

CITY OF ALBUQUERQUE



ANNUAL INFORMATION STATEMENT

DATED March 27, 2015

IN CONNECTION WITH BONDS AND OTHER OBLIGATIONS

CITY OF ALBUQUERQUE

MAYOR

Richard J. Berry

CITY COUNCIL

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

ADMINISTRATION

Robert J. Perry, Esq., Chief Administrative Officer
Michael J. Riordan, P.E., Chief Operations Officer
Trina Gurule, Interim City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Lou D. Hoffman, CCM, P.E., Director
Olivia Padilla Jackson, Deputy Director
Cilia E. Aglioloro, CTP, Treasurer
Christopher H. Daniel, Chief Investment Officer, CFA, CPA, CTP
Pamela S. Fanelli, CMA, City Controller

OFFICE OF MANAGEMENT AND BUDGET

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

LEGAL DEPARTMENT

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BOND COUNSEL

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FINANCIAL ADVISOR

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SPECIAL TAX COUNSEL

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INTRODUCTION

This “Annual Information Statement Dated March 27, 2015 in Connection with Bonds and Other Obligations” (the “Annual Statement”) has been prepared by the City to provide certain financial and other information relating to the City, its various enterprise operations and its other projects, the revenues of which secure certain outstanding long-term obligations of the City. The Annual Statement also includes annual financial information and operating data which the City has agreed in certain continuing disclosure undertakings to provide on an annual basis for the benefit of its bondholders. See “CONTINUING DISCLOSURE UNDERTAKINGS.”

City Council (the “Council”) actions taken after January 1, 2015, including information relating to bonds, notes or other obligations of the City issued or incurred after that date, are not included in the Annual Statement. Other information contained in the Annual Statement is current as of January 1, 2015, 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 Agliodoro, Treasurer, City of Albuquerque, Albuquerque/Bernalillo County Government Center, One Civic Plaza, NW, Albuquerque, New Mexico 87102 (P.O. Box 1293, Albuquerque, New Mexico 87103), Telephone (505) 768-3309, Fax (505) 768-3447. Information about the City may also be obtained through the City’s web site, www.cabq.gov.

CONTINUING DISCLOSURE UNDERTAKINGS

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

- (1) Airport Refunding and Improvement Revenue Bonds, Series 2004A;
- (2) Gross Receipts Tax/Lodgers’ Tax Taxable Refunding Revenue Bonds, Series 2004B;
- (3) General Obligation General Purpose Bonds, Series 2007B;
- (4) General Obligation Storm Sewer Bonds, Series 2007C;

- (5) Airport Refunding Revenue Bonds, Series 2008;
- (6) Airport Refunding Revenue Bonds, Series 2008B;
- (7) Airport Refunding Revenue Bonds, Series 2008C;
- (8) General Obligation General Purpose Bonds, Series 2008A;
- (9) General Obligation Storm Sewer Bonds, Series 2008B;
- (10) Gross Receipts Tax Refunding Revenue Bonds, Series 2008B;
- (11) General Obligation General Purpose Bonds, Series 2009A;
- (12) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2009A;
- (13) Gross Receipts Tax Refunding Revenue Bonds, Series 2009B;
- (14) General Obligation General Purpose Bonds, Series 2011A;
- (15) General Obligation General Purpose Bonds, Series 2012A;
- (16) General Obligation Storm Sewer Bonds, Series 2012B;
- (17) Gross Receipts Tax Improvement Revenue Bonds, Series 2013;
- (18) General Obligation General Purpose Bonds, Series 2013A;
- (19) General Obligation Storm Sewer Bonds, Series 2013B;
- (20) Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A;
- (21) General Obligation General Purpose Bonds, Series 2014A; and
- (22) General Obligation Storm Sewer Bonds, Series 2014B.

In each of its Disclosure Undertakings, the City has agreed to file certain annual information with the Municipal Securities Rulemaking Board. Timely filing of the information provided in the Annual Statement, including the City's current audited financial statements, with the Municipal Securities Rulemaking Board satisfies the disclosure requirements set forth in the Disclosure Undertakings. In recent years (2007-2012), the City's annual audits have been delayed due to implementation of the City's accounting and human resources software and turnover in key City staff positions, thereby delaying the independent auditors review and preparation of the City's audit beyond the 180-day deadline and in the case of the audits for 2009-2011 beyond 270 days from the end of the fiscal year. The City provided notice of late audits in 2007, 2008, 2011 and 2012 at 210 days after the close of the fiscal year, a 30-day delay under the 180-day deadline. The City has made material progress with its internal procedures and the release date for its annual audit has improved over the past two 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 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, 2014 (“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. The City presently has outstanding general purpose general obligation bonds in an outstanding aggregate principal amount of \$316,025,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$27,470,000.

In a regular municipal election held October 8, 2013, the issuance of \$104,899,000 general purpose general obligation bonds and \$10,101,000 storm sewer general obligation bonds was approved. It is anticipated that the City will issue its General Purpose General Obligation Bonds, Series 2015A in the aggregate principal amount of \$39,970,000 and its Storm Sewer General Obligation Bonds, Series 2015B in the aggregate principal amount of \$4,726,000 on or about May 26, 2015 and its Series 2015C General Purpose General Obligation Bonds, Series 2015C in the aggregate principal amount of \$7,200,000.

CITY OF ALBUQUERQUE
Outstanding General Obligation Bonds
As of January 1, 2015

Issue	Principal Amount Of Original Issue	Current Outstanding
<u>General Purpose G.O. Bonds:</u>		
September 2007	\$43,045,000	\$5,610,000
June 2008	39,000,000	10,350,000
June 2009	54,970,000	24,420,000
February 2011	135,000,000	96,300,000
May 2012	61,760,000	54,745,000
May 2013	70,040,000	67,540,000
May 2014	<u>57,060,000</u>	<u>57,060,000</u>
Total	<u>\$460,875,000</u>	<u>\$316,025,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
September 2007	\$5,080,000	\$5,080,000
June 2008	4,000,000	4,000,000
May 2012	8,035,000	8,035,000
May 2013	4,980,000	4,980,000
May 2014	<u>5,375,000</u>	<u>5,375,000</u>
Total	<u>\$27,470,000</u>	<u>\$27,470,000</u>
<u>Total General Obligation Bonds</u>	<u>\$488,345,000</u>	<u>\$343,495,000</u>

The Constitution of the State of New Mexico (the "State") limits the amount of general purpose general obligation indebtedness of the City to 4% of the assessed value of taxable property within the City. Based on the most recent assessed value of real property in the City of \$12,228,594,690, as shown below, and the City's outstanding general purpose general obligation debt of \$316,025,000, the City has the capacity to issue \$173,118,787 aggregate principal amount of general purpose general obligation bonds in the future.

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

4% of Assessed Value of \$12,228,594,690:	\$489,143,787
Outstanding (General Purpose subject to 4% limitation):	\$316,025,000
Available for Future Issues:	\$173,118,787

CITY OF ALBUQUERQUE
Assessed Valuation
(County Tax Year⁽¹⁾ 2014)

Market Value of Property Assessed	\$44,688,638,558
(1/3 Market Value)	14,133,093,900
Less Exemptions	(2,289,356,858)
Plus Centrally Assessed (Corporate)	<u>384,587,648</u>
Certified Net Tax Base	<u>\$12,228,594,690</u>

(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, 2015

Gross G.O. Bonded Debt	\$343,495,000 ⁽¹⁾
Less G.O. Sinking Fund Balance	<u>21,848,745</u>
Net G.O. Bonded Debt	<u>\$321,646,255</u>

	<u>G.O. Debt</u>	<u>Tax Year 2014 Assessed Valuation</u>	<u>% Applicable to City</u>	<u>Gross Overlapping</u>
City of Albuquerque	\$343,495,000	\$12,228,594,690	100.00%	\$343,495,000
Albuquerque Public Schools	452,180,000	15,095,456,570	81.01%	366,303,988
Albuquerque Metropolitan Arroyo Flood Control Authority ⁽²⁾	43,125,000	14,078,601,230	86.86%	37,458,135
Central New Mexico Community College	79,045,000	17,151,572,371	71.30%	56,356,889
Bernalillo County	125,106,000	14,835,047,140	82.43%	103,125,427
State of New Mexico	311,270,000	56,473,295,554	21.65%	<u>67,401,674</u>
Total Direct and Overlapping G.O. Debt				<u>\$1,143,547,825</u>

RATIOS

Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation	9.35%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation	2.56%
Assessed Valuation Per Capita (2010 Population 545,852) ⁽³⁾	\$22,403
Direct and Overlapping G.O. Debt Per Capita	\$2,095

- (1) Amount does not include any bonds which have been advance refunded and fully defeased by an escrow containing cash and securities.
- (2) Statutory maximum of general obligation debt of \$80,000,000.
- (3) United States Census Bureau.

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
2005	495,531	\$8,285,493	\$296,555	\$19,487	\$277,068	3.34%	\$559.13
2006	506,384	9,307,581	276,205	9,977	266,228	2.86%	525.74
2007	515,396	9,858,169	235,765	8,139	227,626	2.31%	441.65
2008	521,999	10,949,766	292,620	87,565	205,055	1.87%	392.83
2009	528,687	11,581,011	297,868	69,834	228,034	1.97%	431.32
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	552,180	11,951,430	349,260	6,303	342,957	2.87%	621.10
2013	555,417	11,876,389	375,029	5,948	369,081	3.11%	664.51
2014	556,495	11,967,046	354,380	8,309	346,071	2.89%	621.88

(1) United States Census Bureau.

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

(3) Available for debt service.

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

CITY OF ALBUQUERQUE
Aggregate Debt Service
For Outstanding General Obligation Bonds
As of January 1, 2015

Fiscal Year	Principal	Interest	Total Debt Service
2015	\$43,470,000	\$13,941,134	\$57,411,134
2016	43,475,000	11,944,363	55,419,363
2017	38,155,000	10,141,038	48,296,038
2018	33,335,000	8,520,338	41,855,338
2019	27,245,000	7,138,888	34,383,888
2020	27,245,000	5,944,038	33,189,038
2021	27,240,000	4,749,188	31,989,188
2022	27,240,000	3,554,588	30,794,588
2023	27,250,000	2,505,888	29,755,888
2024	16,550,000	1,514,513	18,064,513
2025	16,630,000	997,013	17,627,013
2026	10,860,000	498,113	11,358,113
2027	4,800,000	168,000	4,968,000
TOTAL	\$343,495,000	\$71,617,097	\$415,112,097

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)
2005	\$87,355,917	\$ 7,747,457	\$95,103,374	\$393,168,745	24.2%
2006	76,440,000	10,562,178	87,002,178	445,130,907	19.5%
2007	71,270,000	8,869,510	80,139,510	475,697,255	16.8%
2008	74,625,000	9,205,374	83,830,374	481,785,495	17.4%
2009	65,028,000	9,634,353	74,662,353	451,379,000	16.5%
2010	69,075,000	9,529,809	78,604,809	455,137,270	17.3%
2011	48,530,000	9,591,425	58,121,415	446,038,625	13.0%
2012	49,615,000	10,971,476	60,586,476	459,239,839	13.2%
2013	53,220,000	12,019,306	65,241,306	425,551,556	15.3%
2014	50,030,000	13,114,378	63,144,378	472,825,899	13.4%

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

Sources: City of Albuquerque Comprehensive Annual Financial Reports.

Current Ratings of the General Obligation Bonds. The City's outstanding general obligation bonds are currently rated "Aa1" 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, 2015

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Gross Receipts Tax Refunding Revenue Bonds, Series 2008B ⁽¹⁾	\$11,275,000	\$9,370,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2009B	28,305,000	25,620,000
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B ⁽²⁾	11,650,000	9,640,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2013	<u>42,030,000</u>	<u>41,080,000</u>
Total	<u>\$99,260,000</u>	<u>\$85,710,000</u>

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

Stadium Lease Payments and Surcharge. The City's Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B have a lien on certain lease and surcharge revenues related to the City's minor league baseball stadium.

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>
2010	\$1,686,000
2011	1,810,000
2012	1,806,000
2013	1,803,000
2014	1,763,000

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

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

**CITY OF ALBUQUERQUE
Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Bonds
As of January 1, 2015**

<u>Issue</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	\$28,915,000	\$26,885,000
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2009A	10,535,000	10,310,000
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Improvement and Refunding Revenue Bonds, Series 2011A ⁽¹⁾	22,660,000	17,170,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A	36,960,000	<u>36,960,000</u>
Total Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Obligations		<u>\$91,325,000</u>

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

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

Total Combined Debt Service Outstanding State Gross Receipts Tax Obligations

Calendar Year	Series 2004B	Series 2008B	Series 2009A	Series 2009B	Series 2011A	Series 2011B	Series 2013	Series 2014A	Combined Debt Service Requirements
2015	\$1,728,264	\$880,638	\$682,369	\$4,268,650	\$2,307,213	\$1,023,798	\$2,997,763	\$1,491,513	\$15,380,205
2016	1,795,059	880,888	745,019	4,303,900	2,177,813	1,021,923	2,995,763	1,574,213	15,494,575
2017	1,802,541	880,138	806,019	4,309,900	2,110,813	1,024,673	2,999,513	1,573,213	15,506,807
2018	1,803,676	878,388	873,269	4,302,650	2,043,813	1,020,148	2,997,163	1,572,063	15,491,167
2019	1,818,733	880,638	1,485,669	4,362,400	1,410,313	1,023,398	2,998,513	1,570,763	15,550,424
2020	1,816,904	881,638	1,562,169	4,375,400	1,338,813	1,025,148	2,998,513	1,574,313	15,572,895
2021	1,818,996	881,388	1,642,169	4,313,400	1,258,188	1,022,248	2,996,113	1,572,563	15,505,062
2022	1,809,741	879,888	1,725,169	874,650	1,199,388	1,026,848	2,996,313	1,570,663	12,082,657
2023	1,864,678	877,138	453,706	-	1,996,388	1,023,448	2,999,700	1,573,613	9,988,669
2024	1,820,302	877,413	1,936,806	-	1,196,838	1,022,766	2,995,500	1,576,263	11,425,887
2025	1,891,735	880,388	1,954,150	-	1,196,388	1,019,516	2,998,750	1,576,063	11,516,989
2026	4,131,833	876,525	-	-	1,198,731	1,023,610	2,997,250	1,575,463	11,803,412
2027	4,220,896	881,088	-	-	1,198,631	-	2,996,000	1,574,463	10,871,077
2028	4,306,109	877,656	-	-	1,196,000	-	2,999,750	1,570,913	10,950,428
2029	4,396,918	877,344	-	-	-	-	2,998,000	1,571,850	9,844,112
2030	2,182,215	879,881	-	-	-	-	2,998,200	3,872,100	9,932,396
2031	403,866	-	-	-	-	-	2,999,988	2,177,275	9,151,129
2032	403,866	-	-	-	-	-	2,998,100	5,839,475	9,241,441
2033	403,866	-	-	-	-	-	2,998,100	5,935,075	9,337,041
2034	2,838,866	-	-	-	-	-	2,998,900	3,591,400	9,429,166
2035	268,967	-	-	-	-	-	1,759,500	6,253,800	8,282,267
2036	5,123,967	-	-	-	-	-	-	1,500,000	15,380,205
2037	-	-	-	-	-	-	-	-6,687,200	15,494,575-
Total	<u>\$48,651,997</u>	<u>\$14,071,031</u>	<u>\$13,866,513</u>	<u>\$31,110,950</u>	<u>\$21,029,325</u>	<u>\$12,277,520</u>	<u>\$61,717,388</u>	<u>\$3,259,940</u>	<u>\$282,421,967</u>

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

The State gross receipts tax revenues of the City attributable to the 1.225% levy for Fiscal Year 2014 were \$180,279,311. The maximum calendar year combined debt service requirements for the outstanding State Gross Receipts Tax Obligations of the City as shown in the preceding table are \$15,572,895 (occurring in calendar year 2020). The coverage ratio of the Fiscal Year 2014 State Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 11.58x.

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.

2015 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2015 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, 2015

<u>GENERAL OBLIGATION DEBT⁽¹⁾</u>	<u>Total Outstanding</u>	<u>Per Capita (Population of 545,852⁽²⁾)</u>
Direct G.O. Debt	\$343,495,000	\$629.28
Overlapping Jurisdiction G.O. Debt	<u>800,052,825</u>	<u>1,465.70</u>
Total Direct and Overlapping G.O. Debt	<u>\$1,143,547,825</u>	<u>\$2,094.98</u>
 SPECIAL TAX OBLIGATIONS		
State Gross Receipts Tax Bonds ⁽³⁾	\$87,710,000	\$160.68
State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds ⁽⁴⁾	<u>91,325,000</u>	<u>167.31</u>
Direct Special Tax Obligations	<u>\$179,035,000</u>	<u>\$327.99</u>

TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS

- (1) See table entitled “City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2015” under this caption.
- (2) United States Census Bureau April 2010.
- (3) See table entitled “City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2015” under this caption.
- (4) See table entitled “City of Albuquerque Outstanding State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds as of January 1, 2015” 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, 2015

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions ⁽¹⁾
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽²⁾⁽³⁾	Refunding	\$20,610,000	\$7,500,000	MBIA surety	7/1/14 @ 100%
Airport Refunding Revenue Bonds, Series 2008A ⁽⁴⁾	Refunding	13,640,000	8,590,000	FSA surety	N/A
Airport Refunding Revenue Bonds, Series 2008B-C ⁽⁴⁾	Refunding	21,290,000	3,840,000	FSA surety	7/1/18 @ 100% (Series C Bonds)
Airport Refunding Revenue Bonds, Series 2009A	Refunding	26,080,000	14,495,000	N/A	N/A
Airport Refunding Revenue Bonds, Series 20011A (AMT)	Refunding	15,375,000	6,425,000	N/A	N/A
Airport Refunding Revenue Note, Series 2014A (AMT)	Refunding	16,795,000	<u>16,795,000</u>	N/A	N/A
Total Airport Revenue Bonds/Notes			<u>\$57,645,000</u>		

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

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

Total Combined Outstanding Debt Service of Airport Obligations

Calendar Year	Series 2008A Bonds	Series 2008 B&C Bonds	Series 2009A Bonds	Series 2011A Bonds	Series 2014A Note	Total Senior Parity Obligations	Series 2004A Bonds	Total Subordinate Obligations	Total Combined Requirements
2015	\$2,429,500	\$1,736,420	\$3,255,275	\$3,412,000	\$2,251,670	\$13,084,865	\$2,211,970	\$2,211,970	\$15,296,835
2016	2,429,500	493,213	3,253,825	3,400,800	2,169,480	11,746,818	2,173,466	2,173,466	13,920,284
2017	2,414,500	482,213	3,249,975	-	2,098,200	8,244,888	2,170,667	2,170,667	10,415,555
2018	2,415,000	556,013	3,254,975	-	2,032,570	8,258,558	1,881,469	1,881,469	10,140,027
2019	-	531,213	3,255,175	-	1,952,460	5,738,848	-	-	5,738,848
2020	-	501,000	-	-	1,868,260	2,369,260	-	-	2,369,260
2021	-	-	-	-	1,795,100	1,795,100	-	-	1,795,100
2022	-	-	-	-	1,727,720	1,727,720	-	-	1,727,720
2023	-	-	-	-	1,655,990	1,655,990	-	-	1,655,990
2024	-	-	-	-	1,580,040	1,580,040	-	-	1,580,040
Total	<u>\$9,688,500</u>	<u>\$4,300,072</u>	<u>\$16,269,225</u>	<u>\$6,812,800</u>	<u>\$19,131,490</u>	<u>\$56,202,087</u>	<u>\$8,437,572</u>	<u>\$8,437,572</u>	<u>\$64,639,659</u>

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

In the ordinances pursuant to which the City’s Airport Obligations have been issued, the City has agreed to charge all users of the Airport reasonable rates sufficient to produce Net Revenues (as adjusted in accordance with the authorizing ordinances) annually to cover 120% of the debt service requirements on all outstanding Senior Parity Obligations (“Test No. 1”) and 110% of the debt service requirements on all Outstanding Airport Obligations (“Test No. 2”). The Revenues of the Airport for Fiscal Year 2014 were \$66,373,000. The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$13,084,865 (occurring in calendar year 2015). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2014 (\$36,548,000) to such maximum estimated calendar year debt service requirements is 2.39x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations is \$15,296,835 (occurring in calendar year 2015). With respect to Test No. 2, the coverage ratio of the Net Revenues of the Airport for Fiscal Year 2014, plus investment income from debt service funds (which is not included in Test No. 1) (\$36,625,000) to such maximum estimated calendar year debt service requirements is 1.51x.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Airport Revenues ⁽¹⁾	\$69,115	\$65,508	\$67,752	\$66,933	\$66,373
Less:					
Operation and Maintenance Expenses	29,541	29,827	30,649	30,150	29,825
Net Airport Revenues	\$39,574	\$35,681	\$37,103	\$36,783	\$36,548
Coverage Test One					
Senior Lien Debt Service Requirements	\$16,395	\$16,178	\$15,962	\$15,073	\$15,286
Test One debt coverage ratio (1.2x)	2.41	2.21	2.32	2.44	2.39
Coverage Test Two					
Interest income from Debt Service Funds	\$236	\$114	\$105	\$60	\$77
Net Airport Revenues plus interest income	\$39,810	\$35,795	\$37,208	\$36,843	\$36,625
Total Debt Service Requirements	\$26,378	\$26,209	\$25,053	\$24,272	\$24,315
Test Two debt service coverage ratio (1.1x) ⁽²⁾	1.51	1.37	1.49	1.52	1.51

⁽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. The following underlying ratings have been assigned to the Subordinate Parity Obligations: “A2” by Moody’s, “A” by S&P and “A” by Fitch.

Joint Water and Sewer System Obligations

The joint water and sewer system was owned by the City and operated by its Public Works Department until December 17, 2003 (the “Water/Sewer System”), and revenue bond debt issued by the City relating to the Water/Sewer System continues to be outstanding. For more on the Water/Sewer System and the Albuquerque Bernalillo County Water Utility Authority, see “ENTERPRISE OPERATIONS – Joint Water and Sewer System.”

Refuse Removal and Disposal System Revenue Bonds

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

CITY OF ALBUQUERQUE
Outstanding Refuse Removal and Disposal System Revenue Bonds
As of January 1, 2015

Issue	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions
NMFA – Refuse Removal and Disposal Loan (2008)	System Improvements	\$2,600,000	<u>\$411,730</u>	N/A	Callable on any date after March 14, 2009
Total Refuse System Revenue Bonds			<u>\$411,730</u>		

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

CITY OF ALBUQUERQUE
Total Combined Debt Service
Outstanding Refuse Removal and Disposal System Revenue Bonds
As of January 1, 2015

Calendar Year	NMFA Loan (2008)	Combined Debt Service Requirements
2015	<u>\$426,923</u>	<u>\$426,923</u>
Total	<u>\$426,923</u>	<u>\$426,923</u>

In the ordinances pursuant to which the City’s refuse and disposal system obligations have been issued, the City has agreed to charge users of the system such reasonable rates as are sufficient to produce net revenues annually to pay 150% of the annual debt service requirements on all outstanding refuse and disposal system obligations. The audited net revenues of the City’s solid waste and refuse disposal system for Fiscal Year 2014 were \$17,191,953. See “ENTERPRISE OPERATIONS - Refuse Removal and Disposal System.” The maximum calendar year combined debt service requirements for the outstanding refuse and disposal system revenue bonds of the City (as shown above) are \$426,923 occurring in Fiscal Year 2015. The coverage ratio of the 2014 refuse and disposal system net revenues (\$16,635,440) to such maximum calendar year combined debt service requirements \$426,923 is 38.97x.

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

Housing Obligations

Multifamily Revenue Bonds

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

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

A Project Revenue Stabilization Fund was established which, as of March 1, 2015, had a balance of \$500,075. 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, 2015, had a balance of \$312,128.

Transit-Related Obligations

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

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

CITY OF ALBUQUERQUE
Debt Service Schedule
Outstanding Transit Department Lease-Purchase Agreement
As of January 1, 2015

Date	Principal	Interest	Total
1/1/2015	\$1,239,946	\$ 75,139	\$1,315,085
7/1/2015	1,266,294	48,790	1,315,084
1/1/2016	<u>1,029,716</u>	<u>21,881</u>	<u>1,051,597</u>
Total	\$3,535,956	\$145,810	\$3,681,766

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 \$1,700,000, 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.

The loan is currently outstanding in the amount of \$1,274,388 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)	\$39,315,000	S & P: AA (stable) Moody's: A2 (stable)	· Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽³⁾ · Airport Refunding Revenue Bonds, Series 2008A ⁽³⁾ · Airport Refunding Revenue Bonds, Series 2008B-C ⁽³⁾
National Public Finance Guarantee Corp. (formerly MBIA Insurance Corporation)	\$7,500,000	S & P: AA- (stable) Moody's: A3 (negative)	· Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽³⁾

- (1) To the City's knowledge as of March 3, 2015.
- (2) On April 19, 2013, FGIC Corporation emerged from its Chapter 11 bankruptcy proceedings.
- (3) Denotes bonds which have underlying ratings higher than the current ratings from both S&P and Moody's, for the respective municipal bond insurer.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

The City and Metropolitan Area

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

CITY OF ALBUQUERQUE
Area in Square Miles

	<u>Square Miles</u>
December 31, 1885	0.36
December 31, 1940	11.15
December 31, 1950	48.81
December 31, 1960	61.94
December 31, 1970	82.72
December 31, 1980	100.31
December 31, 1990	137.46
January 1, 2000	181.70
January 1, 2015	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

<u>Year</u>	<u>City</u>	<u>Bernalillo County</u>	<u>Albuquerque MSA</u>	<u>State</u>
1960	201,189	262,199	292,500 ⁽¹⁾	951,023
1970	244,501	315,774	353,800 ⁽¹⁾	1,017,055
1980	332,920	420,262	485,500 ⁽¹⁾	1,303,303
1990	384,736	480,577	589,131	1,515,069
2000 ^{(2) (4)}	448,607	556,678	729,649	1,819,046
2005 ⁽³⁾	497,543	606,502	797,146	1,912,884
2010 ⁽⁴⁾	545,852	662,564	887,077	2,059,179
2011 ⁽³⁾	551,742	669,416	896,871	2,077,919
2012 ⁽³⁾	555,621	672,444	900,464	2,083,540
2013 ⁽³⁾	556,495	674,221	902,797	2,085,287

(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, 2015.

Population by Age Group

Age	City	State	United States
0-17	23.51%	24.49%	23.15%
18-24	9.45	9.74	9.91
25-34	15.30	13.28	13.29
35-44	12.93	11.78	12.67
45-54	12.70	12.59	13.60
55-64	12.24	13.05	12.70
65-74	7.99	8.92	8.46
75 and Older	5.88	6.15	6.22

Source: © 2015 The Nielsen Company, *SiteReports*.

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2005 to Fiscal Year 2014 declined at an average of 0.1% a year. From Fiscal Year 2008 to Fiscal Year 2014 over 27,000 jobs were lost. In that period only Fiscal Year 2013 showed any growth. Due to a change in statistical methodology, by the New Mexico Department of Workforce Solutions, it appears that job growth in Fiscal Year 2013 was overstated, and Fiscal Year 2014 was understated. This change does not materially change the overall lack of job growth in the MSA and the State.

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 in the table entitled “Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2005-2014” under the heading “Major Industries” under this caption.

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

Fiscal Year	<u>ALBUQUERQUE MSA</u>		<u>NEW MEXICO</u>		<u>UNITED STATES</u>	
	<u>Employment</u>	<u>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>
2004	363.2	0.2%	783	1.53%	130,796	0.3%
2005	373.5	2.8%	799	2.0%	132,771	1.5%
2006	385.2	3.1%	821	2.8%	135,317	1.9%
2007	394.4	2.4%	838	2.1%	137,295	1.5%
2008	396	0.4%	847	1.1%	138,084	0.6%
2009	387.1	-2.2%	832	-1.8%	134,299	-2.7%
2010	373.9	-3.4%	805	-3.2%	130,090	-3.1%
2011	371.2	-0.7%	802.7	-0.3%	130,912	0.6%
2012	367.8	-0.9%	803.7	0.1%	133,003	1.6%
2013	370.2	0.6%	810.8	0.9%	135,184	1.6%
2014	368.8	-0.4%	810.4	-0.1%	137,604	1.8%

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

Civilian Employment/Unemployment Rates

Fiscal Year	Civilian Labor Force	Number Employed	Albuquerque MSA	New Mexico	United States
2004	383,328	362,304	5.48%	5.95%	5.80%
2005	389,323	369,149	5.18%	5.52%	5.30%
2006	396,772	379,431	4.37%	4.64%	4.82%
2007	403,638	389,460	3.51%	3.64%	4.53%
2008	406,871	391,637	3.74%	3.72%	4.94%
2009	406,126	382,172	5.90%	5.66%	7.61%
2010	399,673	368,031	7.92%	7.71%	9.75%
2011	396,881	364,199	8.23%	7.83%	9.28%
2012	393,471	362,770	7.80%	7.29%	8.52%
2013	392,891	364,058	7.34%	6.97%	7.77%
2014	391,551	363,890	7.06%	6.76%	6.76%

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 2014. Albuquerque Public Schools, University of New Mexico, Sandia National Laboratories, Presbyterian Healthcare Services and Kirtland Air Force Base were the largest employers in the Albuquerque area.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2014

ORGANIZATION	EMPLOYEES	DESCRIPTION
University of New Mexico	14,850	Educational Institution
Albuquerque Public Schools	14,000	Public School District
Sandia National Labs	8,930	Science-Based Technologies that Support National Security
Presbyterian	8,822	Hospital/Medical Services
UNM Hospital	6,116	Hospital/Medical Services
Kirtland Air Force Base (Civilian)	6,095	Air Force Material Command
City of Albuquerque	5,839	Government
State of New Mexico	4,839	Government
Kirtland Air Force Base (Military)	4,500	Air Force Material Command
Intel Corporation	3,300	Government
Bernalillo County	2,400	Government
Central New Mexico Community College	2,124	Educational Institution

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

Source: City survey of employers.

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy. The latest information available to the City is for Fiscal Year 2014 (June 30, 2014) unless otherwise noted. The City makes no projections or representations, nor shall the provision of such information create any implication that there has been no change in the described employment sectors of the City or that any historical trends set forth herein will continue.

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

In general the Albuquerque economy has not recovered as well from the recession as the United States as a whole or the majority of other states or metropolitan areas. In Fiscal Year 2014, the changes in employment in the Albuquerque MSA were generally negative and they decreased by -0.4%. Employment for the same period in the State of New Mexico declined by 0.1% and increased by 1.8% in the United States. The rates of change in Albuquerque and State of New Mexico employment are overstated for Fiscal Year 2013 and understated for Fiscal

Year 2014. This is due to a methodological change made by the New Mexico Department of Workforce Solutions in the third quarter of 2013.

Employment by the federal government in the Albuquerque MSA declined in Fiscal Years 2012 to 2014. The City believes the reductions in federal government employment in Fiscal Year 2012 were most likely due to federal agencies not filling vacancies in preparation for possible cuts through sequestration. On January 17, 2013, the United States Air Force put a hiring freeze on all civilian government employment to prepare for possible reductions. Kirtland Air Force Base has approximately 6,000 civilian employees. The sequestration continues to put downward pressure on federal government hiring.

The unemployment rates in both Albuquerque and the State has usually remained below the United States unemployment rate. In Fiscal Year 2014 the rate in Albuquerque exceeded the U.S. rate. The percentage changes in the unemployment rate in Albuquerque have increased or decreased by roughly the same percentages as the United States since 2008. Even though the unemployment rate has declined in the Albuquerque MSA, the decline has slowed and some of reduction is due to workers leaving the labor force and not being counted as unemployed.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 17% of Albuquerque MSA employment. As a whole, employment in this sector decreased by an annual average of 0.7% from Fiscal Year 2005 to Fiscal Year 2014. Wholesale trade, retail trade and utilities lost employment in this period. Retail is an important sector for the City and makes up approximately 36% of gross receipts tax revenues. Gross receipts tax revenues from retail trade were adversely affected during the recession with layoffs in this sector and closures of several chain stores.

Health Services and Education. Albuquerque is a major regional medical center. Presbyterian Healthcare Services is one of the largest employers in the area. This is the fastest growing category in the Albuquerque MSA economy. From Fiscal Year 2005 to Fiscal Year 2014, the average annual growth was 2.4%. The sector now makes up 15.7% of non-agricultural employment. Much of this growth is due to a change in Medicare policy that allows payment for home healthcare. The expansion of the Medicaid program due to the Affordable Care Act is also expected to have a positive impact on employment in this sector. Although the educational sector is small in comparison to the health services sector, the educational sector has also grown substantially in the past several years. In Fiscal Year 2013 and 2014, the growth of the health services and educational sectors leveled off with 1.2% growth.

Leisure and Hospitality. This sector includes eating and drinking establishments as well as hotels and other tourist-related facilities. Employment for the sector showed average annual growth of 0.8% from Fiscal Year 2005 to Fiscal Year 2014. In Fiscal Year 2013, employment increased 3.2% making it one of strongest sectors with a total of 11% of non-agricultural employment. Gross receipts tax revenues for this sector have been positive and it is likely that employment data for this sector will show increases when the data is revised in March 2015.

Lodging accounts for approximately 10% of the total gross receipts tax revenues for 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 increased 8% from Fiscal Year 2013 to Fiscal Year 2014. Lodgers' tax revenues have increased 8% from Fiscal Year 2010 to Fiscal Year 2014.

Professional and Business Services. This sector includes temporary employment agencies, back-office operations, Sandia National Labs ("Sandia") and other scientific and research facilities. This sector had peak employment in Fiscal Year 2009 of 64,333 jobs, decreasing to 54,800 jobs in Fiscal Year 2014. Much of this decrease is due to declines in engineering and architectural services as construction slowed dramatically. The sector now accounts for 14.9% of non-agricultural employment in the Albuquerque MSA.

The budget for Sandia National Labs has remained about \$2.2 billion for Fiscal Years 2008 to 2010, and increased to approximately \$2.7 billion in Fiscal Year 2014. The Sandia Science and Technology Park houses research facilities and/or manufacturing that benefit from the expertise available from Sandia. In addition to continued strength at Sandia, Lowe's home improvement centers hired approximately 600 back-office jobs through Fiscal Years 2012 and 2013.

Manufacturing. This sector accounted for 4.6% of MSA employment in Fiscal Year 2014. Manufacturing employment has declined substantially with a loss of 7,500 from Fiscal Year 2007 to Fiscal year 2014. Notably, events over the past few years include Schott Solar closing its manufacturing plant in June of 2012, resulting in a loss of 250 positions, and Bendix/King, a subsidiary of Honeywell Aerospace, moving its headquarters to Albuquerque with an estimated 140 jobs. United Poly Systems is taking over part of the former Shott Solar Plant and will manufacture plastic pipe and employ 25. Nova Corporation is using the remainder of the Shott plan for a data center, training and business incubator. They will use 133,000 square feet of space, but no estimate of employment was provided. The Flagship Food Group, a food manufacturer is expanding production and is expected to hire 125 workers, with expansion plans to employ 300. New Mexico Food Distributors is opening a freezer facility at Mesa del Sol that should allow them to create 80 new jobs.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline in employment of 2.1% from Fiscal Year 2005 to Fiscal Year 2014, in part due to closures of call centers for MCI, Comcast and QWEST (now Century Link). In Fiscal Year 2013 the sector posted a gain of 2.9% but this was more than offset by a loss of 8.2% in Fiscal Year 2014. 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. In August of 2014 Comcast announced that they will build a new call center with employment of 450 people.

Government. Over the past ten years government employment (comprised of federal, state and local employees) has increased its share of non-agricultural employment in the City from 19.7% to 22.3%. However, the sector lost approximately 1,200 jobs in Fiscal Years 2012 and 2014 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 increased by approximately 285 jobs from Fiscal Year 2005 to Fiscal Year 2014, with many of these jobs with the U.S. Forest Service. However, from Fiscal Year 2012 through Fiscal Year 2014 there was a reduction of 1,225 federal jobs. State government employment has increased over the past several years and there were no years where State government reduced employment in Albuquerque. The majority of these jobs are at the University of New Mexico and the University of New Mexico Hospital. Local government employment from Fiscal Year 2005 to Fiscal Year 2014 increased by over 3,000 jobs but shed 1,000 jobs from Fiscal Year 2011 to 2014. 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. The University of New Mexico’s Bureau of Business and Economic Research estimated that total military employment in the Albuquerque MSA declined about 300 jobs between Fiscal Years 2005 and 2014. 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 4.7% of the non-agricultural employment in the City. Employment in this sector experienced 0.8% average annual decline from Fiscal Year 2005 to Fiscal Year 2014. From Fiscal Year 2006 to Fiscal Year 2012 the sector lost approximately 1,500 jobs. The job losses result primarily from the slowdown in the real estate market and the problems and consolidation of the financial sector in general. In Fiscal Year 2013 and 2014 the sector posted a small gain as real estate and banking improved. Employment in this sector was assisted when Fidelity Financial located in Mesa del Sol in 2008. Fidelity Financial currently employs at least 500 individuals.

Construction. Construction employment in the Albuquerque MSA is generally cyclical. There can be large increases in employment due to large road projects, commercial expansions or strong residential construction, and, conversely, large decreases upon completion of such projects. Fiscal Year 2007 had employment of 31,150, a new maximum for this sector and an increase of 7,600 jobs from Fiscal Year 2003. Employment has fallen steadily and in Fiscal Year 2014 employment was at 19,150 jobs. This corresponds to a loss of over 12,000 jobs since the

peak in Fiscal Year 2007 and is directly related to the slowdown in single family and commercial construction.

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, but only reached 923 in Fiscal Year 2013 and declined to 841 in Fiscal Year 2014. The value of new commercial permits has generally declined since 2008. Some of these declines in recent years were offset by public construction. In Fiscal Year 2012, despite a decrease in new commercial permit values, there was an increase of 6.7% overall in building permit values. While still at historically low levels, this was the first increase in total building permit values since Fiscal Year 2006. Permit values continued this upward trend with an increase in value of 29% in Fiscal Year 2013 followed by a 1.6% increase in Fiscal Year 2014. Increases in multi-family and commercial building permit values were strong contributors to this growth. Additions and alterations have shown strong growth with Fiscal Year 2014 being one of the highest totals in the past ten years.

BUILDING PERMITS ISSUED IN THE CITY OF ALBUQUERQUE

Fiscal Year	Single Family		Multi-Family		Commercial		Public		Additions & Alterations	Total Permits
	Permits	\$ Value	Units	\$ Value	Permits	\$ Value	Permits	\$ Value	\$ Value	\$ Value
2004	5,046	575,455,103	1,000	60,496,038	120	127,369,680	10	29,698,218	131,866,466	924,885,505
2005	4,967	720,890,242	470	25,206,921	131	113,672,827	16	58,844,052	166,695,983	1,085,310,025
2006	4,373	731,846,449	389	32,917,627	156	213,525,989	9	43,710,103	154,431,159	1,176,431,317
2007	2,490	467,022,842	1,083	103,574,132	125	206,558,035	4	14,681,069	268,512,462	1,060,348,540
2008	1,214	222,075,316	638	45,836,909	124	220,788,429	10	79,282,230	225,299,537	793,282,421
2009	436	77,223,886	198	18,549,849	81	103,040,438	20	58,529,283	233,224,405	490,567,861
2010	876	140,369,408	168	14,763,081	34	26,197,123	8	18,076,792	209,624,603	409,031,007
2011	725	120,749,010	278	37,022,789	45	65,940,484	1	3,300,300	165,845,129	392,857,712
2012	846	153,465,589	350	32,509,563	36	46,257,090	4	31,907,654	165,883,476	430,023,373
2013	923	170,470,736	945	73,378,214	63	78,523,292	4	5,545,791	226,949,710	554,867,742
2014	841	163,980,975	898	81,296,532	152	103,214,914	7	16,859,014	198,430,162	563,781,597
Growth										
2013 to 2014	8.9%	-3.8%	-5.0%	10.8%	141.3%	31.4%	75.0%	204.0%	-12.6%	1.6%

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
2013-2014 Housing Units Added	5,806	3,335	2,471	NA
Estimated Units as of July 2014	244,972	165,836	69,310	9,826

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

Historical Employment by Sector

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

Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2013 to 2014	Annual Average Growth 2005-2014	Sector Share 2014	
													ABQ	U.S.
Total Nonagricultural	373,467	385,200	394,367	396,017	387,133	373,917	371,150	367,792	370,158	368,817	-0.4%	-0.1%	100.0%	100%
Natural Resources/Mining/Constr.	27,200	30,417	31,150	29,617	25,942	22,458	20,867	19,183	19,175	19,150	-0.1%	-3.4%	5.2%	5%
Manufacturing	22,742	23,433	24,133	22,883	20,242	17,517	17,642	17,750	17,575	16,808	-4.4%	-3.0%	4.6%	9%
Trade Transportation and Utilities	66,425	67,183	68,175	69,108	65,642	62,425	61,975	61,525	61,858	61,992	0.2%	-0.7%	16.8%	19%
• Wholesale Trade	12,808	13,083	13,292	13,350	12,408	11,900	11,533	11,425	11,475	11,192	-2.5%	-1.3%	3.0%	4%
• Retail Trade	43,225	43,683	44,167	44,825	43,017	41,117	40,925	40,633	40,758	41,067	0.8%	-0.5%	11.1%	11%
• Transportation, Warehousing and Utilities	10,392	10,417	10,717	10,933	10,217	9,408	9,517	9,467	9,625	9,733	1.1%	-0.7%	2.6%	4%
Information	8,992	9,008	9,375	9,200	9,150	9,008	8,525	7,958	8,192	7,517	-8.2%	-1.8%	2.0%	6%
Financial Activities	19,192	19,375	19,167	18,983	18,375	18,133	17,492	17,467	17,583	17,992	2.3%	-0.6%	4.9%	2%
Professional & Business Services	59,992	61,992	63,492	64,333	62,725	58,192	57,400	55,742	55,375	54,800	-1.0%	-0.9%	14.9%	14%
Educational and Health Services	45,708	47,108	48,542	49,842	52,642	54,100	55,083	55,917	57,100	57,917	1.4%	2.4%	15.7%	15%
Leisure and Hospitality	36,017	37,408	39,158	39,408	37,950	37,183	37,225	38,000	39,217	38,917	-0.8%	0.8%	10.6%	11%
Other Services	11,808	11,992	12,183	12,308	12,267	11,800	11,742	11,725	11,692	11,492	-1.7%	-0.3%	3.1%	4%
Government	75,392	77,283	78,992	80,333	82,200	83,100	83,200	82,525	82,392	82,233	-0.2%	0.9%	22.3%	16%
LOCAL GOVERNMENT	37,067	38,075	39,067	40,225	41,625	41,617	41,342	40,708	40,692	40,575	-0.3%	0.9%	11.0%	10%
STATE GOVERNMENT	24,258	24,800	25,375	25,625	25,658	25,850	26,083	26,342	26,800	27,308	1.9%	1.2%	7.4%	4%
FEDERAL GOVERNMENT	14,067	14,408	14,550	14,483	14,917	15,633	15,775	15,475	14,900	14,350	-3.7%	0.2%	3.9%	2%

Source: Data (as of June 30, 2014) provided by the New Mexico Department of Workforce Solutions and U.S. Bureau of Labor Statistics.

Income

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

Per Capita Personal Income

Calendar Year	Albuquerque MSA	New Mexico	United States
2003	\$29,422	\$26,318	\$32,677
2004	30,252	27,479	34,300
2005	31,578	29,102	35,888
2006	33,154	30,625	38,127
2007	34,072	31,980	39,804
2008	34,957	33,416	40,873
2009	34,145	32,522	39,379
2010	34,158	33,175	40,144
2011	35,493	34,763	42,332
2012	36,409	35,805	44,200
2013	36,287	35,965	44,765

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**

Effective Buying Income Group	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	27.53%	29.55%	25.65%
\$25,000 - \$34,999	13.54%	13.84%	12.62%
\$35,000 - \$49,999	17.71%	17.86%	16.85%
\$50,000 - \$74,999	18.77%	17.68%	19.13%
\$75,000 - \$99,999	11.07%	10.44%	11.92%
Over \$100,000	11.37%	10.64%	13.84%
2013 Est. Median Household Income	\$47,699	\$43,273	\$49,297
2014 Est. Median Household Income	\$44,391	\$44,292	\$51,579
2015 Est. Median Household Income	\$42,553	\$40,554	\$45,448

Source: © 2015 The Nielsen Company, *Sitereports*.

FINANCIAL INFORMATION

General

Taxes and Revenues

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

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

Budget Process - Operating Funds

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

Budget Process - Estimates, Forecasting and Revision of 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 other experts from City government, the University of New Mexico, State government and the private sector, reviews forecasts and makes recommendations. After incorporating any recommendations of the Advisory Committee, the Five-Year Forecast is presented to the Council. In response to changing conditions and revenue forecasts, the City may amend the budget at any time during the year.

Budget Process - Capital Funds

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

approval, if the total change does not exceed 20% of the original amount designated for the project.

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

The General Fund

General Fund Revenues.

The General Fund is the City's primary operating fund and is used to account for the general operations of the City and for all financial resources, except those required to be accounted for in another fund. The City has reserve accounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. Set forth below are discussions of General Fund revenues in Fiscal Year 2014, the approved Fiscal Year 2015 budget and Five-Year-Forecast for Fiscal Year 2015.

Fiscal Year 2014 Budgeted and Actual.

The approved Fiscal Year 2014 budget anticipated revenues of \$472.8 million. The audited General Fund revenues for Fiscal Year 2014 are \$5.1 million above budget at \$477.9 million. Revenue estimates during the year anticipated a somewhat higher estimate of \$478.8. (See table in Fiscal Year 2015 section GENERAL FUND FISCAL YEAR 2015 BUDGET).

Gross Receipts Taxes. Gross receipts tax revenues are a majority of the \$5.1 million increase from the original budget in Fiscal Year 2014. The original budget expected \$298.9 million and actual receipts were \$303.6 million. This includes one-time revenue of \$244 thousand that was a distribution due to the closure of the QUORUM Tax Increment Development District. Recurring gross receipts taxes revenue growth was 2.3%.

Local Tax Revenue. Local Tax Revenue includes property taxes and franchise taxes. Property tax revenues were somewhat stronger than anticipated. The original budget estimated \$76.9 million and the actual revenue was \$78.3. This is due to the growth in tax base being stronger than anticipated. Franchise fees were smaller than anticipated primarily because of a reduction in franchise revenues from the water authority that were negatively impacted due to a wetter than usual late summer and fall and water conservation.

Licenses and Permits. The largest category of Licenses and Permits is related to building permits. The category also includes general permitting activity including restaurant inspections, business registration and excavation permits. Building inspection and permit revenues were \$1.5 million below the original budget as construction did not increase as much as was anticipated. This was a continuation from weaker than expected results in Fiscal Year 2013. Actual Fiscal Year 2014 revenues increased by only 1%; the original expectations was for 20% growth.

Charges for Services. Charges for service include charges to the public for entrance to City venues such as the Zoo and internal charges including indirect overhead, internal services, and funding for positions that provide support of the capital implementation program (CIP). Fiscal Year 2014 actual revenues for charges for services were \$2.4 million below the original budget. The direct charges, such as entrance fees and other fees the City charges for increased by \$1.4 million, but this was offset by a reduction in indirect overhead charges and the charges for CIP funded position for oversight and construction of capital projects.

Other Transfers. Actual transfers in Fiscal Year 2014 were \$4.3 million, more than \$2 million above the original budget of \$2.3 million. This increase was due to a cleanup of the City's operating grants and a transfer of available funds to the City's General Fund.

Fiscal Year 2015 Approved Budget (Revenues).

This section describes the Fiscal Year 2015 approved budget for revenues. At the time of preparing the budget, the Fiscal Year 2014 revenues were estimated and not the actual numbers described above.

The approved Fiscal Year 2015 budget for revenues are \$486.9 million, an increase of \$8.1 million or 1.7% above the estimated revenues for Fiscal Year 2014. Recurring revenues are budgeted to increase by 1.5% from the estimated Fiscal Year 2014 revenues.

Gross Receipts Taxes. Gross receipts tax revenues were expected to increase 2.6% over Fiscal Year 2014 estimates. The increase was based on expected economic growth, but tempered by the fact that the Albuquerque economy continued to show little if any growth in jobs through the first eight months of Fiscal Year 2014.

Local Tax Revenues. Property tax revenues are expected to grow by 0.7% and franchise fee revenues are expected to be 0.7% above Fiscal Year 2014 levels.

Licenses and Permits. Building permit revenues were expected to show relatively strong growth at 10% from the Fiscal Year 2014 estimate. This estimate assumed that Fiscal Year 2014 was \$1.4 million below the original budget estimate and corresponds with the slower growth in building permit values. Other permits revenues show limited growth and are tied to growth in population and the economy.

Charges for Services. Charges for services decline by \$463 thousand from the estimate for Fiscal Year 2014. A reduction of \$1 million occurs due to the private contracting of landscape management at the Albuquerque Sunport. Prior to this year the Parks and Recreation Department had provided this service. This is offset by some increases in indirect overhead.

Other Transfers. Transfers from other funds are expected to decline by \$592 thousand most of this is due to the reduction of one-time revenue that was received from the operating grants fund in Fiscal Year 2014.

Fiscal Year 2015 Approved Budget (Expenditures)

The approved General Fund budget for Fiscal Year 2015 is \$493.4 million which reflects a 2.7% increase over the original Fiscal Year 2014 budget of \$480.3 million. Most of the overall increase is non-recurring expenditures using reversions from Fiscal Year 2013 and anticipated reversions from Fiscal Year 2014. Those reversions are appropriated in Fiscal Year 2015 for a myriad of projects and contracts detailed later in this section.

Significant recurring cost increases include employee pay adjustments, transfers for risk costs and risk reserves, transfers for debt service for critical infrastructure, and significant increases for social service contracts.

Few but significant reductions were made to balance recurring costs to recurring revenue. They included a net reduction of 100 vacant sworn officer positions in the General Fund, reducing in the subsidy for transit services and reducing other operating line items where they would have the least impact on services. The reduced subsidy to Transit is the result of increased ridership as well as new revenue from updated agreements with neighboring jurisdictions. Health care costs were held low in part due to Bernalillo County seeking their own medical plan and withdrawing from the city's pool of participants. Fiscal Year 2015 is the first year the General Fund will not be subsidizing the Parking Fund saving nearly \$2.7 million. With debt service now paid off, the parking revenue is sufficient to cover operating expenses.

The City entered into commodity forward fuel hedging contracts beginning Fiscal Year 2012 in order to hedge or mitigate the effect of market price fluctuations of diesel and gasoline. The purpose of the hedge was to allow for better predictability in budgeting costs for fuel. The current fuel hedge contract for fiscal year 2015 was entered in January 2014. The City entered into a fuel hedge beginning July 1, 2015 through June 30, 2016, at \$2.5808 for unleaded and \$2.8180 for diesel (before taxes). Beyond the stabilization of fuel budgets realized by the hedge, and despite the current decline in the price of fuel, the City of Albuquerque has managed to reduce fuel expenses by \$2.2 million from Fiscal Year 2012 through Fiscal Year 2014.

Capital coming-on-line funded in this budget includes opening of a new library at Central and Unser, an Insectarium and Desert Rose Garden at the BioPark, a new wing for

exhibits at the Albuquerque Museum, new parks and street medians, and additions of street lighting and storm drainage.

An additional \$1.4 million is included in this budget for a number of new initiatives related to economic development. They include development of the Innovation District, collaboration with Sandia National Laboratories on commercialization of technology for job creation, expansion of international trade efforts, acceleration and development of graphic software businesses, education and mentorship of small business, as well as marketing Albuquerque as a place to move or expand businesses.

Revenues for Fiscal Year 2014 are re-estimated at \$486.9 million, \$14 million or 2.97% higher than the original Fiscal Year 2014 budget. The increase is primarily due to growth in Gross Receipts Tax Revenue (GRT) and collection of Indirect Overhead (IDOH) from the various enterprise, grant, and internal service funds. GRT Revenue, which makes up 63% of General Fund Revenues, is anticipated to grow at 2.6% in Fiscal Year 2015 and has been growing around 2.5%, year-to-date for Fiscal Year 2014.

Total reserves are at \$51.3 million. Over \$8.1 million of that is held for employee pay raises subject to negotiations through the collective bargaining process. The base reserve of \$41.1 million represents 1/12 of appropriations as required by policy and state law. Beyond that, \$800 thousand is reserved for fiscal prudence. One million dollars is reserved to pay for costs associated with implementing recommendations from the Department of Justice investigation of Albuquerque Police Department and finally, \$250 thousand is reserved for a special election.

GENERAL FUND							
in (\$000's)							
	Original Budget FY/14	Estimated Actual FY/14	Change Original FY/14 & Est. FY/14	% Change Est. FY/14 to Original FY/14	Approved Budget FY/15	% Change Original FY/14 & Apprvd FY/15	% Change Est. FY/14 & Apprvd FY/15
(\$000's)							
Revenue:							
Recurring	\$472,771	\$477,404	\$4,633	0.98%	\$484,643	2.51%	1.52%
Non-recurring	\$71	\$1,384	\$1,313	1849.30%	\$2,233	3045.07%	61.34%
TOTAL	\$472,842	\$478,788	\$5,946	1.26%	\$486,876	2.97%	1.69%
Appropriations:							
Recurring	\$470,204	\$462,443	(\$7,761)	-1.65%	\$476,488	1.34%	3.04%
Non-recurring	\$10,131	\$16,741	\$6,610	65.25%	\$16,915	66.96%	1.04%
TOTAL	\$480,335	\$479,184	(\$1,151)	-0.24%	\$493,403	2.72%	2.97%
Recurring Balance	\$2,567	\$14,961			\$8,155		

Fiscal Year 2015 update for Five-Year Forecast

The City Administration provided a Five-Year Forecast to City Council in January 2015. The first year of the Forecast is a re-estimate of the Fiscal Year 2015 revenues and expenses. Total revenues are similar to the Fiscal Year 2015 budget, an increase of only \$549 thousand. Recurring revenue actually declines by \$1.1 million. This is due primarily to weakness in Gross Receipts Tax revenue. The recurring growth rate was reduced from 2.6% to 2.0%. This was somewhat offset by a one-time receipt of tax revenue from a repayment of \$1.7 million that had mistakenly been paid to the Winrock Tax Increment District. Gross receipts tax revenues in the first quarter of Fiscal Year 2015 have only increased 1%. Property taxes are expected to be larger than the budgeted amount in Fiscal Year 2015 due to an increased tax base in Fiscal Year 2014 with projected growth of 1.4%. Growth in property taxes for operations was limited by yield control. These gains are more than offset by weaker than budgeted building and inspection revenues. Charges for services are expected to be larger with overall strength in direct charges.

For Fiscal Year 2015, the original General Fund appropriation was \$493.4 million which included \$16.9 million of one-time expenditures. The revised budget in this forecast reflects higher expenditures at \$503.7 million which includes mid-year appropriations for salary increases and re-appropriated encumbrances. The assumption for this forecast is that departments spend their full budgets, including mid-year appropriations.

Details on the City's Fiscal Year 2015 Budget and Five-Year Forecast are available on the City website at <http://www.cabq.gov/budget/>.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2010-2014, approved budget for Fiscal Year 2015 and the Five-Year Forecast for 2015.

General Fund Revenues, Expenditures and Fund Balances Fiscal Years 2010-2015 (\$000s)

REVENUES	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Approved Budget 2014	Actual 2014	Approved Budget 2015 ⁽¹⁾	Five-Year Forecast 2015	Average Annual Chg 10-15 budget
Taxes:									
Property Tax	72,628	74,578	76,802	77,720	76,857	78,282	78,707	79,375	1.6%
Gross Receipts Tax	113,182	114,789	116,721	117,955	118,949	120,695	124,874	123,599	2.0%
Other Taxes	18,746	18,186	20,321	19,563	19,921	19,764	19,840	19,531	1.1%
Water Authority PILOT/Franchise	5,141	5,323	5,900	6,006	6,136	5,513	6,136	7,100	3.6%
Payment in lieu of taxes	1,541	1,741	1,756	1,706	1,617	1,714	1,720	1,720	2.2%
Total Taxes	211,238	214,617	221,501	222,950	223,480	225,968	231,277	231,325	1.8%
Licenses & Permits	9,255	9,629	10,370	11,342	12,849	11,705	12,277	11,391	5.8%
Intergovernmental Revenue:									
State and Federal Grants	164	114	118	262	102	55	102	102	-9.1%
State Shared Revenue:									
Gross Receipts Tax ⁽²⁾	168,486	173,587	176,610	178,753	179,981	182,859	187,202	187,592	2.1%
Other State Shared	5,115	4,757	4,429	4,040	4,090	4,516	4,110	4,110	-4.3%
County	347	308	290	448	239	238	239	239	-7.2%
Total Intergovernmental Revenue	174,112	178,766	181,447	183,503	184,412	187,667	191,653	192,043	1.9%
Charges for Services	41,346	41,162	45,558	44,088	48,464	46,036	47,704	48,701	2.9%
Miscellaneous	3,808	2,362	2,782	2,825	1,368	2,235	1,918	1,918	-12.8%
Other Transfers	17,409	6,057	3,581	3,407	2,269	4,319	2,047	2,047	-34.8%
TOTAL REVENUES	457,168	452,591	465,239	468,114	472,842	477,930	486,876	487,425	1.3%
Beginning Fund Balance	43,132	45,163	53,225	59,223	51,714	58,339	58,619	63,443	6.3%
TOTAL RESOURCES	500,300	497,754	518,464	527,338	524,556	536,269	545,495	550,868	1.7%
EXPENDITURES									
General government	63,907	64,739	64,966	66,093	NA	64,215	NA ⁽³⁾	NA	
Public safety	217,638	218,142	220,378	219,690	NA	217,958	NA ⁽³⁾	NA	
Cultural and recreation	60,679	67,623	68,121	68,892	NA	71,129	NA ⁽³⁾	NA	
Municipal Development (Public Works and Streets)	28,794	23,899	24,507	25,338	NA	24,110	NA ⁽³⁾	NA	
Health	13,001	15,878	16,090	16,793	NA	15,951	NA ⁽³⁾	NA	
Human services	37,236	27,389	28,176	28,747	NA	29,346	NA ⁽³⁾	NA	
Other transfers out	33,881	28,362	37,002	43,447	NA	50,118	NA ⁽³⁾	NA	
TOTAL EXPENDITURES	455,137	446,032	459,240	468,999	480,335	472,826	493,403	503,668	1.6%
ENDING FUND BALANCE	45,163	51,723	59,223	58,339	44,221	63,443	52,092	47,200	2.9%
TOTAL ADJUSTMENTS	(1,067)	(2,879)	(2,994)	(2,185)	(15)	(3,249)	(52)	(72)	
Reserves	38,414	37,961	41,094	41,454	43,672	44,935	51,294	45,296	6.0%
AVAILABLE FUND BALANCE	5,682	10,883	15,135	14,700	534	15,259	746	1,832	
Ending fund balance as percent of total expenditure	9.9%	11.6%	12.9%	12.4%	9.2%	13.4%	10.6%	9.4%	
Recurring revenues	443,967	449,557	462,059	465,784	472,771	471,811	484,643	483,528	1.8%
Recurring expenditures	450,336	441,549	447,242	455,484	470,204	455,670	476,488	482,103	1.1%

- (1) Submitted January 21, 2015 to City Council (2015-2019).
- (2) Includes the State-shared 1.225% gross receipts taxes, associated penalty and interest and the Municipal Share of the compensating tax.
- (3) Expenditures are not budgeted or forecasted under the same categories as the audited financials.

Revenues

Intergovernmental Revenues

The principal source of intergovernmental revenues to the City's General Fund is the distribution made by the State to the City from the State Gross Receipts Tax. The State Gross Receipts Tax distribution to a municipality equals 1.225% of the gross receipts collected in that municipality, including a make-whole payment from the State to the City related to deductions for certain medical and food purchases. In addition to the 1.225% gross receipts tax distribution, intergovernmental revenues include distributions of gasoline 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, 2015 is 1.00%. The City is statutorily authorized to impose a municipal infrastructure gross receipts tax in the maximum amount of 0.25%. Currently, the City imposes a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose an additional 0.0625% municipal infrastructure gross receipts tax for general purposes without a referendum and may impose, with voter approval, an additional 0.125% municipal infrastructure gross receipts tax for general municipal purposes, infrastructure, regional transit and/or economic development. The City has authority to impose a 0.0625% municipal environmental services gross receipts tax and a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, but has declined to impose these taxes.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2014, 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, other activities at senior centers, animal control and zoo admissions. The City also has a cost allocation plan which is used as a basis for assessing indirect overhead charges on non-General Fund agencies and on capital expenditures.

Property Taxes

Generally

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

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age of the owner, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 (“Statutory Valuation Cap”). The section provides that, with respect to properties within a county assessing properties in the aggregate at or greater than 85% of their market value, a property’s new valuation shall not exceed 103% of the previous year’s valuation or 106.1% of the valuation two years prior to the Tax Year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the Tax Year for which the value of the property is being determined. The constitutionality of the Statutory Valuation Cap has been challenged in a number of venues and the most recent challenge was certified to the New Mexico Court of Appeals. On March 28, 2012, the New Mexico Court of Appeals upheld the Statutory Valuation Cap and its application under Section 7-36-21.2 NMSA 1978. The 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 2014 (Fiscal Year 2015) 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 2014 (Fiscal Year 2015) is 4.976 mills and the operational levy is 6.544 mills residential and 6.544 mills non-residential.

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

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

Source: City of Albuquerque, Office of City Treasurer.

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

Limits Regarding General Obligation Indebtedness

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

CITY OF ALBUQUERQUE
Summary of Outstanding Obligations
as of January 1, 2015

	<u>CURRENTLY OUTSTANDING</u>
GENERAL OBLIGATION BONDS:	
General Purpose G.O. Bonds (Subject to 4% debt limitation)	\$316,025,000
Storm Sewer G.O. Bonds (Secured by Ad Valorem taxes)	<u>27,470,000</u>
TOTAL GENERAL OBLIGATION BONDS	<u>\$343,495,000</u>
REVENUE BONDS:	
State Shared GRT	\$85,710,000
State Shared GRT/Lodgers/Hospitality	91,325,000
Airport Revenue	57,645,000
Transit Bus Lease	3,535,956
Refuse Removal and Disposal	411,730
Fire Protection Fund	<u>1,274,388</u>
TOTAL REVENUE BONDS	<u>\$239,902,074</u>
TOTAL G.O. AND REVENUE BONDS	<u>\$583,397,074</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
2005	\$8,602,349,098	\$324,655,661	\$380,575,833	\$9,307,580,592	12.34%
2006	9,133,223,501	342,401,308	382,543,969	9,858,168,778	5.92%
2007	10,175,391,552	367,219,331	407,155,155	10,949,766,038	11.07%
2008	10,767,888,832	374,068,647	439,054,344	11,581,011,823	5.76%
2009	11,535,490,917	325,907,636	437,678,107	12,299,076,660	6.20%
2010	11,125,742,821	383,474,990	411,248,499	11,920,466,310	(3.08%)
2011	11,170,440,616	391,592,916	389,396,311	11,951,429,843	0.26%
2012	11,091,666,660	398,029,323	386,693,492	11,876,389,475	(0.63%)
2013	11,221,053,442	364,457,735	381,535,217	11,967,046,394	0.76%
2014	11,449,353,201	384,857,648	394,383,841	12,228,594,690	2.19%

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

Source: Bernalillo County Treasurer's Office.

Top 10 Ad Valorem Taxpayers for Tax Year 2014 (Fiscal Year 2015)⁽¹⁾

Name of Taxpayer	Taxable Value⁽²⁾ 2014 Assessed	Percentage of Total City Assessed Valuation
Public Service Co. of New Mexico	\$175,028,144	1.185
Qwest Communications	65,678,039	0.44
Gas Company of New Mexico	40,961,206	0.28
Comcast	29,590,859	0.20
Verizon	19,210,452	0.13
Simon Property Group	12,051,009	0.11
AHS Medical Center	12,051,009	0.08
Southwest Airlines	17,390,944	0.12
AT&T	10,525,008	0.07
T-Mobile	11,662,172	0.08
Top Ten Centrally and Locally Assessed Values	<u>\$398,060,166</u>	<u>2.68%</u>

- (1) Major taxpayers are those taxpayers that have a tax bill on a single piece of property of at least \$50,000. In figuring the total tax bills for these taxpayers, only their properties with tax bills of \$50,000 or more are included except Public Service Company (PNM), which has multiple tax bills. The list is compiled once a year, usually in November, and does not reflect final net taxable values. As a result of methodology, year to year comparisons may not be meaningful.
- (2) The aggregate net taxable value of the top 10 taxpayers for Tax Year 2014 represents only 2.68% of the total net taxable value of the City for 2014. 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
2005	\$ 92,559,948	\$ 88,965,021	96.12%	\$3,234,797	\$ 92,199,818	99.61%	\$66,046,681	71.4%
2006	102,290,447	99,100,903	96.88%	3,189,545	102,290,447	100.00%	75,054,147	73.4%
2007	109,792,820	106,845,546	97.32%	2,374,766	109,220,312	99.48%	77,749,060	70.8%
2008	121,288,852	117,075,560	96.53%	4,107,018	121,182,578	99.91%	86,949,406	71.7%
2009	128,353,335	123,524,371	96.24%	4,828,964	128,353,335	100.00%	89,078,618	69.4%
2010	135,374,474	129,018,014	95.30%	6,356,460	135,374,474	100.00%	59,720,924 ⁽²⁾	43.4%
2011	133,928,778	128,514,900	95.96%	4,345,808	132,860,708	99.20%	58,388,075	43.6%
2012	137,680,758	130,707,502	94.94%	4,732,716	135,440,218	98.37%	58,638,356	42.6%
2013	136,815,825	132,352,911	96.74%	4,535,781	136,888,692	100.05%	59,168,200	43.2%
2014	137,860,639	133,570,662	96.89%	4,407,888	137,975,550	100.08%	59,696,156	43.3%

- (1) Includes both operating and debt service levies. Reported each January by the County Treasurer based on tax bills, including those under protest.
(2) Decline in debt service collections due to shift in mill levy designation from debt service to operations.

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

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

Fiscal Year	Total Tax Levy	City	Bernalillo County	State of New Mexico	Abq. Public Schools	Central NM Community College	Flood Control Authority	UNM Hospital	Conservancy District
2005	46.160	11.149	9.536	1.028	8.493	3.174	0.934	6.500	5.346
2006	44.367	11.080	8.369	1.234	8.415	3.069	0.920	6.317	4.963
2007	44.766	11.148	8.575	1.291	8.489	3.489	0.936	6.487	4.655
2008	46.169	11.112	8.464	1.250	10.582	3.151	0.926	6.429	4.255
2009	46.535	11.180	8.697	1.150	10.637	3.187	0.937	6.500	4.247
2010	46.958	11.410	8.500	1.530	10.656	3.271	0.931	6.400	4.260
2011	47.285	11.410	8.825	1.530	10.656	3.273	0.931	6.400	4.260
2012	42.831	11.520	8.907	1.362	10.645	3.322	0.934	6.400	4.368
2013	43.089	11.520	9.082	1.360	10.652	3.400	0.935	6.400	4.313
2014	44.232	11.520	9.511	1.360	10.653	3.935	0.935	6.40	4.325

Source: Bernalillo County Treasurer's Office.

Gross Receipts Taxes

State Gross Receipts Taxes

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-91 NMSA 1978, as amended), authorizes the State to impose the State Gross Receipts Tax which is levied by the State for the privilege of doing business in the State and is collected by the Department of Taxation and Revenue (the “Department”). The State Gross Receipts Tax is levied at 5.125% of taxable gross receipts. Of the 5.125 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225% is remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed in the City effective on January 1, 2015 is 7.00%.

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

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

Administration of the Tax. Businesses must make their payments of State Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection

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

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

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

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

Historical State Gross Receipts Tax Revenues

<u>Fiscal Year</u>	<u>Revenues</u>
2010	\$166,120,127
2011	171,037,029
2012	173,705,642
2013	176,024,010
2014	180,279,311

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

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

State Legislative Modifications Related to Pledged Gross Receipts Tax. Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue “shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds.”

In the 2004 Legislative Session, a bill was adopted by the Legislature and signed into law that relieved from gross receipts taxes (i) food or food products for home consumption sold at an establishment that sells food for home preparation and consumption and (ii) receipts from payments by a managed health care provider or health care insurer for commercial contract services or Medicare Part C services provided by a health care provider. See Section 7-1-6.46 NMSA 1978. The laws also provides, pursuant to Section 7-1-6.46 NMSA 1978, for distribution from the State general fund to municipalities to offset any reduced gross receipts tax distributions resulting from the food and health care services tax relief effected by Section 7-1-6.46 (the “Make-Whole Distributions”).

In the 2012 legislation session, the State Legislature amended the State Gross Receipts and Compensating Tax Act as related to certain manufacturing and construction gross receipts. Specifically, the amendment expanded the gross receipts tax deductions for sales of tangible property to manufacturers to include property consumed in the process of manufacturing, excluding tools and equipment. Additionally, the definition of “construction services” was expanded thereby increasing the scope of the deduction for sale of construction services to persons engaged in the construction business. Both of these amendments are phased in over the next several fiscal years. The full year impact of both the manufacturing and construction deductions in Fiscal Year 2017 is estimated to be a reduction in State-Shared Gross Receipts Tax Revenues of approximately \$5 million. Additionally, it reduces the City’s expected growth in gross receipts tax by 1% in Fiscal Year 2015 declining to 0.3% a year by Fiscal Year 2017.

In the 2013 New Mexico legislative session, legislation was adopted that begins reductions in Make-Whole Distributions starting in Fiscal Year 2016 related to tax deductions for food and medical expenses. The Make-Whole Distributions, 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. Historically, the Make-Whole Distributions represent approximately 10% of the City’s gross receipts tax distributions from the State. The Make-Whole Distributions will be reduced incrementally over a 15-year period. This legislation is projected to negatively impact the City’s gross receipts tax revenues with an estimated decrease of \$2.3 million in Fiscal Year 2016 for all gross receipts taxes, and negatively impact the City’s projected gross receipts tax growth rate by 0.7% over the life of the reductions. The negative impact on State-Shared Gross Receipts Tax Revenues is projected to be approximately \$1,150,000 in Fiscal Year 2016. To offset the negative financial impact, the legislation also authorizes additional local option tax authority for municipalities, up to 0.375%,

if they choose to enact it. The City does not currently have plans to impose any of this additional taxing authority.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues have been proposed from time to time and could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City.

Municipal and Other Gross Receipts Taxes

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

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

December 4, 2012, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2012 which was retired on December 5, 2012. 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 and Quorum at ABQ Uptown. In 2012, the City dissolved the Quorum at ABQ Uptown tax increment development district and in Fiscal Year 2014 received a \$244 thousand rebate of GRT from the developer. The Winrock tax increment development district continues in existence. The City dedicated 70% of certain local option gross receipts tax increment and 75% of property tax increment generated within the Winrock District. The tax increment revenues that the City dedicated to the Winrock District will be pledged to tax increment revenue bonds that the District intends to issue for public infrastructure improvements that will ultimately be dedicated to the City.

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

CITY OF ALBUQUERQUE
Historical Municipally Imposed Gross Receipts Tax Revenues

Fiscal Year	Revenues
2010	\$131,990,118 ⁽¹⁾
2011	144,543,941 ⁽²⁾
2012	149,966,442
2013	143,258,103
2014	146,394,108

- (1) Reduction in 2010 revenues due to economic recession and decrease in the gross receipts tax rate of 0.25% for five months.
- (2) Increase is due to an improvement in the economy and an increase in gross receipts tax rate of 0.25% for 11 months.

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

Taxing Authority and Payments

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

**Fiscal Year 201 Gross Receipts Tax Rate
(as of January 1, 2015)**

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

Source: City of Albuquerque, Office of City Treasurer.

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

**Fiscal Year 2015 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2015)**

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%	0.0000%	0.2500%
Quality of Life GRT	0.2500%	0.0000%	0.2500%
Hold Harmless GRT	0.3750%	0.0000%	0.3750%
<i>Total Other GRT</i>	<u>1.18750%</u>	<u>0.0625%</u>	<u>1.1250%</u>
Total Impositions by the City		<u>1.0625%</u>	
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.2875%</u>	

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 2005.

CITY OF ALBUQUERQUE Taxable Gross Receipts by Sector and Total Gross Receipts⁽¹⁾ Fiscal Years 2005-2014 (\$000,000)

Category ⁽²⁾	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Share of	
											2005	2014
Accommodation and food Services	923	989	1,185	1,237	1,206	1,204	1,267	1,309	1,310	1,341	7.3%	7.7%
Admin and Support	41	73	126	128	127	143	141	129	151	150	0.3%	0.6%
Agriculture	10	12	7	7	7	4	4	4	5	7	0.1%	0.1%
Arts Entertainment and Recreation	45	47	56	60	78	80	86	91	88	98	0.4%	0.4%
Construction	1,543	1,797	1,934	1,562	1,446	1,080	1,014	1,008	1,080	1,122	12.2%	14.0%
Educational Services	62	65	81	95	91	112	143	123	99	111	0.5%	0.5%
Finance and Insurance	119	109	143	149	126	108	104	107	115	120	0.9%	0.8%
Health Care	760	610	690	681	703	721	746	768	799	823	6.0%	4.7%
Information and Cultural Industries	247	265	339	395	375	509	596	777	759	767	2.0%	2.1%
Management of Companies	18	12	1	18	17	17	15	10	20	23	0.1%	0.1%
Manufacturing	266	278	319	312	264	218	262	283	289	333	2.1%	2.2%
Mining	1	1	2	0	0	(0)	1	1	1	5	0.0%	0.0%
Other Services	1,438	1,517	1,611	1,653	1,624	1,355	1,421	1,299	1,414	1,400	11.4%	11.8%
Professional Scientific and Technical Services	1,204	1,282	1,412	1,437	1,511	1,381	1,497	1,462	1,452	1,487	9.5%	10.0%
Public Administration	13	8	4	7	2	1	1	0	0	2	0.1%	0.1%
Real Estate & Leasing	166	199	244	219	186	177	194	232	249	276	1.3%	1.5%
Retail Trade	4,068	3,856	4,151	4,309	4,005	3,884	3,833	3,950	4,023	3,966	32.2%	29.9%
Transportation and Warehousing	51	95	128	120	99	104	107	119	114	110	0.4%	0.7%
Unclassified Establishments	392	390	95	165	97	67	47	39	51	93	3.1%	3.0%
Utilities	398	461	459	461	460	450	520	550	570	567	3.1%	3.6%
Wholesale Trade	868	807	857	671	557	484	469	384	386	372	6.9%	6.3%
Total Taxable Gross Receipts⁽³⁾	12,652	12,878	13,859	13,689	12,983	12,107	12,474	12,656	12,993	13,195	100.0%	100.0%
Food - Hold harmless Distribution ⁽⁴⁾	315	840	829	1,037	1,019	977	1,014	1,049	1,060	1,098		
Medical -Hold harmless Distribution ⁽⁴⁾	100	270	408	433	523	470	496	551	514	484		
Total Taxable Gross Receipts base⁽³⁾	13,047	13,982	15,096	15,156	14,524	13,548	13,977	14,245	14,550	14,756		
	0	0	0	0	0	0	0	0	0	0		
Total Gross Receipts	24,184	25,412	26,875	27,284	25,329	23,419	24,346	24,376	25,393	25,781		

- (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 round due to rounding or Disclosure.
- (4) Fiscal Year 2005 has only a portion of the year containing the hold harmless distribution.

Manner of Collection and Distribution

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

Remedies for Delinquent Taxes

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

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

Gasoline Tax

Generally

The rate of State tax on gasoline is \$0.17 per gallon. The gasoline tax is imposed on registered distributors of gasoline in the State at the time the gasoline is received by a registered distributor. Gasoline is generally deemed to be “received” when delivered to a registered distributor for resale to a wholesaler or retailer in the State. The registered distributor is responsible for filing gasoline tax returns with, and paying the gasoline tax due to, the Department on or before the twenty-fifth day of the month following the month in which the gasoline is received in the State. Distributors are required to include the gasoline tax in the resale price of gasoline sold to a purchaser. Delinquent taxpayers may be required to file a surety bond in favor of the State to ensure prompt filing of reports and the payment of all taxes levied by the Gasoline Tax Act. “Registered tribal distributors” are permitted to deduct the tax from gasoline sold at the wholesale level. Each registered tribe is limited to total annual sales of 30 million gallons.

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

Distribution of the Gasoline Tax

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

Historical Receipts

The following table sets forth the historical distributions of State Gasoline Tax Receipts for Fiscal Years 2005-2014.

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

Fiscal Year	State Gasoline Tax Receipts
2005	\$4,686,513
2006	4,883,012
2007	5,500,512
2008	5,301,238
2009	5,177,825
2010	4,973,555
2011	4,765,348
2012	4,287,335
2013	4,835,671
2014	4,446,255

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. 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
2010	\$199,899,460	\$ 9,994,973	\$1,998,995
2011	202,428,900	10,122,386	2,024,477
2012	201,545,400	10,077,270	2,015,454
2013	204,103,740	10,205,187	2,041,037
2014	215,798,301	10,789,915	2,157,983

(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 2015-2019. 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⁽¹⁾
Fiscal Years 2015-2019**

Fiscal Year	Direct Spending	Attendance	Room Nights
2015	\$19,386,739	35,255	46,975
2016	22,615,801	30,479	46,753
2017	6,865,053	16,983	17,286
2018	8,541,297	18,248	18,304
2019	5,467,532	9,060	11,961

(1) Represents national and international conventions only; it does not include sporting events, regional or State conventions and reunions.

Sources: Albuquerque Convention and Visitors Bureau.

Employee Contracts

There were 5,742 full-time employment positions funded by the City for Fiscal Year 2014. As of January 1, 2015, of the filled full-time positions, approximately 82% City employees are affected by union contracts. There are seven bargaining units within the City. They 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); Management Union (A.F.S.C.M.E. Local 3022, AFL-CIO); Albuquerque Police Officers’ Association; and Albuquerque Area Firefighters Union (“IAFF”). The City has contracts with six of the bargaining units at this time. The contract with the Albuquerque Area Firefighters Union, IAFF Local 244, expired on March 8, 2015. The City and IAFF Local 244 are presently operating under the expired agreement.

The IAFF and the City entered into a multi-year collective bargaining agreement (the “CBA”) in 2008. The CBA contained provisions for wage increases as follows: a 5% increase in Fiscal Year 2009, a 5% increase in Fiscal Year 2010, and a 6% increase in Fiscal Year 2011. An executive communication was sent to City Council and approved. These increases were given in Fiscal Year 2009 and Fiscal Year 2010. However, in Fiscal Year 2011, due to the economic recession, the City Council did not appropriate the funds to increase the salary by 6% for the final year. IAFF filed suit to require raises given in accordance with the CBA. The District Court dismissed the case, which was then reversed on IAFF’s appeal by the Court of Appeals. The District Court then granted the City’s motion for summary judgment, which was then reversed again by the Court of Appeals. The case is currently pending a writ filed by the City seeking appeal with the Supreme Court.

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 3.93% and 9.39% 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 liability under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. The City's required contributions to PERA for the years ending June 30, 2014, 2013 and 2012 were \$32,575,247, \$35,526,501 and \$34,732,631, 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, 2014, 2013, and 2012 were \$58,202,765, \$60,980,095, and \$63,316,398, respectively. The City has no unfunded liabilities with respect to the availability of funds to cover the obligations of the retirement plan. However, on June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires cost-sharing employers, such as the City, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 is effective for fiscal years beginning after June 15, 2014.

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

Actuarial information is shown below:

State of New Mexico Public Employees Retirement Fund Summary Information as of June 30, 2014

Membership ¹	92,732
Actuarial Information	
Accrued Liability ²	\$17,784,376,000
Actuarial Value of Assets ³	\$13,486,178,000
Unfunded Actuarial Accrued Liability	\$4,298,198,000
Percent Value of Statutory Obligations	\$20,387,523,000
Funded Ratio	75.8%

¹ Includes both state and municipal divisions.

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

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

Source: Public Employees Retirement Association

As of June 30, 2014, PERA has an amortization or funding period of 40 years, based on the employer and member contribution rates in effect as of July 1, 2014. Member and 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 75.8 percent as of June 30, 2014 and the UAAL of the PERA Fund has decreased \$321.0 million to approximately \$4.2 billion. The State's portion of the UAAL of the PERA Fund is 53.1 percent, or \$2.3 billion. Prior to 2013 pension reform, the funded ratio was 65.3 percent and the UAAL of the PERA Fund was calculated to be approximately \$6.2 billion. The primary cause of the increase in the funded ratio and decrease in accrued actuarial liability is the investment gain from 2014 plan years and passage of SB27 during the 2013 legislative session. On a market value basis, PERA's funded ratio is approximately 81.05% as of June 30, 2014.

Other Post-Employment Benefits

In addition to pension benefits under a defined benefit contributory retirement plan through the PERA, the City provides certain health care and life insurance benefits for retired employees. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan and historically the claims paid in any one year have not exceeded the premiums. Under GASB 45, the City financials now reflect the liability owed beyond the annual premium amounts paid to the carrier. The amount of the Other Post-Employment Benefit ("OPEB") liabilities and related annual OPEB expense vary under GASB 45 based on the funding policy. Prior to June 30, 2013, the City's funding policy was based on "Pay-As-You-Go" which resulted in a lower assumed interest rate, higher Unfunded Actuarial Accrued Liability ("UAAL"), and higher Annual Required Contribution ("ARC"). As of July 1, 2013, the City's funding policy was changed. The new policy is based on "prefunding" which allows for a higher assumed internal rate of return, lower UAAL, and lower ARC. As of June 30, 2014, the Albuquerque Pooled OPEB Trust has over \$11.5 million in cash and a net position of \$11.9 million. The Irrevocable Trust is managed by US Bank.

The State of New Mexico Retiree Health Care Act (the "Health Care Act") provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The purpose of the Health Care Act is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds deposited by the employer into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees. Each participating retiree pays a monthly premium for the medical plus basic life plan. Each participating employer makes contributions to the Fund in the amount of 1.666% of each participating employee's annual salary. Each participating employee contributes to the Fund an employee contribution equal to 0.833% of the employee's annual salary. Contributions are scheduled to be increased for both employers and employees as follows: employer contributions in Fiscal Year 2014 – 2.000%; employee contributions in Fiscal Year 2014 – 1.000%. The City remitted \$5,350,483 in Fiscal Year 2014, \$5,470,619 in Fiscal Year 2013 and \$5,301,347 in Fiscal Year 2012, which equaled the required contributions for each year.

Capital Implementation Program

General

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

Impact Fees

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

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

The seven types of new infrastructure that the City 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
2010 ⁽¹⁾	\$2,235,427
2011	1,329,023
2012	1,491,618
2013	1,486,701
2014 ⁽²⁾	1,050,649

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

(2) 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 and on.

Source: City of Albuquerque, Planning Department.

Financial Statements

See Appendix A, Audited Financial Statements for Fiscal Year 2014.

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 2014, origination and destination passengers comprised an estimated 92% of passengers enplaned at ABQ Airport. In addition to ABQ Airport, the City also owns and operates Double Eagle II Airport. ABQ Airport has two principal runways for air carrier use and a 543,000 square foot main terminal complex (the "Terminal Building") with 22 major national airline gates and one commuter airline gate. The Terminal Complex area includes a two-level terminal loop roadway system, a 3,400 space automobile parking structure, a 357 space credit/debit card parking lot, and a 450 space surface parking lot.

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

Agreement with the United States Air Force

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

Airport Service Area

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

Airlines Serving Albuquerque

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

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

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

Each of the Signatory Airlines listed above has entered into a five-year Amended and Restated Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective date of July 1, 2011 (the “Airline Agreements”). Collectively, the Signatory Airlines lease approximately 79% of the available exclusive and preferential use space in the Terminal Building. JetBlue Airways and Alaska Airlines each has entered into a month to month Non-Signatory Airline Operating Agreement and Terminal Building Lease. JetBlue Airways began non-stop daily service between ABQ Airport and JFK Airport in New York on April 22, 2013. Alaska Airlines began non-stop daily service between ABQ Airport and Seattle, Washington Airport on September 18, 2014.

In addition to these major national airlines and their affiliate regional carriers, the ABQ Airport has two commuter airlines serving New Mexico. Pacific Wings d/b/a New Mexico Airlines, serving flights to Carlsbad and Los Alamos, New Mexico (ceased operations to Los Alamos in February 2015) will cease all operations by June 30, 2015. Boutique Air began commuter airline service twice daily to Silver City, New Mexico on January 5, 2015.

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

Historical Aircraft Operations and Enplaned Passengers

During Fiscal Year 2014, there were 133,854 aircraft operations (landings and takeoffs) at the ABQ Airport, a decrease of 5.5% from 141,708 in Fiscal Year 2013. Ending Fiscal Year 2014, 2,492,480 passengers enplaned at ABQ Airport, a decrease of 4.2% from 2,601,588 in Fiscal Year 2013. The airline traffic and passenger level decreases are attributable primarily to

national economic weakness, fuel cost, and changes in airline competition and strategy. The following table presents the number of airline enplaned passengers for major national, affiliate regional and commuter airlines at the ABQ Airport from Fiscal Year 2005 through Fiscal Year 2014.

**Historical Airline Traffic Activity
ABQ Airport**

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
2005	3,191,906	2.3
2006	3,299,021	3.4
2007	3,263,210	(1.1)
2008	3,417,525	4.7
2009	3,014,347	(11.8)
2010	2,933,346	(2.7)
2011	2,889,262	(1.5)
2012	2,835,744	(1.9)
2013	2,601,588	(8.3)
2014	2,492,480	(4.2)

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at ABQ Airport decreased at an average annual rate of 2.7% per year between Fiscal Years 2005 and 2014, and Airport management projects a decrease of 6.7% in Fiscal Year 2015. For the nation as a whole, the number of enplaned passengers was approximately 4.2% higher in Fiscal Year 2014 than it was in Fiscal Year 2005.

As the financial crisis and economic recession deepened in the second half of 2008, airlines reduced departing seat capacity at airports including ABQ Airport. Southwest Airlines' strategy to reallocate departing seat capacity to large-hub airports disproportionately affected medium-hub airports such as ABQ Airport. Additionally, enplanements in 2008 peaked due to intensified competition attributable to ExpressJet's branded operations, which discontinued in September 2008. The economic downturn started later in Albuquerque than most U.S. cities; it depressed consumer spending and resulted in reduced demand for air travel. Combined, these factors resulted in an 11.8% reduction in enplaned passenger traffic in Fiscal Year 2009. Throughout Fiscal Years 2010 through 2012, airlines continued reducing seats at ABQ Airport although the rate of decrease slowed. The ending result was a 1.9% decline in enplaned passengers for Fiscal Year 2012. In Fiscal Year 2014, enplaned passenger numbers decreased by 4.2%, further reflecting reductions in capacity by Southwest and the ceased operation of Frontier Airlines.

Despite the decline in enplanements over the past six years, the airport's finances remain solid and are supported by a healthy balance sheet with a low 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 2010 through 2014, Southwest Airlines and American Airlines held the greatest percentage of market share. In Fiscal Year 2014, Southwest's market share in Albuquerque was 55.6% and American's was 15.8% (20.5% combining US Airways). Combined, the two airlines accounted for at 71.4% (76.1% combining US Airways) of enplanements at the ABQ Airport during Fiscal Year 2014.

The following table presents the market shares of enplaned passengers by airline for Fiscal Years 2010 through 2014:

Historical Airline Market Shares of Enplaned Passengers

Operating Airline	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Southwest Airlines	55.5%	57.2%	57.5%	57.3%	55.6%
American Airlines ⁽¹⁾					
American	12.5%	11.8%	10.7%	11.8%	14.4%
US Airways	5.2	4.4	4.2	4.7	4.7
American Eagle	-	0.7	2.7	2.5	1.4
Subtotal	17.7%	16.9%	17.6%	19.0%	20.5%
United Airlines ⁽²⁾					
United	2.5%	2.4%	1.9%	1.4%	1.6%
Continental	1.3	0.7	0.4	-	-
SkyWest	4.0	4.5	5.3	5.1	3.5
Shuttle America	1.5	1.4	1.7	1.9	1.2
ExpressJet	2.8	2.5	2.4	1.4	2.2
Republic	-	-	-	1.0	1.7
Subtotal	12.1%	11.5%	11.7%	10.8%	10.2%
Delta Air Lines					
Delta	7.5%	7.9%	9.9%	8.9%	7.7%
SkyWest	3.0	2.5	-	.9	2.7
Subtotal	10.5%	10.4%	9.9%	9.8%	10.4%
Frontier Airlines					
Frontier	3.8%	3.6%	3.0%	2.5%	1.5%
Subtotal	3.8%	3.6%	3.0%	2.5%	1.5%
JetBlue Airways	0.0%	0.0%	0.0%	0.3%	1.5%
All Other	0.4%	0.4%	0.3%	0.3%	.3%
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) United and Continental merged in 2011 and operate under United's name.

Source: City of Albuquerque Aviation Department.

Airport Administration

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

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

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

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

Airport Financial Information; Airport Fund

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

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

**Historical Airport Revenues
(Fiscal Year 2010-2014)
(\$000s)**

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>	
		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>
Airline Revenue	\$27,385	38.4	\$25,890	37.2	\$26,123	35.1	\$23,738	32.4	\$23,245	33.0
Non-Airline Revenue Terminal Bldg.	13,908	19.5	12,940	18.5	13,730	18.4	15,090	20.6	14,690	20.8
PFCs	7,444	10.4	7,288	10.4	10,741	14.4	9,932	13.6	9,227	13.1
CFCs	6,680	9.4	6,831	9.8	7,506	10.1	7,993	10.9	6,560	9.3
Passenger Parking Area	7,130	10.0	7,937	11.4	7,791	10.5	7,591	10.4	7,482	10.6
Miscellaneous	<u>8,848</u>	12.4	<u>8,879</u>	12.7	<u>8,445</u>	11.4	8,828	12.1	9,319	13.2
TOTAL	<u>\$71,395</u>	100.0	<u>\$69,765</u>	100.0	<u>\$74,267</u>	100.0	<u>\$73,172</u>	100.0	<u>\$70,523</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 98.2% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2014. Airline revenues constituted 33% of Gross Airport Revenues in Fiscal Year 2014.

Passenger Facility Charges. The City has had three applications to collect Passenger Facility Charges (“PFC”). In March 1996, the FAA approved the City’s application to collect a total of \$49,638,000 over a period of approximately six years by imposing a \$3.00 PFC on each enplaning revenue passenger at ABQ Airport. The closeout amendment for this application increased the collection authority by \$135,870. This FAA approval closed in May 2003. In 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 expiration date for this FAA approval is October 2017. The airport is in the process of amending PFC #3 to actual expenses and will begin the process for PFC #4 during FY2016.

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 2010 through Fiscal Year 2014.

PFC Revenues (\$000s)

Fiscal Year	PFCs Collected ⁽¹⁾
2010	\$7,444
2011	7,288
2012	10,741
2013	9,932
2014	9,227

(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 2014 was the rental car privilege fees.

Rental Car Facility Revenues. The City currently operates under five year agreements (effective July 1, 2011), with eight rental car companies for the use and lease of counter space at the customer service building as well as 1,390 parking spaces in the ready/return parking area. The City maintains an option to extend the agreements for an additional five years. Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 10% of gross revenues against a minimum annual guarantee, (b) a monthly fee for use of ready/return parking spaces and (c) monthly fees for exclusive use and common use space in the customer service building. Under the agreements, the on-airport rental car companies are required to collect a Customer Facility Charge (“CFC”) per rental car contract day to be used for the operation of the rental car shuttle bus system and to pay debt allocated to the Rental Car Facility and associated roadways. CFC revenues and all rentals, fees and charges imposed by the City and collected from the rental car companies accounted for approximately 25.9% of Gross Airport Revenues in Fiscal Year 2014. (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.

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

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

Terminal Building Concession Revenues. Non-airline Terminal Building food and beverage concession revenues are generated under agreements with Fresquez Concessions, Inc.

and Black Mesa Coffee Company to provide food and beverage services within the Terminal Building (the “Food and Beverage Concession Agreements”). In addition there are three retail concession operators (the “Retail Concession Agreements”), including Avila Retail Development & Management, 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 \$7,567,641 (\$7,482,096 in public parking revenues plus \$85,545 in employee parking revenues) in Fiscal Year 2014. The City also receives revenues from commercial vehicle lane fees and taxicab permits, which together totaled \$330,747 in Fiscal Year 2014.

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

Double Eagle II Airport Revenues. The City has two agreements with a fixed base operator to provide services to the general aviation community at Double Eagle II Airport. The City also maintains various land and building leases, including a lease for a 15,000 square foot hangar facility, a 10,000 square foot hangar facility, and a 41,585 square foot office building, all of which are owned by the City. In February 2012, the City leased the office building to a charter school known as Southwest Aeronautics, Mathematics, and Science Academy Charter School (the “SAMS Academy”). The SAMS Academy provides an educational opportunity in a state-of-the-art facility with an emphasis on an aeronautics and aviation curriculum designed to produce pilots, aircraft mechanics, and future engineers and mathematicians. The SAMS Academy lease is for a 15-year term (5-year lease with two renewal 5-year options). The lease has the potential of generating approximately \$4,300,000 during the 15 year term. 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 2005 and Fiscal Year 2015, the City received a total of \$69.3 million in AIP grants and entitlement/discretionary funds. In Fiscal Years 2012-2014, the City received \$11,282,815 for seven sustainable projects of which three were solar array projects from the FAA Voluntary Airport Low Emissions Program and one for \$2,745,364 for airfield lighting rehabilitation. ABQ Airport received \$8,275,767 for reconstruction of the General Aviation Apron, \$9,737,480 for Taxiway A Apron reconstruction and \$6,998,810 for Taxiway A Phase C reconstruction. During FY2015 the Sunport received a \$900,000 grant for a Sunport Master Plan Update. In addition, the \$12.1 million project to reconstruct and widen the highway from Interstate 40 to Double Eagle II Airport is completed. The road project is funded primarily by Federal Highway Administration grant.

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

Airline Agreements

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

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

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

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

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

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

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

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

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

Air Service Incentive Programs. The City instituted an Airline Competition Incentive Program (the “ACIP”) and Airline Cooperative Marketing Program (the “ACMP”) in April 2013 to encourage new air service by incumbent and new-entrant airlines. The ACIP provides for credits of 100% of allocable landing fees and 75% of allocable terminal rentals and use fees for qualifying service to airports not served nonstop from ABQ Airport. The ACMP provides for subsidies for qualifying marketing activities related to ACIP-eligible service. ACIP and ACMP credits and subsidies are in effect for a maximum of two years for each qualifying service. The programs expire in June 2016. Currently, JetBlue Airways and Alaska Airlines are in the incentive program.

Airport System Capital Program

The City maintains a rolling five-year Capital Improvement Program (CIP). The current CIP extends to 2019 and anticipates \$166 million in capital improvements. This CIP includes \$127.7 million in capital improvements through FY 2016 which were pre-approved by the Signatory Airlines as part of the Airline Agreements with a term extending to FY 2016. 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 \$166 million CIP, \$146 million would improve ABQ Airport and \$20 million would improve the Double Eagle II Airport. The funding plan for the CIP is a mixture of grants, “pay-as-you-go” Passenger Facility Charges (PFCs), and Airport equity. The City plans to issue no new debt to fund.

The majority of the CIP projects are for the renewal and/or replacement of aging elements of airport infrastructure. The CIP reflects the lack of a need for significant expansion of airfield or terminal capacity. At the ABQ Airport, large projects include the rehabilitation/reconstruction of Taxiways A, B and E, the reconstruction of the northwest and northeast aircraft parking aprons, reconstruction of a portion of the perimeter road, adding a high speed turnout from Runway 3-21, and mass grading and utility distribution for the Aviation Center of Excellence (ACE). Additional projects at the ABQ Airport include a Sustainability Master Plan Update, purchase of fire and rescue equipment, upgrading the mechanical and electric systems, ticketing level improvements, bag claim level improvements, departure level curbside renovations, and arrivals level curbside renovations of the terminal building. At Double Eagle II Airport, the largest projects are reconstruction of the public parking apron and extension of Taxiway B to accommodate the SAM’s academy, a Master Plan Update, and various economic development initiatives to encourage additional aeronautical and non-aeronautical uses at the airport.

Joint Water and Sewer System

The joint water and sewer system was owned by the City and operated by its Public Works Department until December 17, 2003 (the “Water/Sewer System”), and revenue bond debt issued by the City relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature created the Albuquerque Bernalillo County Water Utility Authority (the “Authority”) pursuant to Section 72-1-10 NMSA 1978, as amended, and provided that all

functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System would be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of holders of outstanding debts of the Water/Sewer System. The City has transferred functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System to the Authority, and the policy-making functions of the Water/Sewer System have been transferred to the Authority. The Authority has a minimal relationship with the City under the current Memorandum of Understanding, dated July 1, 2013, by and between the Authority and the City. These ties include the Authority's rental of space and computer equipment from the City and Authority employees may participate in certain City employment benefits such as medical, dental, vision and life insurance. Other than these limited connections, the Authority operates independently of the City and Bernalillo County, New Mexico.

Information relating to outstanding Water/Sewer System obligations may be found in the Annual Information Statement of the Authority dated March 6, 2015 on file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

Refuse Removal and Disposal System

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

Long-Range Plans

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

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

Recommendations in the IWMP which are completed are as follows: to perform a cost of service analysis (updated annually); perform a commercial accounts audit; revise the Department's Mission Statement; develop a Request for Proposals for private sector design, construction, ownership, and operation of a materials recovery facility (MRF); development of a permanent education and outreach program including staff; promotion of backyard composting; analysis of potential sites for transfer facility development; implementation of cart-based residential recycling collection, and fully funding the equipment replacement schedule.

With direction from the Mayor, the City has entered into a 12-year contract with Friedman Recycling for operation of a private MRF. The facility opened in June 2013. Operations in Fiscal Year 2014 resulted in a net revenue share of \$126,758 to the Department. Although less than projected (poor market conditions reduced the value of the recyclables delivered by the City), it was an improvement over prior years where the City suffered recycling processing net losses ranging from (\$147,000) to (\$1,121,000) per year.

The Department has contracted with design consultants to design and permit a transfer station facility at the city-owned site of the current solid waste offices and maintenance yard at 4600 Edith NE. The transfer station facility will also include a new maintenance facility and new administrative and strategic operations office space. If all permits are approved, the approximately \$38 million facility will be constructed and operational in 2017-18.

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

Landfills

The City owns and operates its own landfill site, which has been registered with State and federal authorities since May 1990. The permit for the City's Cerro Colorado Landfill allows only licensed commercial haulers to dispose of solid waste at the landfill site. Residents are not allowed to haul waste to the landfill and, instead, must use the convenience centers described below. If current waste disposal operations continue unchanged, the landfill is expected to reach capacity in 2080. The landfill presently meets or exceeds all federal and state regulations. To continue in compliance with federal requirements, the City installed a methane gas collection system for the first six cells of the Cerro Colorado landfill and had a consultant develop a landfill gas master plan to maximize efficiency and effectiveness in the future expansion of the landfill gas collection system. The Department has completed Phase A and B portions of the master plan with Phase C implementation to be evaluated in Fiscal Year 2015.

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

Collection System

The residential collection system consists of one-person crews using fully automated side-loading packer vehicles for regular household refuse and the separate collection of recycling. The collection of refuse and recycling occurs once a week. Each of approximately 174,000 households is provided with two 95-gallon containers on wheels. The containers are wheeled to the curb by the resident on his/her weekly collection day and are serviced by two fully automated collection vehicles, which utilize a hydraulic arm to grab, lift and empty the containers. The regular work schedule for residential refuse and recycling collection is five eight-hour days a week. Residential routes include 48 refuse routes, and 22 recycling routes including multi-family dwelling recycling.

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

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

The commercial collection system is containerized to the maximum extent possible. Containers varying in size from two cubic yards to eight cubic yards and are mechanically dumped into packer trucks. Large generators of refuse use roll-off containers. Collection frequency and container size is determined by the needs of the customer and is factored into the fee calculation. Commercial routes include two rear packers, 17 roll-offs and 32 front-loading routes.

The Department plans to begin an 18-month implementation of new dispatch software that will allow it to better track residential and commercial assets with the ultimate goal of improving services. Such implementation is pending final City Council approval.

Convenience Centers

The City has constructed three convenience centers for public use, which accept residential self-haul waste and small commercial haulers with a vehicle size of less than two tons. Solid waste brought to the convenience centers is collected in 40-cubic-yard roll-off containers and 120-cubic-yard transfer trailers and hauled to the Cerro Colorado Landfill by the City as part of the convenience centers' operations. The tonnage collected at the convenience centers represents approximately 13% of the total annual tonnage disposed of at the Cerro Colorado Landfill. The fee at the convenience centers is \$5.00 per load for individuals and small commercial haulers, not including tax.

Additional Recycling Programs

The City also provides 17 drop-off recycling sites located across the City where citizens can drop off their recyclables, including glass.

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

Through a combination of City funds and a grant from the New Mexico Environment Department, the City diverts tires from disposal and sends them to a recycling facility that

manufactures crumb rubber. The tire disposal fee of \$116.48, not including tax, covers the transportation and recycling tipping fee for this program.

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

Weeds, Litter, Graffiti Removal, Median Maintenance and Community Outreach

As a part of the department's overall mission of protecting and preserving the environment, the department is also responsible for the removal of weeds, litter and graffiti, and the maintenance and the efficient use of water in the managed landscapes on the City's major thoroughfares and public properties through its Clean City Division. Residential refuse bills include a charge of \$2.44 per household per month for this program. Commercial refuse bills also contain a charge.

The Clean City Division strategy and mission is to enhance the City's condition, the community's needs for a clean environment, implement appropriate standards for effective water stewardship in City landscaped medians and streetscapes and improved quality of life within the City limits. Clean City Division, a seven-day-a-week operation, is currently utilizing seven principle programs: Median Maintenance Program, Weed & Litter Program, Graffiti Removal Services, Community Support Program, Large Item Collections Program, Office Paper Recycling Program and the Interstate Highway Litter Control Program. Maintaining the cleanliness, beauty and integrity of the City is common to each of these services.

The Median Maintenance and Weed & Litter Programs have divided approximately 188 square miles in the City into five major sections to provide a proactive maintenance approach for the City's major thoroughfares on a scheduled basis throughout the year. The Clean City Division provides litter control, graffiti and loose tumbleweed removal on the Interstate Highway right-of-ways within the City limits through a cooperative agreement between the City and the New Mexico Department of Transportation. The Clean City Division provides graffiti removal from properties within the City and visible from the public right-of-way and City owned property and responds to special requests for graffiti removal on private property with the owner's consent.

The Clean City Division provides support and builds partnerships citywide with other departments, neighborhood associations, civic groups, and businesses for a variety of clean-up efforts and an array of special projects and special events throughout the year.

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

Solid Waste Management Administration

Mr. John Soladay is the Director of the Solid Waste Management Department. Mr. Soladay brings more than 39 years of public service to the table. He started his career in Southern California where he spent 25 years with the City of Redondo Beach retiring as the Public Works Director in the late 1990's. Since coming to the City of Albuquerque Mr. Soladay has served as the Fleet Manager; Associate Director of the Department of Municipal Development managing the Facilities and Energy Divisions; Sustainability Officer in the Mayor's office, Environmental Health Director, Solid Waste Director and as Chief Operations Officer for two years before returning to the Solid Waste Department as Director.

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

Mr. James A. Mora is the Associate Director of the Solid Waste Management Department, managing the collections divisions of the department. Mr. Mora started his career with the department in 1989 as a driver and brings 26 years of experience in the fields of refuse collection and recycling. He has been promoted up through the ranks from Foreman, Assistant Superintendent, Superintendent, and most recently to Associate Director of the department.

Mr. Marco Holloway is the Associate Director of the Solid Waste Management Department, managing the Clean City Division. Mr. Holloway, a native of New Mexico joined the Solid Waste Management Department in January 1993. Holloway has served the citizens of Albuquerque 22 years as a member of the Solid Waste Management Department staff. As Associate Director of the department's Clean City Division, Mr. Holloway oversees all aspects of a variety of operations and services, sets the overall strategy and vision and the administration and planning for all programs coordinated by the Clean City staff.

Mr. Stephen C. Falk, CPA, is the Fiscal Manager of the Solid Waste Management Department. Mr. Falk has over 31 years of financial accounting experience, working as an auditor in public accounting, a financial manager in private industry, and in various governmental accounting positions. Mr. Falk has been a Certified Public Accountant for 31 years, and has worked for the City for the last 21 years.

Refuse System Financial Information

Operational Data and Tonnage History for the Refuse System. Shown below are the operational data and solid waste tonnage history for the Refuse System for Fiscal Years 2005 through 2014.

CITY OF ALBUQUERQUE
Refuse System Operational Data
Fiscal Years 2005-2014 Collections

Fiscal Year	Residential Units	Routes	Commercial Units	Routes	Refuse Employees	Collection Vehicles
2005	160,201	40	11,436	52	414	154
2006	164,491	43	12,611	55	414	160
2007	167,782	44	13,346	56	432	164
2008	172,828	48	14,219	56	450	170
2009	175,162	48	13,086	56	427	171
2010	176,341	48	12,051	56	434	165
2011	177,202	48	11,954	56	433	163
2012	178,176	48	11,960	53	429	173
2013	179,779	48	11,934	53	432	177
2014	173,466	48	11,591	51	457	177

Source: City of Albuquerque, Solid Waste Management Department.

CITY OF ALBUQUERQUE
Solid Waste Tonnage History
Fiscal Years 2005-2014

Fiscal Year	Commercial	Residential	Convenience Center, Private Haul, Other	Total Department
2005	237,786	159,778	111,889	509,453
2006	239,670	190,527	118,661	548,858
2007	248,014	204,083	142,933	595,030
2008	231,977	203,043	168,717	603,737
2009	214,463	188,229	301,725	704,417
2010	220,100	172,391	137,124	529,615
2011	219,216	177,618	168,214	565,048
2012	209,799	172,845	116,693	499,337
2013	202,373	163,742	112,745	478,860
2014	205,404	156,606	142,580	504,590

Source: City of Albuquerque, Solid Waste Management Department.

Budget, Rates and Charges. The capital and operating budgets for the Refuse System are submitted to the Council by April 1 of each year for the following fiscal year. The Council considers the budgets, together with the rates necessary to finance the operation and capital improvements, and adopts the budget and rates necessary for the next fiscal year no later than 60 days after their receipt. Biannually, decade capital plans are also prepared and adopted. These plans are modified by the annual budget process as immediate needs become clear. The current decade capital plan (2015-2024) calls for expenditures of approximately \$158 million financed with a combination of operating cash and refuse revenue bonds.

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

approval by any other regulatory body. The Fiscal Year 2015 rate for residential collection is \$15.00 per month. Commercial rates vary considerably based on the size of container and frequency of service. Current landfill fees by tonnage (not including tax) are \$7.50 for up to 500 pounds, \$14.99 for 501 to 1,000 pounds, \$22.48 for 1,001 to 1,500 pounds, and \$30.00 for 1,501 to 2,000 pounds. Other rates apply for use of the landfill for certain categories of waste such as tires and contaminated soil. The current fee at the convenience centers is \$5.00 per load for residential and commercial haulers, not including tax. Included in the rate structure is a fuel surcharge assessed to all refuse customers when the price of diesel fuel exceeds \$2.30 per gallon.

The following tables present a limited 10-year summary of the history of refuse service rate adjustments implemented by the City showing the effective date of such adjustments. See “Historical Financial Information” under this caption. The City anticipates that additional rate increases will be necessary in future years based on findings in the Integrated Waste Management Plan and Cost of Service Study the Department completed as part of the Fiscal Year 2014 budget. The Studies seek, in part, to modernize recycling, encourage commercial recycling, implement a rate structure that reflects current costs and encourages more residential recycling. The Department was approved for a rate increase in Fiscal Year 2015, adding \$2.09 to the residential rate, bringing the residential rate to \$15.00 per month. Of the \$2.09 increase, \$1.34 is to restore debt service capacity for the construction of a new transfer station, and \$.75 is used to consolidate all existing medians into the Clean City Division. The cost of service analysis completed for FY14 indicated the need for a 5% rate increase for commercial customers, and was approved with the residential rate adjustment.

CITY OF ALBUQUERQUE
Refuse System
Residential Collection Fee Adjustments

<u>Year</u>	<u>Monthly Rate</u>	<u>% Increase</u>
2005	10.24	0.0
2006	10.75	5.0
2007	10.75	0.0
2008	10.75	0.0
2009	10.75	0.0
2010	10.75	0.0
2011	12.91	20.1
2012	12.91	0.0
2013	12.91	0.0
2014	12.91	0.0
2015	15.00	16.2

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

Year	Rate	% Increase
2005	105.65/ton (tires)	0.0
2006	110.93/ton (tires)	5.0
2007	110.93/ton (tires)	0.0
2008	110.93/ton (tires)	0.0
2009	110.93/ton (tires)	0.0
2010	110.93/ton (tires)	0.0
2011	116.48/ton (tires)	5.0
2012	116.48/ton (tires)	0.0
2013	116.48/ton (tires)	0.0
2014	116.48/ton (tires)	0.0
2015	116.48/ton (tires)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments

Year	Rate	% Increase
2005	\$3.30/load (residential)	0.0
	\$8.65/load (commercial)	0.0
2006	\$3.47/load (residential)	5.0
	\$9.08/load (commercial)	5.0
2007	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2008	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2009	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2010	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2011	\$5.00/load (residential)	44.1
	\$5.00/load (commercial)	(44.9)
2012	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0
2013	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0
2014	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0
2015	\$5.00/load (residential)	0.0
	\$5.00/load (commercial)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The Department bills approximately 181,000 accounts on a monthly basis for commercial and residential garbage collection, recycling collection and disposal fees. The City has an active agreement with the Albuquerque Bernalillo County Water Utility Authority to bill jointly for water and refuse services via the Customer Care and Billing System. The Department pays a portion of all incurred operating costs on an annual basis. As part of this agreement, the Authority manages collections of delinquent accounts for the Department with the exception of accounts that only incur refuse or landfill charges and do not incur water charges.

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

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

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

CITY OF ALBUQUERQUE
Refuse Removal and Disposal System
Historical Financial Information
Fiscal Years 2010-2014
(\$000)

	2010	2011	2012	2013	2014
Total Operating Revenues	\$52,346	\$61,435	\$62,098	\$61,102	\$62,622
Non-operating revenues (expenses):					
Interest ⁽¹⁾	336	124	100	35	51
Other	270	306	222	163	208
Gain(loss) on disposition of property & equipment	(508)	-	26	(19)	66
Fuel Surcharge	1,577	662	1,577	1,429	1,298
Transfer in/(out) ⁽²⁾	-	-	-	-	-
Total adjusted revenues	\$54,021	\$62,527	\$64,023	\$62,710	\$64,245
Total operating expenses (excluding interest expense)	\$49,457	\$50,177	\$52,002	\$53,088	\$56,807
Less:					
Payments in lieu of taxes	(928)	(1,112)	(1,127)	(1,120)	(1,146)
Depreciation	(5,198)	(3,762)	(4,509)	(6,242)	(7,949)
Amortization	(2)	(15)	12	(5)	(0)
Other	(369)	(262)	(142)	(203)	(102)
Total adjusted operating expenses	41,960	45,026	46,236	45,518	47,610
Net revenues available for debt service	\$11,061	\$17,501	\$17,787	\$17,192	\$16,635

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

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

Source: City of Albuquerque Comprehensive Annual Financial Reports.

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

OTHER PROJECTS OF THE CITY

Public Improvement Districts

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

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

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

On March 17, 2015, electors in six PIDs within the City voted for Board of Director candidates for their respective PIDs. The election results will be canvassed within 30 days of the election.

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 94.6% from Fiscal Year 2010 through Fiscal Year 2014. For Fiscal Year 2014, the Beach Apartments Project generated total revenues of \$541,511 and incurred \$346,667 in operating and other expenses, resulting in net income of \$194,844 for that period.

Manzano Vista Apartments Project

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

NUMBER AND TYPES OF UNITS

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

Annual occupancy rates for the Manzano Vista Apartments Project have ranged between 95.3% and 94.1% from Fiscal Year 2010 through Fiscal Year 2014. For Fiscal Year 2014, the Manzano Vista Apartments Project generated total revenues of \$1,442,391 and incurred \$937,090 in operating and other expenses, resulting in a net income of \$505,301 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 93.8% from Fiscal Year 2010 through Fiscal Year 2014. For Fiscal Year 2014, the Bluewater Village Apartments Project generated total revenues of \$1,588,678 and incurred \$785,467 in operating and other expenses, resulting in net income of \$803,211 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 4-year term memorandum of understanding (the “MOU”) with the DOJ that enumerates specific agreed upon deliverables. If after 4 years the terms of the MOU are satisfied, the DOJ has agreed to declare the City in compliance with the MOU and to cease its monitoring effort. The cost of both compliance and monitoring together are expected to be less than \$6 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. In two consolidated cases, the City had two judgments entered against it that exceeded these caps on damages under the New Mexico Tort Claims Act. In August 1998, the New Mexico Supreme Court declared the cap on damages unconstitutional as to these two cases only. However, the Court changed the standard from an “intermediate scrutiny” standard to a “rational basis” standard by which the constitutionality issue will be determined in future cases. Since the “rational basis” standard is a lesser standard of scrutiny, the City expects that the cap will be upheld, if challenged in the future. The City has not experienced a material adverse financial impact on claims as a result of the decision in these cases.

Risk Management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its real and personal assets; workers compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,500,000 for each workers’ compensation incident, \$1,050,000 for each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

The Risk Management Fund tracks claims on a fund by fund basis and assesses charges to each fund based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$1,000,000 at June 30, 2014, 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. Based on historical data, the City believes the Risk Management Fund is adequately funded. Moreover, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of \$1,000,000 the City, with Council approval, may levy a tax on real property to provide

for the payment of catastrophic losses. In addition, the City started fiscal year 2014 with \$41,450,000 available in the committed General Fund balance.

In the prior year, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. The City plans to increase annual funding to the Risk Management Fund reserve through a ten year recovery program by increasing charges to other funds in the amount of \$2.5 million in fiscal year 2015 and approximately \$2.6 million in fiscal year 2016.

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.P to the Audited Financial Statements for Fiscal Year 2014, attached hereto as Appendix A.

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/ Lou D. Hoffman

/s/ Robert J. Perry

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, 2014

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Albuquerque, New Mexico (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service funds, agency fund, and the budgetary comparisons for the major debt service funds, capital project fund, and all nonmajor funds presented as supplementary information, as defined by the *Government Accounting Standards Board*, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, 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 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.

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service fund and agency fund of the City as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major debt service funds, capital project fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the as management's discussion and analysis on pages 14 through 25 and Schedule of Funding Progress-Albuquerque Pooled Trust Fund on page 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the City of Albuquerque, New Mexico's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The 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*, and the additional schedules listed as "other supplementary schedules" and "state compliance", in the table of contents, required by 2.2.2 *NMAC* are also presented for purpose of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards, the Financial Data Schedule, as well as the additional schedules listed as "other supplementary schedules" and "state compliance" in the table of contents, required by 2.2.2 *NMAC* are 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 Schedule of Expenditures of Federal Awards, the Financial Data Schedule,

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

as well as the additional schedules listed as "other supplementary schedules" and "state compliance" in the table of contents, required by 2.2.2 *NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
February 2, 2015

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$47.4 million during the year. The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$4.0 billion (net position). Of this amount, \$232.5 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in subsequent accounting periods.
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$403.8 million. Of the total fund balance, \$22.4 million is fund balance available for spending at the government's discretion (sum of unassigned and assigned fund balance).
- As of June 30, 2014, fund balance of the general fund was \$63.4 million. At the close of the current fiscal year, unassigned fund balance of the general fund was \$18.4 million or 4.4% of the total general fund expenditures of \$422.7 million.
- During fiscal year 2014, net position of the City's business type enterprise funds increased by \$36.7 million yielding net position of \$580.0 million as of June 30, 2014.
- The City's governmental activities long-term obligations decreased by \$1.4 million during the current year. The key factors in this change were decreases in other post-employment obligations of \$8.2 million, a decrease in accrued vacation, sick leave, and claims totaling \$7.3 million, followed by an increase in long term debt of \$17.0 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, public safety, culture and recreation, public works, health and welfare, human services, housing, and highways and streets. The business-type activities of the City include an airport, apartments, a baseball stadium, refuse disposal services, golf courses, parking facilities, housing authority, and a transit system.

In previous years, the Albuquerque Bernalillo County Water Utility Authority (Authority) was reported as a component unit of the City. The Authority provides water and sewer services to City residents. 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

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2014 is available by contacting the Authority at the following address: Fifth floor, P.O. Box 1293, Albuquerque, NM 87103.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are classified as: governmental funds, proprietary funds, and fiduciary funds, as described in the following sections.

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

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

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

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

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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 in the trust City of Albuquerque (City) and the Albuquerque Bernalillo County Water Utility Authority (ABCWUA). 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 Funding Progress for the Life Insurance Benefit Plan is presented as required supplementary information. Significant plan provisions are described in the notes to the basic financial statements.

Combining Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
Assets:							
Current and other assets	\$ 667.8	\$ 760.6	\$ 234.8	\$ 205.7	\$ 902.6	\$ 966.3	-6.6%
Capital assets	3,516.0	3,426.6	488.3	489.0	4,004.3	\$ 3,915.6	2.3%
Total assets	<u>4,183.8</u>	<u>4,187.2</u>	<u>723.1</u>	<u>694.7</u>	<u>4,906.9</u>	<u>4,881.9</u>	0.5%
Deferred Outflows of Resources:							
Deferred Charges	4.2	-	0.6	-	4.8	-	
Total deferred outflows of resources	<u>4.2</u>	<u>-</u>	<u>0.6</u>	<u>-</u>	<u>4.8</u>	<u>-</u>	
Liabilities:							
Long-term liabilities outstanding	642.3	640.8	84.5	109.2	726.8	750.0	-3.1%
Other liabilities	170.2	185.2	58.9	42.2	229.1	227.4	0.7%
Total Liabilities	<u>812.5</u>	<u>826.0</u>	<u>143.4</u>	<u>151.4</u>	<u>955.9</u>	<u>977.4</u>	-2.2%
Deferred Inflows of Resources:							
Unavailable revenue	3.7	-	0.3	-	4.0	-	
Total deferred inflows of resources	<u>3.7</u>	<u>-</u>	<u>0.3</u>	<u>-</u>	<u>4.0</u>	<u>-</u>	
Net Position:							
Net Investment in Capital Assets	3,062.4	3,020.7	386.4	376.6	3,448.8	3,397.3	1.5%
Restricted	172.6	204.8	97.9	95.0	270.5	299.8	-9.8%
Unrestricted	136.8	135.7	95.7	71.7	232.5	207.4	12.1%
Total Net Position	<u>\$ 3,371.8</u>	<u>\$ 3,361.2</u>	<u>\$ 580.0</u>	<u>\$ 543.3</u>	<u>\$ 3,951.8</u>	<u>\$ 3,904.5</u>	1.2%

The City’s assets exceeded liabilities by \$4.0 billion at the close of the year. The largest portion of the City’s net position (87.3%) reflects its net investment of \$3.4 billion in capital assets (i.e. land, buildings, infrastructure, and

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equipment less any related outstanding debt used to acquire these assets.) The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, resources needed to pay this debt must come from other sources since capital assets cannot be liquidated for these liabilities. Restricted net position in the amount of \$270.5 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$232.5 million, may be used to meet the City's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City has positive balances in all three categories of net position for the government as a whole, as well as for both the governmental and business-type activities.

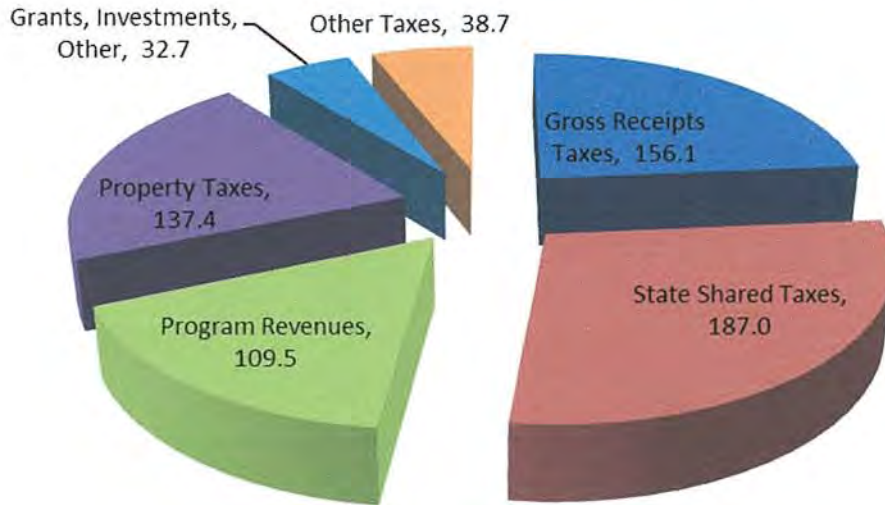
The City's net position increased by \$47.4 million during the current fiscal year. The increase in net position is explained in the governmental and business-type activities discussion.

CHANGE IN NET POSITION
(in millions of dollars)

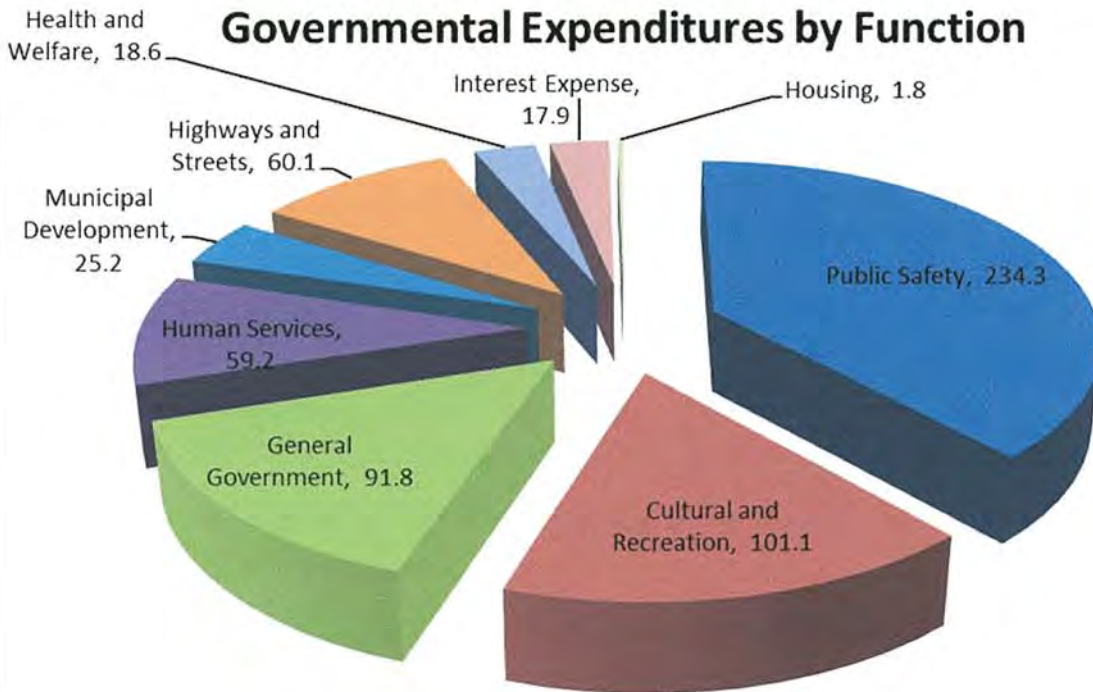
	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2014	2013	2014	2013	2014	2013	
Revenues:							
Program revenues:							
Charges for services	\$ 63.0	\$ 68.0	\$ 161.4	\$ 161.9	\$ 224.4	\$ 229.9	-2.4%
Operating grants and contributions	38.0	37.1	28.0	28.3	66.0	65.4	0.9%
Capital grants and contributions	8.5	12.6	28.6	16.7	37.1	29.3	26.6%
General revenues:							
Gross receipts taxes	156.0	152.8	-	-	156.0	152.8	2.1%
Property taxes	137.4	139.9	-	-	137.4	139.9	-1.8%
Other taxes	38.7	38.3	-	-	38.7	38.3	1.0%
State shared taxes and fees	187.0	187.7	-	-	187.0	187.7	-0.4%
Grants, investment income, and other	32.7	39.0	2.2	2.3	34.9	41.3	-15.5%
Total revenues	<u>661.3</u>	<u>675.4</u>	<u>220.2</u>	<u>209.2</u>	<u>881.5</u>	<u>884.6</u>	-0.4%
Expenses:							
General government	91.8	91.2	-	-	91.8	91.2	0.7%
Public safety	234.3	261.7	-	-	234.3	261.7	-10.5%
Cultural and recreation	101.1	102.4	-	-	101.1	102.4	-1.3%
Municipal Development	25.2	34.4	-	-	25.2	34.4	-26.7%
Health and welfare	18.6	22.1	-	-	18.6	22.1	-15.8%
Human services	59.2	54.3	-	-	59.2	54.3	9.0%
Housing	1.8	2.9	-	-	1.8	2.9	-37.9%
Highways and streets	60.1	57.2	-	-	60.1	57.2	5.1%
Interest expense	17.9	15.3	-	-	17.9	15.3	17.0%
Airport	-	-	59.7	65.3	59.7	65.3	-8.6%
Refuse disposal	-	-	56.4	59.8	56.4	59.8	-5.7%
Transit	-	-	59.9	54.1	59.9	54.1	10.7%
Non major enterprise funds	-	-	48.2	46.4	48.2	46.4	3.9%
Total expenses	<u>610.0</u>	<u>641.5</u>	<u>224.2</u>	<u>225.6</u>	<u>834.2</u>	<u>867.1</u>	-3.8%
Excess (deficiency) before transfers	51.3	33.9	(4.0)	(16.4)	47.3	17.5	170.3%
Transfers	(40.7)	(30.8)	40.7	30.8	-	-	
Increase (decrease) in net position	<u>10.6</u>	<u>3.1</u>	<u>36.7</u>	<u>14.4</u>	<u>47.3</u>	<u>17.5</u>	170.3%
Net Position July 1	3,361.2	3,358.1	543.3	528.9	3,904.5	3,887.0	0.5%
Net Position June 30	<u>\$ 3,371.8</u>	<u>\$ 3,361.2</u>	<u>\$ 580.0</u>	<u>\$ 543.3</u>	<u>\$ 3,951.8</u>	<u>\$ 3,904.5</u>	1.2%

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Governmental Revenues by Source



Governmental Expenditures by Function

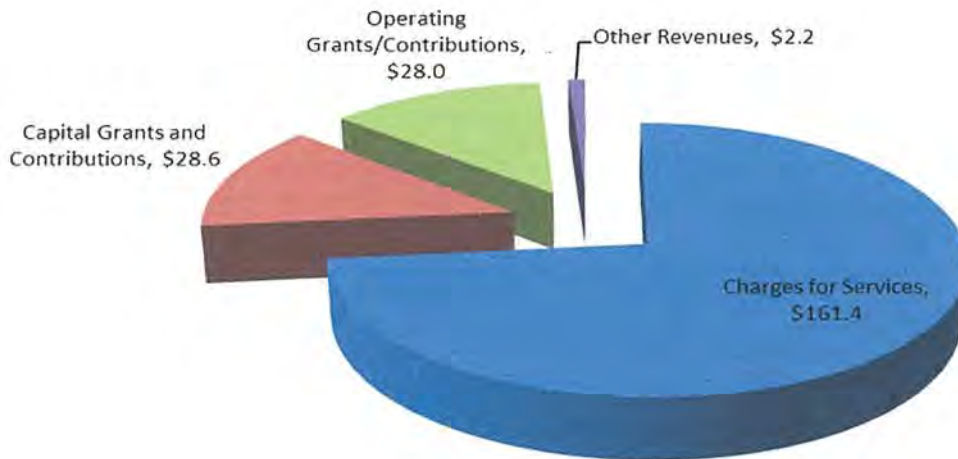


Governmental activities – Governmental activities increased the City's net position by \$10.7 million. Governmental activities revenue decreased by \$14.1 million, or (2.1%) from \$675.4 million in fiscal year 2013 to \$661.3 million in fiscal year 2014. Key elements in the change of the City's governmental activities revenues are as follows:

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- Gross receipts tax revenue and state shared taxes and fees, which together account for approximately 52% of the City's governmental activities revenue, increased by \$2.6 million, from \$340.5 million to \$343.1 million, or by .8% from prior year.
- Program revenues consisting of charges for services, operating grants, capital grants, and contributions account for approximately 16.6% of the City's governmental activities revenues. Charges for services decreased by \$5.1 million primarily due to a decrease in development charges in CIP and Impact Fee Funds. Operating grants and contributions increased by \$1 million and capital grants and contributions decreased by \$4.0 million resulting in an overall decrease in program revenues of 7%. Building permit revenues remained constant at \$3.0 million in 2013. Total licensing and permits are 3.2% higher than amounts recorded in fiscal year 2013.
- Property taxes, which account for approximately 20.8% of the City's governmental activities revenues, slightly decreased from \$139.9 million to \$137.4 million. In fiscal year 2014 (tax year 2013) taxable assessed property valuations within the City increased \$90.7 million from \$11.88 billion to \$11.97 billion. This increase brings up property values to approximately the values equal to tax year 2011. This change reflects the County Assessor's reassessments and new additions to the tax base and adjustments for yield control. The City's direct property tax mill levy rate remained at 11.52 in fiscal year 2014.
- Grants, investments, and other revenues, which account for approximately 4.9% of the City's governmental activities revenues, decreased from \$39.0 million to \$32.7 million. The difference is primarily explained by the reduction of special assessment revenue of \$24.4 million and an increase in miscellaneous revenue due to infrastructure donations of \$15.0 million.
- Other taxes such as franchise, hospitality, lodgers', and payments in lieu of taxes increased by \$400 thousand from \$38.3 million in fiscal year 2013 to \$38.7 million in fiscal year 2014, or by 1.0%. More detail comparison of other taxes can be found on Schedule 3 in the Statistical Section of this report.

Revenues By Source Business-type Activities



Expenses by Service Type Business-type Activities



Business-type activities – Business-type activities decreased the City’s net position by \$4.0 million in fiscal year 2014 before operating transfers of \$40.7 million. Business-type activities revenues increased \$11.0 million from \$209.2 million in fiscal year 2013 to \$220.2 million in fiscal year 2014, or by 5.3%. Key factors for the increases in the Charges for Services category are on the following page:

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- The Airport Fund had an increase in net position of \$19.6 million in fiscal year 2014 compared to a \$14.3 million increase in 2013. The charges for services decreased from \$62.1 million in fiscal year 2013 to \$60.7 million in fiscal year 2014. Passenger facilities charges (PFCs) decreased from \$9.9 million to \$9.2 million in fiscal year 2014, operating expenses decreased from \$61.0 million in fiscal year 2013 to \$55.7 million in fiscal year 2014, and capital contributions increased from \$6.6 million in fiscal year 2013 to \$8.1 million in fiscal year 2014. The decrease in operating expenses was primarily due to decreases in depreciation expense. The City implemented the PeopleSoft Asset Management Module and standardized asset lives of each asset class.
- The Refuse Disposal Fund had an increase in net position of \$6.2 million in fiscal year 2014 compared to a decrease of \$173 thousand in 2013. Charges for services increased \$1.3 million. Operating costs decreased by \$3.4 million.
- The Transit Fund had an increase in net position of \$11.3 million in fiscal year 2014 compared to an \$892 thousand decrease in fiscal year 2013. Capital contributions increased from \$10.0 million in 2013 to \$20.2 million in 2014. Transfers increased from \$31.7 million in 2013 to \$39.6 million in 2014.

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 \$403.8 million, a decrease of \$60.5 million in comparison with the prior year. Of the total balance at year-end, \$288.5 million is restricted fund balance which primarily consists of funds reserved for capital projects and improvements and \$28.4 million is nonspendable, which relates to long term receivables and property held for resale.

Revenues of governmental funds overall totaled approximately \$650.0 million in the fiscal year ended June 30, 2014, which represents a decrease of \$900 thousand from the previous year total of \$650.9 million. Intergovernmental revenues decreased by \$1.2 million of which \$4.3 million was attributed to an increase in the General Fund, a decrease in the Capital Acquisition Fund of \$2.0 million and an increase operating grants of \$3.5 million. The City's governmental funds expenditures of \$745.6 million increased by \$21.4 million from the previous year's total of \$724.2 million. The primary cause of the increase is attributed to an increase in capital outlay of \$21.4 million, an increase in human services of \$7.0 million, an increase in interest expense related to debt of \$3.2 million, followed by decreases in general government expenditures of \$9.1 million, and a decrease in health of \$2.4 million.

General Fund – This is the City's chief operating fund. At the end of the current fiscal year, the total fund balance was \$63.4 million, of which \$18.4 million is assigned and unassigned fund balance and \$44.9 million is committed for subsequent years' operations. The net change in fund balance for the current fiscal year was an increase of \$5.1 million. The total revenues of \$471.9 million for the current fiscal year were \$8.6 million more than the previous fiscal year. The primary cause of the increase was due to increases in intergovernmental revenue of \$4.3 million, increase of gross receipts taxes of \$2.6 million, increase of charges of services of \$2.1 million, followed by a decrease in miscellaneous revenue of \$1.1 million. Total expenditures of \$422.7 million represent a decrease of \$2.8 million from the previous fiscal year. Decreases in expenditures were attributed to general government of \$1.7 million, public works and highway and streets of \$1.0 million, and capital outlay of \$1.3 million. The decreases were offset by increases in culture and recreation of \$1.7 million. See the general fund budgetary highlights for an analysis with respect to budgets.

General Obligation Bond Debt Service Fund – This fund is used to accumulate resources for the repayment of the City's GO Bonds. GO Bonds are backed by the full faith and credit of the City and may be used to finance any capital improvement approved by the voters. GO bonds may be redeemed by any regular City funding, but by policy, are generally redeemed by property taxes paid to the City. Fund balance in the City's General Obligation Bond Debt Service fund increased by \$2.4 million from \$5.9 million in fiscal year 2013 to \$8.3 million in fiscal year 2014. Property tax revenues dedicated to the repayment of GO Bonds increased by \$530 thousand from \$59.2 million in fiscal year 2013 to \$59.7 million in fiscal year 2014, or by .9%. In fiscal year 2014, total property tax revenue increased by \$1.0 million but due to delinquent adjustments, overall revenue decreased slightly. The City's property tax rates have remained constant for well over a decade and no tax rate increase has been required to fund the GO Bond program of capital improvements.

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Special Assessments Debt Service Fund – This fund accounts for the monies accumulated for the payment of principal and interest of bonds secured by pledges of revenues from assessments levied against benefited properties. The Special Assessments Debt Service Fund spending is controlled primarily through bond indenture provisions. The balance outstanding at June 30, 2014 was \$24.0 million with \$858,534 payable within one year.

Capital Acquisition Fund – This fund is used to accumulate resources for the acquisition of capital. Capital is defined as tangible property with a life beyond a one year budget cycle. Land, infrastructure, equipment, buildings as well as the services required to build or install these assets may be classified as capital. The Capital Acquisition Fund is primarily funded by bond proceeds, but recurring and non-recurring revenue may be used. Major capital improvements for the City are funded primarily with general obligation and enterprise fund revenue bonds. In many cases, these bond funds are matched with Federal and/or State contributions and private assessments. During the 2014 fiscal year, the Capital Acquisition Fund balance decreased by \$49.6 million from \$264.0 million in fiscal year 2013 to \$214.4 million. The decrease in fund balance during the year is attributed to a decrease in new bond proceeds and refunding bonds and premiums of \$60.3 million followed by a decrease in revenues of \$5.9 million and transfers of \$11.0 million exceeding total expenditures of \$131.0 million.

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

Airport Fund	\$ 64.6
Refuse Disposal Fund	12.1
Transit Fund	7.6
Nonmajor enterprise funds	11.4
Total	<u>\$ 95.7</u>

Internal Service Funds – Internal Service Funds are used to account for certain governmental activities and had an unrestricted net position of \$(27.4) million in fiscal year 2014 as compared to unrestricted net position of \$(31.4) million in fiscal year 2013. In recent years, the City has experienced an increase in claim amounts. In response to this increase, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. The City has increased funding to the Risk Management Fund reserve and in addition, claims in fiscal year 2014 have decreased. All other internal service funds had a positive unrestricted net position as of June 30, 2014.

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 2014 Approved Budget was \$870.6 million, after interfund eliminations. The General Fund portion was \$480.3 million, up only 1% over fiscal year 2013. The budget assumed growth in GRT of 1.7% and was balanced using a variety of strategies such as eliminating 32 vacant positions, yet still provided funding for a 1% pay increase for all employees. Additionally, the budget included \$600 thousand in additional reserves, \$3 million for quality of life capital projects through ABQ The Plan, funding for new social service initiatives, and operating increases for capital coming-on-line. The final appropriation for General Fund was \$489.2 million after additional legislation was passed for intra-year adjustments as well as re-appropriated encumbrances from fiscal year 2013.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's capital assets of governmental and business-type activities as of June 30, 2014, total \$4.0 billion, net of accumulated depreciation. The increase in capital assets in the current fiscal year was \$88.7 million or 2.3%. Capital assets are summarized as follows:

	CAPITAL ASSETS						Total Percent Change
	Governmental Activities		Business-type Activities		Total		
	2014	2013	2014	2013	2014	2013	
Land	\$ 307.5	\$ 301.8	\$ 60.1	\$ 64.5	367.6	\$ 366.3	0.4%
Right of way	1,145.2	1,145.2	-	-	1,145.2	\$ 1,145.2	0.0%
Other	6.3	-	1.0	1.0	7.3	\$ 1.0	630.0%
Buildings	334.2	325.2	175.6	173.5	509.8	\$ 498.7	2.2%
Runways	-	-	47.0	65.8	47.0	\$ 65.8	-28.6%
Improvements other than buildings	299.6	291.0	128.6	110.8	428.2	\$ 401.8	6.6%
Equipment	27.5	30.5	51.5	45.0	79.0	\$ 75.5	4.6%
Infrastructure	1,326.5	1,261.8	8.7	8.7	1,335.2	\$ 1,270.5	5.1%
Construction in progress	69.2	71.1	15.9	19.7	85.1	\$ 90.8	-6.3%
Total	\$ 3,516.0	\$ 3,426.6	\$ 488.4	\$ 489.0	\$ 4,004.4	\$ 3,915.6	2.3%

Governmental activities – In fiscal year 2014, \$99.7 million of street infrastructure was placed into service along with \$11.3 million of storm infrastructure. Of this amount, \$11.8 million was dedicated street infrastructure and \$6.2 million was dedicated storm infrastructure. The construction in progress consists of expenditures made by the Capital Acquisition and Special Assessments Capital fund, \$55.2 million was placed into service during fiscal year 2014. The following was placed in service: \$20.7 million buildings, \$28.4 million non-structural, \$5.6 million land, and \$114.7 million of infrastructure. Machinery and equipment purchases totaled \$8.8 million, of which \$5.3 million was for public safety. Other capital asset activity totaled \$7.0 million for software development.

Business-type activities – In 2014, the Airport Fund placed into service \$21.1 million in improvements other than buildings and runways and \$6.4 million in machinery and equipment. The Refuse Fund placed into service \$7.0 million in machinery and equipment, which included \$6.2 million in heavy equipment. The Transit Fund placed into service \$5.8 million in buildings and improvements and \$12.4 million in machinery and equipment, which included \$9.9 million in buses. The construction work in progress increased by \$25.1 million, which included \$23.4 million by the Airport department.

Debt Administration – At the end of the current fiscal year, the City's governmental activities had total long-term obligations of \$737.5 million, of which \$99.4 million is due or payable within the next fiscal year. The total bonded debt, net of deferred amounts on refunding (\$4.2 million) and including unamortized premiums of \$27.1 million, is \$578.2 million. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable. During the fiscal year ended June 30, 2014, the City issued GO Bonds in the amount of \$74.1 million plus an additional \$3.225 million of short term GO Bonds. The GO Bonds were issued to finance projects relating to streets \$25.3 million, public safety \$9.8 million, storm sewer systems \$5.4 million, senior, family, community centers, and community enhancement \$5.2 million, zoo, biological park museum, and cultural facilities \$4.7 million, public transportation \$4.4 million, energy conservation, public facilities, and system modernization \$4.0 million, library \$3.0 million, affordable housing, \$2.5 million, and parks & recreation, \$1.7 million. In addition, the City issued \$11.7 million of general purpose bonds to refund to series 2005 general obligation storm sewer bonds. The City's business-type activities had long-term obligations of \$128.8 million, of which \$45.1 million is due or payable within the next fiscal year.

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 percentage for the City of Albuquerque is 2.96% of the \$12.0 billion taxable value of property within the City's boundaries. The City currently may issue up to an additional \$124 million of general purpose obligation bonds and has \$354.38 million of general purpose obligation debt

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outstanding subject to the legal debt limit at June 30, 2014. The net general bonded debt per capita is \$637. The highest per capita amount of \$675 was in fiscal year 2013. The lowest per capita amount was \$338 in the fiscal year ended 2003. The ratings on the City's uninsured general obligation bonds and gross receipts tax bonds for fiscal year 2014 are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when developing the fiscal year 2015 budget. Many of the City's revenues are influenced by the economy. The gross receipts tax revenue, which represents 63% of all General Fund revenue, is highly influenced by local economic conditions. GRT revenues increased slightly in FY/13 and growth continued into FY/14. The approved budget for FY/15 assumes growth in GRT of 2.6%. This is the estimated growth after accounting for deductions allowed by the state legislature for manufacturing inputs and construction services as well as other new deductions. Additionally, the revenue estimate identifies \$2.3 million as one-time revenue for FY/15 – the amount the state will not allot in FY/16 due to the phase out of the food and medical hold harmless distribution.

Property tax revenue growth was relatively low because of limited new property and commercial values. This was due to the economy. The two mill shift of property taxes from debt service to General Fund operations in fiscal year 2010 makes the property tax a more important source of revenue to the General Fund. The General Fund share of revenue from property taxes has increased from 8% in fiscal year 2008 to 20.8% in fiscal year 2014.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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

	2013	2014	2015
National Variables			
Real GDP Growth	2.0%	1.9%	3.0%
Federal Funds Rate	0.1%	0.1%	0.2%
10 U.S. Bonds	1.8%	2.8%	3.0%
CPI U	1.7%	1.5%	1.7%
Unemployment Rate(U.S.)	7.8%	7.3%	6.8%
Total Non-Farm Employment	1.6%	1.7%	1.8%
Manufacturing Employment	1.0%	1.0%	2.3%
Consumer sentiment index--University of Michigan	78.2	78.9	85.9
Exchange Rates	3.3%	3.0%	1.2%
Current Trade Account (billions of \$)	-412.9	-413.9	-446.2
Change in output per hour	0.8%	0.6%	0.9%
Natural Gas-Henry Hub \$ per MCF	3.4	3.7	3.9
West TX Intermediate (dollars per bbl)	92.3	102.7	97.5
Wage Growth	1.8%	2.1%	2.2%
Albuquerque Variables			
Employment Growth and Unemployment in Albuquerque MSA			
Total Non-Ag ABQ	0.5%	1.3%	1.7%
Private-Non Construction	0.9%	1.5%	1.9%
Construction Employment (growth)	-1.0%	3.2%	4.5%
Manufacturing(ABQ)	-0.6%	0.2%	1.4%
Unemployment Rate (Alb.)	7.2%	6.8%	6.6%
Construction Units Permitted in City of Albuquerque			
Single-Family Permits	915	1,122	1,491
Multi-Family Permits	933	858	822
Total Residential Permits	1,848	1,980	2,314

Source Global Insight and FOR-UNM October 2013 Baseline Forecasts

In October 2013, the voters passed a general obligation bond issue of \$115.6 million. Proceeds will be used for a variety of purposes including improvements for streets, storm drainage facilities, parks, senior and community centers, energy conservation, libraries and other cultural facilities. Based on information provided by the departments, the recurring operating impact on future budgets will be under \$1 million annually. A bond program to be presented to the voters in October of 2015 is currently in the planning and approval process.

The total original General Fund appropriation for fiscal year 2015 is \$493.4 million. This is an increase of \$13 million from the original fiscal year 2014 budget of \$480.3 million. The economy following the recession remains fragile and the City continues to diligently monitor expenditures along with revenues so that it can respond quickly should changes be required.

Request for Information

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

FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash, investments, and accrued interest	\$ 304,301,874	\$ 43,755,803	\$ 348,057,677
Cash with fiscal agent held for debt service	67,394,839	41,483,248	108,878,087
Cash held by others	215,423	719,560	934,983
Taxes receivable, net	71,358,598	-	71,358,598
Accounts receivable, net of allowance for uncollectible accounts	4,988,154	12,806,236	17,794,390
Due from other governments	17,037,658	10,569,395	27,607,053
Customer deposits	270,698	-	270,698
Internal balances	8,454,000	(8,454,000)	-
Inventories of supplies	2,283,243	4,329,707	6,612,950
Futures contract	449,892	260,000	709,892
Prepaid expenses	63,339	88,276	151,615
Total current assets	476,817,718	105,558,225	582,375,943
Noncurrent Assets:			
Long-term accounts and notes receivable	27,734,116	-	27,734,116
Restricted assets:			
Cash, investments, and accrued interest	153,129,137	126,766,346	279,895,483
Grant receivables	-	1,047,634	1,047,634
Accounts receivable-developers, net of allowance for uncollectible accounts	-	986,830	986,830
Land held for resale	10,086,398	-	10,086,398
Escrow deposits	-	432,918	432,918
Total restricted assets	163,215,535	129,233,728	292,449,263
Capital assets:			
Land and construction in progress	1,521,902,171	76,897,651	1,598,799,822
Capital assets depreciated and amortized	3,328,080,791	1,230,630,705	4,558,711,496
Accumulated depreciation and amortization	(1,333,913,269)	(819,250,765)	(2,153,164,034)
Total capital assets	3,516,069,693	488,277,591	4,004,347,284
Total noncurrent assets	3,707,019,344	617,511,319	4,324,530,663
Total assets	4,183,837,062	723,069,544	4,906,906,606
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain/loss on refunding	4,189,325	608,342	4,797,667
Total deferred outflows of resources	4,189,325	608,342	4,797,667

The accompanying notes are an integral part of these financial statements

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	23,701,778	4,988,800	28,690,578
Accrued employee compensation and benefits	18,514,943	565,211	19,080,154
Accrued vacation and sick leave	22,461,150	4,267,027	26,728,177
Customer deposits	1,768,455	901,466	2,669,921
Unearned revenue	8,265,600	1,071,435	9,337,035
Due to other governments	450,722	-	450,722
Contracts, claims, and other payable	139,687	-	139,687
Payable from restricted assets:			
Contracts, claims, and other payable	5,049,644	3,647,466	8,697,110
Current portion:			
Claims	22,250,000	-	22,250,000
Bonds, notes payable, and capital leases	57,948,534	40,884,706	98,833,240
Accrued interest	9,675,646	2,599,924	12,275,570
Total current liabilities	<u>170,226,159</u>	<u>58,926,035</u>	<u>229,152,194</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Landfill closure costs	-	2,001,997	2,001,997
Other	-	359,545	359,545
Total liabilities payable from restricted assets	<u>-</u>	<u>2,361,542</u>	<u>2,361,542</u>
Long-term payable:			
Bonds, notes payable, and capital leases, net of current portion, discounts and premiums	553,026,369	80,093,973	633,120,342
Total long-term payable	<u>553,026,369</u>	<u>80,093,973</u>	<u>633,120,342</u>
Other:			
Accrued vacation, sick leave and claims	83,909,956	2,003,454	85,913,410
Other post employment benefit obligation	4,545,536	-	4,545,536
Other liabilities	777,445	-	777,445
Total other	<u>89,232,937</u>	<u>2,003,454</u>	<u>91,236,391</u>
Total noncurrent liabilities	<u>642,259,306</u>	<u>84,458,969</u>	<u>726,718,275</u>
Total liabilities	<u>812,485,465</u>	<u>143,385,004</u>	<u>955,870,469</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - hospitality taxes	43,253	-	43,253
Unavailable revenue - lodgers' taxes	216,267	-	216,267
Unavailable revenue - infrastructure taxes	2,994,446	-	2,994,446
Unavailable revenue - fuel hedge	449,892	260,000	709,892
Total deferred inflows of resources	<u>3,703,858</u>	<u>260,000</u>	<u>3,963,858</u>
NET POSITION			
Net investment in capital assets	3,062,413,252	386,365,644	3,448,778,896
Restricted for:			
Debt service	10,187,019	9,010,654	19,197,673
Construction	114,372,036	79,126,737	193,498,773
Housing and economic development	8,262,867	9,783,784	18,046,651
Federal and state funded programs	10,516,058	-	10,516,058
Open space and urban enhancement			
Expendable	967,967	-	967,967
Nonexpendable	28,341,115	-	28,341,115
Unrestricted	<u>136,776,750</u>	<u>95,746,063</u>	<u>232,522,813</u>
Total net position	<u>\$ 3,371,837,064</u>	<u>\$ 580,032,882</u>	<u>\$ 3,951,869,946</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues	
			Charges for Services	Operating Grants and Contributions
Governmental activities:				
General government	\$ 91,816,030	\$ (3,203,571)	\$ 34,432,453	\$ 1,527,911
Public safety	234,293,109	1,561,690	8,168,017	7,991,961
Culture and recreation	101,081,647	524,609	9,941,907	383,562
Public works/municipal development	25,177,434	419,123	2,490,715	-
Health and welfare	18,573,931	346,574	6,200,696	-
Human services	59,237,769	289,415	1,331,113	23,603,539
Housing	1,769,579	62,160	-	-
Highways and streets	60,071,740	-	394,659	4,446,255
Interest and other charges	17,901,735	-	-	-
Total governmental activities	<u>609,922,974</u>	<u>-</u>	<u>62,959,560</u>	<u>37,953,228</u>
Business-type activities:				
Airport	59,726,925	-	69,941,310	-
Refuse disposal	56,386,211	-	63,811,902	-
Transit	59,893,974	-	11,967,916	-
Golf course	4,385,120	-	3,792,591	-
Apartments	3,552,520	-	3,894,277	-
Housing authority	32,508,011	-	2,161,546	28,030,249
Parking facilities	5,932,062	-	4,109,303	-
Stadium	1,816,557	-	1,774,693	-
Total business-type activities	<u>224,201,380</u>	<u>-</u>	<u>161,453,538</u>	<u>28,030,249</u>
Total activity	<u>\$ 834,124,354</u>	<u>\$ -</u>	<u>\$ 224,413,098</u>	<u>\$ 65,983,477</u>

General Revenues:

Taxes:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, July 1 (restated for Apartments Fund, Note IV,O.)

Net position, June 30

Program Revenues, cont. Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (52,652,095)	\$ -	\$ (52,652,095)
999,186	(218,695,635)	-	(218,695,635)
2,139,280	(89,141,507)	-	(89,141,507)
-	(23,105,842)	-	(23,105,842)
4,496,504	(8,223,305)	-	(8,223,305)
326,660	(34,265,872)	-	(34,265,872)
573,897	(1,257,842)	-	(1,257,842)
-	(55,230,826)	-	(55,230,826)
-	(17,901,735)	-	(17,901,735)
<u>8,535,527</u>	<u>(500,474,659)</u>	<u>-</u>	<u>(500,474,659)</u>
8,106,574	-	18,320,959	18,320,959
272,812	-	7,698,503	7,698,503
20,188,166	-	(27,737,892)	(27,737,892)
-	-	(592,529)	(592,529)
-	-	341,757	341,757
-	-	(2,316,216)	(2,316,216)
-	-	(1,822,759)	(1,822,759)
-	-	(41,864)	(41,864)
<u>28,567,552</u>	<u>-</u>	<u>(6,150,041)</u>	<u>(6,150,041)</u>
<u>\$ 37,103,079</u>	<u>(500,474,659)</u>	<u>(6,150,041)</u>	<u>(506,624,700)</u>
	137,384,733	-	137,384,733
	25,725,873	-	25,725,873
	2,157,983	-	2,157,983
	10,789,915	-	10,789,915
	156,085,343	-	156,085,343
	6,079	-	6,079
	186,990,205	-	186,990,205
	41,839	-	41,839
	1,146,093	(71,180)	1,074,913
	28,081,481	1,265,502	29,346,983
	3,149,440	1,014,474	4,163,914
	257,733	-	257,733
	<u>(40,686,356)</u>	<u>40,686,356</u>	<u>-</u>
	<u>511,130,361</u>	<u>42,895,152</u>	<u>554,025,513</u>
	10,655,702	36,745,111	47,400,813
	<u>3,361,181,362</u>	<u>543,287,771</u>	<u>3,904,469,133</u>
	<u>\$ 3,371,837,064</u>	<u>\$ 580,032,882</u>	<u>\$ 3,951,869,946</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	GO Bond Debt Service Fund
	<u> </u>	<u> </u>
ASSETS		
Cash, investments, and accrued interest	\$ 52,813,985	\$ 7,562,613
Cash with fiscal agents held for debt service	-	56,270,149
Cash held by others	-	-
Taxes receivable, net	59,398,504	4,494,714
Other receivables, net	4,640,523	-
Due from other governments	2,133,937	-
Due from other funds	3,890,655	-
Prepaid items	63,315	-
Land held for sale	-	-
Total assets	<u>\$ 122,940,919</u>	<u>\$ 68,327,476</u>
LIABILITIES		
Accounts payable	7,110,971	142,336
Contracts and other payable	319,646	-
Accrued employee compensation and benefits	18,322,025	-
Due to other funds	-	-
Due to other governments	450,722	-
Advances from other funds	-	-
Unearned revenue	104,477	-
Deposits	1,719,842	-
Matured bonds and interest payable	-	56,270,149
Total liabilities	<u>28,027,683</u>	<u>56,412,485</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	4,161,211	3,605,582
Unavailable revenue - gross receipts taxes	27,308,250	-
Unavailable revenue - gasoline taxes	-	-
Unavailable revenue - hospitality taxes	-	-
Unavailable revenue - lodgers' taxes	-	-
Unavailable revenue - infrastructure taxes	-	-
Unavailable revenue - special assessments	-	-
Total deferred inflows of resources	<u>31,469,461</u>	<u>3,605,582</u>
FUND BALANCES (DEFICITS)		
Nonspendable	63,315	-
Restricted	-	8,309,409
Committed	44,935,000	-
Assigned	-	-
Unassigned	18,445,460	-
Total fund balances	<u>63,443,775</u>	<u>8,309,409</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 122,940,919</u>	<u>\$ 68,327,476</u>

The accompanying notes are an integral part of these financial statements

Special Assessments Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
\$ 2,532,697	\$ 214,079,982	\$ 108,334,521	\$ 385,323,798
1,214,584	-	9,910,106	67,394,839
-	-	215,423	215,423
-	-	7,465,380	71,358,598
23,201,155	2,284	4,777,796	32,621,758
-	2,997,908	11,905,813	17,037,658
-	7,999,101	-	11,889,756
-	-	24	63,339
-	-	10,086,398	10,086,398
<u>\$ 26,948,436</u>	<u>\$ 225,079,275</u>	<u>\$ 152,695,461</u>	<u>\$ 595,991,567</u>
-	7,166,018	6,956,046	21,375,371
-	3,186,805	1,543,193	5,049,644
-	22,206	130,649	18,474,880
-	-	3,435,756	3,435,756
-	-	-	450,722
-	271,000	-	271,000
-	-	12,987,199	13,091,676
39,215	9,398	-	1,768,455
1,214,584	-	9,910,106	67,394,839
<u>1,253,799</u>	<u>10,655,427</u>	<u>34,962,949</u>	<u>131,312,343</u>
-	-	-	7,766,793
-	-	-	27,308,250
-	-	394,496	394,496
-	-	43,253	43,253
-	-	216,267	216,267
-	-	2,994,446	2,994,446
22,145,009	-	-	22,145,009
<u>22,145,009</u>	<u>-</u>	<u>3,648,462</u>	<u>60,868,514</u>
-	-	28,341,115	28,404,430
2,276,941	214,423,848	63,527,089	288,537,287
1,272,687	-	18,310,273	64,517,960
-	-	3,998,370	3,998,370
-	-	(92,797)	18,352,663
3,549,628	214,423,848	114,084,050	403,810,710
<u>\$ 26,948,436</u>	<u>\$ 225,079,275</u>	<u>\$ 152,695,461</u>	<u>\$ 595,991,567</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, 2014

Total fund balances governmental funds (page 31)	\$ 403,810,710
Capital assets used in governmental activities (except for internal service funds) are not financial resources and, therefore, are not reported in the funds.	3,515,484,658
Some long-term obligations applicable to governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position. (Note II.A)	(583,055,634)
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.	(26,843,294)
Some of the City's taxes will be collected after year-end and amounts due on real estate contracts are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows in the funds. (Note II.A)	<u>62,440,624</u>
Net position of governmental activities (page 27)	<u>\$ 3,371,837,064</u>

The accompanying notes are an integral part of these financial statements

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	GO Bond Debt Service Fund
Revenues:		
Taxes:		
Gross receipts taxes, local option	\$ 120,694,850	\$ -
Property taxes	78,282,390	59,696,156
Lodgers' and hospitality taxes	-	-
Franchise taxes	25,277,550	-
Payment in lieu of taxes	6,079	-
Licenses and permits	11,705,056	-
Intergovernmental - federal	55,155	-
Intergovernmental - state	187,612,164	-
Charges for services	46,411,666	-
Fines and forfeits	158,250	-
Interest on investments	212,676	98,451
Special assessments	-	-
Miscellaneous	1,487,500	-
	<u>471,903,336</u>	<u>59,794,607</u>
Total revenues		
	<u>471,903,336</u>	<u>59,794,607</u>
Expenditures:		
Current		
General government	64,132,242	-
Public safety	217,886,968	-
Culture and recreation	70,551,853	-
Public works	8,505,933	-
Highways and streets	15,603,941	-
Health	15,950,666	-
Human services	29,331,215	-
Housing	-	-
Debt service		
Principal	-	50,030,000
Interest	-	13,114,378
Fiscal agent fees and other fees	-	1,227,580
Capital outlay	744,860	-
	<u>422,707,678</u>	<u>64,371,958</u>
Total expenditures		
	<u>422,707,678</u>	<u>64,371,958</u>
Excess (deficiency) of revenues over expenditures	<u>49,195,658</u>	<u>(4,577,351)</u>
Other financing sources (uses):		
Transfers in	6,026,802	-
Transfers out	(50,118,221)	-
Insurance recovery	-	-
Premiums on bonds issued	-	6,625,480
Payments to refunded bond escrow agent	-	(11,355,000)
Proceeds from refunding bonds	-	11,675,000
Bond and notes issued	-	-
	<u>(44,091,419)</u>	<u>6,945,480</u>
Total other financing sources (uses)		
	<u>(44,091,419)</u>	<u>6,945,480</u>
Net change in fund balances	5,104,239	2,368,129
Fund balances, July 1	58,339,536	5,941,280
Fund balances, June 30	\$ 63,443,775	\$ 8,309,409

The accompanying notes are an integral part of these financial statements

Special Assessments Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
\$ -	\$ -	\$ 35,584,504	\$ 156,279,354
-	-	-	137,978,546
-	-	12,947,898	12,947,898
-	421,147	-	25,698,697
-	-	-	6,079
-	-	3,100,021	14,805,077
-	8,577,366	30,322,268	38,954,789
-	-	7,338,268	194,950,432
-	20,000	4,594,453	51,026,119
-	-	2,383,464	2,541,714
15,792	1,376,871	996,505	2,700,295
3,492,368	-	-	3,492,368
-	1,524,117	5,646,621	8,658,238
<u>3,508,160</u>	<u>11,919,501</u>	<u>102,914,002</u>	<u>650,039,606</u>
-	4,128,820	12,228,710	80,489,772
-	1,755,266	9,587,485	229,229,719
-	4,869,138	6,425,411	81,846,402
-	364,956	25,313	8,896,202
-	1,176,099	5,452,209	22,232,249
-	31,578	2,680,127	18,662,371
-	1,020,659	26,551,746	56,903,620
-	-	1,831,739	1,831,739
1,717,068	-	7,119,805	58,866,873
721,973	-	7,696,736	21,533,087
-	-	453,433	1,681,013
-	117,634,907	45,032,892	163,412,659
<u>2,439,041</u>	<u>130,981,423</u>	<u>125,085,606</u>	<u>745,585,706</u>
<u>1,069,119</u>	<u>(119,061,922)</u>	<u>(22,171,604)</u>	<u>(95,546,100)</u>
-	5,885,000	25,265,957	37,177,759
-	(4,428,838)	(23,360,056)	(77,907,115)
-	-	257,733	257,733
-	41,120	(455,391)	6,211,209
-	-	(33,650,334)	(45,005,334)
-	2,310,000	34,650,000	48,635,000
-	65,660,000	-	65,660,000
-	69,467,282	2,707,909	35,029,252
1,069,119	(49,594,640)	(19,463,695)	(60,516,848)
<u>2,480,509</u>	<u>264,018,488</u>	<u>133,547,745</u>	<u>464,327,558</u>
<u>\$ 3,549,628</u>	<u>\$ 214,423,848</u>	<u>\$ 114,084,050</u>	<u>\$ 403,810,710</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Net change in fund balances – total governmental funds (page 34)	\$ (60,516,848)
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)	89,486,118
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II.B)	(16,634,653)
Internal service funds are used by the City to charge the cost of tort liability, workers compensation and employee health insurance to other individual funds. In addition, the cost of providing communications, fleet maintenance and supplies warehousing services are also charged. The net revenue (expense) of the internal service funds is reported with governmental activities.	3,898,255
Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to provide financing resources for the current period. Likewise, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, revenues and expenses are reported regardless of when financial resources are available. This adjustment combines the net change of balances.	(3,427,678)
Interest earned on loans receivable are not available for collections and are not included in the governmental fund financial statements. However, the accrued interest is reported in the governmental-wide financial statements.	2,487
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.	2,393,557
The change in liability for the City's portion of OPEB Obligation is reported as expenditure in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.	<u>(4,545,536)</u>
Change in net position of governmental activities (page 29)	\$ <u>10,655,702</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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Gross receipts tax-local option	\$ 118,949,000	\$ 121,116,000	\$ 120,694,850	\$ (421,150)
Current property tax	74,681,000	75,556,000	75,772,652	216,652
Delinquent property tax	2,176,000	2,568,000	2,509,738	(58,262)
Franchise taxes:				
Electric	9,078,000	9,078,000	9,020,632	(57,368)
Gas	4,260,000	4,260,000	4,397,895	137,895
Cable television	4,319,000	4,319,000	4,121,671	(197,329)
Telephone	1,847,000	1,756,000	1,993,659	237,659
Telecommunications	417,000	239,000	230,237	(8,763)
Water Authority	6,136,000	6,136,000	5,513,456	(622,544)
Payments in lieu of Taxes	-	-	6,079	6,079
Total taxes	<u>221,863,000</u>	<u>225,028,000</u>	<u>224,260,869</u>	<u>(767,131)</u>
Licenses and permits:				
Building permits	3,926,000	3,277,000	3,013,726	(263,274)
Plan checking permits	1,705,000	1,366,000	1,439,612	73,612
Business registration fees	1,235,000	1,235,000	1,221,759	(13,241)
Plumbing/mechanical permits	1,124,000	873,000	914,049	41,049
Restaurant inspections	1,200,000	1,200,000	1,212,119	12,119
Electrical/refrigeration permits	776,000	681,000	690,523	9,523
Other licenses and permits	197,000	183,000	194,442	11,442
Right of way usage permits	210,000	210,000	171,815	(38,185)
Liquor licenses	210,000	210,000	215,398	5,398
Animal licenses	260,000	250,000	266,326	16,326
Food retailers inspections	226,000	226,000	232,802	6,802
Swimming pool inspections	130,000	125,000	128,495	3,495
Flood plan certification	170,000	131,000	148,354	17,354
Reroofing permits	98,000	80,000	83,899	3,899
Loading zone permits	12,000	12,000	14,849	2,849
Solicitation permits	5,000	5,000	9,015	4,015
Excavation permits	250,000	205,000	239,256	34,256
Barricading permits	1,000,000	1,200,000	1,508,617	308,617
Total licenses and permits	<u>12,734,000</u>	<u>11,469,000</u>	<u>11,705,056</u>	<u>236,056</u>
Intergovernmental:				
State shared:				
Gross receipts tax	178,259,000	181,674,000	181,288,948	(385,052)
Municipal road - gas tax	2,420,000	2,420,000	2,586,336	166,336
Motor vehicle license distribution	1,670,000	1,670,000	1,929,282	259,282
Municipal comp tax	1,722,000	1,336,000	1,570,062	234,062
Grants:				
Other	102,000	102,000	55,155	(46,845)
Bernalillo County-shared operations	239,000	239,000	237,536	(1,464)
Total intergovernmental	<u>184,412,000</u>	<u>187,441,000</u>	<u>187,667,319</u>	<u>226,319</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services:				
General government:				
Administrative charges to other funds	26,492,000	25,632,000	22,703,393	(2,928,607)
Legal services	2,240,000	2,387,000	2,419,308	32,308
Grounds maintenance	1,069,000	1,069,000	752,228	(316,772)
Engineering fees	461,000	595,000	605,193	10,193
Engineering inspections	280,000	220,000	253,520	33,520
Shooting range fees	338,000	280,000	276,596	(3,404)
Records search fees	250,000	160,000	184,850	24,850
Filing of plats and subdivisions	96,000	136,000	165,015	29,015
Administrative fees	80,000	393,000	602,057	209,057
Photocopying	75,000	75,000	145,822	70,822
Hearing officer charges	80,000	55,000	54,813	(187)
Sign fees	66,000	90,000	114,130	24,130
Zoning plan check fees	98,000	89,000	98,385	9,385
Office services	35,000	35,000	26,267	(8,733)
Planning services	175,000	16,000	407,541	391,541
Land mediation charges	-	10,000	10,505	505
Sale of maps and publications	-	-	268	268
AGIS services	-	-	679	679
Public safety:				
Police services	4,390,000	4,810,000	4,879,255	69,255
Fire services	750,000	860,000	803,985	(56,015)
Culture and recreation:				
Zoo admissions	2,529,000	2,529,000	2,509,520	(19,480)
Cultural affairs	1,614,000	1,645,000	1,902,860	257,860
Albuquerque aquarium and gardens	1,661,000	1,661,000	1,558,405	(102,595)
Latch key program	1,000,000	864,000	847,160	(16,840)
Swimming pools	730,000	730,000	745,979	15,979
Sports programs	558,000	444,000	488,622	44,622
Other recreation charges	218,000	209,000	211,709	2,709
Museum charges	133,000	140,000	120,309	(19,691)
Other zoo charges	101,000	266,000	252,162	(13,838)
Community centers	95,000	129,000	109,652	(19,348)
Tournament/field rental	64,000	50,000	93,672	43,672
Outdoor recreation fees	1,000	-	16,407	16,407

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services:				
Highways and streets:				
Other street division charges/permits	309,000	309,000	222,844	(86,156)
Health:				
Animal control charges	1,331,000	1,371,000	1,497,504	126,504
Human services:				
Childcare services	900,000	633,000	660,913	27,913
Senior center memberships	272,000	230,000	234,308	4,308
Senior meal programs	136,000	133,000	143,037	10,037
Other	34,000	36,000	38,135	2,135
Senior dances	32,000	35,000	38,371	3,371
DSA Route #2	16,000	223,000	198,066	(24,934)
Senior coffee	12,000	16,000	18,221	2,221
Total charges for services	<u>48,721,000</u>	<u>48,565,000</u>	<u>46,411,666</u>	<u>(2,153,334)</u>
Fines and forfeits:				
Air quality penalties	120,000	120,000	158,250	38,250
Total fines and forfeits	<u>120,000</u>	<u>120,000</u>	<u>158,250</u>	<u>38,250</u>
Interest:				
Interest on investments	330,000	330,000	212,676	(117,324)
Total interest	<u>330,000</u>	<u>330,000</u>	<u>212,676</u>	<u>(117,324)</u>
Miscellaneous:				
Community center rentals	390,000	302,000	339,123	37,123
Jury duty and witness fees	2,000	2,000	6,340	4,340
Rental of City property	198,000	699,000	671,427	(27,573)
Other miscellaneous	310,000	417,000	131,725	(285,275)
Sales of real property	-	50,000	189,973	139,973
Collections from property damage	-	-	226	226
Contributions and donations	20,000	22,000	46,516	24,516
Liens and recoveries	-	12,000	102,170	90,170
Total miscellaneous	<u>920,000</u>	<u>1,504,000</u>	<u>1,487,500</u>	<u>(16,500)</u>
Total revenues	<u>469,100,000</u>	<u>474,457,000</u>	<u>471,903,336</u>	<u>(2,553,664)</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Current:				
General Government:				
Accounting	3,530,000	3,538,000	3,272,864	265,136
Administrative hearing office	433,000	440,000	386,883	53,117
Chief Administrative Officer	1,880,000	1,890,000	1,875,967	14,033
Citizen Services	3,524,000	3,524,000	3,168,843	355,157
Citywide financial support	1,077,000	1,077,000	923,962	153,038
Community revitalization	1,718,000	1,776,000	1,562,199	213,801
Council services	3,225,000	3,208,000	2,725,994	482,006
DFAS - strategic support	340,000	340,000	352,521	(12,521)
Dues and memberships	434,000	434,000	415,619	18,381
Early retirement	7,000,000	7,600,000	7,587,152	12,848
Economic development	1,143,000	1,347,000	1,292,605	54,395
ED - Convention Center	1,936,000	1,936,000	1,680,479	255,521
Enterprise resource planning	2,485,000	2,517,000	2,575,171	(58,171)
Facilities	8,221,000	8,221,000	8,084,085	136,915
Information services	6,608,000	6,981,000	5,967,636	1,013,364
International trade	46,000	71,000	68,654	2,346
Joint committee- intergov. legislation	158,000	158,000	159,667	(1,667)
Legal services	4,366,000	4,386,000	4,132,226	253,774
Mayor's office	901,000	903,000	831,087	71,913
Office of Inspector General	316,000	316,000	192,495	123,505
Office of Internal Audit	810,000	810,000	719,150	90,850
Office of Management and Budget	1,051,000	1,051,000	874,095	176,905
Office of the City Clerk	1,682,000	2,350,000	2,081,155	268,845
One Stop Shop	6,034,000	6,034,000	5,561,910	472,090
Open and Ethical Elections	481,000	481,000	481,000	-
Personnel services	2,334,000	2,340,000	2,059,589	280,411
Planning - strategic support	1,510,000	1,516,000	1,480,133	35,867
Purchasing and office supply	1,158,000	1,158,000	1,076,134	81,866
Real property	669,000	669,000	597,048	71,952
Safe city strike force	895,000	895,000	891,066	3,934
Treasury	1,230,000	1,230,000	1,137,151	92,849
Total general government	<u>67,195,000</u>	<u>69,197,000</u>	<u>64,214,540</u>	<u>4,982,460</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (continued):				
Current:				
Public safety:				
Police Department:				
Communications & records	13,513,000	13,646,000	14,218,531	(572,531)
Family advocacy center	7,454,000	7,454,000	8,179,273	(725,273)
Investigative services	17,284,000	17,351,000	16,640,962	710,038
Neighborhood Policing	95,092,000	95,246,000	87,955,728	7,290,272
Off duty police overtime	1,825,000	1,825,000	1,553,797	271,203
Officer & department support	14,966,000	15,720,000	15,595,565	124,435
Prisoner transport	1,735,000	1,738,000	1,821,050	(83,050)
Professional standards	1,344,000	1,346,000	1,438,361	(92,361)
Fire Department:				
AFD headquarters	2,107,000	2,109,000	2,028,296	80,704
Dispatch	4,031,000	4,046,000	4,045,855	145
Emergency response	55,204,000	55,994,000	55,706,332	287,668
Fire prevention	3,811,000	3,826,000	3,802,983	23,017
Logistics	1,793,000	1,793,000	1,791,847	1,153
Technical services	617,000	620,000	610,710	9,290
Training and safety	2,352,000	2,570,000	2,568,476	1,524
Total public safety	<u>223,128,000</u>	<u>225,284,000</u>	<u>217,957,766</u>	<u>7,326,234</u>
Culture and recreation:				
Aquatics	4,050,000	4,054,000	4,001,434	52,566
Aviation landscape	1,004,000	1,093,000	649,130	443,870
Balloon museum	991,000	991,000	990,637	363
Biopark	12,833,000	12,833,000	12,774,721	58,279
CIP Biopark	74,000	169,000	312,206	(143,206)
CIP library	63,000	63,000	62,870	130
CIP parks	2,898,000	2,898,000	2,410,486	487,514
Community events	2,548,000	2,623,000	2,531,439	91,561
Community recreation	7,588,000	7,588,000	7,575,955	12,045
Cultural services- strategic support	1,509,000	1,529,000	1,552,919	(23,919)
Explora	1,437,000	1,437,000	1,438,190	(1,190)
Library	10,636,000	10,752,000	10,727,351	24,649
Museum	2,943,000	2,943,000	2,942,994	6
Parks and recreation- strategic support	847,000	847,000	836,330	10,670
Parks management	17,376,000	17,549,000	17,450,076	98,924
Promote safe use of firearms	504,000	506,000	511,634	(5,634)
Public Arts and Urban Enhancement	264,000	264,000	268,994	(4,994)
Quality recreation	2,341,000	2,368,000	2,406,969	(38,969)
Senior affairs- strategic support	1,819,000	1,835,000	1,665,329	169,671
Special events parking	19,000	19,000	19,000	-
Total culture and recreation	<u>71,744,000</u>	<u>72,361,000</u>	<u>71,128,664</u>	<u>1,232,336</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (continued):				
Current:				
Municipal Development				
Construction	1,648,000	1,648,000	1,328,271	319,729
Design recovered parks & CIP	1,559,000	1,561,000	1,191,757	369,243
Design recovered storm drain	1,991,000	1,991,000	1,853,286	137,714
Storm drainage	2,381,000	2,381,000	2,333,161	47,839
Strategic support	1,964,000	1,964,000	1,799,461	164,539
Street CIP	4,255,000	4,255,000	3,952,524	302,476
Street services	11,723,000	11,725,000	11,651,414	73,586
Total municipal development	<u>25,521,000</u>	<u>25,525,000</u>	<u>24,109,874</u>	<u>1,415,126</u>
Health:				
Animal care and control	10,005,000	10,360,000	10,358,432	1,568
Code enforcement	3,328,000	3,328,000	2,917,568	410,432
Consumer health protection	1,032,000	1,032,000	1,031,992	8
Environmental services	570,000	591,000	560,748	30,252
Strategic support	655,000	655,000	638,718	16,282
Vector born & zoonotic disease	443,000	444,000	443,208	792
Total health	<u>16,033,000</u>	<u>16,410,000</u>	<u>15,950,666</u>	<u>459,334</u>
Human services:				
Access to basic services- seniors	90,000	90,000	89,500	500
Develop affordable housing	1,435,000	1,435,000	1,346,129	88,871
Early childhood education	5,341,000	5,343,000	4,783,342	559,658
Emergency shelter	1,077,000	1,078,000	1,026,703	51,297
Health & social services	3,628,000	3,632,000	3,232,500	399,500
Mental health services	2,470,000	2,470,000	2,488,408	(18,408)
Partner with public education	5,305,000	5,354,000	4,520,311	833,689
Plan and coordinate	1,423,000	1,425,000	1,176,474	248,526
Reduce youth gangs	1,388,000	1,388,000	1,187,544	200,456
Substance abuse treatment and prevention	4,696,000	4,696,000	4,585,215	110,785
Supportive services to homeless	216,000	216,000	218,215	(2,215)
Provide transitional housing	155,000	155,000	151,992	3,008
Well being- seniors	4,717,000	4,749,000	4,539,835	209,165
Total human services	<u>31,941,000</u>	<u>32,031,000</u>	<u>29,346,168</u>	<u>2,684,832</u>
Total expenditures	<u>435,562,000</u>	<u>440,808,000</u>	<u>422,707,678</u>	<u>18,100,322</u>

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROJECT FUND BALANCE BY PURPOSE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess of revenues over expenditures	33,538,000	33,649,000	49,195,658	15,546,658
Other financing sources (uses):				
Transfers in	3,627,000	4,364,603	6,026,802	1,662,199
Transfers out	(44,773,000)	(50,304,000)	(50,118,221)	185,779
Total other financing sources and uses	(41,146,000)	(45,939,397)	(44,091,419)	1,847,978
Net change in fund balance	(7,608,000)	(12,290,397)	5,104,239	17,394,636
Fund balance, July 1	58,339,536	58,339,536	58,339,536	-
Fund balance, June 30	\$ 50,731,536	\$ 46,049,139	\$ 63,443,775	\$ 17,394,636

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

ASSETS	Airport Fund	Refuse Disposal Fund
Current assets:		
Cash, investments, and accrued interest	\$ 19,950,981	\$ 10,335,322
Cash with fiscal agents held for debt service	39,563,857	1,078,392
Cash held by others	-	-
Accounts receivable, net of allowance for uncollectible accounts	2,622,125	3,530,552
Due from other funds	-	-
Prepaid expenses	62,885	-
Futures contract	-	-
Due from other governments	-	-
Customer deposits	-	-
Inventories of supplies	692,609	741,168
Total current assets	62,892,457	15,685,434
Noncurrent assets:		
Restricted assets:		
Cash, investments, and accrued interest	97,756,292	14,425,128
Accounts receivable-developers, net of allowance for uncollectible accounts	-	-
Grant receivables	1,047,634	-
Escrow deposits	-	-
Total restricted assets	98,803,926	14,425,128
Capital assets:		
Land	41,093,819	5,165,506
Buildings and improvements	190,472,320	13,211,019
Runways and other improvements	302,616,380	-
Infrastructure	-	9,831,714
Improvements other than buildings	248,350,587	31,075,008
Machinery and equipment	22,877,635	62,517,010
Other	854,296	16,870
Total	806,265,037	121,817,127
Less accumulated depreciation and amortization	546,884,461	67,973,347
Capital assets, net of depreciation	259,380,576	53,843,780
Construction work in progress	11,601,174	200,191
Total capital assets	270,981,750	54,043,971
Other:		
Advances to other funds	-	-
Total other assets	-	-
Total noncurrent assets	369,785,676	68,469,099
Total assets	\$ 432,678,133	\$ 84,154,533
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gain/loss on refunding	525,272	-
Total deferred outflows of resources	525,272	-

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Fund	Other Enterprise Funds	Totals	
\$ 195,389	\$ 13,274,111	\$ 43,755,803	\$ 72,107,213
-	840,999	41,483,248	-
-	719,560	719,560	-
5,231,598	1,421,961	12,806,236	100,512
1,019,490	-	1,019,490	-
-	25,391	88,276	-
260,000	-	260,000	449,892
10,565,398	3,997	10,569,395	-
-	-	-	270,698
2,697,110	198,820	4,329,707	2,283,243
<u>19,968,985</u>	<u>16,484,839</u>	<u>115,031,715</u>	<u>75,211,558</u>
1,945,031	12,639,895	126,766,346	-
-	986,830	986,830	-
-	-	1,047,634	-
-	432,918	432,918	-
<u>1,945,031</u>	<u>14,059,643</u>	<u>129,233,728</u>	<u>-</u>
4,930,660	8,875,433	60,065,418	283,842
83,479,038	145,474,017	432,636,394	1,278,231
-	-	302,616,380	-
-	-	9,831,714	-
6,615,641	-	286,041,236	-
107,808,443	6,285,023	199,488,111	1,243,537
-	100,904	972,070	21,000
202,833,782	160,735,377	1,291,651,323	2,826,610
98,536,122	105,856,835	819,250,765	2,241,575
104,297,660	54,878,542	472,400,558	585,035
1,659,174	2,416,494	15,877,033	-
<u>105,956,834</u>	<u>57,295,036</u>	<u>488,277,591</u>	<u>585,035</u>
-	-	-	271,000
-	-	-	271,000
107,901,865	71,354,679	617,511,319	856,035
<u>\$ 127,870,850</u>	<u>\$ 87,839,518</u>	<u>\$ 732,543,034</u>	<u>\$ 76,067,593</u>
-	83,070	608,342	-
-	83,070	608,342	-

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2014

LIABILITIES	Airport Fund	Refuse Disposal Fund
Current liabilities:		
Accounts payable	\$ 812,076	\$ 1,663,309
Accrued employee compensation and benefits	119,114	190,672
Accrued vacation and sick leave	1,256,468	1,632,810
Accrued fuel cleanup costs	-	-
Fare tokens outstanding	-	-
Customer deposits	646,008	111,241
Due to other funds	-	-
Claims and judgments	-	-
Liabilities payable from restricted assets:		
Contracts and other payable	3,423,110	44,121
Unearned revenue	645,004	-
Current portion - revenue bonds, notes payable, and capital leases	37,451,667	1,051,913
Accrued interest	2,112,190	54,541
Total current liabilities	<u>46,465,637</u>	<u>4,748,607</u>
Noncurrent liabilities:		
Liabilities payable from restricted assets:		
Accrued landfill closure costs	-	2,001,997
Other	-	-
Total	<u>-</u>	<u>2,001,997</u>
Revenue bonds, notes payable and capital leases, net of current portion and unamortized discounts	<u>58,159,124</u>	<u>411,730</u>
Other:		
Claims and judgments	-	-
Accrued vacation and sick leave	699,940	597,585
Total	<u>699,940</u>	<u>597,585</u>
Total noncurrent liabilities:	<u>58,859,064</u>	<u>3,011,312</u>
Total liabilities	<u>105,324,701</u>	<u>7,759,919</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - fuel hedge	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	191,436,429	55,498,520
Restricted for:		
Debt service	6,419,592	419,097
Construction	65,379,536	8,341,994
Housing vouchers	-	-
Unrestricted	64,643,147	12,135,003
Total net position (deficit)	<u>\$ 327,878,704</u>	<u>\$ 76,394,614</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Fund	Other Enterprise Funds	Totals	
\$ 1,962,599	\$ 550,816	\$ 4,988,800	\$ 2,326,407
226,453	28,972	565,211	40,063
1,128,496	249,253	4,267,027	421,109
-	-	-	139,687
138,426	-	138,426	-
-	5,791	763,040	-
7,999,101	1,474,389	9,473,490	-
-	-	-	22,250,000
180,235	-	3,647,466	-
400,000	26,431	1,071,435	-
1,239,946	1,141,180	40,884,706	-
-	433,193	2,599,924	-
<u>13,275,256</u>	<u>3,910,025</u>	<u>68,399,525</u>	<u>25,177,266</u>
-	-	2,001,997	-
-	359,545	359,545	-
-	359,545	2,361,542	-
<u>2,296,011</u>	<u>19,227,108</u>	<u>80,093,973</u>	<u>-</u>
-	-	-	77,201,037
444,863	261,066	2,003,454	82,692
<u>444,863</u>	<u>261,066</u>	<u>2,003,454</u>	<u>77,283,729</u>
2,740,874	19,847,719	84,458,969	77,283,729
<u>16,016,130</u>	<u>23,757,744</u>	<u>152,858,494</u>	<u>102,460,995</u>
260,000	-	260,000	449,892
<u>260,000</u>	<u>-</u>	<u>260,000</u>	<u>449,892</u>
102,420,877	37,009,818	386,365,644	585,035
436,692	1,735,273	9,010,654	-
1,152,879	4,252,328	79,126,737	-
-	9,783,784	9,783,784	-
7,584,272	11,383,641	95,746,063	(27,428,329)
<u>\$ 111,594,720</u>	<u>\$ 64,164,844</u>	<u>\$ 580,032,882</u>	<u>\$ (26,843,294)</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, 2014

	Airport Fund	Refuse Disposal Fund
Operating revenues:		
Charges for services	\$ 60,714,621	\$ 63,811,902
Operating expenses:		
Salaries and fringe benefits	\$ 15,537,163	\$ 25,132,302
Professional services	798,700	315,208
Utilities	2,799,047	438,725
Supplies	888,222	1,655,677
Travel	28,989	5,062
Fuels, repairs and maintenance	3,249,448	10,628,403
Contractual services	5,564,018	5,172,099
Claims and judgments	-	-
Insurance premiums	709,139	2,544,830
Other operating expenses	1,778,261	2,449,729
Depreciation	24,296,721	7,949,302
Bad debt expense (recovery)	76,206	102,365
Total operating expenses	55,725,914	56,393,702
Operating income (loss)	4,988,707	7,418,200
Non-operating revenues (expenses):		
Interest on investments	760,913	138,983
Federal housing grants	-	-
Housing assistance payments	-	-
Passenger facilities charges	9,226,689	-
Gain (loss) on disposition of property and equipment	-	66,286
Interest and other debt service expenses	(4,055,743)	(58,795)
Amortization of bond discounts/premiums	54,732	-
Fiscal agent fees	-	-
Capital expenditures	-	-
Other	472,903	507,373
Total non-operating revenues (expenses)	6,459,494	653,847
Income (loss) before capital contributions and transfers	11,448,201	8,072,047
Capital contributions	8,106,574	272,812
Transfers in	-	-
Transfers out	-	(2,194,597)
Change in net position	19,554,775	6,150,262
Net position, July 1 (restated for Apartments Fund, Note IV.O.)	308,323,929	70,244,352
Net position, June 30	\$ 327,878,704	\$ 76,394,614

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds

Transit Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
\$ 11,967,916	\$ 15,732,410	\$ 152,226,849	\$ 109,423,660
26,260,038	7,613,938	74,543,441	7,164,325
29,580	1,125,956	2,269,444	1,373,505
1,106,111	3,486,582	7,830,465	540,552
1,017,030	194,765	3,755,694	1,502,911
44,060	5,544	83,655	14,310
10,107,167	2,954,216	26,939,234	7,344,820
1,098,416	2,265,927	14,100,460	6,358,588
-	-	-	22,682,779
2,699,747	-	5,953,716	57,071,389
4,364,917	2,591,704	11,184,611	1,934,051
12,911,284	3,566,999	48,724,306	123,893
(64)	952,162	1,130,669	-
<u>59,638,286</u>	<u>24,757,793</u>	<u>196,515,695</u>	<u>106,111,123</u>
(47,670,370)	(9,025,383)	(44,288,846)	3,312,537
18,500	96,078	1,014,474	526,123
-	28,030,249	28,030,249	-
-	(22,345,113)	(22,345,113)	-
-	-	9,226,689	-
(22,059)	-	44,227	5,470
(227,143)	(1,035,801)	(5,377,482)	-
-	6,696	61,428	-
(6,486)	(62,259)	(68,745)	-
(906)	(70,274)	(71,180)	-
56,471	228,755	1,265,502	11,125
<u>(181,623)</u>	<u>4,848,331</u>	<u>11,780,049</u>	<u>542,718</u>
(47,851,993)	(4,177,052)	(32,508,797)	3,855,255
20,188,166	-	28,567,552	-
39,550,618	4,154,000	43,704,618	875,000
(556,622)	(267,043)	(3,018,262)	(832,000)
11,330,169	(290,095)	36,745,111	3,898,255
<u>100,264,551</u>	<u>64,454,939</u>	<u>543,287,771</u>	<u>(30,741,549)</u>
<u>\$ 111,594,720</u>	<u>\$ 64,164,844</u>	<u>\$ 580,032,882</u>	<u>\$ (26,843,294)</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year ended June 30, 2014

	Airport Fund	Refuse Disposal Fund
Cash flows from operating activities:		
Cash received from customers	\$ 61,927,123	\$ 64,037,702
Cash received from other funds for goods and services	11,549	793
Cash payments to employees for services	(15,491,181)	(24,961,140)
Cash payments to suppliers for goods and services	(10,749,587)	(19,430,050)
Cash payments to other funds for goods and services	(3,815,338)	(5,542,587)
Cash payments to claimants and beneficiaries	-	-
Miscellaneous cash received (paid)	-	-
Net cash provided by (used for) operating activities	<u>31,882,566</u>	<u>14,104,718</u>
Cash flow from noncapital financing activities:		
Operating grants received	-	-
Housing assistance payments	-	-
Principal paid on advance from other funds	-	-
Interest paid on advance from other funds	-	-
Miscellaneous cash received (paid)	454,342	780,185
Transfers from other funds	-	-
Transfers to other funds	-	(2,194,597)
Net cash provided by (used for) noncapital financing activities	<u>454,342</u>	<u>(1,414,412)</u>
Cash flows from capital and related financing activities:		
Proceeds from bonds or notes payable	16,795,000	-
Principal paid on revenue bond maturities and refunded bonds	(20,016,250)	(1,921,534)
Interest and other expenses paid on revenue bond maturities	(3,997,478)	(90,261)
Acquisition and construction of capital assets	(21,376,039)	(7,246,459)
Capital grants received	9,750,979	-
Passenger facilities charges	9,226,689	-
Proceeds from sale (retirement) of property and equipment	-	97,007
Net cash provided by (used for) capital and related financing activities	<u>(9,617,099)</u>	<u>(9,161,247)</u>
Cash flows from investing activities:		
Interest received on investments	<u>760,913</u>	<u>138,983</u>
Net cash provided by investing activities	<u>760,913</u>	<u>138,983</u>
Net increase (decrease) in cash and cash equivalents	23,480,722	3,668,042
Cash and cash equivalents, July 1	<u>133,790,408</u>	<u>22,170,800</u>
Cash and cash equivalents, June 30	<u>\$ 157,271,130</u>	<u>\$ 25,838,842</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds

Business-type Activities - Enterprise Funds			Governmental
Transit	Other	Totals	Activities -
Fund	Enterprise		Internal
	Funds		Service
			Funds
\$ 11,820,967	\$ 16,224,996	\$ 154,010,788	\$ 687,565
4,290,666	123,991	4,426,999	111,601,030
(26,402,426)	(7,695,284)	(74,550,031)	(7,260,119)
(11,997,921)	(12,002,313)	(54,179,871)	(91,270,642)
(7,560,676)	(1,902,430)	(18,821,031)	(2,918,455)
-	-	-	(33,086,928)
56,471	104,092	160,563	13,595
<u>(29,792,919)</u>	<u>(5,146,948)</u>	<u>11,047,417</u>	<u>(22,233,954)</u>
-	28,030,249	28,030,249	-
-	(22,345,113)	(22,345,113)	-
-	(3,105,000)	(3,105,000)	-
-	(154,940)	(154,940)	-
-	124,663	1,359,190	-
39,550,618	4,154,000	43,704,618	875,000
<u>(556,622)</u>	<u>(267,043)</u>	<u>(3,018,262)</u>	<u>(832,000)</u>
<u>38,993,996</u>	<u>6,436,816</u>	<u>44,470,742</u>	<u>43,000</u>
-	190,165	16,985,165	-
(2,403,026)	(1,091,279)	(25,432,089)	-
(227,143)	(910,657)	(5,225,539)	-
(18,250,085)	(1,266,134)	(48,138,717)	(78,593)
12,844,081	-	22,595,060	-
-	-	9,226,689	-
-	-	97,007	2,999
<u>(8,036,173)</u>	<u>(3,077,905)</u>	<u>(29,892,424)</u>	<u>(75,594)</u>
<u>18,500</u>	<u>96,078</u>	<u>1,014,474</u>	<u>526,123</u>
<u>18,500</u>	<u>96,078</u>	<u>1,014,474</u>	<u>526,123</u>
1,183,404	(1,691,959)	26,640,209	(21,740,425)
957,016	29,599,442	186,517,666	93,847,638
<u>\$ 2,140,420</u>	<u>\$ 27,907,483</u>	<u>\$ 213,157,875</u>	<u>\$ 72,107,213</u>

The accompanying notes are an integral part of these financial statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year ended June 30, 2014

	Airport Fund	Refuse Disposal Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 4,988,707	\$ 7,418,200
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	24,296,721	7,949,302
Miscellaneous income (expense)	-	-
Fiscal agent fees	-	-
Bad debt expense (recovery)	-	102,365
Provision for landfill liability	-	77,435
Decrease (increase) in assets:		
Receivables	1,016,078	230,591
Due from other governments	-	-
Due from other funds	-	-
Inventories of supplies	(9,554)	160,485
Prepaid expenses	(62,885)	-
Customer deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	(19,360)	(1,808,622)
Customer deposits	40,455	(4,791)
Accrued landfill closure costs and fuels cleanup	-	-
Accrued employee compensation and benefits	45,982	171,162
Fare tokens outstanding and customer deposits	-	-
Due to other funds	-	-
Contracts and other payable	1,430,453	(191,409)
Claims and judgments	-	-
Other	-	-
Unearned revenue	155,969	-
Net cash provided by (used for) operating activities	<u>\$ 31,882,566</u>	<u>\$ 14,104,718</u>
Cash and cash equivalents at June 30 consist of:		
Current assets:		
Cash, investments, and accrued interest	\$ 19,950,981	\$ 10,335,322
Cash with fiscal agents held for debt service	39,563,857	1,078,392
Cash held by others	-	-
Restricted assets:		
Cash, investments, and accrued interest	97,756,292	14,425,128
Escrow deposits	-	-
Total cash and cash equivalents, June 30	<u>\$ 157,271,130</u>	<u>\$ 25,838,842</u>
Schedule of non-cash capital and related financing activities:		
Increase (decrease) in fair value of investments	\$ 210,339	\$ 38,634
HUD payment of third party guaranteed debt	-	-
Write off bond issuance costs	(418,815)	(1,504)
Amortization of bond discounts/premiums	54,732	-
Gain (loss) on disposition of fixed assets	-	(30,721)
Increase in accrued land fill closure liability	-	77,435

The accompanying notes are an integral part of these financial statements

Business-type Activities - Enterprise Funds

Transit Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
\$ (47,670,370)	\$ (9,025,383)	\$ (44,288,846)	\$ 3,312,537
12,911,284	3,566,999	48,724,306	123,893
56,471	104,092	160,563	13,595
-	-	-	-
(64)	952,162	1,054,463	-
-	-	77,435	-
(145,566)	517,825	1,618,928	(25,269)
-	(381)	(381)	-
48,019	-	48,019	100,000
78,370	(47,032)	182,269	(180,497)
-	(15,227)	(78,112)	-
-	-	-	(22,536)
1,018,415	(146,742)	(956,309)	(2,347,317)
-	(35,926)	(262)	-
-	-	-	19,353
(142,388)	(81,346)	(6,590)	(95,794)
(1,383)	-	(1,383)	-
4,290,468	(947,058)	3,343,410	-
(236,175)	-	1,002,869	-
-	-	-	(10,381,613)
-	-	-	(12,750,306)
-	11,069	167,038	-
<u>\$ (29,792,919)</u>	<u>\$ (5,146,948)</u>	<u>\$ 11,047,417</u>	<u>\$ (22,233,954)</u>
\$ 195,389	\$ 13,274,111	\$ 43,755,803	\$ 72,107,213
-	840,999	41,483,248	-
-	719,560	719,560	-
1,945,031	12,639,895	126,766,346	-
-	432,918	432,918	-
<u>\$ 2,140,420</u>	<u>\$ 27,907,483</u>	<u>\$ 213,157,875</u>	<u>\$ 72,107,213</u>
\$ 11,003	\$ 6,046	\$ 266,022	\$ 171,544
-	-	-	-
(6,486)	(62,259)	(489,064)	-
-	6,696	61,428	-
(22,059)	-	(52,780)	-
-	-	77,435	-

The accompanying notes are an integral part of these financial statements

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Albuquerque Pooled OPEB Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 659,389	\$ 4,455,619
Restricted cash	-	198,112
Long term investments at fair value		
Mutual funds - fixed income	11,148,277	-
Accrued investment income	375,822	-
Receivables	10,086	388,673
Total assets	12,193,574	5,042,404
LIABILITIES		
Accounts payable	237,179	82,453
Funds held for others	-	4,959,951
Total liabilities	237,179	\$ 5,042,404
NET POSITION		
Net position held in trust for OPEB benefits	11,956,395	
Total net position held in trust	\$ 11,956,395	

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

CITY OF ALBUQUERQUE, NEW MEXICO
ALBUQUERQUE POOLED OPEB TRUST
STATEMENT OF CHANGES IN PLAN NET POSITION
YEAR ENDED JUNE 30, 2014

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 11,934,765
Investment income	
Net appreciation in fair value of investments	205,240
Interest and dividends	170,582
Total additions	12,310,587
 DEDUCTIONS	
Professional, investment advisory and administrative fees	19,949
Insurance premiums	334,243
Total deductions	354,192
Change in net position	11,956,395
 NET POSITION HELD IN TRUST FOR OPEB	
Beginning of year	-
End of year	\$ 11,956,395

**CITY OF ALBUQUERQUE, NEW MEXICO
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CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

I. Summary of significant accounting policies

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

A. Reporting entity

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

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

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

The Albuquerque Bernalillo County Water Utility Authority (Authority), a stand-alone special-purpose government, is not reported as a component unit of the City. The City provides certain administrative services to the Authority under the terms of a Memorandum of Understanding. The Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2014, is available by contacting the Authority at the following address; Fifth floor, P.O. Box 1293, Albuquerque, NM 87103. The City had no component units during the year ended June 30, 2014.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues included among program revenues are reported as general revenues.

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

The City reports the following fund types:

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

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

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.

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

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

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

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

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

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

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

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

1. Deposits and investments

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

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

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

Investments in the State of New Mexico local government investment pool (LGIP) are valued at fair value based on quoted market prices as of the valuation date in accordance with GASB Statement No. 31. The LGIP is not SEC registered. The State Treasurer is authorized to invest the LGIP, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest is distributed by the State Treasurer to

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the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. This pool is subject to the standards set forth in the State Treasurer's Local Government Investment Policy document incorporated in and made a part of the State Treasurer's Investment Policy document. The Independent Auditors' Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditors' Report on Compliance and Internal Controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

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

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

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

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

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

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

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

Checking accounts - at insured financial institutions.

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

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

2. Receivables and payables

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

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

3. Inventories and prepaid items

The inventories in the general fund consist of fuel, vehicle parts, and fluids. Inventories of supplies are valued at average cost. Inventory items are expensed when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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4. Land held for sale

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

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

5. Capital assets

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

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

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

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

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

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

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Buildings and building improvements	40 years
Runways	25 years
Infrastructure – storm	50 years
Infrastructure – streets	35 years
Improvements other than buildings	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 inflows of resources are comprised of unavailable fuel hedge revenues. All revenues related to these deferred inflows of resources have been recognized as revenue in the government-wide statements. Deferred outflows of resources consist 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, a nonmajor internal service fund. Liabilities for workers' compensation, tort and other claims as of June 30, 2014, are accrued based on actuarial estimates and on a case-by-case evaluation of the probable outcome of claims filed against the City, as well as an estimate of claims incurred but not reported. The long-term portion of the liability is discounted at 2.5% over the estimated payment period. Revenues consist primarily of charges to other funds, the amounts of which approximate the cost of claims and other risk management costs arising from the activities of those funds.

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

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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.

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 \$270,568,237 of restricted net position, of which \$17,356,437 is restricted by enabling legislation.

Unrestricted net position – This category reflects 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.

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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 includes funds that have been appropriated for various purposes by City Council and have been contractually obligated.

Assigned fund balance includes amounts that are constrained by the Office of Management and Budget to be used for specific purposes, but are neither restricted nor committed. The Budget and Management Office 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 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.

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

Fund Balance Category	General Fund	GO Bond Debt Service Fund	Special Assessments Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
Nonspendable:						
Prepaid Expenses	63,315	-	-	-	-	63,315
Land Held for Resale	-	-	-	-	10,086,398	10,086,398
Permanent Fund Principal Investment	-	-	-	-	18,254,717	18,254,717
Total nonspendable fund balances	63,315	-	-	-	28,341,115	28,404,430
Restricted for:						
General Government	-	-	-	10,223,564	7,289,527	17,513,091
Public Safety	-	-	-	38,172,160	1,062,460	39,234,620
Culture and Recreation	-	-	-	39,765,536	206,140	39,971,676
Municipal Development Public Works	-	-	-	14,989,312	1,988,606	16,977,918
Highways and Streets	-	-	-	91,674,152	48,549,612	140,223,764
Health	-	-	-	-	2,453,271	2,453,271
Human Services	-	-	-	19,599,144	39,115	19,638,257
Housing	-	-	-	-	60,750	60,750
Debt Service	-	8,309,409	2,276,941	-	1,877,610	12,463,960
Total restricted fund balances	-	8,309,409	2,276,941	214,423,848	63,527,089	288,537,287
Committed to:						
Capital Projects	-	-	-	-	40,841	40,841
Culture and Recreation	-	-	-	-	1,958,468	1,958,468
Housing	-	-	-	-	9,776,518	9,776,518
Public Safety	-	-	-	-	5,399,479	5,399,479
General Government	44,935,000	-	-	-	1,134,967	46,069,967
Debt Service	-	-	1,272,687	-	-	1,272,687
Total committed fund balances	44,935,000	-	1,272,687	-	18,310,273	64,517,960
Assigned to:						
Capital Projects	-	-	-	-	3,998,358	3,998,358
General Government	-	-	-	-	12	12
Total assigned fund balances	-	-	-	-	3,998,370	3,998,370
Unassigned:						
	18,445,460	-	-	-	(92,797)	18,352,663
Total Fund Balances	63,443,775	8,309,409	3,549,628	214,423,848	114,084,050	403,810,710

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15. 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.

16. 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.

17. 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.

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

19. New accounting pronouncements

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2014:

- GASB Statement No. 67, *Financial Reporting for Pension Plans*.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

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

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

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

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20. Reclassifications

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

II. Reconciliation of government-wide and fund financial statements

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

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

Long-term portion of:

Bonds and bond anticipation notes payable	\$ (343,495,000)
Gross receipts tax revenue bonds and notes payable	(158,025,000)
Special assessments bonds and notes payable	(23,180,417)
Fire fund loan	(1,274,388)
Deferred gain/loss on refunding	4,189,325
Unamortized bond premiums	(27,051,564)
Accrued rebatable arbitrage payable reported as other liability	(777,445)
Accrued vacation, sick leave and other	(28,895,609)
OPEB Obligation	(4,545,536)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	\$ (583,055,634)

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

Gross receipts tax	\$ 25,573,919
Property taxes	7,766,793
Franchise taxes	1,362,755
Gasoline taxes	595,318
Motor vehicle taxes	170,754
Rehab and developer loans	4,671,223
Special assessments	22,143,509
Amounts due on real estate contracts	9,672
Miscellaneous revenue	146,681
Net adjustment to governmental fund balance to arrive at net position of governmental activities	\$ 62,440,624

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference, which excludes internal service funds, are as follows:

Capital additions, depreciated and non-depreciated	\$ 239,356,910
Prior year construction work in process reclassified to capital additions	(57,010,392)
Depreciation expense	(92,780,935)
Net gain (loss) on disposition of capital assets	<u>(79,465)</u>
Net adjustment to net change in governmental fund balances to arrive at change in net position of governmental activities	<u>\$ 89,486,118</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	\$ (77,335,000)
Gross receipts tax bonds	(36,960,000)
Bond premium	(6,211,209)
Bond issue costs – GASB 65 adjustment	(3,627,682)
Arbitrage costs	(3,335)
Amortization:	
Bond discount	(270,157)
Bond premium	5,585,857
Principal repayments:	
General obligation bonds	50,030,000
Gross receipts tax revenue bonds	7,060,000
Fire Fund loan	59,805
Payment to refunded bond escrow agent	43,320,000
Special assessment district bonds and notes	<u>1,717,068</u>
Net adjustment to net change in governmental fund balances to arrive at change in net position of governmental activities	<u>\$ (16,634,653)</u>

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

Gross receipts taxes	\$	(532,182)
Franchise taxes		27,175
Property taxes		(592,312)
Gasoline taxes		(65,914)
Motor vehicle taxes		19,662
Collections on real estate contracts, rehab and developer loans, net of deferred gains		57,589
Special assessments		(2,341,377)
Other deferred revenues		(319)
Net adjustment to net change in governmental fund balance to arrive at change in net position of governmental activities	\$	(3,427,678)

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets for the General Fund, the following special revenue funds: Community Development; Fire; Lodgers' Tax; Hospitality Tax; Culture and Recreation Projects; Albuquerque Biological Park; City Housing; Air Quality; HEART Ordinance; Operating Grants; Metropolitan Redevelopment; Housing and Neighborhood Economic Development; Law Enforcement Protection; Photo Enforcement Red Light; Gas Tax Road; City/County Facilities; Acquisition and Management of Open Space Expenditures; and Urban Enhancement Expenditures; and certain Debt Service Funds are departmental appropriations by program, the level at which expenditures may not legally exceed appropriations. Budgets were also prepared for the Quality of Life, Vehicle Equipment and Replacement, Infrastructure Tax and Impact Fees Capital Projects Funds. Budgets of each function and program include current expenditures, capital outlay and transfers. The annual budget approved by the City Council also includes proprietary funds. Budgets are adopted consistent with the basis of accounting described in Note I. C. As required by the home rule City charter, the annual budget is formulated by the Mayor and submitted to the City Council by April 1 for the fiscal year commencing July 1. When there is a proposal for a change in rates or fees, City ordinances provide that the Mayor shall submit the operating budget for the Refuse Disposal, Golf, and 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 appropriation or \$100,000, provided that the total amount of appropriations for the fund, as approved by the City Council, does not change. Approved appropriations lapse at the end of the fiscal year to the extent that they have not been expended or encumbered except any appropriation continued by ordinance. An annual budget, which is not legally adopted, for the City of Albuquerque Housing Authority is prepared in accordance with the Department of Housing and Urban Development regulations on an accrual basis and includes both operating and debt service activities as a single budget. The Special Assessments Debt Service Fund spending is controlled primarily through bond indenture provisions and, accordingly, no annual budget is presented in the accompanying financial statements.

B. Deficit fund equity

As of June 30, 2014, the following funds had fund balance/net position deficits:

Special Revenue Funds:	
City/County Facilities	(\$92,797)
Internal Services Funds:	
Risk Management	(\$33,758,976)

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The deficit in the City/County Facilities fund is a result of the catching up of payments made to Bernalillo County (County) for janitorial services provided in the previous fiscal year and some adjustments to the Memorandum of Understanding (MOU) between the City of Albuquerque (City) and the County for providing these services. The MOU between the City and the County had not been updated since the beginning of fiscal year 2013 but the new MOU is being updated for future fiscal years.

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

IV. Detailed notes on all funds

A. Cash and investments

Cash, investments, and accrued interest and cash with fiscal agents at June 30, 2014, consist of the following:

(In thousands of dollars)

	City of Albuquerque			
	Governmental Activities	Business- type Activities	Fiduciary Funds	Total
Held with fiscal agents, net of unamortized discounts and premiums:				
Repurchase agreements	\$ 93,879	\$ 30,081	\$ 1,040	\$ 125,000
U.S. Treasury obligations	74,915	24,004	830	99,749
Local government obligations	1,269	407	14	1,690
Obligations of federal agencies or instrumentalities	209,440	67,109	2,321	278,870
State of New Mexico local government investment pool	-	8,057	-	8,057
Held in trust by Wells Fargo Bank in U.S. Treasury Fund	493	2,365	-	2,858
Total investments	379,996	132,023	4,205	516,224
Certificates of deposit	56,327	18,049	624	75,000
Demand deposits	88,500	62,386	12,006	162,892
Total bank deposits	144,827	80,435	12,630	237,892
Accrued interest receivable	150	253	2	405
Imprest cash funds	68	14	-	82
Escrow deposits	-	433	-	433
Total cash, investments, accrued interest and cash with fiscal agents	\$ 525,041	\$ 213,158	\$ 16,837	\$ 755,036
Financial statement presentation:				
Unrestricted cash, investments, and accrued interest:				
Cash, investments, and accrued interest	\$ 304,302	\$ 43,756	\$ 5,115	\$ 353,173
Cash, investments held for debt service	67,395	41,483	-	108,878
Cash held by others	215	720	-	935
Total unrestricted cash, investments, and accrued interest	371,912	85,959	5,115	462,986
Restricted noncurrent cash, investments, and accrued interest:				
Cash, investments, and accrued interest	153,129	126,766	11,722	291,617
Escrow deposits	-	433	-	433
Total restricted cash, investments, accrued interest	153,129	127,199	11,722	292,050
Total cash, investments, accrued interest and cash with fiscal agents	\$ 525,041	\$ 213,158	\$ 16,837	\$ 755,036

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Custodial credit risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's funds may not be returned to it. The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2014, none of the City's bank balances of \$209,862,000 was exposed to custodial credit risk.

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

Credit risk - Credit risk is the risk that in the event an issuer or other counterparty to an investment does not fulfill its obligations, the City will not be able to recover the value of its principal. As a home rule city, the City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The City's Investment Committee annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested in securities other than repurchase agreements, U.S. Treasury bills and notes or insured/collateralized certificates of deposit. As part of the City's allocation evaluation, these guidelines are reviewed periodically, considering the probability of market and default risk in various investment sectors. The City's investment policy describes permitted investments as those allowed for municipalities with a population in excess of 65,000 per Section 10-10-10 of the Statutes of the State of New Mexico. Among permitted investments, the investment policy requires that 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement, and 2) certificates of deposit with local banks be fully insured by the FDIC. Investments in direct obligations of the U.S. Treasury are permitted as are securities of the U.S. Government agencies denoted in Section 6-10-10 F (2) of the State Statutes. At June 30, 2014, the City's internal investment pool held investments in fully-collateralized overnight repurchase agreements (repos), a fully-insured money market account, U.S. Treasury obligations, U.S. Government agency notes and a local government obligation.

In 2009, the City's internal investment pool liquidated its position in the STO LGIP. However, at June 30, 2014, the City continued to hold \$134,524 in the STO's "Reserve Contingency Fund" which represented the maximum potential loss from assets previously held in the LGIP's Primary Money Market Fund. The City does not expect any further recoveries from the reserve and has accrued the remaining balance as a loss. The City's Housing Authority Fund continued to hold a non-pooled position in the STO LGIP Fund of \$8,053,079 and a balance in the Reserve Contingency Fund of \$3,886. The State of New Mexico's LGIP is rated AAAM by Standard and Poor.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states the City will develop diversification strategies to avoid incurring concentration risk. The following general policies and constraints shall apply: With the exception of collateralized repos, U.S. Treasury securities, and authorized pools (comprising the "liquidity segment" of the portfolio), no more than 50% of the residual investment portfolio (the "core segment") will be invested in a single issue or at a single maturity. At June 30, 2014, the City's core segment is invested in debt securities issued by four Government Sponsored Entities (GSEs): the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Federal Home Loan Mortgage Corporation. These investments comprise 9%, 47%, 18% and 25% respectively, of the core segment residual. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2014, liquidity and core segment maturities are allocated as follows: 0-12 months – 0%; 1-2 years – 73%; 3-5 years – 27%. Holdings in the STO LGIP represent less than 1% of the total portfolio.

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Summarized information concerning the GSE investments is as follows:

U.S. Agency Investments (summarized by GSE)	Wtd. Avg. Days to Maturity	Weighted Average Days to Call	Standard & Poor's Rating	Moody's Rating
Federal Home Loan Banks	711	24	AA+	Aaa
Federal National Mortgage Association	853	30	AA+	Aaa
Federal Farm Credit Bank	1,201	40	AA+	Aaa
Federal Home Loan Mortgage	797	40	AA+	Aaa

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

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City's investment policy limits the City's exposure to interest rate risk by requiring that no less than 80% of the funds invested in the core segment of the internal investment pool or in other discretionary funds be in maturities of no more than three years from date of purchase. No more than 20% of the funds may be invested in maturities between three and five years. Investment of non-discretionary assets, including funds to be held in trust, may be committed to maturities up to ten years from the date of purchase. The weighted average maturity of the investments in the internal investment pool's core segment at June 30, 2014, was 997 days. The weighted average days to call of the core segment was 34 days.

Pledged collateral by bank - The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance of \$250,000 per depositor, per insured bank. The pledged collateral by bank (in thousands) at June 30, 2014, was as follows:

	US Bank	Bank of America	Bank of Albuquerque	Wells Fargo Bank	NM Bank & Trust
Total amount on deposit	\$ 1,520	\$ 131,211	\$ 158	\$ 75,403	\$ 1,046
Less FDIC coverage	250	250	250	250	250
Total uninsured public funds	1,270	130,961	-	75,153	796
50% collateral requirement	635	65,481	-	37,577	398
Pledged securities, fair value	1,038	130,662	-	171,937	513
Pledged in excess of (less than) requirement	\$ 403	\$ 65,181	\$ -	\$ 134,360	\$ 115

B. Receivables

Taxes receivable at June 30, 2014, are from the following sources:

Gross receipts tax	\$ 55,634,591
Property tax	9,821,900
Lodgers' tax	1,365,848
Hospitality tax	273,169
Other taxes	4,263,090
Total	\$ <u>71,358,598</u>

The property taxes above include a receivable of \$4,494,714 in the General Obligation Bond Debt Service Fund and \$5,327,187 in the General Fund.

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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 2014 tax levy had a taxable value of \$11,976,046,395. The State Constitution limits the rate of taxes for operating purposes for all taxing jurisdictions to 20 mills (\$20 per \$1000 assessed valuation), of which the City's portion, by state regulation, is limited to 7.650 mills for operations and 12.0 mills for each debt service obligation. The general obligation bond debt service levy for tax year 2012 (fiscal year 2014) is 4.976 mills and the operational levy is 6.544 mills on residential property and 6.544 mills on commercial property. Taxes are payable in two equal installments on November 10 and April 10 and become delinquent after 30 days.

Due from other governments

Due from other governments represents \$14.1 million in federal and state grant receivables, \$2.1 million from other governmental agencies and \$764 thousand in State receivables.

Accounts receivable and allowance for uncollectible accounts

Included on page 26, 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, 2014, are as follows:

	<u>Total Receivables</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>
Current portion of accounts and notes receivable:			
Governmental activities:			
Major funds:			
General fund	\$ 26,402,997	\$ 21,762,474	\$ 4,640,523
Capital acquisition fund	2,284	-	2,284
Nonmajor governmental funds	313,150	68,315	244,835
Internal service funds	100,762	250	100,512
Total governmental activities	<u>\$ 26,819,193</u>	<u>\$ 21,831,039</u>	<u>\$ 4,988,154</u>
Business-type activities:			
Major funds:			
Airport	\$ 3,530,355	\$ 908,230	\$ 2,622,125
Refuse disposal	5,430,424	1,899,872	3,530,552
Transit	5,231,598	-	5,231,598
Nonmajor enterprise funds	1,640,650	218,689	1,421,961
Total business-type activities	<u>\$ 15,833,027</u>	<u>\$ 3,026,791</u>	<u>\$ 12,806,236</u>
Long-term accounts and notes receivable:			
Governmental activities:			
Major funds:			
Special assessments debt service	\$ 23,261,363	\$ 60,208	\$ 23,201,155
Nonmajor funds:			
Rehabilitation loans	1,506,683	118,869	1,387,814
Notes receivable	647,430	-	647,430
Developer loans	2,497,717	-	2,497,717
Total governmental activities	<u>\$ 27,913,193</u>	<u>\$ 179,077</u>	<u>\$ 27,734,116</u>
Restricted assets – accounts receivable – developers:			
Business-type activities:			
Nonmajor funds:			
Developer loans	\$ 1,901,392	\$ 914,562	\$ 986,830
Total business-type activities	<u>\$ 1,901,392</u>	<u>\$ 914,562</u>	<u>\$ 986,830</u>

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C. Capital assets

Capital asset activity for the year ended June 30, 2014, was as follows:

<u>Governmental activities</u>	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets not being depreciated:				
Land	\$ 301,830,158	\$ 5,643,868	\$ -	\$ 307,474,026
Construction in progress	71,079,020	55,167,849	57,010,393	69,236,476
Right of way	1,145,191,667	2	-	1,145,191,669
	<u>1,518,100,845</u>	<u>60,811,719</u>	<u>57,010,393</u>	<u>1,521,902,171</u>
Assets being depreciated:				
Buildings	428,437,502	20,733,763	974,629	448,196,636
Infrastructure	1,973,547,148	114,727,610	-	2,088,274,758
Improvements	596,587,715	28,367,274	-	624,954,989
Machinery and equipment	158,848,716	8,793,658	8,011,133	159,631,241
Other	-	7,023,167	-	7,023,167
	<u>3,157,421,081</u>	<u>179,645,472</u>	<u>8,985,762</u>	<u>3,328,080,791</u>
Less accumulated depreciation:				
Buildings	103,193,033	10,848,135	83,702	113,957,466
Infrastructure	711,748,490	50,002,001	-	761,750,491
Improvements	305,626,374	19,724,364	-	325,350,738
Machinery and equipment	128,325,159	11,871,907	8,049,009	132,148,057
Other	-	706,517	-	706,517
	<u>1,248,893,056</u>	<u>93,152,924</u>	<u>8,132,711</u>	<u>1,333,913,269</u>
Capital assets being depreciated, net	<u>1,908,528,025</u>	<u>86,492,548</u>	<u>853,051</u>	<u>1,994,167,522</u>
Total capital assets, net	<u>\$ 3,426,628,870</u>	<u>\$ 147,304,267</u>	<u>\$ 57,863,444</u>	<u>\$ 3,516,069,693</u>

In fiscal year 2014, the majority of the infrastructure that was placed into service consisted of \$99.7 million of street infrastructure along with \$11.3 million of storm infrastructure. Of this amount, \$11.8 million was dedicated street infrastructure and \$6.2 million was dedicated storm infrastructure. The construction in progress consists of expenditures made by the Capital Acquisition and Special Assessments Capital fund, \$55.2 million was placed into service during fiscal year 2014. The following was placed in service: \$20.7 million buildings, \$28.4 million non-structural, \$5.6 million land, and \$114.7 million of infrastructure. Machinery and equipment purchases totaled \$8.8 million, of which \$5.3 million was for public safety. Other capital asset activity totaled \$7.0 million for software development.

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<u>Business-type activities</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets not being depreciated:				
Land	\$ 56,875,417	\$ 3,190,001	\$ -	\$ 60,065,418
Land and improvements acquired from the U.S Air Force	7,630,077	-	7,630,077	-
Other	955,200	-	-	955,200
Construction work in progress	19,703,504	25,063,877	28,890,348	15,877,033
	<u>85,164,198</u>	<u>28,253,878</u>	<u>36,520,425</u>	<u>76,897,651</u>
Assets being depreciated:				
Buildings and improvements	423,993,044	10,740,926	2,097,576	432,636,394
Runways	302,318,640	297,740	-	302,616,380
Infrastructure	9,668,583	163,131	-	9,831,714
Improvements other than buildings	264,624,223	21,487,403	70,390	286,041,236
Machinery and equipment	178,023,817	26,157,006	4,692,712	199,488,111
Other	16,870	-	-	16,870
	<u>1,178,645,177</u>	<u>58,846,206</u>	<u>6,860,678</u>	<u>1,230,630,705</u>
Less accumulated depreciation:				
Buildings and improvements	250,532,324	6,519,793	21,943	257,030,174
Runways	236,561,404	19,013,916	-	255,575,320
Infrastructure	931,351	245,901	-	1,177,252
Improvements other than buildings	153,788,731	3,669,932	12,669	157,445,994
Machinery and equipment	133,025,299	19,438,216	4,443,177	148,020,338
Other	1,687	-	-	1,687
	<u>774,840,796</u>	<u>48,887,758</u>	<u>4,477,789</u>	<u>819,250,765</u>
Capital assets being depreciated, net	<u>403,804,381</u>	<u>9,958,448</u>	<u>2,382,889</u>	<u>411,379,940</u>
Total capital assets, net	<u>\$ 488,968,579</u>	<u>\$ 38,212,326</u>	<u>\$ 38,903,314</u>	<u>\$ 488,277,591</u>

In fiscal year 2014, the Airport Fund placed into service \$21.1 million improvements other than buildings and runways and \$6.4 million in machinery and equipment

The Refuse Fund placed into service \$7.0 million in machinery and equipment, which included \$6.2 million in heavy equipment.

The Transit Fund placed into service \$5.8 million in buildings and improvements and \$12.4 million in machinery and equipment, which included \$9.9 million in buses.

The construction work in progress increased by \$25.1 million, which included \$23.4 million by the Airport department.

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

<u>Governmental activities:</u>		
General government		\$ 4,096,186
Public safety:		
Corrections		-
Fire protection		3,259,797
Police protection		5,826,197
Culture and recreation		20,273,549
Public works:		
Municipal development		520,069
Storm		16,664,663
Highways and streets:		
Transportation/Street maintenance		37,410,912
Traffic engineering		428,580
Health		584,072
Human services		3,713,453
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis based on their usage of the assets		375,445
Total depreciation expense – governmental activities		<u>\$ 93,152,923</u>
<u>Business-type activities:</u>		
Major funds:		
Airport		\$ 24,296,721
Refuse Disposal		7,949,302
Transit		12,911,284
Nonmajor funds		3,566,999
Total depreciation expense – business-type activities		<u>48,724,306</u>
Transfer of assets to/from governmental to business-type		25,091
Reinstated assets		25,823
Cost adjustments		112,538
Total business-type activities		<u>\$ 48,887,758</u>

D. Interfund receivables, payables, and transfers

The interfund receivable and payable accounts have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2014, consists of the following:

	Due from other funds	Due to other funds
	<u> </u>	<u> </u>
Major governmental funds	\$ 11,889,756	\$ -
Nonmajor governmental funds	-	3,435,757
Major enterprise funds	1,019,490	7,999,100
Nonmajor enterprise funds	-	1,474,389
Total	<u>\$ 12,909,246</u>	<u>\$ 12,909,246</u>

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Interfund advances not expected to be repaid within one year are to be repaid from revenues or proceeds from the sale of assets are as follows as of June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Risk Management Fund *	Capital Acquisition Fund	\$ 271,000
Total advances		<u>\$ 271,000</u>

*Receivable set up to reimburse Risk Management fund for purchasing the Alameda Business Park land held by the Capital Acquisition fund.

Interfund transfers for the year ended June 30, 2014 were as follows:

<u>From</u>	<u>To</u>	
General Fund	Capital Acquisition Fund	\$ 4,256,000
General Fund	Transit Fund	22,423,000
General Fund	Nonmajor Governmental Funds	18,410,221
General Fund	Nonmajor Proprietary Funds	3,304,000
General Fund	Nonmajor Enterprise Funds	850,000
General Fund	Internal Service Funds	875,000
Capital Acquisition Fund	Transit Fund	4,428,838
Refuse Disposal Fund	General Fund	2,194,597
Transit Fund	General Fund	352,622
Transit Fund	Nonmajor Governmental Funds	204,000
Nonmajor Governmental Funds	General Fund	3,021,091
Nonmajor Governmental Funds	Capital Acquisition Fund	1,047,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	6,593,186
Nonmajor Governmental Funds	Transit Fund	12,698,779
Nonmajor Proprietary Funds	General Fund	208,870
Nonmajor Proprietary Funds	Nonmajor Governmental Funds	58,173
Internal Service Funds	General Fund	250,000
Internal Service Funds	Capital Acquisition Fund	582,000
Total transfers		<u>\$ 81,757,377</u>

Transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net In (Out)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 37,177,759	\$ (77,907,115)	\$ (40,729,356)
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds			
Enterprise Funds	43,704,618	(3,018,262)	40,686,356
Internal Service Funds	875,000	(832,000)	43,000
Total transfers	<u>\$ 81,757,377</u>	<u>\$ (81,757,377)</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 and Open Space Management funds, 2) providing the City's local match for operating grants from federal and state agencies, 3) funding the purchase of police and fire vehicles, and various construction projects, and 4) transferring resources to debt service funds for the retirement of General Obligation and Sales Tax Refunding bonds.

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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 \$1,587,064 were incurred for the year ended June 30, 2014. Lease commitments for future years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 1,317,466
2016	747,486
2017	593,135
2018	52,020
2019	52,020
2020-2024	260,100
2025-2029	260,080
2030-2034	98,333
Total	\$ <u>3,380,640</u>

The Housing Authority has also entered into a lease agreement as lessee for financing the acquisition of equipment and improvements. This lease agreement is treated as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception of the lease. At June 30, 2014, the outstanding balance of the capital lease is \$79,280. Amortization is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

The assets acquired through capital leases are as follows:

Equipment and Improvements	\$ 944,457
Less accumulated amortization	<u>(865,177)</u>
Total	\$ <u>79,280</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ending June 30</u>	<u>Principal and Interest</u>
2015	\$ 86,632
2016	<u>-</u>
Total minimum lease payment	86,632
Less amount representing interest	<u>(1,581)</u>
Present value of minimum lease payments	\$ <u>85,051</u>

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F. Restricted assets

Restricted assets arise principally from legal restrictions on expenditures of proceeds from general obligations bonds or sales tax revenue bonds in the governmental activities, or on expenditures of proceeds from revenue bonds of the enterprise funds. Restricted assets also include the investments restricted for use held in the City's permanent funds. The amount of restricted assets reported in the statement of net position at June 30, 2014, is as follows:

<u>Governmental activities</u>	
Capital Acquisition Fund	\$ 134,874,420
Acquisition and Management of Open Space Fund	20,421,271
Urban Enhancement Fund	7,919,844
Total	<u>\$ 163,215,535</u>
<u>Business-type activities</u>	
Airport Fund	\$ 98,803,926
Refuse Disposal Fund	14,425,128
Transit Fund	1,945,031
Nonmajor enterprise funds	14,059,643
Total	<u>\$ 129,233,728</u>

G. Short-term and long-term obligations

Governmental activities:

Short-term obligations - On June 30, 2014, the City issued \$3,225,000 of Short-Term Taxable General Obligation Bonds, Series 2014C. The Series 2014C Bonds bear interest at the daily rate on the date of issuance applicable to the Local Government Investment Pool administered by the State Treasurer of New Mexico. The interest rate in effect was 0.200%. The proceeds of these bonds will be used for the senior citizen facilities and affordable housing. The bonds mature on July 1, 2014. The change in short-term obligations of the governmental activities for the year ended June 30, 2014, is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Short-term General Obligation Bonds	<u>\$ 6,102,000</u>	<u>\$3,225,000</u>	<u>\$6,102,000</u>	<u>\$3,225,000</u>

Long-term obligations - Bonded obligations of the City consist of various issues of general obligation, revenue, and special assessment bonds. Also included in long-term obligations are notes payable, claims and judgments, deferred credits, other postemployment benefits, and accrued vacation and sick leave. The City has complied with all revenue bond ordinances and bond covenants requirements for maintaining specific reserves for future debt service as of June 30, 2014.

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The changes in the long-term obligations of the governmental activities for the year ended June 30, 2014, are as follows:

	Outstanding				Payable in one year
	July 1, 2013	Increases	Decreases	June 30, 2014	
General obligation bonds	\$ 374,665,000	\$ 74,110,000	\$ 58,475,000	\$ 390,300,000	\$ 46,805,000
Gross receipts tax revenue bonds	165,615,000	36,960,000	37,490,000	165,085,000	7,060,000
Fire fund loan	1,334,193	-	59,805	1,274,388	-
Special assessment bonds and notes with governmental commitment	25,242,485	-	1,203,534	24,038,951	858,534
Accrued vacation and sick leave	31,661,203	20,492,543	22,983,677	29,170,069	22,461,150
Claims	109,832,650	22,682,779	33,064,392	99,451,037	22,250,000
Other post employment obligation	12,750,306	4,545,536	12,750,306	4,545,536	-
Other liabilities	774,110	3,335	-	777,445	-
Other:					
Deferred gain/loss on refunding	(3,681,003)	(778,479)	(270,157)	(4,189,325)	-
Unamortized bond premiums	25,877,074	6,760,347	5,585,857	27,051,564	-
	<u>744,071,018</u>	<u>164,776,061</u>	<u>171,342,414</u>	<u>737,504,665</u>	<u>99,434,684</u>
Current portion of long-term obligations	<u>(103,249,407)</u>	<u>-</u>	<u>(3,814,723)</u>	<u>(99,434,684)</u>	<u>-</u>
Total	<u>\$ 640,821,611</u>	<u>\$ 164,776,061</u>	<u>\$ 167,527,691</u>	<u>\$ 638,069,981</u>	<u>\$ 99,434,684</u>

Total interest cost incurred for governmental activities for the year ended June 30, 2014, was \$21,625,025, all of which was charged to expense.

General Obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on property located within the City. The accrued sick leave and vacation obligations are being liquidated primarily by the General Fund. Limited amounts are being liquidated by other funds. The City's Risk Management Fund (an internal service fund) liquidates all claims payable. General obligation bonds outstanding at June 30, 2014, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
September 11, 2007 General Purpose	10,955,000	4.50/5.00%	July 1, 2016	Not callable
September 11, 2007 Storm Sewer	5,080,000	4.25/5.00%	July 1, 2016	100% beginning July 1, 2015
June 26, 2008 General Purpose	15,125,000	3.25/4.00%	July 1, 2017	100% beginning July 1, 2016
June 26, 2008 Storm Sewer	4,000,000	4.50%	July 1, 2017	100% beginning July 1, 2016
June 24, 2009 General Purpose	30,530,000	2.00/4.00%	July 1, 2018	Not callable
February 24, 2011 General Purpose	107,000,000	3.00/4.375%	July 1, 2023	100% beginning July 1, 2020
May 22, 2012 General Purpose	60,445,000	2.00/5.00%	July 1, 2024	100% beginning July 1, 2020
May 22, 2012 Storm Sewer	8,035,000	3.00/4.00%	July 1, 2025	100% beginning July 1, 2020
May 8, 2013 General Purpose	70,040,000	2.50/4.00%	July 1, 2026	100% beginning July 1, 2021
May 8, 2013 Storm Sewer	4,980,000	2.80%	July 1, 2026	100% beginning July 1, 2021
July 1, 2013 General Purpose Refundir	11,675,000	.350%	July 1, 2014	Not callable
May 28, 2014 General Purpose	57,060,000	2.25/5.00%	July 1, 2026	100% beginning July 1, 2022
June 30, 2014 General Purpose ST	3,225,000	.200%	July 1, 2014	Not callable
May 28, 2014 Storm Sewer	<u>5,375,000</u>	3.50/3.75%	July 1, 2027	100% beginning July 1, 2022
	<u>\$ 393,525,000</u>			

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, 2014, based on the most recent assessed taxable valuation of \$11,967,046,395, the City may issue an additional \$124,301,856 of

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general-purpose general obligation bonds. Included in the general obligation bonds outstanding at June 30, 2014, are Storm Sewer bonds in the amount of \$39,145,000 that are not subject to the legal debt limit.

On July 1, 2013, the City issued \$11,675,000 of General Obligation Refunding Bonds, Series 2013C. The bonds have a coupon rate of 0.350% and require semi-annual interest payments until the bonds mature on July 1, 2014. The net proceeds of \$11,598,757 (less costs of issuance of \$76,243) were used to redeem in full the Series 2005B General Obligation Storm Sewer Bonds with maturity dates through July 1, 2014 and accrued interest of \$241,294 on the Series 2005B Bonds. This refunding was undertaken to reduce future interest costs resulting in a net decrease to debt service over the life of the bonds of \$121,725 and resulting in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$121,511.

On May 28, 2014, the City issued \$57,060,000 of General Obligation General Purpose Bonds, Series 2014A with an average coupon rate of 4.27%. The proceeds of these bonds were deposited into the Capital Acquisition Fund to be used to finance certain City projects relating to public safety, citizens' centers, parks and recreation facilities, facilities and equipment, libraries, public transportation, cultural facilities, streets, and zoo and bio park facilities. The bonds require annual principal payments and semi-annual interest payments through July 1, 2026.

Also on May 28, 2014, the City issued \$5,375,000 of General Obligation Storm Sewer Bonds, Series 2014B with an average coupon rate of 3.63%. The proceeds of these bonds were deposited into the Capital Acquisition Fund to be used to finance certain storm sewer improvements. The bonds require semi-annual interest payments through July 1, 2027.

Sales Tax Revenue Bonds and Notes of the City are secured by a pledge of up to 1.225% of State Shared Gross Receipts Tax (sales 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 \$221,822,470 for State Shared Gross Receipts and \$5,394,958 for Lodgers Tax. Total debt service expenditures for the year were \$15,168,932. Sales tax revenue bonds and notes outstanding at June 30, 2014, are as follows:

<u>Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Call Provisions</u>
October 6, 2004 B Refunding	27,120,000	2.39/4.90%	July 1, 2014	100% beginning October 6, 2004
June 4, 2008 A Refunding	3,105,000	3.74/4.99%	July 1, 2014	Not callable
July 22, 2009 A Refunding	10,455,000	3.00/5.00%	July 1, 2025	100% beginning July 1, 2019
July 22, 2009 B Refunding	26,485,000	3.00/5.00%	July 1, 2022	100% beginning July 1, 2019
September 1, 2011 A Refunding	18,930,000	2.00/4.00%	July 1, 2028	100% beginning July 1, 2021
April 9, 2013 Improvement Bonds	42,030,000	1.50/5.00%	July 1, 2028	100% beginning July 1, 2023
June 10, 2014, 2014A Refunding	36,960,000	2.00/4.00%	July 1, 2037	100% beginning July 1, 2023
	<u>\$ 165,085,000</u>			

On June 10, 2014, the City issued \$36,960,000 of Gross Receipts/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A. The bonds have an average coupon rate of 3.39% and require semi-annual interest payments until the bonds mature on July 1, 2037. The Series 2014A bonds are being issued for the purpose of restructuring the debt service on the City's bonds and obligations payable from pledged lodgers' tax revenues and gross receipts tax revenues so that the amount of debt service on such bonds paid by the City using state-shared gross receipts tax revenues is substantially reduced. Also, additional bonds were issued for the purpose of improving the City's Convention Center as noted below. The proceeds were used as follows:

Refunding Bonds – \$34,650,000

The net proceeds of \$33,990,567 (inclusive of an original issue discount of \$455,392 less \$204,041 of underwriters' fees and other costs of issuance) plus an additional \$1,685,333 were used to redeem in full the Series 2004A Gross Receipts/Lodgers' Tax Refunding Bonds with maturity dates through July 1, 2037 and accrued interest of \$787,818 on the Series 2004A Bonds. This refunding was undertaken to reduce future interest costs resulting in a net decrease to debt service over the life of the bonds of \$3,507,387 and resulting in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$2,323,704.

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Improvement Bonds - \$2,310,000

The net proceeds of \$2,339,037 (inclusive of an original issue premium of \$41,120 less \$12,083 of underwriters' fees and other costs of issuance) were deposited into the Capital Acquisition Fund and will be used to purchase, construct, or otherwise acquire, reconstruct, extend, improve, equip, furnish, or acquire real property or any interest in real property for the site or ground for tourist related facilities, attractions or transportation systems of the City including but not limited to the Convention Center and the City's Civic Plaza.

Fire Fund Loan - On January 28, 2011, the City closed on a loan with New Mexico Finance Authority (NMFA) for \$1,441,625 with an average interest rate of 3.417%. The proceeds were used to design, construct, equip, and furnish Fire Station #7. The terms of the loan require annual principal payments and semi-annual interest payments beginning November 1, 2011, and maturing May 1, 2031. As part of the agreement, the City also entered into an intercept agreement with NMFA whereby the principal and interest payment required will be from annual distributions made to the City's Fire Fund by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978. The State Treasurer will reduce the annual distribution to the City by \$100,926 beginning July 1, 2011, and then \$101,043 thereafter. The funds will be remitted directly to NMFA and held by NMFA until the November/May due dates. The balance due at June 30, 2014 is \$1,274,388.

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 being used to finance the construction of streets, storm and sanitary sewer lines, and water lines. The balance outstanding at June 30, 2014 was \$22,743,479.

On October 30, 2012, the City executed a loan agreement with Banc of America Leasing and Capital for Special Assessment District No. 228. The taxable loan payable for \$2,499,006 has a coupon rate of 2.30% and matures on January 1, 2015. The proceeds are being used to finance the construction of electrical and natural gas lines and telephone and cable television lines. The balance outstanding at June 30, 2014 was \$1,295,472.

Business-type activities:

Long-term obligations: the changes in the business-type activities obligations for the year ended June 30, 2014, are as follows:

	Outstanding				Payable in one year
	July 1, 2013	Increases	Decreases	June 30, 2014	
Revenue bonds	\$ 120,051,667	\$ -	\$ 5,136,250	\$ 114,915,417	\$ 38,486,667
Loans and notes payable	8,419,160	-	3,419,560	4,999,600	2,291,859
Accrued vacation and sick leave	6,412,359	4,406,756	4,548,637	6,270,478	4,267,026
Landfill closure costs	1,924,562	77,435	-	2,001,997	-
Other liabilities	527,620	269,115	288,866	507,869	-
Other:					
Deferred gain/loss on refunding	(894,596)	286,253	-	(608,343)	-
Unamortized bond premiums	1,193,350	-	411,786	781,564	-
Unamortized bond discounts	(78,351)	64,105	-	(14,246)	-
	<u>137,555,771</u>	<u>5,103,664</u>	<u>13,805,099</u>	<u>128,854,336</u>	<u>45,045,552</u>
Capitalized leases	187,459	-	102,408	85,051	85,051
Subtotal	<u>137,743,230</u>	<u>5,103,664</u>	<u>13,907,507</u>	<u>128,939,387</u>	<u>45,130,603</u>
Current portion	<u>(45,130,603)</u>	<u>-</u>	<u>-</u>	<u>(45,130,603)</u>	<u>-</u>
Business-type activity long-term obligations	<u>\$ 92,612,627</u>	<u>\$ 5,103,664</u>	<u>\$ 13,907,507</u>	<u>\$ 83,808,784</u>	<u>\$ 45,130,603</u>

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Total interest cost incurred for business-type activities for the year ended June 30, 2014, was \$4,824,382, all of which was charged to expense.

Airport Revenue Bonds are secured by pledges of net revenues of the airport. Airport Revenue bonds outstanding at June 30, 2014, are as follows:

Issue Dated	Amount	Interest Rate	Final Maturity	Call Provisions
March 23, 2004A, Refunding	\$9,260,000	1.63% to 5.11%	July 1, 2018	100% beginning July 1, 2005
March 23, 2004B	18,315,000	2.00% to 4.50%	July 1, 2024	100% beginning July 1, 2007
March 11, 2008A, Refunding	10,480,000	3.00% to 5.00%	July 1, 2018	Not callable
May 14, 2008B, Refunding	4,025,000	3.445% to 4.905%	July 1, 2015	Not callable
May 14, 2008C, Refunding	3,110,000	3.50% to 4.375%	July 1, 2020	100% beginning July 1, 2018
November 19, 2008E, Refunding	6,490,000	3.50% to 5.50%	July 1, 2014	Not callable
November 12, 2009A, Refunding	16,910,417	3.00% to 4.50%	July 1, 2019	Not callable
May 19, 2011, Refunding	9,485,000	2.00% to 4.00%	July 1, 2016	Not callable
April 8, 2014A, Refunding	16,795,000	2.60%	July 1, 2024	Not callable
Total outstanding	94,870,417			
Unamortized:				
Premiums (discounts)	740,375			
Deferred refunding costs	(525,273)			
Net outstanding	\$95,085,519			

Apartments Revenue Bonds are secured by pledges of net revenues of the City Apartments. On July 20, 2000, the City issued its Affordable Housing Projects Refunding Revenue Bonds Series 2000 in the aggregate principal amount of \$15,080,000 for the purpose of refunding and defeasing three bond issues of the City: 1) its Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991, 2) its Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments Project), Series 1994, and 3) its Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The debt constitutes a limited obligation of the City and is payable solely from the resources of the Apartments. The revenues derived from them are pledged for the repayment of the bonds.

In December of 2008, the City issued \$11,275,000 Gross Receipts Tax Revenue Bonds (Series 2008B) to refund the Series 2000 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 2008B Gross Receipts Revenue Bonds mature on July 1, 2030, and bear an initial 4% coupon interest rate, increasing to 5.375% coupon rate at maturity. Interest is paid semiannually on January 1 and July 1. The initial payment was due July 1, 2009. Principal payment is due annually on July 1. The Series 2008B bonds are subject to optional and mandatory redemptions generally at par (unless long-term interest rates are in effect). A cumulative sinking fund redemption commencing January 1, 2011 is required. The Apartments debt in the amount of \$9,745,000 is outstanding at June 30, 2014 and maturities extend through July 1, 2030.

Refuse Loans - On July 9, 2004, the City entered into a tax-exempt loan agreement with New Mexico Finance Authority for \$5,800,000 with an average interest rate of 2.87%. Final payment is due on July 1, 2014. The balance due on June 30, 2014, was \$654,679.

On March 16, 2008, the City entered into a tax-exempt loan agreement with New Mexico Finance Authority for \$2,600,000 with an average interest rate of 3.31%. Final payment is due on July 1, 2015. The outstanding balance at June 30, 2014, was \$808,964.

Stadium Loans are secured by pledges of net revenues of the Albuquerque baseball stadium. On September 1, 2011, the City issued Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds Taxable Series 2011B in the amount of \$11,650,000. The bonds have an average coupon rate of 3.23% and require annual principal payments and semi-annual interest payments through July 1, 2026. The outstanding balance at June 30, 2014, was \$10,243,873.

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Transit Loans - On July 25, 2006, the City entered into a tax-exempt lease-purchase agreement with SunTrust Leasing Corporation for \$20,000,000 with an average interest rate of 4.3%. Final payment is due on July 1, 2016. The principal balance outstanding at June 30, 2014, was \$3,535,957.

Housing Authority Loans - On June 25, 2014, the Albuquerque Housing Authority entered into a non-interest agreement with the U.S. Department of Housing and Urban Development to repay \$711,294 in contract payments that did not comply with the funding source, the American Recovery and Reinvestment Act of 2009 and Federal and City procurement requirements. The balance outstanding at June 30, 2014 was \$190,165.

Summary of Annual Debt Service Requirements - The annual debt service requirements on bonds, notes and capital leases outstanding at June 30, 2014, are as follows:

Year ending June 30, 2014	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2015	58,008,955	19,649,022	42,614,654	4,066,154
2016	51,898,378	20,979,008	16,865,536	2,911,392
2017	52,289,475	18,091,402	13,342,796	2,303,928
2018	47,285,748	16,017,038	10,361,129	1,782,065
2019	42,772,155	14,157,740	10,491,129	1,353,085
2020 - 2024	179,703,455	46,841,991	18,616,064	3,492,059
2025 - 2029	87,331,055	20,126,784	6,210,000	1,097,543
2030 - 2034	35,660,585	9,584,096	1,625,000	88,554
2035 - 2039	28,115,000	2,300,520	-	-
2040 - 2044	-	-	-	-
Total	\$ 583,064,806	\$ 167,747,601	\$ 120,126,308	\$ 17,094,780

Arbitrage - Section 148 of the Internal Revenue Code generally provides that bonds issued by a municipality will be "arbitrage bonds", if any portion of the proceeds of the bonds are reasonably expected to be invested in obligations with a yield that is "materially higher" than the yield on the bonds. While municipalities are entitled to earn a certain amount of positive arbitrage during the period the bonds are outstanding, Section 148(f) generally requires that these earnings be paid to the Internal Revenue Service (IRS) at least every five years. As of June 30, 2014, the City has set aside \$777,445 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 2014, no payment is due to the IRS.

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, 2014, is as follows:

Gross Receipts Tax Revenue Bonds	\$62,420,000
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I. Conduit bonds

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

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Industrial Revenue Bonds - As of June 30, 2014, there were twenty-nine series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the twenty-six series issued after July 1, 1995, is \$696.8 million. The aggregate principal amount payable for the seven series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled \$95.8 million.

Metropolitan Redevelopment Bonds - As of June 30, 2014, there was one series of Metropolitan Redevelopment Bonds outstanding. The aggregate principal amount payable for the one series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled \$650,000.

Housing Authority Conduit Debt - The U.S. Department of Housing and Urban Development (HUD) guaranteed third party debt consisting of revenue bonds and permanent notes, payable to the Federal Financing Bank, which were issued to provide for the development and modernization of low rent housing units. These bonds and notes are payable by HUD and secured by annual contributions to the Albuquerque Housing Authority Fund. HUD regulations state that the bonds and notes do not constitute a debt of the Albuquerque Housing Authority Fund and, accordingly, these have not been reported in the accompanying financial statements. At June 30, 2014, the outstanding balance of the permanent notes was \$1,575,181 with annual payments required through 2017.

J. Derivative Fuel Hedge Instruments

The City of Albuquerque entered into commodity forward fuel hedging contracts beginning fiscal year 2012 in order to hedge or mitigate the effect of market price fluctuations of diesel and gasoline. For the fiscal years 2012 through 2014, the City of Albuquerque reduced fuel expenses through fuel hedging by \$2.2 million. The fuel hedge contract for fiscal year 2015 was entered in January 2014. In accordance with the requirements of GASB Statement No. 53, the fuel hedges are reported on the balance sheet at fair value. The City of Albuquerque determines the synthetic price created by the futures contract by calculating the fair value of the option contracts using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. The synthetic fair value price is calculated by averaging the current market prices of the hedgeable item plus or minus the difference between the closing futures prices on the last day of the reporting period and the futures purchase prices at the time the contracts were established.

All potential hedging derivative instruments were evaluated for effectiveness at June 30, 2014 and were determined to be effective in substantially offsetting the changes in the cash flows of the hedgeable items. As of June 30, 2014 the total fair value of outstanding hedge instruments was a net asset of \$709,892. Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes cash flows of the hedge item, changes in fair value are reported as deferred (inflows) outflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction.

The following information is related to the City of Albuquerque's outstanding fuel hedging derivative instruments on June 30, 2014:

Overall:

Type	Objective	Fixed Price Per Gallon	Notional Amount	Effective Date	Maturity Date	Fair Value
Commodity forward contract for No. 2 Heating Oil	Hedge market risk associated with the purchases of Diesel	\$2.8415	1,965,440	7/1/2014	6/30/2015	\$ 288,215
Commodity forward contract for RBOB Gasoline	Hedge market risk associated with the purchases of Gasoline	\$2.5890	1,511,250	7/1/2014	6/30/2015	\$ 421,677

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Governmental activities:

Type	Objective	Fixed Price Per Gallon	Notional Amount	Effective Date	Maturity Date	Fair Value
Commodity forward contract for No. 2 Heating Oil	Hedge market risk associated with the purchases of Diesel	\$2.8415	534,998	7/1/2014	6/30/2015	\$ 78,395
Commodity forward contract for RBOB Gasoline	Hedge market risk associated with the purchases of Gasoline	\$2.5890	1,331,397	7/1/2014	6/30/2015	\$ 371,497

Business-type activities:

Type	Objective	Fixed Price Per Gallon	Notional Amount	Effective Date	Maturity Date	Fair Value
Commodity forward contract for No. 2 Heating Oil	Hedge market risk associated with the purchases of Diesel	\$2.8415	1,430,442	7/1/2014	6/30/2015	\$ 209,821
Commodity forward contract for RBOB Gasoline	Hedge market risk associated with the purchases of Gasoline	\$2.5890	179,853	7/1/2014	6/30/2015	\$ 50,180

Risk – The City of Albuquerque receives payments or makes payments based on the actual index rate on the fifth business day following the last pricing date. Each of the swap agreements provide for the applicable counterparty to make variable rate payments based on the NYMEX index. To the extent that the variable rate paid on the valuation dates is different than the rate received from the counterparties based on the NYMEX, the risk is there may be a loss or benefit to the City.

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K. 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, 2014, is as follows:

(in thousands of dollars)

	Golf Course Fund	Apartments Fund	Housing Authority Fund	Parking Facilities Fund	Stadium Fund	Total
CONDENSED STATEMENT OF NET POSITION						
Assets:						
Current assets	\$ 620	\$ 1,253	\$ 12,545	\$ 949	\$ 1,118	\$ 16,485
Restricted assets	87	2,027	8,465	3,417	64	14,060
Capital assets	4,920	11,307	9,500	18,103	13,465	57,295
Total assets	5,627	14,587	30,510	22,469	14,647	87,840
Deferred Outflows of Resources:						
Deferred gain/loss on refunding	-	-	-	-	83	83
Total deferred outflows of resources	-	-	-	-	83	83
Liabilities:						
Current liabilities	233	706	1,603	338	1,031	3,911
Liabilities payable from restricted assets	-	154	205	-	-	359
Bonds, notes payable, and other long-term liabilities	-	9,370	190	-	9,667	19,227
Accrued vacation and sick leave	78	-	142	14	27	261
Total liabilities	311	10,230	2,140	352	10,725	23,758
Net position:						
Net investment in capital assets	4,921	1,562	9,203	18,103	3,221	37,010
Net position restricted for:						
Debt service	45	1,620	-	7	64	1,736
Housing vouchers	42	-	-	4,210	-	4,252
Construction	-	-	9,784	-	-	9,784
Unrestricted net position (deficit)	309	1,175	9,382	(202)	720	11,384
Total net position	\$ 5,317	\$ 4,357	\$ 28,369	\$ 22,118	\$ 4,005	\$ 64,166
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION						
Operating revenues	\$ 3,793	\$ 3,894	\$ 2,162	\$ 4,109	\$ 1,774	\$ 15,732
Depreciation	(293)	(513)	(971)	(1,336)	(453)	(3,566)
Other operating expenses	(4,092)	(2,535)	(9,178)	(4,430)	(955)	(21,190)
Operating income (loss)	(592)	846	(7,987)	(1,657)	366	(9,024)
Nonoperating revenues (expenses):						
Interest on investments	2	-	13	78	3	96
Federal housing grants	-	-	28,030	-	-	28,030
Housing assistance payments	-	-	(22,345)	-	-	(22,345)
Interest and other debt related expenses	-	(504)	(14)	(235)	(408)	(1,161)
Other	87	-	124	17	-	228
Transfers in	600	-	850	2,673	31	4,154
Transfers out	(78)	(58)	-	(131)	-	(267)
Change in net position	19	284	(1,329)	745	(8)	(289)
Beginning net position	5,298	4,073	29,698	21,373	4,013	64,455
Ending net position	\$ 5,317	\$ 4,357	\$ 28,369	\$ 22,118	\$ 4,005	\$ 64,166
CONDENSED STATEMENT OF CASH FLOWS						
Net cash provided (used) by:						
Operating activities	\$ (192)	\$ 1,364	\$ (7,682)	\$ 524	\$ 839	\$ (5,147)
Noncapital financing activities	522	(58)	6,659	(718)	31	6,436
Capital and related financing activities	-	(1,175)	(722)	(146)	(1,034)	(3,077)
Investing activities	2	-	13	78	3	96
Net increase (decrease)	332	131	(1,732)	(262)	(161)	(1,692)
Beginning cash and cash equivalents	334	3,121	22,386	2,692	1,066	29,599
Ending cash and cash equivalents	\$ 666	\$ 3,252	\$ 20,654	\$ 2,430	\$ 905	\$ 27,907

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The Golf Course Fund charges a greens fee for the use of the City's golf courses. The Apartments Fund charges rental on housing for persons who meet eligibility requirements based on the level of income earned. The Stadium Fund provides a baseball stadium that is being used by an AAA class baseball team. The Housing Fund provides housing or rental assistance to low income City residents. The Parking Fund charges fees for the use of City-owned parking facilities.

L. Defined benefit pension plan

Plan Description - Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy - Plan members are required to contribute between 3.93%-9.39% 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.

The following are the plans covered by the City and the contribution requirements (in thousands of dollars) for the year ended June 30, 2014:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, Management, and Bus Drivers	3.93%	\$ 6,645	9.55%	\$ 13,975
Temporary Employees	7.75%	76	7.40%	79
J-Series 20 Year	9.39%	80	17.05%	145
Police	5.19%	3,071	18.89%	10,433
Fire	5.55%	2,036	21.65%	7,943
		\$ 11,908		\$ 32,575

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, 2014, 2013, and 2012 were \$32,575,247, \$31,526,501, and \$34,732,631, 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, 2014, 2013, and 2012 were \$58,202,765, \$60,980,095, and \$63,316,398, respectively.

M. Post-employment benefits

In addition to providing pension benefits described in Note L, 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 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

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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 4,430 at June 30, 2014, and the amount of life insurance coverage for these retired employees was \$98,965,350.

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 has set the contribution rate each year based on an actuarial valuation. The contributions are expected to match or exceed the annual required contribution (ARC) calculated in the actuarial study in accordance with in the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan for the remainder of the 30 year closed period. Total contributions made for fiscal year ending June 30, 2014 exceeded the annual required contribution. Monthly invoices for retiree life insurance premiums will be paid out of the trust. When expected benefit claims exceed retiree premiums, the City is allowed to treat the implicit subsidy as a contribution towards the OPEB liability. The City's contributions to the trust for the year ending June 30, 2014 were \$11,412,100.

Annual OPEB Cost and Net OPEB Obligation - The City's annual postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City's net OPEB obligation to the Plan.

Net OPEB obligation at beginning of year	\$	12,750,307
Plus: Projected annual OPEB cost:		
Interest on net OPEB obligation at beginning of year		637,515
Annual required contribution (ARC) for current fiscal year		3,259,587
ARC adjustment for current fiscal year		(689,773)
		3,207,329
Less: Net employer contribution		(11,412,100)
Expected net OPEB obligation at end of year	\$	4,545,536

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed
6/30/12	\$ 3,909,642	892,000	22.8%
6/30/13	\$ 3,832,304	1,560,915	40.7%
6/30/14	\$ 3,207,329	11,412,100	35.6%

Funding Status and Funding Progress - As of June 30, 2014, the most recent actuarial valuation date, the Plan was 22.6% funded using the criteria established by GASBS 45. The actuarial accrued liability for benefits was \$47,303,392 (\$10,011,749 for active employees and \$37,291,643 for retired employees). Plan assets as of June 30, 2014 was \$10,705,827. The covered payroll (annual payroll of active employees covered by the Plan) was \$243,300,781 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 15.04%. The ARC as a percent of payroll is 1.3% of which 0.3% is the normal cost as a percent of payroll. The ARC per active employee is \$588. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events of events far into the future. Examples include assumptions about future employment, mortality, and changes in life expectancies. Amounts determined regarding the funded status of the Plan and the annual required

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contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress is presented as required supplementary information following the notes to the financial statements.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the Plan as understood by the City and the Plan members and include the types of benefits provided at the time of each valuation and the City's historical pattern of paying for the Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014, actuarial valuation, the Entry Age Normal (EAN) funding method was used where, for each plan member, the actuarial present value of benefits is levelly spread over the Plan member's earnings or service from entry age to assumed exit age. The EAN cost method is generally regarded by actuaries as the most stable of the funding methods. The goal of GASBS 45 is to match recognition of retiree life expense with the periods during which the benefit is earned and the City's actuary believe that EAN funding method effectively meets that goal in most circumstances. Another important issue in these calculations is the treatment of implicit subsidies where retiree coverage is subsidized by active employee costs. The City pays the same insurance premium rates for both active and retired employees, because the retired employees are on average older than active employees, there is an implicit subsidy of retiree coverage by active employee costs, which GASBS 45 generally requires be attributed to the retiree liability. The actuarial assumptions included a 5.0 percent investment rate of return on expected long-term returns on the City's Trust investments calculated on the funded level of the Plan at the valuation date. As of June 30, 2014, the City contributed \$11,412,100. Taxable interest and dividends earned was \$170,219. Realized gains were \$58,231. The change in Unrealized gains/losses and accrued income were \$147,009 and \$363 respectively. The City intends to amortize the UAAL over a thirty-year period under the level percentage of pay method. The remaining amortization period at June 30, 2014, was 25 years. The ARC was based on a 5.0 percent discount rate.

Retiree Health Care Act Contributions

Plan Description - The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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to become participating employers are January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2014, 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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$5,350,483, \$5,470,619, and \$5,301,347, respectively, which equal the required contributions for each year.

N. Landfill closure and postclosure care cost

Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs in the Refuse Disposal Fund as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,001,997 reported as accrued landfill closure costs from restricted assets at June 30, 2014, represents the cumulative amount reported to date based on the use of 28.5% of the estimated capacity of the Cerro Colorado Landfills.

The City will recognize the remaining estimated cost of closure and post-closure care of \$5,016,553 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 2014. The City expects to close the landfill in the year 2079. Actual cost may be higher due to inflation, change in technology, or change in regulations. The City has set aside \$2,542,163 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.

O. Restatement of previously reported net position

In previous years, costs incurred with the issuance of bonds were capitalized and were reported as deferred bond issuance costs. The implementation of GASB 65 required an adjustment to net position in the Apartments Fund to remove these deferred bond issuance costs. Accordingly, the accompanying financial statements reflect the following changes to previously reported balances at June 30, 2013:

	Net Position of Business-type Activities	Net Position of Apartments Fund
June 30, 2013 as previously reported	\$ 543,485,657	4,270,806
Restatement to remove bond issuance costs	(197,886)	(197,886)
July 1, 2013, as restated	\$ 543,287,771	4,072,920

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P. Risk management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its real and personal assets; workers compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,500,000 for each workers' compensation incident, \$1,050,000 for each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

The Risk Management Fund tracks claims on a fund by fund basis and assesses charges to each fund based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$1,000,000 at June 30, 2014, 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. Based on historical data, the City believes the Risk Management Fund is adequately funded. Moreover, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of \$1,000,000 the City, with Council approval, may levy a tax on real property to provide for the payment of catastrophic losses. In addition, the City started fiscal year 2014 with \$41,450,000 available in the committed General Fund balance.

In the prior year, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. The City plans to increase annual funding to the Risk Management Fund reserve in the amount of \$2.5 million per year by increasing charges to other funds beginning in fiscal year 2015.

Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. The amounts and change in the Fund's claims liability in fiscal year 2014 and 2013 were:

	2014	2013
Claims liability at July 1	\$ 109,832,650	\$ 72,136,558
Current year claims and change in estimates	22,682,779	65,079,418
Claims liquidated	(33,064,392)	(27,383,326)
Claims liability at June 30	<u>\$ 99,451,037</u>	<u>\$ 109,832,650</u>
The components of the claims liability at June 30 are:		
Current portion	\$ 22,250,000	\$ 25,242,425
Noncurrent portion	77,201,037	84,590,225
Total claims liability	<u>\$ 99,451,037</u>	<u>\$ 109,832,650</u>

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. These typically are for property purchases and will be re-appropriated in the ensuing year. Encumbrances that are outstanding, but not re-appropriated, are a commitment of the City and the outstanding amount is reported in the table below:

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Government activities:	
Major Funds: General Fund	\$ 3,177,117
Nonmajor government funds	443,066
Total governmental activities	<u>\$ 3,620,183</u>

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

Business-type activities:	
Major Funds:	
Airport Fund	\$ 65,379,536
Refuse Disposal Fund	8,341,994
Transit Fund	1,152,879
Nonmajor business-type funds	4,252,328
Total business-type activities	<u>\$ 79,126,737</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

In violation of City ordinance Section 2-11-12 ROA 1994, the City overspent the budget at the following fund levels. The City produces quarterly expenditure reports and provides this information to City Departments in an effort to prevent future violations.

Fund/Program	Final Budget	Actual	Variance
Albuquerque Biological Park Projects Fund/BioPark	\$21,090,255	\$21,452,792	\$(362,537)
Apartments Fund/Apartments	4,515,000	4,762,372	(247,372)

S. Financial data schedule reconciliation

The differences that exist between the amounts shown on the financial statements for the Housing Authority Fund and the amounts shown on the Financial Data Schedule (FDS) are due to the recognition in the financial statements of operating transfers from the General Fund to the Housing Authority Fund. A reconciliation of the net position balances is as follows:

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Reconciliation of the FDS Change in Net Position:

Beginning net position per FDS	\$29,697,668
Change in net position per FDS	<u>(1,678,524)</u>
Ending net position per FDS	<u>\$28,019,144</u>

Reconciliation of Ending Net Position:

Ending net position per FDS	\$28,019,144
Operating transfer from General Fund	<u>350,000</u>
Ending net position per financial statements	<u>\$28,369,144</u>

T. Significant effects of subsequent events

On July 1, 2014, the Albuquerque Housing Authority began operating as an independent entity and will no longer be a fund of the City of Albuquerque. The City anticipates that the Albuquerque Housing Authority will be reported as a component unit of the City for Fiscal Year 2015 forward.

The City of Albuquerque entered into commodity forward fuel hedging contracts beginning fiscal year 2012 in order to hedge or mitigate the effect of market price fluctuations of diesel and gasoline. For the fiscal years 2012 through 2014, the City of Albuquerque reduced fuel expenses through fuel hedging by \$2.2 million. Fuel prices have subsequently dropped to levels not seen since 2009. Fiscal year to date through December 2014, the City has paid \$408,015 to its counter party due to actual gas prices falling below the fixed hedge price.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Airport Refunding 2004A	July 2015	013538GY3	\$1,840,000
Airport Refunding 2004A	July 2016	013538GZ0	1,890,000
Airport Refunding 2004A	July 2017	013538HA4	1,980,000
Airport Refunding 2004A	July 2018	013538HB2	1,790,000
Airport Refunding 2004B	July 2015	013538HL0	\$1,665,000
Airport Refunding 2004B	July 2016	013538HM8	1,665,000
Airport Refunding 2004B	July 2017	013538HN6	1,665,000
Airport Refunding 2004B	July 2018	013538HP1	1,665,000
Airport Refunding 2004B	July 2019	013538HQ9	1,665,000
Airport Refunding 2004B	July 2020	013538HR7	1,665,000
Airport Refunding 2004B	July 2021	013538HS5	1,665,000
Airport Refunding 2004B	July 2022	013538HT3	1,665,000
Airport Refunding 2004B	July 2023	013538HU0	1,665,000
Airport Refunding 2004B	July 2024	013538HV8	1,665,000
Airport Refunding Revenue Bonds 2008	July 2015	013538JC8	\$2,000,000
Airport Refunding Revenue Bonds 2008	July 2016	013538JD6	2,100,000
Airport Refunding Revenue Bonds 2008	July 2017	013538JE4	2,190,000
Airport Refunding Revenue Bonds 2008	July 2018	013538JF1	2,300,000
Airport Refunding Revenue Bonds 2008B	July 2015	013538JN4	\$1,150,000
Airport Refunding Revenue Bonds 2008C	July 2015	013538JV6	\$420,000
Airport Refunding Revenue Bonds 2008C	July 2016	013538JW4	400,000
Airport Refunding Revenue Bonds 2008C	July 2017	013538JX2	405,000
Airport Refunding Revenue Bonds 2008C	July 2018	013538JY0	495,000
Airport Refunding Revenue Bonds 2008C	July 2019	013538JZ7	490,000
Airport Refunding Revenue Bonds 2008C	July 2020	013538KA0	480,000
General Obligation General Purpose 2007B	July 2015	013518W35	\$2,805,000
General Obligation General Purpose 2007B	July 2016	013518W43	2,805,000
General Obligation General Purpose 2008A	July 2015	013518X59	\$4,775,000
General Obligation General Purpose 2008A	July 2016	013518X67	4,775,000
General Obligation General Purpose 2008A	July 2017	013518X75	800,000
General Obligation General Purpose 2009A	July 2015	013518Y66	\$6,110,000
General Obligation General Purpose 2009A	July 2016	013518Y74	6,110,000
General Obligation General Purpose 2009A	July 2017	013518Y82	6,110,000
General Obligation General Purpose 2009A	July 2018	013518Y90	6,090,000

General Obligation General Purpose 2011A	July 2015	013518Z65	\$10,700,000
General Obligation General Purpose 2011A	July 2016	013518Z73	10,700,000
General Obligation General Purpose 2011A	July 2017	013518Z81	10,700,000
General Obligation General Purpose 2011A	July 2018	013518Z99	10,700,000
General Obligation General Purpose 2011A	July 2019	0135182A2	10,700,000
General Obligation General Purpose 2011A	July 2020	0135182B0	10,700,000
General Obligation General Purpose 2011A	July 2021	0135182C8	10,700,000
General Obligation General Purpose 2011A	July 2022	0135182D6	10,700,000
General Obligation General Purpose 2011A	July 2023	0135182E4	10,700,000
General Obligation General Purpose 2012A	July 2015	0135182H7	\$5,700,000
General Obligation General Purpose 2012A	July 2016	0135182J3	5,700,000
General Obligation General Purpose 2012A	July 2017	0135182K0	5,700,000
General Obligation General Purpose 2012A	July 2018	0135182L8	5,700,000
General Obligation General Purpose 2012A	July 2019	0135182M6	5,700,000
General Obligation General Purpose 2012A	July 2020	0135182N4	5,700,000
General Obligation General Purpose 2012A	July 2021	0135182P9	5,700,000
General Obligation General Purpose 2012A	July 2022	0135182Q7	5,700,000
General Obligation General Purpose 2012A	July 2023	0135182R5	5,700,000
General Obligation General Purpose 2012A	July 2024	0135182S3	3,445,000
General Obligation General Purpose 2013A	July 2015	0135182W4	\$6,035,000
General Obligation General Purpose 2013A	July 2016	0135182X2	6,040,000
General Obligation General Purpose 2013A	July 2017	0135182Y0	6,040,000
General Obligation General Purpose 2013A	July 2018	0135182Z7	6,040,000
General Obligation General Purpose 2013A	July 2019	0135183A1	6,040,000
General Obligation General Purpose 2013A	July 2020	0135183B9	6,040,000
General Obligation General Purpose 2013A	July 2021	0135183C7	6,040,000
General Obligation General Purpose 2013A	July 2022	0135183D5	6,040,000
General Obligation General Purpose 2013A	July 2023	0135183E3	6,050,000
General Obligation General Purpose 2013A	July 2024	0135183F0	6,050,000
General Obligation General Purpose 2013A	July 2025	0135183G8	6,050,000
General Obligation General Purpose 2013A	July 2026	0135183H6	1,075,000
General Obligation General Purpose 2014A	July 2015	0135183K9	\$4,805,000
General Obligation General Purpose 2014A	July 2016	0135183L7	4,805,000
General Obligation General Purpose 2014A	July 2017	0135183M5	4,805,000
General Obligation General Purpose 2014A	July 2018	0135183N3	4,805,000
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 2014B	July 2026	0135183X1	\$575,000
General Obligation General Purpose 2014B	July 2027	0135183Y9	4,800,000
General Obligation Storm Sewer 2007C	July 2015	013518W50	\$2,540,000
General Obligation Storm Sewer 2007C	July 2016	013518W68	2,540,000
General Obligation Storm Sewer 2008B	July 2017	013518X83	\$4,000,000
General Obligation Storm Sewer 2012B	July 2024	0135182T1	\$2,255,000
General Obligation Storm Sewer 2012B	July 2025	0135182U8	5,780,000
General Obligation Storm Sewer 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
Gross Receipts Tax Refunding 2008B	July 2015	01354PCW2	\$395,000
Gross Receipts Tax Refunding 2008B	July 2016	01354PCX0	415,000
Gross Receipts Tax Refunding 2008B	July 2017	01354PCY8	435,000
Gross Receipts Tax Refunding 2008B	July 2018	01354PCZ5	455,000
Gross Receipts Tax Refunding 2008B	July 2019	01354PDA9	480,000
Gross Receipts Tax Refunding 2008B	July 2020	01354PDB7	505,000
Gross Receipts Tax Refunding 2008B	July 2021	01354PDC5	530,000
Gross Receipts Tax Refunding 2008B	July 2022	01354PDD3	555,000
Gross Receipts Tax Refunding 2008B	July 2023	01354PDE1	580,000
Gross Receipts Tax Refunding 2008B	July 2026	01354PDF8	1,930,000
Gross Receipts Tax Refunding 2008B	July 2030	01354PDG6	3,090,000
Gross Receipts Tax Refunding 2009B	July 2015	01354PDN1	\$2,995,000
Gross Receipts Tax Refunding 2009B	July 2016	01354PDP6	3,180,000
Gross Receipts Tax Refunding 2009B	July 2017	01354PDQ4	3,345,000
Gross Receipts Tax Refunding 2009B	July 2018	01354PDR2	3,505,000
Gross Receipts Tax Refunding 2009B	July 2019	01354PDS0	3,740,000
Gross Receipts Tax Refunding 2009B	July 2020	01354PDT8	3,940,000
Gross Receipts Tax Refunding 2009B	July 2021	01354PDU5	4,075,000
Gross Receipts Tax Refunding 2009B	July 2022	01354PDV3	840,000
Gross Receipts Tax Series 2013	July 2015	01354PDX9	\$1,350,000
Gross Receipts Tax Series 2013	July 2016	01354PDY7	1,375,000
Gross Receipts Tax Series 2013	July 2017	01354PDZ4	350,000
Gross Receipts Tax Series 2013	July 2017	01354PEQ3	1,070,000
Gross Receipts Tax Series 2013	July 2018	01354PEA8	1,455,000
Gross Receipts Tax Series 2013	July 2019	01354PEB6	1,500,000
Gross Receipts Tax Series 2013	July 2020	01354PEC4	1,560,000
Gross Receipts Tax Series 2013	July 2021	01354PED2	1,620,000
Gross Receipts Tax Series 2013	July 2022	01354PEE0	1,685,000
Gross Receipts Tax Series 2013	July 2023	01354PEF7	1,760,000
Gross Receipts Tax Series 2013	July 2024	01354PEG5	1,835,000
Gross Receipts Tax Series 2013	July 2025	01354PEH3	1,930,000

Gross Receipts Tax Series 2013	July 2026	01354PEJ9	2,025,000
Gross Receipts Tax Series 2013	July 2027	01354PEK6	2,125,000
Gross Receipts Tax Series 2013	July 2028	01354PEL4	2,235,000
Gross Receipts Tax Series 2013	July 2031	01354PEM2	2,000,000
Gross Receipts Tax Series 2013	July 2031	01354PER1	5,310,000
Gross Receipts Tax Series 2013	July 2033	01354PEN0	5,355,000
Gross Receipts Tax Series 2013	July 2035	01354PEP5	4,540,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2030	01354MDB4	\$2,300,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2031	01354MDB4	4,280,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2032	01354MDC2	4,575,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2033	01354MDC2	4,900,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2034	01354MDE8	2,800,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2035	01354MDE8	5,605,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2036	01354MDE8	1,130,000
Gross Receipts Tax/Lodger Refunding 2004A	July 2037	01354MDE8	6,375,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2015	01354MDR9	\$245,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2016	01354MDR9	325,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2017	01354MDR9	350,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2018	01354MDR9	370,000
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 2015	01354MEK3	\$210,000
Gross Receipts/Lodgers 2009A	July 2016	01354MEL1	280,000
Gross Receipts/Lodgers 2009A	July 2017	01354MEM9	355,000
Gross Receipts/Lodgers 2009A	July 2018	01354MEN7	440,000
Gross Receipts/Lodgers 2009A	July 2019	01354MEP2	1,070,000
Gross Receipts/Lodgers 2009A	July 2020	01354MEQ0	1,200,000
Gross Receipts/Lodgers 2009A	July 2021	01354MER8	1,340,000
Gross Receipts/Lodgers 2009A	July 2022	01354MES6	1,490,000
Gross Receipts/Lodgers 2009A	July 2023	01354MET4	280,000
Gross Receipts/Lodgers 2009A	July 2024	01354MEU1	1,775,000
Gross Receipts/Lodgers 2009A	July 2025	01354MEV9	1,870,000
Gross Receipts/Lodgers Refunding 2014A	July 2015	01354MEW7	\$115,000
Gross Receipts/Lodgers Refunding 2014A	July 2016	01354MEX5	200,000

Gross Receipts/Lodgers Refunding 2014A	July 2017	01354MEY3	205,000
Gross Receipts/Lodgers Refunding 2014A	July 2018	01354MEZ0	210,000
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