million was added in expectation of graduating more cadets, reducing property crime, and tackling a backlog of DNA testing on sexual assault kits, among other activities. Other major increases included funding for 12 new positions and associated operating costs at the Albuquerque BioPark needed to open the new otter and penguin exhibits as well as to maintain zoological accreditation through the Association of Zoos and Aquariums; \$400 thousand for increased maintenance costs for Parks & Recreation; Approximately \$700 thousand in non-recurring funding for cultural events; \$280 thousand for continued efforts in the area of economic development and job creation; Continued funding in Animal Welfare for the Trap Neuter Release Program and Animal Behavior Specialists; and a new position in Senior Affairs to begin preparation of hosting the National Senior Games in 2019.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's capital assets of governmental and business-type activities as of June 30, 2018, total \$4.3 billion, net of accumulated depreciation. The increase in capital assets in the current fiscal year was \$51.7 million or 1.2%. Additional information pertaining to capital assets can be found in the notes to the financial statements in Note C.

Capital assets are summarized as follows (in millions):

	Governmental Activities		Business-type Activities		Total	
	2018	2017 restated	2018	2017 restated	2018	2017 restated
Land	\$ 322.9	\$ 321.6	\$ 57.5	\$ 57.5	\$ 380.4	\$ 379.1
Right of way	1,145.5	1,145.5	-	-	1,145.5	1,145.5
Other	1.2	2.5	16.5	17.2	17.7	19.7
Buildings	314.5	320.8	229.1	236.4	543.6	557.2
Runways	-	-	96.4	92.5	96.4	92.5
Improvements	391.7	358.6	104.9	103.9	496.6	462.5
Equipment	27.8	32.6	40.0	45.5	67.8	78.1
Infrastructure	1,342.4	1,352.3	119.9	9.3	1,462.3	1,361.6
Construction in progress	18.3	23.6	38.5	95.6	56.8	119.2
Total	<u>\$ 3,564.3</u>	<u>\$ 3,557.5</u>	<u>\$ 702.8</u>	<u>\$ 657.9</u>	<u>\$ 4,267.1</u>	<u>\$ 4,215.4</u>

Governmental activities - In fiscal year 2018, capital assets increased by \$6.8 million. The majority of the increase came from improvements other than buildings and runways of \$33.0 million. Construction in progress decreased by \$5.3 million and consists of expenditures made by the Capital Acquisition, Infrastructure Tax, Bio Park Tax and Impact Fees Construction Capital fund. In addition, the following was placed in service: \$4.8 million buildings, \$41.9 million in infrastructure, \$2.1 million land, and \$56.4 million in improvements. Machinery and equipment purchases totaled \$9.0 million. The City standardized its asset lives for certain asset categories which resulted in decreases to accumulated depreciation in the amount of \$14.2 million.

Business-type activities – In fiscal year 2018, business type activities increased capital assets by \$44.5 million. The Airport Fund placed into service \$14.5 million in infrastructure and runways and \$12.7 million in improvements. The Transit Fund placed into service \$112.5 million of ART infrastructure. The City standardized its asset lives for certain asset categories which resulted in decreases to accumulated depreciation in the amount of \$108.0 million.

Debt Administration – At the end of the current fiscal year, the City's governmental activities had a total of \$1.7 billion in long term obligations. Total bonded debt is \$741.5 million of which \$63.2 million is due or payable within the next fiscal year. Net pension liability decreased from \$627.9 million in fiscal year 2017 to \$524.8 million in fiscal year 2018. The City implemented GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which increased debt by \$292.1 million. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable. During the fiscal year ended June 30, 2018, the City issued GO Bonds in the amount of \$91.2 million which includes \$6.97 million of short term GO Sponge Bonds. The GO Bonds were issued to finance projects relating to streets \$29.0 million, parks and recreation \$14.9 million, public safety \$14.0 million, energy conservation, public facilities, and system modernization \$11.5 million, senior, family, community centers, and community enhancement \$4.9 million, library bonds \$5.4 million, public transportation bonds \$4.5 million, affordable housing bonds \$3.4 million, storm sewer systems \$2.0 million, and zoo, biopark, museum, and cultural facility bonds \$1.6 million. In addition, the City issued \$25.11 million gross receipts tax improvement revenue bonds. The GRT bonds were issued to finance projects relating to the funding of energy conservation, public facilities, and system modernization bonds. The City's business-type activities had long-term obligations of \$191.3 million, of which \$15.5 million is due or payable within the next fiscal year. Additional information related to debt can be found in section G of the Notes to the Financial Statements.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators to management, citizens and investors of the City's debt position. The State's constitution provides for a legal debt limit of 4% of taxable valuation for general purpose only. The City currently may issue up to an additional \$119.1 million of general purpose obligation bonds and has \$440.6 million of general purpose obligation debt outstanding. Included in the general obligation bonds outstanding at June 30, 2018, are storm sewer bonds in the amount of \$29.6 million that are not

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

subject to the legal debt limit. The net general bonded debt per capita is \$670. The net general bonded debt per capita is \$670. The ratings on the City's uninsured general obligation bonds and gross receipts tax bonds for fiscal year 2018 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+
Airport Revenue Bonds	A1	A+	A+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The overall health of the local economy greatly impacts the city's operating revenues. Most importantly, the City's gross receipts tax (GRT) is greatly impacted by the underlying growth in economic conditions. GRT represented 64% of the total General Fund revenues in FY/18.

The City's elected and appointed officials considered many factors when developing the FY/18 budget. Many of the City's revenues are influenced by the economy. The gross receipts tax revenue is highly influenced by local economic conditions. GRT revenues have increased in the past eight years. FY/17 grew at a rate of 1.4%, FY/18 growth was revised to a rate of 1.7% and FY/19 is expected to grow 17.2% due to the new hold harmless 3/8 cent tax, overall, although the underlying growth is estimated at 2.2%. The large overall growth in FY/19 is mostly due to a new gross receipts tax increment that was enacted, effective July 1, 2018. This new tax is expected to generate \$49.6 million annually, of which 60% must be spent on public safety. Additionally, the revenue estimate identifies \$2.3 million as the additional impact of deductions in the third year of the 15-year phase out of the food and medical hold harmless distribution.

The total General Fund recurring growth for FY/19 was estimated at 12.1%.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The following table presents the underlying assumptions used in the FY/19 budget process:

National Variables	2017	2018	2019
Real GDP growth	1.7 %	2.3 %	2.2 %
Federal funds rate	0.6 %	1.1 %	1.9 %
10 U.S. bonds	1.8 %	2.4 %	3.0 %
CPI U	1.9 %	2.5 %	2.5 %
Unemployment rate (U.S.)	4.9	4.7	4.6
Total non-farm employment	1.5	0.9	0.9
Manufacturing employment	(0.3)	0.5	1.3
Consumer sentiment index- University of Michigan	91.7	93.7	94.3
Exchange rates	1.2	1.2	1.1
Current trade account (billions of \$)	(434.8)	(379.5)	(418.1)
Change in output per hour	0.2 %	1.3 %	1.4 %
Natural gas-Henry Hub \$ per MCF	2.9	3.0	3.0
West TX intermediate (dollars per bbl)	47.4	52.1	60.5
Wage growth	2.7 %	2.9 %	2.9 %
Albuquerque Variables			
Employment Growth and Unemployment in Albuquerque MSA			
Total non-Ag ABQ	1.0 %	1.0 %	1.2 %
Private-non construction	0.9 %	1.1 %	1.3 %
Construction employment (growth)	5.6 %	2.7 %	2.9 %
Manufacturing (ABQ)	(4.3)%	(0.7)%	(0.4)%
Unemployment rate (Alb.)	6.1 %	6.1 %	5.7 %
Construction units permitted in City of Albuquerque			
Single-family permits	886.0	892.0	1,197.0
Multi-family permits	832.0	400.0	477.0
Total residential permits	1,718.0	1,292.0	1,674.0

Source Global Insight and FOR-UNM October 2017 Baseline Forecasts

On October 2, 2017, voters approved 11 separate ballot questions for a \$125 million general obligation bond package. In fiscal year 2018, 91.2 million of bonds were sold. Bond proceeds will be used for capital improvements on streets, storm drainage facilities, parks, seniors and community centers, energy conservation, libraries and other cultural facilities.

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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
ASSETS				
Current assets:				
Cash and investments	\$ 374,743,655	\$ 106,117,477	\$ 480,861,132	\$ 16,444,266
Cash held by others	319,874	596,352	916,226	-
Flexible spending account	508,635	-	508,635	-
Taxes receivable, net	91,675,209	-	91,675,209	-
Accounts receivable, net of allowance	4,894,712	10,370,404	15,265,116	212,222
Prepaid expenses	213,072	325,713	538,785	168,122
Inventories	1,992,845	4,475,712	6,468,557	115,566
Due from other governments	14,529,192	83,368,849	97,898,041	-
Internal balances	(874,799)	874,799	-	-
Total current assets	488,002,395	206,129,306	694,131,701	16,940,176
Noncurrent assets:				
Long-term notes receivable	19,720,055	1,517,582	21,237,637	4,000,000
Restricted assets:				
Cash and investments	200,731,654	91,305,269	292,036,923	-
Cash with fiscal agent	774,559	3,164,704	3,939,263	1,919,945
Land held for sale	2,287,306	-	2,287,306	-
Security deposits	-	170,833	170,833	121,028
Total restricted assets	203,793,519	94,640,806	298,434,325	2,040,973
Capital assets:				
Land and construction in progress	1,486,646,723	96,064,852	1,582,711,575	4,642,221
Capital assets-depreciable	3,756,842,701	1,413,296,679	5,170,139,380	78,538,553
Accumulated depreciation	(1,679,246,121)	(806,385,334)	(2,485,631,455)	(54,868,217)
Total capital assets	3,564,243,303	702,976,197	4,267,219,500	28,312,557
Total noncurrent assets	3,787,756,877	799,134,585	4,586,891,462	34,353,530
Total assets	4,275,759,272	1,005,263,891	5,281,023,163	51,293,706
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gain/loss on refunding	3,047,041	530,946	3,577,987	-
Deferred outflow related to OPEB	6,569,735	1,405,434	7,975,169	54,209
Deferred outflow related to pension	119,468,634	19,239,822	138,708,456	2,299,275
Total deferred outflows of resources	\$ 129,085,410	\$ 21,176,202	\$ 150,261,612	\$ 2,353,484

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
LIABILITIES				
Current liabilities:				
Book overdraft	\$ -	\$ 74,967,798	\$ 74,967,798	\$ -
Accounts payable	28,712,737	9,343,944	38,056,681	2,342,672
Accrued employee compensation	17,860,790	1,500,795	19,361,585	46,129
Accrued vacation and sick leave	24,981,549	4,952,398	29,933,947	76,887
Customer deposits	3,279,815	1,009,553	4,289,368	250,221
Unearned revenue	11,738,330	4,337,370	16,075,700	3,630
Claims reserve	18,520,885	-	18,520,885	-
Other current liabilities	220,320	-	220,320	259,871
Capital lease and other payable	-	-	-	3,705,266
Payable from restricted assets:				
Contracts payable	1,414,671	3,725,926	5,140,597	-
Bonds and notes payable	64,952,155	10,495,000	75,447,155	-
Accrued interest	13,361,560	708,936	14,070,496	-
Total current liabilities	185,042,812	111,041,720	296,084,532	6,684,676
Non-current liabilities:				
Landfill closure costs	-	5,138,764	5,138,764	-
Bonds and notes payable	676,507,031	29,092,317	705,599,348	-
Accrued vacation and sick leave	8,421,136	1,660,878	10,082,014	95,502
Claims reserve	57,978,717	-	57,978,717	-
Net pension liability	524,793,199	78,435,007	603,228,206	4,417,682
Net OPEB liability	292,118,241	61,371,353	353,489,594	3,133,929
Capital lease and other payable	813,204	161,365	974,569	7,997,659
Total non-current liabilities	1,560,631,528	175,859,684	1,736,491,212	15,644,772
Total liabilities	1,745,674,340	286,901,404	2,032,575,744	22,329,448
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to OPEB	59,511,591	12,259,768	71,771,359	709,854
Deferred inflow related to pension	76,328,604	6,423,819	82,752,423	271,911
Total deferred inflows of resources	135,840,195	18,683,587	154,523,782	981,765
NET POSITION				
Net investment in capital assets	3,070,389,572	652,282,698	3,722,672,270	12,715,581
Restricted for:				
Debt service	84,988,447	30,026,850	115,015,297	-
Construction	135,720,188	90,815,900	226,536,088	-
Housing and economic development	9,687,183	-	9,687,183	17,620,396
Federal and state funded programs	8,698,904	-	8,698,904	-
Open space and urban enhancement				
Expendable	3,214,933	-	3,214,933	-
Nonexpendable	18,507,981	-	18,507,981	-
Unrestricted	(807,877,061)	(52,270,346)	(860,147,407)	-
Total net position	\$ 2,523,330,147	\$ 720,855,102	\$ 3,244,185,249	\$ 30,335,977

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 131,814,659	\$ 36,671,567	\$ 431,306
Public safety	284,864,612	7,936,033	6,755,294
Culture and recreation	110,091,970	10,246,908	1,962,621
Public works/municipal development	27,477,160	338,103	29,022
Health and welfare	20,554,999	5,768,825	-
Human services	71,027,243	8,267,848	17,037,882
Housing	2,035,223	-	(2,024,512)
Highways and streets	57,139,793	405,916	7,447,501
Interest and other charges	19,952,095	-	-
Total governmental activities	<u>724,957,754</u>	<u>69,635,200</u>	<u>31,639,114</u>
Business-type activities:			
Airport	63,113,140	68,419,209	-
Refuse disposal	69,592,007	71,995,219	-
Transit	62,419,788	11,428,933	-
Golf course	5,664,154	3,879,666	-
Apartments	3,493,953	4,191,812	-
Parking facilities	5,780,715	4,520,935	-
Stadium	1,859,386	1,873,377	-
Total business-type activities	<u>211,923,143</u>	<u>166,309,151</u>	<u>-</u>
Total primary government	<u>\$ 936,880,897</u>	<u>\$ 235,944,351</u>	<u>\$ 31,639,114</u>
Component unit:			
Albuquerque Housing Authority	34,950,024	3,091,097	31,401,888
Total component unit	<u>\$ 34,950,024</u>	<u>\$ 3,091,097</u>	<u>\$ 31,401,888</u>
General revenues:			
Taxes			
Property taxes			
Franchise taxes			
Hospitality taxes			
Lodgers' taxes			
Gross receipts taxes, local option			
Payment in lieu of taxes			
Shared taxes and fees			
Grants and contributions not restricted to specific programs			
Miscellaneous revenue			
Investment loss			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, July 1 (restated, see note IV.N)			
Net position, June 30			

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

Program	Net (Expenses) Revenue and Change in Net Position				
Revenues, cont.					
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit	
\$ 900,769	\$ (93,811,017)	\$ -	\$ (93,811,017)	\$ -	
292,635	(269,880,650)	-	(269,880,650)	-	
2,050,686	(95,831,755)	-	(95,831,755)	-	
(626,535)	(27,736,570)	-	(27,736,570)	-	
-	(14,786,174)	-	(14,786,174)	-	
-	(45,721,513)	-	(45,721,513)	-	
1,869,891	(2,189,844)	-	(2,189,844)	-	
2,407,220	(46,879,156)	-	(46,879,156)	-	
-	(19,952,095)	-	(19,952,095)	-	
<u>6,894,666</u>	<u>(616,788,774)</u>	<u>-</u>	<u>(616,788,774)</u>	<u>-</u>	
5,151,522	-	10,457,591	10,457,591	-	
-	-	2,403,212	2,403,212	-	
83,810,897	-	32,820,042	32,820,042	-	
-	-	(1,784,488)	(1,784,488)	-	
-	-	697,859	697,859	-	
-	-	(1,259,780)	(1,259,780)	-	
-	-	13,991	13,991	-	
<u>88,962,419</u>	<u>-</u>	<u>43,348,427</u>	<u>43,348,427</u>	<u>-</u>	
<u>\$ 95,857,085</u>	<u>\$ (616,788,774)</u>	<u>\$ 43,348,427</u>	<u>\$ (573,440,347)</u>	<u>\$ -</u>	
6,437,693	-	-	-	5,980,654	
<u>\$ 6,437,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,980,654</u>	

\$ 147,913,704	\$ -	\$ 147,913,704	\$ -
25,730,210	-	25,730,210	-
2,614,477	-	2,614,477	-
13,072,384	-	13,072,384	-
194,878,183	-	194,878,183	-
13,812	-	13,812	-
207,985,257	-	207,985,257	-
281,013	-	281,013	-
22,012,786	1,058,104	23,070,890	-
(459,948)	(1,359,730)	(1,819,678)	257,565
<u>(41,078,326)</u>	<u>41,078,326</u>	<u>-</u>	<u>-</u>
<u>572,963,552</u>	<u>40,776,700</u>	<u>613,740,252</u>	<u>257,565</u>
(43,825,222)	84,125,127	40,299,905	6,238,219
<u>2,567,155,369</u>	<u>636,729,975</u>	<u>3,203,885,344</u>	<u>24,097,758</u>
<u>\$ 2,523,330,147</u>	<u>\$ 720,855,102</u>	<u>\$ 3,244,185,249</u>	<u>\$ 30,335,977</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2018

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>
ASSETS		
Cash and investments	\$ 41,919,737	\$ 70,269,728
Cash held by others	-	-
Taxes receivable	75,026,986	3,568,483
Accounts receivable	2,704,886	-
Due from other government units	1,192,224	-
Due from other funds	1,429,191	-
Prepaid expenses	59,658	-
Restricted assets:		
Cash and investments	-	-
Cash with fiscal agent	-	-
Land held for sale	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 122,332,682</u>	<u>\$ 73,838,211</u>
LIABILITIES		
Accounts payable	10,361,628	9,080
Contracts payable	-	-
Accrued employee compensation	17,272,358	-
Due to other funds	988,533	-
Unearned revenue	-	-
Customer deposits and other	3,308,322	-
Matured interest payable	-	7,940,503
Total liabilities	<u>31,930,841</u>	<u>7,949,583</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - taxes	35,764,635	2,661,013
Deferred revenue - special assessments	-	-
Total deferred inflows of resources	<u>35,764,635</u>	<u>2,661,013</u>
FUND BALANCES (DEFICITS)		
Nonspendable	61,811	-
Restricted	-	63,227,615
Committed	48,302,000	-
Assigned	-	-
Unassigned	6,273,395	-
Total fund balances (deficits)	<u>54,637,206</u>	<u>63,227,615</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 122,332,682</u>	<u>\$ 73,838,211</u>

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

Capital Acquisition Fund	Nonmajor Governmental Funds	Total
\$ 63,416,635	\$ 131,353,973	\$ 306,960,073
-	319,874	319,874
-	13,079,740	91,675,209
1,803,431	20,098,686	24,607,003
4,978,419	8,193,236	14,363,879
24,011	249,584	1,702,786
1,669	150,562	211,889
182,181,770	18,549,884	200,731,654
-	774,559	774,559
-	2,287,306	2,287,306
<u>\$ 252,405,935</u>	<u>\$ 195,057,404</u>	<u>\$ 643,634,232</u>
7,327,688	7,140,888	24,839,284
1,018,021	1,187,012	2,205,033
79,109	367,232	17,718,699
13,913	2,934,691	3,937,137
512	19,202,078	19,202,590
-	-	3,308,322
-	5,421,057	13,361,560
<u>8,439,243</u>	<u>36,252,958</u>	<u>84,572,625</u>
-	5,478,276	43,903,924
-	10,629,939	10,629,939
-	16,108,215	54,533,863
-	18,507,981	18,569,792
243,966,692	94,568,642	401,762,949
-	13,155,882	61,457,882
-	16,573,134	16,573,134
-	(109,408)	6,163,987
<u>243,966,692</u>	<u>142,696,231</u>	<u>504,527,744</u>
<u>\$ 252,405,935</u>	<u>\$ 195,057,404</u>	<u>\$ 643,634,232</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances governmental funds	\$ 504,527,744
Capital assets used in governmental activities (except for internal service funds) are not financial resources and, therefore, are not reported in the funds.	3,563,771,770
Long-term obligation applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, including the City's OPEB and pension obligations, are reported in the statement of net position. (Note II.A)	(1,577,461,595)
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.	(22,517,990)
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds. Deferred outflows for the City are related to gain/loss on refunding, pension activity and OPEB.	127,041,676
Deferred inflows and unearned revenue result primarily from City taxes collected after year-end and amounts due on real estate contracts that are not available soon enough to pay for the current period's expenditures, and therefore, are reported as a deferred inflows and unearned revenue in the funds. Deferred inflows also contain amounts related to pension activity. (Note II.A)	(72,031,458)
Net position of governmental activities	<u>\$ 2,523,330,147</u>

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

This page intentionally left blank

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>
REVENUES		
Taxes		
Gross receipts taxes, local option	\$ 134,476,528	\$ -
Property taxes	83,268,262	65,753,804
Lodgers' and hospitality taxes	-	-
Franchise taxes	26,412,289	-
Payment in lieu of taxes	13,812	-
Licenses and permits	11,544,317	-
Intergovernmental - federal	-	-
Intergovernmental - state	208,524,564	-
Charges for services	50,906,295	-
Fines and forfeitures	280,039	-
Investment earnings	(601,787)	(602,652)
Special assessments	-	-
Miscellaneous	3,759,636	-
Total revenues	<u>518,583,955</u>	<u>65,151,152</u>
EXPENDITURES		
Current:		
General government	68,464,693	-
Public safety	250,845,753	-
Culture and recreation	79,055,480	-
Public works	10,358,376	-
Highways and streets	18,662,125	-
Health	16,760,799	-
Human services	34,935,109	-
Housing	-	-
Debt service:		
Principal retirement	-	58,720,000
Interest	-	15,256,353
Fiscal agent and other fees	-	1,306,515
Capital outlay	411,846	-
Total expenditures	<u>479,494,181</u>	<u>75,282,868</u>
Excess (deficiency) of revenues over expenditures	<u>39,089,774</u>	<u>(10,131,716)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	5,569,431	-
Transfers out	(47,192,554)	-
Premiums on bonds issued	-	9,035,943
Bonds and notes issued	-	-
Total other financing sources (uses)	<u>(41,623,123)</u>	<u>9,035,943</u>
Net change in fund balances	(2,533,349)	(1,095,773)
Fund balances, July 1	<u>57,170,555</u>	<u>64,323,388</u>
Fund balances, June 30	<u>\$ 54,637,206</u>	<u>\$ 63,227,615</u>

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

Capital Acquisition Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 58,958,721	\$ 193,435,249
-	-	149,022,066
-	15,686,861	15,686,861
385,998	-	26,798,287
-	-	13,812
-	3,180,381	14,724,698
6,918,470	18,390,172	25,308,642
346,522	8,017,826	216,888,912
-	11,989,263	62,895,558
-	670,805	950,844
83,125	410,351	(710,963)
-	3,005,731	3,005,731
3,673,709	7,347,437	14,780,782
<u>11,407,824</u>	<u>127,657,548</u>	<u>722,800,479</u>
4,893,776	12,438,653	85,797,122
3,051,080	6,712,134	260,608,967
3,685,588	3,447,091	86,188,159
5,934,482	486,836	16,779,694
4,490,574	8,620,750	31,773,449
17,933	4,591,710	21,370,442
1,141,804	26,784,172	62,861,085
1,795,572	(1,379,333)	416,239
-	12,445,748	71,165,748
-	10,515,068	25,771,421
-	-	1,306,515
68,023,941	31,206,999	99,642,786
<u>93,034,750</u>	<u>115,869,828</u>	<u>763,681,627</u>
<u>(81,626,926)</u>	<u>11,787,720</u>	<u>(40,881,148)</u>
1,110,450	29,341,833	36,021,714
(2,266,065)	(25,893,422)	(75,352,041)
-	-	9,035,943
115,840,246	469,754	116,310,000
<u>114,684,631</u>	<u>3,918,165</u>	<u>86,015,616</u>
33,057,705	15,705,885	45,134,468
210,908,987	126,990,346	459,393,276
<u>\$ 243,966,692</u>	<u>\$ 142,696,231</u>	<u>\$ 504,527,744</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
YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$ 45,134,468
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)	6,779,006
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 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)	(47,054,353)
Internal service funds are used by the City to change 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.	(5,967,522)
Under the modified accrual basis of accounting used in 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 new change of balances. (Note II.B)	(3,269,485)
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.	(476,565)
The change in liability for the City's portion of OPEB and pension obligations, which are reported as expenditures in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note II.B)	<u>(38,970,771)</u>
Change in net position of governmental activities	<u>\$ (43,825,222)</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Revenues:				
Taxes:				
Gross receipts tax-local option	\$ 134,434,000	\$ 131,212,000	\$ 134,476,528	\$ 3,264,528
Current property tax	80,902,000	81,047,000	81,171,756	124,756
Delinquent property tax	2,750,000	2,550,000	2,096,506	(453,494)
Franchise taxes:				
Electric	9,796,000	9,253,000	9,085,687	(167,313)
Gas	3,769,000	3,693,000	3,545,328	(147,672)
Cable television	4,240,000	4,240,000	4,132,995	(107,005)
Telephone	1,633,000	1,523,000	1,425,192	(97,808)
Telecommunications	209,000	230,000	239,492	9,492
Water Authority	7,632,000	7,890,000	7,983,595	93,595
Payments in lieu of taxes	-	-	13,812	13,812
Total taxes	<u>245,365,000</u>	<u>241,638,000</u>	<u>244,170,891</u>	<u>2,532,891</u>
Licenses and permits:				
Building permits	4,495,000	4,517,000	3,308,520	(1,208,480)
Plan checking permits	2,227,000	487,000	1,376,542	889,542
Business registration fees	1,200,000	1,200,000	706,091	(493,909)
Plumbing/mechanical permits	994,000	483,000	1,008,341	525,341
Restaurant inspections	1,200,000	1,200,000	1,299,974	99,974
Electrical/refrigeration permits	1,192,000	880,000	913,771	33,771
Other licenses and permits	186,000	148,000	152,117	4,117
Right of way usage permits	235,000	300,000	405,916	105,916
Liquor licenses	215,000	215,000	296,025	81,025
Animal licenses	250,000	250,000	262,010	12,010
Food retailers inspections	226,000	226,000	216,011	(9,989)
Swimming pool inspections	125,000	125,000	132,450	7,450
Flood plan certification	151,000	-	-	-
Reroofing permits	140,000	90,000	55,354	(34,646)
Loading zone permits	12,000	12,000	8,807	(3,193)
Solicitation permits	5,000	5,000	9,095	4,095
Excavation permits	250,000	170,000	198,609	28,609
Barricading permits	835,000	1,235,000	1,194,684	(40,316)
Total licenses and permits	<u>13,938,000</u>	<u>11,543,000</u>	<u>11,544,317</u>	<u>1,317</u>
Intergovernmental:				
State shared:				
Gross receipts tax	201,751,000	197,433,000	202,214,666	4,781,666
Municipal road - gas tax	2,592,000	2,592,000	2,515,100	(76,900)
Motor vehicle license distribution	2,028,000	2,028,000	1,956,251	(71,749)
Municipal comp tax	2,017,000	1,396,000	1,556,747	160,747
Grants:				
Bernalillo County-shared operations	282,000	495,000	281,800	(213,200)
Total intergovernmental	<u>208,670,000</u>	<u>203,944,000</u>	<u>208,524,564</u>	<u>4,580,564</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues (continued):				
Charges for services:				
General government:				
Administrative charges to other funds	29,378,000	28,944,000	26,541,700	(2,402,300)
Legal services	2,495,000	2,495,000	2,205,287	(289,713)
Small business loan fees	25,000	2,000	1,700	(300)
Engineering fees	753,000	1,673,000	909,235	(763,765)
Engineering inspections	243,000	243,000	179,615	(63,385)
Shooting range fees	260,000	260,000	273,190	13,190
Records search fees	215,000	215,000	226,284	11,284
Filing of plats and subdivisions	378,000	209,000	233,740	24,740
Administrative fees	318,000	56,000	125,514	69,514
Photocopying	155,000	155,000	210,302	55,302
Hearing officer charges	30,000	30,000	22,648	(7,352)
Sign fees	80,000	24,000	24,400	400
Zoning plan check fees	175,000	277,000	245,555	(31,445)
Office services	23,000	23,000	25,226	2,226
Planning services	226,000	245,000	221,903	(23,097)
Land mediation charges	10,000	10,000	12,310	2,310
Sale of maps and publications	-	-	300	300
AGIS services	1,000	1,000	520	(480)
Public safety:				
Police services	4,333,000	4,283,000	5,669,228	1,386,228
Fire services	1,183,000	1,513,000	1,558,036	45,036
Culture and recreation:				
Zoo admissions	3,005,000	2,350,000	2,520,758	170,758
Cultural affairs	1,793,000	1,757,000	1,912,981	155,981
Albuquerque aquarium and gardens	1,991,000	1,600,000	1,762,648	162,648
Latch key program	862,000	902,000	861,349	(40,651)
Swimming pools	912,000	931,000	720,019	(210,981)
Sports programs	662,000	662,000	452,717	(209,283)
Other recreation charges	266,000	293,000	840,872	547,872
Museum charges	616,000	352,000	357,895	5,895
Other zoo charges	264,000	234,000	167,937	(66,063)
Community centers	89,000	105,000	109,134	4,134
Tournament/field rental	263,000	229,000	69,704	(159,296)
Outdoor recreation fees	8,000	21,000	23,864	2,864

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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues (continued):				
Charges for services:				
Highways and streets:				
Other street division charges/permits	70,000	45,000	52,920	7,920
Health:				
Animal control charges	1,355,000	1,355,000	792,723	(562,277)
Human services:				
Childcare services	741,000	676,000	640,641	(35,359)
Senior center memberships	255,000	255,000	271,691	16,691
Senior meal programs	160,000	174,000	185,435	11,435
Other	43,000	29,000	25,664	(3,336)
Senior dances	42,000	32,000	33,512	1,512
DSA Route #2	363,000	212,000	399,253	187,253
Senior coffee	14,000	14,000	17,885	3,885
Total charges for services	<u>54,055,000</u>	<u>52,886,000</u>	<u>50,906,295</u>	<u>(1,979,705)</u>
Fines and forfeits:				
Air quality penalties	295,000	295,000	280,039	(14,961)
Total fines and forfeits	<u>295,000</u>	<u>295,000</u>	<u>280,039</u>	<u>(14,961)</u>
Interest:				
Interest on investments	1,215,000	500,000	(601,787)	(1,101,787)
Total interest	<u>1,215,000</u>	<u>500,000</u>	<u>(601,787)</u>	<u>(1,101,787)</u>
Miscellaneous:				
Community center rentals	318,000	332,000	357,338	25,338
Jury duty and witness fees	2,000	2,000	812	(1,188)
Rental of City property	1,056,000	1,072,000	1,186,500	114,500
Other miscellaneous	884,000	714,000	1,259,284	545,284
Sales of real property	30,000	38,000	211,162	173,162
Collections from property damage	22,000	10,000	22,572	12,572
Contributions and donations	2,000	2,000	35,277	33,277
Liens and recoveries	361,000	848,000	686,691	(161,309)
Total miscellaneous	<u>2,675,000</u>	<u>3,018,000</u>	<u>3,759,636</u>	<u>741,636</u>
Total revenues	<u>526,213,000</u>	<u>513,824,000</u>	<u>518,583,955</u>	<u>4,759,955</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Expenses:				
Current:				
General government:				
Accounting	3,798,000	3,813,000	3,740,078	72,922
Administrative hearing office	393,000	398,000	314,743	83,257
Chief administrative officer	1,702,000	1,702,000	1,624,700	77,300
Citizen services	3,619,000	3,619,000	3,001,245	617,755
Citywide financial support	1,006,000	1,006,000	995,646	10,354
Urban design and development	1,970,000	1,999,000	1,637,027	361,973
Council services	3,884,000	3,973,000	3,886,648	86,352
DFAS - strategic support	405,000	405,000	462,840	(57,840)
Dues and memberships	473,000	473,000	481,935	(8,935)
Early retirement	6,500,000	6,500,000	6,065,206	434,794
Economic development	1,583,000	392,100	1,584,738	(1,192,638)
Economic development investment	211,000	875,000	220,919	654,081
ED - Convention center	1,974,000	1,974,000	1,888,981	85,019
International trade	154,000	154,000	184,525	(30,525)
Joint committee- intergov. legislation	158,000	158,000	158,000	-
Legal services	5,850,000	5,865,000	4,957,378	907,622
Mayor's office	916,000	922,000	847,601	74,399
Office of inspector general	345,000	345,000	332,527	12,473
Office of internal audit	850,000	850,000	627,500	222,500
Office of management and budget	1,113,000	1,131,000	1,018,777	112,223
Office of the city clerk	1,913,000	2,759,000	2,241,602	517,398
One stop shop	6,906,000	6,941,000	6,525,468	415,532
Open and ethical elections	529,000	529,000	529,000	-
Personnel services	2,473,000	2,477,000	2,447,974	29,026
Planning - strategic support	1,996,000	2,009,000	1,870,622	138,378
Purchasing	1,489,000	1,528,000	1,249,029	278,971
Real property	835,000	846,000	804,810	41,190
Treasury	1,022,000	1,025,000	986,032	38,968
Technology and innovation	10,446,000	10,490,000	9,160,960	1,329,040
B/C/J/Q Union Time	131,000	131,000	116,428	14,572
Total general government	<u>64,644,000</u>	<u>65,289,100</u>	<u>59,962,939</u>	<u>5,326,161</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Expenses (continued):				
Current:				
Public safety:				
Police department:				
Data management for APD	842,000	842,000	668,367	173,633
Police oversight	860,000	860,000	732,949	127,051
Investigative services	32,824,000	33,079,000	30,408,089	2,670,911
Neighborhood policing	98,878,000	100,015,000	100,973,385	(958,385)
Off duty police overtime	1,800,000	1,800,000	2,840,219	(1,040,219)
PD - Administrative support	16,318,000	16,464,000	16,740,371	(276,371)
Prisoner transport	1,922,000	1,936,000	2,353,797	(417,797)
Professional standards	18,817,000	19,286,000	18,690,557	595,443
Fire department:				
AFD headquarters	2,422,000	2,433,000	2,432,442	558
Dispatch	5,116,000	5,173,000	5,172,832	168
Emergency response	61,779,000	62,836,000	62,839,758	(3,758)
Fire prevention	3,398,000	3,439,000	3,436,016	2,984
Logistics	1,421,000	1,428,500	1,427,075	1,425
Training	2,334,000	2,356,500	2,355,942	558
Total public safety	<u>248,731,000</u>	<u>251,948,000</u>	<u>251,071,799</u>	<u>876,201</u>
Culture and recreation:				
Aquatics	4,574,000	4,655,000	4,639,993	15,007
Balloon museum	1,158,000	1,160,000	1,157,383	2,617
Biopark	13,918,000	13,974,000	14,043,393	(69,393)
CIP Biopark	385,000	385,000	349,756	35,244
CIP library	67,000	68,000	67,643	357
CIP parks	620,000	2,827,000	1,829,118	997,882
Community events	3,355,000	3,405,000	3,339,124	65,876
Community recreation	8,255,000	8,278,000	7,343,650	934,350
Cultural services - strategic support	1,582,000	1,586,000	1,518,130	67,870
Explora	1,434,000	1,434,000	1,434,002	(2)
Library	12,147,000	12,201,000	12,012,395	188,605
Museum	3,372,000	3,384,000	3,405,188	(21,188)
Parks and recreation - strategic support	981,000	983,000	804,429	178,571
Parks management	17,999,000	18,184,000	18,106,780	77,220
Public arts and urban enhancement	301,000	302,000	316,243	(14,243)
Recreation	2,772,000	2,820,000	2,547,071	272,929
Open space management	4,082,000	4,136,000	3,925,073	210,927
Special events parking	19,000	19,000	19,000	-
Total culture and recreation	<u>77,021,000</u>	<u>79,801,000</u>	<u>76,858,371</u>	<u>2,942,629</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, 2018

	Original	Final	Actual	Variance with Final Budget Over/Under
Expenses (continued):				
Current:				
Municipal development:				
Construction	1,475,000	1,481,000	1,248,223	232,777
Design recovered CIP	4,169,000	1,982,000	2,080,097	(98,097)
Design recovered storm drain	2,084,000	2,090,000	2,254,368	(164,368)
Storm drainage	2,606,000	2,614,000	2,854,421	(240,421)
MD - Strategic support	2,200,000	2,208,000	2,046,271	161,729
Street CIP	4,687,000	4,713,000	4,295,877	417,123
Street services	13,762,000	13,859,000	14,246,448	(387,448)
City Buildings	8,627,000	8,670,000	8,510,450	159,550
Total municipal development	<u>39,610,000</u>	<u>37,617,000</u>	<u>37,536,155</u>	<u>80,845</u>
Health:				
Animal care and control	11,031,000	11,106,000	10,613,156	492,844
Code enforcement	3,737,000	3,848,000	3,160,334	687,666
Consumer health protection	1,306,000	1,312,000	1,194,517	117,483
Environmental health	647,000	648,000	641,322	6,678
Strategic support	696,000	697,000	645,773	51,227
Urban biology	526,000	527,000	505,697	21,303
Total health	<u>17,943,000</u>	<u>18,138,000</u>	<u>16,760,799</u>	<u>1,377,201</u>
Human services:				
SA - Basic services	248,000	249,000	154,551	94,449
Affordable housing	2,334,000	2,784,000	2,636,982	147,018
Child care	5,585,000	5,624,000	5,284,412	339,588
Emergency shelter	1,633,000	1,783,000	1,761,545	21,455
Health & social services	3,526,000	3,550,000	3,392,030	157,970
Mental health services	2,910,000	3,247,000	2,564,226	682,774
Partner with public education	4,986,000	4,990,000	4,334,829	655,171
FC - Strategic support	1,208,000	1,211,000	1,281,780	(70,780)
Reduce youth gangs	1,271,000	1,271,000	1,249,916	21,084
Subst. abuse treatment & prevention	3,793,000	3,235,000	1,968,386	1,266,614
FC - Supportive services	3,518,000	3,650,000	3,178,479	471,521
Transitional housing	167,000	167,000	144,246	22,754
Well being- seniors	4,936,000	4,960,000	4,644,415	315,585
Grants repayment	-	2,330,000	2,339,312	(9,312)
Senior affairs - strategic support	2,181,000	2,182,000	2,369,009	(187,009)
Total human services	<u>38,296,000</u>	<u>41,233,000</u>	<u>37,304,118</u>	<u>3,928,882</u>
Total expenses	<u>486,245,000</u>	<u>494,026,100</u>	<u>479,494,181</u>	<u>14,531,919</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, 2018

	Original	Final	Actual	Variance with Final Budget Over/Under
Excess of revenues over expenditures	39,968,000	19,797,900	39,089,774	19,291,874
OTHER FINANCING SOURCES (USES):				
Transfers in	4,702,000	5,542,000	5,569,431	27,431
Transfers out	(43,928,000)	(47,477,000)	(47,192,554)	284,446
Total other financing sources (uses)	(39,226,000)	(41,935,000)	(41,623,123)	311,877
Net change in fund balance	742,000	(22,137,100)	(2,533,349)	19,603,751
Fund balance, July 1	57,170,555	57,170,555	57,170,555	-
Fund balance, June 30	<u>\$ 57,912,555</u>	<u>\$ 35,033,455</u>	<u>\$ 54,637,206</u>	<u>\$ 19,603,751</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	Airport Fund	Refuse Disposal Fund
ASSETS		
Current assets		
Cash and investments	\$ 61,999,422	\$ 36,439,165
Cash held by others	-	-
Flexible spending account	-	-
Accounts receivable, net of allowance	4,917,292	3,879,614
Prepaid expenses	11,066	-
Inventories	820,088	562,464
Due from other government units	974,689	-
Due from other funds	-	-
Total current assets	<u>68,722,557</u>	<u>40,881,243</u>
Noncurrent assets:		
Accounts receivable-developers, net	-	-
Restricted assets:		
Cash and investments	76,543,637	11,247,242
Cash with fiscal agent	3,164,704	-
Security deposits	-	-
Total restricted assets	<u>79,708,341</u>	<u>11,247,242</u>
Capital assets:		
Buildings	200,710,165	15,085,666
Runways	346,372,686	-
Infrastructure	-	11,269,994
Improvements	278,993,974	32,415,221
Machinery and equipment	24,608,675	73,818,544
Intangible assets	-	16,870
Total capital assets-depreciable	<u>850,685,500</u>	<u>132,606,295</u>
Less: accumulated depreciation	<u>529,955,254</u>	<u>86,664,062</u>
Capital assets-depreciable, net	320,730,246	45,942,233
Land	41,093,819	5,550,766
Construction in progress	34,004,817	3,594,895
Total capital assets	<u>395,828,882</u>	<u>55,087,894</u>
Total noncurrent assets	<u>475,537,223</u>	<u>66,335,136</u>
Total assets	<u>544,259,780</u>	<u>107,216,379</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gain/loss on bond refunding	28,012	-
Deferred outflow related to OPEB	316,655	502,132
Deferred outflow related to pension	4,928,889	6,626,236
Total deferred outflows of resources	<u>\$ 5,273,556</u>	<u>\$ 7,128,368</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 2,829,933	\$ 4,848,957	\$ 106,117,477	\$ 67,783,583
-	596,352	596,352	-
-	-	-	508,635
735,274	838,224	10,370,404	7,525
304,184	10,463	325,713	1,183
3,093,160	-	4,475,712	1,992,845
82,394,160	-	83,368,849	165,551
1,462,944	-	1,462,944	1,380,069
90,819,655	6,293,996	206,717,451	71,839,391
-	1,517,582	1,517,582	-
85,259	3,429,131	91,305,269	-
-	-	3,164,704	-
-	170,833	170,833	-
85,259	3,599,964	94,640,806	-
85,171,383	94,566,397	395,533,611	1,231,765
-	-	346,372,686	-
112,559,255	-	123,829,249	-
7,070,874	-	318,480,069	46,466
108,265,591	4,821,384	211,514,194	1,169,357
-	17,550,000	17,566,870	21,000
313,067,103	116,937,781	1,413,296,679	2,468,588
123,629,999	66,136,019	806,385,334	2,280,899
189,437,104	50,801,762	606,911,345	187,689
5,746,040	5,108,043	57,498,668	283,842
966,472	-	38,566,184	-
196,149,616	55,909,805	702,976,197	471,531
196,234,875	61,027,351	797,617,003	471,531
287,054,530	67,321,347	1,005,852,036	72,310,922
-	502,934	530,946	-
507,986	78,661	1,405,434	88,945
6,678,769	1,005,928	19,239,822	1,954,789
\$ 7,186,755	\$ 1,587,523	\$ 21,176,202	\$ 2,043,734

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
LIABILITIES		
Current liabilities:		
Book overdraft	\$ -	\$ -
Accounts payable	1,727,470	3,572,373
Accrued employee compensation	329,563	528,511
Accrued vacation and sick leave	1,256,698	1,826,703
Customer deposits	931,337	55,869
Unearned revenue	3,210,880	-
Claims reserve	-	-
Accrued fuel cleanup costs	-	-
Due to other funds	57,349	104,433
Payable from restricted assets:		
Contracts payable	2,417,221	55,046
Bonds payable	9,315,000	-
Accrued interest	412,513	40,529
Total current liabilities	<u>19,658,031</u>	<u>6,183,464</u>
Noncurrent liabilities:		
Accrued landfill closure costs	-	5,138,764
Bonds payable	13,830,174	-
Claims reserve	-	-
Accrued vacation and sick leave	735,122	377,570
Net pension liability	20,163,705	26,610,663
Net OPEB liability	13,637,453	22,104,602
Tenant security deposits	-	-
Total noncurrent liabilities	<u>48,366,454</u>	<u>54,231,599</u>
Total liabilities	<u>68,024,485</u>	<u>60,415,063</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to OPEB	2,744,593	4,415,288
Deferred inflow related to pension	2,474,186	1,827,368
Total deferred inflows of resources	<u>5,218,779</u>	<u>6,242,656</u>
NET POSITION (DEFICIT)		
Invested in capital assets	384,377,241	59,288,181
Restricted for:		
Debt service	22,985,536	4,478,244
Construction in progress	62,839,869	21,681,268
Unrestricted	<u>6,087,426</u>	<u>(37,760,665)</u>
Total net position (deficit)	<u>\$ 476,290,072</u>	<u>\$ 47,687,028</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 74,967,798	\$ -	\$ 74,967,798	\$ -
3,493,683	550,418	9,343,944	3,083,091
565,615	77,106	1,500,795	142,090
1,632,779	236,218	4,952,398	504,779
-	22,347	1,009,553	-
1,065,540	60,950	4,337,370	-
-	-	-	18,520,885
-	-	-	220,320
108,967	317,396	588,145	20,515
1,253,659	-	3,725,926	-
-	1,180,000	10,495,000	-
-	255,894	708,936	-
<u>83,088,041</u>	<u>2,700,329</u>	<u>111,629,865</u>	<u>22,491,680</u>
-	-	5,138,764	-
-	15,262,143	29,092,317	-
-	-	-	57,978,717
486,736	61,450	1,660,878	25,341
27,322,598	4,338,041	78,435,007	8,314,111
22,245,081	3,384,217	61,371,353	6,280,690
-	161,365	161,365	-
<u>50,054,415</u>	<u>23,207,216</u>	<u>175,859,684</u>	<u>72,598,859</u>
<u>133,142,456</u>	<u>25,907,545</u>	<u>287,489,549</u>	<u>95,090,539</u>
4,430,161	669,726	12,259,768	551,875
<u>1,842,914</u>	<u>279,351</u>	<u>6,423,819</u>	<u>1,230,232</u>
<u>6,273,075</u>	<u>949,077</u>	<u>18,683,587</u>	<u>1,782,107</u>
169,149,614	39,467,662	652,282,698	471,531
-	2,563,070	30,026,850	-
3,704,048	2,590,715	90,815,900	-
<u>(18,027,908)</u>	<u>(2,569,199)</u>	<u>(52,270,346)</u>	<u>(22,989,521)</u>
<u>\$ 154,825,754</u>	<u>\$ 42,052,248</u>	<u>\$ 720,855,102</u>	<u>\$ (22,517,990)</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
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
OPERATING REVENUES:		
Charges for services	\$ 58,497,409	\$ 71,995,219
OPERATING EXPENDITURES:		
Salaries and benefits	17,097,290	28,397,012
Professional services	412,719	582,768
Utilities	2,179,908	1,465,682
Supplies	1,358,755	3,093,602
Travel	50,520	10,614
Fuel, repairs and maintenance	2,227,814	9,218,185
Contractual services	5,661,156	8,521,349
Claims and judgements	-	-
Insurance premiums	723,435	2,937,861
Landfill closure costs	-	294,911
Other operating expenses	2,792,382	3,305,181
Depreciation	27,534,436	9,582,363
Total operating expenditures	<u>60,038,415</u>	<u>67,409,528</u>
Operating income (loss)	<u>(1,541,006)</u>	<u>4,585,691</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest on investments	442,706	133,585
Passenger facility charges	9,921,802	-
Gain (loss) on disposition of property	(124,620)	(94,332)
Interest expense	(1,524,078)	(3,464)
Fiscal agent and other fees	(185,119)	-
Other	(812,101)	(1,542,733)
Total non-operating revenues (expenses)	<u>7,718,590</u>	<u>(1,506,944)</u>
Income (loss) before special items	6,177,584	3,078,747
Capital contribution	5,151,522	-
Transfers in	-	-
Transfers out	<u>(150,000)</u>	<u>(2,580,891)</u>
Change in net position	11,179,106	497,856
Net position, July 1 (restated, see note IV.N)	<u>465,110,966</u>	<u>47,189,172</u>
Net position, June 30	<u>\$ 476,290,072</u>	<u>\$ 47,687,028</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
Transit Fund	Nonmajor Enterprise Funds	Total	
\$ 11,428,932	\$ 14,465,788	\$ 156,387,348	\$ 115,895,848
30,820,309	4,387,576	80,702,187	7,539,523
284,994	1,364,945	2,645,426	1,631,357
1,002,189	3,202,370	7,850,149	377,352
520,126	457,100	5,429,583	1,432,073
23,999	2,221	87,354	26,414
8,291,623	1,115,210	20,852,832	7,120,525
1,464,737	1,051,397	16,698,639	5,704,629
771	-	771	35,117,982
3,982,550	563,102	8,206,948	59,165,443
-	-	294,911	-
4,971,564	771,161	11,840,288	1,632,453
8,140,742	2,952,063	48,209,604	52,446
59,503,604	15,867,145	202,818,692	119,800,197
(48,074,672)	(1,401,357)	(46,431,344)	(3,904,349)
(1,914,425)	(21,597)	(1,359,731)	251,018
-	-	9,921,802	-
14,299	320	(204,333)	4,529
-	(604,472)	(2,132,014)	-
-	(6,500)	(191,619)	-
(2,912,264)	(251,282)	(5,518,380)	(570,720)
(4,812,390)	(883,531)	515,725	(315,173)
(52,887,062)	(2,284,888)	(45,915,619)	(4,219,522)
83,810,898	-	88,962,420	-
43,116,803	1,345,000	44,461,803	-
(408,101)	(244,485)	(3,383,477)	(1,748,000)
73,632,538	(1,184,373)	84,125,127	(5,967,522)
81,193,216	43,236,621	636,729,975	(16,550,468)
\$ 154,825,754	\$ 42,052,248	\$ 720,855,102	\$ (22,517,990)

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
CASH FROM OPERATING ACTIVITIES:		
Received from customers	\$ 56,268,457	\$ 72,017,199
Received from other funds for goods and services	-	-
Payments to employees for services	(16,986,918)	(28,511,595)
Payments to supplies for goods and services	(11,692,950)	(21,754,409)
Payments to other funds for goods and services	(4,031,368)	(6,970,450)
Payments to claimants and beneficiaries	-	-
	<u>23,557,221</u>	<u>14,780,745</u>
Net cash provided (used) by operating activities		
CASH FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	215,307	-
Proceeds from public surplus	347,976	581,842
Transfers from other funds	-	-
Transfers to other funds	(150,000)	(2,580,891)
Book overdraft	-	-
	<u>413,283</u>	<u>(1,999,049)</u>
Net cash provided (used) by noncapital financing activities		
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on bond maturities	(9,205,000)	-
Interest and other expenses paid on bond maturities	(1,202,911)	-
Acquisition and construction of capital assets	(45,123,416)	(6,164,612)
Capital grants received	4,396,149	-
Passenger facility charges	9,921,802	-
Proceeds from sale of property and equipment	3,456	19,383
	<u>(41,209,920)</u>	<u>(6,145,229)</u>
Net cash provided (used) by capital and related financing activities		
CASH FROM INVESTING ACTIVITIES:		
Interest received on investments	442,706	133,585
	<u>442,706</u>	<u>133,585</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	(16,796,710)	6,770,052
Cash and cash equivalents, July 1	<u>158,504,475</u>	<u>40,916,355</u>
Cash and cash equivalents, June 30	<u>\$ 141,707,765</u>	<u>\$ 47,686,407</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 16,083,508	\$ 14,298,332	\$158,667,496	\$ 2,373,464
-	-	-	113,809,888
(30,722,874)	(4,368,554)	(80,589,941)	(7,548,004)
(26,822,133)	(7,024,344)	(67,293,836)	(74,922,857)
(36,331,158)	(1,191,599)	(48,524,575)	(2,282,407)
-	-	-	(30,544,460)
<u>(77,792,657)</u>	<u>1,713,835</u>	<u>(37,740,856)</u>	<u>885,624</u>
-	-	215,307	-
18,222	69,447	1,017,487	38,638
43,116,803	1,345,000	44,461,803	-
(408,101)	(244,485)	(3,383,477)	(1,748,000)
<u>74,967,798</u>	<u>-</u>	<u>74,967,798</u>	<u>-</u>
<u>117,694,722</u>	<u>1,169,962</u>	<u>117,278,918</u>	<u>(1,709,362)</u>
-	(1,145,000)	(10,350,000)	-
-	(538,925)	(1,741,836)	-
(42,158,368)	(25,519)	(93,471,915)	(58,108)
1,907,749	-	6,303,898	-
-	-	9,921,802	-
-	-	22,839	4,528
<u>(40,250,619)</u>	<u>(1,709,444)</u>	<u>(89,315,212)</u>	<u>(53,580)</u>
<u>(1,914,425)</u>	<u>(21,597)</u>	<u>(1,359,731)</u>	<u>251,018</u>
<u>(1,914,425)</u>	<u>(21,597)</u>	<u>(1,359,731)</u>	<u>251,018</u>
(2,262,979)	1,152,756	(11,136,881)	(626,300)
<u>5,178,171</u>	<u>7,892,517</u>	<u>212,491,518</u>	<u>68,409,882</u>
<u>\$ 2,915,192</u>	<u>\$ 9,045,273</u>	<u>\$201,354,637</u>	<u>\$ 67,783,582</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,541,006)	\$ 4,585,691
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	27,534,436	9,582,363
Decrease (increase) in assets:		
Accounts receivable	(1,152,898)	32,454
Due from other funds	-	-
Flexible spending account	-	-
Inventories	34,655	(59,313)
Prepaid expenses	(8,906)	-
Increase (decrease) in liabilities:		
Accounts payable	518,919	394,682
Deposits	263,626	(10,470)
Accrued landfill and fuel cleanup costs	-	294,911
Due to other funds	13,602	19,968
Contracts payable	(875,898)	55,046
Claims reserve	-	-
Unearned revenue	(1,339,681)	-
Accrued employee compensation	<u>110,372</u>	<u>(114,587)</u>
Net cash provided (used) by operating activities:	<u>\$ 23,557,221</u>	<u>\$ 14,780,745</u>
 SUPPLEMENTAL DATA:		
Increase (decrease) in fair value of investments	\$ (1,792,442)	\$ (559,667)

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

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
<u>Transit Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (48,074,672)	\$ (1,401,364)	\$(46,431,351)	\$ (3,904,348)
8,140,742	2,952,063	48,209,604	52,446
4,751,236	(161,028)	3,469,764	589,830
-	-	-	(302,320)
-	-	-	(34,613)
(256,070)	-	(280,728)	247,777
(301,727)	(202)	(310,835)	(1,131)
(16,386,156)	143,972	(15,328,583)	(384,799)
-	5,942	259,098	-
-	-	294,911	20,230
(26,920,444)	167,799	(26,719,075)	2,905
1,253,659	-	432,807	-
-	-	-	4,573,522
(96,660)	(12,369)	(1,448,710)	-
97,435	19,022	112,242	26,125
<u>\$ (77,792,657)</u>	<u>\$ 1,713,835</u>	<u>\$(37,740,856)</u>	<u>\$ 885,624</u>

\$ (996,750) \$ (72,287) \$ (3,421,146) \$ (86,951)

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Albuquerque Pooled OPEB Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ -	\$ 4,722,221
Cash and investments-restricted	-	280,117
Long term investments at fair value		
Mutual funds - fixed income	11,818,078	-
Mutual funds - equities	7,640,540	-
Interest receivable	555	-
Accounts receivable	429,340	29,435
Total assets	<u>19,888,513</u>	<u>5,031,773</u>
LIABILITIES		
Accounts payable	\$ -	\$ 2,537
Customer deposits	-	5,029,236
Total liabilities	<u>-</u>	<u>5,031,773</u>
NET POSITION		
Net position held in trust for OPEB benefits	<u>19,888,513</u>	
Total net position	<u><u>\$ 19,888,513</u></u>	

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2018

	Albuquerque Pooled OPEB Trust Fund
	<u>Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,894,137
Investment income	
Gain (loss) on investments	1,073,493
Investment income	<u>395,381</u>
Total additions	<u>3,363,011</u>
DEDUCTIONS	
Contractual services	10,731
Insurance premiums	<u>480,338</u>
Total deductions	<u>491,069</u>
Change in net position	2,871,942
NET POSITION	
Beginning of year	<u>17,016,571</u>
End of year	<u><u>\$ 19,888,513</u></u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, sewer services, and refuse collection. In addition, the City operates parking facilities, a transit system and an international airport.

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.

As of July 1, 2014 the Albuquerque Housing Authority (AHA) became a separate public body authorized by 3-45-5 NMSA 1978 as amended in 2014. The Albuquerque Housing Authority was previously reported as a fund of the City and is discretely presented in the component unit column of the government-wide financial statements. The City's Mayor has the power to appoint the members of AHA's governing board and to rescind AHA's power to operate as a public housing authority (PHA), therefore the City has the potential to impose its will. AHA reports both blended component units and discrete component units primarily made up of housing development partners. Additional information concerning AHA can be found in notes to the financial statements in note P. Audited Financial Statements for AHA may be requested by contacting AHA at the following address: 1840 University Blvd SE, Albuquerque, NM 87106.

The Albuquerque Bernalillo County Water Utility Authority (Authority), a stand-alone special-purpose government, is not reported as a component unit of the City. In fiscal year 2012, the Authority was reported as stand-alone special purpose government and not as a component unit of the City of Albuquerque. The Authority's Comprehensive Annual Financial Report for the year ended June 30, 2018, is available by contacting the Authority at the following address; Fifth floor, P.O. Box 1293, Albuquerque, NM 87103.

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

B. Government-wide and fund financial statements

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 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 Obligation 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. As of fiscal year 2018, the General Obligation Bond Debt Service Fund no longer qualifies as a special revenue fund. The City determined that for consistency purposes, to continue to report the fund as a major governmental fund.

Capital Acquisition Project 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.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

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

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.

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.

Fiduciary Funds - The City accounts for two types of fiduciary funds. The Agency Fund is used to report resources held for other parties outside the City. The Albuquerque Pooled Other Post-Employment Benefits fiduciary trust has been established for the payment of non-pension post-employment benefits to retirees.

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, deferred outflows, liabilities, deferred inflows, and net position

1. *Deposits and investments and investment derivatives*

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

1. Deposits and investments and investment derivatives

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 seven years from the date of purchase. Where applicable based on the investment type, 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.

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

Bank deposits - collateralized at 50% or greater of value by U.S. Treasury and Agency securities;

Repurchase agreements - secured by collateral, which is delivered to a third-party safekeeping institution, with a market value at least 102% of the value of the agreement.

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

Obligations of certain Federal agencies or instrumentalities

Municipal bonds - New Mexico issues.

Fixed-income mutual funds or exchange-traded funds (ETFs) - 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), and provided the instrument passively tracks the performance of major fixed income index.

Investment pools offered by the State Investment Council (SIC) - investment pools that are available for investment by the City.

The New Mexico Local Government Investment Pool (LGIP) - administered by the State Treasurer's Office

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 collectibility of specific customer accounts, the aging of the accounts receivables, and historical experience. All property tax

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

2. *Receivables and payables*

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.

4. *Land held for sale*

Land held for sale consists primarily of approximately 3,577 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 the lower of cost or market value, based on appraisals or determined using the county assessor values recorded annually.

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 and assets received in a service concession agreement are recorded at acquisition 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,

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

5. Capital assets

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.

In fiscal year 2018, the City reviewed the policies and procedures regarding the depreciation of fixed assets. Asset lives across categories and funds were standardized. As a result of this analysis, the City decreased the beginning balance of accumulated depreciation in governmental activities and business activities by \$14,181,752 and \$107,964,417, respectively.

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

Buildings	40 years
Runways	25 years
Infrastructure - storm	50 years
Infrastructure - streets	35 years
Improvements	25 years
Machinery and equipment	3-15 years

6. Other assets

Other assets consist primarily of bond premiums and discounts. 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. Deferred outflows of resources and deferred inflows of resources

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position, but are not recognized in the fund financial statements as expenses or revenues until the period(s) to which they relate. Under the modified accrual basis of accounting, revenue and other financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. For governmental funds, deferred inflows of resources are comprised of various taxes receivable amounts (property, gross receipts, lodgers', hospitality, gasoline, infrastructure) and special assessments. For proprietary funds, deferred outflows and inflows are the result of pension and OPEB activity and the implementation of GASB Statement 68 and 75. All revenues related to these deferred inflows of resources have been recognized as revenue in the government-wide statements. Deferred outflows of resources also consists of deferred gains or losses on refunded debt. These costs are amortized over the remaining maturity period of the related bond issues under a method that approximates the level interest rate method.

8. Risk management

Risk management activities are reported in the City's Risk management fund, an internal service fund. Liabilities for workers' compensation, tort and other claims as of June 30, 2018, are accrued using managements estimates of 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 1.75% over the estimated payment period. Revenues consist primarily of charges to other funds, the amounts of

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

8. *Risk management*

which approximate the cost of claims and other risk management costs arising from the activities of those funds.

9. *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.

10. *Unearned revenue*

Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the statement of net position/balance sheet and revenue is recognized. Amounts included in unearned revenue include primarily moneys collected for deposits on City owned facility rentals, food service and license, permit and impact fees not yet earned.

11. *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.

12. *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.

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 expensed when incurred.

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.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

13. 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 non-expendable portion relates to the principal of the permanent funds that are to be retained intact. The expendable portion includes fund balances related to the investment earnings available to carry out the goals of the permanent funds. The government-wide statement of net position reports \$381,660,386 of restricted net position.

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

14. 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, land held for resale and the principal portion of permanent funds 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. The majority of the restricted funds are restricted for street development and improvement, infrastructure upgrades and storm drains and channels. Culture & recreation is restricted for parks, library development and improvements, and senior and community center developments. Public safety includes funds restricted for fire apparatus replacement and police vehicle replacements.

Committed fund balance includes amounts that can be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision making authority in the City. City Councils formal action to establish committed funds, and to rescind committed funds, is through the passage of an ordinance. The City reports committed resources that have been constrained through ordinances of 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. The Office of Management and Budget has the authority to assign funds based on their goals. 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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

14. Fund balance

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 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	Capital Acquisition Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaid Expenditures	\$ 61,811	\$ -	\$ -	\$ -	\$ 61,811
Permanent Fund Principal Investment	-	-	-	18,507,981	18,507,981
Total nonspendable fund balances	61,811	-	-	18,507,981	18,569,792
Restricted for:					
General Government	-	-	26,186,524	8,518,300	34,704,824
Public Safety - Fire	-	-	-	690,528	690,528
Public Safety - Police	-	-	18,319,669	-	18,319,669
Culture and Recreation	-	-	38,602,571	-	38,602,571
Municipal Development Public Works	-	-	50,805,565	2,624,406	53,429,971
Highway and Streets	-	-	72,545,775	56,840,732	129,386,507
Health	-	-	412,153	3,548,906	3,961,059
Human Services	-	-	37,094,435	2,416	37,096,851
Housing	-	-	-	1,421,949	1,421,949
Debt Service	-	63,227,615	-	20,921,405	84,149,020
Total restricted fund balances	-	63,227,615	243,966,692	94,568,642	401,762,949
Committed to:					
Capital Projects	-	-	-	1,012,461	1,012,461
Culture and Recreation	-	-	-	846,860	846,860
Housing	-	-	-	7,995,304	7,995,304
Public Safety - Police	-	-	-	668,519	668,519
General Government	48,302,000	-	-	1,793,311	50,095,311
Debt Service	-	-	-	839,427	839,427
Total committed fund balances	48,302,000	-	-	13,155,882	61,457,882
Assigned to:					
Capital Projects	-	-	-	771,819	771,819
Culture and Recreation	-	-	-	15,801,315	15,801,315
Total assigned fund balances	-	-	-	16,573,134	16,573,134
Unassigned:	6,273,395	-	-	(109,408)	6,163,987
Total Fund Balances:	\$ 54,637,206	\$ 63,227,615	\$ 243,966,692	\$ 142,696,231	\$ 504,527,744

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

15. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement System (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Postemployment benefits other than pensions (OPEB)

OPEB RHCA - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB Life Insurance - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Albuquerque Pooled Trust and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments in the form of direct payments for premiums and taxes (explicit subsidy) and or indirect payments to retirees in the form of higher premiums for active employees (implicit subsidy). Investments are reported at fair value.

17. 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.

18. 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.

19. Bond premiums/issuance costs

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

20. Interfund 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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position

20. *Interfund transactions*

in the determination of the results of operations in the governmental, proprietary, and fiduciary funds.

21. *New accounting pronouncements*

The following GASB's were implemented in fiscal year 2018 if they were applicable to the City of Albuquerque:

- *GASB Statement No. 75, Accounting and Reporting for Postemployment Benefits Other than Pensions*
- *GASB Statement No. 85, Omnibus 2017*
- *GASB Statement No. 86, Certain Debt Extinguishment Issues*
- *GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2018:

- *GASB Statement No. 83, Certain Asset Retirement Obligations*
- *GASB Statement No. 84, Fiduciary Activities*
- *GASB Statement No. 87, Leases*
- *GASB Statement No. 88, Certain Disclosures Related to Debt*
- *GASB Statement No. 90, Majority Equity Interests*

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City has not yet determined the financial impact from future implementation of these standards.

22. *Reclassifications*

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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:

General obligation bonds	\$ (440,576,000)
Gross receipts tax revenue bonds	(249,975,000)
Special assessments bonds	(17,170,679)
Fire fund loan	(1,026,570)
Unamortized bond premiums/discounts	(32,710,937)
Arbitrage payable	(813,204)
Accrued vacation and sick leave	(32,872,566)
Net pension liability	(516,479,088)
Net OPEB liability	(285,837,551)
Net adjustment to governmental fund balance to arrive at net position of governmental activities	<u>\$ (1,577,461,595)</u>

Another element of the reconciliation involves taxes receivable and other deferred inflow amounts that are not available to pay for the current period’s expenditures. The details of this difference are as follows:

Special assessments	\$ 10,629,939
Developer loans	7,494,266
Property taxes	5,961,045
Lodgers' taxes	15,619
Hospitality taxes	3,124
Gross receipts tax	37,564,128
Gasoline taxes	358,510
Deferred inflows related to pension activity	(75,812,080)
Deferred inflows related to OPEB	(58,246,009)
Net adjustment to governmental fund balance to arrive at net position of governmental activities	<u>\$ (72,031,458)</u>

Deferred outflows of resources are not current financial resources and therefore are not reported in the funds. The details of this difference are as follows:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Deferred outflows related to pension activity	\$ 117,567,397
Deferred outflows related to refunding activity	3,047,041
Deferred outflows related to OPEB activity	<u>6,427,238</u>
Net adjustment to governmental fund balance to arrive at net position of governmental activities	<u>\$ 127,041,676</u>

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	\$ 99,642,786
Dedicated infrastructure	8,954,912
Depreciation expense	(100,882,691)
Net gain (loss) on disposition of capital assets	<u>(936,001)</u>
Net adjustment to change in governmental fund balances to arrive at change in net position of governmental activities	<u>\$ 6,779,006</u>

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	\$ (116,310,000)
Bond premium	(9,035,943)
Arbitrage costs	(12,001)
Amortization:	
Bond discount	(290,252)
Bond premium	7,428,095
Principal repayments:	
General obligation bonds	58,720,000
Gross receipts tax revenue bonds	10,665,000
Fire Fund loan	63,680
Special assessment district bonds	<u>1,717,068</u>
Net adjustment to change in governmental fund balance to arrive at change in net position of governmental activities	<u>\$ (47,054,353)</u>

Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

II. Reconciliation of government-wide and fund financial statements

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.

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. The details of the difference are as follows:

Gross receipts taxes	\$ 1,442,935
NM shared taxes and fees	(257,508)
Franchise taxes	(1,068,078)
Property taxes	(1,108,362)
Collections on rehabilitation and developer loans	389,156
Special assessments	<u>(2,667,628)</u>
Net adjustment to change in governmental fund balance to arrive at change in net position of governmental activities	<u>\$ (3,269,485)</u>

The change in liability for the City's portion of pension and other post employment benefits obligations do not require the use of current financial resources and, therefore, are not reported in the funds. The details of this difference are as follows

Change in net pension liability	\$ (34,321,579)
Change in net OPEB liability	<u>(4,649,192)</u>
Net adjustment to change in governmental fund balance to arrive at change in net position of governmental activities	<u>\$ (38,970,771)</u>

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets for the General Fund, the following special revenue funds: Fire; Lodgers' Tax; Hospitality Tax; Air Quality; HEART Ordinance; Senior Services Provider; Gas Tax Road; and City/County Facilities are departmental appropriations by program, the level at which expenditures may not legally exceed appropriations. Annual budgets are also prepared for special revenue project funds however the budgeted and actual expenditures are reported on a life to date basis due to the nature of the restricted sources of revenue. Special revenue funds that report on a project basis are as follows; Community Development; Culture and Recreation Projects; Albuquerque Biological Park; City Housing; Operating Grants; Metropolitan Redevelopment; Housing and Neighborhood Economic Development; Law Enforcement Protection and Urban Enhancement Expenditures fund. Debt Service Funds are departmental appropriations by program, the level at which expenditures may not legally exceed appropriations. Budgets were also prepared for the 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 Airport 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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

III. Stewardship, compliance and accountability

A. Budgetary information

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 except for life-to-date funds and for certain non-recurring items that may be re-appropriated without further approval by the Council, subject to sufficient reversions in the respective program. 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, 2018, the following funds had fund balance/net position deficits:

<u>Nonmajor governmental funds</u>	
Culture and Recreation Projects	(40,432)
Heart Ordinance	(98)
Impact Fees	(85,857)
<u>Internal Service Funds</u>	
Communications	(2,060,251)
Fleet Management	(3,144,096)
Risk Management	(20,408,781)

The deficit in the Culture and Recreation Project Fund is a result transferring the majority of the Fund Balance into the General Fund following a prior year audit finding and the review of the purpose of the fund. It was determined that revenue and expenditures from special events were being put into the fund in addition to donations and contributions. The remaining balance was agreed upon by the Budget Office and the department, but resulted in a shortfall in the fund balance. The department is developing a plan to reduce expenditures or identify if the amount of fund balance transferred to the General Fund was accurate. In fiscal year 2019, projects will be reconciled and closed to eliminate the life-to-date revenues and expenditures showing in the schedule of revenues, expenditures, and changes in fund balance that relate to special events.

The deficit in the HEART Ordinance Fund and the Impact Fee Fund is a result of the GASB 31 (mark to market) adjustment.

The deficit in the Fleet Management Fund, Communications Fund and a portion of the Risk Fund is a result of the implementation of GASB Statement No 68 *Recognition of Pension Liabilities*, effective June 30, 2014 and the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective June 30, 2018. The implementation and recognition of the City's proportionate share of OPEB Liabilities resulted in a reinstatement of beginning fund balance for fiscal year 2017. Additional information can be found in GASB 75 Footnotes.

The deficit in the Communications Fund was also due to increased payments to a vendor following the signing of a negotiated agreement and increased cellular phone usage.

In fiscal year 2013, the City conducted a review of both its philosophy for reserving of funds and tools used to analyze thereported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher claims liability was needed. In fiscal year 2015, the City instituted a "Risk Recovery" plan through an allocation to the respective departments. The original goal was to recover \$36,300,000 over ten years. In fiscal years 2015, 2016, 2017 and 2018, \$8,800,000 was collected under the plan. Additional information can be found in Note IV. O.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments at June 30, 2018 consist of the following:

	(In thousands of dollars)				
	City of Albuquerque				
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	Component Unit
Investments:					
U.S. Treasury securities	\$ 83,348	\$ 23,508	\$ 11,818	\$ 118,674	\$ -
Money market funds	3,544	1,618	-	5,162	-
Equity mutual funds	106,517	30,043	7,641	144,201	-
Bond ETFs	69,379	19,568	-	88,947	-
Agency securities	135,489	38,215	-	173,704	-
Municipal bonds	2,104	593	-	2,697	6,771
Total investments	<u>400,381</u>	<u>113,545</u>	<u>19,459</u>	<u>533,385</u>	<u>6,771</u>
Cash and cash equivalents:					
Bank deposits	175,725	9,303	5,002	190,030	11,593
NM Finance Authority	-	3,165	-	3,165	-
Accrued interest	465	373	-	838	-
Total cash and cash equivalents	<u>176,190</u>	<u>12,841</u>	<u>5,002</u>	<u>194,033</u>	<u>11,593</u>
Total investments, cash and cash equivalents	<u>\$ 576,571</u>	<u>\$ 126,386</u>	<u>\$ 24,461</u>	<u>\$ 727,418</u>	<u>\$ 18,364</u>
Financial statement presentation:					
Cash and investments	\$ 374,744	\$ 106,117	\$ 4,722	\$ 485,583	\$ 16,444
Cash held by others	320	596	-	916	-
Book overdraft	-	(74,968)	-	(74,968)	-
Restricted:					
Cash and investments	200,732	91,305	19,459	311,496	-
Cash with fiscal agent	775	3,165	280	4,220	-
Security deposits	-	171	-	171	-
Total cash and investments	<u>\$ 576,571</u>	<u>\$ 126,386</u>	<u>\$ 24,461</u>	<u>\$ 727,418</u>	<u>\$ 16,444</u>

The Transit Fund reported a book overdraft of \$74,967,798 as opposed to an interfund loan. This does not follow generally accepted accounting principles because City management felt that it was impractical to objectively determine which fund loaned the money since the expenditures were paid from the cash pool. The City believes that the reclassification difference between GAAP and the chosen method of presentation is not material. The City has subsequently received most of the federal funding for the Albuquerque Rapid Transit (ART) project and is expected to completely recover the amounts reported as a book overdraft in fiscal year 2019.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

A. Cash and investments

The following is a summary of the fair value hierarchy of investments of the City as of June 30, 2018:

Investments by Fair Value Level	Total	Fair Value Measurement Using (In thousands of dollars)		
		Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
U.S. Treasury securities	\$ 118,674	\$ 118,674	\$ -	\$ -
Money market funds	5,162	5,162	-	-
Equity mutual funds	144,201	144,201	-	-
Bond ETFs	88,947	88,947	-	-
Agency securities	173,704	173,704	-	-
Municipal bonds	2,697	2,697	-	-
Total	<u>\$ 533,385</u>	<u>\$ 533,385</u>	<u>\$ -</u>	<u>\$ -</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$532,766,377 include bonds, funds, stocks and other assets that have a regular "mark to market" mechanism for setting a fair market value. These assets are considered to have readily observable prices and therefore a reliable fair market value.

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). Although per NMSA 6-10-17 only 50% of the deposited amount requires collateralization, currently the City requires 100% collateralization of its deposits as an added layer of risk protection. Per the City's Investment Policy Statement (IPS), the Investment Oversight Committee retains the authority to require a collateral level higher than the 50% threshold at its discretion. Currently the City requires 100% collateralization of its deposits. Although the City's depositories hold U.S. Agency collateral as security, incidental custodial credit risk exists with respect to valuation in the remote prospect of collateral liquidation due to bank failure. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2018, none of the City's bank balances were not exposed to a 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. As of June 30, 2018, Wells Fargo Institutional Retirement & Trust served as custodian of all City securities positions, held in a segregated custodial account in the name of the City of Albuquerque.

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 tenants of the Uniform Prudent Investor Act (UPIA), which raises the level of care to which the City is to be held accountable, from that of "a businessman of ordinary prudence" (Prudent Man standard) to that of the UPIA, an expert standard incorporated into New Mexico statute in 2005: The UPIA recognizes Modern Portfolio Theory and analyzes individual investments as components of a diversified portfolio, thereby providing the ability to reduce overall portfolio risk

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

A. Cash and investments

while enhancing portfolio returns. The City's Investment Committee annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested various asset classes and investment types. As part of the City's allocation evaluation, these guidelines are reviewed periodically as part of its strategic asset allocation approach. 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) deposits with local banks be fully insured by the FDIC and by collateral for amounts greater than the FDIC limit. 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. Finally, fixed income mutual funds and exchange traded funds (ETFs) are permitted so long as they passively track to a broad, nationally recognized index. At June 30, 2018, the City's internal investment pool held investments in U.S. Treasury obligations, U.S. Government agency notes, municipal securities issued by New Mexico governmental entities, and short-term, high-grade corporate and municipal index mutual funds and ETFs

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. Both the City's Liquidity and Core segments have diversification requirements, including asset class limits, issuer limits, and duration ceilings. At June 30, 2018, 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, as well as an A-AAA rated, 1-5 year maturity corporate bond mutual fund, an A-AAA rated, 1-5 year maturity municipal bond exchange-traded fund (ETF), a 1-5 year Treasury Inflation Protected Securities (TIPS) ETF, a 1-5 year high-yield corporate bond ETF, United States Treasury securities and local government obligations. These investments comprise 37% (GSEs collectively), 35%, 10%, 6%, 20%, and 1% respectively, of the core segment. Although mutual funds and ETFs do not have credit ratings, the average credit quality both of the City's mutual fund and its ETF holdings is A. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2018, core segment bond maturities are allocated as follows: 0-12 months – 21%; 1-2 years – 10%; 2-5 years – 69%.

Summarized information concerning the City's portfolio investments is as follows:

City Portfolio Investments	Amount (in thousands)	Weighted Average Days to Maturity	Weighted Average Days to Call	Standard & Poor's Rating	Moody's Rating
Federal Home Loan Bank	\$ 34,624	354	N/A	AA+	Aaa
Federal National Mortgage Association	71,268	506	N/A	AA+	Aaa
Federal Farm Credit Bank	24,240	1,087	N/A	AA+	Aaa
Federal Home Loan Mortgage	43,572	876	N/A	AA+	Aaa
Money market funds	5,162	60	N/A	AAAm	Aaa-mf
Equity mutual funds	144,201	1,066	N/A	A-	A3
Municipal bond ETFs	46,921	1,124	N/A	AA	AA
U.S. Treasury securities	118,674	817	N/A	AA+	Aaa
Municipal bonds	2,697	321	N/A	AA-	Aa2
Treasury inflation protected ETFs	27,227	960	N/A	AA+	Aaa
High yield corporate bond ETFs	14,799	1,263	N/A	B+	B1
Total	\$ 533,385	837		AA+	Aaa

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 overall Core segment modified duration shall not exceed 3.5 years at any time, nor be less than 75% or greater than 125% of the benchmark's duration. Further, no pooled instrument (i.e., mutual fund or ETF) shall have a modified duration in excess of 4.0. The weighted

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

A. Cash and investments

average maturity of the investments in the internal investment pool's core segment at June 30, 2018, was 33 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 bank balances do not include outstanding items of \$7,160,000 and an unreconciled amount of \$1,020,000. The pledged collateral by bank (in thousands) at June 30, 2018, was as follows:

	US Bank	Bank of Oklahoma	Bank of Albuquerque	Wells Fargo Bank	NM Bank & Trust
Total amount on deposit	\$ 135	\$ 775	\$ 958	\$ 190,417	\$ 922
Less FDIC coverage	(250)	(250)	(250)	(250)	(250)
Total uninsured public	-	525	708	190,167	672
50% collateral requirement	-	-	354	95,084	336
Pledged securities, fair value	33	-	1,229	212,999	441
Pledged in excess of (less than) requirement	\$ 33	\$ -	\$ 875	\$ 117,915	\$ 105

B. Receivables

Taxes receivable at June 30, 2018, are from the following sources:

Gross receipts tax	\$ 75,254,196
Property tax	8,066,997
Lodgers' tax	1,329,421
Hospitality tax	265,886
Other taxes	6,758,709
Total	<u>\$ 91,675,209</u>

The property taxes above include a receivable of \$4,498,514 in the General Fund and \$3,568,483 in the General Obligation Debt Service 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 2018 tax levy had a taxable value of \$13,230,978,827. 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 2017 (fiscal year 2018) is 4.976 mills and the operational levy is 6.241 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.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

B. Receivables

Due from other governments

Due from other governments totaled \$97,898,041, representing \$72,663,864 million in federal and state grant receivables and \$25,234,177 from other governmental agencies.

Accounts receivable and allowance for uncollectible accounts

Included in the 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, 2018 are as follows:

	Total Receivables	Allowance for Uncollectible Accounts	Net Receivables
Accounts and notes receivable:			
Governmental activities:			
Major funds:			
General fund	\$ 25,429,915	\$ 22,725,029	\$ 2,704,886
Capital acquisition fund	1,803,431	-	1,803,431
Nonmajor funds:			
Governmental funds	415,041	36,409	378,632
Internal service funds	7,525	-	7,525
Total governmental activities	<u>\$ 27,655,912</u>	<u>\$ 22,761,438</u>	<u>\$ 4,894,474</u>
Business-type activities:			
Major funds:			
Airport	\$ 5,304,409	\$ 387,117	\$ 4,917,292
Refuse disposal	5,906,529	2,026,915	3,879,614
Transit	735,274	-	735,274
Nonmajor enterprise funds	1,525,298	687,074	838,224
Total business-type activities	<u>\$ 13,471,510</u>	<u>\$ 3,101,106</u>	<u>\$ 10,370,404</u>
Accounts and notes receivable-noncurrent			
Governmental activities:			
Major funds:			
Special assessments	\$ 12,248,064	\$ 60,208	\$ 12,187,856
Nonmajor funds:			
Rehabilitation loans	6,327,568	2,600,612	3,726,956
Developer loans	3,805,242	-	3,805,242
Total governmental activities	<u>\$ 22,380,874</u>	<u>\$ 2,660,820</u>	<u>\$ 19,720,054</u>
Business-type activities:			
Accounts receivable-developers:			
Nonmajor funds:			
Developer loans	<u>\$ 2,674,501</u>	<u>\$ 1,156,919</u>	<u>\$ 1,517,582</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

C. Capital assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017 restated	Additions	Deductions	Balance June 30, 2018
<u>Governmental activities</u>				
Land and construction in progress:				
Land	\$ 321,568,762	\$ 2,192,747	\$ 894,471	\$ 322,867,038
Construction in progress	23,624,824	14,783,057	20,109,222	18,298,659
Right of way	1,145,481,026	-	-	1,145,481,026
	<u>1,490,674,612</u>	<u>16,975,804</u>	<u>21,003,693</u>	<u>1,486,646,723</u>
Capital assets-depreciable:				
Buildings	468,480,464	4,849,814	-	473,330,278
Infrastructure	2,249,395,180	41,927,083	-	2,291,322,263
Improvements	749,350,798	56,402,699	-	805,753,497
Machinery and equipment	175,174,476	9,049,941	5,811,368	178,413,049
Intangible	7,742,548	281,066	-	8,023,614
	<u>3,650,143,466</u>	<u>112,510,603</u>	<u>5,811,368</u>	<u>3,756,842,701</u>
Less accumulated depreciation:				
Buildings	147,659,999	11,199,744	-	158,859,743
Infrastructure	897,115,762	51,760,576	-	948,876,338
Improvements	390,732,874	23,315,837	-	414,048,711
Machinery and equipment	142,622,208	13,805,842	5,769,833	150,658,217
Intangible	5,228,596	1,574,516	-	6,803,112
	<u>1,583,359,439</u>	<u>101,656,515</u>	<u>5,769,833</u>	<u>1,679,246,121</u>
Capital assets-depreciable, net	<u>2,066,784,027</u>	<u>10,854,088</u>	<u>41,535</u>	<u>2,077,596,580</u>
Total capital assets, net	<u>\$ 3,557,458,639</u>	<u>\$ 27,829,892</u>	<u>\$ 21,045,228</u>	<u>\$ 3,564,243,303</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

C. Capital assets

	Balance July 1, 2017 restated	Additions	Deductions	Balance June 30, 2018
<u>Business-type activities</u>				
Land and construction in progress:				
Land	\$ 57,482,318	\$ 16,350	\$ -	\$ 57,498,668
Construction in progress	95,561,957	18,174,789	75,170,562	38,566,184
	<u>153,044,275</u>	<u>18,191,139</u>	<u>75,170,562</u>	<u>96,064,852</u>
Capital assets-depreciable:				
Buildings	394,265,192	1,268,419	-	395,533,611
Runways	331,855,847	14,516,839	-	346,372,686
Infrastructure	11,269,994	112,559,255	-	123,829,249
Improvements	305,779,037	12,701,032	-	318,480,069
Machinery and equipment	205,559,591	9,415,899	3,461,296	211,514,194
Intangible	17,566,870	-	-	17,566,870
	<u>1,266,296,531</u>	<u>150,461,444</u>	<u>3,461,296</u>	<u>1,413,296,679</u>
Less accumulated depreciation:				
Buildings	157,825,222	8,604,516	-	166,429,738
Runways	239,334,020	10,657,340	-	249,991,360
Infrastructure	1,932,910	1,886,135	-	3,819,045
Improvements	201,851,197	11,749,412	-	213,600,609
Machinery and equipment	160,025,228	14,691,827	3,242,343	171,474,712
Intangible	366,183	703,687	-	1,069,870
	<u>761,334,760</u>	<u>48,292,917</u>	<u>3,242,343</u>	<u>806,385,334</u>
Capital assets-depreciable, net	<u>504,961,771</u>	<u>102,168,527</u>	<u>218,953</u>	<u>606,911,345</u>
Total capital assets, net	<u>\$ 658,006,046</u>	<u>\$ 120,359,666</u>	<u>\$ 75,389,515</u>	<u>\$ 702,976,197</u>

The City standardized its asset lives across certain categories in fiscal year 2018; this resulted in decreases to the beginning balance of accumulated depreciation of governmental activities and business-type activities totaling \$14,181,752 and \$107,964,417, respectively.

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

C. Capital assets

Governmental activities:

General government	\$ 6,350,895
Public safety:	
Corrections	-
Fire protection	3,256,142
Police protection	6,657,060
Culture and recreation	22,378,324
Public works:	
Municipal development	575,448
Storm	17,564,798
Highways and streets:	
Street maintenance	38,631,596
Traffic engineering	405,433
Health	652,460
Human services	4,410,537
Internal service funds	52,446
Total depreciation expense	<u>100,935,139</u>
Transfers-in from business-type activities	721,376
Total additions to accumulated depreciation	<u><u>101,656,515</u></u>

Business-type activities

Major funds:	
Airport	\$ 27,534,436
Refuse Disposal	9,582,363
Transit	8,140,742
Nonmajor funds	2,952,063
Total depreciation expense	<u>48,209,604</u>
Transfers-in from governmental activities	81,337
Cost adjustments	1,976
Total additions to accumulated depreciation	<u><u>\$ 48,292,917</u></u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

C. Capital assets

Discretely Presented Component Unit

Capital asset activity for Albuquerque Housing Authority for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Land and construction in progress:				
Land	\$ 4,309,192	\$ 333,029	\$ -	\$ 4,642,221
Construction in progress	1,433,608	-	1,433,608	-
Total land and construction in progress:	<u>5,742,800</u>	<u>333,029</u>	<u>1,433,608</u>	<u>4,642,221</u>
Capital assets-depreciable:				
Buildings	61,573,518	15,130,952	46,160	76,658,310
Machinery and equipment	1,663,001	604,866	387,624	1,880,243
Total capital assets-depreciable:	63,236,519	15,735,818	433,784	78,538,553
Less accumulated depreciation:				
Buildings	52,269,184	1,129,386	221,404	53,177,166
Machinery and equipment	1,662,970	34,929	6,848	1,691,051
Total accumulated depreciation	<u>53,932,154</u>	<u>1,164,315</u>	<u>228,252</u>	<u>54,868,217</u>
Capital assets-depreciable, net	<u>9,304,365</u>	<u>14,571,503</u>	<u>205,532</u>	<u>23,670,336</u>
Total capital assets, net	<u>\$ 15,047,165</u>	<u>\$ 14,904,532</u>	<u>\$ 1,639,140</u>	<u>\$ 28,312,557</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 or for payroll related liabilities recorded at year-end. The composition of interfund balances as of June 30, 2018, consists of the following:

	Due from other funds	Due to other funds
General Fund	\$ 1,429,191	\$ 988,533
Capital Acquisition Fund	24,011	13,913
Nonmajor governmental funds	249,584	2,934,693
Transit Fund	1,462,944	108,967
Airport Fund	-	57,348
Refuse Fund	-	104,433
Nonmajor enterprise funds	-	317,397
Internal service funds	1,380,069	20,515
Total	<u>\$ 4,545,799</u>	<u>\$ 4,545,799</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

D. Interfund receivables, payables, and transfers

Interfund transfers for the year ended June 30, 2018 were as follows:

From	To	Total
General Fund	Capital Acquisition Fund	\$ 785,000
General Fund	Transit Fund	25,256,000
General Fund	Nonmajor Governmental Fund	19,806,554
General Fund	Nonmajor Proprietary Funds	1,345,000
Capital Acquisition Fund	Transit Fund	1,855,065
Capital Acquisition Fund	General Fund	411,000
Aviation Fund	General Fund	150,000
Refuse Disposal Fund	General Fund	2,580,891
Transit Fund	General Fund	408,101
Nonmajor Governmental Funds	General Fund	1,578,000
Nonmajor Governmental Funds	Capital Acquisition Fund	325,450
Nonmajor Governmental Funds	Nonmajor Governmental Funds	7,984,234
Nonmajor Governmental Funds	Transit Fund	16,005,738
Nonmajor Proprietary Funds	General Fund	191,438
Nonmajor Proprietary Funds	Nonmajor Governmental Funds	53,046
Internal Service Funds	General Fund	250,000
Internal Service Funds	Nonmajor Governmental Funds	1,498,000
Total transfers		<u>\$ 80,483,517</u>

Transfers are summarized as follows:

	<u>Transfers in</u>	<u>Transfers out</u>	<u>Total</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds	\$ 36,021,714	\$ (75,352,040)	\$ (39,330,326)
Statement of Revenues, Expenses, and Changes in Net Position - All Proprietary Funds			
Enterprise Funds	44,461,803	(3,383,477)	41,078,326
Internal Service Funds	-	(1,748,000)	(1,748,000)
Total transfers	<u>\$ 80,483,517</u>	<u>\$ (80,483,517)</u>	<u>\$ -</u>

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, Stadium, and Golf 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 \$1,257,582 were

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

E. Leases

incurred for the year ended June 30, 2018. Lease commitments for future years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
FY 2019	\$ 1,211,789
FY 2020	806,032
FY 2021	681,749
FY 2022	697,051
FY 2023	163,045
FY 2024-2028	200,059
FY 2029-2033	200,055
FY 2034-2038	38,348
Total	<u><u>\$ 3,998,128</u></u>

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 cash with fiscal agent held for debt service and 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, 2018 is \$298,478,913 of which \$203,793,518 is in governmental activities and \$94,640,806 is in business-type activities.

Governmental activities:

Capital Acquisition Fund	\$ 182,181,770
Nonmajor governmental	21,611,749
Total	<u><u>\$ 203,793,519</u></u>

Business-type activities:

Airport Fund	\$ 79,708,341
Refuse Disposal Fund	11,247,242
Transit Fund	85,259
Nonmajor enterprise funds	3,599,964
Total	<u><u>\$ 94,640,806</u></u>

G. Long-term obligations

Governmental activities:

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, net pension liability, deferred credits, other post-employment 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, 2018.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

G. Long-term obligations

The changes in the long-term obligations of the governmental activities for the year ended June 30, 2018, are as follows:

	July 1, 2017	Additions	Deductions	June 30, 2018	Payable in one year
General obligation bonds	\$ 408,096,000	\$ 91,200,000	\$ 58,720,000	\$ 440,576,000	\$ 51,355,000
Gross receipts tax revenue bonds	235,530,000	25,110,000	10,665,000	249,975,000	11,815,000
Fire fund loan	1,090,250	-	63,680	1,026,570	65,087
Special assessment bonds	18,887,747	-	1,717,068	17,170,679	1,717,068
Accrued vacation and sick leave	32,915,644	23,530,869	23,043,828	33,402,685	24,981,549
Claims reserve	71,926,080	5,386,687	813,165	76,499,602	18,520,885
Net pension liability	627,933,852	-	103,140,653	524,793,199	-
Net OPEB liability	3,339,812	288,778,429	-	292,118,241	-
Arbitrage liability	801,203	12,001	-	813,204	-
Unamortized:					
Premium (discount)	31,103,089	9,035,943	7,428,095	32,710,937	-
	<u>1,431,623,677</u>	<u>443,053,929</u>	<u>205,591,489</u>	<u>1,669,086,117</u>	<u>108,454,589</u>
Current portion of long-term debt	<u>(108,211,939)</u>	<u>-</u>	<u>242,650</u>	<u>(108,454,589)</u>	<u>-</u>
Total	<u>\$ 1,323,411,738</u>	<u>\$ 443,053,929</u>	<u>\$ 205,834,139</u>	<u>\$ 1,560,631,528</u>	<u>\$ 108,454,589</u>

Total interest cost incurred for governmental activities for the year ended June 30, 2018, was \$25,771,420 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.

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, 2018, based on the most recent assessed taxable valuation of \$13,251,118,037 the City may issue an additional \$119,084,721 of general-purpose general obligation bonds. Included in the general obligation bonds outstanding at June 30, 2018, are Storm Sewer bonds in the amount of \$29,616,000 that are not subject to the legal debt limit.

On April 11, 2018, the City issued \$84,225,000 of General Obligation Bonds, Series 2018A with an average coupon rate of 4.55%. The proceeds of these bonds were deposited into the Capital Acquisition Fund to be used to finance certain City projects relating to public safety; senior, family, community center and community enhancement projects; parks and recreation; energy conservation, public facilities and system modernization; libraries; streets; and public transportation. The bonds require annual principal payments and semi-annual interest payments through July 1, 2031. On June 29, 2018, the City issued \$6,975,000 of Short-Term General Obligation Bonds, Series 2018B. These bonds bear interest at the daily rate on the date of issuance by the State Treasurer of New Mexico. The interest rate in effect for Series 2017B was 2.135%.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

G. Long-term obligations

General obligation bonds outstanding at June 30, 2018, are as follows:

Issue	Face Value of Bonds	Amount Outstanding	Interest Rate	Final Maturity	Call Provisions
June 24, 2009 A General Purpose	\$ 54,970,000	\$ 6,090,000	2.00/4.00%	July 1, 2018	Non-callable
Feb. 24, 2011 A General Purpose	135,000,000	64,200,000	3.00/4.375%	July 1, 2023	100% beg. July 1, 2020
May 22, 2012 A General Purpose	61,760,000	37,645,000	2.00/5.00%	July 1, 2024	100% beg. July 1, 2020
May 22, 2012 B Storm Sewer	8,035,000	8,035,000	3.00/4.00%	July 1, 2025	100% beg. July 1, 2020
May 8, 2013 A General Purpose	70,040,000	49,425,000	2.50/4.00%	July 1, 2026	100% beg. July 1, 2021
May 8, 2013 B Storm Sewer	4,980,000	4,980,000	2.80%	July 1, 2026	100% beg. July 1, 2021
May 28, 2014 A General Purpose	57,060,000	42,645,000	2.25/5.00%	July 1, 2026	100% beg. July 1, 2022
May 28, 2014 B Storm Sewer	5,375,000	5,375,000	3.50/3.75%	July 1, 2027	100% beg. July 1, 2022
June 10, 2015 A General Purpose	37,970,000	31,405,000	2.75/5.00%	July 1, 2027	100% beg. July 1, 2023
June 10, 2015 B Storm Sewer	4,726,000	4,726,000	3.00/3.50%	July 1, 2028	100% beg. July 1, 2023
Mar. 24, 2016 A General Purpose	71,523,000	65,500,000	2.5/5.00%	July 1, 2028	100% beg. July 1, 2025
March 24, 2016 B Storm Sewer	6,500,000	6,500,000	3.00%	July 1, 2029	100% beg. July 1, 2025
April 11, 2017A General Purpose	22,850,000	22,850,000	3.00/5.00%	July 1, 2030	100% beg. July 1, 2026
April 11, 2018A General Purpose	84,225,000	84,225,000	3.00/5.00%	July 1, 2031	100% beg. July 1, 2027
Total long-term outstanding	625,014,000	433,601,000			
June 29, 2018B General Purpose	\$ 6,975,000	\$ 6,975,000	2.13%	July 2, 2018	Non-callable
Total G.O. bonds	\$ 631,989,000	\$ 440,576,000			

Gross Receipts Tax Revenue Bonds of the City are secured by a pledge of up to 1.225% of State Shared Gross Receipts Tax revenues. Additionally, the City can pledge up to 50% of the Lodgers' and Hospitality Tax revenues for payment of these bonds and notes. Net revenue for the year was \$200,859,670 for State Shared Gross Receipts and \$15,686,860 for Lodgers' and Hospitality Tax. Total debt service expenditures for the year were \$20,614,707.

On September 8, 2017, the City issued \$25,110,000 of Energy Savings/Municipal Infrastructure Gross Receipts Tax Revenue Bonds, Series 2017. The Series 2017 bonds were issued for the purpose of funding a portion of the City's solar projects. The bonds have an average coupon rate of 4.06% which will be partially offset by a federal subsidy resulting in an effective borrowing rate of 1.323%.

Gross receipts tax revenue bonds outstanding at June 30, 2018, are as follows:

Issue	Face Value of Bonds	Amount	Interest Rate	Final Maturity	Call Provisions
October 6, 2004 B Refunding	\$ 28,915,000	\$ 25,965,000	2.39/4.90%	July 1, 2036	100% beg. Oct. 6, 2004
July 22, 2009 A Refunding	10,535,000	9,465,000	3.00/5.00%	July 1, 2025	100% beg. July 1, 2019
July 22, 2009 B Refunding	28,305,000	16,100,000	3.00/5.00%	July 1, 2022	100% beg. July 1, 2019
September 1, 2011 A Refunding	22,600,000	12,085,000	2.00/4.00%	July 1, 2028	100% beg. July 1, 2021
April 9, 2013 Improvement	42,030,000	36,935,000	1.50/5.00%	July 1, 2035	100% beg. July 1, 2023
June 10, 2014 A Refunding	36,960,000	36,440,000	2.00/4.00%	July 1, 2037	100% beg. July 1, 2024
May 27, 2015 A Improvement	39,085,000	37,505,000	2.00/5.00%	July 1, 2038	100% beg. July 1, 2025
May 27, 2015 B Improvement	10,110,000	7,770,000	0.55/2.95%	July 1, 2023	Non-callable
December 8, 2015 C State Shared	2,080,000	1,890,000	1.75%	July 1, 2026	100% beg. July 1, 2020
February 16, 2016 Improvement	24,000,000	23,550,000	3.00/3.90%	July 1, 2038	100% beg. July 1, 2026
September 8, 2016C Improvement	17,750,000	17,160,000	2.00/5.00%	July 1, 2014	100% beg. July 1, 2026
July 11, 2017 NCREB	25,110,000	25,110,000	2.00/5.00%	July 1, 2014	100% beg. July 1, 2027
	<u>\$ 287,480,000</u>	<u>\$ 249,975,000</u>			

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

G. Long-term obligations

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 in the amount of \$ 101,043 made to the City's Fire Fund by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978. The funds are remitted directly to NMFA and held by NMFA until the November/May due dates. The balance due at June 30, 2018 is \$1,026,570.

Special Assessment Debt and Notes Payable is secured by pledges of revenues from special assessments levied. 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 used to finance the construction of streets, sewer lines, and water lines. The balance outstanding at June 30, 2018 is \$17,170,679.

Business-type activities:

Long-term obligations - The changes in the business-type activities obligations for the year ended June 30, 2018, are as follows:

	July 1, 2017	Additions	Deductions	June 30, 2018	Payable in one year
Revenue bonds	\$ 49,910,000	\$ -	\$ 10,350,000	\$ 39,560,000	\$ 10,495,000
Accrued vacation and sick leave	6,738,063	4,864,642	4,989,429	6,613,276	4,952,398
Landfill closure costs	4,843,853	294,911	-	5,138,764	-
Net pension liability	90,049,699	-	11,614,692	78,435,007	-
Net OPEB liability	757,376	60,613,977	-	61,371,353	-
Security deposits	157,223	4,142	-	161,365	-
Unamortized:					
Premium (discount)	106,997	-	79,680	27,317	-
	152,563,211	65,777,672	27,033,801	191,307,082	15,447,398
Current portion	(15,453,096)	-	(5,698)	(15,447,398)	-
Business-type activity long-term obligations	<u>\$ 137,110,115</u>	<u>\$ 65,777,672</u>	<u>\$ 27,028,103</u>	<u>\$ 175,859,684</u>	<u>\$ 15,447,398</u>

Total interest cost incurred for business-type activities for the year ended June 30, 2018 was \$2,132,014, all of which was charged to expense. The city implemented GASB No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* in the current fiscal year. Therefore, interest expense includes \$716,110 which was previously capitalized in the construction in progress account.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

G. Long-term obligations

Airport Revenue Bonds are secured by pledges of net revenues of the airport. Airport Revenue Bonds outstanding at June 30, 2018, are as follows:

Issue	Face Value of Bonds	Amount	Interest Rate	Final Maturity	Call Provisions
March 23, 2004 A, Refunding	\$ 20,610,000	\$ 1,790,000	1.63% to 5.11%	July 1, 2018	100% beg. July 1, 2005
March 11, 2008 A, Refunding	13,640,000	2,300,000	3.00% to 5.00%	July 1, 2018	Non-callable
May 14, 2008 C, Refunding	5,170,000	1,465,000	3.50% to 4.38%	July 1, 2020	100% beg. July 1, 2018
November 12, 2009 A, Refunding	26,080,000	6,110,000	3.00% to 4.50%	July 1, 2019	Non-callable
April 8, 2014 A, Refunding	15,375,000	11,445,000	2.60%	July 1, 2024	Non-callable
Total outstanding	80,875,000	23,110,000			
Unamortized:					
Premium (discount)		35,174			
Net outstanding		<u>\$ 23,145,174</u>			

Apartments Revenue Bonds - On April 21, 2016, the City issued \$8,430,000 Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects) Series 2016B to partially refund the Series 2008B Bonds. This debt constitutes a limited obligation of the City and is payable solely from the resources of the Apartments. Respective revenues derived from them are pledged for the repayment of these bonds. The Series 2016B Gross Receipts Tax Refunding Revenue Bonds mature on July 1, 2030, and bear a 2.3% coupon interest rate. The Series 2016B bonds are subject to optional redemption generally at par (unless long-term interest rates are in effect). The Apartments debt in the amount of \$8,885,000 is outstanding for the year ended June 30, 2018.

Stadium Loans are secured by pledges of net revenues of the Albuquerque baseball stadium. Revenue in fiscal year 2018 totaled \$1.9 million. The annual debt service payment including interest for fiscal year 2018 was \$1.0 million. 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 Stadium debt in the amount of \$7,565,000 is outstanding at June 30, 2018.

Summary of annual debt service requirements - The annual debt service requirements on bonds outstanding at June 30, 2018 are as follows:

Year ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2019	\$ 64,952,155	\$ 26,640,610	\$ 10,495,000	\$ 1,118,975
2020	59,543,717	25,182,306	6,675,000	780,087
2021	60,320,484	20,527,525	3,550,000	605,705
2022	60,887,488	19,830,010	3,080,000	508,508
2023	56,654,699	17,287,142	3,100,000	419,488
2024-2028	226,229,199	55,973,598	10,335,000	885,486
2029-2033	109,910,507	23,504,197	2,325,000	81,133
2034-2038	66,010,000	7,634,095	-	-
2039-2043	4,240,000	80,561	-	-
Total	<u>\$ 708,748,249</u>	<u>\$ 196,660,044</u>	<u>\$ 39,560,000</u>	<u>\$ 4,399,382</u>

Arbitrage - Section 148 of the Internal Revenue Code generally provides that bonds issued by a municipality will be "arbitrage

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

G. Long-term obligations

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, 2017, the City has set aside \$813,204 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 2018, no payment is due to the IRS.

Discretely presented component unit

	Outstanding			Amount due within one year	
	July 1, 2017	Additions	Deductions	June 30, 2018	
Loans and notes payable	\$ 3,500,000	\$ -	\$ 3,500,000	\$ -	\$ -
HUD payable	142,623	-	15,847	126,776	21,129
Accrued vacation and sick leave	171,702	687	-	172,389	76,887
Capital lease	4,000,000	4,048,076	-	8,048,076	156,064
Net OPEB liability	239,763	2,894,166	-	3,133,929	-
Net pension liability	4,764,231	-	346,549	4,417,682	-
	<u>\$ 12,818,319</u>	<u>\$ 6,942,929</u>	<u>\$ 3,862,396</u>	<u>\$ 15,898,852</u>	<u>\$ 254,080</u>

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, 2018, is as follows:

Gross Receipts Tax Revenue Bonds	\$ 36,325,000
----------------------------------	---------------

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, 2018, there were ten series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable could not be determined; however, the original amount issued totaled \$271,485,000. Bonds issued by Sun Healthcare Group for \$65,000,000 and Emcore Corporation for \$55,000,000 are pending close out.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

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, 2018, is as follows:

(in thousands of dollars)

CONDENSED STATEMENT OF NET POSITION	Golf Course Fund	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Assets					
Current assets	\$ 669	\$ 3,738	\$ 1,317	\$ 571	\$ 6,295
Restricted assets	90	1,835	2,544	648	5,117
Capital assets	3,942	10,385	26,918	14,665	55,910
Total assets	<u>\$ 4,701</u>	<u>\$ 15,958</u>	<u>\$ 30,779</u>	<u>\$ 15,884</u>	<u>\$ 67,322</u>
Deferred outflows of resources					
Deferred gain/loss on bond refunding	\$ -	\$ 469	\$ -	\$ 34	\$ 503
Deferred outflow related to OPEB	42	-	34	3	79
Deferred outflow related to pension	531	-	443	32	1,006
Total deferred outflows of resources	<u>\$ 573</u>	<u>\$ 469</u>	<u>\$ 477</u>	<u>\$ 69</u>	<u>\$ 1,588</u>
Liabilities					
Current liabilities	532	924	235	1,010	2,701
Liabilities payable from restricted assets	-	161	-	-	161
Bonds, notes payable, and other long-term liabilities	-	8,430	-	6,832	15,262
Other liabilities	4,035	-	3,495	252	7,782
Total liabilities	<u>4,567</u>	<u>9,515</u>	<u>3,730</u>	<u>8,094</u>	<u>25,906</u>
Deferred Inflows of Resources					
Deferred inflow related to OPEB	353	-	294	22	669
Deferred inflow related to pension	146	-	125	8	279
Total deferred inflows of resources	<u>499</u>	<u>-</u>	<u>419</u>	<u>30</u>	<u>948</u>
Net Position (Deficit)					
Invested in capital assets	3,942	1,500	26,918	7,108	39,468
Restricted for					
Debt service	47	1,556	7	953	2,563
Construction in progress	44	-	2,547	-	2,591
Unrestricted	(3,827)	3,855	(2,365)	(232)	(2,569)
Total net position	<u>\$ 206</u>	<u>\$ 6,911</u>	<u>\$ 27,107</u>	<u>\$ 7,829</u>	<u>\$ 42,053</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

J. Segment information

**CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION (in
thousands)**

	Golf Course Fund	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Operating revenues	\$ 3,880	\$ 4,192	\$ 4,521	\$ 1,873	\$ 14,466
Depreciation	(246)	(540)	(1,537)	(629)	(2,952)
Other operating expenses	(5,254)	(2,648)	(4,097)	(917)	(12,916)
Operating income (loss)	(1,620)	1,004	(1,113)	327	(1,402)
Nonoperating revenues (expenses):					
Interest on investments	4	(12)	1	(14)	(21)
Interest expense	-	(299)	-	(306)	(605)
Other	(114)	(7)	(128)	(9)	(258)
Transfers in	1,146	-	-	199	1,345
Transfers out	(76)	(53)	(116)	-	(245)
Change in net position	(660)	633	(1,356)	197	(1,186)
Beginning net position	1,054	6,278	31,320	4,677	43,329
Ending net position	\$ 394	\$ 6,911	\$ 29,964	\$ 4,874	\$ 42,143

**CONDENSED STATEMENT OF CASH FLOWS (in
thousands)**

	Golf Course Fund	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Net cash provided (used) by:					
Operating activities	\$ (1,321)	\$ 1,706	\$ 546	\$ 783	\$ 1,714
Noncapital financing activities	1,121	(53)	(97)	199	1,170
Capital and related financing activities	-	(695)	-	(1,015)	(1,710)
Investing activities	3	(12)	1	(13)	(21)
Net increase (decrease)	(197)	946	450	(46)	1,153
Beginning cash and cash equivalents	921	4,610	1,667	695	7,893
Ending cash and cash equivalents	\$ 724	\$ 5,556	\$ 2,117	\$ 649	\$ 9,046

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 stadium that is being used by an AAA class baseball team. The Parking Fund charges fees for the use of City parking facilities.

K. Defined benefit pension plan

General Information about the 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. 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 <http://www.nmpera.org/for-employers/gasb-information>.

Benefits provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. Effective July 1, 2013, new legislation enabled two benefit tiers under each

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

K. Defined benefit pension plan

General Information about the Pension Plan

PERA coverage plan. The coverage plans include Municipal General, Municipal Police and Municipal Fire Plans. Members are eligible to retire when they meet the age and service credit requirement for the plan they participate in. Plan members are required to contribute between 7.75%-18.15% of their gross salary, depending on the specific plan type. The City is required to contribute between 7.40%-21.65% of the gross covered salary, depending on the specific plan type.

Contributions - The following are the plans covered by the City and the contribution requirements (in thousands of dollars) for the year ended June 30, 2018:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, Management, and Bus Drivers	14.16 %	\$ 23,899	9.55 %	\$ 15,699
Temporary Employees	7.74 %	85	7.40 %	85
J-Series 20 Year	18.15 %	576	17.05 %	205
Police	17.78 %	9,960	18.90 %	11,408
Fire	17.70 %	7,261	21.65 %	8,881
		<u>\$ 41,781</u>		<u>\$ 36,278</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, 2018, 2017, and 2016 were \$36,278,146, \$35,376,597, and \$33,311,341, 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, 2018, 2017, and 2016 were \$64,913,483, \$63,864,670, and \$60,217,368, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, The City of Albuquerque reported a net pension liability of \$603,228,206 its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

The City of Albuquerque's proportion of the net pension liability was based on the City's share of contributions to the pension plan by type for fiscal year 2018. As June 30, 2018, the City of Albuquerque's proportional share was 18.82% of the Municipal General Division, 28.06% of the Municipal Police Division, and 32.99% of the Municipal Fire Division.

For the year ended June 30, 2018, the City recognized its proportional share of the pension contribution expense of \$69,711,525. The proportional share of the pension contribution expense by plan type is as follows:

<u>Plan Type</u>	<u>Pension Contribution Expense</u>
Municipal General	\$ 29,925,572
Municipal Police	\$ 18,356,314
Municipal Fire	\$ 21,429,639

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

K. Defined benefit pension plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
City of Albuquerque - Overall		
Differences between expected and actual experience	\$ 25,792,403	\$ (66,008,131)
Change in assumptions	28,662,053	(7,480,883)
Net difference between projected and actual earnings on pension plan investments	40,856,144	-
Changes in proportion and differences between City contributions and proportionate share of contributions	7,305,896	(9,263,407)
City contributions subsequent to the measurement date	36,091,959	-
Total	<u>\$ 138,708,455</u>	<u>\$ (82,752,421)</u>

	Deferred outflows of resources	Deferred inflows of resources
General Municipal		
Differences between expected and actual experience	\$ 10,159,991	\$ (13,243,116)
Change in assumptions	11,923,842	(2,671,952)
Net difference between projected and actual earnings on pension plan investments	21,213,974	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,838,695	(4,646,714)
City contributions subsequent to the measurement date	16,014,707	-
Total	<u>\$ 62,151,209</u>	<u>\$ (20,561,782)</u>

	Deferred outflows of resources	Deferred inflows of resources
General Police Division		
Differences between expected and actual experience	\$ 9,469,749	\$ (29,131,919)
Change in assumptions	9,276,648	(3,625,633)
Net difference between projected and actual earnings on pension plan investments	12,557,132	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,846,086	(3,285,714)
City contributions subsequent to the measurement date	11,198,828	-
Total	<u>\$ 44,348,443</u>	<u>\$ (36,043,266)</u>

	Deferred outflows of resources	Deferred inflows of resources
General Fire Division		
Differences between expected and actual experience	\$ 6,162,663	\$ (23,633,096)
Change in assumptions	7,461,563	(1,183,298)
Net difference between projected and actual earnings on pension plan investments	7,085,038	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,621,115	(1,330,979)
City contributions subsequent to the measurement date	8,878,424	-
Total	<u>\$ 32,208,803</u>	<u>\$ (26,147,373)</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

K. Defined benefit pension plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The amount of contributions related to fiscal year 2018 have been reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in fiscal year 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30:	City Overall	General Municipal Division	General Police Division	General Fire Division
2019	\$ 4,989,500	\$ 5,971,503	\$ (1,411,202)	\$ 429,199
2020	\$ 31,417,463	\$ 21,651,973	\$ 6,498,968	\$ 3,266,522
2021	\$ (4,630,377)	\$ 4,150,913	\$ (4,309,878)	\$ (4,471,412)
2022	\$ (11,912,511)	\$ (6,199,669)	\$ (3,671,539)	\$ (2,041,303)

Actuarial assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 year smoothed market value

Actuarial Assumptions	
Investment rate of return	7.51% annual rate, net of investment expense
Payroll Growth	2.75% annual rate for 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Inflation assumption	2.25% annual rate first 9 years, 2.75% all other years

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

K. Defined benefit pension plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5 %	7.39 %
Risk Reduction and Mitigation	21.5 %	1.79 %
Credit Oriented Fixed Income	15.0 %	5.77 %
Real Assets	20.0 %	7.35 %
Total	100.0 %	

Discount rate - The rate is 7.25% for the first 9 years (select period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.51% and will be used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Albuquerque's proportionate share of the net pension liability to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.51 percent) or 1-percent higher (8.51 percent) than the current rate:

Plan	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
City of Albuquerque, Overall	\$ 906,867,068	\$ 603,225,178	\$ 352,208,619
Municipal General	\$ 405,262,029	\$ 258,568,366	\$ 136,572,187
Municipal Police	\$ 248,647,418	\$ 155,918,916	\$ 79,821,460
Municipal Fire	\$ 252,957,621	\$ 188,737,896	\$ 135,814,972

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA Financial Report. As of June 30, 2018, there was a \$4,517,301 PERA contributions payable of which \$3,061,213 was for pay period June 23, 2017 and \$1,456,088 was for the accrual through June 30, 2018.

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 cost sharing multiple-employer plan administered as a formal trust by the City of Albuquerque. The Plan includes coverage for all City employees. The Plan also includes coverage for the employees of the Albuquerque Bernalillo County Water Authority (a separate legal entity, formerly a component unit of

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

the City). The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the Accounting Division at P.O. Box 1293, Room 8010, 8th Floor, Albuquerque, NM 87103. The Water Utility Authority and the City have different benefit rules. Insurance benefits are authorized by the City's Merit System Ordinance and Personnel Rules and Regulations. Upon retirement with the City, 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 4,846 at June 30, 2018, and the amount of life insurance coverage for these retired employees was \$108,964,850.

Funding Policy - In fiscal year 2014, the City of Albuquerque and the Water Utility Authority created a City of Albuquerque Pooled OPEB Trust Fund. Prior to July 1, 2013, the City had been contributing only the amount required to pay retiree life insurance premiums each year. The City contributes 100% or more of the actuarially determined contributions each year.

Contributions - Contributions are expected to match or exceed the actuarial annual required contribution (ARC). Monthly invoices for retiree life insurance premiums are paid out of the trust. When expected benefit claims exceed retiree premiums, the City is allowed to treat the implicit subsidy as a contribution. The City's total contributions to the trust for the year ending June 30, 2018 were \$4,062,731 which included \$2,238,878 of employer contributions and \$1,823,853 implicit subsidy contributions (reported in insurance expense). Included in the trust assets is an accrual that is not included in the contributions used to calculate the net OPEB liability in the amount of \$28,461.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of June 30, 2018, the City reported a net OPEB Liability of \$38,544,574 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018. As of June 30, 2018, the City's proportionate share of the OPEB liability was 95%.

For year ended June 30, 2018, the City recognized pension contribution expense of \$3,110,289.

As of June 30, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB Life Insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 344,896	\$ -
Change in assumptions	1,773,352	-
Net difference between projected and actual earnings on OPEB plan investments	-	(90,616)
Total	<u>\$ 2,118,248</u>	<u>\$ (90,616)</u>

The amount of contributions related to fiscal year 2018 have been recorded as a reduction of the OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	Amount
2019	514,972
2020	514,972
2021	514,972
2022	482,716

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

Sensitivity of the City of Albuquerque's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 5 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (4.0 percent) or 1-percent higher (6.0 percent) than the current rate:

	1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
City's proportionate share of the net OPEB liability	\$ 48,181,125	\$ 38,544,574	\$ 30,837,292

OPEB plan fiduciary net position - Detailed information about the trust plan's fiduciary net position is available in the separately issued OPEB Financial Report. Payables to the OPEB Plan. As of June 30, 2018, there was a \$429,340 contributions payable to the trust.

Actuarial assumptions - The total OPEB liability in the June 30, 2018 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

<u>Actuarial Methods</u>	
Actuarial valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Cost, level % of pay
	Market value of assets
<u>Actuarial Assumptions</u>	
Long term rate of return	5% as of June 30, 2017 net of investment expenses and including inflation
Discount rate	5%
Projected salary increases	4.25% per year
Inflation assumption	2.75% per year

The long-term expected rate of return on OPEB plan investments was determined using statistical analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Discount rate - The expected long-term rate of return on trust assets was used. Based on the level of funding to date and the expected future contributions established in the funding policy, trust assets are expected to be sufficient in all future years to provide the expected benefit payments.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
ALL FUNDS - Asset Class		
US Equity - Broad Market (U.S. Total Stock Market Index)	60.00 %	6.00 %
US Fixed Income (U.S. Aggregate Bond Market)	40.00 %	3.00 %
	<u>100.00 %</u>	

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.

Benefits Provided - RHCA is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to RHCA and by co-payments or out-of-pocket payments of eligible retirees.

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 City does not have data pertaining to the City of Albuquerque retired and active employees as of June 30, 2018.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. Information related to the number of plan members can be found in the publicly available report. 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.

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

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, 2015, 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, 2015, 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.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - As of June 30, 2018, the City reported a net OPEB Liability for Retiree Health Care of \$314,945,020 for its proportionate share of the net OPEB liability. This amount excludes the amount attributable to Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA) and Mid-Region Council of Governments of New Mexico (MRCOG) \$7,909,946. RHCA included these two entities in the City's Liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2016. As of June 30, 2018, the City's proportionate share of the OPEB liability was 6.95%. AMAFCA and MRCOG represent .17% of the reported percentage by RHCA.

For year ended June 30, 2018, the City recognized pension contribution expense of \$12,835,677. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB Life Insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (12,085,920)
Change in assumptions	-	(55,064,125)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,530,701)
City contributions subsequent to the measurement date	5,856,915	-
Total	<u>\$ 5,856,915</u>	<u>\$ (71,680,746)</u>

The amount of contributions related to fiscal year 2018 have been recorded as a deferred outflow of resources related to the RHCA OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	-
2019	(15,252,141)
2020	(15,252,141)
2021	(15,252,141)
2022	(15,252,141)
2023	(10,730,099)

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

Actuarial assumptions - The total OPEB liability in the June 30, 2017 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Market value of assets

Actuarial Assumptions	
Investment rate of return	7.25 annual rate, net of investment
Discount rate	3.81%
Projected salary increases	3.50%
Mortality rate	RP-2000 Combined Healthy Mortality
Healthcare cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

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

ALL FUNDS - Asset Class	Target Allocation		Long-Term Expected Real	
			Rate of Return	
U.S. core fixed income	20.00	%	4.10	%
U.S. equity - large cap	20.00	%	9.10	%
Non U.S. - emerging markets	15.00	%	12.20	%
Non U.S. - developed equities	12.00	%	9.80	%
Private equity	10.00	%	13.80	%
Credit and structured finance	10.00	%	7.30	%
Real Estate	5.00	%	6.90	%
Absolute Return	5.00	%	6.10	%
U.S. equity - small cap	3.00		9.10	
	100.00	%		

Discount rate - The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

L. Post-employment benefits

actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Funds fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

Sensitivity of the City of Albuquerque's proportionate share of the net OPEB liability to changes in the discount rate. The following represents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.81 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (2.81 percent) or 1-percent higher (4.81 percent) than the current rate:

	1% Decrease (2.815%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
City's proportionate share of the net OPEB liability	\$ 382,332,084	\$ 314,945,019	\$ 262,527,956

OPEB plan fiduciary net position. Detailed information about RHCA's fiduciary net position is available in their separately issued OPEB Financial Report. Payables to the OPEB Plan. As of June 30, 2018, there was a \$532.193 RHCA contributions payable of which \$339,322 was for pay period June 23, 2018 and a \$192,871 accrual through June 30, 2018.

M. Landfill closure and post-closure care costs

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 \$5,138,764 reported as accrued landfill closure costs from restricted assets at June 30, 2018, represents the cumulative amount reported to date based on the use of 32.2% of the estimated capacity of the Cerro Colorado Landfill.

The City will recognize the remaining estimated cost of closure and post-closure care of \$10,799,644 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 2018. The City expects to close the landfill in the year 2075. Actual cost may be higher due to inflation, change in technology, or change in regulations. The City has set aside \$5,138,764 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.

Annually the City files a financial assurance report for closure and post-closure costs with the New Mexico Department of Environmental Quality as required by 20.9.5.16 NMAC. CDM Smith, an engineering and consulting firm, provides the Solid Waste Department with an Airspace Depletion Analysis report and the analytical data from the report is used to determine the estimated Landfill closure and post-closure care costs.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

N. Restatement of previously reported net position and prior period adjustment

The City implemented GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record a beginning net OPEB liability. The total restatement for governmental and business-type activities attributed to the implementation of GASB 75 is (\$336,970,807) and (\$70,505,946), respectively. The Housing Authority (AHA) also recorded a prior period adjustment for GASB 75 in the amount of (\$2,633,784).

In fiscal year 2018, the city concluded that in prior years it had made errors in estimating the asset lives for certain categories; the impact on the prior year excess revenues over expenditures could not be determined. However, the overall impact totaled \$14,181,752 and \$107,964,417 for governmental and business-type activities, respectively, in the period between fiscal years 2014 and 2017.

As a result, net position for the governmental, business-type activities and AHA changed as follows:

	June 30, 2017, as previously reported	Restatement of Net Position	July 1, 2017 as restated
Governmental net position	\$ 2,899,338,246	\$ (315,632,409)	\$ 2,583,705,837
Non-major governmental funds			
Internal service funds included in governmental net position:			
Communications Fund	73,208	(1,342,310)	(1,269,102)
Employee Insurance Fund	2,735,991	(839,569)	1,896,422
Fleet Management Fund	(965,768)	(1,854,686)	(2,820,454)
Risk management Fund	(13,166,159)	(2,725,621)	(15,891,780)
Supplies Inventory Management Fund	1,928,906	(394,460)	1,534,446
Total governmental activities	<u>\$ 2,889,944,424</u>	<u>\$ (322,789,055)</u>	<u>\$ 2,567,155,369</u>
Business-type net position			
Major enterprise funds net position:			
Airport Fund	366,505,723	98,605,243	465,110,966
Refuse Disposal Fund	76,389,029	(29,199,857)	47,189,172
Transit Fund	109,168,751	(27,975,535)	81,193,216
Non-major enterprise funds net position:			
Golf Course Fund	3,097,808	(2,231,512)	866,296
Apartments Fund	6,278,175	-	6,278,175
Parking Facilities Fund	33,028,843	(4,566,202)	28,462,641
Stadium Fund	4,803,175	2,826,334	7,629,509
Total business-type activities	<u>599,271,504</u>	<u>37,458,471</u>	<u>636,729,975</u>
Albuquerque Housing Authority	<u>\$ 26,731,542</u>	<u>\$ (2,633,784)</u>	<u>\$ 24,097,758</u>

O. 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 \$2,000,000 for public safety employees and \$1,500,000 for all other employees 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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

O. Risk management

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 program by program basis and assesses charges to each program based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. 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 pay-outs), 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.

In the fiscal year ended June, 30 2013, 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 claims liability was needed. Beginning in fiscal year 2015, the City instituted a "Risk Recovery" plan through an allocation to the respective departments. The original goal was to recover \$36,300,000 over ten years. In fiscal years 2015, 2016, 2017 and 2018, \$8,800,000 million was collected under the plan. Since the initiation of the Recovery Plan the City's claim experience has benefited from decreased frequency and severity of new claims. The fund's net position was negatively affected by the implementation of GASB 68 and GASB 75 by \$5,280,000 million. The amount of money needed to achieve the goal of the Recovery Plan now stands at \$15,130,000 million. It is projected that if the current trend for claims development continues and the Recovery Plan is funded annually over the next 7 years at the rate of \$2,144,000 million, the goal will be reached. It should be noted that these contributions to the Risk Recovery Plan are subject to annual appropriations by the City Council. The Recovery Plan does not include the impacts of GASB 68 and GASB 75.

The amounts and change in the Fund's claims liability in fiscal year 2018 and 2017 were:

	2018	2017
Claims liability at July 1	\$ 71,926,080	\$ 92,444,541
Current year claims and change in estimates	35,704,707	8,128,372
Claims liquidated	(31,131,185)	(28,646,833)
Claims liability at June 30	<u>76,499,602</u>	<u>71,926,080</u>
The components of the claims liability at June 30 are:		
Current portion	18,520,885	24,840,000
Noncurrent portion	57,978,717	47,086,080
Total claims liability	<u>\$ 76,499,602</u>	<u>\$ 71,926,080</u>

P. Albuquerque Housing Authority – Component Unit

The Authority reports the following blended component units:

AHA Rio Vista, LLC – Created on September 14, 2016, AHA Rio Vista, LLC was organized as a New Mexico single member limited liability company for the purpose of ownership and management of real estate for affordable housing and to engage in

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

P. Albuquerque Housing Authority – Component Unit

activities of providing affordable housing to community members.

AHA Rio Developer, LLC – Created on September 28, 2016, AHA Rio Developer, LLC was organized as a single member limited liability company for the purpose of development and improvement of real estate for affordable housing.

The Authority reports the following discrete component units:

Los Lobos Realty LLC – Created on October 3, 2016, Los Lobos Realty LLC was organized as a New Mexico limited liability company to serve as the general partner of Rio Housing Associates LLLP in connection with the acquisition, development and ownership and operation of an affordable housing development known as Rio Vista Apartments. AHA Rio Vista LLC, a blended component unit of the Authority, is a 51% member of Los Lobos Realty LLC. The financial data for Los Lobos Realty LLC is insignificant and therefore the financial statements for Los Lobos Realty LLC are not presented in the accompanying financial statements.

Rio Housing Associates LLLP – Created on November 10, 2016, Rio Housing Associates LLLP was organized as a New Mexico limited liability limited partnership to acquire and rehabilitate Rio Vista Apartments. Rio Vista Apartments is a 75 unit apartment complex located in Albuquerque, New Mexico that qualify as low income housing units. The acquisition and rehabilitation will be completed as part of a low income tax credit partnership. Los Lobos Realty LLC is the general partner and owns a 0.01% interest in the partnership. Rio Housing Associates LLLP is presented as a discrete component unit in the accompanying financial statements. Rio Housing Associates LLLP follows all applicable FASB standards. Since it does not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in its separately issued financial statements in order for it to conform to the presentation of the accompanying financial statements.

Q. 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. For the General Fund and other operating funds, large non-recurring encumbrances are re-appropriated to the following fiscal year so that the commitment does not cause expenses to exceed appropriations.

Outstanding encumbrances as of June 30, 2018 are reported in the table below.

Government activities:

Major Funds:	
General Fund	\$ 3,291,121
Capital Acquisition Fund	41,457,595
Nonmajor government funds	<u>7,186,283</u>
Total governmental activities	<u>\$ 51,934,999</u>

In addition, the business-type funds have uncompleted construction and other commitments for construction, improvements and replacements or from operating revenues:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

Q. Commitments and contingencies

Business-type activities:

Major Funds:

Airport Fund	\$ 62,839,869
Refuse Disposal Fund	21,681,268
Transit Fund	3,704,048
Nonmajor business-type funds	<u>2,590,715</u>

Total business-type activities	<u><u>\$ 90,815,900</u></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.

R. Budget violations

The City's spending was in compliance with appropriated budget at all fund levels. The City produces quarterly expenditure reports and provides the information to City Departments in an effort to stay in compliance with budgetary amounts.

S. Service concession arrangements

During fiscal year 2017, the City of Albuquerque entered into a development agreement with One Central Operating Associates, LLC (developer), under which the City would manage, collect, and retain revenues for the parking facility for a term of three hundred (300) months. The City paid the developer a lump sum of \$17,500,000 and was required to operate and maintain the parking facility in accordance with the executed contract. The operating agreement includes an irrevocable option to purchase the parking facility from the developer commencing with the 120th month after the signing of the Certificate of Occupancy. The City entered into this agreement to enhance the development of the downtown area and increase parking revenue. The City recognizes an intangible asset in the amount of \$17,500,000 pursuant to the development agreement.

T. Tax abatements

There are currently 10 tax abatement agreements enacted by the City of Albuquerque. The City has chosen to disclose information about some of its tax abatement agreements individually based on an established quantitative threshold of 5 percent of the total dollar amount of taxes abated during the year. All others are aggregated. Each agreement was negotiated under the State of New Mexico Statutes Article 32 Industrial Revenue Bonds and the City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS allowing the City of Albuquerque to abate property taxes and other State Taxes such as compensating and investment tax credit (ITC) for a variety of economic development purposes. It was determined in all

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

IV. Detailed notes on all funds

T. Tax abatements

cases that the firms were not in direct competition with other firms and they generated gross receipts taxes through the hiring employees that offset the estimated loss in property tax revenue and other City expenses.

The abatement for real property is based on the total value of the property tax which is determined and reported by the County Assessor. Taxable Value is 1/3 of this amount, and the tax rate for the City and other Governmental Agencies is reported. Personal Property tax abatement (equipment purchased with IRB) is reported by the recipient. Payment in Lieu of taxes is reported only for the firms that do not have fully depreciated equipment.

Information relevant to the disclosure of the abatements for the fiscal year ended June 30, 2018 is:

<u>Tax Abatement Program - Industrial Revenue Bonds</u>	Property Taxes Abated	Payment in Lieu of Taxes
General Mills	\$ 157,503	\$ 26,242
Hotel Andaluz	59,327	6,178
Hotel Parq	40,717	5,936
Karsten	23,005	-
Ktech	44,314	-
Sun Healthcare	52,365	-
Emcore	55,921	-
Other IRB's under 5% of the total	43,997	-
Total	<u>\$ 477,149</u>	<u>\$ 38,356</u>

The City of Albuquerque is subject to tax abatements entered in by other governmental entities. Each agreement was negotiated under the authority of state statute NMSA §7-37-6 Industrial Revenue Bonds and NMSA 7-38. The types of abated taxes reported to the City by other entities includes Real Property tax, Personal Property Tax, and Gross Receipts and Compensating tax. Two entities reported abatements to the City of Albuquerque. The City has chosen to summarize the abatements reported by reporting entity and by type of tax abated.

Information relevant to the disclosure of the abatements entered by other governmental entities for fiscal year ended June 30, 2018 is:

<u>Abating Agency</u>	Real & Personal Property Taxes Abated	Gross Receipts Taxes Abated
Bernalillo County	<u>\$ 589,149</u>	<u>\$ 12,872</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) OF NEW MEXICO
LAST 10 FISCAL YEARS*

	Fiscal Year			
	2018	2017	2016	2015
GENERAL MUNICIPAL PLAN				
Contractually required contribution	\$ 16,014,707	\$ 15,782,439	\$ 15,116,693	\$ 15,235,019
Contribution in relation to the contractually required contribution	<u>(16,014,707)</u>	<u>(15,782,439)</u>	<u>(15,116,693)</u>	<u>(15,235,019)</u>
Covered payroll	\$ 166,669,191	\$ 164,738,621	\$ 157,569,964	\$ 166,682,259
Contributions as a percentage of covered payroll	9.6 %	9.6 %	9.6 %	9.1 %
POLICE PLAN				
Contractually required contribution	\$ 11,198,828	\$ 10,932,018	\$ 10,397,810	\$ 10,753,611
Contribution in relation to the contractually required contribution	<u>(11,198,828)</u>	<u>(10,932,018)</u>	<u>(10,397,810)</u>	<u>(10,753,611)</u>
Covered payroll	\$ 58,889,322	\$ 57,730,969	\$ 55,252,643	\$ 68,877,124
Contributions as a percentage of covered payroll	19.0 %	18.9 %	18.8 %	15.6 %
FIRE PLAN				
Contractually required contribution	\$ 8,878,424	\$ 8,654,583	\$ 8,269,385	\$ 7,909,259
Contribution in relation to the contractually required contribution	<u>(8,878,424)</u>	<u>(8,654,583)</u>	<u>(8,269,385)</u>	<u>(7,909,259)</u>
Covered payroll	\$ 41,021,289	\$ 39,998,588	\$ 38,022,557	\$ 43,510,526
Contributions as a percentage of covered payroll	21.6 %	21.6 %	21.7 %	18.2 %

Contribution amounts are reported by PERA. Amounts reported by PERA and the City will differ because of timing differences.

Fiscal Year is as of and for the year ended June 30, 2018

*A Full 10-year schedule will be displayed as it becomes available.

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) OF NEW MEXICO
LAST 10 FISCAL YEARS*

	Fiscal Year			
	2017	2016	2015	2014
GENERAL MUNICIPAL PLAN				
Proportion of the net pension liability (asset)	18.0 %	18.0 %	18.0 %	18.0 %
Proportionate share of the net pension liability (asset)	258,568,366	295,304,139	188,570,318	143,197,639
Covered payroll	164,738,621	157,569,964	166,682,259	151,191,059
Proportionate share of the net pension liability (asset)	157.0 %	187.4 %	113.1 %	94.7 %
POLICE PLAN				
Proportion of the net pension liability (asset)	28.1 %	27.7 %	29.0 %	28.9 %
Proportionate share of the net pension liability (asset)	155,918,916	204,088,874	139,610,198	94,045,917
Covered payroll	57,730,969	55,252,643	68,877,124	55,812,821
Proportionate share of the net pension liability (asset)	270.1 %	369.4 %	202.7 %	168.5 %
FIRE PLAN				
Proportion of the net pension liability (asset)	33.0 %	32.8 %	32.1 %	33.1 %
Proportionate share of the net pension liability (asset)	188,737,896	218,590,539	165,523,236	138,010,181
Covered employee payroll	39,998,588	38,012,557	43,510,526	37,118,229
Proportionate share of the net pension liability (asset)	472.0 %	575.0 %	380.0 %	371.8 %
Plan fiduciary net position as a percentage of the total pension liability **	73.7 %	69.2 %	77.0 %	81.3 %

* Amounts presented for each fiscal year were determined as of fiscal year ended June 30, 2017. A Full 10-year schedule will be displayed as it becomes available.

** This percentage will be the same for all plans

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	Fiscal Year 2018
OPEB LIFE INSURANCE	
Actuarially determined contribution	\$ 3,248,403
Employer Contribution in relation to the actuarially required contribution	(2,238,878)
Implicit subsidy in relation to the actuarially required contribution	<u>(1,823,853)</u>
Covered payroll	\$266,579,802
Contributions as a percentage of covered payroll	1.0 %
RETIREE HEALTH CARE AUTHORITY	
Contractually required contribution	\$ 5,967,047
Contribution in relation to the contractually required contribution	<u>(5,967,047)</u>
Covered payroll	\$266,579,802
Contributions as a percentage of covered payroll	2.0 %
* A Full 10-year schedule will be displayed as it becomes available.	

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Fiscal Year 2018
OPEB LIFE INSURANCE	
Proportion of the net OPEB liability (asset)	95.0 %
Proportionate share of the net OPEB liability (asset)	38,544,574
Covered payroll	266,579,802
Proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	14.5 %
Plan fiduciary net position as a percentage of the total OPEB liability **	32.0 %
RETIREE HEALTH CARE AUTHORITY	
Proportion of the net opeb liability (asset)	7.0 %
Proportionate share of the net OPEB liability (asset)	314,945,019
Covered payroll	262,468,178
Proportionate share of the net OPEB liability (asset) as a percentage of covered payroll	120.0 %
Plan fiduciary net position as a percentage of the total pension liability **	11.0 %

* OPEB life insurance has a measurement date of June 30, 2018 presented as of June 30, 2018.

RHCA has a measurement date of June 30, 2017 as of and presented for June 30, 2018.

**A Full 10-year schedule will be displayed as it becomes available.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO OPEB ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018

OPEB Life Insurance

Change of benefit terms: There were no major changes to the benefit terms which impact the measurements provided in the Albuquerque Pooled OPEB Trust Plan.

Change in assumptions: No benefit changes occurred. The results as of June 30, 2018 were developed by a one-year roll forward of the results from July 1, 2017 valuation. The actuarial assumptions are contained in the Albuquerque Pooled OPEB Trust GASB 75 report supporting documentation section.

RHCA Insurance

Change of benefit terms: There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund.

Change in assumptions: The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2016 pension valuation. Assumptions including the following were updated: Per capita costs, future trend for health costs and medical election assumptions. The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION BOND DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with
	Original Budget	Final Budget	Actual	Final Budget- Over/Under
REVENUES:				
Taxes	\$ 65,776,000	\$ 65,776,000	\$ 65,753,804	\$ (22,196)
Investment earnings	904,000	904,000	(602,652)	(1,506,652)
Total revenues	<u>66,680,000</u>	<u>66,680,000</u>	<u>65,151,152</u>	<u>(1,528,848)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	58,720,000	58,720,000	58,720,000	-
Interest	14,862,000	15,257,000	15,256,353	647
Fiscal agent fees and other fees	500,000	1,306,000	1,306,517	(517)
Total expenditures	<u>74,082,000</u>	<u>75,283,000</u>	<u>75,282,870</u>	<u>130</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenses	<u>(7,402,000)</u>	<u>(8,603,000)</u>	<u>(10,131,718)</u>	<u>(1,528,718)</u>
OTHER FINANCING SOURCES (USES):				
Premiums on bonds issued	4,599,000	5,800,000	9,035,943	3,235,943
Total other financing sources (uses):	<u>4,599,000</u>	<u>5,800,000</u>	<u>9,035,943</u>	<u>3,235,943</u>
Net change in fund balance	(2,803,000)	(2,803,000)	(1,095,775)	1,707,225
Fund balance, July 1	<u>64,323,388</u>	<u>64,323,388</u>	<u>64,323,388</u>	<u>-</u>
Fund balance, June 30	<u>\$ 61,520,388</u>	<u>\$ 61,520,388</u>	<u>\$ 63,227,613</u>	<u>\$ 1,707,225</u>

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF EXPENDITURES COMPARED TO APPROPRIATIONS BY PURPOSE
BUDGET AND ACTUAL - CAPITAL ACQUISITION FUND
YEAR ENDED JUNE 30, 2018

	Final Budget	Prior Years' Actual	Project Budget Remaining July 1, 2017	Current Year Actual	Project Budget Remaining June 30, 2018
<u>Capital Acquisition Fund</u>					
Capital Outlay and Other:					
Family & Community services	\$ 169,688,654	\$ 111,427,037	\$ 58,261,617	\$ 7,898,804	\$ 50,362,813
Convention Center	25,797,943	25,286,250	511,693	135,872	375,821
Environmental improvements	4,598,644	4,180,376	418,268	4,674	413,594
Facilities and Equipment	165,074,510	128,213,211	36,861,299	15,172,950	21,688,349
Libraries	52,081,804	34,696,611	17,385,193	5,036,258	12,348,935
Miscellaneous capital projects	70,251,681	50,802,520	19,449,161	2,985,348	16,463,813
Museum	23,262,235	17,022,133	6,240,102	2,110,802	4,129,300
Parks and recreation	238,641,299	191,711,173	46,930,126	22,903,122	24,027,004
Public Safety	148,114,211	122,761,989	25,352,222	5,368,454	19,983,768
Rio Grande Zoo	26,358,069	24,701,796	1,656,273	939,545	716,728
Storm Sewer	71,207,071	36,661,872	34,545,199	4,871,286	29,673,913
Street improvements	456,790,292	353,815,493	102,974,799	25,635,026	77,339,773
Transit	23,867,090	31,383,386	(7,516,296)	2,238,674	(9,754,970)
Total capital acquisition fund	<u>\$ 1,475,733,503</u>	<u>\$ 1,132,663,847</u>	<u>\$ 343,069,656</u>	<u>\$ 95,300,815</u>	<u>\$ 247,768,841</u>

CITY OF ALBUQUERQUE, NEW MEXICO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCES BY PURPOSE CAPITAL ACQUISITION FUND YEAR ENDED JUNE 30, 2018

	Family & Community Services	Convention Center	Environmental Improvements	Facilities & Equipment
REVENUES:				
Taxes:				
Franchise taxes	\$ -	\$ -	\$ -	\$ -
Total taxes	-	-	-	-
Intergovernmental:				
Grants:				
Federal Aviation Administration	-	-	-	-
State Highway Department	-	-	-	-
State Agency of Aging	1,830,939	-	-	-
State Dept of Finance & Administration	-	-	-	200,000
State Department of Finance CIP	38,952	-	-	-
State Community Schools	-	-	-	-
Total intergovernmental	1,869,891	-	-	200,000
Interest on investments	337,105	4,762	-	(1,762,556)
Miscellaneous:				
Sales of real property	-	-	-	-
Contributions in aid of construction/Other Contrib	(9,167)	-	-	29,022
Other revenue (expenditure)	4,194	-	-	148,057
Total miscellaneous	(4,973)	-	-	177,079
Total revenues	2,202,023	4,762	-	(1,385,477)
EXPENDITURES				
Capital Outlay	7,898,804	135,872	4,674	14,193,326
Total expenditures	7,898,804	135,872	4,674	14,193,326
Excess (deficiency) of revenues over expenditures	(5,696,781)	(131,110)	(4,674)	(15,578,803)
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	2,211,963	75,000	-	(1,543,000)
Transfers out to other funds	-	-	-	(979,624)
Internal transfers in	-	-	-	-
Internal transfers out	-	-	-	-
Proceeds of notes payable and bonds issued	8,300,000	-	200,000	35,895,246
Total other financing sources (uses)	10,511,963	75,000	200,000	33,372,622
Net change in fund balances	4,815,182	(56,110)	195,326	17,793,819
Fund balances, July 1	32,279,252	433,988	216,826	26,431,044
Fund balances, June 30	\$ 37,094,434	\$ 377,878	\$ 412,152	\$ 44,224,863

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCES BY PURPOSE
CAPITAL ACQUISITION FUND
YEAR ENDED JUNE 30, 2018

<u>Libraries</u>	<u>Miscellaneous Capital Projects</u>	<u>Museum</u>	<u>Parks & Recreation</u>	<u>Public Safety</u>	<u>Rio Grande Zoo</u>
\$ -	\$ 385,998	\$ -	\$ -	\$ -	\$ -
-	385,998	-	-	-	-
-	-	-	-	-	-
-	-	-	281,013	-	-
-	-	-	-	-	-
413,981	40,070	636,786	878,669	441,100	264,720
-	-	-	-	-	-
-	-	-	(180,169)	-	-
413,981	40,070	636,786	979,513	441,100	264,720
48,959	480,289	15,369	88,779	44,932	13,559
-	-	-	-	-	-
-	921,791	-	10,077	-	-
1,464,140	-	-	180,366	252,607	-
1,464,140	921,791	-	190,443	252,607	-
1,927,080	1,828,148	652,155	1,258,735	738,639	278,279
5,036,258	2,985,348	2,110,802	22,492,122	5,368,454	939,545
5,036,258	2,985,348	2,110,802	22,492,122	5,368,454	939,545
(3,109,178)	(1,157,200)	(1,458,647)	(21,233,387)	(4,629,815)	(661,266)
150,000	(583,507)	21,000	778,994	-	-
-	-	-	(411,000)	-	-
-	-	-	-	(4,096)	-
-	-	-	-	4,096	-
5,425,000	-	-	14,947,000	14,000,000	1,575,000
5,575,000	(583,507)	21,000	15,314,994	14,000,000	1,575,000
2,465,822	(1,740,707)	(1,437,647)	(5,918,393)	9,370,185	913,734
8,811,025	27,927,227	3,930,234	28,538,562	8,949,483	1,299,239
\$ 11,276,847	\$ 26,186,520	\$ 2,492,587	\$ 22,620,169	\$ 18,319,668	\$ 2,212,973

CITY OF ALBUQUERQUE, NEW MEXICO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCES BY PURPOSE CAPITAL ACQUISITION FUND YEAR ENDED JUNE 30, 2018

	Storm Sewer	Street Improvements	Transit	Total
REVENUES:				
Taxes:				
Franchise taxes	\$ -	\$ -	\$ -	\$ 385,998
Total taxes	-	-	-	385,998
Intergovernmental:				
Grants:				
Federal Aviation Administration	-	96,914	-	96,914
State Highway Department	-	2,322,017	-	2,603,030
State Agency of Aging	-	-	-	1,830,939
State Dept of Finance & Administration	-	-	-	2,875,326
State Department of Finance CIP	-	-	-	38,952
State Community Schools	-	-	-	(180,169)
Total intergovernmental	-	2,418,931	-	7,264,992
Interest on investments	206,278	573,727	31,922	83,125
Miscellaneous:				
Sales of real property	-	364,618	-	364,618
Contributions in aid of construction/Other Contrib	253,433	7,696	-	1,212,852
Other revenue (expenditure)	13,875	33,000	-	2,096,239
Total miscellaneous	267,308	405,314	-	3,673,709
Total revenues	473,586	3,397,972	31,922	11,407,824
EXPENDITURES				
Capital Outlay	4,871,286	25,635,026	1,363,233	93,034,750
Total expenditures	4,871,286	25,635,026	1,363,233	93,034,750
Excess (deficiency) of revenues over expenditures	(4,397,700)	(22,237,054)	(1,331,311)	(81,626,926)
OTHER FINANCING SOURCES (USES)				
Transfers in from other funds	-	-	-	1,110,450
Transfers out to other funds	-	-	(875,441)	(2,266,065)
Internal transfers in	-	-	-	(4,096)
Internal transfers out	-	-	-	4,096
Proceeds of notes payable and bonds issued	2,000,000	28,998,000	4,500,000	115,840,246
Total other financing sources (uses)	2,000,000	28,998,000	3,624,559	114,684,631
Net change in fund balances	(2,397,700)	6,760,946	2,293,248	33,057,705
Fund balances, July 1	20,088,094	48,094,435	3,909,578	210,908,987
Fund balances, June 30	\$ 17,690,394	\$ 54,855,381	\$ 6,202,826	\$ 243,966,692

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Airport Refunding Revenue Bonds 2008C	July 2019	013538JZ7	\$490,000
Airport Refunding Revenue Bonds 2008C	July 2020	013538KA0	480,000
Airport Refunding 2014A	July 2019		\$1,700,000
Airport Refunding 2014A	July 2020		1,660,000
Airport Refunding 2014A	July 2021		1,630,000
Airport Refunding 2014A	July 2022		1,605,000
Airport Refunding 2014A	July 2023		1,575,000
Airport Refunding 2014A	July 2024		1,540,000
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 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 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 General Purpose 2014A	July 2019	0135183P8	\$4,805,000
General Obligation General Purpose 2014A	July 2020	0135183Q6	4,805,000
General Obligation General Purpose 2014A	July 2021	0135183R4	4,800,000
General Obligation General Purpose 2014A	July 2022	0135183S2	4,800,000
General Obligation General Purpose 2014A	July 2023	0135183T0	4,800,000
General Obligation General Purpose 2014A	July 2024	0135183U7	4,800,000
General Obligation General Purpose 2014A	July 2025	0135183V5	4,800,000
General Obligation General Purpose 2014A	July 2026	0135183W3	4,230,000
General Obligation General Purpose 2015A	July 2019	0135184C6	\$3,285,000
General Obligation General Purpose 2015A	July 2020	0135184D4	3,285,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
General Obligation General Purpose 2015A	July 2021	0135184E2	3,285,000
General Obligation General Purpose 2015A	July 2022	0135184F9	3,285,000
General Obligation General Purpose 2015A	July 2023	0135184G7	3,285,000
General Obligation General Purpose 2015A	July 2024	0135184H5	3,285,000
General Obligation General Purpose 2015A	July 2025	0135184J1	3,285,000
General Obligation General Purpose 2015A	July 2026	0135184K8	3,285,000
General Obligation General Purpose 2015A	July 2027	0135184L6	1,840,000
General Obligation General Purpose 2016A	July 2019	0135184R3	\$6,000,000
General Obligation General Purpose 2016A	July 2020	0135184S1	6,000,000
General Obligation General Purpose 2016A	July 2021	0135184T9	6,000,000
General Obligation General Purpose 2016A	July 2022	0135184U6	6,000,000
General Obligation General Purpose 2016A	July 2023	0135184V4	6,000,000
General Obligation General Purpose 2016A	July 2024	0135184W2	6,000,000
General Obligation General Purpose 2016A	July 2025	0135184X0	6,000,000
General Obligation General Purpose 2016A	July 2026	0135184Y8	6,000,000
General Obligation General Purpose 2016A	July 2027	0135184Z5	6,000,000
General Obligation General Purpose 2016A	July 2028	0135185A9	5,500,000
General Obligation General Purpose 2017A	July 2019	0135185E1	\$1,760,000
General Obligation General Purpose 2017A	July 2020	0135185F8	1,760,000
General Obligation General Purpose 2017A	July 2021	0135185G6	1,760,000
General Obligation General Purpose 2017A	July 2022	0135185H4	1,760,000
General Obligation General Purpose 2017A	July 2023	0135185J0	1,760,000
General Obligation General Purpose 2017A	July 2024	0135185K7	1,760,000
General Obligation General Purpose 2017A	July 2025	0135185L5	1,760,000
General Obligation General Purpose 2017A	July 2026	0135185M3	1,760,000
General Obligation General Purpose 2017A	July 2027	0135185N1	1,760,000
General Obligation General Purpose 2017A	July 2028	0135185P6	1,760,000
General Obligation General Purpose 2017A	July 2029	0135185Q4	1,760,000
General Obligation General Purpose 2017A	July 2030	0135185R2	1,730,000
General Obligation General Purpose 2018A	July 2019	0135185S0	6,480,000
General Obligation General Purpose 2018A	July 2020	0135185T8	6,480,000
General Obligation General Purpose 2018A	July 2021	0135185U5	6,480,000
General Obligation General Purpose 2018A	July 2022	0135185V3	6,480,000
General Obligation General Purpose 2018A	July 2023	0135185W1	6,480,000
General Obligation General Purpose 2018A	July 2024	0135185X9	6,480,000
General Obligation General Purpose 2018A	July 2025	0135185Y7	6,480,000
General Obligation General Purpose 2018A	July 2026	0135185Z4	6,480,000
General Obligation General Purpose 2018A	July 2027	0135186A8	6,480,000
General Obligation General Purpose 2018A	July 2028	0135186B6	6,480,000
General Obligation General Purpose 2018A	July 2029	0135186C4	6,475,000
General Obligation General Purpose 2018A	July 2030	0135186D2	6,475,000
General Obligation General Purpose 2018A	July 2031	0135186E0	6,475,000
General Obligation Storm Sewer 2012B	July 2024	0135182T1	\$2,255,000
General Obligation Storm Sewer 2012B	July 2025	0135182U8	5,780,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
General Obligation Storm Sewer 2013B	July 2026	0135183J2	\$4,980,000
General Obligation Storm Sewer 2014B	July 2026	0135183X1	\$575,000
General Obligation Storm Sewer 2014B	July 2027	0135183Y9	4,800,000
General Obligation Storm Sewer 2015B	July 2027	0135184M4	\$1,441,000
General Obligation Storm Sewer 2015B	July 2028	0135184N2	3,285,000
General Obligation Storm Sewer 2016B	July 2028	0135185B7	\$500,000
General Obligation Storm Sewer 2016B	July 2029	0135185C5	6,000,000
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 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 2004B	July 2019	01354MDR9	\$405,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2020	01354MDR9	425,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2021	01354MDR9	450,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2022	01354MDR9	465,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2023	01354MDR9	545,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2024	01354MDR9	530,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2025	01354MDS7	630,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2026	01354MDS7	2,905,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2027	01354MDS7	3,155,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2028	01354MDS7	3,415,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2029	01354MDS7	3,695,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2030	01354MDS7	1,685,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2034	01354MDS7	2,435,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2036	01354MDS7	4,855,000
Gross Receipts/Lodgers 2009A	July 2019	01354MEP2	\$1,070,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
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
Gross Receipts/Lodgers Refunding 2014A	July 2019	01354MFA4	\$215,000
Gross Receipts/Lodgers Refunding 2014A	July 2020	01354MFB2	225,000
Gross Receipts/Lodgers Refunding 2014A	July 2021	01354MFC0	230,000
Gross Receipts/Lodgers Refunding 2014A	July 2022	01354MFD8	235,000
Gross Receipts/Lodgers Refunding 2014A	July 2023	01354MFE6	245,000
Gross Receipts/Lodgers Refunding 2014A	July 2024	01354MFF3	255,000
Gross Receipts/Lodgers Refunding 2014A	July 2025	01354MFG1	265,000
Gross Receipts/Lodgers Refunding 2014A	July 2026	01354MFH9	275,000
Gross Receipts/Lodgers Refunding 2014A	July 2027	01354MFJ5	285,000
Gross Receipts/Lodgers Refunding 2014A	July 2028	01354MFK2	290,000
Gross Receipts/Lodgers Refunding 2014A	July 2029	01354MFL0	300,000
Gross Receipts/Lodgers Refunding 2014A	July 2030	01354MFM8	2,610,000
Gross Receipts/Lodgers Refunding 2014A	July 2031	01354MFN6	1,000,000
Gross Receipts/Lodgers Refunding 2014A	July 2031	01354MFS5	3,570,000
Gross Receipts/Lodgers Refunding 2014A	July 2032	01354MFP1	4,840,000
Gross Receipts/Lodgers Refunding 2014A	July 2033	01354MFQ9	5,105,000
Gross Receipts/Lodgers Refunding 2014A	July 2037	01354MFR7	16,285,000
Gross Receipts Tax Series 2015A	July 2019	01354PEV2	\$1,410,000
Gross Receipts Tax Series 2015A	July 2020	01354PEW0	1,470,000
Gross Receipts Tax Series 2015A	July 2021	01354PEX8	1,525,000
Gross Receipts Tax Series 2015A	July 2022	01354PEY6	90,000
Gross Receipts Tax Series 2015A	July 2023	01354PEZ3	95,000
Gross Receipts Tax Series 2015A	July 2024	01354PFA7	1,510,000
Gross Receipts Tax Series 2015A	July 2025	01354PFB5	1,585,000
Gross Receipts Tax Series 2015A	July 2026	01354PFC3	1,665,000
Gross Receipts Tax Series 2015A	July 2027	01354PFD1	1,750,000
Gross Receipts Tax Series 2015A	July 2028	01354PFE9	1,835,000
Gross Receipts Tax Series 2015A	July 2029	01354PFF6	1,890,000
Gross Receipts Tax Series 2015A	July 2030	01354PFG4	1,985,000
Gross Receipts Tax Series 2015A	July 2031	01354PFH2	2,065,000
Gross Receipts Tax Series 2015A	July 2031	01354PFJ8	2,150,000
Gross Receipts Tax Series 2015A	July 2032	01354PFK5	2,235,000
Gross Receipts Tax Series 2015A	July 2033	01354PFL3	2,345,000
Gross Receipts Tax Series 2015A	July 2037	01354PFM1	2,465,000
Gross Receipts Tax Series 2015A	July 2038	01354PFN9	2,560,000
Gross Receipts Tax Series 2015B (Taxable)	July 2019	01354PFT6	\$1,250,000
Gross Receipts Tax Series 2015B (Taxable)	July 2020	01354PFU3	1,275,000
Gross Receipts Tax Series 2015B (Taxable)	July 2021	01354PFV1	1,305,000
Gross Receipts Tax Series 2015B (Taxable)	July 2022	01354PFW9	1,335,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Gross Receipts Tax Series 2015B (Taxable)	July 2023	01354PFX7	1,375,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2019	01354MFW6	\$315,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2020	01354MFX4	445,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2021	01354MFY2	585,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2022	01354MFZ9	725,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2023	01354MGA3	2,090,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2024	01354MGB1	850,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2025	01354MGC9	925,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2026	01354MGD7	805,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2027	01354MGE5	885,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2028	01354MGF2	975,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2029	01354MGG0	1,060,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2030	01354MGH8	1,160,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2031	01354MGJ4	1,255,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2032	01354MGK1	1,365,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2033	01354MGL9	1,480,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2034	01354MGM7	1,605,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2035	01354MGN5	1,740,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2038	01354MGP0	5,100,000
Gross Receipts Tax Improvement Revenue 2016C	July 2019	01354PGA6	\$760,000
Gross Receipts Tax Improvement Revenue 2016C	July 2020	01354PGB4	780,000
Gross Receipts Tax Improvement Revenue 2016C	July 2021	01354PGC2	805,000
Gross Receipts Tax Improvement Revenue 2016C	July 2022	01354PGD0	830,000
Gross Receipts Tax Improvement Revenue 2016C	July 2023	01354PGE8	860,000
Gross Receipts Tax Improvement Revenue 2016C	July 2024	01354PGF5	895,000
Gross Receipts Tax Improvement Revenue 2016C	July 2025	01354PGG3	940,000
Gross Receipts Tax Improvement Revenue 2016C	July 2026	01354PGH1	990,000
Gross Receipts Tax Improvement Revenue 2016C	July 2027	01354PGJ7	1,040,000
Gross Receipts Tax Improvement Revenue 2016C	July 2028	01354PGK4	1,080,000
Gross Receipts Tax Improvement Revenue 2016C	July 2029	01354PGL2	1,120,000
Gross Receipts Tax Improvement Revenue 2016C	July 2030	01354PGM0	1,165,000
Gross Receipts Tax Improvement Revenue 2016C	July 2031	01354PGN8	1,215,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Gross Receipts Tax Improvement Revenue 2016C	July 2032	01354PGP3	1,265,000
Gross Receipts Tax Improvement Revenue 2016C	July 2033	01354PGQ1	1,315,000
Gross Receipts Tax Improvement Revenue 2016C	July 2034	01354PGR9	1,365,000