CITY OF ALBUQUERQUE

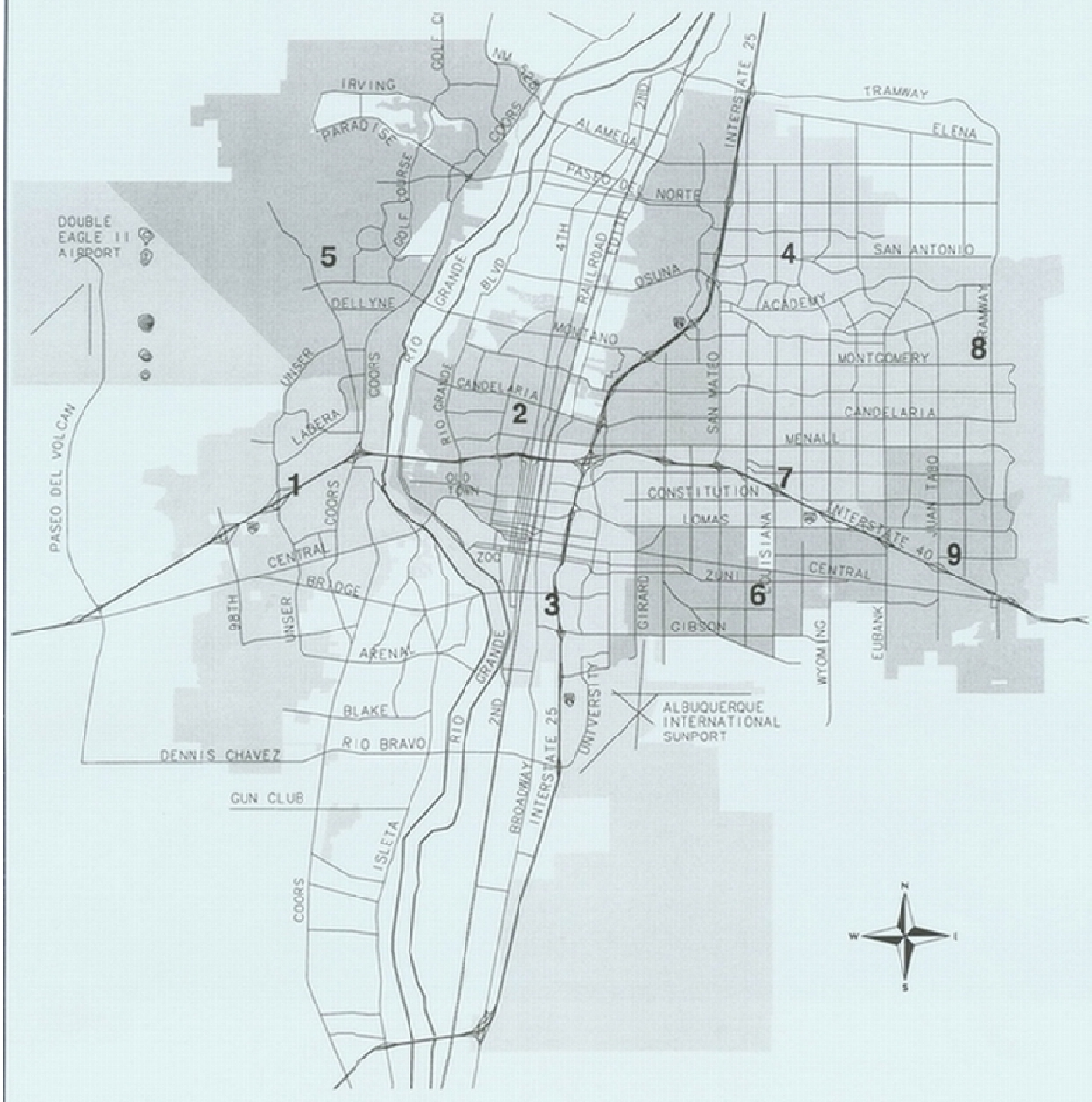
ANNUAL INFORMATION STATEMENT

DATED JANUARY 24, 2005

IN CONNECTION WITH BONDS AND

OTHER OBLIGATIONS

ALBUQUERQUE CITY COUNCIL DISTRICTS



Map Printed August 19, 2004

CITY OF ALBUQUERQUE

MAYOR
Martin J. Chavez

CITY COUNCIL

Miguel A. Gomez (Vice President)	District 1
M. Debbie O'Malley	District 2
Eric C. Griego	District 3
Brad Winter (President)	District 4
Michael Cadigan	District 5
Martin T. Heinrich	District 6
Sally Mayer	District 7
Craig E. Loy	District 8
Tina L. Cummins	District 9

ADMINISTRATION
James B. Lewis, Chief Administrative Officer
Gail D. Reese, Chief Financial Officer
Diana Dorn-Jones, Chief Operations Officer
Nicholas Bakas, Chief Public Safety Officer
Judy N. Chavez, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES
Sandra M. Doyle, CMA, Director
Lou D. Hoffman, CCM, City Treasurer
Cilia Aglialoro, Assistant Treasurer-Debt

OFFICE OF MANAGEMENT AND BUDGET
Anna Lamberson, PhD., Budget Officer
Jacques Blair, PhD., City Economist
R. Cameron Hull, Accounting Officer

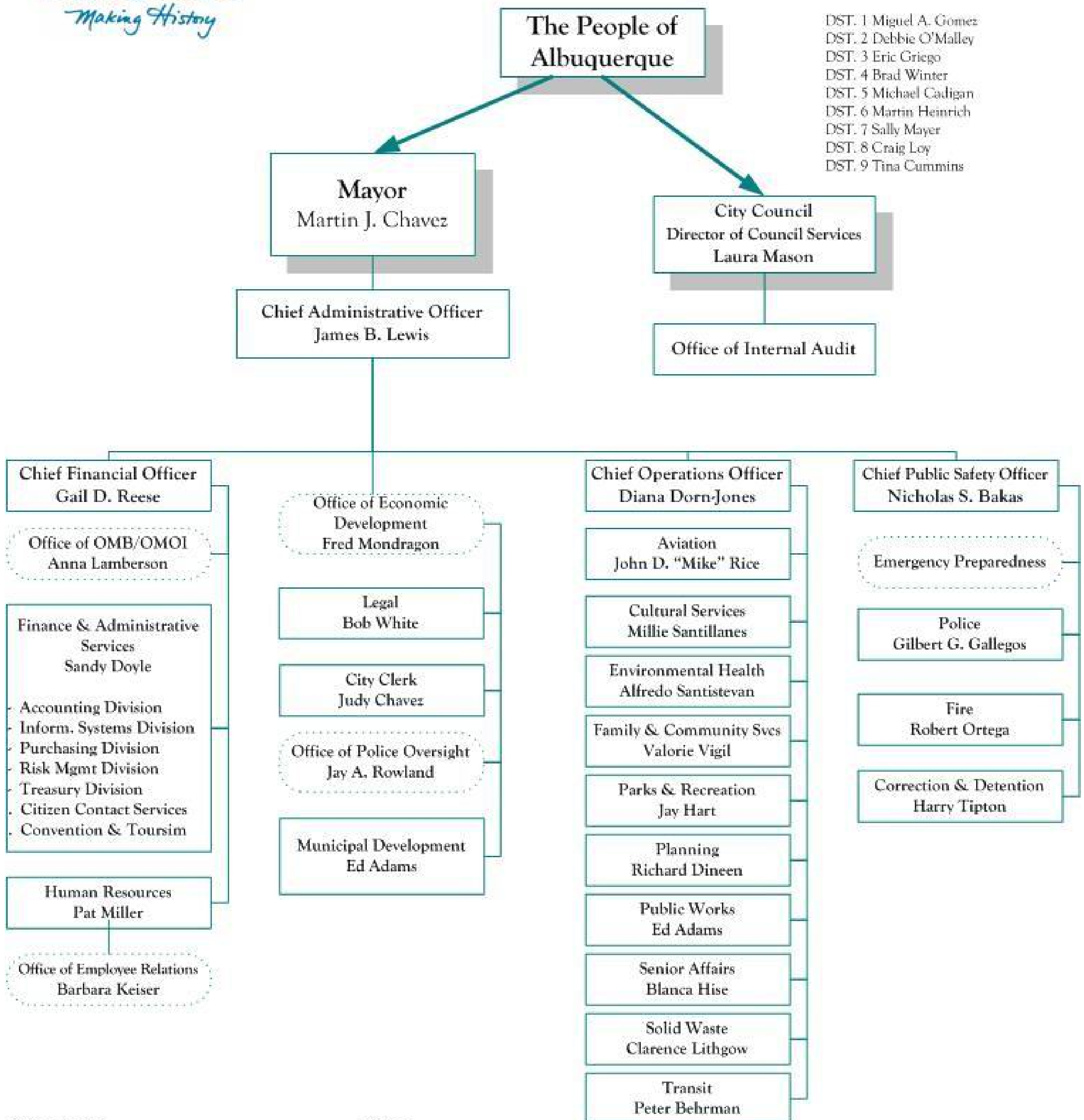
LEGAL DEPARTMENT
Robert M. White, Esq., City Attorney
Susan Biernacki, Esq., Assistant City Attorney

BOND COUNSEL
Brownstein Hyatt & Farber, P.C., Albuquerque, New Mexico

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

SPECIAL TAX COUNSEL
Kutak Rock LLP, Denver, Colorado

City of Albuquerque



Signature:______________________ Date:________

James B. Lewis, Chief Administrative Officer

Revised 09/30/04

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INTRODUCTION

This "Annual Information Statement Dated January 24, 2005 in Connection with Bonds and Other Obligations" (the "Annual Statement") has been prepared by the City of Albuquerque (the "City") to provide, as of its date, 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 is intended for use by existing holders of the City's obligations and by investors in such obligations in the secondary market. 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."

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 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. 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.

City Council actions taken after January 1, 2005, including information relating to bonds, notes or other obligations of the City issued or incurred after that date, is not included in the Annual Statement. 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.

Questions regarding information contained in the Annual Statement should be directed to Lou D. Hoffman, 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) 768-3396, Fax (505) 768-3447. Information about the City may also be obtained through the City's World Wide Web site, www.cabq.gov. It is anticipated that a copy will be posted to that web site in March 2005.

CONTINUING DISCLOSURE UNDERTAKINGS

Pursuant to the requirements of Rule 15c2-12 of 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) Refuse Removal and Disposal Refunding Revenue Bonds, Series 1995;

(2) Joint Water and Sewer System Revenue Bonds, Series 1995;
(3) General Obligation Bonds, Series 1996B;
(4) Gross Receipts Tax Refunding Revenue Bonds, Series 1996;
(5) General Obligation Bonds, Series 1997A and B;
(6) Gross Receipts Tax Adjustable Tender Revenue Bonds, Series 1997;
(7) Joint Water and Sewer System Revenue Bonds, Series 1997;
(8) General Obligation Bonds, Series 1998;
(9) Refusal Removal and Disposal Revenue Bonds, Series 1998;
(10) Governmental Purpose Airport Refunding Revenue Bonds, Series 1998;
(11) General Obligation Bonds, Series 1999A, B and C;
(12) Joint Water and System Refunding and Improvement Revenue Bonds, Series 1999A;
(13) Special Assessment District No. 224 Bonds, Issue of February 1, 1999;
(14) Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A;
(15) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 1999B;
(16) Gross Receipts Tax Refunding Revenue Bonds, Series 1999C;
(17) Joint Water and Sewer System Refunding Revenue Bonds, Series 2000A;
(18) General Obligation Bonds, Series 2000A and B;
(19) Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001;
(20) Refuse Removal and Disposal Revenue Bonds, Series 2001 A and B;
(21) General Obligation Bonds, Series 2001A and B;
(22) Airport Refunding Revenue Bonds, Series 2001;
(23) Joint Water and Sewer System Revenue Bonds, Series 2001;
(24) General Obligation Taxable Baseball Stadium Bonds, Series 2001C;
(25) General Obligation General Purpose Bonds, Series 2002B;
(26) General Obligation Storm Sewer Bonds, Series 2002C;
(27) General Obligation Bonds, Series 2003A, B, and C;
(28) Airport Refunding and Improvement Revenue Bonds, Series 2004A and Taxable Series 2004B;
(29) General Obligation Taxable General Purpose Bonds, Series 2004B; and
(30) Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2004A and Taxable Series 2004B.

In each of its Disclosure Undertakings, the City has agreed to file certain annual financial information with the nationally recognized municipal securities information repositories approved by the SEC (the "NRMSIRs"). The information provided in the Annual Statement, together with the audited financial statements referred to below, satisfies the disclosure requirements for annual financial information to be provided pursuant to the Disclosure Undertakings and the City is filing the Annual Statement with each of the NRMSIRs recognized as of its date. Because year end audits have not been released by the State Auditor in time to make filings within 180 days of the end of the City's Fiscal Year, the audited financial statements have been filed late. Other than the delay in filing such financial statements, the City is in compliance with all of the requirements of its Disclosure Undertakings.

OUTSTANDING CITY OBLIGATIONS

Summary of Outstanding Obligations

The City has issued and there are outstanding certain general obligation bonds payable from property tax revenues and limited obligations payable from State and municipal gross receipts tax revenues, net revenues of various City enterprise operations, special property assessments which are further secured by pledged revenues, and certain single family and multifamily housing programs. These outstanding obligations are generally described below and certain terms of such obligations are summarized in Note 10 to the City's Audited General Purpose Financial Statements; 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 Comprehensive Audited Financial Report of the City of Albuquerque Audited General Purpose Financial Statements as of and for the Fiscal Year ended June 30, 2004 ("CAFR"); it is anticipated that the CAFR will be able to be viewed at and downloaded from the City's website, www.cabq.gov in March 2005. Certain of these obligations are further secured by municipal bond insurance, letters of credit and other credit enhancement provided by various entities as described in "Credit Enhancement and Interest Rate Risk Management" under this caption. The City has also acted as the issuer of bonds payable solely from loan or lease payments made by conduit borrowers which are not payable by the City from any of its revenues or assets, as described in "Conduit Bonds" under this caption.

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; short-term ratings of bonds bearing short-term interest rates are based upon the short-term rating of the liquidating provider. Certain of such bonds are credit enhanced and therefore 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 and Interest Rate Risk Management" 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, including a series of general obligation taxable baseball stadium bonds, in an outstanding aggregate principal amount of $127,775,000, and storm sewer system general obligation bonds, in an outstanding aggregate principal amount of $46,610,000. In a regular municipal election on October 28, 2003, the voters approved the future issuance of $93,884,597 of general purpose general obligation bonds and $11,576,370 of storm sewer system general obligation bonds. On May 17, 2004, the City issued $35,800,000 of the general purpose bonds; $58,084,597 of the general purpose bonds has not yet been issued; none of the storm sewer system bonds have been issued. In a special municipal bond election held on November 2, 2004, the voters approved the future issuance of $52,377,497 of general purpose general obligation street improvement bonds.

City of Albuquerque
Outstanding General Obligation Bonds
As of December 31, 2004

Issue[1]	Principal Amount Of Original Issue	Currently Outstanding
General Purpose G.O. Bonds:		
January 1997	$ 44,620,000	$ 1,700,000
February 1998	38,030,000	4,200,000
February 1999	16,870,000	4,000,000
August 1999	24,105,000	10,000,000
July 2000	44,080,000	450,000
September 2001	46,315,000	25,670,000
October 2001 – Taxable Stadium	10,000,000	6,000,000
February 2002	20,000,000	13,400,000
July 2003	81,805,000	56,555,000
May 2004	5,800,000	5,800,000
Total	$331,625,000	$127,775,000
Water, Sewer and Storm Sewer G.O. Bonds:		
February 1996	$ 3,500,000	$ 2,500,000
January 1997	6,700,000	6,700,000
February 1998	6,350,000	6,350,000
February 1999	4,760,000	4,760,000
July 2000	6,750,000	6,750,000
September 2001	4,510,000	4,510,000
February 2002	5,600,000	5,600,000
July 2003	9,440,000	9,440,000
Total	$47,610,000	$46,610,000
Total General Obligation Bonds	$379,235,000	$174,385,000

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.

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 the City of $8,285,493,156 as shown below, the City may issue $203,644,726 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 $8,285,493,156*	$331,419,726
Outstanding (General Purpose subject to 4% limitation)	$127,775,000
Available for Future Issues	$203,644,726

* See the table below entitled "Assessed Valuation County Tax Year 2004 (Fiscal Year 2005)."

City of Albuquerque
Assessed Valuation
County Tax Year [1] 2004 (Fiscal Year 2005)

Market Value of Property Assessed [2]	$29,307,751,452
Taxable Value of Property Assessed	
(1/3 Market Value)	$ 9,454,252,111
Locally Assessed	
Less Exemptions	(1,483,757,328)
Plus Centrally Assessed (Corporate)	314,998,373
Certified Net Tax Base	$ 8,285,493,156[3]

(1) The County tax year ("Tax Year") begins November 1 and ends October 31
(2) Reflects market values submitted to the State by the County Assessor prior to properties assessed late. Value shown was used to assess property taxes for the Tax Year. Current values could vary from value shown.
(3) This Certified Net Tax Base is based on information received from the County Assessor's Office. Taxable value is determined by dividing market value by three and subtracting exemptions.

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 December 31, 2004

Gross G.O. Bonded Debt[1]	174,385,000
Less G.O. Sinking Fund Balance (November 1, 2004)	(15,089,000)[2]
Net G.O. Bonded Debt	159,296,000

	G.O. Debt	**Tax Year 2004 Assessed Valuation**	**% Applicable to City**	**Net Overlapping**
City of Albuquerque	$159,296,000	$8,285,493,156	100.00%	$159,296,000
Albuquerque Public Schools	134,850,000	10,236,146,834	80.94%	109,152,279
Albuquerque Metropolitan Arroyo Flood Control Authority	18,550,000	9,684,259,433	85.56%	15,870,692
Albuquerque Technical-Vocational Institute	25,430,000	10,048,325,370	82.46%	20,968,677
Bernalillo County	84,404,000	10,236,146,834	80.94%	68,319,532
State of New Mexico	220,940,000	30,554,270,111	27.12%	59,912,963
Total Direct and Overlapping G.O. Debt				$433,520,143

Ratios:

Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation	5.23%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation	1.48%
Assessed Valuation Per Capita (2004 Estimated Population 477,990)[3]	$17,559.37
Direct and Overlapping G.O. Debt Per Capita	$938.69

(1) Amount does not include any bonds which have been advance refunded and fully defeased by an escrow containing cash and securities fully guaranteed by the United State Government in an amount required to pay all principal and interest on the refunded bonds as they come due.

(2) The cash balance as of November 1 was $17,545,349. The amount properly attributable to principal reduction is 86% of the cash balance.

(3) Population estimated by City of Albuquerque Planning Division.

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
1995	418,839	$ 4,312,210	$211,175	$ 3,970	$207,205	4.81%	$494.71
1996	420,527	5,077,321	176,315	10,476	165,839	3.27%	394.36
1997	420,907	5,184,693	168,170	7,742	160,428	3.09%	381.15
1998	421,384	5,469,636	172,155	7,834	164,321	3.00%	389.96
1999	420,578	5,656,901	169,165	12,114	157,051	2.78%	373.42
2000	448,607 [(4)]	6,856,281	152,825	24,832	127,993	1.87%	285.31
2001	454,015 [(4)]	6,900,667	138,180	10,707	127,473	1.85%	280.77
2002	460,464 [(4)]	7,423,666	117,440	18,230	99,210	1.34%	215.46
2003	473,849	7,623,843	160,055	45,493	114,562	1.50%	241.77
2004	479,061	7,887,551	126,810	46,158	80,652	1.02%	168.35

(1) Population is estimated for all years except for June 30, 2000. June 30, 2000 is based on Bureau of Census date. Estimates provided by City of Albuquerque Planning Department.
(2) Assessment made by County Assessor. The taxable ratio by State statute is one-third of assessed value.
(3) Available for debt service.
(4) Full accrual basis.

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 December 31, 2004

Fiscal Year	Principal	Interest	Total Debt Service
2005	$ 37,350,000	$ 7,612,595	$ 44,962,595
2006	28,090,000	6,080,965	34,170,965
2007	23,920,000	4,854,065	28,774,065
2008	20,920,000	3,766,916	24,686,916
2009	18,545,000	2,818,326	21,363,326
2010	16,545,000	1,990,425	18,535,425
2011	14,345,000	1,171,925	15,516,925
2012	7,335,000	550,125	7,885,125
2013	7,335,000	330,075	7,665,075
	$174,385,000	$29,175,416	$203,560,416

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 GO Debt Service)[1]	Debt Service as a % of Total General Fund Expenditures (Excluding GO Debt Service)
1995	$34,860,000	$10,828,981	$45,688,981	$265,271,055	17.2%
1996	34,670,000	9,363,829	44,033,829	266,366,046	16.5%
1997	47,335,000	9,323,348	56,658,348	286,735,538	19.8%
1998	47,370,000	9,241,602	56,611,602	303,158,434	18.7%
1999	37,970,000	8,614,288	46,584,288	297,841,293	15.6%
2000	38,750,000	8,357,440	47,107,440	300,822,796	15.7%
2001	71,570,000	9,046,715	80,616,715	320,852,941	25.1%
2002	49,810,000	8,215,773	58,025,773	321,419,453	18.1%
2003	33,245,000	7,596,953	40,841,953	326,383,639	12.5%
2004	52,220,000	9,366,770	61,586,770	349,401,983	17.6%

(1) Includes transfers and other financing uses

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 "Aa3" by Moody's Investors Service, Inc. ("Moody's"), "AA" by Standard & Poor's Ratings Service ("S&P") and "AA" by Fitch, Inc. ("Fitch"). Certain of these bonds are credit enhanced and therefore have a different rating which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

State Gross Receipts Tax Obligations

Outstanding State Gross Receipts Tax Obligations. The City presently has outstanding the following series of special limited obligations 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 December 31, 2004

Issue[1]	**Project Financed**	**Principal Amt. of Original Issue**	**Outstanding Principal Amt.**	**Reserve Fund Balances**	**Optional Redemption Provisions**
Gross Receipts Tax Refunding Revenue Bonds, Series 1996[2]	Refunding	$18,315,000	$3,690,000	N/A	7/01/08 @ 100%
Gross Receipts Tax Refunding Revenue Bonds, Series 1999C	Refunding	27,130,000	27,130,000	N/A	7/01/09 @ 100%
Taxable Gross Receipts Tax Adjustable Tender Revenue Bonds, Series 2000A	Parking Structures	25,600,000	23,500,000	MBIA Surety	Callable on any interest payment date at 100%
Taxable Golf Revenue/Gross Receipts Tax Bonds Series 2001[3]	Golf Course	2,420,000	1,885,000	N/A	7/01/06 @ 100%
New Mexico Finance Authority Helicopter Loan	Police Helicopter	700,000	297,116	N/A	Callable on any interest payment after one year from April 25, 2001
New Mexico Finance Authority Stadium Loan #1[4]	Baseball Stadium	6,000,000	5,859,786	N/A	Callable on any interest payment after one year from October 4, 2002
New Mexico Finance Authority Stadium Loan #2[5]	Baseball Stadium	9,000,000	8,760,294	N/A	Callable on any interest payment after one year from December 27, 2002
Total Outstanding State Gross Receipts Tax Obligations			$71,122,196		

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
(2) These bonds are also payable from certain allocated net revenues of the City's parking and airport systems.
(3) These bonds are also payable from net revenues of the City's golf courses.
(4) This loan is also payable from lease payments due to the City from the lessee of the baseball stadium.
(5) This loan is also payable from surcharges imposed on ticket sales, concessions and other goods and services sold at the baseball stadium.

The City has also pledged its share of the State gross receipts tax, on a basis subordinate to the outstanding State gross receipts tax obligations discussed above and in the following paragraph entitled "Outstanding State Gross Receipts/Lodgers' Tax Bonds", to secure its payment obligations under a surety bond reimbursement agreement entered into by the City and MBIA Insurance Corporation ("MBIA") in connection with the provision of a surety bond securing certain payments on the City's Affordable Housing Projects Refunding Revenue Bonds, Series 2000. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

Outstanding State Gross Receipts/Lodgers' Tax 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 Bonds
as of December 31, 2004

Issue[1]	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions
Gross Receipts/ Lodgers' Tax Refunding and Improvement Bonds, Series 1991B[2]	Refunding and Convention Center	$20,095,587	$2,004,397 [2]	N/A	7/1/11 @ 103%
Gross Receipts/ Lodgers' Tax Adjustable Tender Revenue Bonds, Series 1995[3]	Convention Center and Plaza Improvements	6,700,000	1,300,000	N/A	Callable on any interest payment date @ 100%
Gross Receipts/ Lodgers' Tax Refunding Revenue Bonds, Series 1999B	Refunding	45,335,000	12,235,000	N/A	7/1/09 @ 100%
Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A	Refunding	31,965,000	31,965,000	N/A	7/01/2014 @ 100%
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	Refunding	28,915,000	28,915,000	N/A	Callable at any time with make-whole premium[4]
Total Outstanding State Gross Receipts/Lodgers' Tax Obligations			$76,419,397		

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
(2) These bonds were issued as capital appreciation bonds. The amount shown as outstanding is the accreted value of the bonds as of July 1, 2005.
(3) These bonds are supported by a letter of credit issued by Bank of America, N.A., as described in "Credit Enhancement and Insurance Rate Risk Management" under this caption.
(4) Optional Redemption requires an approving opinion of bond or special tax counsel.

City of Albuquerque
Outstanding Hospitality Fee NMFA Loan

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions
New Mexico Finance Hospitality Fee Loan	Convention Center Improvements	$5,700,000	$5,700,000		Callable on any interest payment after one year from September 9, 2005
Total Hospitality Fee Loan			$5,700,000		

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 (as described above). The table lists separately the City's State gross receipts tax bonds referred to as "Old Lien Tax Obligations" and those referred to as "New Lien Tax Obligations". The pledge securing the Old Lien Tax Obligations is made as to the tax revenues produced by the 1% portion of the 1.225% tax applied to gross receipts in the City and distributed to the City by the State. The pledge securing the New Lien Tax Obligations is made as to State Gross Receipts Tax revenues the City receives from the entire 1.225% distribution from the State. See "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes."

Estimated Total Combined Debt Service
Outstanding Gross Receipts Tax Obligations

	Old Lien Tax Obligations							New Lien Tax Obligations				
July 1	Series 1991B [1][3]	Series 1995 [2][3]	Series 1996	Series 1999B[3]	Series 1999C/D	Series 2000A[4]	Series 2001[5]	NMFA Helicopter Loan	NMFA Stadium Lease Loan[6]	Surcharge Stadium Loan[7]	Series 2004A/B[3]	Estimated Total Combined Debt Service Requirements
2005	--	$195,000	$509,500	$609,005	$1,355,213	$4,120,000	$347,669	$157,140	$490,833	$670,928	$2,361,327	$10,816,614
2006	--	195,000	538,250	609,005	1,355,213	4,564,000	343,888	157,154	490,847	670,944	3,383,721	12,308,021
2007	--	195,000	594,750	609,005	1,355,213	4,536,000	344,200		490,863	670,963	3,356,763	12,152,757
2008	--	195,000	632,500	609,005	1,355,213	4,384,000	342,950		490,881	670,987	3,354,451	12,034,985
2009	--	195,000	702,250	609,005	1,355,213	4,220,000	345,460		490,902	671,013	3,321,079	11,909,921
2010	--	195,000	742,250	609,005	1,355,213	4,244,000	341,650		490,925	671,043	3,313,002	11,962,087
2011	--	195,000	813,750	609,005	1,355,213	3,932,000	346,775		490,950	671,074	3,299,474	11,713,240
2012	$560,000	195,000	--	709,005	1,355,213	3,820,000	--		490,976	671,109	3,315,714	11,117,017
2013	590,000	195,000	--	764,405	1,355,213	3,884,000	--		491,005	671,148	3,290,431	11,241,201
2014	585,000	195,000	--	826,885	1,855,213	2,800,000	--		491,036	671,188	3,305,414	10,729,735
2015	600,000	195,000	--	885,960	3,956,463	--	--		491,069	671,229	3,303,899	10,103,620
2016	540,000	195,000	--	951,410	4,533,650	--	--		491,104	671,275	3,370,694	10,753,132
2017	545,000	195,000	--	1,012,790	4,538,300	--	--		491,142	671,322	3,378,176	10,831,730
2018	550,000	195,000	--	1,080,250	4,533,500	--	--		491,182	671,373	3,379,311	10,900,616
2019	--	195,000	--	1,692,750	4,593,500	--	--		491,225	671,426	3,394,368	11,038,269
2020	--	195,000	--	1,768,250	4,606,250	--	--		491,271	671,484	3,392,539	11,124,794
2021	--	195,000	--	1,847,000	4,543,888	--	--		491,321	671,545	3,394,631	11,143,385
2022	--	195,000	--	1,933,500	1,105,113	--	--		491,374	671,610	3,385,376	7,781,973
2023	--	1,495,00	--	662,000	--	--	--		491,430	671,678	3,440,313	6,760,421
2024	--	--	--	2,145,000	--	--	--		491,491	671,751	3,395,937	6,704,179
2025	--	--	--	2,157,750	--	--	--		491,556	671,827	3,467,370	6,788,504
2026	--	--	--	--	--	--	--		491,626	671,909	5,707,468	6,871,003
2027	--	--	--	--	--	--	--				5,796,531	5,796,531
2028	--	--	--	--	--	--	--				5,881,744	5,881,744
2029	--	--	--	--	--	--	--				5,972,553	5,972,553
2030	--	--	--	--	--	--	--				6,057,850	6,057,850
2031	--	--	--	--	--	--	--				6,151,401	6,151,401
2032	--	--	--	--	--	--	--				6,245,241	6,245,241
2033	--	--	--	--	--	--	--				6,341,491	6,341,491
2034	--	--	--	--	--	--	--				6,431,491	6,431,491
2035	--	--	--	--	--	--	--				6,526,592	6,526,592
2036	--	--	--	--	--	--	--				6,626,342	6,626,342
2037	--	--	--	--	--	--	--				6,690,875	7,328,481

(1) Accreted Values shown.
(2) Interest for the Series 1995 Bonds has been calculated at an assumed annual rate of 15%, the maximum bond interest rate under the bond ordinance pursuant to which the Series 1995 Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rate.
(3) Payable from both State shared gross receipts tax revenues and lodgers' tax revenues.
(4) Interest for the Series 2000A Bonds has been calculated at an assumed annual rate of 12%, the maximum bond interest rate under the bond ordinance pursuant to which the Series 2000A Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rate.
(5) Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001
(6) NMFA Lease Revenue/Gross Receipts Tax Stadium Loan – October 4, 2002.
(7) NMFA Surcharge Revenue/Gross Receipts Tax Stadium Loan – December 27, 2002.

The State Gross Receipts Tax revenues of the City attributable to the 1.225% levy for Fiscal Year 2004 were $156,137,731. See "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes." The maximum estimated calendar year combined debt service requirements for the outstanding State gross receipts tax obligations of the City as shown in the preceding table are estimated to be $12,308,021 (occurring in calendar year 2006). The coverage ratio of the Fiscal Year 2004 State Gross Receipts Tax revenues to such maximum estimated calendar year combined debt service requirements is 12.69x.

Current Ratings of State Gross Receipts Tax Bonds. The City's outstanding State gross receipts tax bonds are currently rated "A1" by Moody's, "AA" by S&P, and "AA" by Fitch. In addition, certain of these bonds (which includes two series of the outstanding State gross receipts/lodgers' tax bonds) are credit enhanced and therefore have a different rating, which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

Municipal Gross Receipts Tax Bonds

Outstanding Municipal Gross Receipts Tax Bonds. The City presently has outstanding the following two series of special limited obligations secured by the municipal gross receipts tax revenues received by the City as described in "FINANCIAL INFORMATION - Gross Receipts Taxes - Municipal and Other Gross Receipts Tax."

City of Albuquerque
Outstanding Municipal Gross Receipts Tax Bonds
as of December 31, 2004

Issue[1]	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions
Municipal Gross Receipts Refunding Revenue Bonds, Series 1992	Refunding	$11,420,000	$3,740,000	N/A	7/1/02 @ 102%
Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A	Refunding	$ 6,070,000	$4,810,000	N/A	7/1/09 @ 100%
Total Outstanding Municipal Gross Receipts Tax Bonds			$8,550,000		

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.

Combined Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total combined debt service estimated to be payable for the outstanding municipal gross receipts tax bonds of the City.

City of Albuquerque
Total Combined Debt Service
Outstanding Municipal Gross Receipts Tax Bonds
as of December 31, 2004

Calendar Year	Series 1992 Bonds	Series 1999A Bonds	Estimated Total Combined Debt Service
2005	$ 1,403,828	$ 568,095	$ 1,971,923
2006	1,406,288	569,468	1,975,755
2007	1,408,475	569,888	1,978,363
2008	--	571,138	571,138
2009	--	571,388	571,388
2010	--	570,638	570,638
2011	--	566,498	566,498
2012	--	571,248	571,248
2013	--	569,398	569,398
2014	--	571,133	571,133
2015	--	571,433	571,433
Total	$4,218,590	$6,270,320	$10,488,910

The municipal gross receipts tax (0.5%) revenues of the City for Fiscal Year 2004 were $62,778,208. See "FINANCIAL INFORMATION - Gross Receipts Taxes - Municipal and Other Gross Receipts Taxes." The maximum calendar year combined debt service requirements for the outstanding municipal gross receipts tax bonds of the City are estimated to be $1,978,363 (occurring in calendar year 2007). The coverage ratio of the Fiscal Year 2004 municipal gross receipts tax revenues to such maximum calendar year combined debt service requirements is 31.73x.

Current Ratings of Municipal Gross Receipts Tax Bonds. Both series of the City's outstanding municipal gross receipts tax bonds are credit enhanced and therefore 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 and Interest Rate Risk Management" under this caption.

Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of December 31, 2004 payable from General Fund tax revenues, (ii) the property tax debt of certain overlapping jurisdictions and 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 December 31, 2004

General Obligation Debt	**Total Outstanding**	**Per Capita- (Population of 477,990[1])**
Net Direct G.O. Debt[2]	$159,296,000	$333.26
Overlapping Jurisdiction G.O. Debt[3]	274,224,143	573.70
Total Direct and Overlapping G.O. Debt	$433,520,143	$906.96
Special Tax Obligations		
State Gross Receipts Tax Bonds[4]	$71,122,196	$148.79
State Gross Receipts/Lodgers' Tax Bonds[5]	76,419,397	159.88
Hospitality Fee Revenue Bonds	5,700,000	11.92
Municipal Gross Receipts Tax Bonds[6]	8,550,000	17.89
SAD Bond-Pledged Gasoline Tax Subseries[7]	540,000	1.13
Direct Special Tax Obligations	$162,331,593	$339.61
TOTAL OVERALL TAX-SUPPORTED BLIGATIONS	$595,851,736	$1,246.58

(1) Population estimated by the City of Albuquerque Planning Division.
(2) See table entitled "City of Albuquerque Outstanding General Obligation Bonds as of December 31, 2004" under this caption.
(3) See table entitled "Direct and Overlapping General Obligation Debt as of December 31, 2004" under this caption.
(4) See table entitled "City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of December 31, 2004" under this caption.
(5) See table entitled "City of Albuquerque Outstanding State Gross Receipts/Lodgers' Tax Bonds as of December 31, 2004" under this caption.
(6) See table entitled "City of Albuquerque Outstanding Municipal Gross Receipts Tax Bonds as of December 31, 2004" under this caption.
(7) See "Outstanding Special Assessment District Bonds" 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 ("Airport"). See "ENTERPRISE OPERATIONS - Albuquerque International Sunport."

City of Albuquerque
Outstanding Airport Revenue Bonds
as of December 31, 2004

Issue[1]	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions[2]
Airport Subordinate Lien Adjustable Tender Refunding Revenue Bonds, Refunding Series 1995[3][4]	Refunding	$ 67,000,000	$47,400,000	$ 6,700,000	Callable on any interest payment date @100%
Airport Refunding Revenue Bonds, Series 1997[3]	Refunding	33,310,000	27,065,000	Ambac surety	7/1/07-6/30/08 @102% 7/1/08-6/30/09 @101% 7/1/09 and thereafter @100%
Airport Refunding Revenue Bonds, Series 1998[3]	Refunding	42,685,000	37,440,000	Ambac surety	7/1/08 @100%
Subordinate Lien Adjustable Rate Airport Refunding Revenue Bonds, Series 2000 A & B[3][4]	Road Improvements and Rental Car Facility	47,200,000	24,200,000	Ambac surety	Callable on any interest payment date @100%
Airport Revenue Bonds, Series 2001[3]	Refunding	42,550,000	39,315,000	Ambac surety	7/1/11 @100%
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A	Refunding	20,610,000	20,610,000	MBIA Surety	7/1/13 @100%
Senior Lien Airport Improvement Revenue Bonds, Series 2004B	Fuel Facility, Terminal and Improvements	30,000,000	30,000,000	MBIA Surety	7/1/13 @100%
Total Airport Revenue Bonds			$226,030,000		

(1) The CUSIP numbers for each maturity listed on this table are shown on Appendix B hereto.
(2) 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.
(3) Ambac Assurance Corporation has provided its bond insurance policy in connection with these bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.
(4) These bonds are payable from net revenues of Albuquerque International Sunport on a subordinate parity lien basis to the other outstanding Airport revenue bonds, which are sometimes referred to herein as "Senior Parity Obligations." See also "Credit Enhancement and Interest Rate Risk Management" under this caption for a description of certain credit enhancement relating to these bonds and an exchange agreement relating to the Series 1995 Bonds.

Combined Debt Service and Coverage Ratio. 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

	Outstanding Senior Parity Obligations					Outstanding Subordinate Parity Obligations				
Calendar Year	Series 1997 Bonds	Series 1998B Bonds	Series 2001 Bonds	Series 2004B Bonds	Total Senior Parity Obligations	Series 1995 Bonds[1]	Series 2000A & B Bonds[2]	Series 2004A Bonds	Total Subordinate Party Obligations	Estimated Total Combined Requirements
2005	$ 3,021,421	$ 3,551,684	$ 4,479,180	$ 1,246,840	$ 12,299,125	$ 6,515,630	$ 3,465,000	$ 1,507,048	$ 11,487,678	$ 23,786,803
2006	3,023,921	3,546,924	5,312,200	1,246,840	13,129,885	6,591,790	4,065,000	1,661,697	12,318,487	25,448,372
2007	3,018,121	3,573,299	5,138,200	2,916,840	14,646,460	6,646,965	4,675,000	1,809,337	13,131,302	27,777,762
2008	3,027,121	3,574,234	4,964,200	2,883,440	14,448,995	6,681,155	4,986,000	1,968,089	13,635,244	28,084,239
2009	3,029,621	3,579,474	4,790,200	2,843,778	14,243,073	6,694,360	5,225,000	2,241,174	14,160,534	28,403,607
2010	3,021,621	3,568,399	4,994,040	2,798,688	14,382,748	6,786,580	4,989,000	2,213,614	13,989,194	28,371,942
2011	3,011,871	3,571,279	3,769,350	2,715,188	13,067,688	6,850,820	4,641,000	2,245,254	13,737,074	26,804,761
2012	3,020,034	3,568,748	3,770,463	2,665,088	13,024,331	6,887,080	4,793,000	2,208,474	13,888,554	26,912,885
2013	3,014,421	3,578,323	3,768,513	2,576,588	12,937,844	6,995,360	4,570,000	2,206,891	13,772,251	26,710,094
2014	3,018,096	3,575,683	3,768,231	2,493,338	12,855,348	7,168,665	4,317,000	2,214,338	13,700,003	26,555,351
2015	3,023,165	3,575,945	3,769,081	2,410,088	12,778,279		2,334,000	2,211,970	4,545,970	17,324,249
2016	3,018,990	3,573,500	3,760,525	2,326,838	12,679,853		676,000	2,173,466	2,849,466	15,529,319
2017	3,022,495	3,571,500		2,260,238	8,854,233		628,000	2,170,667	2,798,667	11,652,900
2018	3,019,610	3,572,250		2,193,638	8,785,498		680,000	1,881,469	2,561,469	11,346,967
2019		3,575,250		2,110,388	5,685,638		620,000		620,000	6,305,638
2020				2,027,138	2,027,138		560,000		560,000	2,587,138
2021				1,956,375	1,956,375					1,956,375
2022				1,885,613	1,885,613					1,885,613
2023				1,814,850	1,814,850					1,814,850
2024				1,739,925	1,739,925					1,739,925
Total	$42,290,510	$53,556,489	$52,284,183	$45,111,713	$193,242,894	$67,818,405	$51,224,000	$28,713,486	$147,755,891	$340,998,785

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

(1) The interest rate payable by the City for the Subordinate Series 1995 Bonds has been calculated at 6.995% per annum pursuant to the interest rate exchange agreement entered by the City in connection with its issuance of the Subordinate Series 1995 Bonds.

(2) The interest payable by the City for the Subordinate Series 2000A and 2000B Bonds has been calculated at assumed annual interest rates of 12% and 15%, respectively, the maximum bond interest rates under the bond ordinance pursuant to which the those Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rates.

In the ordinances pursuant to which the City's Airport revenue bonds 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 ordinances) annually to pay 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 revenue bonds ("Test No. 2"). The net revenues of the Airport for Fiscal Year 2004, as shown in the City's Comprehensive Annual Financial Report (the "CAFR"), were $36,788,642 (Test No. 1) and $37,122,230 (Test No. 2). See "ENTERPRISE OPERATIONS - Albuquerque International Sunport - Airport Financial Information; Airport Fund." This amount is adjusted to conform amounts presented as net revenues in the CAFR to the definition of Net Revenues in the ordinances and the calculation of debt service under Test No. 1 and Test No. 2. The maximum estimated calendar year combined debt service requirements for all outstanding Senior Parity Obligations are estimated to be $14,646,460 (occurring in calendar year 2007). With respect to Test No. 1, the coverage ratio of the adjusted net revenues for the Airport for Fiscal Year 2004 ($36,788,642) to such maximum estimated calendar year debt service requirements is 2.51x. The maximum estimated calendar year combined debt service requirements for the outstanding Airport revenue bonds are estimated to be $28,403,607 (occurring in calendar year 2009). With respect to Test No. 2, the coverage ratio of the adjusted net revenues of the Airport for Fiscal Year 2004 ($37,122,230) to such maximum estimated calendar year debt service requirements is 1.31x (occurring in calendar year 2009). For Fiscal Year 2004, the actual debt service ratio for Test No. 1 is equal 3.42x, and the ratio for Test No. 2 is equal to 2.31x.

Current Ratings of the Airport Revenue Bonds. All of the City's outstanding Airport revenue bonds are credit enhanced and therefore have received a rating based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption. However, the following underlying ratings have been assigned to the Senior Parity Obligations: "Aa3" by Moody's, "A+" by S&P and "A+" by Fitch. The following underlying ratings have been assigned to the Subordinate Parity Obligations: "A1" 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 relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10, NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (the "Authority") and 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 legislation also required that the New Mexico Public Regulation Commission audit the Water/Sewer System prior to the transfer of money, assets and debts of the Water/Sewer System; the audit was completed December 2003. 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 and the City entered into a Memorandum of Understanding dated January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System.

Information relating to outstanding Water/Sewer System obligations may be found in the Annual Information Statement of the Authority dated January 24, 2005 on file with each Nationally Recognized Municipal Securities Information Repository.

Refuse Removal and Disposal System Revenue Bonds

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

City of Albuquerque
Outstanding Refuse Removal and Disposal Revenue Bonds
as of December 31, 2004

Issue[1]	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions [2]
Refuse Removal and Disposal Refunding and Improvement Revenue Bonds, Series 1992[3]	Refunding and System improvements	$ 15,990,000	$555,000	Ambac surety	7/1/2002 @ 102%
Refuse Removal and Disposal Refunding Revenue Bonds, Series 1995[3]	Refunding	13,515,000	7,635,000	Ambac surety	Not callable
Refuse Removal and Disposal Revenue Bonds, Series 1998[3]	System improvements	10,170,000	6,785,000	Ambac surety	7/1/2007 @100%
Refuse Removal and Disposal Revenue Bonds, Series 2001A and B	System improvements and refunding	14,205,000	12,775,000	FSA surety	Not callable
NMFA – Refuse Removal and Disposal Loan	System Improvements	5,800,000	5,800,000	n/a	Callable on any interest payment after one year from and after July 13, 2004
Total Refuse System Revenue Bonds			$33,620,000		

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
(2) Certain of these bonds are also subject to mandatory sinking fund redemption at par on the dates and otherwise as described in the bond documents relating to such bonds.
(3) Ambac Assurance Corporation has provided its municipal bond insurance in connection with these bonds. See “Credit Enhancement and Interest Rate Risk Management” under this caption.

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 system revenue bonds through their respective final maturity dates.

City of Albuquerque
Total Combined Debt Service
Outstanding Refuse System Revenue Bonds
as of December 31, 2004

Calendar Year	Series 1992 Bonds	Series 1995 Bonds	Series 1998 Bonds	Series 2001A Bonds	Series 2001B Bonds	Series 2001A&B Bonds	NMFA Loan	Estimated Total Combined Debt Service Requirements
2005	$586,080	$1,771,715	$947,888	$ 567,206	$576,685	$ 1,143,891	$674,376	$5,123,950
2006	--	1,772,965	946,218	1,160,394	576,885	1,737,279	677,687	5,134,148
2007	--	1,773,548	948,218	1,155,400	576,285	1,731,685	677,707	5,131,157
2008	--	1,777,988	948,468	1,153,800	504,885	1,658,685	677,732	5,062,872
2009	--	1,778,725	947,443	1,150,338	--	1,150,338	677,762	4,554,267
2010	--	--	949,193	2,929,950	--	2,929,950	677,796	4,556,939
2011	--	--	949,213	2,933,700	--	2,933,700	677,837	4,560,750
2012	--	--	946,863	2,925,950	--	2,925,950	677,883	4,550,695
2013	--	--	946,856	--	--	--	677,932	1,624,788
2014							677,986	677,986
Total	$586,080	$8,874,940	$8,530,356	$13,976,738	$2,234,740	$16,211,478	$6,774,698	$40,977,551

In the ordinances pursuant to which the City's refuse 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 system obligations. The net revenues of the City's solid waste and refuse disposal system for Fiscal Year 2004 were $10,257,558. See "ENTERPRISE OPERATIONS - Refuse Removal and Disposal System." The maximum calendar year combined debt service requirements for the outstanding refuse system revenue bonds of the City (as shown above) are $5,134,148 (occurring in calendar year 2006). The coverage ratio of the 2004 refuse system net revenues ($10,257,558) to such maximum calendar year combined debt service requirements ($5,134,148) would be 2.0x. For Fiscal Year 2004, the ratio of net revenues ($10,257,558) to actual debt service ($4,389,949) is equal to 2.34x.

Current Ratings of the Refuse System Revenue Bonds. All of the City's outstanding refuse system revenue bonds are credit enhanced and therefore have ratings which are based on the ratings of the credit enhancer rather than the ratings of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption. The City's outstanding refuse system revenue bonds are currently given underlying ratings of "Al" by Moody's, "AA-" by S&P, and "AA" by Fitch.

Golf Course Obligations

Outstanding Golf Course Bonds. The City presently has outstanding one series of special limited obligations secured by net revenues of the City's golf courses. See "ENTERPRISE OPERATIONS - Golf Courses."

City of Albuquerque
Outstanding Golf Course Bonds
as of December 31, 2004

Issue(1)	Project Financed	Principal Amount Of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions
Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001(2)(3)	Golf Course Facilities	$2,420,000	$1,885,000	N/A	7/1/06 @ 100%

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
(2) MBIA Insurance Corporation has provided its municipal bond insurance in connection with these bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.
(3) These bonds are also 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. State Gross Receipts Tax revenues will only be used to pay debt service on these bonds to the extent that net revenues from the City's golf courses are not available to pay such debt service.

Combined Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total debt service requirements payable for the City's outstanding golf course bonds through their final maturity dates.

City of Albuquerque
Total Debt Service
Outstanding Golf Course Bonds
as of December 31, 2004

Calendar Year	Series 2001 Bonds
2005	$ 347,669
2006	343,888
2007	344,200
2008	342,950
2009	345,460
2010	341,650
2011	346,775
Total	$2,412,591

In the ordinance pursuant to which the City's golf course obligations have been issued, the City has agreed to charge users of the system reasonable rates sufficient to produce net revenues annually to pay (i) the annual operation and maintenance expenses of the City's golf courses, and (ii) 150% of the maximum calendar year principal and interest requirements for the

Series 2001 Bonds and any additional golf course obligations (excluding the accumulation of any reserves therefore but including any amounts coming due under mandatory sinking fund redemption provisions). The amounts available in Fiscal Year 2004 that constituted the net revenues of the City's golf courses were $225,537. The maximum calendar year debt service requirements for the outstanding golf course bonds of the City (as shown above) are $347,669 (occurring in calendar year 2005). The coverage ratio of Fiscal Year 2003 net revenues ($225,537) to such maximum calendar year debt service requirements ($347,669) would be 0.65x. For Fiscal Year 2004, the ratio of net revenues ($225,537) to actual debt service ($345,268) is equal to 0.65x. See "ENTERPRISE OPERATIONS - Golf Courses - Golf Course Financial Information."

Current Ratings of the Golf Course Revenue Bonds. All of the City's outstanding golf course bonds are credit enhanced and therefore have ratings which are based on the ratings of the credit enhancer rather than the ratings of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

Special Assessment District Obligations

Outstanding Special Assessment District Bonds. There are currently two special assessment districts which have tax-exempt bonds outstanding. Both of such districts involve street improvements and water/sewer improvements. Total outstanding street improvement bonds equal $540,000 and total outstanding water/sewer improvement bonds equal $435,000.

Special assessment district bonds ("SAD Bonds") are issued in accordance with the laws of the State, in particular, Sections 3-33-1 through 3-33-43 NMSA 1978, as amended and supplemented. SAD Bonds are special and limited obligations of the City, payable from certain assessments levied against the property specially benefited by the improvements and further secured by certain specified sources, described below. The assessments constitute a lien on each parcel of land in the district as to the respective amounts relating to such parcel, which lien has a priority on the land equal to the lien thereon for general and ad valorem taxes and superior to all other liens, claims and taxes.

However, SAD Bonds are further secured by pledged supplemental revenues of, in the case of street improvement bonds, one-half of the revenues received by the City from the distribution of gasoline tax revenues from the State pursuant to Section 7-1-6.9 NMSA 1978, as amended (the "pledged gasoline tax receipts"), and in the case of water and sewer improvement bonds, surplus water and sewer revenues. Surplus water and sewer revenues are the net revenues of the joint water and sewer system after required periodic payments for (i) operation and maintenance expenses and (ii) periodic debt service payments for revenue bonds and other obligations for the joint water and sewer system.

Outstanding Special Assessment District Loans. From time to time, the New Mexico Finance Authority ("NMFA") loans funds to the City to finance improvements to certain special assessment districts. Such NMFA loans ("SAD NMFA Loans") are special and limited obligations of the City, payable solely from certain assessments levied against the property specially benefited by the improvements. Unlike SAD Bonds, the SAD NMFA Loans are not further secured by supplemental revenues. There are currently four SAD NMFA Loans outstanding in an aggregate principal amount of $13,143,483.

City of Albuquerque
Outstanding Special Assessment District Obligations
as of December 31, 2004

District and Bond Issues/Loans[1]	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Redemption Provisions[2]
SAD 223 (Bond Issue June 1995):				
Street improvements[3]	$6,245,000	$ 70,000	$102,000	Optional and special
Water and Sewer Improvements[3]	1,510,000	370,000	47,000	redemption
SAD 224 (Bond Issue February 1999):			--	
Street Improvements	3,955,000	470,000		Optional and special
Water and Sewer Improvements	995,000	65,000		redemption
SAD 226 (July 2000):			--	
NMFA Tax-Exempt Loan	11,568,376	1,955,591		Optional and special
(Street and Water Improvements)				redemption
NMFA Taxable Loan	788,685	87,813		
(Natural Gas and Electric Improvements)				
SAD 225 (November 2000):			--	
NMFA Tax-Exempt Loan	3,867,500	866,093		Optional and special
(Street and Storm Drainage Improvements)				redemption
SAD 222 (October 2001):	2,605,539	999,394	--	
NMFA Tax-Exempt Loan				Optional and special
(Street and Storm Drainage Improvements)				redemption
SAD 216 (May 2002):	1,314,322	659,449	--	Optional and special
NMFA Tax-Exempt Loan (Street and Storm Drainage Improvements)				redemption
SAD 227 (February 2004): NMFA				
Tax-Exempt Loan	8,170,888	8,170,888		Optional and special
Taxable Loan	404,255	404,255		redemption
Total Special Assessment District Obligations		$14,378,483		

(1) The CUSIP numbers for each maturity of Bonds are listed on Appendix B hereto. All obligations listed refer to Bond issues unless otherwise indicated.

(2) The bonds are subject to optional redemption and special redemption at par in accordance with the bond ordinances relating to such bonds.

(3) The bonds are supported by a letter of credit issued by Bank of America, N.A., as described in "Credit Enhancement and Interest Rate Risk Management" under this caption.

Combined Debt Service and Coverage Ratios of Supplemental Pledges. A table showing the estimated combined debt service coverage's for the City's SAD Bonds secured by a pledge of pledged gasoline tax receipts for Fiscal Years 2005-2009 is set forth below.

City of Albuquerque
Estimated Combined Debt Service Coverage
Gasoline Tax Obligations
as of December 31, 2004

Fiscal Year	Combined Debt Service[(1)]	Pledged Gasoline Tax Receipts Fiscal Year 2004[(2)]	Estimated Coverage
2005	$ 28,485	$4,476,207	157.14x
2006	28,485	4,476,207	157.14x
2007	28,485	4,476,207	157.14x
2008	28,485	4,476,207	157.14x
2009	498,485	4,476,207	8.98x

(1) This amount represents the total combined debt service payable on the gasoline tax obligations of the City, which are secured by certain special assessments and, only to the extent such special assessments are not received, are also secured by the pledged gasoline tax receipts.

(2) The pledged gasoline tax receipts for Fiscal Years 2005 through 2009 have been assumed to be the pledged gasoline tax receipts received in Fiscal Year 2004 for purposes of calculating the estimated debt service coverage ratio. See "FINANCIAL INFORMATION - Gasoline Tax."

Source: City of Albuquerque, Office of the City Treasurer.

A table showing the estimated combined debt service coverage's for the City's SAD Bonds secured by a pledge of surplus water and sewer revenues for Fiscal Years 2005-2009 is set forth below.

City of Albuquerque
Estimated Combined Debt Service Coverage
Surplus Water and Sewer Obligations
as of December 31, 2004

Fiscal Year	Combined Debt Service	Pledged Surplus Water And Sewer Revenues Fiscal Year 2004[1]	Estimated Coverage[2]
2005	$27,920	$45,153,099	1.617x
2006	27,920	45,153,099	1.617x
2007	27,920	45,153,099	1.617x
2008	27,920	45,153,099	1.617x
2009	92,920	45,153,099	4.86x

(1) Surplus water and sewer revenues available in Fiscal Year 2004 have been projected for five-years to calculate the debt service coverage ratio although the City is not restricted from issuing, and expects to issue, bonds with a first lien on the joint water and sewer system net revenues which could diminish the resulting surplus water and sewer revenues available in the future. -

(2) The pledged surplus water and sewer revenues for Fiscal Years 2005 through 2009 have been assumed to be the pledged surplus water and sewer revenues received in Fiscal Year 2004 for purposes of calculating the estimated debt service coverage ratio.

Source: City of Albuquerque, Office of the City Treasurer.

Current Ratings of the Special Assessment District Bonds. The City's outstanding SAD Bonds are currently unrated, except the SAD 223 Bonds, which are credit enhanced and rated based on the rating of the credit enhancer rather than a rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

Housing Obligations

Collateralized Mortgage Obligations

1988 CMO Bonds. On December 28, 1988, the City issued its Municipal Refunding Collateralized Mortgage Obligations ("MR CMO"), Series 1988A (the "1988 CMO Bonds") in the aggregate principal amount of $43,650,000. The 1988 CMO Bonds were outstanding as of November 30 2004 in the aggregate principal amount of $5,000,000. The only 1988 CMO Bonds currently outstanding are the Class A-4 Bonds which are zero coupon or capital appreciation bonds. Interest on the 1988 CMO Bonds is subject to federal income taxation.

The 1988 CMO Bonds were issued to provide funds for the purpose of refunding and defeasing the City's Residential Mortgage Revenue Refunding Bonds, Series 1980. The 1988 CMO Bonds are secured by mortgage loans (the "Mortgage Loans") with liens on one-to-four family residences (including condominiums) in the City, originally owned by persons of low and moderate income, and by moneys and securities held under the indenture relating to those Bonds. The Mortgage Loans currently are being serviced for the City by mortgage servicing institutions pursuant to certain agreements (collectively, each, an "Agreement" and, together, the "Agreements"). Each Mortgage Loan bears interest at a rate of not less than 8.25% per annum, with an initial term of not less than 25 years. Certain scheduled payments on the 1988 CMO Bonds are unconditionally and irrevocably guaranteed pursuant to a bond insurance policy from Financial Guaranty Insurance Corporation.

The bond insurance policy, the Mortgage Loans, the Agreements, and certain payments received by the Trustee, together with amounts available in the reserve account, and certain other amounts held under the 1988 Indenture, constitute the security for the 1988 CMO Bonds. Scheduled distributions on the Mortgage Loans, together with reinvestment earnings thereon at the assumed reinvestment rate, and amounts withdrawn from the reserve account are expected to be sufficient to make timely payments of interest on the 1988 CMO Bonds and to retire the 1988 CMO Bonds not later than their stated maturity.

<u>1989 CMO Bonds</u>. On February 15, 1989, the City issued its Municipal Collateralized Mortgage Obligations ("MR CMOs'"), Series 1989 (the "1989 CMO Bonds") in the aggregate initial principal amount of $3,242,153. The 1989 CMO Bonds were outstanding as of November 30, 2004 in the aggregate accreted value and principal amount of $2,516,000. The 1989 CMO Bonds consist, in order of their respective stated maturities, of Class 1 Bonds and Class 2 Bonds. Accrued interest on the Class 1 Bonds is payable quarterly on each February 15, May 15, August 15 and November 15. The Class 2 Bonds are capital appreciation bonds. Interest on the 1989 CMO Bonds is not subject to federal income taxation.

The 1989 CMO Bonds were issued to provide funds for public uses of the City specified in the indenture relating to those Bonds, to provide funds to make deposits in certain accounts established under the 1989 Indenture and to pay 1989 CMO Bond issuance costs.

Security for the 1989 CMO Bonds is provided by an Assignment of Revenues and Security Interest (the "Assignment"). Pursuant to the Assignment, the City irrevocably assigned and pledged for payment of the 1989 CMO Bonds all amounts from time to time released from the lien of the 1988 Indenture. Subject to the prior lien of the 1988 Indenture, the Assignment also grants a lien as security for payment of the 1989 CMO Bonds against the trust estate pledged under the 1988 Indenture. The amount of scheduled distributions under the Assignment which are available to pay special redemptions on the 1989 CMO Bonds will depend upon the principal.

Certain scheduled payments on the 1989 CMO Bonds are unconditionally and irrevocably guaranteed pursuant to a bond insurance policy from Financial Guaranty Insurance Corporation.

Multifamily Revenue Bonds

On July 20, 2000, the City issued its Affordable Housing Projects Refunding Revenue Bonds, Series 2000 (the "Series 2000 Bonds") in the aggregate principal amount of $15,080,000 for the purpose of refunding and defeasing the three following bond issues of the City: (i) its Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991; its Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments Project), Series 1994; and its Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The Series 2000 Bonds were outstanding as of November 30, 2004 in the aggregate principal amount of $13,880,000.

The Series 2000 Bonds are secured by a lien on, and payable only from revenues of, the Beach Apartments project, the Manzano Vista Apartments project and the Bluewater Village Apartments project (including a mortgage on such projects), certain funds and accounts created under the indenture relating to the Series 2000 Bonds, a municipal bond insurance policy issued by MBIA Insurance Corporation and a standby bond purchase agreement provided by Bank of America, N.A. See "Other Projects of the City - Housing Projects."

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 which monitor amounts due from 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. The Annual Statement does not therefore include any description of the bonds previously issued by the City in favor of such conduit borrowers.

Credit Enhancement and Interest Rate Risk Management

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. **THE CITY MAKES NO REPRESENTATION AS TO THE FINANCIAL STATUS OF OR OTHERWISE ABOUT ANY OF SUCH CREDIT PROVIDERS, AND 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	Expiration of Credit Enhancement	Date City May Request Renewal of Credit Enhancement
Ambac Assurance Corporation	$190,485,000	S&P: AAA Moody's: Aaa	. Airport Revenue Bonds, Series 1995B . Airport Subordinate Lien Adjustable Tender Refunding Revenue Bonds, Series 1995(2) . Refuse Removal and Disposal Revenue Bonds, Series 1992, 1995 and 1998 . Airport Refunding Revenue Bonds, Series 1997 . Airport Refunding Revenue Bonds, Series 1998 . Airport Subordinate Lien Adjustable Rate Revenue Bonds, Series 2000A & B(3) . Airport Refunding Revenue Bonds, Series 2001	Maturity of insured bonds	N/A
Financial Guaranty Insurance Corporation	$7,516,000	S & P: AAA Moody's: Aaa	. Municipal Refunding Collateralized Mortgage Obligations, Series 1988 and 1989 . General Obligation Bonds, Series 2003C	Maturity of insured bonds	N/A
Financial Security Assurance	75,570,920	S & P: AAA Moody's: Aaa	. Gross Receipts/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 1991B . Refuse Removal and Disposal Improvement Revenue Bonds, Series 2001 A . Refuse Removal and Disposal Refunding Revenue Bonds, Series 2001B Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	Maturity of insured bonds	N/A
MBIA Insurance Corporation	150,120,000	S & P: AAA Moody's Aaa	. Gross Receipts Tax Refunding Revenue Bonds, Series 1996 . Variable Rate Gross Receipts Tax Improvement Revenue Bonds, Series 2000A(4) . Affordable Housing Projects Refunding Revenue Bonds, Series 2000(5) . Taxable Golf Course Net Revenue/ Gross Receipts Tax Revenue Bonds, Series 2001 . General Obligation Bonds, Series 2003B .Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A Senior Lien Airport Improvement Revenue Bonds, Series 2004B	Maturity of insured bonds	N/A
Bank of America, N.A.	1,300,000	S & P: AA-/A-1+ Moody's: Aa1/P-1	. Gross Receipts/Lodgers' Tax Adjustable Tender Revenue Bonds, Series 1995	11/27/2007	None
Bank of America, N.A.	595,000	S & P: AA-/A-1+ Moody's: Aa1/P-1	. SAD 223 Bonds	05/09/2005	None

(1) To the City's knowledge as of the date hereof.
(2) These bonds are also secured by a standby bond purchase agreement provided by AIG Liquidity Corp. which expires February 29, 2005. An extension has been requested.
(3) These bonds are also secured by a standby bond purchase agreement provided by Morgan Guaranty Trust Company of New York which expires 5/30/05. An extension until May 30, 2010 has been granted.
(4) These bonds are also secured by a standby bond purchase agreement provided by Bank of America, N.A. which expires 1/20/14.
(5) These bonds are also secured by a standby bond purchase agreement provided by Bank of America, N.A. which expires 7/20/05. An extension has been requested.

Interest Rate Risk Management

The City has from time to time entered into financing arrangements in order to more effectively manage its debt portfolio and limit its exposure in certain cases to interest rate risk. At the present time, there are two such arrangements in place with respect to the City's outstanding long-term obligations as described below.

Subordinate Series 1995 Airport Revenue Bonds. In connection with the City's Subordinate Series 1995 Bonds relating to the Airport, the City entered into an Interest Rate Swap Agreement (the "Exchange Agreement") dated as of October 1, 1992, with AIG Financial Products Corp. ("AIG-FP"). Under the Exchange Agreement, the City is obligated to make payments to AIG-FP calculated on the basis of a fixed rate (6.685% per annum), and AIG-FP is obligated to make reciprocal floating rate payments equal to the interest rate on the Subordinate Series 1995 Bonds, subject to certain conditions. These payments are to be made on a net basis on the business day immediately preceding each interest payment date for the Subordinate Series 1995 Bonds.

Arrangements made in respect of the Exchange Agreement do not alter the City's obligation to pay principal of and interest on the Subordinate Series 1995 Bonds from net revenues of the Airport and other amounts pledged therefor. The Exchange Agreement does not provide a source of security or other credit for the Subordinate Series 1995 Bonds. The City's obligations under the Exchange Agreement to make monthly fixed rate payments to AIG-FP are on a parity with the City's obligation to pay principal of and interest on the Subordinate Series 1995 Bonds. The obligations of AIG-FP under the Exchange Agreement have been guaranteed by its parent corporation, American International Group, Inc.

Under certain limited circumstances, the Exchange Agreement may be terminated prior to the maturity of the Subordinate Series 1995 Bonds. Accordingly, no assurance can be given that the Exchange Agreement will continue to be in existence. If the Exchange Agreement is terminated under certain market conditions, the City may owe a termination payment to AIG-FP payable from net revenues of the Airport which could be substantial.

Series 2000 Housing Bonds. In connection with its Affordable Housing Projects Refunding Revenue Bonds, Series 2000 (the "Series 2000 Housing Bonds"), the City entered into a Rate Cap Agreement dated as of July 12, 2000, with Morgan Guaranty Trust Company of New York ("Morgan Guaranty"). Pursuant to the Rate Cap Agreement, in the event that the average BMA Municipal Swap Index for a particular month exceeds 6.00%, Morgan Guaranty agrees to pay to the City, on the first day of the subsequent month, an amount equal to the difference between the average BMA Municipal Index for such month and 6.00%. Since interest on the Series 2000 Housing Bonds is payable at a variable rate based on an index similar to the BMA Municipal Swap Index, the City will be able to use any such payments to pay interest on the Series 2000 Housing Bonds, if interest fluctuates to levels above 6.00%. The Rate Cap Agreement will terminate on July 1, 2005. In addition, under certain circumstances the Rate Cap Agreement may terminate prior to such date. Upon such termination (whether on July 1, 2005 or prior to such date), the City expects to enter into a similar agreement for the purpose of hedging against the variable interest rate payable on the Series 2000 Housing Bonds, although there is no assurance that the City will obtain such a hedge at that time.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The City and Metropolitan Area

Albuquerque is the largest city in the State of New Mexico (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

	Square Miles
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
June 30, 2000	181.70
June 30, 2001	184.30
June 30, 2002	187.80
June 30, 2003	187.80
June 30, 2004	188.10

Source: City of Albuquerque Planning Department.

Population

The Albuquerque Metropolitan Statistical Area ("MSA"), which until January 1, 1994 consisted solely of the County, now includes all of the County, plus Sandoval and Valencia Counties.

Population

Year	City	Bernalillo County	Albuquerque MSA	State
1960	201,189	262,199	292,500(1)	951,023
1970	244,501	315,774	353,800(1)	1,017,055
1980	332,920	420,262	485,500(1)	1,303,303
1990	384,736	480,577	589,131	1,515,069
2000 April(2)	448,607	556,678	712,738	1,819,046
2000 July(3)	449,765	557,545	714,618	1,821,544
2001 July(3)	454,139	562,375	721,951	1,829,110
2002 July(3)	463,341	572,597	735,747	1,852,044
2003 July(3)	471,856	581,442	748,067	1,874,614

(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 ("BBER").

(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.

(3) 2000-2004 data: U.S. Dept. of Commerce, Bureau of the Census, Population Estimates Program, Population Division. Data released July 10, 2003.

Sources: U.S. Dept. of Commerce, Bureau of the Census, except as indicated in footnotes. Population Estimates Program, Population Division. Data released April 17, 2003.

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 and 1.55% during the 1990s. 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 and 24.7% in 2000.

Age Distribution

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

2003 Population by Age Group

Age	% City	% County	% State	% U.S.(1)
0-17(2)	25.6	24.7	26.9	25.1
18-24	10.0	10.3	10.2	9.9
25-34	13.3	13.8	12.3	13.6
35-49	23.0	22.8	21.9	22.7
50 and Older	28.1	28.4	28.7	28.7

(1) Percentages of the population for all age groups for the United States were calculated based on the total population and population for each group.

(2) Percentage of the population age 0-17 presented for the City, County and State are residual percentages.

Source: 2004 Survey of Buying Power, Sales and Marketing Management Magazine. September 2004.

Employment

General

The Albuquerque economy in the period Fiscal Year 1994 to 2004 grew at an average of 2% a year. This growth was limited due to the decline in employment experienced in 2002. The economy has rebounded from this and in FISCAL YEAR 2004 annual employment growth was 1%, with the last quarter experiencing growth of close to 2%.

The slowdown was largely driven by job losses in manufacturing and the closing of several manufacturing plants.

The information on nonagricultural employment for the State and the Albuquerque MSA reported in the following table represents estimates by the New Mexico Department of Labor. More detailed information on nonagricultural employment can be found in the table entitled "Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 1994-2004" under the heading "Major Industries" under this caption.

Nonagricultural Employment
(000s Omitted)

	Albuquerque MSA		New Mexico		United States	
Calendar Year	Employment	% Chg.	Employment	% Chg.	Employment	% Chg.
1994	307.3	6.1%	657.2	5.0%	114,172	3.0%
1995	320.2	4.2	682.4	3.8	117,298	2.6
1996	326.3	1.9	694.9	1.8	119,708	2.1
1997	333.1	2.1	708.5	2.0	122,776	2.6
1998	338.5	1.6	720.0	1.6	125,930	2.6
1999	344.2	1.7	729.6	1.3	128,993	2.4
2000	354.9	3.1	744.9	2.1	131,785	2.2
2001	359.1	1.2	757.2	1.6	131,826	0.0
2002	358.4	(0.2)	766.1	1.2	130,343	(1.1)
2003(1)	360.6	0.6	775.5	1.2	129,937	(0.3)

(1) As of August, 2003.

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

Civilian Employment/Unemployment Rates

	Albuquerque MSA			Unemployment Rates		
Calendar Year	**Civilian Labor Force**	**Number Employed**	**Number Unemployed**	**Albuquerque MSA**	**New Mexico**	**United States**
1994	336,043	321,192	14,851	4.4%	6.3%	6.0%
1995	345,395	331,343	14,052	4.1	6.3	5.6
1996	349,039	330,344	18,695	5.3	8.0	5.4
1997	359,723	344,279	15,444	4.3	6.4	4.9
1998	367,289	350,518	16,771	4.6	6.2	4.5
1999	359,829	345,762	14,067	3.9	5.6	4.2
2000	376,615	364,069	12,546	3.3	4.9	4.0
2001	379,952	365,898	14,054	3.6	4.8	4.8
2002	383,727	365,667	18,060	4.7	5.5	5.8
2003	390,430	368,870	21,560	5.3	6.1	6.1

Sources: U.S. Department of Labor and New Mexico 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. Kirtland Air Force Base, the University of New Mexico, Albuquerque Public Schools, Sandia National Laboratories (“SNL”) and the City were the largest employers in the Albuquerque area.

Major Employers in the Albuquerque Area[1]
By Number of Employees – February 2004

Organization	Employees	% of Total Non-Agricultural & Military Employment[2]	Description
Kirtland Air Force Base (Civilian) [3]	17,125	4.68%	Air Force Material Command
University of New Mexico	15,560	4.25%	Educational Institution
Albuquerque Public Schools	11,500	3.14%	Educational Institution
Sandia National Labs [5]	7,800	2.13%	Research Development
City of Albuquerque [4]	7,035	1.92%	Government
State of New Mexico	6,300	1.72%	Government
Presbyterian	5,800	1.58%	Healthcare Services
Kirtland Air Force Base (Military) [3]	6,750	1.84%	Air Force Material Command
Lovelace Sandia Health Systems	5,500	1.50%	Hospital/Medical Services
Intel Corporation	5,300	1.45%	Semiconductor Manufacturer
UNM Hospital	4,330	1.18%	Hospital/Medical Services
US Post Office	2,200	0.60%	Government
Bernalillo County	1,855	0.51%	Government
PNM Electric & Gas Services	1,810	0.49%	Utilities Provider
Albuquerque Technical Vocational Institute	1,810	0.49%	Educational Institution
Veterans Affairs Medical Center	1,710	0.47%	Hospital
Qwest Communications [6]	1,500	0.41%	Telecommunications Provider
T-Mobile	1,450	0.40%	Customer Service Center
Sandia Casino	1,400	0.38%	Casino
CitiCard	1,300	0.35%	Financial
Los Lunas Public Schools	1,300	0.35%	Educational Institution
Isleta Gaming Palace	1,200	0.33%	Casino
Albuquerque Publishing Company	1,200	0.33%	Publisher
Rio Rancho Public Schools	1,180	0.32%	Educational Institution
Total Major Employers	112,915		

(1) Unless otherwise indicated, employment figures are from a telephone survey conducted by Albuquerque Economic Development, Inc. For a discussion regarding major employers and certain changes which may impact their number of employees, see “Major Industries” under this caption.
(2) Based on total nonagricultural employment (359,457) as reported by the New Mexico Department of Labor plus the number of military employees reported by Kirtland Air Force Base (6,750) a total of 366,207 employees.
(3) "Military" includes active duty personnel, reservists and National Guard. "Civilian" includes Appropriated Funds and contracted Civilians
(4) Includes both temporary and permanent employees.
(5) Full-time permanent employees.
(6) Statewide employees.

Source: Albuquerque Economic Development, Inc., except as noted.

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy. This information is provided as of the date of this Official Statement unless otherwise noted. The City makes no projections or representation, 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 table in this section entitled "Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA, Fiscal Years 1995-2004" provides detailed information regarding employment growth within key sectors of the economy for that period.

NAICS Classifications

In 2002 a switch was made from the Standard Industrial Classification ("SIC") codes to the new North American Industrial Classification System ("NAICS"). NAICS uses different classifications that better represent modern industries and is now the classification system for Mexico, Canada and the United States. The classification system uses self explanatory titles. Comparisons to the old SIC codes have not been made because of the significant differences in the two systems. The Government classification did not change, but all other sectors changed to some degree. For details on the conversion from SIC to NAICS, see the U.S. Census website at http://www.census.gov/epcd/www/naics/html.

<u>Trade, Transportation and Utilities</u>. This sector is composed of retail trade, wholesale trade, transportation, and utilities and constitutes approximately 18% of MSA employment. As a whole the employment increased by an annual average of only 0.7% from Fiscal Year 1995 to 2004. Wholesale trade lost employment and utilities remained flat. Retail grew by approximately 1.6%. For the City government retail is an important sector and retail trade makes up approximately 40% of gross receipts tax revenues.

<u>Educational and Health Services.</u> Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO is one of the largest employers in the area. This is the fastest growing category in the MSA economy. From Fiscal Year 1995 to 2004 an average annual growth was 4.1%. The sector now makes up 12.1% of non-agricultural employment. Much of this growth is due to a change in Medicare policy that allows payment for home healthcare. The educational sector is small in comparison to health services. Exact numbers are not available, but the educational sector has also grown substantially in the past several years with expansion of several of the local private education facilities.

<u>Leisure and Hospitality.</u> This category includes eating and drinking establishments as well as hotels and other tourist related facilities. The hospitality industry is important to Albuquerque. Albuquerque has benefited from the interest in the Southwest and from efforts to promote the City and to attract major conventions to the Convention Center. The hotel stock in the City of Albuquerque has increased substantially in the past few years. From 1995 to June 2003, 4088 hotel room were permitted. Since June 2003, four hotels with a total of 544 rooms were permitted. The largest, the Embassy Suites Hotel near downtown, will have 261 rooms and large convention facilities and is under construction, with completion scheduled for the first half of 2005. Occupancy at these hotels continues to be a problem. In 1995, Rocky Mountain

Lodging Report reported occupancy of 72.8%. Occupancy has averaged around 60% for the past four years. Lodgers' Tax Revenues have shown similar trends. Growth in Lodgers' Tax Revenues was approximately 10% in the early 1990s, but after 1995 this growth slowed dramatically. In 2001, following the September 11th terrorist attacks, travel declined as did Lodgers' Tax Revenues. Growth in Fiscal Year 2001 was 1.3% followed by a decline of 2% in Fiscal Year 2002 and an increase in Fiscal Year 2003 of 1.5%. In Fiscal Year 2004 there was a rebound with growth in Lodgers' Tax Revenues of nearly 5%.

The newest City venue is the rebuilt AAA baseball stadium. The new team - the Albuquerque Isotopes - had a very successful opening season. Their opening game was played on April 11, 2003 and an estimated 300-400 workers were hired for the season. The season was also a financial success for the team and the City, with attendance, sales of merchandise and refreshment revenues exceeding expectations. Attendance for the opening season, at 594,143, eclipsed the record attendance of 390,652 set in 1993 by the then Albuquerque Dukes. In 2004, the Isotopes attendance figures were very similar to the opening season.

Professional and Business Services. This sub-sector includes temporary employment agencies and some of Albuquerque's back-office operations, SNL and other scientific and research facilities. This sector had average annual growth of 3% in the past decade, but suffered declines of 2.1% and 0.2% in Fiscal Years 2002 and 2003, respectively. As of October, the labor department shows increases of jobs during the year ending September 2003. These increases are in part due to increases at SNL. Employment at SNL declined from 1994 to 1999 by about 1,450 employees. According to SNL, employment stabilized at around 6,500 for 1999 to 2001. In 2002, SNL experienced growth in part as a result of anti-terrorism efforts and the labs core nuclear protection. As of December 2002, SNL had approximately 7,700 employees in Albuquerque. The first phase of a $450 million project called Microsystems and Engineering Sciences Applications facility ("MESA") was started in the summer of 2003. This is the largest project ever at SNL. The project has the basic purpose of helping modernize safety, security, and reliability functions of the United States nuclear deterrent and contributes to other national security missions. The Center for Integrated Nanotechnologies ("CINT") is being built at SNL. CINT is one of five new Nanoscale Science Research Centers being created by the Office of Science of the United States Department of Energy. Funding is in place to begin this process from existing Department of Energy appropriations and is expected to cost approximately $78 million. The SNL science and technology park is an effort to house research facilities and/or manufacturing that benefit from the expertise available from SNL. The first tenant of the Park was EMCORE a manufacturing firm. EMCORE opened in 1998, with a facility to build solar cells for telecommunications satellites and expanded that facility in 2001. Since 2001 there have been 6 new facilities, plus renovations for a total $26 million in development. Employment services, which include temporary employment agencies, declined in Fiscal Year 2001, grew by 6.4% in Fiscal Year 2003, and declined in Fiscal Year 2004 by 0.8%.

Manufacturing. This sector accounted for 8.5% of City employment in Fiscal Year 1993 declining to 6.3% in Fiscal Year 2004. Employment in this sector peaked in Fiscal Year 1998 at 28,242, declining to 23,033 in Fiscal Year 2004, a loss of 5,208 jobs. Still the manufacturing sector has held up better in Albuquerque than it has in the United States economy. The jobs losses in Albuquerque were due first to the Asian financial crisis of 1998, which hit telephone manufacturing and hurt the local employment of Motorola and Philips. Motorola sold what little manufacturing capacity it had left in 1999 and Philips closed its plant in October 2003. Intel, after expanding in 1995, has held employment rather constant despite a $2 billion expansion in 2002.

A new manufacturer, Eclipse Aviation Corporation ("Eclipse"), has set up headquarters in the City with plans to manufacture a small two-engine jet following receipt of FAA approval of its jet. Current employment at Eclipse is 217 employees. Eclipse received authorization of Industrial Revenue Bonds from the City totaling $45 million for equipment and machinery at its current facilities at the Sunport International Airport. With this equipment Eclipse envisions approximately 300 additional jobs, by or before 2007. The presence of Eclipse at the Airport and the future (2009) location of Eclipse at the Double Eagle Airport would diversify the City's economy and represent current and future potential for increased revenues from general aviation users. The infrastructure development, business development and property management plan and the parallel marketing efforts for an Aerospace Technology Park for Eclipse support companies will complement this potential. Eclipse's first jets were scheduled to be produced in 2004. However, Eclipse has announced that the engine it intended to use in the jet would not provide sufficient thrust, and has negotiated another contract with Pratt & Whitney Canada.

Eclipse has reported that it moved forward with production and has made major contracts with a number of suppliers for building parts of the airplane including the tail and computer systems. The City is moving ahead in providing basic infrastructure for an aerospace tech park of 300 acres near the City's Double Eagle II airport. The bulk of the major infrastructure for the project is scheduled for completion by 2004, with roadway and storm drainage improvements by 2007-2008. Eclipse plans to move to Double Eagle in 2009. It is anticipated that Eclipse will use 150 acres of the park and eventually employ approximately 2000 workers.

Other aerospace manufacturing firms are slated to move production facilities to Albuquerque and the Double Eagle II airport facility. Utilicraft, a Georgia based company, plans to begin work on a manufacturing facility at the end of 2005. The company plans to hire 350 to 400 workers to operate the plant. Aviation Technology Group also plans to build facilities and hire approximately 200 workers.

Tempur-Pedic Inc., a high tech mattress company, has begun construction of a plant that will employ as many as 300 workers.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. This sector had average annual growth of 7.4% in the past decade, even with a decline of 6.7% in Fiscal Year 2003. The decline is related to the national decline in internet services and telecommunications.

Government. While it has declined in importance as a direct employer, in 2003 the government sector (comprised of federal, state and local employees) accounted for 19.9% of total nonagricultural employment in the Albuquerque MSA. "Government" (as defined by the New Mexico Department of Labor for purposes of reporting nonagricultural employment) does not include military employment; all military employment in the Albuquerque MSA represents approximately 6,500 jobs. In addition, "government" does not include employment at SNL. SNL is operated by a private contractor, although funded by the federal government (primarily the Department of Energy ("DOE") and its approximately 7,700 jobs are counted in the business services sector. Several of the largest employers in the Albuquerque area are in the government sector, including the University of New Mexico, Albuquerque Public Schools, Kirtland Air Force Base ("Kirtland AFB"), and the City.

Kirtland AFB is a major military installation and home to over 150 different operations. Including private contractors, the largest of which is SNL, military and civilian employment on the base is approximately 24,040; approximately 5,500 of these employees are military and 19,000 are civilian. The Bureau of Business and Economic Research ("BBER") has estimated that total military employment in the Albuquerque MSA has declined from 6,946 in 1998 to approximately 6,500 in 2003. The general downtrend of military jobs since 1998 reflects the decision of the military to replace military jobs with civilians where possible. The Base Realignment and Closure Commission ("BRACC") process in 1995 left Kirtland AFB untouched but it had been on a list for closure. BRACC is planning to undergo another round of evaluation and closures in 2005. It is not known whether Kirtland AFB will be affected. New Mexico is continuing its substantial efforts to combat closures of bases in the State.

In an effort to counteract the loss of DOE-funded jobs, the DOE is assisting communities in attracting other types of employment. In New Mexico, the DOE funded a study to assess and report on the central New Mexico economy with a focus on industry clusters and the key competencies in the area. The study, completed in the summer of 2000, identified three mature industry clusters-Electronics, Tourism and Artisan Manufacturing-and three emerging industry clusters-Software and IT (Biomed/Biotech and Optics/Photonics). Through their Office of Worker and Community Transition, the DOE also develops and funds Community Reuse Organizations ("CRO's"). The Next Generation Economy Inc. was formed in August 2000 as a 501(c)(3) corporation to serve as central New Mexico's CRO funded by the DOE Office of Work and Community Transition. The purpose of the CRO is to provide leadership, program management, cohesion and collaboration in the expansion of the industry clusters identified by the DOE-funded study.

Federal government employment declined by approximately 370 jobs from 1996 to 2001, due to DOE reductions as well as the Bureau of Indian Affairs centralizing some of their functions. In 2002, the federal government increased employment as the Transportation Safety Administration took over baggage screening operations at the Albuquerque International Sunport. Total federal civilian employment increased by approximately 225 jobs. In Fiscal Year 2003 net federal government employment increased by 142 jobs.

While federal government employment was declining, local government employment increased by several thousand jobs. In large part this is due to the inclusion of Indian Casinos in this sector. Since early 1995 when gaming compacts were signed with the State, Indian casinos have grown substantially. Isleta Gaming Palace Casino and Resort opened at the end of 2000. Santa Ana Star Casino expanded its casino in the spring of 2001 by 33,000 square feet; however, approximately 200 employees at Santa Ana Star Casino were laid off in June 2002. In the spring of 2001, the Hyatt Tamaya resort hotel opened and the Sandia Pueblo opened a new casino and an amphitheater.

Financial Activities. This sector includes finance and insurance including credit intermediation. The sector increased employment by an average of 2% per year, despite consolidations in the banking industry and a 2.7% decline in Fiscal Year 2002. The sector was buoyed by strong growth in the insurance carrier industry, including about 500 jobs created in 2002 and 2003 by Blue Cross.

Construction. Construction employment in the Albuquerque MSA from Fiscal Year 1995 to 1999 hovered around 21,000. In 2000 and 2001 construction employment in the MSA increased as workers were added for two very large projects: the Intel expansion completed in 2002 and the reconstruction of the Big-I interstate interchange. Jobs declined in Fiscal Years 2002 and 2003, but increased substantially at the end of 2003 and into 2004. The second quarter of 2004 had employment of 25,067 just below the peak of 25,233, in the third quarter of 2001. The largest source of growth in construction has been in single-family construction. The past few years have seen records set for the number of single family homes constructed. While typically cyclical, the housing industry has shown nearly steady increases in growth since the early 1990s following a substantial turndown in multifamily and single family construction. Multifamily building has remained at a low level compared to the 1980s when tax breaks helped spur several booms and busts in the housing industry. Roads projects have helped, and there are several roads projects worth over $100 million that are under way.

The value of building permits issued in the City of Albuquerque is cyclical, but has historically increased over time.

Construction Building Permits Issued in Albuquerque

	Single Residential[1]		Multi-Residential			Commercial Buildings		Public Buildings			
Year	# of Permits	$ Value	# of Units	# of Permits	$ Value	# of Permits	$ Value	# of Permits	$ Value	Additions & Alterations $ Value	Total Permits $ Value
1995	2,674	247,796,639	1,801	13	78,548,666	120	143,204,347	4	17,627,000	101,462,026	588,638,678
1996	2,655	257,848,588	1,013	28	43,682,962	133	114,345,530	4	9,829,833	156,878,528	582,670,441
1997	2,529	244,770,431	1,061	29	73,690,868	119	118,174,223	7	10,206,611	92,812,699	539,654,832
1998	3,449	316,741,579	367	13	12,984,822	129	113,526,149	5	4,150,517	141,112,977	588,516,044
1999	3,601	341,061,779	390	21	18,144,931	102	88,001,238	9	31,258,900	126,411,527	604,878,375
2000	3,367	318,777,857	210	14	10,513,303	123	133,839,520	10	45,144,700	176,202,823	684,812,517
2001	4,138	389,087,259	792	47	36,509,058	121	113,707,767	11	9,848,356	149,130,782	698,283,222
2002	4,434	451,295,687	1,212	24	50,570,538	102	91,737,800	2	2,900,000	206,841,623	803,345,648
2003[2]	3,918	430,025,923	338	27	22,374,589	90	80,273,666	3	18,500,000	130,823,002	681,997,180
2004[2]	3,861	470,735,168	435	12	23,491,207	84	98,236,701	9	13,639,931	96,882,781	702,985,788
Growth 03 to 04	-1.5%	9.5%	28.7%	55.6%	5.0%	-6.7%	22.4%	200.0%	-26.3%	-25.9%	3.1%

(1) Figures do not include manufactured housing.
(2) As of September 2003 and 2004.

Total Housing Units in the City of Albuquerque:	**Total Units**	**Single Family**	**Multi Family**	**Mobile Homes & Other**
As of (April 1) 1990 Census	166,870	101,780	55,931	9,159
As of (April 1) 2000 Census	198,714	126,643	63,285	8,786
1990-2000 housing units added	31,844	24,863	7,354	(373)
Units Permitted (2000-2004)	24,208	20,839	3,369	Not available
Estimated Units as of December 2004	222,922	147,482	66,654	8,786

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. The Bureau of Economic Analysis defines "earnings" as including wages and salaries, proprietor's income and other labor income (such as bonuses).

Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 1995-2004

Category	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2003 to 2004	Annual Average Growth 1995 to 2004
Total Nonfarm Employment	316,058	322,617	329,992	336,800	340,192	349,425	358,950	358,008	359,283	362,883	1.0%	1.5%
Natural Resources and Mining and Construction	23,017	22,392	22,200	21,525	20,817	21,992	24,758	24,033	23,292	24,500	5.2%	0.7%
Manufacturing	27,592	27,733	27,550	28,242	26,708	26,792	27,958	25,467	24,075	23,033	-4.3%	-2.0%
Computer and Electronic Product Manufacturing	11,700	12,275	12,492	13,017	11,525	11,450	12,350	11,258	10,433	9,792	-6.2%	-2.0%
Semiconductor and Other Electronic Component Mfg.	8,525	9,450	9,625	9,850	8,092	7,958	9,008	8,125	7,325	6,800	-7.2%	-2.5%
Trade, Transportation and Utilities	60,317	61,567	63,400	65,142	65,175	65,208	66,100	64,842	65,233	64,883	-0.5%	0.8%
Wholesale Trade	13,867	13,692	13,725	13,908	13,700	13,733	13,975	13,492	13,175	12,833	-2.6%	-0.9%
Retail Trade	36,100	37,825	39,733	40,950	40,608	40,425	41,300	40,992	41,600	41,717	0.3%	1.6%
Transportation, Warehousing and Utilities	10,350	10,050	9,942	10,283	10,867	11,050	10,825	10,358	10,458	10,333	-1.2%	0.0%
Information	7,117	7,042	7,217	8,233	9,617	10,875	11,233	11,400	10,542	10,008	-5.1%	3.9%
Telecommunications	3,325	3,250	3,117	3,383	4,558	5,783	6,250	6,667	5,767	5,533	-4.0%	5.8%
Financial Activities	16,350	16,767	17,450	17,758	19,000	19,483	19,567	19,033	18,775	18,950	0.9%	1.7%
Finance and Insurance	11,575	11,875	12,333	12,558	13,600	14,042	14,342	13,867	13,533	13,675	1.0%	1.9%
Credit Intermediation and Related Activities	6,325	6,700	6,983	6,692	6,808	6,633	6,492	6,000	5,617	5,917	5.3%	-0.7%
Depository Credit Intermediation	4,383	4,733	4,975	4,558	4,450	4,458	4,575	4,217	3,875	4,000	3.2%	-1.0%
Insurance Carriers	2,383	2,367	2,350	2,775	3,742	4,325	4,733	4,833	4,983	5,000	0.3%	8.6%
Professional and Business Services	49,008	51,375	52,558	53,358	54,650	57,433	58,583	57,392	57,075	57,158	0.1%	1.7%
Professional, Scientific and Technical Services	26,967	27,058	26,300	26,042	25,917	26,592	26,858	26,958	27,783	28,383	2.2%	0.6%
Scientific Research and Development Services	10,358	10,342	10,050	9,817	9,733	9,800	9,625	10,142	10,908	11,467	5.1%	1.1%
Management of Companies and Enterprises	3,283	3,742	4,183	4,642	4,633	4,450	4,617	4,425	4,142	3,950	-4.6%	2.1%
Administrative and Support and Waste Management & Remediation Services	18,758	20,575	22,075	22,675	24,100	26,392	27,108	26,008	25,150	24,825	-1.3%	3.2%
Employment Services	8,517	9,917	10,733	10,175	10,842	11,975	11,442	11,925	12,008	11,908	-0.8%	3.8%
Business Support Services	1,750	1,908	2,508	3,400	3,800	4,792	5,642	4,158	3,017	3,000	-0.6%	6.2%
Educational and Health Services	30,583	32,042	33,542	34,875	35,567	36,975	37,942	40,308	41,950	43,975	4.8%	4.1%
Health Care and Social Assistance	27,033	28,417	29,792	31,033	31,492	32,600	33,158	35,225	36,817	38,700	5.1%	4.1%
Ambulatory Health Care Services	10,458	10,558	10,850	11,150	11,108	11,933	12,475	13,533	15,000	15,842	5.6%	4.7%
Hospitals	7,983	8,583	8,967	9,192	9,208	8,908	8,350	8,675	8,900	9,367	5.2%	1.8%
Leisure and Hospitality	31,308	31,733	32,208	31,883	31,883	32,542	33,667	34,092	35,042	35,983	2.7%	1.6%
Food Services and Drinking Places	24,242	24,758	25,050	24,633	24,417	25,133	25,950	26,475	27,200	28,000	2.9%	1.6%
Full-Service Restaurants	8,775	9,300	9,800	9,775	9,925	10,325	11,300	12,217	12,442	12,708	2.1%	4.2%
Other Services	10,392	10,333	10,625	10,683	10,750	10,792	11,008	11,242	11,617	11,867	2.2%	1.5%
Government	60,375	61,633	63,242	65,100	66,025	67,333	68,133	70,200	71,683	72,525	1.2%	2.1%
Federal Government	14,533	14,225	14,075	14,000	13,900	14,025	13,700	13,833	14,042	13,783	-1.8%	-0.6%
State Government	17,758	18,033	20,383	21,258	21,208	21,817	22,233	22,558	23,067	23,725	2.9%	3.3%
Local Government	28,083	29,375	28,783	29,842	30,917	31,492	32,200	33,808	34,575	35,017	1.3%	2.5%

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

Income

The following table sets forth annual per capita personal income levels for the Albuquerque MSA, the State and the United States.

Per Capita Personal Income[1]

Calendar Year	Albuquerque MSA	New Mexico	United States
1995	21,401	18,426	23,076
1996	22,172	19,029	24,175
1997	22,931	19,698	25,334
1998	23,894	20,656	26,883
1999	24,412	21,042	27,939
2000	25,848	22,134	29,847
2001	27,785	23,928	30,527
2002	28,471	24,823	30,906
2003	N.A.	25,541	31,632

(1) The Bureau of Economic Analysis revised the definition of personal income in 2000 and all historical data was revised accordingly.

Sources: Bureau of Economic Analysis, U.S. Department of Commerce, June 2004.

The following table presents data on non-farm earnings by industry for the Albuquerque MSA for 2001 and 2002 the only years available with the NAICS classification.

Albuquerque MSA
Estimated Earnings by NAICS Industry, 2001 and 2002(1)
($000s omitted)

	NAICS Category	2001	2002
	Farm earnings	$ 26,406	$ 24,330
	Nonfarm earnings	15,868,609	16,456,798
	Private earnings	12,412,941	12,721,911
200	Mining	33,199(2)	44,899(2)
300	Utilities	(3)	(3)
400	Construction	1,233,806	1,170,994
500	Manufacturing	1,545,005	1,435,892
600	Wholesale trade	688,334(2)	724,777(2)
700	Retail trade	1,234,757	1,283,920
800	Transportation and warehousing	443,212	459,998
900	Information	(3)	446,451(2)
1000	Finance and insurance	804,866	823,213
1100	Real estate and rental and leasing	326,865	366,330
1200	Professional and technical services	2,096,530(2)	2,215,478
1300	Management of companies and enterprises	237,163(2)	232,151(2)
1400	Administrative and waste services	719,382(2)	743,714(2)
1500	Educational services	105,727(2)	117,741(2)
1600	Health care and social assistance	1,345,898(2)	1,501,230(2)
1700	Arts, entertainment, and recreation	82,887	86,592(2)
1800	Accommodation and food services	471,966	489,706(2)
1900	Other services, except public administration	386,862(2)	441,292(2)
2000	Government and government enterprises	3,455,668	3,734,887
	Federal, civilian	1,041,355	1,097,395
	Military	319,017	354,358
	State government	851,592	914,552
	Local government	1,243,704	1,368,582

(1) In 2002 the North American Industrial Classification System replaced the Standard Industrial Classification. See "Major Industries - NAICS Classifications." Comparisons of the NAICS to the SIC are not readily made.
(2) The estimate shown here constitutes the major portion of the true estimate.
(3) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

The following two tables reflect Median Household Effective Buying Income ("EBI") (1994-2003) and the Percent of Households by EBI Groups 2003 as reported in the annual surveys of buying power in Sales and Marketing Management Magazine. 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 nonbusiness 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.

Median Household Effective Buying Income
(1994-2003)

Calendar Year	Bernalillo County	New Mexico	United States
1994	$33,978	$30,032	$37,070
1995[1]	31,051	26,499	32,238
1996	32,226	27,503	33,482
1997	31,240	27,744	34,618
1998	33,505	28,795	35,377
1999	35,517	29,992	37,233
2000	35,712	30,322	39,129
2001	38,772	32,083	38,365
2002	36,381	32,291	38,035
2003	36,484	32,737	38,201

(1) Beginning in 1995, EBI is based on "money income" rather than "personal income," and is not directly comparable with previous estimates. Money income does not include the value of "in-kind" income, such as food stamps and medical care, and does not include lump sum receipts, such as inheritances and tax refunds. For details, see the notes in the 2004 Survey of Buying Power referenced below.

Sources: 2004 Survey of Buying Power, Sales and Marketing Management Magazine, September 2004 and previous annual surveys from the same source.

Percent of Households by
Effective Buying Income Groups-2003

Effective Buying Income Group	Bernalillo County	New Mexico	United States[1]
Under $20,000[2]	22.6%	27.3%	21.8%
$20,000-$34,999	25.4%	26.3%	23.8%
$35,000-$49,999	19.7%	19.2%	19.0%
$50,000 and over	32.3%	27.2%	35.4%

(1) United States percentages were calculated from the number of households.
(2) All figures for "Under $20,000" are residual percentages.

Source: 2004 Survey of Buying Power, Sales and Marketing Management Magazine, September 2004.

FINANCIAL INFORMATION

General

Taxes and Revenues

The City is a home rule charter municipality, chartered as a town in 1885. Elections on the proposed unification of the City and County governments were held in November 2003 and 2004. The question of unification was defeated at each election.

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 the local-option gross receipts tax, except that an election to impose the local-option gross receipts tax must be called if required by statute or if the governing body provides in the ordinance that the tax shall not be effective until approved at an election or upon the filing of a petition meeting certain requirements requesting that an election be held. The City does not have the power to impose a tax on income.

The general policy of the City is to charge for services where those who benefit from the service are easily identified and charged according to their use and benefit. Thus, water, sewer, refuse and airport services are 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 defray 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 City 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, pension trust, and nonexpendable trust funds are on an accrual basis. Transactions are recorded in individual funds and each is treated as a separate entity. The City Council is required to hold at least three public hearings and must adopt a budget within 60 days after it is proposed by the Mayor or the Mayor's proposed budget is deemed adopted. The annual City operating budget determines departmental appropriations by program. Expenditures may not legally exceed appropriations. The financial officers and staff of each department are responsible for monitoring and controlling the expenditures of their departments to ensure that budgeted appropriations for their departments are not exceeded. The City's Office of Management and Budget monitors expenditures and revenues quarterly. Budget amendments during or after the end of the Fiscal Year require approval of the Mayor and the City Council, except that the Mayor has authority to adjust program budgets up to 5% or $100,000, whichever is less, provided that no such adjustment shall result in a change in the total expenditures authorized in the budget for City government as a whole.

Budget Process - Estimates, Forecasting and Revision of Revenues

In May or June of each year the City 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 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 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 City Council. In response to changing conditions and revenue forecasts, the City may amend the budget at any time during the year.

In January 2003, a five-year forecast (the "2003 Forecast") was presented to the City Council and forecasted revenues for Fiscal Years 2003 through 2007, including a downward adjustment to revenues for Fiscal Year 2003 from that reflected in the Fiscal Year 2003 budget. The 2003 Forecast was used to develop the budget for Fiscal Year 2004, which was approved by City Council in May 2003 (the "2004 Budget"). The latest five-year forecast for Fiscal Years 2004-2008 was presented to the City Council in January 2004. This forecast was used to help develop the Fiscal Year 2005 budget that was approved by the City Council in May 2004 (the "2005 Budget").

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 City Council for the entire length of the project, which are 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 City Council by January 23 of each odd-numbered year. See "Capital Implementation Program" below. The City Council is required to hold at least one public hearing and must approve the budget as proposed or as the City Council amends it within 60 days after the submission date. The Mayor may change the amount designated for a specific capital project in a CIP budget without Council approval, if the total change does not exceed 20% of the original amount designated for the project.

A City ordinance also sets forth requirements for City 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. Set forth below are discussions of General Fund revenues in Fiscal Years 2004 and 2005.

<u>Actual Fiscal Year 2004 Revenue.</u> Revenues in Fiscal Year 2004 substantially outperformed any of the estimates.

The revenues for Fiscal Year 2004 are actual results for the General Fund. Revenues for the City in Fiscal Year 2004 are estimated at $371.2 million; this is 2.6% or $9.5 million above the estimated actual revenue estimate. The strengths are in Gross Receipts Taxes and in building permits. Weakness shows in indirect overhead, state shared revenues and CIP funded positions. The CIP funded positions are directly offset by expenditures that didn't occur, therefore, this does not have a net impact on fund balance. The following describes in more detail each sector.

Gross Receipts Tax ("GRT"). GRT revenue was above the estimates with growth of 9.2% growth far exceeding the estimated growth rate of 5.6%. In inflation adjusted dollars this was one of the best years on record. GRT shows in two pieces in the attached table, one as local tax and the other as intergovernmental - state shared revenue.

Local Taxes other than Gross Receipts Tax. Property taxes came in $418 thousand or 1.7% above the estimated actuals. The increase over Fiscal Year 2003 is due to the shift of one mill in property tax from capital to operations.

Franchise tax revenues totaled $17.7. Revenues from the telephone franchise with QWEST declined again in Fiscal Year 2004. The City is not receiving franchise revenue from DSL and cellular phones continue to provide strong competition. Natural gas is the primary source of strength with high natural gas prices continuing to boost revenues. The cable TV franchise revenue declined only because of $1.1 million in one-time revenues received in Fiscal Year 2003. The recurring revenue was 2.3% above Fiscal Year 2003 and at the forecast level.

Payments in lieu of taxes (PILOT) increased by 7.5% which was at the estimate in the Fiscal Year 2004 Approved Budget.

Licenses and Permits. Building permits came in $1.2 million above the estimated. Single-family construction was exceptionally strong, buoyed by low interest rates and a seemingly liberal policy of lenders. Non-residential permits improved in part on the strength of public projects.

Revenues from other permits and licenses are $147 thousand above estimate. Business licenses, restaurant and food inspections and animal licenses increased an average of 10%. In part, this is due to the computer system which has helped get correct billing information.

Intergovernmental Revenues other than the gross receipts Distributions are below estimate, but at the same level as Fiscal Year 2003. These revenues are down substantially from the estimate as an expectation of $500 thousand from court administrative charges that were to begin in Fiscal Year 2004 were not received. In addition, revenues from gasoline tax distributions were 6% below Fiscal Year 2003.

Charges for Services. Direct charges for service were strong, due to revenues from construction related fees for engineering, zoning fees, records search fees, and materials testing fees. Direct charges were down due to the privatization of the operations of the Convention Center. The contract with SMG to operate the Convention Center began in January 2004 and expires in January 2007 with two one year extensions; therefore, revenues and expenses were shifted to the contract, reducing revenues by $1.2 million. There was also a similar reduction in expenses.

Internal Services includes charges for services provided to other city funds. This includes landscaping maintenance by the Parks and Recreation Department for the Airport, provision of special legal counsel to other funds, engineering and surveying for the public works department. This category has become less important over the years as the City has moved to contract out rather than directly provide these services such as office services, building construction, and engineering and surveying.

Indirect overhead charges were somewhat higher than anticipated as more positions were filled in the enterprise funds that pay indirect.

Funding for CIP funded positions was lower than anticipated, but this revenue is offset directly by expenditures and does not affect fund balance.

Interest on Investments. Earnings on investments were only $899 thousand or $101 thousand below the estimated actual. Low interest rates continued longer than anticipated.

Other Miscellaneous. This includes a one-time payment of $2.2 million for a settlement of an industrial revenue bond.

<u>Approved Budget Revenue Estimates for Fiscal Year 2005</u>. The following descriptions are based on the Fiscal Year 2005 budget. The revenue estimates for Fiscal Year 2005 were in many cases based on the estimates of Fiscal Year 2004 revenues at the time the budget was prepared. As noted above in the section entitled “Actual Fiscal Year 2004 Revenue” under this caption, revenues exceeded the estimates made at the time the budget was prepared.

Estimated total General Fund revenues for Fiscal Year 2005 are $393.1 million representing growth of 8.7% or $31.4 million above the revised Fiscal Year 2004 estimate. Gross receipts tax revenues are expected to increase by $32.8 million, including $27.6 million from the quarter cent public safety tax. See "Financial Information – Gross Receipts Taxes." Non-recurring revenues are $2.7 million primarily from the quarter cent transportation tax transfer and additional one-time gross receipts tax revenues from enhanced compliance efforts by the state. Recurring revenues are $390.4 million, an increase of 10.5% above the revised Fiscal Year 2004 estimate. Details by category are discussed in the following text.

Gross Receipts Taxes. Gross receipts tax is reported as State shared revenues and municipal revenues. The State shared portion is 1.225% that is distributed to municipalities. The total municipal distribution to the general fund including, as of July 2004, the Quarter Cent Public Safety Tax is 1.0625%. The State legislature in the 2004 session removed the tax on food and some medical services. This change took effect January 1, 2005. Also taking effect at this time is an increase in the Bernalillo County taxes with an increase of 3/16th of a cent. The tax rate in the City commencing January 1, 1995 is 6.75%. These changes should not affect the gross receipts tax revenue estimates in the Fiscal Year 2005 Budget.

Gross receipts tax after experiencing weak growth of 0.2% in Fiscal Year 2002, increased by 4.6% in Fiscal Year 2003. Fiscal Year 2004 revenues in the Five-Year Forecast were adjusted up to reflect the increase in Fiscal Year 2003 as well as an increase in growth based on actual receipts. The forecast for Fiscal Year 2004 is estimated at $249.2 million with growth of 5.6%. It is estimated that about $4 million of this revenue is non-recurring. The recurring growth rate for Fiscal Year 2005 is 3.4%, but after taking out the large non-recurring portion the growth rate is only 2.1%. Additionally, the new Quarter Cent Public Safety Tax went into effect on July 1, 2004. This will yield eleven months of revenues to the City estimated at $27.6 million. Total gross receipts tax revenues are estimated at $282 million in Fiscal Year 2005.

Local Taxes Other Than Gross Receipts. Property tax revenues in Fiscal Year 2003 were $16.5 million. Beginning in Fiscal Year 2004 one mill of property tax levy was moved from the capital program to the operating program. This additional mill and growth in the base is expected to generate $24.3 million in Fiscal Year 2004 and with growth of 3%, an increase to $25 million in Fiscal Year 2005.

Franchise tax revenues totaled $17.5 million in Fiscal Year 2003 and are expected to be $17.25 million in Fiscal Year 2004. The primary source of decline is due to the one-time cable franchise revenue of $1.1 million in Fiscal Year 2003. Also, growth is reduced by a 4% electric rate reduction that went into effect in September 2003, and continued weakness in telecommunications. These weaknesses are offset in large part by rapid growth in natural gas and cable. In Fiscal Year 2003 the natural gas franchise had a full year at the new rate of 3% and high natural gas prices also increased the base. In Fiscal Year 2005, growth is estimated at 1%. Natural gas prices are expected to be slightly lower and electricity grows at 2%. The telephone franchise is expected to remain soft with competition from wireless continuing to erode the market. The Fiscal Year 2005 estimate for the natural gas franchise is $257 thousand above the 2003 Forecast due to the expectation that natural gas prices will be higher than expected when the Five-Year Forecast was prepared.

Payments in lieu of taxes (PILOT) are expected to increase due to increased enterprise revenue collections and property valuations. For Fiscal Year 2004 PILOT growth is estimated at 8% and estimated at 3% in Fiscal Year 2005. PILOT growth in Fiscal Year 2005 is limited by the creation of the Albuquerque-Bernalillo Water Utility Authority (the "Authority"), where the total payments from the Authority to the City is limited to a franchise fee of 4% on gross revenues. This franchise fee is now the only component of the PILOT which in the past had included gross receipts and ad valorem components as well as a smaller franchise fee.

Licenses and Permits. Building permit inspection revenues in Fiscal Year 2003 increased due to an average increase in permit fees of 30% and growth in construction. The Fiscal Year 2004 budget anticipated a decline in revenues, but construction activity has remained strong. The Fiscal Year 2004 estimate was increased to the level of Fiscal Year 2003 in the Five-Year Forecast. Revenues are expected to decline as interest rates increase and the single family market softens in Fiscal Year 2005. For Fiscal Year 2005, permit revenues are anticipated to decline about 5% or $440 thousand.

License and permit receipts were $2.6 million in Fiscal Year 2003. Fiscal Year 2004 revenues show a modest increase and are estimated at $190 thousand above the approved budget. In Fiscal Year 2005, revenues are expected to be relatively flat with a gain of only $59 thousand.

Intergovernmental Revenues Other than Gross Receipts. In Fiscal Year 2004, these revenues are expected to be $873 thousand above revenues in Fiscal Year 2003. This is due to revenues from the state shared corrections fees, better than expected revenues from the state shared vehicle excise taxes, and a one time $358 thousand payment from Federal Emergency Management Agency to reimburse cost incurred by the City as a result of a Bosque fire. In Fiscal Year 2005 the decrease of $63 thousand is due to one-time revenue in Fiscal Year 2004. Recurring growth is $295 thousand primarily due to a full year of the corrections fee and an increase of $41 thousand from Bernalillo County for household hazardous waste. The other sources of revenue such as shared gasoline and cigarette taxes are expected to remain flat.

Charges for Services. Total charges for services include four distinct categories of charges. The first category is generally called Direct Charges for Services and includes charges by the City for services provided directly to the public such as entrance fees to City facilities and services and legal assistance provided to other funds. The second category is charges to the Capital Implementation Program ("CIP") to fund positions for oversight and administration of capital projects. The third category, Internal Service Charges, such as office and building services. The last category, is Indirect Overhead; indirect charges to other funds for services such as accounting and payroll. The total charges for services increased from $38.9 million in Fiscal Year 2003 to $42.8 million in the approved Fiscal Year 2004 budget, but decreased to a revised estimate of 40.8 million in Fiscal Year 2004 and to $40.3 million in the Approved Budget for Fiscal Year 2005. The declines come from a reduced expectation of funding CIP funded positions and the reduction in revenues due to the private management of the Convention Center.

Direct Charges for Services were $17 million in Fiscal Year 2003 and in Fiscal Year 2004. Growth expected in the Fiscal Year 2004 approved budget was completely offset by the reductions in revenues from contracting out the management of the Convention Center and reduced visitation at the zoo. There was some offsetting growth including childcare and latchkey programs that had some fee increases and increases in popularity, legal fees where filling internal positions reduced the use of outside legal counsel for risk related cases, and the increased attendance at the museum, where the popular French impressionist exhibit gave a large boost to revenues. In Fiscal Year 2005 revenues are expected to decline by $767 thousand. The full year of Convention Center management expenses is the source of a $1.4 million reduction. With most revenues remaining flat, it is estimated that there will be revenue increases at the zoo for the opening of the Animals of Africa exhibit at $283 thousand, increases in library services for $217 thousand, legal fees at $109 thousand, and increase of $158 thousand as league play for softball and baseball increase due to the closing of other local private facilities.

Internal services charges have declined as the City has chosen not to provide certain services. Office service charges now total about $33 thousand per year. Building alteration charges were eliminated in Fiscal Year 2002. Engineering and inspection fees have declined from an average of $1.5 million in the 1990s to $175 thousand in Fiscal Year 2004 down $55 thousand from Fiscal Year 2003. In Fiscal Year 2005 revenues are expected to equal Fiscal Year 2004 revenues.

In Fiscal Year 2004, CIP funded positions are expected to result in $8.3 million in revenues. This is $900 thousand below the approved budget, as some projects were not started as soon as expected. The reductions were primarily due to delayed streets projects and special cultural projects such as Tingley Beach renovation. This has no net impact on the General Fund as there is an offsetting reduction in expenses. In Fiscal Year 2005, these revenues are estimated at $8.8 million. The increase is due to continuation of the work on Tingley Beach, the design and implementation of the customer service call center, and the utility billing system.

Indirect overhead revenues increased in Fiscal Year 2004. Part of this is due to filling positions in enterprise funds that were vacant in Fiscal Year 2003. In Fiscal Year 2005, indirect overhead revenues are expected to decline by $207 thousand primarily due to a $180 thousand reduction in the indirect overhead paid by the Albuquerque Bernalillo Water Utility Authority. The creation of the Authority reduces some of the indirect services the City provides.

Miscellaneous Revenues**.** In Fiscal Year 2004, the largest source of miscellaneous revenue is $2.2 million from an IRB settlement. Fines and forfeitures are expected to generate only $5 thousand in Fiscal Year 2004 and in Fiscal Year 2005. Air quality penalties have dropped from around $40 thousand per year to $5 thousand.

Estimated revenues from interest earnings in Fiscal Year 2004 are $1 million down from the approved budget. Fiscal Year 2005 revenues are at $1.9 million with expectations of increased interest rates and increases in the cash balances for the General Fund.

Inter-Fund Transfers. Incoming transfers from other funds in Fiscal Year 2004 are expected to be $2.1 million. In Fiscal Year 2005 revenues are anticipated at $2.1 million. Major changes include the loss of $115 thousand due to the Water Utility Authority phasing out the funding of three positions in environmental services for groundwater monitoring, a new transfer of $133 thousand from the Lodgers' Tax fund for the tourism strategy, a reduction of $100 thousand from the City/County Projects fund, and an increase of $110 thousand for transfers from the water utility for the silvery minnow project. The silvery minnow project was directly paid by the Water Utility Authority in Fiscal Year 2004 and was not included as a transfer.

General Fund Appropriations

Approved Fiscal Year 2005 Budget. The Fiscal Year 2005 budget reflects both Administration and Council priorities.

The 2003 Forecast (five-year forecast) estimated future revenues and expenditures for the General Fund and the subsidized funds for Fiscal Year 2004, and for Fiscal Years 2005 through 2008. The 2003 Forecast projected the General Fund unreserved fund balance for the current fiscal year would be positive at $17.4 million (plus $2.2 million reserved from the IRB settlement) and recurring revenues would exceed recurring expenses by $5.8 million. Much of this was due to the improvement in revenues in Fiscal Year 2003 and Fiscal Year 2004 and reversions created by the efforts of City departments to reduce expenditures. In Fiscal Year 2005 the gap between General Fund recurring revenues and expenditures was projected to be $14.7 million, producing an unreserved fund balance of a negative $10.1 million.

The $10.1 million Fiscal Year 2005 projected gap had six major causes. First, the adopted recovery plans that worked well in Fiscal Year 2003 and Fiscal Year 2004 contained significant non-recurring portions. The suspension of a transfer to storm drainage projects provided General Fund capacity in Fiscal Year 2004, but had to be restored in Fiscal Year 2005. Positions frozen in prior years were filled and became recurring expenses in Fiscal Year 2005. Fund balances from Fiscal Year 2003 and Fiscal Year 2004 move forward to Fiscal Year 2005, but are not recurring. Fiscal Year 2004 also contains increases in one-time revenues, such as the IRB settlement. Second, Fiscal Year 2005 expenditures were assumed to significantly increase with the opening of new City facilities. The 2003 Forecast estimated costs of operating CIP coming-on-line in Fiscal Year 2005 was $15.5 million. This is an unusually large amount and was due in part from prior years' construction and opening delays as well as the need to purchase small capital items, such as furnishings. Third, the cost of the Administration's initiatives assumed in the forecast was $4 million, primarily in the Cultural, Environmental Health, Planning and Legal departments. Fourth, "catch-up" expenditures were projected to increase to pay for positions coming off of grants, particularly in the Albuquerque Police Department (APD), and to put police cruisers on a five-year replacement schedule. Fifth, the increase in APD officers funded by the quarter cent public safety tax was assumed to be in excess of the 1,000 officer target for Fiscal Year 2005. Sixth, there are several recurring costs that are growing faster than the rate of inflation, most notably employee healthcare and worker's compensation insurance.

Budget hearings revealed several areas that could be reduced to close the $10.1 million gap in the 2003 Forecast. Analysis of actual data from February 14, 2004 revealed a General Fund City employment vacancy rate of 7.75%, well above the Fiscal Year 2004 budgeted salary savings rate of 0.5%. The proposed Fiscal Year 2005 General Fund budget increases the salary savings rate to 3.5% for all departments except Fire, Police, Metropolitan Detention Center, Mayor, Chief Administrative Officer, Council Services, and Internal Audit which remain at 0.5% and Senior Affairs that is set at 1.5%. The increase in the salary savings rate created approximately $4.4 million in additional capacity. The cost of operating CIP coming-on-line was dramatically reduced to $7.8 million, creating a similar amount in savings from the 2003 Forecast level. The operating grants transfer was $505 thousand less than anticipated in the 2003 Forecast. Finally, the additional $5.6 million in General Fund appropriations to bring the APD fleet onto a five-year replacement schedule as assumed in the 2003 Forecast was eliminated. The savings was sufficient to not only close the projected $10.1 million Fiscal Year 2005 gap, but also to provide sufficient capacity to support raises for employees.

The budget is built on the assumption that available revenues will increase 8.7% over the estimated actual level for Fiscal Year 2004. Expenditures in the Fiscal Year 2005 general fund budget are 13.7% greater than the estimated actual spending level for Fiscal Year 2004. The growth in expenditures is supported by a large fund balance carried forward from Fiscal Year 2003.

The large growth rate in both revenues and expenditures is primarily the result of the passage of the quarter cent public safety tax. The new quarter cent GRT was implemented July 1, 2004 and is expected to produce $27.6 million in additional revenues dedicated to specific spending purposes. The underlying growth rates of revenues and expenditures are modest, with recurring revenues increasing at 2.7% and spending at 4.7%. Revenues from the new quarter cent tax is recurring and provides a basis for the final favorable balance in which recurring revenues exceed recurring expenditures by $4.7 million. All capital expenditures are considered non-recurring.

General Fund Revenues and Expenditures Aggregates

GENERAL FUND ($000's)	APPROVED BUDGET Fiscal Year 2005	$ CHANGE From Fiscal year 2004 EST. ACTUAL	% CHANGE From Fiscal Year 2004 EST. ACTUAL
Revenues	$393,124	$31,421	8.7%
Total Recurring	390,438	37,207	10.5%
¼ Cent	27,600	27,600	
Recurring minus ¼ Cent	362,838	9,607	2.7%
Nonrecurring	2,686	(5,786)	
Expenditures	$401,803	$48,563	13.7%
Total Recurring	385,768	40,898	11.9%
¼ Cent	24,549	24,549	
Recurring minus ¼ Cent	361,219	16,349	4.7%
Nonrecurring	16,035	7,665	
Recurring Revenues-Recurring Expenditures	$ 4,670		

The voters' approval of the Quarter Cent Public Safety Tax will add about $27.6 million in new money, designated specifically for enhancement of public safety services and social services directed to crime prevention and intervention. This new stream of funding will allow the City to further increase the size of the forces and better equip police officers and firefighters. The proposed budget reflects the consensus spending plan for the incremental social service dollars developed over the last several months with the guidance of Council.

The budget for many departments is a maintenance-of-effort budget, increased only by costs over which the departments have little or no control. By modestly increasing each department's salary savings rate to more accurately reflect the vacancy rate observed in Fiscal Year 2004 and seeking out other cost-saving opportunities, funding has been identified for a number of incremental program efforts and rate increases were avoided in all but one of the City enterprise funds. Golf established a new single fee schedule in order to raise sufficient funds to cover the cost of golf operations and meet required debt service coverage for new facilities. This year the Joint Water and Sewer Utility was not budgeted by the City of Albuquerque, but rather by the Authority. The Authority was created by law in the 2003 Regular Session of the New Mexico Legislature and the City has transferred functions, appropriations, money records, equipment and other real and personal property pertaining to the Water/Sewer system to the Authority.

After years of planning, the City will begin operation of the Bus Rapid Transit demonstration project along Central Avenue between the east side and west side of town. Increased funding for animal services will allow us the City to implement the majority of the HSUS recommendations, improve humane operations, and focus on increasing the number of live exits of adoptable animals from the City's animal shelters. Funding will allow the City to prepare for our 300th birthday celebration, continue negotiations to acquire a panda at our renowned zoo and add hours at many City libraries. Funding for the second annual Music Festival is also included. Additional funding is provided for the work of the Safe City Strike Force to allow them to address more private properties that have become public nuisances. Funding for expanded street sweeping to improve the appearance of the City and minimize the harmful impacts of storm sewer effluent on the Rio Grande River is included as well as funding for highway litter control, seven day per week operations at convenience centers and restoration of weekly curbside collection of recyclables.

The budget also includes funding for a number of capital improvement projects coming on line in Fiscal Year 2005. The Erna Fergusson Library, which opened several months ago, is funded for a full year of operations. Additional staff is funded for the Phase I expansion of the Albuquerque Museum, as well as the opening of the Period Farm at the BioPark. Operating funds for the Taylor Ranch Community Center, the La Mesa Child Development Center and the Manzano Mesa Child Development Center are budgeted. As a successful proof of concept ends, this budget funds the relationship management center to provide City information, answers and services, as well as relieve pressure on the 911 call center, through local 311 service in mid-Fiscal Year 2005. This represents a dramatic increase in the quality of municipal services. Additional funds for reclaiming and protecting the ecosystem of Albuquerque's incomparable Bosque is also included in our open space program.

Although employee compensation is subject to negotiation, Council approval and Mayoral signature, the Fiscal Year 2005 budget contains funding for the City to absorb 83% of the cost of employee health and dental insurance, in addition to increases in base compensation for all permanent City employees. In total $17 million is provided to support increased insurance costs, a 3.9% increase for APD, opens space and aviation police, and a 3.2% increase for all other permanent employees.

As in Fiscal Year 2004, the transfer to storm drainage is suspended as the program has unspent balances of twice the annual transfer level. In addition, $2 million is set aside to meet computer security and replacement demands for the many employees who continue to work on significantly aged and dated equipment that reduces their potential productivity.

Finally, a General Fund reserve equal to 1/12th of the appropriation level is established, along with a $1.5 million reserve from the settlement of an IRB in Fiscal Year 2004. In addition, $1.5 million from the Quarter Cent Public Safety Tax designated for a centralized booking and processing center for MDC is reserved while plans are under consideration to resolve this situation. Fiscal Year 2004 resources were reserved to fund nuisance abatement acquisitions expected to be incurred in Fiscal Year 2005. Another $600,000 is reserved for the City's Tercentennial pending approval of a plan. Finally, a $2 million reserve was established by City Council action.

Close cooperation of the Administration and the City Council during the budget preparation, public hearings and development of the Committee Substitute for the General Fund appropriation legislation has resulted in significant improvements in the alignment of priorities and funding.

Fiscal Year 2004 Year End Report

In summary, no City department overspent their total appropriation. The General Fund produced a significant fund balance and only four other funds required clean-up. All funds were cleaned-up in final action preceding the submission of the annual audit to the State Auditor.

General Fund programs reverted $9.8 million and actual revenues exceed the revised budget estimate by $9.5 million. Encumbrances totaled $1.3 million.

There were 105 General Fund Fiscal Year 2004 programs. The only program with expenses exceeding budget by 5% or $100,000, whichever is less, was the new program created for the payment resulting from the Governmental Gross Receipts Tax audit.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2000-2004 and also shows the approved budget amounts for Fiscal Year 2005.

In 2003 the fund balance policy was changed. The reserve is now 1/12 (8.33%) of expenses rather than 5% of recurring revenues.

General Fund Revenues, Expenditures and Fund Balances
Fiscal Years 2000-2004
($000)

REVENUES	**Actual 2000**	**Actual 2001**	**Actual 2002**	**Actual 2003**	**Actual 2004**	**Approved Budget 2005**	**Compound Annual Chg 00 - 05**
Taxes:							
Property Tax	$14,267	$15,429	$15,880	$16,498	$ 24,734	$ 25,046	11.9%
Gross Receipts Tax	84,166	88,353	89,068	93,173	101,663	128,037	8.8%
Other Taxes	13,581	15,626	15,369	17,457	17,695	17,423	5.1%
Payment in lieu of taxes	4,842	5,117	5,450	5,613	6,036	6,257	5.3%
Total Taxes	116,855	124,525	125,766	132,741	150,128	176,763	8.6%
Licenses & Permits	8,011	8,723	8,643	12,279	13,716	12,017	8.4%
Intergovernmental Revenue:							
State Grants	270	20	22	46	370	-	-100.0%
State Shared Revenue:							
Gross Receipts Tax	130,282	135,831	136,655	142,840	156,138	154,006	3.4%
Other State Shared	4,739	4,114	4,672	4,233	4,256	5,052	1.3%
County	210	220	169	242	201	279	5.8%
Total Intergovernmental Revenue	135,501	140,185	141,519	147,361	160,965	159,337	3.3%
Charges for Services	35,539	36,719	36,638	37,770	40,429	40,383	2.6%
Miscellaneous	2,710	3,748	1,580	1,249	3,898	2,498	-1.6%
Other Transfers	1,468	3,663	3,436	1,509	1,927	2,126	7.7%
TOTAL REVENUES	300,084	317,563	317,581	332,909	371,063	393,124	5.5%
Beginning Fund Balance	44,142	43,403	40,183	36,599	43,125	51,587	3.2%
TOTAL RESOURCES	344,226	360,966	357,764	369,508	414,188	444,711	5.3%
EXPENDITURES							
General government	43,979	44,444	43,375	43,775	59,417	59,649	6.3%
Public safety	116,909	122,153	127,469	130,107	139,621	167,660	7.5%
Cultural and recreation	46,791	50,408	49,152	48,653	49,171	56,865	4.0%
Public works	14,425	9,223	8,571	6,161	8,037	9,006	-9.0%
Highways and streets	9,520	11,872	12,898	12,373	8,107	9,886	0.8%
Health	5,774	6,134	6,288	6,557	6,906	8,388	7.8%
Human services	22,104	29,264	26,795	27,146	27,385	35,057	9.7%
Other transfers out	41,321	47,284	46,616	49,113	50,757	55,292	6.0%
TOTAL EXPENDITURES	300,823	320,782	321,164	323,886	349,401	401,803	6.0%
ENDING FUND BALANCE	43,403	40,183	36,599	45,622	64,786	42,908	
TOTAL ADJUSTMENTS(1)(2)(3)	(23,229)	(24,485)	(18,525)	(502)	(1,197)	(486)	
TOTAL RESERVES(4)	14,879	15,549	16,161	27,758	275	6,621	
AVAILABLE FUND BALANCE	5,295	149	1,913	17,362	63,314	40,078	
Ending fund balance as percent of recurring revenue(5)	6.78%	5.00%	5.75%				
Ending fund balance as percent of total expenditure(5)				8.57%	18.12%	11.62%	
Recurring revenues	297,584	314,044	314,330	329,259	329,259	390,438	4.0%
Recurring expenditures	294,892	319,546	317,399	322,331	341,032	385,768	3.8%

(1) Adjustments reflect changes in reserves for encumbrances and other accounting adjustments. The adjustments for the designation for future appropriations is not made following the change in reserve policy in Fiscal Year 2003.
(2) Fund balance for Fiscal Year 2000 changed due to an accounting change from modified to full accrual for franchise fees.
(3) The Fiscal Year 2002 adjustment includes a $1.2 million reserve for the corrections department.
(4) A reserve of $275 thousand for the transfer to transit is included in the Approved Fiscal Year 2004 Budget.
(5) The reserve policy change is, as of Fiscal Year 2003, 8.33% of total expenditures. In prior years the reserve policy was 5% of recurring revenue.

Revenues

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 Gross Receipts Tax Act (Sections 7-19D-1, *et seq*. NMSA 1978 as amended) to impose up to 1.25% municipal gross receipts tax on the gross receipts of any person engaging in business in the City. The municipal gross receipts tax currently imposed by the City is the full 1.25%. The City has also imposed a 0.0625% municipal infrastructure gross receipts tax for general purposes and has authority to impose a second 0.0625% municipal infrastructure gross receipts tax for general purposes without a referendum. The City may impose an additional 0.125% municipal infrastructure gross receipts tax for general municipal purposes, infrastructure, regional transit and/or economic development, a 0.0625% municipal environmental gross receipts tax and an additional 0.25% municipal capital outlay gross receipts tax for municipal infrastructure purposes. Effective July 1, 2005 if the City becomes a member of a regional transit district, upon request from the district, the City, after an election approving the tax, shall impose a municipal regional transit gross receipts tax of up to 0.5% for a public transit system or public transit projects or services for the district.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2004, only 3.014 mills imposed on residential property and 3.544 mills imposed on commercial property are used by the City for operations and 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 the following: engineering services, patching and paving, filings of plats and subdivisions, photocopying, sales of maps and publications, swimming pools, meals and other activities at senior centers, animal control and zoo admissions. The City also has a cost allocation plan which is used as a basis for assessing indirect overhead charges on non-general fund agencies and on capital expenditures.

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. In 1991, legislation was enacted which, among other things, reduced the amount of State Gross Receipts Tax distribution to a municipality from 1.35% to 1.225% of the gross receipts collected in that municipality. The reduction in the distribution took effect August 1, 1992. In addition to the 1.225% gross receipts tax distribution, State receipts include distributions of gasoline and cigarette taxes and of motor vehicle fees.

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). Commencing in Fiscal Year 1987, pursuant to Section 7-37-7 NMSA 1978, as amended, the maximum levy for City operations was increased from 2.225 to 7.650 mills. Beginning in Tax Year 2003, of the 7.650 mills authorized, only 3.014 mills imposed on residential property and 3.544 mills imposed on commercial property is used by the City for operations (referred to as the "operational levy") and 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 to prevent revenues on locally assessed residential and non-residential properties from increasing by no 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 revenue 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 general obligation debt service levy.

An amendment to the State Constitution was passed by voters in November 1998. This amendment allowed 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, 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. 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. For Tax Year 2001 (Fiscal Year 2002) the City was below the 85% ratio of assessment to market value, therefore the limitation did not apply and property was reassessed for Tax Year 2002. After reassessment for Tax Year 2002, the City exceeded the 85% ratio of assessment to market value and the limitation on new valuation increases was applied for Tax Year 2003. Section 7-36-21.3 NMSA 1978, as amended, freezes the property tax valuation for single family dwellings owned and occupied by persons 65 or older and whose taxable gross income does not exceed $18,000. The valuation is frozen at the level of the 2001 Tax Year, if the person is already 65, or frozen in the year the person has his or her 65th birthday, if that is after 2001. New Mexico House Bill 73, signed into law on March 21, 2003, freezes the property tax valuation for single family dwellings owned and occupied by a person who is disabled and whose taxable gross income does not exceed $18,000. The valuation is frozen at the level of the 2003 Tax Year, if the person is then determined to be disabled, or in the year is which the person is determined to be disabled, if that is after 2003.

Rates

The rates for City property taxes in effect for Tax Year 2004 (Fiscal Year 2005) are 10.990 mills for residential and 11.520 mills for commercial property. These rates are down from 21.327 mills on both residential and commercial property in Tax Year 1985 (Fiscal Year 1986) due to the reassessments of all property within the County. As set by the State Department of Finance and Administration, the general obligation bond debt service levy for Tax Year 2003 (Fiscal Year 2004) is 7.976 mills and the operational levy is 3.014 mills on residential property and 3.544 mills on commercial property.

Purpose of Property Tax	**Total Taxing Authority**	**Levy Imposed**	**Unused Authority**
Operations:	7.650 mills		
Residential		3.019 mills	4.631 mills
Commercial		3.544 mills	4.106 mills
Debt Service(1)	12.000 mills(2)		
Residential		7.976 mills	4.024 mills
Commercial		7.976 mills	4.024 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.

Source: City of Albuquerque, Office of City Treasurer.

Prior to 1986 it was the policy of the City for more than ten years to maintain a stable tax rate totaling approximately 20 mills for all general obligation bond debt service. Capacity to issue bonds in future years was calculated by using a tax production at 20 mills and assumed that new issues would have approximately equal annual principal payments for a ten-year retirement. Other than utilities and other centrally assessed properties, locally assessed residential and non-residential properties were valued at 1975 market values. 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, 1991, 1993, 1995, 1997, 1999, 2001 and 2003, each of which brought valuations in line with the market value of two years prior to such reassessment. It is anticipated that the State will continue the policy of biennial reassessments to maintain valuation at current and correct value, as required by statute. The reassessments have required a change in the 20 mill tax policy. The general obligation debt service tax rate was reduced to 12 mills for Tax Year 1986 (Fiscal Year 1987) and would have been just over 10 mills for Tax Year 1988 (Fiscal Year 1989) except for surplus fund balances that made possible a one-time reduction in the debt service levy. (An offsetting increase in the operating levy enabled a replenishment of the General Fund operating reserve.) The debt service levy for Fiscal Years 1991 and 1992 was 9.786 mills. For Fiscal Year 1993 only, the debt service levy was reduced to 9.277. A 9.581 mill debt service levy was in place for Fiscal Year 1994, but the levy was increased to 9.786 mills for Fiscal Year 1995. The close to 17% increase in valuation due to the 1995 reassessment exceeded planning assumptions and made possible a reduction in the debt service levy to 9.468 mills for Fiscal Year 1996. In

Fiscal Year 1997, the debt service levy was decreased to 8.976 mills. In Fiscal Year 2004 the debt service levy was decreased to 7.976 mills.

Limits Regarding General Obligation Indebtedness

The aggregate amount of general obligation indebtedness of the City under the State Constitution is limited for general purposes 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. The only special purpose district overlapping the City is the Albuquerque Metropolitan Arroyo Flood Control Authority (“AMAFCA”), which is limited by State statute as to the amount of bonded debt which can be issued. The current limit for AMAFCA is $40,000,000, of which $18,550,000 is outstanding, with $21,450,000 payable from taxable property within the City.

Tax Administration

The County is charged with the responsibility of administering the assessment and collection of property taxes for the City. Legislation passed in 1988 allows the County to collect a 1.0% assessment fee on all current collections. The State assesses corporate property such as utilities, pipelines and railroads which cross county lines.

Computer upgrades at the County for property tax assessments, collections and distributions resulted in a shortfall of property tax revenues distributed to the City in tax years 2001 and 2002. The County has advised that the problem has been resolved and has paid all shortfalls owing to the City. The County has advised the City that future distributions will be made at the proper levels, based on the actual collections for the then current year.

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.

City of Albuquerque
Net Taxable Property Values

Tax Year[1]	Real Property	Corporate Property	Personal Property	Net Taxable Valuation
1995	$4,606,364,061	$256,310,880	$214,646,353	$5,077,321,294
1996	4,651,461,720	269,111,763	264,119,812	5,184,693,295
1997	4,918,412,659	241,257,015	309,966,061	5,469,635,735
1998	5,047,988,793	263,165,055	345,747,000	5,656,900,848
1999	6,234,946,669	281,059,652	340,275,027	6,856,281,348
2000	6,185,937,198	310,904,986	403,859,568	6,900,700,986
2001	6,657,462,354	347,858,674	413,809,882	7,419,129,910
2002	6,880,088,229	361,189,032	378,149,519	7,619,420,780
2003	7,132,035,544	332,740,564	419,057,494	7,883,833,602
2004	7,582,619,605	314,998,373	387,875,178	8,285,493,156

(1) Tax Year begins November 1 and ends October 31.

Source: Bernalillo County Treasurer's Office.

Top 15 Taxpayers for Tax Year 2004 (Fiscal Year 2005)[1][2]

Name of Taxpayer	2004 Assessed Taxable Value[3]	Tax Amount[4]	Percentage of Total City Assessed Valuation
Qwest (US West)	$ 84,276,258	$ 4,009,078	1.017%
PNM Electric	70,020,611	3,328,570	0.845%
Simon Property Group Ltd (Cottonwood Mall)	20,483,754	931,888	0.247%
Southwest Airlines	19,433,839	884,123	0.235%
Comcast Cablevision of New Mexico	19,394,182	882,319	0.234%
Heitman Properties of NM (part of Coronado Shopping Mall)	19,111,489	869,458	0.231%
Crescent Real Estate (Hyatt Hotel)	15,965,071	825,777	0.193%
Voicestream PCS II Corporation	14,017,627	637,718	0.169%
PNM Gas Services	12,424,384	582,066	0.150%
Verizon Wireless (VAW) LLC.	12,566,690	571,709	0.152%
Winrock Property (Winrock Mall)	11,750,735	534,588	0.142%
Alltel Communications Inc.	11,114,311	505,635	0.134%
AT&T Communications	7,730,839	399,870	0.093%
Delta Airlines Inc.	8,417,044	382,925	0.102%
AHS Albuquerque Regional Medical Center	8,314,168	378,245	0.100%
	$335,021,002	$15,723,968	4.000%

(1) As of November 1, 2004.

(2) Major taxpayers are those largest 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.

(3) The aggregate net taxable value of the top 15 taxpayers for Tax Year 2004 represents only 4.0% of the total net taxable value of the City for 2004. See the following table entitled "City of Albuquerque History of Property (Ad Valorem) Tax Levy and Collection

(4) The tax amounts shown include assessments by jurisdictions other than the City.

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
1995	$50,634,041	$47,792,810	94.39%	4,486,481	52,279,291	103.25%	42,235,640	83.4%
1996	56,500,991	55,170,428	97.65%	2,560,984	57,731,412	102.18%	46,812,632	82.9%
1997	58,414,008	55,266,156	94.61%	2,591,732	57,857,888	99.05%	45,646,455[2]	78.1%
1998	61,648,597	58,799,367	95.38%	2,747,266	61,546,632	99.83%	47,993,016	77.8%
1999	64,226,020	60,900,748	94.82%	4,384,879	65,285,627	101.6%	49,873,027	77.7%
2000	73,887,459	68,707,632	92.99%	1,164,751	69,872,383	94.57%	58,518,340	79.2%
2001	76,929,102	72,563,755	94.33%	4,365,348	76,929,102	100.00%	63,496,146	82.5%
2002	82,074,357	78,096,507	95.15%	800,726	78,897,233	96.13%	62,709,843	76.4%
2003	85,014,269	81,327,454	95.66%	4,084,547	85,412,001	100.46%	67,971,422	79.95%
2004	87,976,148	84,534,873	96.09%	3,674,088	88,208,961	100.26%	63,153,644	71.8%

Taxes are due as follows: First half-November 10, second half-April 10. The taxes are collected by the County Treasurer and remitted to the City monthly. Properties in which taxes are delinquent (11th days of December and May) 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 in the rates of the current tax levy.

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

(2) Since debt service mill levy decreased from 9.468 mills in Fiscal Year 1996 to 8.976 mills in Fiscal Year 1997, City debt service collections decreased slightly.

Sources: Bernalillo County Treasurer's Office; City of Albuquerque Comprehensive Annual Financial Reports.

City of Albuquerque
Property Tax Rates
Weighted Average Residential and Non-Residential
Per $1,000 Assessed Valuation
All Overlapping Governmental

Tax Year	Total Tax Levy	City	Bernalillo County	State of New Mexico	Schools	Technical Vocational Education	Flood Control Authority	Hospital	Conservancy District
1995	43.036	11.236	8.618	1.276	8.851	2.702	1.000	4.151	5.2020
1996	43.814	11.257	8.279	1.556	9.020	2.783	1.006	4.497	5.4160
1997	48.132	11.362	9.070	1.347	11.888	2.935	1.050	4.565	5.9150
1998	46.752	11.357	9.066	1.438	11.013	2.945	1.050	4.103	5.7800
1999	42.499	11.080	8.270	1.482	8.505	2.578	0.939	4.016	5.6299
2000	43.701	11.166	8.558	1.529	8.527	3.179	0.962	4.184	5.5966
2001	45.571	11.161	8.635	1.765	8.503	2.628	0.943	6.500	55.4360
2002	44.701	11.153	8.532	1.123	7.883	3.174	0.937	6.500	5.3999
2003	46.668	11.154	9.549	1.520	8.497	3.175	0.936	6.500	5.3370
2004	46.610	11.149	9.536	1.028	8.493	3.174	0.934	6.500	5.3460

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 State Gross Receipts Tax is levied at 5.00% of taxable gross receipts. Effective January 1, 2005, the credit of 0.50% was discontinued for municipal option gross receipt taxes and the State will actually collect a 5.00% tax within municipalities, including the City. Of the 5.00 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.35 cents had, prior to August 1992, been remitted back to the municipality by the State monthly, based on the prior month's filings. See "Manner of Collection and Distribution" under this caption. In 1991, legislation was enacted which, among other things, reduced the amount of State Gross Receipts Tax distribution to a municipality from 1.35% to 1.225% of the taxable gross receipts collected in that municipality. The reduction in the distribution was effective August 1, 1992.

Until July 1, 2004, businesses in the City paid a total 5.8125% gross receipts tax rate to the State, the County of Bernalillo (the "County") and the City. On July 1, 2004, as a result of the City's 0.25% public safety tax, the total gross receipts tax paid by businesses in the City was increased to 6.0625%. On July 1, 2005, the total gross receipts tax will increase to 6.5625%. See the following paragraph.

Laws of 2004, Chapter 625, which became effective January 1, 2005 made a number of changes to the State Gross Receipts Tax laws. The gross receipts tax on food and certain medical services is eliminated but the credit of 0.50% for payers of the municipal option tax is also eliminated and the State will collect the full 5.00% State Gross Receipts Tax. The legislation creates a deduction for State Gross Receipts Tax from retail sales of food, as defined for federal food stamp program purposes, but requires retailers to report receipts from sales of food and then claim a deduction for the receipts. The legislation enacts significant penalties for improper filings. The deduction does not apply to receipts of restaurants and sellers of prepared foods. The legislation also creates a gross receipts tax deduction for some receipts of licensed health care providers (broadly defined) from Medicare Part C and managed health care plans and health care insurers. To compensate municipalities for lost revenues resulting from the State Gross Receipts Tax deductions for certain food and medical services, the legislation also provides for payments in lieu of taxes from the State to reimburse local governments for lost gross receipts tax revenues. The definition of State Gross Receipts Tax Revenues includes payments received from the State in lieu of gross receipts tax revenues.

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 taxes, 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. 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."

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 of 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, beginning January 1, 2005, receipts from the sale of certain food and certain medical services. See "State Gross Receipts Tax - 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. The Department is responsible for administering the Gross Receipts and Compensating Tax Act and for collecting the State tax and all local option gross receipts taxes imposed by New Mexico counties and municipalities. The Department makes monthly distributions to counties and municipalities, as applicable, of State Gross Receipts Tax revenue and of receipts from local option gross receipts taxes.

Historical Revenues. The State Gross Receipts Tax revenues received by the City for the past five Fiscal Years are as follows:

Historical State Gross Receipts Tax Revenues
(1.225% Received by the City from State Gross Receipts Tax)

Fiscal Year	Revenues
2000	$130,281,585
2001	135,830,834
2002	136,655,396
2003	142,840,456
2004	156,137,731

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

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.”

Cross Reference. Additional information relating to the State Gross Receipts Tax may be found in the Official Statement of the City dated September 20, 2004 relating to the City’s Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2004 on file with the Municipal Securities Rulemaking Board and Nationally Recognized Municipal Securities Information Repositories.

Municipal and Other Gross Receipts Taxes

Imposition of Tax. In addition to receiving a distribution from the State, the Municipal Local Option Gross Receipts Tax Act (Sections 7-19D-1 through 7-19D-12 NMSA 1978, as amended) authorizes the City under State law to impose up to 1.25% 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 is imposing the full 1.25%. One quarter of one percent (0.25%) of the City's municipal gross receipts tax is dedicated to specific “basic services” programs and the proceeds are deposited in the City’s General Fund. One half of one percent (0.50%) is used for general purposes and the revenues are deposited into a fund pledged to secure certain outstanding municipal gross receipts tax bonds of the City. 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. In October 2003, the final 0.25% increment of municipal gross receipts tax was approved by the City electors with the proceeds to be used for public safety, a variety of social-service programs and jail expenses. The tax was imposed effective July 1, 2004. The City has also imposed a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose a second 0.0625% municipal infrastructure gross receipts tax without a referendum, but has not exercised this authority. In addition, the State Legislature in 1998 passed legislation allowing the City to impose an additional 0.125% municipal infrastructure tax for general municipal purposes, infrastructure, regional transit and/or economic development. The City has not used this authority to date, and a positive referendum will be required to impose such tax. The City also has authority under State law to impose a 0.0625% municipal environmental gross receipts tax but thus far has not used this authority. The State Legislature in 2001 passed legislation allowing the City to impose an additional 0.25% municipal capital outlay gross receipts tax for municipal infrastructure purposes, including the payment of debt service on certain bonds. The municipal capital outlay gross receipts tax must be imposed prior to July 1, 2005, under current state law, and may be imposed only after all increments of municipal infrastructure gross receipts tax and the municipal environmental gross receipts tax have been imposed and after a positive referendum is held. The State Legislature in 2004 passed legislation, which becomes effective on July 1, 2005, authorizing a municipal regional transit gross receipts tax. If the City is a member of a regional transit district, upon a request from the district, the City, after an election approving the tax, shall impose a municipal regional transit gross receipts tax of up to 0.5% for a public transit system or public transit projects or services for the district. The tax may be imposed in increments of 0.0625%.

Of the total 6.0625% gross receipts tax rate that businesses in the City currently pay to the State, the County, and the City on their taxable gross receipts, 1.25% represents the municipal gross receipts tax and 0.0625% represents the municipal infrastructure tax.

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.

Historical Municipal Gross Receipts Tax Revenues
(0.50% Received by the City from State Gross Receipts Tax)

Fiscal Year	Revenues
2000	$52,668,581
2001	54,609,793
2002	55,034,047
2003	57,569,166
2004	62,778,208

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

Taxing Authority and Payments

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

Fiscal Year 2004 Gross Receipts Tax (GRT) Paid
in the City of Albuquerque

Type of Tax & Purpose	Percentage Imposed
Municipal GRT(1)	1.2500%
Municipal Infrastructure GRT	0.0625
Bernalillo County GRT	0.2500
State GRT	5.0000
Total	6.5625%

(1) Municipal GRT may be imposed by the City in increments of 0.125%, and collections are assessed an administrative fee by the State of 5.0% on all local option revenues imposed above those derived from the initial 0.50% tax levied.

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:

City of Albuquerque
Fiscal Year 2004 Taxing Authority and Gross Receipts Tax (GRT) Imposed

Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	Unused Authority
Municipal GRT[(1)]	1.2500%		
Basic Services		0.2500%	
General Purposes[(2)]		0.5000%	
Transportation		0.2500%	
Public Safety		0.2500%	
Total Municipal GRT		1.2500%	
Municipal Infrastructure GRT[(3)]			
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[(4)]	0.2500%	0.0000%	0.2500%
Total Other GRT		0.0625%	0.5000%
Total Impositions by the City		1.3125%	0.5000%
State GRT[(5)]		1.2250%	--
Total Distribution to the City		2.5375%	0.5000%

(1) Municipal GRT may be imposed by the City in increments of 0.125%, subject to a negative referendum and collections are assessed an administrative fee by the State of 5.0% on all local option revenues imposed above those derived from the initial 0.50% tax levied.
(2) Represents the municipal gross receipts tax pledged by the City to secure certain outstanding bonds.
(3) A positive referendum is required to impose any amount of the municipal infrastructure gross receipts tax: (i) in excess of 0.1250%; or (ii) for the purpose of economic development. The tax may be imposed in increments of 0.0625%.
(4) A positive referendum is required to impose any amount of the municipal capital outlay gross receipts tax and it may be imposed only after all other local option gross receipts taxes have been imposed.
(5) Revenues from this tax are State Gross Receipts Tax revenues.

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 1995.

City of Albuquerque
Taxable Gross Receipts By Sector and Total Gross Receipts(1)
Fiscal Years 1995-2004 (000,000s omitted)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004(4)	% of Total Shares by Sector 1995	% of Total Shares by Sector 2004
Construction	$ 837.4	$1,007.7	$1,068.1	$1,000.8	$ 1,001.4	$ 1,098.7	$ 1,307.6	$ 1,250.6	$ 1,213.5	$1,354.54	9.8%	10.8%
Manufacturing	272.9	278.3	281.0	320.1	324.2	319.4	308.6	283.7	233.7		3.2%	
Trans, Comm., & Pub Util.	563.6	562.3	600.9	616.1	615.1	611.1	650.0	565.2	569.1		6.6%	
Wholesale Trade	498.0	513.2	511.1	554.1	535.6	604.8	608.0	630.5	738.0		5.8%	
Retail Trade	3,417.2	3,634.0	3,759.6	3,882.4	3,963.1	4,158.7	4,367.6	4,345.0	4,652.6	5,036.73	39.8%	40.3%
Fin, Insur., & Real Estate	228.8	251.6	258.1	279.0	286.3	292.2	292.7	270.4	269.4		2.7%	
Services	2,688.8	2,902.6	3,001.2	3,103.6	3,276.2	3,379.2	3,406.2	3,550.8	3,740.7		31.3%	
Other	16.7	11.5	19.8	15.0	21.7	22.4	22.6	23.5	18.5		0.2%	
Interstate Comm.(2)	64.1	64.2	62.2	59.3	56.2	62.4	52.9	50.4	37.9		0.7%	
All Other Sectors	--	--	--	--	--	--	--	--	--	6,116.25	--	48.9%
Total Taxable Gross Receipts (3)	$8,588.2	$9,225.7	$9,562.0	$9,830.4	$10,079.7	$10,548.8	$11,016.1	$10,970.0	$11,473.0	12,502.52	100%	100%
Total Gross Receipts Reported	$15,021.0	$15,784.0	$16,414.0	$17,096.8	$17,317.9	$18,294.2	$20,836.9	$20,708.3	$20,153.4			

(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) Taxable gross receipts from interstate telecommunications are subject to a special 4.25% tax from which the City receives a distribution.

(3) Totals may not add due to rounding.

(4) The groupings by Standard Industrial Classification are not available for Fiscal Year 2004 with the exception of Construction and Retail Trade.

Source: New Mexico Taxation and Revenue Department.

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 thereof (or protest the assessment or furnish security for payment) before 30 days after the date of assessment, 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. 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 the rate of 15.0% per year, 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 tax on gasoline was reduced, as of July 1, 1995, to a rate of $0.17 per gallon (from the previous rate of $0.20) pursuant to Sections 7-13-1 through 7-13-18 NMSA 1978, as amended ("Gasoline Tax Act"). The section of the Gasoline Tax Act which required the reduction of the gasoline tax back to $0.16 per gallon on July 1, 2003 was repealed by New Mexico Laws 2003, Chapter 289, Section 1.

Gasoline is defined in the Gasoline Tax Act as any flammable liquid used primarily as fuel for propulsion of motor vehicles, motorboats or aircraft but does not include diesel engine fuel, kerosene, liquefied petroleum gas, natural gas and products specially prepared and sold for use in the turbo-prop or jet-type engines. 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 State Taxation and Revenue Department (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 taxies 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 gasoline tax is not imposed on gasoline received in the State for export from the State by a distributor or on gasoline sold to and used by any United States agency or instrumentality. Wholesalers and distributors of gasoline may sell specially dyed gasoline to persons not using the gasoline in motor boats or in vehicles licensed to operate on the highways in the State. The persons purchasing specially dyed gasoline are required to hold a gasoline tax refund permit issued by the Department and must make individual purchases of the specially dyed gasoline in quantities of 50 gallons or more (individual aviation fuel purchases may be aggregated). Certain limited deductions from the gasoline tax also apply to ethanol blended gasoline using ethanol made with at least 50% agricultural feed stocks produced in the State.

In the 1990 session, the State Legislature adopted legislation which increased the amount of the distribution of gasoline tax receipts from the State ("State Shared Gasoline Tax Receipts") to 11.25% from 9.28%. In 1993, the distribution of gasoline tax receipts was decreased to 8.82%. This distribution was increased again on August 1, 1995 to 10.38%. The percentage of total gasoline tax receipts shared with municipalities has varied depending on the total State tax on gasoline then in effect. By changing the percentage of gasoline tax receipts distributed to municipalities, the State Legislature has attempted to maintain the flow of State Shared Gasoline Tax Receipts to municipalities. Despite the fluctuation in the amount of gasoline tax receipts distributed to municipalities, the net effect on the level of State Shared Gasoline Tax Receipts distributed to the City has been insignificant. See the table entitled "Historical State Gasoline Tax Receipts" under this caption.

In the 1999 legislative session, the State Legislature adopted legislation requiring, under Section 7-1-6-9(C) NMSA 1978, that gasoline taxes be paid into a separate road fund in the municipal treasury. This legislation has no impact on the amount of State Gasoline Tax Receipts distributed to the City. The City began depositing State Gasoline Tax Receipts received by it from the State into a separate fund in Fiscal Year 2000.

Historical Receipts

The following table sets forth the historical distributions of State Gasoline Tax Receipts for Fiscal Years 1995-2004.

City of Albuquerque
Historical State Gasoline Tax Receipts

Fiscal Year	**State Gasoline Tax Receipts**
1995	$4,258,909
1996	4,612,407
1997	4,516,251
1998	4,748,965
1999	4,514,428
2000	4,604,981
2001	4,661,581
2002	4,431,007
2003	4,293,636
2004	4,476,207

Sources: City of Albuquerque Comprehensive Annual Financial Reports for 1995 to 2004.

Distribution of the Gasoline Tax

The Department distributes gasoline taxes to municipalities and counties pursuant to statutory procedures. A portion of the gasoline tax is distributed pursuant to Section 7-1-6.9 NMSA 1978, as amended. The amount of the gasoline taxes distributed to municipalities is, since August 1995, equal to 10.38% of the net receipts attributable to gasoline taxes imposed pursuant to the Gasoline Tax Act. The City can make no prediction as to future actions of the State Legislature with respect to the amount of gasoline tax receipts to be distributed pursuant to Section 7-1-6.9 NMSA 1978. 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.

Taxation and Revenue Department Gasoline Tax Collection Procedures

The Department collects gasoline taxes in the State but does not engage in extensive monitoring and compliance activities. The Department reviews the payment of gasoline taxes for reasonableness and may conduct a farther investigation if the amount of taxes paid by a particular distributor are not deemed reasonable. The Department publishes monthly reports regarding gasoline tax collections and receipts.

Variation in Local Distributions and Local Monitoring Procedures

The amount of gasoline taxes distributed to individual municipalities is variable because the distributions are tied to the reported amounts of taxable motor fuel sales in each individual municipality relative to all municipalities. If the amount of reported sales in an individual municipality declines, the amount of distribution of gasoline taxes also declines. Additionally, if the amount of taxable motor fuel sales in certain municipalities increases, those municipalities will receive a larger portion of the total amount of gasoline taxes to be distributed to all municipalities by the Department, resulting in a smaller portion to be distributed to municipalities with proportionally lower taxable motor fuel sales.

Lodgers' Tax and Hospitality Fee

Generally

The Lodgers’ Tax is levied pursuant to the Lodgers’ Tax Act (Sections 3-38-13 through 3-38-24, NMSA 1978) and is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate is five percent (5%) and is imposed on the gross taxable rent paid for lodging (but not including State Gross Receipt Taxes or local gross receipts taxes). The Lodgers’ Tax is collected by the City on a monthly basis from the persons and firms furnishing such lodging.

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

Historical Lodgers' Tax Revenues

The gross taxable rent and the Lodgers' Tax revenues derived from the 5% Lodgers’ Tax rate and collected by the City since Fiscal Year 2000 are as follows:

City of Albuquerque
Historical Lodgers' Tax Revenues

Fiscal Year	Gross Taxable Rent[1]	Lodgers' Tax Revenues
2000	$167,834,800	$8,394,740
2001	169,762,360	8,488,118
2002	166,380,620	8,319,031
2003	166,521,380	8,326,069
2004	174,606,940	8,730,347

(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 gross receipts taxes."

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

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, 2013. As required by the Hospitality Fee Act, fifty percent of the fees collected are to be used for advertising to publicize and promote tourist-related attractions, facilities and events and the remaining fifty percent is to be used to equip and furnish the City's Convention Center.

The hospitality fee will generate revenues to pay for certain capital improvements at the Convention Center that will help make the Convention Center a more desirable venue.

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 the following: engineering services, patching and paving, filings of plats and subdivisions, photocopying, sales of maps and publications, swimming pools, meals and other activities at senior centers, animal control and zoo admissions. The City also has a cost allocation plan which is used as a basis for assessing indirect overhead charges on non-general fund agencies and on capital expenditures.

Employee Contracts

There were 6,408 full-time employment positions funded by the City for Fiscal Year 2005. As of January 1, 2004, of the filled positions, over 80% of City employees are affected by union contracts. There are seven bargaining units within the City. The City's union contracts, which all expire on June 30, 2006, are as follows: Albuquerque Officers' Association

(A.F.S.C.M.E. Local 1888, AFL-CIO); Clerical and Technical Employees (A.F.S.C.M.E. Local 2962, AFL-CIO); United Transportation Union (Local 1745); Blue Collar workers (A.F.S.C.M.E. Local 624, AFL-CIO); Albuquerque Area Firefighters Union; Albuquerque Police Officers' Association; and Management Union.

Retirement Plan

The employees of the City are members of the State Public Employees Retirement Association. Employees are credited for contribution amounts to the plan varying from 3.29% to 16.30% of their wages and the City contributes amounts which vary from 7.0% to 20.25%.

The last actuarial valuation attesting to the availability of funds to cover the obligations of the plan is as of June 30, 2004. A copy of the certification letter prepared by Gabriel, Roeder, Smith & Company, Actuaries and Consultants, is on file and is available from the State Public Employees Retirement Association, upon request.

Capital Implementation Program

The City finances a substantial portion of its traditional municipal capital improvements with general obligation bonds. However, certain capital 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.

In May 2003, the City adopted a ten year capital plan for calendar years 2003 through 2012. The City's 2003 general obligation bond election was held on October 28, 2003, with an amount of $157,838,460 of capital projects voted on; the electors voted affirmatively on $105,460,967 of the bonds; the election for the issuance of street bonds in the amount of $52,377,493 did not pass. However, in a special municipal bond election held on November 2, 2004, the voters approved the future issuance of $52,377,497 of general purpose general obligation street improvement bonds. In May 2004, the City issued $35,800,000 of general obligation general purpose bonds; the other general obligation bonds remain unissued.

Financial Statements

The financial statements of the City at June 30, 2004 and for the year then ended are to be included in Appendix A hereto and have been audited by Neff & Ricci LLP, independent certified public accountants, as set forth in their report thereon dated December 7, 2004. Such financial statements represent the most current audited financial information available for the City.

ENTERPRISE OPERATIONS

Albuquerque International Sunport

Generally

The Albuquerque International Sunport ("the Airport") is the principal air carrier airport serving the Albuquerque Area and other parts of the State and provides the only major air carrier service to the State. Owned by the City and operated by the City's Aviation Department, the Airport is five miles southeast of downtown Albuquerque and about six miles from the City's center of population. The City also owns and operates Double Eagle II Airport, a general aviation reliever airport (the "Reliever Airport" and, together with the Airport, the "Airports"). The City is classified as a "medium hub" by the FAA. According to the Airports Council International-North America records, the Airport ranked as the 56th largest passenger airport in the United States in 2003. The Airport serves primarily an "origin/destination" air traffic market - approximately 90% of the total number of enplaned passengers using the Airport begin or end their trips in the primary area served by the Airport (the "Albuquerque Area") and other parts of the State. See "Airport Service Area" and "Historical Airline Traffic" under this caption.

The Airport has three principal runways for air carrier use: Runway 8-26, the primary air carrier/military runway, is 13,793 feet long and 150 feet wide; Runway 3-21, an air carrier runway, is 10,000 feet long and 150 feet wide; and Runway 17-35, a crosswind runway, is 10,000 feet long and 150 feet wide. Runway 12-30 is a crosswind runway used by general aviation traffic and is 6,000 feet in length and 150 feet in width.

The Airport is served by eight major and national airlines and regional and commuter airlines. In addition, seven all-cargo airlines (two of which provide services through two subsidiaries each) provide service at the Airport. Southwest Airlines, American Airlines, Delta Airlines, and America West Airlines accounted for 53.2%, 11.3%, 7.7% and 5.8%, respectively, of the enplaned passengers at the Airport in Fiscal Year 2004. See "Airlines Serving the Airport" under this caption.

The passenger facilities of the Airport include the Terminal Complex with 23 air carrier aircraft gates and two regional/commuter gate areas serving eight commuter aircraft parking positions. The air carrier gates are situated in a linear east-west concourse, parallel to the Terminal Complex and connected to it via a terminal-concourse connector. The eastern portion of this concourse is referred to as Concourse A and the western portion is referred to as Concourse B. There are two commuter gates, identified as Gates D and E; however, Gate D is currently not being used. The Terminal Complex area includes a two-level terminal loop roadway system, a 3,400 space automobile parking structure, and a 480 space surface parking lot.

In March 2001, the Airport opened a Consolidated Rental Car Facility (the "Rental Car Facility") located on approximately 76 acres of Airport property southwest of the Terminal Complex. It is comprised of a customer service building, ready/return parking area and service center facilities. The Rental Car Facility is currently used by eight rental car companies - Avis, Budget, Dollar, Hertz, Advantage, Thrifty, Enterprise and Vanguard Rental (collectively, the "On-Airport Rental Car Companies").

The Airport is adjacent to Kirtland Air Force Base, an active U.S. Air Force ("USAF") installation. The airfield land and facilities, portions of which were previously owned by the City and deeded to the USAF in 1941, were deeded back to the City by the USAF in 1962. The USAF currently shares the use of the airfield with the City under a lease agreement. The deed contains a reverter clause which will be effective if the City does not continue to use the land as an airport and 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. Under the terms of the lease agreement, the USAF pays the City an annual fee of $50,000. The agreement also requires that USAF provide aircraft rescue and fire fighting services at the Airport.

The City carries blanket building and personal property insurance with property damage coverage of $350,000,000 for City-owned property. Special property damage limits for property of the Airports are set at $166,000,000. The City also carries airport comprehensive general liability insurance in the amount of $100,000,000 combined single limit coverage for premises liability, products and completed operations, contractual liability and independent contractors' liability, which includes personal injury liability coverage with a combined single limit of $25,000,000.

Airport Service Area

The Airport Area includes the Albuquerque MSA (Bernalillo, Sandoval and Valencia Counties), the Santa Fe MSA (Santa Fe and Los Alamos Counties), and Torrance County.

The Airport also serves a secondary area consisting of the remainder of the State. The limits of a secondary area are generally defined by the range and quality of airline service at other air carrier airports. There are seven air carrier airports in the surrounding states of Arizona, Colorado, Texas and Utah that provide airline service and together define the limits of the secondary area, including Amarillo International Airport to the east, Denver International Airport to the north, El Paso International Airport to the south, Lubbock International Airport to the southeast, Dallas/Ft. Worth International Airport to the southeast, Phoenix Sky Harbor International Airport to the west and Salt Lake City International Airport to the northwest. There are also nine other airports in the State that provided scheduled commuter airline service during Fiscal Year 2004.

<u>Airlines Serving the Airport.</u> The Airport is served by the following major, national airlines (the "Signatory Airlines"):

America West Airlines	Frontier Airlines
American Airlines	Northwest Airlines
Continental Airlines	Southwest Airlines
Delta Airlines	United Airlines

Each of the major and national airlines listed above have entered into a Scheduled Airline Operating Agreement and Terminal Building Lease with the City (the "Airline Agreements").

Collectively, the Signatory Airlines lease approximately 75% of the available exclusive and preferential use space in the Terminal Complex. See “Agreements with the Airlines” for a discussion of the obligations of the Signatory Airlines pursuant to the Airline Agreements.

In addition to these major and national airlines, Mesa Airlines provides flights throughout New Mexico, Texas and Colorado. Certain other regional/commuter airlines are also currently serving the Airport. On November 30, 2004 Westward Airways began providing service at the Airport. Westward Airways is currently providing commuter service to Taos and Las Cruces, as well as Gallup and Phoenix, Arizona. Seven all-cargo airlines (two of which provide services for two larger cargo carriers) provide service at the Airport. The three largest are:

Airborne Express	UPS Air Cargo
Federal Express	

The all air-cargo operators listed above have entered into a Schedule Cargo Airline Operating Agreement and Cargo Building Lease (an “All-Cargo Airline Agreement”) with the City (the “Signatory Cargo Airlines”). See “Agreements with the Airlines - Agreements with Signatory Cargo Airlines” under this caption.

Recent Events Affecting the Air Transportation Industry. The September 11 events caused substantial disruption to the airline industry. In response to the attacks, the Aviation and Transportation Security Act was enacted into law on November 19, 2001, creating the Transportation Security Administration (“TSA”). The TSA took over from the airlines all contracts for security checkpoint operation at the Airport in February 2002. The security checkpoint was federalized on October 8, 2002, when all civilian contractors at the checkpoint were replaced with screeners employed by the TSA. Prior to the creation of the TSA, the FAA had implemented security measures, including, but not limited to, the elimination of curb-side luggage handling, prohibiting unticketed passengers beyond security checkpoints, requiring a thorough search and security check of passenger baggage, and restricting the parking of vehicles near terminals. While some of those measures remain in effect at the Airport, the TSA now has initiated a number of new safety measures at U.S. airports, including, without limitation, that all baggage must be screened for explosives.

Security Checkpoint Reconfiguration and Meeter/Greeter Area Addition. Due to congestion and delay resulting from heightened security at the Airport and new restrictions on public access to the concourses, the security checkpoint must be changed and a new area will be added for the “meeters and greeters” of arriving passengers. Development of the meeter/greeter area will be done in conjunction with and adjacent to, the expansion and reconfiguration of the security checkpoint area. The City has completed the construction design. Construction of the project began in December Fiscal Year 2005, and will be completed in early Fiscal Year 2006 at a cost of approximately $14 million.

Historical Airline Traffic. During Fiscal Year 2004, there were approximately 208,127 aircraft operations (landings and takeoffs) at the Airport, down from 236,656 in Fiscal Year 2003.

The following table presents the number of airline enplaned passengers for major and national airlines at the Airport from Fiscal Year 1995 through Fiscal Year 2004.

Historical Airline Traffic Activity
Albuquerque International Sunport

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
1995	3,145,121	7.8
1996	3,159,377	0.5
1997	3,273,829	3.6
1998	3,109,915	(5.0)
1999	3,093,853	(0.5)
2000	3,160,245	2.1
2001	3,151,608	(0.3)
2002	3,043,775	(3.4)
2003	3,010,471	(1.1)
2004	3,121,162	3.7

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at the Airport increased at an average annual rate of 0.74% per year between Fiscal Years 1995 and 2004. In Fiscal Year 2002, the number of enplaned passengers at the Airport decreased 3.4%, principally as a result of the September 11 terrorist attacks, the national economic downturn, and resulting decreases in airline service.

In Fiscal Year 2004, the number of enplaned passengers at the Airport increased approximately 3.7%, principally as a result of the return of travelers' confidence in air travel, and improved economic conditions in New Mexico and nationally. It should be noted that the average decrease in enplaned passengers at the Airport between 2001 and 2003 (2.3% per year) was at a lesser rate than experienced nationally - the FAA reported that enplaned passengers nationally decreased 6.6% between 2001 and 2002 (the most recent year for which data is available). Low-fare airlines such as Southwest Airlines and America West have continued to maintain or increase service at the Airport. The Airport has recovered from the impacts of the events of September 11, 2001, at a faster rate than other United States airports.

The size of an origin-destination market, as measured by the number of originating passengers, is related to the vitality of an airport service area. Origin-destination passenger traffic in the Albuquerque Area and other parts of the State consists of resident and visitor travel. The level of resident passenger travel is related to the size of the population base, overall activity and growth in the economy, companies that rely on airline travel for their business use, and disposable income levels that may affect the propensity for airline travel. The level of visitor passenger travel in the Albuquerque Area and the State is related to companies located in the

Albuquerque Area and the State that are visited by personnel from other offices or businesses located in other parts of the United States or the world, the demand for tourist and convention facilities in the Albuquerque Area and the State, and people visiting residents.

Airline Market Shares. In each of Fiscal Years 1999 through 2004, the top two airlines combined accounted for at least 57.9% of enplanements. In Fiscal Year 2004, Southwest Airlines ranked first in number of enplaned passengers at the Airport (53.9%) and American Airlines, Delta Airlines and America West Airlines ranked second, third and fourth, collectively comprising 24.8%.

The share of passengers enplaned by the regional and commuter airlines at the Airport increased from 3.1% in Fiscal Year 1999 to 7.0% in Fiscal Year 2004 as the share of passengers enplaned by major and national airlines decreased from 97% to 93%. The number of passengers enplaned by regional and commuter airlines increased from 96,022 in Fiscal Year 1999 to 221,226 in Fiscal Year 2004.

The following table presents the percentage shares of enplaned passengers for the airlines serving the Airport in the Fiscal Years 2000 through 2004:

Albuquerque International Sunport
Airline Market Shares
Fiscal Years 2000-2004

	FY 2000	FY 2001	FY 2002	FY 2003	FY2004
	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers
Major/National:					
Southwest Airlines	48.8	50.3	52.9	53.1	53.2
American Airlines	9.0	8.6	9.8	11.3	11.2
Delta Airlines	10.1	9.0	8.4	7.5	7.6
America West Airlines	6.7	6.7	6.7	6.6	5.8
United Airlines	8.1	7.0	6.2	6.1	6.0
Continental Airlines	5.4	5.5	5.4	4.9	4.9
Northwest Airlines	2.6	2.6	2.7	3.0	2.8
Frontier Airlines	1.0	1.2	1.6	1.6	1.5
Trans World Airlines (1)	5.8	5.7	1.9	0.0	0.0
Subtotal	96.8	96.5	95.6	94.2	93.0
Regional and Commuter:					
Mesa Airlines	2.3	2.1	1.6	1.3	1.9
Skywest	0.8	1.2	2.0	3.0	4.1
Other	0.1	0.2	0.9	1.4	1.0
Subtotal	3.2	3.5	4.4	5.8	7.0
TOTAL	100%	100%	100%	100%	100.0%

(1) TWA operations were taken over by TWA LLC, a subsidiary of American Airlines in Fiscal Year 2002.

Note: Columns may not add to totals shown because of rounding.

Source: City of Albuquerque, Department of Aviation.

Airports Administration.

Mr. John D. Rice is the Director of Aviation. Mr. Rice was appointed to this position effective March 1, 2004, after serving as Director of the State of New Mexico's Aviation Division from 1997 to that date. As the head of the State's Aviation Division, Mr. Rice was responsible for planning, developing and maintaining a safe and efficient sixty-one airport system within the State of New Mexico, enhancing commercial air service for all communities in the State, inspecting all airports, registering all aircraft in the State, and providing airport safety and education programs within the State.

Mr. Dennis A. Parker, A.A.E., is the Director of Planning and Development, responsible for the long-term capital planning and project implementation for the Airports and reports to the Director. Mr. Parker was appointed to the position in 1986. Prior to his appointment, Mr. Parker was Assistant Aviation Director at the Airports; Manager of Maintenance Services at the Greensboro-High Point Airport Authority, North Carolina; Executive Director and Operations manager of the Titusville-Cocoa Airport Authority, Florida; and Airport Manager of the Chesterfield County Airport, Virginia.

Mr. Wayne A. Hanzich is the Director of Operations, responsible for the Operations Division, including Airfield Operations, Airport Communications Center, Facilities Maintenance, Custodial Services, Aviation Police, and Airfield Maintenance and the Reliever Airport. Mr. Hanzich is also responsible for security at the Airports. Mr. Hanzich joined the Aviation Department in 1986 after retiring from the United States Air Force. Prior to being promoted to his current position, Mr. Hanzich was an Airfield Operations Officer and the Airfield Maintenance Manager with the Aviation Department.

Ms. Pam White is the Director of Finance and is currently responsible for Finance Administration and Landside Operations. Ms. White has fifteen years experience in finance, administration, and government accounting. Ms. White was employed with the New Mexico Department of Transportation and worked for the Aviation Division as the finance manager. She will complete her Bachelor of Science in Business Administration/Accounting in June 2005.

Airports Capital Program. The Capital Program for the Airports for Fiscal Years 2005 through 2009 includes approximately $111.5 million of planned projects and $73.2 million of demand-responsive projects. Demand-responsive projects are those which will be undertaken if predetermined thresholds of passenger activity are met or the City receives tenant support. The City does not anticipate the need to provide funding for the demand-responsive projects during the forecast period.

The planned projects for the terminal complex are the expansion of the passenger screening checkpoint and improvements to the outbound baggage screening system, both to be completed in Fiscal Year 2006. Additional improvements to the terminal and concourses include extensive refurbishment to airport systems and adjustment and renovation to public areas to correct deficiencies in terminal utilization resulting from passenger dwell times in the terminal contemplated in the short term (5-year period.) This will optimize the terminal operations and delay the need to build a new unit terminal, which is anticipated in the master plan. Demand-responsive projects include the implementation of a centralized in-line explosives detection system (EDS) screening for all checked baggage and expansion of the existing terminal to provide additional gates on Concourse B.

The Airport has a planned project to rehabilitate the terminal apron in Fiscal Years 2007 and 2008.

The planned projects for the airfield are the rehabilitation of the GA Apron in Fiscal Years 2006 and 2007; and the construction of taxiway connectors to Runway 3-21 and between Taxiways C and D, to be completed in Fiscal Year 2008. The demand-responsive project is the extension of Runway 3-21.

Planned projects for the Reliever Airport are to make various infrastructure investments between Fiscal Years 2005 and 2009 to support planned commercial and industrial development at the Reliever Airport. Planned projects for Fiscal Year 2006 include completion of a contract control tower in, environmental assessment in and rehabilitation of Runway 17-35. Demand-driven projects in Fiscal Year 2006 include rehabilitation and extension of Runway 4-22, and construction of a new crosswind runway.

Other planned projects are construction of the Fuel Facility at the Airport in Fiscal Year 2006, construction of a belly freight building in Fiscal Year 2007, provisions for landscaping modifications and land acquisition for a future second terminal throughout the five-year period. The demand-responsive projects are air-cargo development, including extension of the north air cargo facilities, expansion to the south, and construction of a new airfield maintenance complex.

Additional Baggage Screening Requirements. Under the 2001 Aviation and Transportation Security Act ("ATSA"), all airline checked baggage must be screened for explosives by the TSA. At the Airport, the screening of bags is performed using a combination of explosive detection system ("EDS") and explosive trace detection equipment.

Even though the City is in compliance with the ATSA requirements for baggage screening, it has decided to implement an in-line EDS for Southwest Airlines, which has been the largest carrier at the Airport in terms of passengers for over fifteen fiscal years. According to the City, the in-line baggage system for Southwest Airlines is necessary to (a) mitigate existing operational inefficiencies in the processing of checked baggage and (b) provide additional space and equipment to meet future needs. The in-line baggage system project for Southwest Airlines, a planned project in the Airport Capital Program, will be completed in Fiscal Year 2005.

The other airlines at the Airport, which mostly operate from ticket counter and baggage rooms on the west side of the Terminal Complex, have checked baggage screening systems that are adequate to meet existing and future demand. The City has performed various studies on integrating an in-line EDS on the west-side of the Terminal Complex, which may be used in the future as warranted by demand, other factors, and/or substantial funding by federal grants. The in-line EDS for the other airlines at the Airport has been classified by the City as a demand responsive project.

Airport Financial Information; Airport Fund

General. The Airport Fund is a separately maintained enterprise fund of the City. The general policy of the City has been to impose charges for services that can be measured and that benefit specific persons, including users of the Airports. The charges are designed to pay for the cost of the service.

Historical Financial Results. The following tables compare historical financial results of the Airports, coverage ratios and Gross Airport Revenues over the last five Fiscal Years. Also shown are estimated Net Revenues, Debt Service Requirements and calculations of debt service coverage showing the City's compliance with the Rate Covenant for all Outstanding Senior Parity Obligations (Test No. 1) and all Outstanding Airport Obligations (Test No. 2).

Albuquerque International Sunport
Historical Financial Information
Fiscal Years 2000-2004

	Fiscal Year ended June 30				
	2000	2001	2002	2003	2004
Total operating revenues	$45,144	$47,632	$50,402	$51,134	52,744
Non-operating revenues (expenses):					
Interest	1,662	1,725	1,919	708	237
Passenger Facility Charge	8,290	8,545	7,083	8,155	7,900
Other	340	119	100	182	8
Gain (loss) on disposition of Property & Equipment	3	(10)	(10)	(22)	185
Total adjusted revenues	$55,439	$58,011	$59,494	$60,157	$61,076
Total operating expenses (excluding interest expense)	$38,454	$43,457	$49,854	$49,905	$52,779
Less:					
Payments in lieu of taxes	--	--	--	--	--
Depreciation	(21,418)	(23,321)	(28,417)	(27,846)	(27,631)
Amortization	--	--	--	--	860
Total adjusted operating expenses	$17,036	$20,136	$21,437	$22,059	$24,288
Net revenues, all funds combined	$38,403	$37,875	$38,057	$38,098	$36,788

Sources: City's Comprehensive Annual Financial Report for the years ending June 30, 2000 through June 30, 2004.

Historical Gross Airport Revenues
(000s omitted)
(Fiscal Year 2000-2004)

	2000		2001		2002		2003		2004	
	$	%	$	%	$	%	$	%	$	%
Airline revenues	24,255	44.9	24,447	43.4	24,707	42.7	25,863	43.3	26,351	43.1
Non-Airline Revenues:										
Terminal Complex	10,159	18.8	10,304	18.3	11,516	19.9	10,538	17.6	11,173	18.3
PFCs	8,290	15.4	8,545	15.2	7,083(1)	12.3	8,155	13.6	7,899	12.9
CFCs	--	--	1,841	3.3	3,360	5.8	3,651	6.1	3,795	6.2
Parking area -	8293	15.4	7966	14.1	6,377	11	6449	10.8	6,882	11.2
Miscellaneous	3004	5.5	3234	5.8	4,774	8.3	5,095	8.5	5,100	8.3
TOTAL	54,001	100.0	$56,336	100.0	$57,818	100.0	$59,750	100.0	61,200	100.0

(1) The Fiscal Year 2002 accrual for PFC revenue was understated by $657,383. This occurred due to the transition within accounts receivable systems at the Airport.

Source: City of Albuquerque, Department of Aviation.

Airline Revenues. Airline revenues include revenues from the Signatory Airlines under the Airline Agreements, non-signatory passenger airlines and cargo airlines. Components of Airline Agreement revenues include terminal space rentals, loading bridge fees, baggage claim device charges, landing fees and passenger facility charges ("PFCs"). Cargo airlines are required to pay landing fees and ramp use fees and cargo building space rentals, as appropriate. See "Agreements with the Airlines" under this caption.

Amounts to be paid by the Signatory Airlines pursuant to the Airline Agreements constitute a major source of Revenues to the Airport. In the aggregate, according to estimates of the City, the Signatory Airlines represented approximately 93% of commercial enplaned passengers at the Airport for Fiscal Year 2004. For Fiscal Year 2004, payments from Signatory Airlines represented approximately 34% of the total Gross Airport Revenues.

Passenger Facility Charges. PFCs were authorized by Congress as part of the Aviation Safety and Capacity Expansion Act of 1990 (the "1990 PFC Act") and were originally intended to supplement FAA's Airport Improvement Program ("AIP") Grants that are distributed from the Airport and Airway Trust Fund. AIP Grants typically fund up to 84% of an eligible project. The balance must come from a local "match." One of the intended uses of PFCs was to enable airports without sufficient other revenue sources to use PFCs to fund that matching portion. Allowed uses of PFCs are for capital projects that preserve or enhance capacity, safety or security of the air transportation system, reduce noise or mitigate noise impacts or furnish opportunities for enhanced competition between or among air carriers (e.g. provide additional gates). PFC revenues cannot be used for commercial facilities at airports such as restaurants and other concession space, rental car facilities or public parking facilities. While the original intention was to supplement capital needs, it is becoming more and more likely that PFCs will replace AIP Grants.

Pursuant to the 1990 PFC Act and the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) ("AIR 21" and collectively with the 1990 PFC Act, the

“PFC Acts”), 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 the Airport. An amendment to the original amount of PFCs authorized to be collected allowed the collection of an additional $135,870. In June 2002, the City received approval from the FAA to continue to collect the $3.00 PFC at the Airport for a total additional amount of $44,438,079 over a period of approximately five and a half years. PFC revenues may be included as part of Gross Airport Revenues and available to pay applicable Airport Obligations, to the extent directed by a designated officer of the City. PFCs collected by the City have been and will be used to reimburse the City for investments it has made in eligible projects.

The following table sets forth the annual collections of PFCs from in 2000 through 2004.

City Annual Collections of PFCs
(2000 – 2004)
000s omitted

Year	PFCs Collected
2000	$ 8,290
2001	8,545
2002	7,083(1)
2003	8,155(1)
2004	7,899(2)

(1) The Fiscal Year 2002 accrual for PFC revenue was understated by $657,383. This occurred due to the transition within accounts receivable systems at the Airport. Because of this, Fiscal Year 2003 PFC revenue is overstated by the same amount.

(2) As of May 1, 2004, the airlines are retaining an additional $.03 per PFC fee collected.

Source: City of Albuquerque Department of Aviation.

The actual amount of PFC revenues received each Fiscal Year will vary depending on the number of qualifying passenger enplanements at the Airport. Reduction in the number of enplaned passengers will cause a corresponding reduction in PFC revenues. The $.03 increase in compensation to the airlines will also contribute to the reduction in PFC revenues to the Airport.

The FAA may terminate the City’s authority to impose the PFCs under certain circumstances. Also, with respect to an airline operating at the Airport, which is involved in bankruptcy proceedings, it is unclear whether the City would be afforded the status of a secured creditor with regard to PFC fees collected or accrued with respect to that airline.

The PFC Acts also provide that for certain classes of airports, which includes the Airport, federal AIP entitlement funds for the Airport will be reduced by 50% following the imposition of a PFC of $3.00 or less and will be reduced by 75% following the imposition of a PFC greater than $3.00.

Non-airline Revenues. Non-airline Terminal Complex revenues include revenues from concessions, fees and non-airline space rentals. Terminal Complex concessions include rental car companies, food and beverage concessions, news/gift stores and other concessions. The largest component of non-airline Terminal Complex revenues has historically been generated by rental car privilege fees.

Rental Car Facility Revenues. In connection with the March 2001 opening of the City's Rental Car Facility, the eight On-Airport Rental Car Companies entered into five-year lease agreements with the City for use and lease of counter space at the customer service building and parking spaces at the ready/return parking area. Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 9% of gross receipts against a minimum annual guarantee; (b) a monthly fee for use of the ready/return parking area; and (c) reimbursement for any Airport operating expenses allocated to the customer service building. Also under the agreements, the On-Airport Rental Car Companies are required to collect a Customer Facility Charge (CFC) per rental car contract day. See "Rental Car Facility - Customer Facility Charges."

In addition, the City has executed 20-year leases with the On-Airport Rental Car Companies for use and lease of the service center facilities and vehicle storage areas. Revenues from the CFCs and all rentals, fees and charges imposed by the City and collected from the rental car companies accounted for approximately 21.1% of Gross Airport Revenues in 2004.

Terminal Complex Concessions. Non-airline Terminal Complex revenues are generated under agreements with CA One Services Inc., Fresquez Concessions, Inc. and Black Mesa Coffee Company to provide food and beverage services within the Terminal Complex. These agreements extend to May 2007. Under the terms of the agreements, each tenant is required to pay the City certain percentages of gross revenues including minimum annual guarantees.

The City also has five separate Retail Concession Agreements with news and gift operators at the Airport that offer a variety of retail merchandise including newspapers, magazines, books, Native American art and jewelry, southwest apparel and New Mexico souvenirs. Under the terms of these agreements, the City receives the larger of (i) a percentage of gross receipts or (ii) a minimum annual guaranteed ("MAG") amount The MAG amount is to be adjusted each year to equal 85% of the prior years' percentage rent payable to the City, but the MAG amount in any year will not be less than the first full contract year. The Retail Concession Agreements expire January 1, 2010 with two one-year options to extend, upon the mutual agreement of the tenant and the City.

Parking Area Revenues. The Department of Aviation operates the parking facilities at the Airport. Public parking facilities include a garage with 3,400 spaces for short-term parking and a surface lot north of the parking garage with 480 spaces for long-term parking. Parking facilities at the Airport also include three employee lots, which together provide approximately 600 spaces. Parking rates are as follows: $1.00 for the first half-hour (increasing to a maximum rate of $7.00 per day) in the short-term lot and $6.00/day in the long-term lot.

The City also receives revenues from employee parking, commercial vehicle lane fees, and taxicab permits.

Airfield and Reliever Airport Revenues. Airfield and Reliever Airport Revenues include landing fees from general aviation users, military operations (including Kirtland Air Force Base under its agreement) and nonscheduled airlines. See "Albuquerque International Sunport - Generally."

With respect to revenues generated at the Reliever Airport, the City has agreements with two fixed base operators to provide general aviation services at the Reliever Airport.

The presence of Eclipse Aviation Corporation ("Eclipse") at the Airport, the 2006 location of American Utilicraft Corporation, the 2007 location of Aviation Technology Group and the 2009 location of Eclipse all at the Reliever Airport represent current and future potential for increased revenues from general aviation users. The infrastructure development, business development and property management plan and the parallel marketing efforts for an Aerospace Technology Park for Eclipse support companies will complement this potential.

Revenues from Other Areas. Revenues from Other Areas principally include leased site and building rentals, which are part of Gross Airport Revenues. Included are other governmental agency facility leases, and various other Aviation Department property leases. The major sources of leased site rental revenues are the Wyndham Albuquerque Hotel, rental car service areas, rental car ready/return lot space rentals, general aviation fixed base operators and cargo building rentals. The Wyndham Albuquerque Hotel, located at the Airport, pays a percentage of gross receipts for alcoholic beverages, room rentals and other miscellaneous categories against minimum annual guarantees. The Wyndham Albuquerque Hotel lease runs through December 18, 2023.

TSA began leasing the refurbished, historic Terminal Building to the west of the main Terminal Complex in October 2002. Under the lease agreement the TSA is leasing approximately 11,000 square feet for a term of ten years.

Federal Grants. The City receives federal grant moneys from the FAA each year through the AIP, which are not part of Gross Airport Revenues. The amount of funding available under the AIP on a national basis had been reduced in recent years. However, pursuant to AIR 21, the amount of funding available under the AIP on a national basis has been increased. There can be no assurance as to the amount of such funding the Airport will receive in future years.

The FAA provides both entitlement and discr. and the amount of landed cargo weight. Between 1991 and 2003, the City received a total of $54,944,918 in AIP entitlement/discretionary grants. The City received $2,806,060 in AIP entitlement/discretionary grants in 2004. Such grants were used at the Airport primarily for the master plan for the Reliever Airport. In 2003 the FAA approved a $10,040,400 AIP entitlement grant which the City intends to use to fund the major portion of the passenger screening checkpoint expansion. In addition, the City has received approval for AIP discretionary grants in the amount of $2,773,866 for runway and taxiway improvements at the Airport, and $3,566,893 for the completion of improvements at the Reliever Airport.

The City's financial plan for funding its capital program assumes that the AIP entitlement and discretionary grant funds will be available to fund the grant eligible portion of certain projects. In the event that AIP Grants to the Airport are lower than those made in recent years, the City would either elect to delay or not undertake certain projects or seek alternative sources of funding, including the possible issuance of additional debt.

Other sources of grant funds include: the Army Corps of Engineers, U.S. Department of Commerce, Department of Housing and Urban Development, the Federal Highway Administration and the Department of Energy.

Agreements With The Airlines

Signatory Airline Agreements. The Signatory Airlines, which include America West Airlines, American Airlines, Continental Airlines, Delta Airlines, Frontier Airlines, Northwest Airlines, Southwest Airlines and United Airlines, have each entered into an Airline Agreement with the City for the use and lease of certain facilities at the Airport. The following is only a summary of certain provisions of the Airline Agreements. Reference is made to the Airline Agreements for a complete statement of the provisions or contents thereof.

The term of the Airline Agreements extends ten (10) years, from July 1, 1996, to June 30, 2006.

Under the Airline Agreements, rental rates are calculated according to a commercial compensatory method, after allowing credit for a portion of the net concession revenues generated in the Terminal Complex. A portion of the profits from Terminal Complex concession revenues is credited against airline Terminal Complex rentals based on the ratio of Signatory Airline rented space to total rented space. Ticket counter, hold room, and certain other space is leased to Signatory Airlines on a per square foot basis, while the cost of passenger circulation areas are to be recovered under a joint use formula. Costs attributable to the Terminal Apron are allocated to that area and recovered on a per gate basis from the airlines. Loading bridge charges are a combination of a fixed charge per gate to recover Debt Service Requirements and amortization charges on investments made from the Capital Fund and a variable charge per flight to recover operating costs.

Signatory Airlines also pay to the City monthly landing fees for use of the Airfield by multiplying the number of 1,000-pound units of total landed weight for an Airline during the month by the then-current landing fee rate. The landing fee rate under the Airline Agreements is calculated according to a “cost center residual” method, whereby the City recovers 100% of the costs associated with the Airfield.

Rentals, fees and charges are to be reviewed at least annually and recalculated as necessary, effective July 1 of each Fiscal Year. Rentals, fees and charges are determined by the City based upon its proposed annual budget for the upcoming Fiscal Year as it relates to the Airport.

If at any time during a Fiscal Year, any of the components of the calculation of Terminal Complex rental fees or Airfield costs or the aggregate total landed weight of all Signatory Airlines is estimated by the City to vary 10% or more from the estimates used in setting the Terminal Complex rental rates or landing fee rates, such rates may be adjusted either up or down for the balance of that Fiscal Year. However, adjustments may not be made unless deemed necessary by the City to insure that adequate revenues will be available from such fees to cover the estimated rental requirements for the Terminal Complex or Airfield costs for the Fiscal Year.

If in any given Fiscal Year, the City decides to fund additional improvements from the proceeds of additional Airport revenue bonds or the Capital Fund, and if the funding would cause a projected increase in airline rental rates or landing fees of more than 10%, the City is required to notify the Signatory Airlines. Within 60 days of the City's notice, the Signatory Airlines are required to meet and provide the City with concurrence or non-concurrence with respect to the proposed capital improvement. Concurrence will be deemed to have been received unless concurrence is specifically withheld by the Signatory Airlines. If concurrence is specifically withheld by Signatory Airlines representing 66.7% or more of the rents or landing fees paid to the City, then the City shall not include annual additional debt service for bonds nor include amortization for such capital improvement in the recalculation of Signatory Airline rents, fees and charges. None of the capital improvements, expected to be completed by the City prior to the expiration of the Airline Agreements in June 30, 2006, is expected to require a majority-in-interest approval.

Each Signatory Airline will have priority in using gates assigned to it on a preferential basis to accommodate its scheduled flights as long as such airline maintains four flights per day on each gate leased from the City. However, the City may assign any preferential gate for use by others in periods when not in use by the preferred Signatory Airline, so long as the preferential gate is scheduled to be vacated to accommodate such Signatory Airline's scheduled flights. The City reserves the right to reassign one or more of each Signatory Airline's preferentially assigned gates to another Signatory Airline(s) if such Signatory Airline's scheduled average 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(s) by another Signatory Airline(s).

The Airline Agreements are subordinate to any revenue bond ordinances relating to the Airport Facilities.

Agreements with Non-Signatory Airlines. Other passenger airlines, which are not Signatory Airlines, include Skywest Airlines, Pinnacle Airlines, Horizon Airlines, Mesa Airlines and Chautauqua Airlines. They all have agreements with the Airport on a continuing month-to-month basis. These agreements commit the airlines to pay certain fees and lease certain space in connection with their use of the Airport Facilities.

Agreements with Commuter Airlines. The commuter airlines - Mesa Airlines and Westward Airlines, each have agreements with the Airport on a continuing month-to-month basis. Westward Airlines, Inc. is the Airport's newest airline. Westward began offering commuter services on November 30, 2004. It will eventually provide commuter service to Taos and Las Cruces, as well as Gallup and Phoenix, Arizona.

Agreements with Signatory Cargo Airlines. The three Signatory Cargo Airlines, which serve the Airport, Airborne Express Air, Federal Express, and UPS Air Cargo, have entered into an All-Cargo Airline Agreement with the City concerning their use of the Airport Facilities. The agreements extend through June 30, 2006. Under the All Air-Cargo Airline Agreements, each of the Signatory Cargo Airlines lease exclusive-use space in the Airport's air cargo building and receive preferential use apron parking spaces at the air-cargo apron

Rental Car Facility - Customer Facility Charges

The Rental Car Facility was completed in March 2001. It consists of a customer service building, ready/return parking area, service center facilities and related roadway improvements. The Rental Car Facility Project cost approximately $46.0 million, and was primarily financed using proceeds of the Series 2000B Bonds.

The Customer Facility Charges ("CFC") is 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 Complex and Rental Car Facility; (ii) debt service requirements on bonds issued to finance the Rental Car Facility and which may be issued in the future for the Rental Car Facility; and (iii) other allocable costs associated with the customer service building, passenger pick-up and drop-off areas and canopies at the customer service building, and roadways used by the shuttle buses. The City may adjust fees and charges imposed by the agreements with the On-Airport Rental Car Companies from time to time. The City may recalculate the fee at least annually based on the projected number of rental car contract days and costs associated with the elements of the Rental Car Facility discussed above. The CFC was limited to $1.53 per rental car contract day for the first year in which the facility was open. At the end of the first year of CFC collections, on November 1, 2001, the CFC was increased to $1.95 per contract day, mainly due to lower than anticipated total transaction days, in part because of the downturn in traffic subsequent to the September 11 terrorist attacks. After discussion and agreement with the participating rental car representatives, the CFC fee has been increased to $2.05 per contract day to cover the increased operating costs of the shuttle bus fleet.

In the event that the projected revenues from the CFC in any year are less than the costs associated with the common rental car shuttle bus system and the areas described above, the On-Airport Rental Car Companies will be 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 in the following year to pay shuttle bus and other costs, as well as reduce the amount of the CFC in that year.

The Rental Car Facility is located on approximately 76 acres of Airport property southwest of the Terminal Complex and is served from the primary Airport access roadway, Sunport Boulevard, via University Boulevard. The Rental Car Facility is expected to accommodate eight rental car companies for a period of 20 years. All rental car companies serving the Airport are required to transport their customers between the customer service building and the Terminal Complex on a common rental car shuttle bus system.

Joint Water and Sewer System

The Water/Sewer System was owned by the City and operated by its Public Works Department until December 17, 2003 and revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10, NMSA 1978) which created the Albuquerque Bernalillo County Water

Utility Authority (the "Authority") and required that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of any holders of outstanding debts of the Water/Sewer System. The legislation also required that the New Mexico Public Regulation Commission audit the Water/Sewer System prior to the transfer of money, assets and debts of the Water/Sewer System; the audit was completed December 2003. 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 and the City entered into a Memorandum of Understanding dated January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System.

Information relating to Water/Sewer System may be found in the Annual Information Statement of the Authority dated January 24, 2005 on file with each Nationally Recognized Municipal Securities Information Repository. Financial information and information relating to the operations of the Water/Sewer System for years prior to Fiscal Year 2004 may be found in the Annual Information Statement of the City dated January 23, 2004 on file with each Nationally Recognized Municipal Securities Information Repository.

Refuse Removal and Disposal System

The City operates its Refuse Removal and Disposal System (the "Refuse System") through its Solid Waste Management 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.

Landfills

The City uses a 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 lifetime of the landfill is estimated to be 26 to 50 years. 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 five cells of the Cerro Colorado landfill, which work was completed in June 2004. The City issued $3,385,000 in Refuse Removal and Disposal Improvement Revenue Bonds, Series 2001A to finance the methane gas collection system and other landfill remediation in May 2001. In July 2000, the Cerro Colorado landfill was selected by the Solid Waste Association of North America ("SWANA") to receive the 2000 SWANA Landfill Excellence

Silver Award. This award is presented annually to recognize outstanding performance in operation, design, efficiency and an overall integrated solid waste management system.

Collection System

Historically, the residential collection system consisted of one-man crews using side-loading packer vehicles for regular trash routes and one-man crews for the collection of recyclables at the curbside in disposable containers once a week. Residential customers receive one coupon every year, which can be redeemed for 30 clear bags for recyclables. The monthly fee includes the cost of the bags. The regular work schedule for residential collection is five eight-hour days a week. Residential route equipment consists of 13 side-loading collection vehicles and 55 automated trucks, which include about 10% of the total as "back-up" vehicles.

Proceeds from the sale of revenue bonds issued in 1992 were used, in part, to purchase an automated system for the removal of residential solid waste. Each household is provided with a 95-gallon container on wheels. The container is wheeled to the curb by the resident on his/her weekly collection day and is serviced by a fully automated collection vehicle, which utilizes a hydraulic arm to grab, lift and empty the container. The automated collection system was fully implemented as of December 1997.

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

The commercial collection system is containerized to the maximum extent possible. Containers varying in size from two cubic yards to eight cubic yards 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. Commercial equipment includes three rear packers, 24 roll-offs and 52 front-loading trucks.

Convenience Centers

The City has constructed three convenience centers for public use, which accept residential haul-your-own waste and small commercial haulers with a one-ton or less sized vehicle. The solid waste brought to the convenience centers is collected in large roll-off containers and 120-cubic-yard trailers and hauled to the Cerro Colorado landfill by the City as part of the convenience center's operations. The tonnage collected at the convenience centers represents approximately 12% of the total annual tonnage disposed of at the Cerro Colorado landfill. The current fee at the convenience centers is $3.30 per load for individuals and $8.65 per load for small commercial haulers, not including tax. The Convenience Centers are opened seven days a week for customer convenience.

Recycling Programs

A Citywide residential curbside recycling program for aluminum, metals, paper and plastic was implemented in December 1992. The City collects commingled residential recyclables weekly on regular collection days in a separate clear bag. The City of Albuquerque has implemented curbside recycling for every week starting January 2005. The City utilizes 10 routes and 13 manual side-loader collection vehicles for these collections in order to reduce the capital investment associated with the curbside-recycling program. The recyclables collected from these programs are processed and marketed from a City-owned and operated intermediate processing facility. The level of projected revenues from the sale of recyclables does not cover the cost of providing the service. However, the level of projected revenues from the sale of recyclables and the $1.89 per resident charge for recycling services covers approximately 94% of the cost of providing the service.

Weeds, Litter and Graffiti Removal and Community Support

As part of the Solid Waste Management Department's overall mission of protecting and preserving the environment, the Department is also responsible for the removal of weeds, litter and graffiti from the City's major thoroughfares and public properties. Effective July 1, 1996, the Clean City Program was established within the Solid Waste Management Department to manage these responsibilities. Certain revenues, such as revenues resulting from charges imposed on and received from property owners or vandals, are projected to be produced from these various removal responsibilities but are expected by the City to be at a minimal level compared to budgeted expenses for such responsibilities. The Community Service section of the Clean City Division encourages neighborhood associations to participate in Keep Albuquerque Beautiful. This is a program funded by moneys from the State. The Community Service section distributes funds from Keep Albuquerque Beautiful to provide supplies and hire youths and promote litter control.

Mr. Clarence V. Lithgow is the Director of Solid Waste Management Department for the City and was appointed by Mayor Martin Chavez in 2002. Mr. Lithgow brings to the city over 30 years of public sector service and experience. Prior to joining the Mayor's Staff, Mr. Lithgow held various key positions in state and city governments. He began his professional career as Bureau Chief for the NM Department of Human Services, then became Director of the Local Government Division of the Department of Finance and Administration, and finally, Cabinet Secretary for the NM General Services Department. He also held the Chief Administrative Officer position for the City of Albuquerque under Mayor Ken Schultz. Mr. Lithgow holds a bachelors degree in business administration and has served as public servant in a variety of civic organizations and commissions.

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 1995 through 2004.

City of Albuquerque
Refuse System Operational Data
Fiscal Years 1995-2004

	Collections					
Fiscal Year	**Residential/ Recycling Units**	**Routes**	**Commercial Units**	**Routes**	**Refuse Employees**	**Collection Vehicles**
1995	117,903	51	13,884	49	366	129
1996	121,018	50	13,904	50	373	129
1997	124,960	50	14,305	50	408	127
1998	131,357	50	14,662	51	414	128
1999	135,415	51	14,700	55	412	140
2000	138,726	52	14,710	54	410	137
2001	141,300	52	14,710	56	409	137
2002	142,445	52	14,720	56	409	137
2003	147,097	47	14,725	56	405	137
2004(1)	156,106	49	11,674	56	414	147

(1) Commercial Units for 2004 was computed based on Utility Billing Records, rather than multiple businesses occupying the same address. There is no impact on commercial revenue. The Solid Waste Department new Utility Billing System will be implemented by March 2005.

Source: City of Albuquerque, Solid Waste Management Department.

City of Albuquerque
Solid Waste Tonnage History
Fiscal Years 1995-2004

Fiscal Year	**Commercial**	**Residential**	**Private Haul To Landfill/**	**Total Department**
1995	208,366	169,373	193,491(1)	571,230(1)
1996	200,564	169,636	273,580(1)	643,780(1)
1997	220,729	183,218	69,756	473,703
1998	208,551	132,687	96,297	437,535
1999	225,472	139,286	73,836	438,594
2000	212,555	170,750	112,523	495,828
2001	220,326	190,004	91,446	501,776
2002	216,549	162,254	91,006	469,809
2003	228,324	178,503	96,421	503,248
2004	224,350	179,290	104,350	527,990

(1) Includes one-time contract to accept waste from old landfill site in connection with the Sunport Boulevard renovation.

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 March 1 of each year for the fiscal year, which begins July 1. 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 (2003-2012) calls for expenditures of approximately $75.5 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 the City by ordinance and are not subject to approval by any other regulatory body. The current rate for residential collection is $10.24 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 $6.80 for up to 500 pounds, $13.60 for 500 to 1,000 pounds, $20.39 for 1,001 to 1,500 pounds, and $27.19 for 1,500 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 $3.30 per load for individuals and $8.65 per load for small commercial haulers, not including tax.

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. The Department did not implement a rate increase for Fiscal Year 2005. See "Historical Financial Information" under this caption.

City of Albuquerque
Refuse System
Residential Collection Fee Adjustments

Month	Year	Monthly Rate	% Increase
June	1995	9.20	5.0
June	1996	9.02	(-1.9)
June	1997	9.02	0.0
June	1998	9.38	4.0
June	1999	9.38	0.0
June	2000	9.91	5.7
June	2001	9.94	0.0
June	2002	9.94	0.0
June	2003	10.24	3.0
June	2004	10.24	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

Month	Year	Rate	% Increase
June	1995	$75.00/ton (contaminated soil)	200.0
June	1996	$6.25/500 lbs ($25.00/ton)	66.7
June	1996	$75.00/ton (tires)	87.5
June	1997	$6.25/500 lbs $25.00/ton)	0.0
June	1997	$75.00/ton (tires)	0.0
June	1998	$6.25/500 lbs $25.00/ton)	0.0
June	1998	$75.00/ton (tires)	0.0
October	1998	$100.00/ton (tires)	33.3
June	1999	$100.00/ton (tires)	0.0
June	2000	$125.00/ton (tires)	25.0
June	2001	$105.65/ton (tires)	(-15.0)
June	2002	$105.65/ton (tires)	0.0
June	2003	$105.65/ton (tires)	0.0
June	2004	$105.65/ton (tires)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments 2004

Month	Year	Rate	% Increase
June	1994	$3.00/load (residential)	0%
		$8.00/load (commercial)	0
June	2000	$3.15/load (residential)	5.0
		$8.28/load (commercial)	4.0
June	2001	$3.25/load (residential)	4.0
		$8.40/load (commercial)	2.0
June	2002	$3.25/load (residential)	0.0
		$8.40/load (commercial)	0.0
June	2003	$3.30/load (residential)	2.0
		$8.65/load (commercial)	3.0
June	2004	$3.30/load (residential)	0.0
		$8.65/load (commercial)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The City's Solid Waste Management Department, which operates the Refuse System, processes the refuse billing through the Water Authority Department Utility Billing System. The system bills water, sewer and refuse together on a monthly basis. The bill indicates whether the account is 30, 60 or 90 days delinquent. After 90 days, the customer receives a 15-day trial shut-off notice. If no response is received by the City from the customer, the City for health and safety reasons will continue to collect the customer's refuse but has the authority to shut off the customer's water and to leave a notice on the door. When partial payments are received, these payments are applied to the customer's total account balance and not prorated to the individual charges for water, sewer or refuse. Accounts receivable balances for water, sewer and refuse are calculated on a monthly basis based on the pro rata share of each utility's billings to total billings for the month. The City applies a 1.5%

per month penalty to all delinquent bills. Delinquencies have averaged less than 1% of annual operating revenues over the last five-years and write-offs average less than one-tenth of one percent.

Under most circumstances, at any time a bill is delinquent, a lien on the customer's property can be filed. The lien upon property served by the Refuse System for unpaid charges is limited in the case of leased properties. If the owner of property leased to another files a written disclaimer of responsibility with the City, the City may not place a lien against that property for unpaid charges. The City does, however, have a right to demand a deposit from the tenant of the property served.

The Solid Waste Management Department reimburses the City's joint water and sewer fund for utility billing expenses incurred on behalf of the Refuse System.

The Solid Waste Management Department collects refuse-only accounts and landfill accounts. On delinquent landfill charge accounts, the customer is required to pay on a cash basis. The customer is also given an option of a "promise payment," which is a set amount each month to catch up the customer's arrears account plus the current month's charges.

A new joint billing system is under development by the Water Authority Department which is expected to be fully operational in 2005. The new billing system will allow the Solid Waste Management Department to better track delinquencies and pursue delinquent account collection efforts.

The Solid Waste Management Department also uses the GPS system to help track refuse collection activities, including times and accounts of refuse collections. When combined with the better data expected from the new billing system, the Solid Waste Management Department expects to improve oversight of customer accounts to assure that billing is uniform and equal among all classes of customers.

Historical Financial Information. The following table compares revenues and expenses over the past five Fiscal Years. For detailed financial information for the Refuse System, see the City's Comprehensive Annual Financial Reports.

City of Albuquerque
Refuse Removal and Disposal System
Historical Financial Information
Fiscal Years 2000-2004
($000)

	2000	**2001**	**2002**	**2003**	**2004**
Total operating revenues	$35,587	$38,219	$39,233	$40,753	$43,544
Non-operating revenues (expenses):					
Interest(1)	865	781	556	356	345(1)
Other	55	0	12	390	156
Gain (loss) on disposition of property & equipment	(70)	(3)	(61)	34	0
Transfers in/(out)	(495)	(478)	(539)	(538)	(524)
Total adjusted revenues	$35,943	$38,519	$39,191	$41,000	$43,521
Total operating expenses (excluding interest expense)	$32,206	$33,706	$35,035	$36,676	$39,109
Less:					
Payments in lieu of taxes	(411)	(477)	(485)	(524)	(535)
Depreciation	(4,459)	(4,654)	(4,693)	(4,782)	(5,113)
Amortization	(110)	(110)	(219)	(205)	(198)
Total adjusted operating expenses	$27,226	$28,465	$29,638	$31,165	$33,263
Net revenues available for debt service	$ 8,716	$10,054	$ 9,553	$ 9,835	$10,258

(1) GASB-30 Market Value Adjustment (Interest 2004)

Source: City of Albuquerque Comprehensive Annual Financial Reports.

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

The City borrowed $5,800,000 for heavy capital equipment required for operation of the Solid Waste Management Department from the New Mexico Finance Authority in May, 2004. The New Mexico Finance Authority loan will be amortized over seven years and secured by net resources of the Refuse System.

Golf Courses

Location and Facilities of the Golf Courses

The City currently owns and operates four municipal golf courses: Arroyo del Oso, Ladera, Los Altos and Puerto del Sol (collectively, the “Golf Courses”), as more particularly described below.

Arroyo del Oso Golf Course. Opened in 1965, Arroyo del Oso Golf Course is a 27-hole facility, with a regulation 18-hole course designed by Arthur Jack Snyder and a challenging 9-hole course (opened in 1989) designed by Richard Phelps.

Arroyo del Oso Golf Course, meandering through Bear Canyon waterway, located on 250 acres of City-owned property in north-central Albuquerque, offers two putting greens, a chipping green and a large driving range. Arroyo del Oso Golf Course has received several awards, including being ranked in the top 200 United States golf courses and receiving 3 to 3.5 stars as one of Golf Digest magazines "Places to Play" for the years 2000-2004.

Arroyo del Oso's 8,601 square foot pro shop has an attached cart barn and overlooks an outdoor eating area, a practice facility and the back nine. Also connected to the pro shop is a meeting room that seats 45 and a small food preparation area. Arroyo del Oso also offers a full-service restaurant cafe with a drive-up window and a 2,800 square foot gazebo used for tournament scoring and food service.

Ladera Golf Course. Opened in April of 1980, Ladera Golf Course is a 27-hole facility designed by Richard Phelps. Ladera's regulation 18 hole course is the longest of the Golf Courses, playing over 7,100 yards. In addition, Ladera offers a challenging par-31 executive 9-hole course.

Ladera Golf Course, with views of volcanoes and water on the finishing hole of each nine, is located on 140 acres owned by the City. The City acquired this property from the Albuquerque Metropolitan Arroyo Flood Control Authority pursuant to a special warranty deed providing for its use by the City solely and exclusively for public parks and recreational purposes. Located on the City's west side just north of Interstate 40, Ladera Golf Course is bordered by Ladera Drive on its south and east sides and by residential housing on the north and west. The City has received a $150,000 grant from the New Mexico State Legislature for improvements to the Ladera Golf Course including turf renovations, aerating equipment and water conservation improvements.

A pro shop, restaurant and banquet facilities were constructed at Ladera in September 2001 at a total cost of approximately $1,800,000 and was funded with $1,200,000 of cash and $600,000 of Series 2001 Bond proceeds. These buildings now house a 2,761 square foot pro shop and a 2,400 square foot enclosed cart storage area. An adjacent but separate 8,651 square foot building supplies the food and beverage services and includes a 65-seat restaurant and banquet facilities that can accommodate 244 guests inside and over 100 additional guests on the two exterior patios. The kitchen area separates the restaurant from the banquet room and is large enough to service both areas simultaneously. Additionally, a 2,400 square foot gazebo with scoreboard used for tournaments is available for outdoor eating, post tournament functions and posting of golf scores.

Los Altos Golf Course. Opened in May of 1960, Los Altos Golf Course is a 27-hole facility designed by Bob Baldock. This regulation 18-hole course, playing 6,534 yards from the back tees, offers wide fairways, level terrain, large mature trees and strategic bunkering. In addition, Los Altos' par 29 executive course is great for beginners and a good place to practice one's short game.

Los Altos Golf Course, with views of the Sandia Mountains, is located on 170 acres of City-owned property, bordered by Interstate 40 to the north, Wyoming Boulevard to the west, and residential areas to the south and east. Just across Interstate 40 from the golf course is Los Altos Park, connected to the golf course by a pedestrian bridge and bike path.

The 43-year-old 5,385 square foot clubhouse and 1,425 square foot gazebo were demolished in September of 2004 to make way for the new clubhouse facility. The new clubhouse will consist of a single 9,432 square foot building that will house the pro shop, restaurant, banquet room and kitchen. The restaurant will have seating area for 89 people while the banquet room can accommodate groups of up to 130 inside and over 100 additional guests on the exterior patio. The kitchen separates the restaurant from the banquet room and is large enough to service both areas simultaneously. The detached cart storage facility remains intact and will undergo some minor renovations as well. Construction is scheduled to be complete in April of 2005.

Puerto del Sol Golf Course. Puerto del Sol Golf Course, originally built as a pitch and putt golf course by a private individual, was dedicated as a public golf course on October 30, 1970. The course was later redesigned by Arthur Jack Snyder and was reopened as a 9-hole par 35 facility on January 28, 1978. Puerto del Sol Golf Course is located in south-central Albuquerque near the Albuquerque International Sunport on 75 acres owned by the City. Pursuant to requirements of the Federal Aviation Administration ("FAA"), 20 acres of this property purchased with an FAA grant is leased by the Golf Management Division of the City's Parks and Recreation Department from the Department of Aviation for $24,000 per year (as adjusted every five-years in accordance with the appraised value of such property). The lease renews annually unless terminated by either party on June 30 of any year by giving notice no later than March 31 of such year. The FAA also requires that the 20 acres leased from the Department of Aviation remain an open land area with no large structures.

Puerto del Sol Golf Course, which has been ranked in the top 50 of United States 9-hole courses by the National Golf Foundation, offers a practice facility with over 3 acres of natural teeing area, multiple range targets and a 15,000 square foot putting green, all of which are lighted and open until 10:30 p.m., Memorial Day through Labor Day. The Puerto del Sol pro shop, snack bar and cart storage area are housed in a 3,761 square foot building.

Market and Usage

All four Golf Courses are open year round, only closing for Christmas Day and severely inclement weather. According to the Water Conservation Division of the City's Public Works Department, the City receives an average of 8.5 inches of precipitation each year, nearly three inches of this representing rainfall in just a few days of July and August.

The majority of rounds are played by local residents, with approximately 5% of play coming from tourism and outside tournaments. The table below sets forth the estimated number of nine- and eighteen-hole rounds played at each Golf Course over the past five fiscal years.

Rounds Played at City of Albuquerque Golf Courses
Fiscal Years 2000-2004

Golf Course	2000	% Change	2001	% Change	2002	% Change	2003[(1)]	% Change	2004[(1)]	% Change
Arroyo Del Oso	141,839	3.24%	127,274	(10.27)%	124,713	(2.01)%	116,255	(6.78)%	114,896	(1.17)%
Ladera	91,849	0.00%	78,286	(14.77)%	78,636	0.00%	69,267	(11.91)%	64,964	(6.21)%
Los Altos	105,273	5.47%	96,054	(8.76)%	96,532	0.00%	90,569	(6.18)%	82,526	(8.89)%
Puerto Del Sol	62,821	2.41%	57,068	(9.16)%	58,905	3.22%	55,138	(6.40)%	51,278	(7.00)%

(1) The Golf Management Division believes the reduction in rounds played in 2003 and 2004 is consistent with national and regional trends for daily fee courses and occurred, in part, because of unusually hot summer weather and general economic conditions.

Source: City of Albuquerque, Parks and Recreation Department.

The present management of the Parks and Recreation Department of the City, including the Golf Management Division, is as follows:

John C. King, Division Manager, Golf Management. Mr. King's 13-year experience includes increasingly responsible experience in the golf course industry, including six years of management and administrative responsibility. His possession of a New Mexico Pesticide Applicators License, along with his education in engineering, business management, biology and mathematics is a valuable resource to the Golf Management Division. In addition, he has attained numerous certificates of completion for continuing education from the Golf Course Superintendents Association of America. He was re-elected to a second term as President of the Rio Grande Golf Course Superintendents Association for 2005 and is on track to become a Certified Golf Course Superintendent.

Jay Hart, Director, Parks & Recreation Department. Mr. Hart was appointed Parks and Recreation Director in August 2004 by Mayor Martin J. Chavez. Mr. Hart has served over 25 years with the City of Albuquerque, all with the Parks and Recreation Department. Prior to his appointment as Department Director, Mr. Hart served as the Division Manager for the City's nationally renowned Open Space Program. During his time with the Open Space Division, Mr. Hart administered the City's Bosque Restoration Program for the Mayor, one of the largest ongoing habitat restoration efforts in the United States; and helped to establish a force of over 500 volunteers for the Division. Mr. Hart has a strong background in organizational supervision, performance based budgeting, and strategic management. As a strong foundation for Mr. Hart's background, he holds a Bachelor's of Science in Agriculture from Oklahoma State University, as well as a Master's in Business Administration.

Gary Lee Young, Finance Manager, Parks & Recreation Department. Mr. Young has been with the City of Albuquerque for 22 years, and has been Finance Manager for the Parks & Recreation Department for 12 years. Mr. Young has a Bachelor's of Accountancy degree from New Mexico State University, and earned an MBA in Finance from Webster University in 1989.

All four golf courses are maintained by the City's Golf Management Division. The City has contracted with certain third parties (collectively, the "Concessionaires") to manage the pro shop operations, concessions and certain other operations at each Golf Course. New Mexico Golf, Ltd., a New Mexico corporation, has operated the pro shop and concessions at Arroyo del Oso and Puerto del Sol since their openings; the current contract expires December 31, 2008. New Mexico Golf, Ltd. also holds the concessions contract at Marty Sanchez-Links de Santa Fe. Los Altos Golf Course Concessions, Inc., a New Mexico corporation, has operated the pro shop and concessions at Los Altos Golf Courses since its opening in 1960; the current contract expires December 31, 2004. The City is currently reviewing a proposal from the concessionaire for new contract terms and expects a resolution in February 2005. Westside Golf, Inc., a New Mexico corporation, has operated the pro shop and concessions at Ladera Golf Course since 1995; the current contract expires December 31, 2005. Sam Zimmerly, president of Westside Golf, Inc., was the Director of Golf in Los Alamos, New Mexico for 25 years and was the Director at Paradise Hills Golf Course in Rio Rancho, New Mexico for two years.

Pursuant to their respective agreements with the City, the Concessionaires are obligated to operate the pro shop and food service areas (including the provision of staff), collect greens fees on behalf of the City, and prepare daily cash reports and annual audits. In exchange for the exclusive right to such operations at the Golf Courses, Concessionaires pay to the City a percentage of all gross receipts received as a result of such operations (which percentage varies among the Golf Courses), and guarantee a minimum annual payment to the City. The Concessionaires and the City each have the right to terminate the agreements for cause upon 30 days' notice.

Golf Course Financial Information

Historical Financial Information. The table below compares revenues, expenses, and amounts available for debt service over the past five Fiscal Years.

City of Albuquerque-Golf Course
Historical Financial Information - Fiscal Years 2000-2004

Operating Revenues	2000	2001	2002	2003	2004	% Increase (Decrease)Between 2000 & 2004
Charges for Services[1]	$3,897,078	$3,706,698	$3,981,145	$3,861,051	$3,718,624	(4.58)%
Operating Expenses						
Salaries and Fringe Benefits	$1,666,148	$1,739,798	$1,828,129	$1,720,826	$1,901,482	14.12%
Professional Services	21,852	35,728	1,598	-	13,603	(37.75)%
Utilities	727,181	668,204	777,212	767,101	848,172	16.64%
Supplies	60,429	25,718	40,626	58,411	79,779	32.02%
Travel	2,223	2,453	2,580	1,518	1,971	(11.34)%
Fuel, Repairs and Maintenance	430,072	476,611	412,404	423,146	429,362	-
Contractual Services	41,933	94,569	73,787	54,459	66,823	59.36%
Indirect Overhead	377,967	430,393	484,993	408,657	253,302[2]	(32.98)%
Other Operating Expenses	0	0	0	0	0	-
Depreciation	404,492	422,291	439,817	429,693	332,246	(17.86)%
Payments in Lieu of Taxes	45,303	47,997	0	0	0	(100.00)%
Total Operating Expenses	$3,777,600	$3,943,762	$4,061,146	$3,863,811	3,926,740	3.95%
Operating Income	119,478	(237,064)	(80,001)	(2,758)	(208,116)	(274.19)%
Non-Operating Revenues Expenses						
Interest on Investments	$ 57,841	$ 179,422	$ 78,319	$55,851	19,599	(66.12)%
Bond Issue Costs (Amortization)	0	0	(16,658)	(14,194)	(31,950)	(100.00)%
Gain (Loss) on Sale of Property	(15,135)	(24,865)	0	(2,904)	423	1.03%
Interest Expense	0	(60,104)	(54,315)	(147,381)	(134,685)	(100.00)%
Other	51,720	58,711	43,965	65,944	63,434	22.65%
Total Non-Operating Revenue	$ 94,426	$ 153,164	$ 51,311	$ (42,684)	(83,179)	(188.09)%
Income (Loss) Before Transfers	213,904	(83,900)	(28,690)	(45,442)	(291,295)	(236.18)%
Operating Transfers Out	0	0	(50,902)	(49,937)	(53,735)	(100.00)%
Change in Net Assets	$ 213,904	$ (83,900)	$ (79,592)	$ (95,379)	$(345,030)	(161.30)%
Amount Available for Debt Service						
Net Income	$ 213,904	$ (83,900)	$ (79,592)	$ (95,379)	$(345,030)	(161.30)%
Add: Depreciation	404,492	422,291	439,817	429,693	332,246	(17.86)%
Interest Expense	0	60,104	54,315	147,381	134,685	100.00%
Payment in Lieu of Taxes	45,303	47,997	50,902	49,937	53,735	18.61%
Amortization	0	0	16,658	14,194	31,950	100.00%
Change in Market Value of Investments	0	0	7,214	1,663	18,374	100.00%
Less Gain (Loss) on Sale of Assets	15,135	24,865	0	(2,904)	(423)	(1.03)%
Amount Available for Debt Service	$ 678,834	$ 471,357	$ 489,314	$ 544,585	$225,537	(66.89)%

(1) Charges for Services are comprised of revenues from greens fees and concessions. See “Fee Structure and Revenues” below.

(2) The City’s expenditures did not exceed revenues for its Golf Course operations. However, in order to provide relief to the Golf Course Operating Fund within the City, indirect overhead charges were reduced by 50% for both Fiscal Year 2004 and Fiscal Year 2005.

Source: City of Albuquerque, Parks and Recreation Department.

Fee Structure and Revenues. Revenues of the Golf Courses consist primarily of green fees and concessions. Regular fees for 18 holes at all Golf Courses are $17.00 for weekdays, $22.00 for weekends and holidays and $23.50 for tournaments. These fees, effective June 1, 2004, represent a rate increase of $3.75 on weekdays, $1.75 on weekends, and $1.75 for tournaments. This was the first rate increase at the Golf Courses since March 1, 2002. The City has a five-year plan in place which calls for regular nominal rate increases at the Golf Courses to provide funds for increases in personnel and other expenses. These increases are evaluated annually. The Golf Courses also offer reduced rates for seniors, juniors and seasonal special play, as well as a variety of annual passes.

Golf Course management will continue to monitor expenditures as compared to revenues and work toward lowering expenses when possible in order to meet revenue expectations including water conservation measures that are being explored and, in some circumstances, already undertaken at the Golf Course.

The table below sets forth revenues for the Golf Courses for the past five fiscal years.

City of Albuquerque Golf Course Revenues
Fiscal Years 2000-2004

	2000	**2001**	**2002**	**2003**	**2004**
Greens Fees					
Los Altos	$ 865,867	$ 835,022	$ 898,383	$ 851,808	$ 809,260
Arroyo	1,299,792	1,262,684	1,321,539	1,320,922	1,267,705
Puerto	457,737	446,242	504,878	496,455	457,077
Ladera	810,743	726,060	804,984	743,679	678,239
Annual Passes	226,767	204,981	189,770	173,515	179,925
Total	$3,660,906	$3,474,989	$3,719,554	$ 3,586,379	$3,392,206
Concessions					
Los Altos	$ 50,797	$ 51,020	$ 62,457	$ 53,514	$ 70,187
Arroyo	131,737	133,893	136,062	130,567	158,444
Puerto	12,534	12,190	14,844	21,450	23,286
Ladera	41,104	34,606	48,228	69,141	74,501
Total	$ 236,172	$ 231,709	$ 261,591	$ 274,672	$ 326,418
Total Greens Fees and Concessions	$3,897,078	$3,706,698	$3,981,145	$3,861,051	$3,718,624
Other Revenues					
Interest	$ 57,841	$ 137,534	$ 78,319	$ 50,379	$ 19,599
Rentals	30,000	32,820	22,000	46,242	36,038
Misc.	21,720	25,353	21,965	23,124	27,819
Total	$ 109,561	$ 195,707	$ 195,707	$ 119,745	$ 83,456
Total Revenue	$4,006,639	$3,902,405	$4,176,852	$3,980,796	$3,802,080

Source: City of Albuquerque, Parks and Recreation Department.

For Fiscal Year 2004 total greens fees and concessions decreased by 3.69% compared to Fiscal Year 2003. Total revenues at the Golf Courses in Fiscal Year 2004 decreased by 4.49% compared to Fiscal Year 2003, and total expenses increased by 1.75%. Net revenues for the City's Golf Courses were not sufficient, standing alone, to meet the 150% debt service coverage ratio required under the outstanding Taxable Golf Course Net Revenue/Gross Receipts Tax

Revenue Bonds, Series 2001[1]. The City believes the decrease in net revenues for the Golf Courses is the result of several factors including economic conditions, weather, and increased competition for private courses located in or near the City, and is reflective of a decrease in golf rounds played throughout the country. The rounds played at City Golf Courses is up 3.5% for Fiscal Year 2005 over Fiscal Year 2004, and with increased green fees effective June 2004, The City projects it will meet the 150% debt service coverage ratio for Fiscal Year 2005.

OTHER PROJECTS OF THE CITY

Special Assessment Districts

Generally

The City first began its Special Assessment District Program (the "SAD Program") in 1919 and utilized available statutory procedures at that time for creation of paving programs and paving districts until 1965. One hundred and sixty-eight paving programs or paving districts were created from 1919 through 1965. In 1966, the City combined water, sanitary sewer, paving and storm drainage improvements into single special assessment districts and has created approximately 55 combined improvement districts since 1966.

In 1984 the Council adopted a specific policy related to procedures for establishing special assessment districts. Those policies generally govern the City's current SAD Program.

The City Council adopted the Albuquerque Special Assessment District Policy Ordinance (the "SAD Policy Ordinance") on October 21, 1996 which consolidates policies and procedures and repeals a number of Council resolutions dating back to 1984 dealing with SAD policies and procedures. In addition, the SAD Policy Ordinance provides for preliminary review of proposed SADs by a committee made up of staff of various City departments and a financial review by the Department of Finance and Administrative Services and the Office of Management and Budget. The SAD Policy Ordinance provides that the City may pledge certain supplemental revenues to bonds for SADs where (a) the City owns the improvements; (b) the SAD is contiguous to existing urban facilities or services; and (c) the SAD is for the benefit of the Central Urban or Established Urban areas of the City and certain Developing Urban areas. A minimum property value/lien ratio of 3:1 is required if an owner of property within a SAD will be responsible for 20% or more of the total proposed special assessment liens in the SAD

Special Assessment District Procedures

In addition the City policy, Sections 3-33-1 through 3-33-43 NMSA 1978, as amended and supplemented (the "SAD Act") govern the creation of special assessment. A special assessment district is generally initiated by property owners requesting that a district be created for installation of particular street, storm drainage, water and/or sanitary sewer improvements. Those applications are evaluated and if it is determined that a special assessment district is feasible, the Council and the Municipal Development Department select a consulting engineer to

[1] The City's Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001 are secured with a dual pledge of Golf Course net revenues and gross receipts tax revenues and the City is not in default for these Bonds.

design the improvements and to allocate the benefits and costs of the improvements to each of the properties to be included within the special assessment district.

The consulting engineer prepares an assessment plat showing the properties to be included within the district, preliminary engineering plans and designs, a cost estimate, and an estimated maximum benefit roll stating the estimated maximum benefits and assessments to accrue to each property to be included within the district. Properties may not be assessed for general benefits accruing to the City and its residents as a whole. Therefore, because most special assessment districts include some general benefit to the City and its residents as a whole, the City will pay some portion of the cost of the improvements associated with a special assessment district.

After notice is given to all affected property owners, a protest hearing is held by the Council to determine the need for the improvements and to allow property owners to protest the amount of estimated maximum benefit and estimated assessments to accrue to their property as a result of the installation of the improvements. Upon completion of the protest hearing and disposition of the protests by the Council, the Council directs the consulting engineer to modify and prepare final plans and designs for the improvements and to proceed to advertise for construction bids.

The consulting engineer then prepares a tentative assessment roll allocating the costs of the improvements to each of the individual properties included in the special assessment district. Notice is given to another property owners and the protest hearing is held by the Council to hear objections to the assessments. After objections are settled, the Council adopts a resolution which confirms the assessment roll.

An ordinance of the Council assesses the cost of the improvements to the properties within the district and sets the terms of the special assessment liens. Property owners are given a cash pay period of 30 days in which to pay the assessment lien in advance and avoid having a claim of lien filed against their properties. After the 30 day cash pay period expires, the City proceeds with the sale and delivery of bonds in order to provide funds to construct the improvements.

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 City 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. Under the PID Policy Ordinance, the City Council will approve petitions for PID formation only with the consent of 100 percent of the owners of real property to be included within the PID. PIDs are self-supporting and do not result in any net cost to the City. The PID Policy Ordinance imposes certain requirements for PID debt financing transactions, including that all proposed financings must be publicly marketed bonds which must be rated investment-grade or meet other specified requirements.

On December 8, 2003, the City Council approved the Ventana West Public Improvement District and enacted a formation resolution authorizing that PID to issue PID Bonds secured by a special levy, for the purpose of financing street, drainage, landscaping, parks and related infrastructure improvements in an annexation tract known as Ventana West, in northwest Albuquerque. On June 15, 2004, the Ventana West Public Improvement District issued its Special Levy Revenue Bonds in an aggregate principal amount of $7,000,000. The Ventana West Public Improvement District is the first PID to be approved by the City.

Housing Projects

Beach Apartments Project

The Beach Apartments Project, 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 "Series 1991 Bonds") is located at 2525 Tingley Drive, S.W., Albuquerque, New Mexico and consists of 74 units. 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. Monarch Properties, Inc. is currently management agent for the Project. The Series 1991 Bonds have been refunded using proceeds of other City obligations.

During the twelve (12) month period ended June 30, 2004, the Beach Apartments Project generated total revenues of $458,028 and incurred $400,517 in operating and other expenses, resulting in net income of $57,511 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 (the "Series 1994 Bonds"), is located at 300 Dorado Place, S.E., Albuquerque, New Mexico and consists of 178 units. The complex was purchased at foreclosure auction and was conveyed by foreclosure deed subject to a use agreement between the City and the U.S. Department of Housing and Urban Development ("HUD"). The use agreement stipulates specific improvements to the property and requires that the property accept rental applications from households assisted by the HUD Section 8 program. Monarch Properties, Inc. is currently management agent for the Project. The Series 1994 Bonds have been refunded using proceeds of other City obligations.

During the twelve (12) month period ended June 30, 2004, the Manzano Vista Apartments Project generated total revenues of $1,118,165 and incurred $887,942 in operating and other expenses, resulting in a net loss of $230,223 for that period.

Bluewater Village Apartments Project

The Bluewater Village Apartments Project is a 200-unit multi-family building developed by Hunt Building Corp. 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 "Series 1996 Bonds") under the terms of a Turnkey Contract on a site located at 6600 Bluewater Road, N.W., Albuquerque, New Mexico. The Series 1996 Bonds have been refunded. Monarch Properties, Inc. is currently management agent for the Project which will be operated as a mixed-income community, i.e., a portion of the units will be occupied by low- and moderate-income families.

During the twelve (12) month period ended June 30, 2004 the Bluewater Village Apartments Project generated total revenues of $1,317,091 and incurred $1,056,289 in operating and other expenses, resulting in net income of $260,802 for that period.

Refunding Bonds

The Series 1991 Bonds, Series 1994 Bonds and Series 1996 Bonds have all been refunded. See "Outstanding City Obligations - Housing Obligations - Multifamily Revenue Bonds." As a result of the refunding, prior reserves relating to the Beach Apartments Project, the Manzano Vista Apartments Project and the Bluewater Village Apartments Project were combined. A new debt service reserve fund, securing the refunding was established which, as of June 30, 2004, had a balance of $280,531 in cash and a surety bond in the amount of $4,510,000. Also in connection with the refunding, a repair and replacement fund was established for the benefit of the three projects which, as of June 30, 2004, had a balance of $398,056. All funds and accounts are in compliance with the requirements of the mortgage and indenture of trust governing the refunding bonds.

INVESTMENT POLICIES AND PROCEDURES

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

Services, and specifically to the Investment Manager of the Treasury Division. According to the Investment Policy, all the City's investments should be made in accordance with the "Prudent Person" rule,* and the City invests all its funds on the basis of competitive bids and/or offers.

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

The City attempts to diversify its use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The Investment Policy generally provides that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio can be invested in a single security type or with a single financial institution or at a single maturity. The City also attempts to take advantage of temporary aberrations in the market by trading securities of comparable quality to further improve the overall rate of return on the portfolio. It is the policy to trade only if both an improvement in yield (pick-up in basis points) and an increase in net monetary return will be realized by the City over the life of the original investment.

The Investment Policy permits the City to invest in (a) direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, or in certain certificates or receipts established by the United States Government or its agencies or instrumentalities; (b) obligations of certain specified government-sponsored agencies; (c) accounts, certificates of deposit or time deposits with qualifying banks and savings and loan associations located in Bernalillo County, New Mexico; (d) certificates of deposit, time deposits and banker's acceptances of any qualifying bank or savings and loan association located outside the City; (e) bonds or securities of the State of New Mexico, its agencies, or certain of its subdivisions; (f) certain stripped securities; (g) certain specified repurchase agreements; (h) specified short-term investment and other funds maintained by the State of New Mexico; (i) money market instruments and other securities of commercial banks, brokers-dealers and other specified financial investors; and (j) in other permissible investments permitted under statutes of the State of New Mexico. Proceeds of bonds, amounts set aside to pay bonds and reserve funds relating thereto may also be invested in certain tax-exempt obligations and other investments specified in documents relating to the bonds and approved by the City Council.

* The "Prudent Person" rule provides that all investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Conversely, because some investments are deemed unsuitable or too risky for the City, the Investment Policy prohibits the City from making investments in (a) collateralized mortgage obligations and other hybrid mortgage-backed, pass-through securities, because of their complexity and prepayment rate uncertainty; (b) inverse floaters, leveraged floaters, capped and range floaters, duel index floaters, and floating rate notes whose index is tied to a long-term interest rate or lagging index, e.g., Cost of Funds Index; (c) Government National Mortgage Association ("GNMA") - Guaranteed mortgage-backed securities and GNMA-guaranteed participation certificates, General Services Administration participation certificates, U.S. Department of Housing and Urban Development-local authority bonds, and U.S. Export-Import Bank obligations; (d) investment purchases on margin or short sales; and (e) leveraging the portfolio and lending City-owned securities with an agreement to buy them back after a stated period of time (reverse repurchase agreements from the perspective of the City).

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," "intend," "budget," "plan" and similar expressions identify forward-looking statements.

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

LITIGATION AND GOVERNMENTAL IMMUNITY

The New Mexico Tort Claims Act limits liability to (i) $100,000 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 a "medium scrutiny" standard to a "rational basis" standard by which the constitutionality issue will be determined in future cases. Since the revised standard is less of a burden for the City to overcome, the City expects that the cap will be upheld, if challenged in the future. The City has not experienced a material adverse financial impact as a result of the decision in these cases.

During Fiscal Year 2004, the City had an actuarial review of the adequacy of the reserves for both the Workers Compensation and Tort Liability programs. The actuarial review recommended that the City increase the amounts reserved in anticipation of adverse developments in reported cases and for claims which may have occurred but have not yet been reported. The City increased its "incurred but not yet reported" reserves to reflect $2,900,000. The City will engage two actuarial firms in the upcoming year to verify the necessity of additional reserves. Based on historical data, the City believes the Risk Management Fund (an internal service fund) is adequate for unanticipated developments. The cash balance grew by $7,006,808 during Fiscal Year 2004, and the City is in the fourth year of a five year plan to address a deficit in the Risk Management Fund. If necessary, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of $100,000 the City, with City Council approval, may levy a tax on real property to provide for the payment of catastrophic losses. In addition, the City started Fiscal Year 2005 with $15,300,000 available in the General Fund balance, largely the result of unanticipated revenue and reversions from Fiscal Year 2004. The City has available $1,560,000 in cash that was refunded to the City due to an unfulfilled industrial revenue bond obligation and $2,000,000 in a special reserve. Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount.

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:	**Approved by:**
City Treasurer	Chief Administrative Officer
/s/ Lou D. Hoffman	/s/ James Lewis

APPENDIX A

CITY OF ALBUQUERQUE

Independent Auditors' Report
Managements' Discussion and Analysis
Audited Basic Financial Statements
and Notes to Financial Statements

as of and for the Fiscal Year ended June 30, 2004

CITY OF ALBUQUERQUE · NEW MEXICO ·

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NEFF + RICCI LLP

CERTIFIED PUBLIC ACCOUNTANTS
6100 UPTOWN BLVD. NE SUITE #400
ALBUQUERQUE, NM 87110

Independent Auditors' Report

The Honorable Martin Chavez, Mayor and
Members of City Council

We have audited the accompanying basic financial statements of the City of Albuquerque (the City), as of and for the year ended June 30, 2004. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Albuquerque, as of June 30, 2004, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Neff + Ricci LLP

Albuquerque, New Mexico
December 7, 2004

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, 2004. 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 assets of the City exceeded its liabilities at the close of the most recent fiscal year by $1.2 billion (net assets). Of this amount, $112.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in subsequent accounting periods.**

- **The government's total net assets decreased by $404.9 million during the year, principally as a result of the transfer of the water and wastewater utility assets and liabilities to the Albuquerque Bernalillo Water Utility Authority which was created by the Legislature in 2003. The assets and liabilities were transferred effective July 1, 2003.**

- **As of June 30, 2004, the City's governmental funds reported combined ending fund balances of $356.1 million. Approximately 75.5% of this amount, $268.9 million, is unreserved fund balance available for spending at the government's discretion. Included in this amount is approximately $127.3 million in the Capital Acquisition Fund.**

- **At the close of the current fiscal year, unreserved fund balance for the general fund was $33.7 million or 11.3% of the total general fund expenditures of $298.6 million.**

- **The City's total long-term debt decreased by $187.6 million during the current year. The key factors in this change were: 1) the removal of $260.5 million of noncurrent liabilities of the Joint Water and Sewer Fund, 2) debt reduction payments and liquidations of accrued liabilities totaling $177.3 million, and 2) the issuance of $250.2 million bonds and notes payable accompanied by additions to accrued vacation and sick leave pay and claims.**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic 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 other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety and protection, culture and recreation, public works, public health, human services, housing, highways and streets, and special assessments. The business-type activities of the City include an airport, apartments, a baseball stadium, refuse disposal services, golf courses, parking facilities, and a transit system.

The City does not have a relationship with any other government that would cause that government to be considered a component unit of the City. The City does, however, operate the water and waste water utility serving the City and it's citizens that is owned by the Albuquerque Bernalillo Water Utility Authority under the terms of a Memorandum of Understanding that will expire on June 30, 2006.

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. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

> ***Governmental funds*. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements – i.e. most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end 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, Corrections and Detention, General Obligations Debt Service, and the 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 the form of combining statements elsewhere in this report.**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The City adopts an annual appropriated budget for the General Fund and Corrections and Detention Fund. Budgetary comparison statements for each of these funds are presented in the Basic Financial Statements section of this report. A budgetary comparison statement for the General Obligation Debt Service Fund, a major fund, is presented in the Supplementary Information section. In addition, the City adopts an annual appropriated budget for other 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 Housing Authority, which are considered major funds of the City. In addition the following nonmajor funds are reported: Apartments, Golf Course, Parking, Stadium, and Transit.**

- ***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, these funds provide 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 the form of combining statements elsewhere in this report.**

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

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

The required budgetary comparison statements for the General Fund and the Corrections and Detention Fund are presented separately and in the basic financial statements. The City is not required to provide other information in the RSI and, therefore, no information is presented there.

Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary funds are presented immediately following the Notes to the Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the third year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments. Below is a comparative analysis of government-wide data for the most recently completed fiscal year and the prior fiscal year.

NET ASSETS
(in millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2004	2003*	2004	2003*	2004	2003*	2003 - 2004
Assets:							
Current and other assets	$ 571.1	$ 445.6	$ 169.0	$ 275.8	$ 740.1	$ 721.4	2.6%
Capital Assets	843.0	746.5	456.8	1,162.3	1,299.8	1,908.8	-31.9%
Total assets	1,414.1	1,192.1	625.8	1,438.1	2,039.9	2,630.2	-22.4%
Liabilities:							
Long-term liabilities outstanding	368.0	315.5	283.4	523.6	651.4	839.1	-22.4%
Other liabilities	200.5	130.8	30.7	80.5	231.2	211.3	9.4%
Total liabilities	568.5	446.3	314.1	604.1	882.6	1,050.4	-16.0%
Net assets:							
Invested in capital assets, net of related debt	557.9	504.1	197.6	669.5	755.5	1,173.6	-35.6%
Restricted	211.5	192.0	77.5	76.9	289.0	268.9	7.5%
Unrestricted	76.2	49.7	36.6	87.6	112.8	137.3	-17.8%
Total net assets	$ 845.6	$ 745.8	$ 311.7	$ 834.0	$ 1,157.3	$ 1,579.8	-26.7%

* Restated see note 22

Analysis of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by $1.2 billion at the close of the year. The largest portion of the City's net assets (65.3%) reflects its investment of $755.5 million in capital assets (e.g. land, buildings, and equipment less any related outstanding debt used to acquire these assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to pay this debt must come from other sources, since the capital assets cannot be liquidated for these liabilities.

At the end of the current fiscal year, the City has positive balances in all three categories of net assets for the government as a whole, as well as for both the government and business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Analysis of Changes in Net Assets

CHANGE IN NET ASSETS
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2004	2003*	2004	2003*	2004	2003*	2003 - 2004
REVENUES							
Program revenues:							
Charges for services	$ 83.9	$ 75.8	$ 125.0	$ 119.0	$ 208.9	$ 194.8	7.2%
Operating grants and contributions	32.8	28.7	25.2	24.8	58.0	53.5	8.4%
Capital grants and contributions	2.4	9.9	12.8	16.7	15.2	26.6	-42.9%
General revenues:							
Gross receipts taxes	132.3	122.0	-	-	132.3	122.0	8.4%
Property taxes	88.3	86.4	-	-	88.3	86.4	2.2%
Other taxes	32.3	26.4	-	-	32.3	26.4	22.3%
State shared taxes and fees	161.8	152.5	-	-	161.8	152.5	6.1%
Grants, investment income, and other	33.5	35.5	0.1	1.4	33.6	36.9	-8.9%
Total revenues	567.3	537.2	163.1	161.9	730.4	699.1	4.5%
EXPENSES							
General government	65.2	53.0	-	-	65.2	53.0	23.0%
Public safety:							
Corrections and detention	42.9	40.9	-	-	42.9	40.9	4.9%
Fire protection	50.9	47.3	-	-	50.9	47.3	7.6%
Police protection	102.7	97.9	-	-	102.7	97.9	4.9%
Cultural and recreation	66.8	71.8	-	-	66.8	71.8	-7.0%
Public works	9.3	9.0	-	-	9.3	9.0	3.3%
Health	11.1	10.3	-	-	11.1	10.3	7.8%
Human services	48.4	51.6	-	-	48.4	51.6	-6.2%
Housing	3.4	4.0	-	-	3.4	4.0	-15.0%
Highways and streets	18.3	22.2	-	-	18.3	22.2	-17.6%
Special assessments	6.6	0.8	-	-	6.6	0.8	725.0%
Interest expense	15.9	15.3	-	-	15.9	15.3	3.9%
Airport	-	-	60.8	60.6	60.8	60.6	0.3%
Refuse Disposal	-	-	39.4	37.2	39.4	37.2	5.9%
Housing Authority	-	-	26.4	25.8	26.4	25.8	2.3%
Transit	-	-	31.4	31.1	31.4	31.1	1.0%
Non major enterprise funds	-	-	14.3	13.0	14.3	13.0	10.0%
Total expenses	441.5	424.1	172.3	167.7	613.8	591.8	3.7%
Excess (deficiency) before transfers	125.8	113.1	(9.2)	(5.8)	116.6	107.3	8.7%
Joint Water & Sewer Fund**	-	-	(538.7)	50.0	(538.7)	50.0	----
Transfers	(25.6)	(15.9)	25.6	15.9	-	-	----
Increase (decrease) in net assets	$ 100.2	$ 97.2	$ (522.3)	$ 60.1	$ (422.1)	$ 157.3	-368.3%

* Restated see note 22

** Program and general revenues for the Joint Water and Sewer Fund has been removed from the 2003 revenues. Those amounts have been netted against its expenses for presentation purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Analysis of Changes in Net Assets, continued

The City's overall net assets decreased by $422.1 million during the current fiscal year. This does not include depreciation expense on infrastructure assets of governmental activities that have not been capitalized from fiscal years ending after June 30, 1980 through the fiscal year ended June 30, 2001. The decrease in net assets is explained in the governmental and business-type activities discussion below.

***Governmental activities*. Governmental activities increased the City's net assets by $100.2 million.**

Since the City has not capitalized infrastructure assets acquired prior to the fiscal year ending June 30, 2001, the change in net assets does not reflect depreciation expense on those assets. City staff estimates that the depreciation expense on roadways could exceed $40 million. The inclusion of that depreciation expense plus the amount to be recorded for storm sewers and bike trails could result in a very small positive change in net assets or possibly result in a negative change in net assets.

A comparison of revenues with the prior year is provided below:

Gross receipts tax revenue and state shared taxes grew 7.1% as compared to the prior year.

Investment earnings were reduced from $8.6 million in fiscal year ended June 30, 2003, to $4.3 million in the current year. The primary cause for this reduction was the continuing weakened investment market experienced by virtually all governments and to reduced investment balances during the year.

Intergovernmental revenues plus operating and capital contributions from sources other than state shared taxes was decreased by $3.4 million.

Other revenues for the current year were generally higher than the previous fiscal year.

***Business-type activities*. Business-type activities decreased the City's net assets by $522.3 million. Key factors of this decrease are as follows:**

The Airport fund had an increase in net assets of $2.2 million in fiscal year 2004 compared to a $0.4 million increase in 2003. The passenger facilities charges (PFC) were decreased from the prior year by $0.3 million. The September 11, 2001 events continued to have a slightly negative impact on the level of air travel in fiscal year 2004. In addition, the soft investment market resulted in reducing investment earnings to a net loss of $0.3 million that was largely caused by unrealized losses of $0.8 million.

For the Refuse Disposal fund, the reported change in net assets of $3.8 million was increased from $3.2 million in fiscal year 2003. The primary change was due to increased operating income, other revenues and reduced interest expenses.

This is the first year that the Transit Fund has been included as a major fund. The current year change in net assets was $9.6 million compared to $3.5 million for the prior year. The increase was primarily due to the increased subsidy transfer from the General Fund by $3.6 million and an increase in the capital contribution of $2.6 for capital assets purchased or constructed in the Capital Acquisition Fund.

The Stadium Fund and the Apartment Fund were included for the first time in fiscal year 2003 with net operating revenues of $4.0 million. For fiscal year 2004 those revenues were $4.9 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Permanent Funds.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $356.1 million, a increase of $83.1 million in comparison with the prior year. Approximately 75.8% of this amount, $270.0 million, is unreserved fund balance available for spending at the government's discretion. Included in unreserved fund balance is $127.3 million in the Capital Acquisition Fund. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to fund continued programs or projects in future fiscal periods ($29.5 million); 2) for acquisition and management of open space and urban enhancement ($26.9 million); and 3) to show the fund balance representing advances to other funds and other assets not available for spending ($29.7 million).

Revenues for governmental functions overall totaled approximately $575.8 million in the fiscal year ended June 30, 2004, which represents an increase of $35.7 million from the prior year. The major causes for the increase were: 1) tax revenues increased by $20.3 million; and 2) intergovernmental revenues increased by $13.6 million caused by an increase of state shared gross receipts tax; and 3) an increase of $5.7 million in charges for services.

Expenditures for governmental functions of $616.5 million increased by $68.3 million from the previous year total of $548.2 million. The primary cause of the increase was from increased debt service requirements of $24.5 million, increased expenditures of $19.9 million for capital outlay, and $26.4 million for general government services and public safety. These increased expenditures generally reflect an increased demand and need for public services.

General Fund.
This is the City's chief operating fund. At the end of the current fiscal year, the total fund balance was $64.8 million, of which $33.7 million is available as an unreserved fund balance. The reserved fund balance of $31.0 million is designated: 1) for unanticipated expenditures ($29.5 million equaling 8.33% of recurring expenditures); and 2) to indicate that non-current financial resource assets of $1.5 million are unavailable to spend or already are committed for spending. The net change in fund balance for the current fiscal year was an increase of $21.7 million.

The total revenues of $368.9 million for the current fiscal year were $43.1 million greater than for the previous fiscal year. The increase largely resulted from an increase of $8.5 million in gross receipts tax revenues, $13.6 million in intergovernmental revenues, $8.2 million in property taxes and $3.3 million in charges for services. This was partially offset by a decrease in interest revenues of $0.3 million caused by continuing low interest rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, continued

Total expenditures of $298.6 million represent an increase of $23.8 million over the previous fiscal year. The expenditures for general government increased by $15.6 million. The major cause of this increase was $3.0 million for municipal development, $4.3 million for FY '03 bonuses, $1.1 million for a gross receipts tax audit, $1.6 million for early retirement and $2.2 million on city buildings. Police and fire protection increased by $9.5 million due to an increased emphasis on public safety while the expenditures for highways and streets decreased by $4.3 million. Additional increases in expenditures from the previous fiscal year are for culture and recreation ($0.5 million), public works ($1.8 million), and health and human services ($0.6 million). See the General Fund budgetary highlights for an analysis with respect to budgets.

Proprietary funds

The City's proprietary funds provide the same type of information presented in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets (in millions) were as follows:

Airport Fund	$ 15.0
Housing Authority Fund	10.9
Refuse Disposal Fund	5.7
Transit Fund	3.3
Nonmajor enterprise funds	1.7
	$ 36.6

Internal service funds, which are used to account for certain governmental activities, had deficit unrestricted net assets of $8.0 million. The Risk Management fund, an internal service fund, had deficit unrestricted net assets of $12.7 million resulting from unanticipated judgment awards and claims against the City in prior years. The City is currently in a five-year recovery plan to reduce the deficit unrestricted net assets to zero by the fiscal year ending June 30, 2007. All other internal service funds had positive unrestricted net assets.

Fiduciary funds

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

General Fund budgetary highlights

The City's final FY04 budget did not differ significantly from the original budget, primarily because the growth in gross receipts tax revenues and other revenue sources was equal to or greater than forecasted growth. As opposed to FY03, when there were two mid-year modifications in the first six months of the fiscal year, such adjustments were not necessary in this fiscal year. However, revenues and expenses were monitored closely throughout the year and new disciplinary procedures put in place in the prior fiscal year regarding budgetary responsibility remained in place. These actions resulted in actual expenditures being $2.3 million less than the original budget and $10.6 million less than the budget as last approved mid-year. General government activities actually returned unused monies to the General Fund in the amount of $3.4 million, based on the last mid-year budget. All General Fund agencies answered the call for budgetary responsibility by carefully controlling their expenses and returning funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, continued

Revenues continued to be very difficult to predict during this fiscal year with mixed economic indicators and activities. Gross receipts tax revenues showed overall strength in virtually every sector, and construction permit revenues continued with unprecedented growth. Revenues were $21.8 million greater than anticipated in the original budget and $9.4 million more than the budget as last projected at mid-year. Gross receipts tax (local option and state shared), a major component of the City's operating revenue came in at $8.6 million more than the last revised budget estimate and $17.8 million more than the original budget. $0.6 million in revenue was lost in interest earnings as interest rates remained at historic lows and cash balances declined. Revenues were weaker than budgeted in indirect overhead and CIP funded positions as personnel positions were reduced and government construction activity was less than originally anticipated. In contrast, revenues from licenses and permits of $13.7 million were higher than projected as a result of continued, unusual strength in the construction area, primarily new residential construction.

The Department of Municipal Development, created early in the fiscal year for the purpose of coordinating CIP activities, was very successful in implementing and completing both bond and general fund projects. Backlogs were reduced substantially from $240.0 million at the beginning of the fiscal year to $170.9 million at the end of the fiscal year. This successful effort contributed to the growth in gross receipts tax revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2004, amount to $1.3 billion (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, and equipment. The total decrease in the City's capital assets for the current fiscal year was $590.6 million or 31.3% from fiscal year 2003, primarily because of the transfer of the utility assets to the Albuquerque Bernalillo Water Utility Authority. Absent that extraordinary event, the increase in the City's capital assets for the current fiscal year would have been $93.3 million, or 7.7% increase from fiscal year 2003.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2004	2003	2004	2003	2004	2003	2003-2004
Land *	$ 215.9	$ 209.5	$ 58.5	$ 81.8	$ 274.4	$ 291.4	-5.8
Other *	0.9	-	0.7	0.6	1.6	0.6	150.1
Buildings and improvements	133.2	86.7	191.8	192.0	325.0	278.7	16.6
Runways and improvements	-	-	93.7	105.8	93.7	105.8	-11.4
Improvements other than buildings and runways	156.3	158.4	35.6	656.5	191.7	814.9	-76.5
Equipment	35.7	32.6	34.8	48.2	70.6	80.8	-12.6
Infrastructure	77.6	53.2	-	-	77.6	53.2	45.7
Construction in progress *	223.5	206.1	41.8	59.0	265.3	265.0	0.1
Total	$ 843.0	$ 746.5	$ 456.8	$ 1,143.9	$ 1,299.8	$ 1,890.4	-31.2

* assets not depreciated

CAPITAL ASSETS AND DEBT ADMINISTRATION, continued

Major capital asset events during the current fiscal year included the following:

In *governmental activities,* infrastructure assets of $22.1 million were added for roadways, storm sewers and bike trails. In addition, land was acquired for open space costing $4.5 million and replacement vehicles were acquired for the police ($0.5 million). The construction work in progress increased by $17.5 million primarily due the continuing facility development at the Balloon Fiesta Park Museum, a major expansion of the Albuquerque Museum, and other facilities.

In *business-type activities,* additions included new transit vehicles ($1.7 million) and new solid waste vehicles and heavy equipment ($6.2 million). The construction work in progress increased by $7.1 million. The assets of the water utility were transferred to the Albuquerque Bernalillo Water Utility Authority for a decrease of $683.9 million.

More detailed information may be found in Note 8 of the accompanying financial statements.

Debt Administration

At the end of the current fiscal year, the City had total long-term obligations of $790.7 million of which $142.1 million is due within the next fiscal year. The total bonded debt (net of unamortized discounts, deferred amounts on refunding and including unamortized premiums) is $682.3 million. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable.

During the fiscal year ended June 30, 2004 the City issued bonds for $186.4 million. $135.8 million was deposited into the Capital Acquisition Fund for the betterment of parks and recreation, zoo, library, museum, senior citizens, community center, public transportation facilities and for improvements to the storm sewer system. In addition, 50.6 million was deposited into the Airport fund for improvements on runways and terminal facilities.

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. The percentage for the City of Albuquerque is 2.1% of the $7.9 billion taxable value of property within the City's boundaries. The City currently may issue up to an additional $100.5 million of general obligation bonds. It has $215.0 million of general obligation debt outstanding subject to the legal debt limit at June 30, 2004. The net general bonded debt per capita is $168.35. The highest per capita amount in the last ten fiscal years was $494.71 in the fiscal year ended June 30, 1995 and the lowest per capita amount was $168.35 in the fiscal year ended June 20, 2004.

The City's ratings on uninsured general obligation bonds remained unchanged from the prior year and as of June 30, 2004 were:

Moody's Investors Service, Inc.	**Aa3**
Standard & Poor's Ratings Service	**AA**
Fitch, Inc.	**AA**

Since the close of the 2004 fiscal year, the City has issued $60.9 million in gross receipts tax/lodgers' tax refunding bonds for governmental activities. No revenue bonds have been issued for business-type activities.

More detailed information may be found in Note 10 and Note 25 of the accompanying financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2005 budget. Many of the City's revenues are influenced by the economy. The gross receipts tax revenue forecast, particularly, is highly influenced by economic conditions. The budget contemplates growth in gross receipts tax revenues over the prior year, reflecting slightly stronger economic conditions both nationally and locally.

Construction employment in the area has remained unusually high, particularly with respect to residential construction, with a modest increase in commercial construction during the last part of the 2004 fiscal year. The budget contemplates that these high levels will not be sustained throughout the year.

Charges for entry into some City venues and for certain City services are mostly unchanged in the fiscal year 2005 budget. However, the 2004 New Mexico Legislature imposed a 5% governmental gross receipts tax on parking receipts. That tax will be passed through to users of City parking services in fiscal year 2005.

Property tax revenues continue to grow as the economy expands. One mill of taxing authority was converted from capital to operations during fiscal year 2004. A state imposed limitation on assessed value for residential properties is not expected to have a major fiscal impact in the near term.

Revenues for internal services continue to decline as the City reduces its direct provision of office services, building alternations, surveying and engineering inspections, all of which are available through the private sector.

The State of New Mexico enacted a large personal income tax rate reduction in the 2003 legislative session. The City has been unable to determine with any degree of certainty what the impact has been on the City of that rate reduction, but it is possible that part of the growth in gross receipts tax revenue seen in fiscal year 2004 may be attributable to that change. However, that impact, if any, is not expected to carry into fiscal year 2005.

During the 2004 legislative session, legislation to repeal the gross receipts tax on food and certain medical services effective January 1, 2005 was enacted. In an attempt to hold local governments harmless, the distribution to cities of the state-shared gross receipts tax was increased. This increased distribution will be funded by the state by a repeal of the half-cent credit against local option impositions, also effective January 1, 2005. The City will closely monitor this new distribution to ensure there are no negative repercussions from this State action.

In the October, 2003 general municipal election, the voters approved a gross receipts tax increase of one-quarter percent (0.25%) to be dedicated to public safety. Fire is to receive 33% of the revenues, police 33%, corrections 8% and social services for prevention and intervention 25% each year. The tax is expected to generate about $27.8 million on an annual basis and was effective on July 1, 2004. The fiscal year 2005 budget reflects tax proceeds for eleven months of the year.

Also in the October 2003 general municipal election, the voters rejected the streets and roads bond question. Because of the potentially negative impact on the City's infrastructure program, the question was again put to the voters during the general state election in November 2004. During that election, the voters again rejected the proposal for unification of the City and Bernalillo County governments. The question may not be put again to the voters for two years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, continued

During the 2003 legislative session, legislation was enacted that transferred "all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Albuquerque water and wastewater utility" to a newly created entity, the Albuquerque-Bernalillo Water Utility Authority. Existing debt of the utility became the debt of the Authority, but the Authority was not to impair the rights of any bondholders of outstanding bonds. All contractual obligations of the existing proprietary activity were to be binding on the Authority. Although the legislation had an effective date of June 20, 2003, an audit by the Public Regulation Commission was a condition precedent to the transfer of money, assets and debts to the Authority. That audit was completed in late December 2003 and the transfer to the Authority was made effective July 1, 2003. Concurrently with the transfer, the Authority entered into a six-month Memorandum of Understanding with the City to administer the water and wastewater utility. That Memorandum of Understanding was subsequently extended to June 30, 2006. The Authority retains the authority and obligation to determine and impose rates for services.

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

Economic Assumptions Underlying theRevenue Estimates
October-2003

Fiscal Year	2003	2004	2005
National Variables			
% Chg Real GDP	2.7%	3.8%	4.0%
% Chg Non-Farm Employment	-0.5%	0.1%	2.2%
Federal Funds Rate	1.4%	1.0%	1.4%
10 U.S. Bonds	4.0%	4.4%	5.0%
% Chg CPI U	2.2%	1.6%	1.5%
Per bbl Price of Oil (WTI)	29.92	26.70	24.26
Unemployment Rate(U.S.)	5.9%	6.2%	5.9%
% Chg in Personal Income	3.1%	4.2%	5.5%
New Mexico Economy			
% Chg Total Non-Agricultural Employment	1.6%	1.6%	2.2%
% Chg Personal Income	4.5%	5.4%	5.4%
Unemployment Rate	5.6%	6.2%	6.0%
Albuquerque MSA Economy			
% Chg Total Non-Agricultural Employment	0.5%	1.8%	2.9%
% Chg Construction Employment	-4.5%	2.2%	1.3%
% Chg Personal Income	5.4%	5.6%	5.8%
Unemployment Rate (Alb.)	4.9%	4.9%	4.8%
Construction Units Permited in City of Albuquerque			
Single-Family Permits	4867	5026	4791
Muli-Family Permits	493	762	608
Total Residential Permits	5360	5788	5399

Source: October 2003 baseline forecasts. National source is Global Insight Inc. Local variables from University of New Mexico, Bureau of Business and Economic Research

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, continued

The total General Fund appropriation for fiscal year 2005 is $401.8 million before interfund eliminations and $346.3 million after eliminations. The total appropriation increased by $49.0 million, which is a 14.5% increase over the original fiscal year 2004 budget.

The international, national, state and local economies seem to be stabilizing to a modest degree, and the City has not considered it necessary to revise the budget for fiscal year 2005, as opposed to prior years. However, based on recent history, the City continues, and will continue, to diligently monitor expenditures along with revenues so that it can respond quickly should changes be required.

REQUESTS 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 87102.

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2004

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash, investments and accrued interest	$ 279,875,615	$ 32,637,408	$ 312,513,023	$ 16,361,548
Cash with fiscal agents held for debt service	77,283,304	15,816,578	93,099,882	37,850,496
Cash held by others	154,533	339,188	493,721	-
Taxes receivable	60,847,859	-	60,847,859	-
Accounts receivable	3,837,332	6,455,924	10,293,256	11,003,191
Notes receivable, current portion	-	-	-	1,769,553
Due from other governments	19,228,234	5,831,126	25,059,360	3,155,052
Internal balances	23,500,000	(23,500,000)	-	-
Inventories	2,258,279	1,548,022	3,806,301	-
Prepaid expenses	493,425	-	493,425	-
Total current assets	467,478,581	39,128,246	506,606,827	70,139,840
Noncurrent assets:				
Long-term accounts and notes receivable	23,087,193	-	23,087,193	7,154,659
Restricted assets:				
Cash, investments and accrued interest	73,108,749	122,639,628	195,748,377	43,477,632
Investment with fiscal agents	-	-	-	4,811,537
Accounts receivable - developers	-	3,626,651	3,626,651	-
Accounts receivable from bond escrow agent	-	300,000	300,000	-
Escrow deposits	-	360,503	360,503	144,491
Total restricted assets:	73,108,749	126,926,782	200,035,531	48,433,660
Capital assets:				
Land and construction in progress	440,328,033	101,000,834	541,328,867	97,158,363
Capital assets being depreciated	743,438,645	809,403,400	1,552,842,045	1,342,008,613
Accumulated depreciation	(340,769,341)	(453,576,510)	(794,345,851)	(705,893,227)
Capital assets, net of depreciation	842,997,337	456,827,724	1,299,825,061	733,273,749
Other:				
Purchased water rights, net of accumulated amortization	-	-	-	28,536,580
Capitalized bond issue costs	-	2,917,099	2,917,099	447,967
Deferred charges and other assets	7,453,115	-	7,453,115	-
Total other	7,453,115	2,917,099	10,370,214	28,984,547
Total noncurrent assets	946,646,394	586,671,605	1,533,317,999	817,846,615
Total assets	1,414,124,975	625,799,851	2,039,924,826	887,986,455

See Notes to Financial Statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2004

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	27,357,412	1,851,304	29,208,716	4,141,437
Line of credit	-	-	-	8,629,827
Due to other governments	1,566,258	267,900	1,834,158	-
Accrued expenses	55,971,601	5,643,796	61,615,397	3,072,266
Deposits	1,025,783	458,073	1,483,856	214,827
Deferred revenues	21,400,680	-	21,400,680	-
Payable from restricted assets:				
Contracts and other payable	-	6,043,326	6,043,326	6,288,277
Current portion:				
Bonds and notes payable	93,091,565	11,394,920	104,486,485	32,695,000
Water rights and loan agreements	-	-	-	1,271,152
Accrued interest	-	4,908,184	4,908,184	5,184,098
Deferred revenue	-	115,367	115,367	-
Total current liabilities	200,413,299	30,682,870	231,096,169	61,496,884
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Landfill closure costs	-	1,412,016	1,412,016	-
Other	-	371,596	371,596	-
Total liabilities payable from restricted assets	-	1,783,612	1,783,612	-
Long-term payable:				
Bonds and notes payable, net of current portion, discounts and premiums	330,094,588	279,798,840	609,893,428	180,493,569
Water rights contract and loan agreements	-	-	-	44,747,408
Total long-term payable	330,094,588	279,798,840	609,893,428	225,240,977
Other:				
Accrued vacation, sick leave and claims	36,821,597	1,880,135	38,701,732	548,722
Deferred credits and other liabilities	1,099,628	-	1,099,628	600,000
Total other	37,921,225	1,880,135	39,801,360	1,148,722
Total noncurrent liabilities	368,015,813	283,462,587	651,478,400	226,389,699
Total liabilities	568,429,112	314,145,457	882,574,569	287,886,583
NET ASSETS				
Invested in capital assets, net of related debt	557,927,627	197,589,791	755,517,418	517,181,729
Restricted for:				
Debt service	73,064,874	19,797,836	92,862,710	10,393,256
Construction	85,670,092	57,666,132	143,336,224	17,576,362
Housing & economic development	15,105,616	-	15,105,616	-
Federal & state funded programs	3,290,506	-	3,290,506	-
Open space and urban enhancement:				
Nonexpendable	31,968,052	-	31,968,052	-
Expendable	2,494,031	-	2,494,031	-
Unrestricted	76,175,065	36,600,635	112,775,700	54,948,525
Total net assets	$ 845,695,863	$ 311,654,394	$ 1,157,350,257	$ 600,099,872

See Notes to Financial Statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
Year ended June 30, 2004

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services
Primary government:			
Governmental Activities:			
General government	$ 65,199,614	$ (3,819,895)	$ 42,675,819
Public Safety			
Corrections	42,883,204	1,332,857	21,738,275
Fire	50,890,748	142,770	418,430
Police	102,728,096	753,402	3,799,612
Culture and recreation	66,765,905	346,897	7,651,214
Public works	9,345,919	38,659	-
Health	11,131,594	290,918	3,640,063
Human services	48,544,294	493,556	2,711,269
Housing	3,394,615	78	-
Highways and streets	18,252,379	420,758	1,227,012
Special assessments	6,603,082	-	-
Interest expense	15,949,492	-	-
Total governmental type activities	441,688,942	-	83,861,694
Business Type Activities:			
Airport	60,846,366	-	60,664,848
Refuse Disposal	39,444,987	-	44,248,388
Housing Authority	26,404,893	-	1,921,970
Transit	31,401,160	-	5,670,544
Nonmajor enterprise funds	14,319,647	-	12,492,100
Total business type activities	172,417,053	-	124,997,850
Total primary government	$ 614,105,995	$ -	$ 208,859,544
Component Unit:			
Albuquerque Bernalillo County Water Utility Authority	$ 114,700,458	$ -	$ 147,348,703

General Revenues:
- Taxes:
  - Gross receipts taxes, local option
  - Property taxes
  - Payments in lieu of taxes
  - Franchise taxes
  - Lodgers' tax
- NM shared taxes and fees not restricted to specific programs
- Grants and contributions not restricted to specific programs
- Investment income
- Other general revenues

Divestiture - Joint Water & Sewer Fund to a component unit

Transfers between governmental and business type activities

Total general revenues, special items and transfers

Change in net assets

Net assets (deficit), July 1, as restated

Net assets (deficit), June 30

See Notes to Financial Statements

Program Revenues, continued		Net (Expense) Revenue and Changes in Net Assets			
Operating Grants and Contributions	Capital Grants and Contributions	Govern-mental Activities	Business Type Activities	Total	Component Unit
$ 432,554	$ -	$ (18,271,346)	$ -	$ (18,271,346)	
476,557	-	(22,001,229)	-	(22,001,229)	
413,567	1,018,712	(49,182,809)	-	(49,182,809)	
3,132,529	-	(96,549,357)	-	(96,549,357)	
326,585	-	(59,135,003)	-	(59,135,003)	
167,535	-	(9,217,043)	-	(9,217,043)	
1,175,388	-	(6,607,061)	-	(6,607,061)	
16,641,115	-	(29,685,466)	-	(29,685,466)	
2,463,782	-	(930,911)	-	(930,911)	
5,777,285	1,362,500	(10,306,340)	-	(10,306,340)	
1,918,881	-	(4,684,201)	-	(4,684,201)	
-	-	(15,949,492)	-	(15,949,492)	
32,925,778	2,381,212	(322,520,258)	-	(322,520,258)	
-	2,688,139	-	2,506,621	2,506,621	
-	-	-	4,803,401	4,803,401	
25,249,911	-	-	766,988	766,988	
-	9,778,485	-	(15,952,131)	(15,952,131)	
-	335,518	-	(1,492,029)	(1,492,029)	
25,249,911	12,802,142	-	(9,367,150)	(9,367,150)	
$ 58,175,689	$ 15,183,354	(322,520,258)	(9,367,150)	(331,887,408)	
$ -	$ 28,287,786				$ 60,936,031
		132,257,178	-	132,257,178	-
		88,253,706	-	88,253,706	-
		5,110,928	-	5,110,928	-
		18,449,049	-	18,449,049	-
		8,730,347	-	8,730,347	-
		161,755,908	-	161,755,908	-
		15,281,939	-	15,281,939	-
		4,253,858	124,945	4,378,803	419,021
		13,917,869	-	13,917,869	-
		-	(538,744,820)	(538,744,820)	-
		(25,625,107)	25,625,107	-	-
		422,385,675	(512,994,768)	(90,609,093)	419,021
		99,865,417	(522,361,918)	(422,496,501)	61,355,052
		745,830,446	834,016,312	1,579,846,758	538,744,820
		$ 845,695,863	$ 311,654,394	$ 1,157,350,257	$ 600,099,872

CITY OF ALBUQUERQUE, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

	General Fund	Corrections & Detention Fund
ASSETS		
Cash, investments, and accrued interest	$ 54,541,474	$ 2,900,157
Cash with fiscal agents	-	-
Investments with fiscal agents	-	-
Cash held by others	-	-
Taxes receivable, net of allowance for uncollectible:		
Property tax	1,179,573	-
Gross receipts tax	49,021,439	-
Lodger's tax	-	-
Other taxes	501,259	-
Other receivables, net of allowance for uncollectible	2,849,577	525
Due from other governments	590,309	285,225
Due from other funds	1,300,077	-
Advances to other funds	307,636	-
Inventories of supplies	107,334	282,900
Prepaid items	121,684	-
Land held for sale	-	-
TOTAL ASSETS	$ 110,520,362	$ 3,468,807

See Notes to Financial Statements

GO Bond Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
$ 45,500,617	$ 127,055,459	$ 82,625,337	$ 312,623,044
62,950,583	-	9,326,682	72,277,265
-	976,016	4,030,023	5,006,039
-	-	154,533	154,533
3,077,062	-	485,423	4,742,058
-	-	5,816,459	54,837,898
-	-	766,644	766,644
-	-	-	501,259
-	635,933	23,412,186	26,898,221
-	10,193,122	8,068,693	19,137,349
-	-	-	1,300,077
-	-	23,500,000	23,807,636
-	-	-	390,234
-	-	-	121,684
-	-	5,065,930	5,065,930
$ 111,528,262	$ 138,860,530	$ 163,251,910	$ 527,629,871

CITY OF ALBUQUERQUE, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

	General Fund	Corrections & Detention Fund
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 5,596,223	$ 201,624
Contracts and retainage payable	-	-
Accrued employee compensation and benefits	11,071,499	1,101,722
Due to other funds	-	-
Due to other governments	-	1,566,258
Deferred revenue	28,132,883	-
Deposits	933,475	81,308
Advances from other funds	-	-
Matured bonds and interest payable	-	-
Total liabilities	45,734,080	2,950,912
Fund balances:		
Reserved for:		
Encumbrances	1,035,000	-
Inventories of supplies	107,334	282,900
Prepaid items	121,684	-
Land held for resale	-	-
Advances to other funds	307,636	-
Transfer to capital acquisition fund		
Acquisition and management of open space land	-	-
Urban enhancement	-	-
Operations	29,477,340	-
Unreserved (deficit)	33,737,288	234,995
Unreserved (deficit) , reported in:		
Special revenue funds	-	-
Debt service funds	-	-
Capital project funds	-	-
Total fund balances	64,786,282	517,895
TOTAL LIABILITIES AND FUND BALANCES	$ 110,520,362	$ 3,468,807

See Notes to Financial Statement

GO Bond Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
$ 9,349	$ -	$ 2,685,222	$ 8,492,418
-	11,084,390	3,779,676	14,864,066
-	140,468	1,158,088	13,471,777
-	-	1,300,077	1,300,077
-	-	-	1,566,258
2,410,433	220,357	27,424,957	58,188,630
-	-	11,000	1,025,783
-	112,000	195,636	307,636
62,950,583	-	9,351,448	72,302,031
65,370,365	11,557,215	45,906,104	171,518,676
-	-	44,122	1,079,122
-	-	-	390,234
-	-	-	121,684
-	-	5,065,930	5,065,930
-	-	23,500,000	23,807,636
		288,247	288,247
-	-	17,114,408	17,114,408
-	-	9,828,697	9,828,697
-	-	-	29,477,340
46,157,897	127,303,315	-	207,433,495
-	-	25,522,271	25,522,271
-	-	3,406,977	3,406,977
-	-	32,575,154	32,575,154
46,157,897	127,303,315	117,345,806	356,111,195
$ 111,528,262	$ 138,860,530	$ 163,251,910	$ 527,629,871

CITY OF ALBUQUERQUE, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets:

Total fund balance for governmental funds		**$ 356,111,195**
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets at June 30, 2004 consist of:		
Land	$ 215,657,686	
Construction in progress and miscellaneous other	224,386,505	
Buildings	169,459,697	
Infrastructure	81,959,054	
Improvements	327,738,056	
Equipment	161,425,162	
Accumulated depreciation	(338,340,368)	
Total capital assets		842,285,792
Long-term obligations applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities are reported in the statement of net assets. Balances at June 30, 2004 are:		
General Obligation bonds payable	(174,385,000)	
Sales tax revenue bonds and notes payable	(148,687,116)	
Special assessment debt with governmental commitment	(16,294,611)	
Current portion of bonds payable, net of reported matured principal	(28,083,871)	
Unamortized bond issue costs	632,185	
Unamortized premiums and discounts	9,272,139	
Total bonds and notes payable, net of premiums, discounts and bond issue costs	(357,546,274)	
Accrued vacation and sick leave pay	(23,556,984)	
Accrued rebatable arbitrage payable reported as deferred credit	(1,099,628)	
		(382,202,886)
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 assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets (deficit) are:		(7,312,492)
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 revenue in the funds. The amounts are:		
Gross receipts tax	30,014,934	
Property taxes	3,655,875	
Other taxes	664,093	
Amounts due on real estate contracts	2,453,048	
		36,787,950
Interest earned on loans receivable are not available for collection and are not included in the governmental fund financial statements. However, the accrued interest is reported in the government-wide financial statements.		26,304
Total net assets of governmental activities		**$ 845,695,863**

See Notes to Financial Statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year ended June 30, 2004

	General Fund	Corrections & Detention Fund
Revenues:		
Taxes	$ 149,202,502	$ -
Licenses and permits	13,716,258	-
Intergovernmental	160,965,205	19,922,000
Charges for services	41,111,256	1,338,537
Fines and forfeits	38,428	-
Interest	426,819	30,705
Special assessments	-	-
Collections on real estate contracts receivable	-	-
Proceeds from disposition of capital assets	-	-
Other interest	-	-
Miscellaneous	3,432,451	477,738
Total revenues	368,892,919	21,768,980
Expenditures:		
Current:		
General government	59,416,881	-
Public safety	139,621,244	41,627,999
Culture and recreation	49,171,389	-
Public works	8,037,493	-
Highways and streets	8,106,721	-
Health	6,905,846	-
Human services	27,385,229	-
Housing	-	-
Debt service:		
Principal retirement	-	-
Interest	-	-
Fiscal agent fees and other fees	-	-
Capital outlay	-	-
Bond issuance costs	-	-
Total expenditures	298,644,803	41,627,999
Excess (deficiency) of revenues over expenditures	70,248,116	(19,859,019)
Other financing sources (uses):		
Transfers in	2,170,145	20,155,000
Transfers out	(50,757,180)	(32,564)
Proceeds of bonds, notes and premiums issued	-	-
Total other financing sources (uses)	(48,587,035)	20,122,436
Net change in fund balances	21,661,081	263,417
Fund balances (deficit), July 1, as restated	43,125,201	254,478
Fund balances (deficit), June 30	$ 64,786,282	$ 517,895

See Notes to Financial Statements

GO Bond Debt Service Fund	Capital Acquisition Fund	Nonmajor Funds	Total
$ 63,153,644	$ 754,326	$ 39,533,501	$ 252,643,973
-	-	2,310,054	16,026,312
-	15,281,939	33,629,627	229,798,771
-	-	8,978,114	51,427,907
-	-	862,315	900,743
777,327	1,335,605	1,154,292	3,724,748
-	-	5,870,746	5,870,746
-	-	178,057	178,057
-	-	140,197	140,197
-	-	356,972	356,972
-	4,547,731	6,280,243	14,738,163
63,930,971	21,919,601	99,294,118	575,806,589
-	-	8,570,577	67,987,458
-	-	10,236,705	191,485,948
-	-	5,753,923	54,925,312
-	-	169,998	8,207,491
-	-	5,792,810	13,899,531
-	-	4,218,947	11,124,793
-	-	20,726,683	48,111,912
-	-	3,392,399	3,392,399
58,220,000	-	9,676,244	67,896,244
9,366,770	-	5,414,407	14,781,177
636,733	-	432,052	1,068,785
-	100,410,782	32,204,615	132,615,397
392,046	488,964	135,314	1,016,324
68,615,549	100,899,746	106,724,674	616,512,771
(4,684,578)	(78,980,145)	(7,430,556)	(40,706,182)
-	8,270,000	18,117,423	48,712,568
-	(4,062,609)	(19,290,322)	(74,142,675)
5,349,063	135,795,000	8,575,143	149,719,206
5,349,063	140,002,391	7,402,244	124,289,099
664,485	61,022,246	(28,312)	83,582,917
45,493,412	66,281,069	117,374,118	272,528,278
$ 46,157,897	$ 127,303,315	$ 117,345,806	$ 356,111,195

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2004

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Net Activities:

Net change in fund balances - total governmental funds		$ 83,582,917
The change in net assets reported for governmental activities in the statement of activities is different because:		
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.		
Capital outlay expenditures	$ 125,955,383	
Depreciation expense	(28,902,106)	
Gain (loss) on disposition of capital assets	(525,888)	
		96,527,389
Bond proceeds, premiums, discounts and bond issue costs are reported as financing sources or uses in governmental funds and contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term obligations and does not affect the statement of activities. Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Proceeds and premiums from issuance of bonds and notes payable	(149,719,206)	
Principal repayments	67,896,244	
Bond issue costs incurred at time of bond issue	1,016,324	
Amortization of bond issue costs	(621,474)	
Amortization of premiums and discounts	521,944	
Net adjustment		(80,906,168)
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 (loss) of the internal service funds is reported with governmental activities.		(513,141)
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 related receivable and expenses and related liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of balances of the following:		
Revenue:		
Gross receipts tax	203,374	
Property tax	4,878	
Other taxes	(64,332)	
Collections on real estate contracts, net of deferred gains	(165,516)	
Interest on loans receivable	(135,451)	
Expenses:		
Accrued vacation and sick leave pay	1,288,259	
Rebatable arbitrage	43,208	
Net adjustment		1,174,420
Change in net assets of governmental activities		$ 99,865,417

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Current property tax	$ 23,295,000	$ 23,295,000	$ 23,997,640	$ 702,640
Delinquent property tax	1,021,000	1,021,000	736,021	(284,979)
Franchise taxes:				
Telephone	4,196,000	3,995,000	3,636,361	(358,639)
Electric	5,786,000	5,788,000	5,797,633	9,633
Gas	2,737,000	3,500,000	4,139,741	639,741
Cable television	2,917,000	3,269,000	3,245,298	(23,702)
New Mexico Utility	150,000	180,000	214,959	34,959
Telecommunications	517,000	517,000	660,731	143,731
Payments in lieu of Taxes	5,125,000	5,125,000	5,110,928	(14,072)
Gross receipts tax-local option	93,830,000	98,391,000	101,663,190	3,272,190
Total taxes	139,574,000	145,081,000	149,202,502	4,121,502
Licenses and permits:				
Liquor licenses	175,000	200,000	211,029	11,029
Building permits	2,869,000	3,774,000	4,444,292	670,292
Plumbing/mechanical permits	1,700,000	1,675,000	1,789,175	114,175
Electrical/refrigeration permits	1,215,000	1,232,000	1,311,264	79,264
Plan checking permits	1,800,000	2,718,000	2,987,823	269,823
Flood plain certification	171,000	182,000	233,738	51,738
Reroofing permits	39,000	36,000	21,385	(14,615)
Restaurant inspections	525,000	525,000	616,465	91,465
Food retailers inspections	-	135,000	147,806	12,806
Swimming pool inspections	120,000	120,000	107,530	(12,470)
Animal licenses	250,000	250,000	273,646	23,646
Right of way usage permits	185,000	150,000	175,732	25,732
Loading zone permits	9,000	9,000	9,504	504
Solicitation permits	6,000	6,000	7,320	1,320
Business registration fees	1,185,000	1,185,000	1,192,110	7,110
Other licenses and permits	136,000	201,000	187,439	(13,561)
Total licenses and permits	10,385,000	12,398,000	13,716,258	1,318,258
Intergovernmental:				
State shared:				
Gross receipts tax	146,229,000	150,839,000	156,137,731	5,298,731
Cigarette tax	600,000	600,000	624,637	24,637
Motor vehicle license distribution	1,300,000	1,400,000	1,267,037	(132,963)
Municipal road - gas tax	2,448,000	2,448,000	2,330,293	(117,707)
DWI Fines	500,000	350,000	33,756	(316,244)
Grants:				
Other	-	358,000	370,497	12,497
Local administered grants:				
Bernalillo County-shared operations	231,000	238,000	201,254	(36,746)
Total intergovernmental	151,308,000	156,233,000	160,965,205	4,732,205

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services:				
General government:				
Photocopying	182,000	182,000	172,446	(9,554)
Engineering fees	1,000,000	1,200,000	1,599,818	399,818
Filing of plats and subdivisions	323,000	350,000	432,443	82,443
Sign fees	52,000	52,000	84,021	32,021
Zoning fence permit fees	143,000	143,000	240,644	97,644
Sale of maps and publications	30,000	30,000	12,867	(17,133)
Records search fees	310,000	310,000	485,365	175,365
Jury duty and witness fees	13,000	13,000	13,932	932
Planning services	19,000	38,000	37,700	(300)
Vendor registration fees	20,000	20,000	19,420	(580)
Shooting range fees	140,000	160,000	165,240	5,240
Grounds maintenance	521,000	521,000	520,987	(13)
Office services	33,000	35,000	32,733	(2,267)
Real property services	70,000	70,000	81,998	11,998
Material testing lab	-	-	29,661	29,661
Engineering inspections	150,000	100,000	150,306	50,306
Engineering surveying	25,000	5,000	8,463	3,463
Legal services	2,570,000	2,458,000	2,164,494	(293,506)
Administrative fees	43,000	43,000	94,914	51,914
Administrative charges to other funds	24,586,000	23,285,000	22,182,346	(1,102,654)
Other	717,000	740,000	791,424	51,424
Public safety:				
Police services	1,713,000	2,135,000	2,026,802	(108,198)
Fire services	322,000	282,000	408,481	126,481
Culture and recreation:				
Community centers	25,000	38,000	32,399	(5,601)
Swimming pools	500,000	500,000	514,530	14,530
Sports programs	451,000	418,000	410,017	(7,983)
Other recreation charges	350,000	250,000	225,841	(24,159)
Tournament/field rental	13,000	33,000	28,966	(4,034)
Latch key program	561,000	820,000	768,368	(51,632)
Extended care fees	25,000	47,000	44,595	(2,405)
Special events	10,000	6,000	4,771	(1,229)
Museum charges	259,000	213,000	323,660	110,660
Zoo admissions	1,829,000	1,546,000	1,603,203	57,203
Other zoo charges	90,000	51,000	141,235	90,235
Albuquerque aquarium and gardens	986,000	986,000	1,105,310	119,310
Convention center	1,645,000	861,000	491,469	(369,531)
Facilities concessions	1,063,000	565,000	613,856	48,856
Library services	1,125,000	1,163,000	1,018,596	(144,404)
Cultural affairs	29,000	25,000	34,136	9,136

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues (continued):				
Charges for services (continued):				
Highways and streets:				
Compaction tests	325,000	180,000	223,691	43,691
Excavation permits	350,000	400,000	431,172	31,172
Other street division charges	430,000	478,000	562,645	84,645
Health:				
Animal control charges	351,000	351,000	399,279	48,279
Human services:				
Meal programs	164,000	156,000	177,549	21,549
Memberships	86,000	90,000	128,719	38,719
Coffee	16,000	14,000	17,841	3,841
Dances	31,000	28,000	29,440	1,440
Other	22,000	21,000	23,463	2,463
Total charges for services	43,718,000	41,412,000	41,111,256	(300,744)
Fines and forfeits:				
Nuisance abatement/enforcement	30,000	-	2,050	2,050
Air quality penalties	25,000	5,000	36,378	31,378
Total fines and forfeits	55,000	5,000	38,428	33,428
Interest:				
Interest on investments	1,300,000	1,000,000	426,819	(573,181)
Miscellaneous:				
Rental of City property	130,000	180,000	153,258	(26,742)
Community center rentals	150,000	216,000	269,692	53,692
Sales of real property	70,000	30,000	26,818	(3,182)
Sales of other property	30,000	-	-	-
Contributions and donations	-	-	66,674	66,674
Cash overages and shortages, net	-	-	(111)	(111)
Cash discounts earned	50,000	50,000	14,097	(35,903)
Other miscellaneous	320,000	2,685,000	2,902,023	217,023
Total miscellaneous	750,000	3,161,000	3,432,451	271,451
Total revenues	347,090,000	359,290,000	368,892,919	9,602,919

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Current:				
General government:				
Accounting	2,679,000	2,679,000	2,572,962	106,038
Capital implementation project	1,942,000	-	-	-
Chief Administrative Officer	1,563,000	1,563,000	1,488,761	74,239
City buildings	6,074,000	6,074,000	5,958,591	115,409
City wide financial support	452,000	452,000	446,070	5,930
City/County building rental	2,789,000	2,789,000	2,789,000	-
Community revitalization	1,547,000	1,547,000	1,499,297	47,703
Compensation in lieu of sick leave	350,000	350,000	239,807	110,193
Council services	1,556,000	1,564,100	1,535,815	28,285
Special Event Parking	19,000	19,000	-	19,000
Dues and memberships	429,000	429,000	360,409	68,591
Early retirement	4,935,000	6,641,000	6,632,694	8,306
Economic development	50,000	50,000	40,500	9,500
FY03 bonus program	-	4,657,000	4,371,446	285,554
Information systems	7,334,000	7,339,000	6,798,518	540,482
International trade	208,000	208,000	83,902	124,098
ISD CIP funded	-	149,000	77,270	71,730
Legal services	4,745,000	4,780,000	4,424,207	355,793
Legislative coordinator	224,000	224,000	212,000	12,000
Mayor's office	523,700	523,700	522,089	1,611
Office of city clerk	1,293,000	1,583,000	1,447,262	135,738
Office of economic development	824,000	824,000	708,114	115,886
Office of internal audit	773,110	773,110	751,658	21,452
Office of management and budget	1,117,620	1,117,620	1,041,969	75,651
Personnel services	2,236,000	2,236,000	2,130,772	105,228
Strategic support - Planning	1,063,000	1,063,000	1,044,085	18,915
Plaza del Sol building	1,274,000	1,274,000	1,274,000	-
Purchasing	1,075,000	1,075,000	950,608	124,392
Real property	513,000	513,000	382,294	130,706
Risk five year recovery plan	1,494,000	1,494,000	1,494,000	-
TRD audit gov grt	-	1,090,000	1,089,444	556
Strategic support - DFAS	362,000	362,000	346,183	15,817
Treasury	1,342,000	1,342,000	1,332,859	9,141
Utility franchising office	784,000	686,000	495,420	190,580
Strategic support/municipal devlp	-	1,096,000	1,015,732	80,268
Design/municipal devlp	-	863,000	825,637	37,363
Design recovered/municipal devlp	-	3,406,000	3,033,506	372,494
Total general government	51,570,430	62,835,530	59,416,881	3,418,649

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety:				
Police Department:				
Central support services	21,589,840	21,989,840	22,073,052	(83,212)
Investigative services	18,310,000	18,309,492	17,856,800	452,692
Neighborhood Policing	51,960,000	51,555,325	51,195,047	360,278
Off duty police overtime	1,072,000	1,072,000	978,488	93,512
Fire Department:				
AFD headquarters	1,510,000	1,510,000	1,467,129	42,871
Dispatch	1,733,000	1,733,000	1,718,849	14,151
Fire dept/CIP funded employees	98,000	98,000	79,842	18,158
Fire dept/technical services	451,000	451,000	434,985	16,015
Fire prevention/fire marshal's office	2,843,000	2,843,000	2,824,240	18,760
Fire suppression	29,368,000	29,526,000	29,496,821	29,179
Fire training and safety	1,533,000	1,533,000	1,496,951	36,049
Logistics	856,000	856,000	853,584	2,416
Paramedic rescue	9,228,000	9,228,000	9,145,456	82,544
Total public safety	140,551,840	140,704,657	139,621,244	1,083,413
Culture and recreation:				
Biological park	8,210,270	8,210,270	8,202,718	7,552
CIP Biopark	1,844,000	1,844,000	1,461,275	382,725
CIP library	94,000	94,000	49,554	44,446
Community events	1,339,000	1,339,000	1,363,484	(24,484)
Convention center	3,440,000	3,415,000	2,438,836	976,164
CIP Museum	114,000	-	-	-
Explora Science Center	550,000	550,000	550,000	-
Museum	2,608,800	2,608,800	2,564,020	44,780
Quality parks & trails system	2,433,000	1,708,000	1,510,986	197,014
Strategic support - CS	1,087,000	1,099,000	1,035,089	63,911
Strategic support - Senior Affairs	1,263,000	1,263,000	1,188,913	74,087
Strategic support - PR	722,000	722,000	695,821	26,179
Parks land management	11,215,000	10,991,000	10,249,553	741,447
Promote safe use of firearms	288,000	288,000	262,861	25,139
Provide community recreation	5,506,500	5,535,500	5,035,001	500,499
Provide quality recreation	3,542,000	3,773,000	3,337,475	435,525
Public library	9,160,000	9,196,000	9,225,803	(29,803)
Total culture and recreation	53,416,570	52,636,570	49,171,389	3,465,181
Public works:				
Code administration	1,934,000	1,934,000	1,925,766	8,234
Construction management	2,433,270	2,217,270	2,100,566	116,704
Street CIP trans infrastructure tx	4,180,000	2,555,000	2,227,779	327,221
Storm drainage/maintenance	2,398,000	1,915,000	1,783,382	131,618
Total public works	10,945,270	8,621,270	8,037,493	583,777
Highways and streets:				
GF street services	8,573,000	8,480,000	8,106,721	373,279
Total highways and streets	8,573,000	8,480,000	8,106,721	373,279

See Notes to 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (continued):				
Current (continued):				
Health:				
Animal services	4,266,000	4,266,000	4,153,135	112,865
Bio disease management	350,000	370,000	344,985	25,015
Clean city section	-	-	16	(16)
Consumer protection	960,000	960,000	911,694	48,306
Environmental services	1,150,000	1,202,000	1,147,735	54,265
Program support	360,000	360,000	348,281	11,719
Total health	7,086,000	7,158,000	6,905,846	252,154
Human services:				
Access to basic services	113,000	113,000	68,692	44,308
Develop affordable housing	75,000	75,000	71,395	3,605
Development process & policy	5,882,250	5,813,250	5,669,125	144,125
Plan and coordinate	1,828,000	1,828,000	1,821,763	6,237
Long-range planning	1,255,000	1,255,000	1,195,109	59,891
Offer health & social services	1,894,000	1,894,000	1,776,763	117,237
Partner with public education	5,288,090	5,328,090	4,853,417	474,673
Prevent and reduce youth gangs	1,003,000	1,003,000	1,003,000	-
Prevent neighborhood deterioration	48,000	48,000	43,466	4,534
Provide early childhood education	4,437,000	4,441,000	4,048,182	392,818
Provide emergency shelter	163,000	163,000	160,490	2,510
Provide mental health	204,000	219,000	217,000	2,000
Provide transitional housing	164,000	164,000	151,350	12,650
Substance abuse treatment/prevention	2,792,000	2,791,220	2,740,856	50,364
Supportive services to homeless	183,600	183,600	176,699	6,901
Train lower income persons	470,000	470,000	464,693	5,307
Well-being	2,998,000	2,998,000	2,923,229	74,771
Total human services	28,797,940	28,787,160	27,385,229	1,401,931
Total expenditures	300,941,050	309,223,187	298,644,803	10,578,384
Excess (deficiency) of revenues over expenditures	46,148,950	50,066,813	70,248,116	20,181,303
Other financing sources (uses):				
Transfers in	2,505,000	2,240,000	2,170,145	(69,855)
Transfers out	(49,864,660)	(51,023,623)	(50,757,180)	(266,443)
Total other financing sources and uses	(47,359,660)	(48,783,623)	(48,587,035)	(336,298)
Net change in fund balance	(1,210,710)	1,283,190	21,661,081	19,845,005
Fund balance, July 1	43,125,201	43,125,201	43,125,201	-
Fund balance, June 30	$ 41,914,491	$ 44,408,391	$ 64,786,282	$ 19,845,005

See Notes to Financial Statements

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CORRECTIONS AND DETENTION FUND
Year ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
County-shared operations	$ 19,981,000	$ 20,155,000	$ 19,922,000	$ (233,000)
Charges for services:				
Care of prisoners-state	216,000	216,000	686,013	470,013
Care of prisoners-other	-	-	525	525
Commissary	-	-	42,158	42,158
Community custody program fees	146,000	146,000	167,950	21,950
CCP reimbursement	435,000	435,000	302,813	(132,187)
Medical Co-Pay-inmates	-	-	26,078	26,078
Recycling services	113,000	113,000	113,000	-
Total charges for services	910,000	910,000	1,338,537	428,537
Interest:				
Interest on investments	-	-	30,705	30,705
Miscellaneous:				
Other	-	200,000	477,738	277,738
Total miscellaneous	-	200,000	477,738	277,738
Total revenues	20,891,000	21,265,000	21,768,980	503,980
Expenditures:				
Current:				
Public safety:				
Administrative support	4,496,000	4,496,000	4,310,459	185,541
Community custody	866,000	1,146,000	1,155,605	(9,605)
Correction and detention	33,622,000	34,244,000	34,039,635	204,365
FY 03 bonus program	-	466,000	435,832	30,168
Metro criminal justice coordinating council	85,000	85,000	85,000	-
Water supply contract	488,000	488,000	487,245	755
Indirect overhead charge	1,280,000	1,247,436	1,114,223	133,213
Total expenditures	40,837,000	42,172,436	41,627,999	544,437
Excess (deficiency) of revenues over expenditures	(19,946,000)	(20,907,436)	(19,859,019)	1,048,417
Other financing sources (uses):				
Transfers in	19,981,000	20,155,000	20,155,000	-
Transfers out	-	(32,564)	(32,564)	-
Total other financing sources (uses)	19,981,000	20,122,436	20,122,436	-
Net change in fund balance	35,000	(785,000)	263,417	1,048,417
Fund balance (deficit), July 1	254,478	254,478	254,478	-
Fund balance (deficit), June 30	$ 289,478	$ (530,522)	$ 517,895	$ 1,048,417

See Notes to Financial Statements

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2004

	Enterprise Funds		
	Airport Fund	Joint Water and Sewer Fund	Refuse Disposal Fund
ASSETS			
Current assets:			
Cash, investments, and accrued interest	$ 10,118,837	$ -	$ 5,700,415
Cash with fiscal agents held for debt service	11,051,162	-	3,717,204
Cash held by others	-	-	-
Accounts receivables, net of allowance for uncollectible accounts	2,986,738	-	2,728,791
Due from other funds	81,869		-
Prepaid expenses	-	-	-
Due from other governments	-	-	-
Inventories of supplies	-	-	698,332
Total current assets	24,238,606	-	12,844,742
Noncurrent assets:			
Restricted assets:			
Cash, investments, and accrued interest	95,630,926	-	11,244,888
Account receivable from bond escrow agent	300,000		-
Accounts receivable - developers	-	-	-
Escrow deposits	-	-	-
Total restricted assets	95,930,926	-	11,244,888
Capital assets:			
Land	33,032,723	-	5,165,504
Land and improvements acquired from U.S. Air Force	7,638,439	-	-
Buildings and improvements	146,431,805	-	38,722,599
Runways and other improvements	242,374,624	-	-
Improvements other than buildings	101,129,123	-	-
Machinery and equipment	12,888,475	-	59,095,029
Other	647,096	-	-
Total	544,142,285	-	102,983,132
Less accumulated depreciation and amortization	295,340,424	-	51,055,953
Capital assets, net of depreciation	248,801,861	-	51,927,179
Construction work in progress	14,905,465	-	2,126,848
Total capital assets	263,707,326	-	54,054,027
Other:			
Capitalized bond issuance costs	1,971,126	-	66,467
Land - acquired under claim settlement	-	-	-
Total other assets	1,971,126	-	66,467
Total noncurrent assets	361,609,378	-	65,365,382
Total Assets	385,847,984	-	78,210,124

See Notes to Financial Statements

Enterprise Funds: Housing Authority Fund	Enterprise Funds: Transit Fund	Enterprise Funds: Other Enterprise Funds	Enterprise Funds: Totals	Internal Service Funds
$ 10,959,256	$ 5,035,822	$ 823,078	$ 32,637,408	$ 40,361,320
-	-	1,048,212	15,816,578	-
-	-	339,188	339,188	-
287,021	71,040	382,334	6,455,924	-
-	-	-	81,869	-
-	-	-	-	371,741
559,160	5,271,966	-	5,831,126	90,885
211,491	598,095	40,104	1,548,022	1,868,045
12,016,928	10,976,923	2,632,916	62,710,115	42,691,991
-	6,643,271	9,120,543	122,639,628	-
-	-	-	300,000	-
-	-	3,626,651	3,626,651	-
270,316	-	90,187	360,503	-
270,316	6,643,271	12,837,381	126,926,782	-
3,767,389	3,760,422	5,108,043	50,834,081	283,842
-	-	-	7,638,439	-
47,726,121	17,287,824	86,663,082	336,831,431	406,001
-	-	-	242,374,624	-
-	-	-	101,129,123	765,388
479,358	52,885,795	3,719,565	129,068,222	1,685,287
-	-	100,904	748,000	-
51,972,868	73,934,041	95,591,594	868,623,920	3,140,518
36,897,314	44,742,146	25,540,673	453,576,510	2,428,973
15,075,554	29,191,895	70,050,921	415,047,410	711,545
3,566,443	21,039,385	142,173	41,780,314	-
18,641,997	50,231,280	70,193,094	456,827,724	711,545
-	-	879,506	2,917,099	-
-	-	-	-	1,755,000
-	-	879,506	2,917,099	1,755,000
18,912,313	56,874,551	83,909,981	586,671,605	2,466,545
30,929,241	67,851,474	86,542,897	649,381,720	45,158,536

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2004

	Enterprise Funds		
	Airport Fund	Joint Water and Sewer Fund	Refuse Disposal Fund
LIABILITIES			
Current liabilities:			
Accounts payable	364,371	-	749,961
Accrued payroll	605,678	-	958,554
Accrued vacation and sick leave pay	715,244	-	943,194
Accrued fuel cleanup costs	-	-	-
Fare tokens outstanding	-	-	-
Deposits	146,303	-	59,635
Due to other funds	-	-	-
Due to other governments	-	-	-
Current portion of claims and judgments payable	-	-	-
Liabilities payable from restricted assets:			
Construction contracts and miscellaneous payable	1,924,261	-	1,038,384
Deferred revenue	115,367	-	-
Current portion - revenue bonds payable	7,630,000	-	2,975,000
Accrued interest	3,711,894	-	742,204
Total current liabilities	15,213,118	-	7,466,932
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Accrued landfill closure costs	-	-	1,412,016
Other	-	-	-
Total	-	-	1,412,016
Revenue bonds, net of current portion and unamortized discounts	221,685,408	-	27,732,275
Other:			
Claims and judgments payable	-	-	-
Accrued vacation and sick leave pay	380,889	-	977,640
Advances from other funds	-	-	-
Total	380,889	-	977,640
Total noncurrent liabilities:	222,066,297	-	30,121,931
Total liabilities	237,279,415	-	37,588,863
NET ASSETS			
Invested in capital assets, net of related debt	74,634,546	-	30,897,896
Restricted for:			
Debt service	15,784,917	-	551,589
Construction	43,148,798	-	3,427,406
Unrestricted	15,000,308	-	5,744,370
Total net assets	$ 148,568,569	$ -	$ 40,621,261

See Notes to Financial Statements

Enterprise Funds				
Housing Authority Fund	Transit Fund	Other Enterprise Funds	Totals	Internal Service Funds
315,049	201,537	220,386	1,851,304	4,000,928
157,574	913,342	180,193	2,815,341	308,399
129,752	873,990	166,275	2,828,455	397,567
-	-	-	-	90,915
-	70,249	-	70,249	-
181,886	-	-	387,824	-
-	-	81,869	81,869	-
267,900	-	-	267,900	-
-	-	-	-	17,989,500
-	3,074,043	6,638	6,043,326	-
-	-	-	115,367	-
-	-	789,920	11,394,920	-
-	-	454,086	4,908,184	-
1,052,161	5,133,161	1,899,367	30,764,739	22,787,309
-	-	-	1,412,016	-
270,316	-	101,280	371,596	-
270,316	-	101,280	1,783,612	-
-	-	30,381,157	279,798,840	-
-	-	-	-	29,588,748
18,910	423,471	79,225	1,880,135	94,971
-	-	23,500,000	23,500,000	-
18,910	423,471	23,579,225	25,380,135	29,683,719
289,226	423,471	54,061,662	306,962,587	29,683,719
1,341,387	5,556,632	55,961,029	337,727,326	52,471,028
18,641,997	50,231,280	23,184,072	197,589,791	711,545
-	-	3,461,330	19,797,836	-
-	8,841,194	2,248,734	57,666,132	-
10,945,857	3,222,368	1,687,732	36,600,635	(8,024,037)
$ 29,587,854	$ 62,294,842	$ 30,581,868	$ 311,654,394	$ (7,312,492)

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS

Year ended June 30, 2004

	Enterprise Funds		
	Airport Fund	Joint Water and Sewer Fund	Refuse Disposal Fund
Operating revenues:			
Charges for services	$ 52,743,648	$ -	$ 43,523,148
Operating expenses:			
Salaries and fringe benefits	12,119,561	-	20,063,248
Professional services	177,380	-	282,110
Utilities	2,340,233	-	353,397
Supplies	533,901	-	1,100,738
Travel	35,488	-	17,163
Fuels, repairs and maintenance	2,482,921	-	5,236,036
Contractual services	4,253,057	-	1,300,705
Claims and judgments	-	-	-
Insurance premiums	-	-	-
Other operating expenses	2,098,505	-	4,910,091
Depreciation	27,631,286	-	5,112,639
Bad debt expense	133,166	-	-
Total operating expenses	51,805,498	-	38,376,127
Operating income (loss)	938,150	-	5,147,021
Non-operating revenues (expenses):			
Interest on investments	(269,120)	-	24,552
Federal housing grants	-	-	-
Housing assistance payments	-	-	-
Passenger facilities charges	7,899,625	-	-
Gain (loss) on disposition of property and equipment	8,548	-	203,467
Interest and other debt services expenses	(8,783,384)	-	(1,019,282)
Bond issue costs	(257,484)	-	(49,578)
Other	13,027	-	521,773
Total non-operating revenues (expenses)	(1,388,788)	-	(319,068)
Income (loss) before capital contributions and transfers	(450,638)	-	4,827,953
Capital contributions	2,688,139	-	-
Transfers in	-	-	-
Divestiture of the Joint Water and Sewer Fund to an Authority	-	(538,744,820)	-
Transfers out	-	-	(1,058,863)
Change in net assets	2,237,501	(538,744,820)	3,769,090
Net assets (deficit), July 1, as restated	146,331,068	538,744,820	36,852,171
Net assets (deficit), June 30	$ 148,568,569	$ -	$ 40,621,261

See Notes to Financial Statements

Enterprise Funds				
Housing Authority Fund	**Transit Fund**	**Other Enterprise Funds**	**Totals**	**Internal Service Funds**
$ 1,787,041	$ 3,325,975	$ 12,411,369	$ 113,791,181	$ 72,637,978
3,075,738	18,168,201	4,084,224	57,510,972	6,203,101
17,500	6,349	461,816	945,155	834,429
581,963	420,509	1,901,536	5,597,638	137,767
-	290,798	174,826	2,100,263	1,276,262
-	15,261	1,971	69,883	16,848
781,463	2,980,089	1,357,905	12,838,414	3,289,150
-	886,885	292,131	6,732,778	1,733,553
-	-	-	-	23,545,885
-	-	-	-	34,068,222
1,108,461	3,191,871	844,635	12,153,563	2,061,071
1,582,443	5,440,057	3,329,259	43,095,684	129,746
55,528	1,140	369,887	559,721	-
7,203,096	31,401,160	12,818,190	141,604,071	73,296,034
(5,416,055)	(28,075,185)	(406,821)	(27,812,890)	(658,056)
149,959	158,002	61,552	124,945	307,589
25,249,911	-	-	25,249,911	-
(19,201,797)	-	-	(19,201,797)	-
-	-	-	7,899,625	-
-	-	-	212,015	6,572
-	-	(1,356,263)	(11,158,929)	-
-	-	(145,194)	(452,256)	-
134,929	2,344,569	80,731	3,095,029	23,900
6,333,002	2,502,571	(1,359,174)	5,768,543	338,061
916,947	(25,572,614)	(1,765,995)	(22,044,347)	(319,995)
-	9,778,485	335,518	12,802,142	1,854
-	25,514,079	1,625,000	27,139,079	74,000
-	-	-	(538,744,820)	-
-	(161,068)	(294,041)	(1,513,972)	(269,000)
916,947	9,558,882	(99,518)	(522,361,918)	(513,141)
28,670,907	52,735,960	30,681,386	834,016,312	(6,799,351)
$ 29,587,854	$ 62,294,842	$ 30,581,868	$ 311,654,394	$ (7,312,492)

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year ended June 30, 2004

	Enterprise Funds		
	Airport Fund	Joint Water and Sewer Fund	Refuse Disposal Fund
Cash flows from operating activities:			
Cash received from customers	$ 53,068,901	$ -	$ 42,799,678
Cash received from other funds for goods and services	-	-	692,528
Cash payments to employees for services	(10,912,363)	-	(18,459,463)
Cash payments to suppliers for goods and services	(9,523,973)	-	(8,700,156)
Cash payments to other funds for goods and services	(3,397,722)	-	(5,748,769)
Cash payments to claimants and beneficiaries	-	-	-
Miscellaneous cash received	13,027	-	521,773
Net cash provided by (used for) operating activities	29,247,870	-	11,105,591
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	-	-	-
Transfer of cash to an Authority	-	(102,802,098)	-
Transfers-in from other funds	-	-	-
Transfers-out to other funds	-	-	(1,058,863)
Net cash provided by (used for) noncapital financing activities	-	(102,802,098)	(1,058,863)
Cash flows from capital and related financing activities:			
Proceeds from sale of revenue and refunding bonds	51,253,143	-	-
Capitalized bond issuance costs	(1,321,104)	-	-
Principal paid on revenue bond maturities and refunded bonds	(28,700,000)	-	(2,840,000)
Deposit with Depositary Trust Company	(300,000)	-	-
Interest and other expenses paid on revenue bond maturities	(9,701,952)	-	(936,658)
Acquisition and construction of capital assets	(8,222,031)	-	(7,982,949)
Cash payments to other funds for goods and services	(170,157)	-	(87,642)
Capital grants received	-	-	-
Receipts in anticipation of future land sale	-	-	-
Passenger facilities charges	7,899,625	-	-
Proceeds from sale of property and equipment	8,548	-	203,467
Net cash used for capital and related financing activities	10,746,072	-	(11,643,782)
Cash flows from investing activities:			
Interest received on investments	754,665	-	24,552
Net cash provided by investing activities	754,665	-	24,552
Net increase (decrease) in cash and cash equivalents	40,748,607	(102,802,098)	(1,572,502)
Cash and cash equivalents, July 1, as restated	76,052,318	102,802,098	22,235,009
Cash and cash equivalents, June 30	$ 116,800,925	$ -	$ 20,662,507

See Notes to Financial Statements

Housing Authority Fund (Enterprise Funds)	Transit Fund (Enterprise Funds)	Other Enterprise Funds (Enterprise Funds)	Totals (Enterprise Funds)	Internal Service Funds
$ 1,557,901	$ 3,204,189	$ 12,067,885	$ 112,698,554	$ 22,048,466
-	-	204,683	897,211	57,575,285
(2,763,474)	(16,610,927)	(3,865,479)	(52,611,706)	(5,804,178)
(2,152,957)	(4,410,785)	(4,373,691)	(29,161,562)	(45,484,573)
(741,945)	(4,811,848)	(1,243,413)	(15,943,697)	(2,581,536)
-	-	-	-	(16,620,000)
134,929	857,397	80,731	1,607,857	23,900
(3,965,546)	(21,771,974)	2,870,716	17,486,657	9,157,364
23,029,411	1,092,091	-	24,121,502	-
(19,201,797)	-	-	(19,201,797)	-
-	-	(800,000)	(800,000)	-
-	-	(356,659)	(356,659)	-
-	-	-	(102,802,098)	-
-	25,514,079	1,625,000	27,139,079	74,000
-	(161,068)	(294,041)	(1,513,972)	(269,000)
3,827,614	26,445,102	174,300	(73,413,945)	(195,000)
-	-	-	51,253,143	-
-	-	-	(1,321,104)	-
-	-	(500,000)	(32,040,000)	-
-	-	-	(300,000)	-
-	-	(1,118,757)	(11,757,367)	-
(1,486,617)	(13,747,158)	(1,398,889)	(32,837,644)	(67,494)
-	(84,508)	(20,201)	(362,508)	-
1,608,232	6,021,678	-	7,629,910	-
-	-	-	-	75,000
-	-	-	7,899,625	-
-	1,994,814	-	2,206,829	6,572
121,615	(5,815,174)	(3,037,847)	(9,629,116)	14,078
149,959	158,002	148,833	1,236,011	307,589
149,959	158,002	148,833	1,236,011	307,589
133,642	(984,044)	156,002	(64,320,393)	9,284,031
11,095,930	12,663,137	10,926,018	235,774,510	31,077,289
$ 11,229,572	$ 11,679,093	$ 11,082,020	$ 171,454,117	$ 40,361,320

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2004

	Enterprise Funds		
	Airport Fund	Joint Water and Sewer Fund	Refuse Disposal Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 938,150	$ -	$ 5,147,021
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	27,631,286	-	5,112,639
Miscellaneous cash received	13,027	-	521,773
Provision for claims and judgments	-	-	-
Decrease (increase) in assets:			
Cash held by others	-	-	-
Receivables	390,834	-	(22,239)
Due from other funds	(81,869)	-	-
Inventories of supplies	-	-	(5,198)
Due from other governments	-	-	-
Prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	84,924	-	196,490
Customer deposits	(47,782)	-	-
Accrued landfill closure costs and fuels cleanup	-	-	105,587
Accrued employee compensation and benefits	203,933	-	58,221
Fare tokens outstanding and deposits	-	-	(8,703)
Due to other funds	-	-	-
Escrow liability	-	-	-
Deferred revenue	115,367	-	-
Net cash provided by (used for) operating activities	$ 29,247,870	$ -	$ 11,105,591
Cash and cash equivalents at June 30 consist of:			
Current assets:			
Cash, investments, and accrued interest	$ 10,118,837	$ -	$ 5,700,415
Restricted assets:			
Cash, investments, and accrued interest	95,630,926	-	11,244,888
Cash with fiscal agents	11,051,162	-	3,717,204
Escrow deposits	-	-	-
Total cash and cash equivalents, June 30	$ 116,800,925	$ -	$ 20,662,507
Non cash transactions:			
Unrealized gains (losses) on investments	$ (811,134)	$ -	$ (143,351)
Transfer of capital assets from the Capital Projects Fund	-	-	-
HUD payment of third party guaranteed debt	-	-	-

See Notes to Financial Statements

Housing Authority Fund	Transit Fund	Other Enterprise Funds	Totals	Internal Service Funds
	Enterprise Funds			
$ (5,416,055)	$ (28,075,185)	$ (406,821)	$ (27,812,890)	$ (658,056)
1,582,443	5,440,057	3,329,259	43,095,684	129,746
134,929	857,397	80,731	1,607,857	23,900
-	-	-	-	6,925,885
-	-	(148,403)	(148,403)	-
(89,979)	(29,567)	5,241	254,290	(13,179)
-	-	-	(81,869)	
(41,428)	(27,322)	(2,040)	(75,988)	(91,443)
-	-	-	-	(4,871)
-	-	-	-	(26,586)
(107,331)	34,619	(3,541)	205,161	2,939,424
-	-	-	(47,782)	-
-	-	-	105,587	22,493
55,508	120,246	(65,579)	372,329	(89,949)
33,538	(92,219)	-	(67,384)	-
-	-	81,869	81,869	-
(117,171)	-	-	(117,171)	-
-	-	-	115,367	-
$ (3,965,546)	$ (21,771,974)	$ 2,870,716	$ 17,486,657	$ 9,157,364
$ 10,959,256	$ 5,035,822	$ 823,078	$ 32,637,408	$ 40,361,320
-	6,643,271	9,210,730	122,729,815	-
-	-	1,048,212	15,816,578	-
270,316	-	-	270,316	-
$ 11,229,572	$ 11,679,093	$ 11,082,020	$ 171,454,117	$ 40,361,320
$ -	$ (96,786)	$ (64,099)	$ (1,115,370)	$ (316,347)
-	68,581	335,518	404,099	-
982,877	-	-	982,877	-

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2004

	Agency Fund
ASSETS	
Assets:	
Cash, investments, and accrued interest	$ 13,101,421
Receivables	229,008
Total Assets	13,330,429
LIABILITIES	
Liabilities:	
Accounts payable	352,263
Funds held for others	12,978,166
Total Liabilities	13,330,429
Net Assets	$ -

See Notes to Financial Statements

NOTE 1 THE FINANCIAL 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, corrections and detention facilities, and a housing authority.

The City of Albuquerque (the primary government) for financial reporting purposes consist of funds, departments, and programs for which the City is financially accountable. Criteria indicating financial accountability include, but are not limited to, the following:

1. (a) appointment by the City of a majority of voting members of the governing body of an organization, and

   (b) ability of the City to impose its will on the daily operations of an organization such as the power to remove appointed members at will; to modify or approve budgets, rates or fees, or to make other substantive decisions; or

2. provision by the organization of specific financial benefits or burdens to the City; or

3. fiscal dependency by the organization on the City such as from the lack of authority to determine its budget or issue its own bonded debt without City approval.

Based on the foregoing criteria, the City has determined that Albuquerque Bernalillo County Water Utility Authority (Authority), created with an effective date of July 1, 2003, is a component unit of the City. The Authority's governing board is composed of three members of the City Council, three members of the County of Bernalillo Commission and the Mayor of the City. See Note 23.

The City has determined that it does have relationships with other organizations that are considered to be component units of the City. However, those organizations, not included herein, are of such nature and significance that exclusion would not render the City's financial statements incomplete or misleading.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Albuquerque have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the government's accounting policies are described below.

A. Basis of Presentation

The financial transactions of the City are recorded in individual funds, each of which is considered a separate accounting entity. All financial transactions are reported in basic financial statements, as follows:

1. Government-wide Financial Statements:

The *statement of net assets* and the *statement of activities* display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The net assets of the City are reported in three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Restricted net assets result from constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A. Basis of Presentation, continued

The *statement of activities* presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Amounts reported as 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Indirect expense allocations that have been made in the funds are shown in a separate column and are not included in the expenses column. The allocation of indirect expenses 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.

2. Fund Financial Statements:

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category; governmental, proprietary, and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and business-type (enterprise) funds, each displayed in a separate column. All remaining governmental and business-type (enterprise) funds are aggregated and reported as nonmajor funds.

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. The 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 on 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 nonexchange transactions or ancillary activities.

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 general operations of the City and for all financial resources except those that are required to be accounted for in another fund.

Corrections and Detention Fund. This fund accounts for the operations of the joint City/Bernalillo County Corrections and Detentions facilities.

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

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.

Joint Water and Sewer Fund. This fund is reported only for the purposes of reporting the divestiture of its assets and liabilities as of July 1, 2003 to the Authority.

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

Housing Authority Fund. This fund accounts for the operations of the City's low income housing program. Financing is provided by rentals of housing units and grants from the U.S. Department of Housing and Urban Development.

Transit Fund. This fund accounts for the operations of the City’s Suntran bus system.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A. Basis of Presentation, continued

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.

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 insurance coverage; 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.

B. Measurement Focus, Basis of Accounting

1. Government-Wide, Proprietary and Agency Fund Financial Statements

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts is 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.

All governmental and business-type activities of the City follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

2. Governmental Fund Financial Statements

Governmental funds 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 all revenues reported in the governmental funds to be available if the revenues are collectible within the current period or within one month following the year-end. Revenues not considered available are recorded as deferred revenues. Property taxes, gross receipts taxes, franchise taxes, licenses, and interest are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when the City receives cash.

Expenditures are recorded when the related fund liability is incurred, except for a) principal and interest payments on general long-term debt which are recorded when amounts have been accumulated in the debt service funds for the current debt service payments on July 1 in the following year and b) vacation and sick leave pay, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

C. Statement of Cash Flows

For purposes of the statement of cash flows, all pooled cash and investments (including restricted assets) of the City are considered to be cash equivalents although there are 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. 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.

E. Cash, Investments, and Accrued Interest

A significant portion of the cash and investments of funds of the City is pooled for investment purposes. The pooled cash investment program of the City is operated under the provisions of City ordinance and a specific City 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.

The investment in the State of New Mexico local government investment pool is valued at $1.00 per share. It is a pool that is not registered with the United States Securities Exchange Commission and the regulatory oversight for that pool rests with the State of New Mexico's Treasurer through the State Treasurer's Investment Committee. 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 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.

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).

F. Inventories of Supplies

Inventories of supplies are valued at average cost. Expenditures in governmental funds and expenses in proprietary funds are recorded as inventory items are consumed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

G. Land Held for Sale

Land held for sale, which consists primarily of approximately 4,477 acres located throughout the State of New Mexico obtained by trade with the federal government in July 1982, is 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 cost, which does not exceed market value.

For the government-wide financial statements, the City recognizes income on real estate transactions 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 such time as 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. Concurrently, the gross profit on the sale is deferred and is subsequently recognized as revenue as payments of principal 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 deferred revenue.

H. Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Works of art and historical treasures are not capitalized because those are: 1) held for public exhibition rather that 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. Software is capitalized when acquired while library books are not capitalized because the aggregated cost of books is considered immaterial. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets (roadways and related street and signal lights, storm sewers, bike trails, and bridges) acquired or constructed prior to July 1, 2001 have not been reported.

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.

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:

Buildings and improvements	15 - 50 years
Runways and other improvements	15 - 25 years
General infrastructure assets	30 years
Improvements other than buildings and runways	15 - 20 years
Machinery and equipment	3 - 13 years

I. Deferred Charges and Other Assets

Land acquired in a claim settlement is recorded at the lower of cost or appraised value. The appraised value reflects the impairment of the asset, which was caused by underground contamination that seeped from an adjacent inactive landfill maintained by the City.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. Claims and Judgments

Liabilities for workers' compensation, tort and other claims as of June 30, 2004, were accrued based on actuarial estimates of the City's self-insurance programs. At June 30, 2004, liabilities were based 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 5.0% at June 30, 2004, and 4.0% for 2003, 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.

K. Accrued Vacation and Sick Leave Pay

City employees may accumulate limited amounts of vacation pay that are payable to the employee 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 may also accumulate limited 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.

L. Deferred Revenue

The City defers revenue from nonexchange transactions. The amount deferred results from the difference between the receivable recognized on an accrual basis and the related revenue recognized on the modified accrual basis. The City also defers revenue on rehabilitation loans, construction loans, economic development loans and special assessments. Revenue is recognized as the receivables are collected. In addition, deferred revenue includes moneys collected for food service and license fees, not yet earned.

M. 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.

N. Long-term Obligations

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

O. Fund Balance Reserves and Designations

The City records reserves to indicate that a portion of fund balance is legally restricted for a specific future use or is not available for appropriation and/or expenditure. At June 30, 2004, fund balances were reserved for:

Encumbrances - **the estimated amount of unperformed contracts and outstanding purchase orders that will be re-appropriated in the subsequent fiscal year.**

Inventories of supplies - **the amount of inventories on hand not available for appropriation.**

Prepaid items - **the amount reserved for operating costs paid in advance not available for appropriation.**

Land held for resale - **the amount of fund balance representing the cost of land held for resale and not available for appropriation and/or expenditure.**

Advances to other funds - **the amount of advances to other funds not available for appropriation and/or expenditure.**

Transfer to capital acquisition fund - **the amount of unencumbered fund balance in the False Alarm and Education Fund that is available for transfer to the Capital Acquisition Fund in the ensuing fiscal year.**

Acquisition and management of open space land - **the fund balance of permanent funds legally restricted for this purpose.**

Urban enhancement - **the fund balance of permanent funds legally restricted for this purpose.**

Operations - **a portion of the fund balance of the General Fund restricted by the City Council from expenditure, except by specific appropriation, for the purpose of maintaining existing levels of government services to the public.**

P. Encumbrances

Encumbrances, outstanding at fiscal year end and that will be re-appropriated for the following fiscal year, are recorded as a reservation of fund balance and are not included in expenditures.

Q. Unbilled Revenues

Refuse services are billed on a cycle basis; therefore, amounts for services provided but unbilled as of June 30, 2004 are not included in receivables or revenue of the enterprise fund. Such unbilled amounts are not material to the financial position and results of operations of the Refuse Disposal Fund.

R. 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 operating transfers and are included in the determination of the results of operations in the governmental, proprietary, and fiduciary funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

S. Budgets

Annual budgets for the General Fund, certain Special Revenue Funds, and certain Debt Service Funds are departmental appropriations by program, the level at which expenditures may not legally exceed appropriations. The annual budget approved by the City Council also includes proprietary funds. The budgetary data is prepared consistent with the basis of accounting described in Note 2B. As required by the home rule City charter, the annual budget is formulated by the Mayor and submitted to the City Council by April 1 for the fiscal year commencing July 1. When there is a proposal for a change in rates or fees, City ordinances provide that the Mayor shall submit the operating budget for the Refuse Disposal, Golf, and Aviation enterprise funds to the City Council no later than March 1. Public hearings are conducted to obtain citizen comments on the proposed budget. By June 1, the budget is legally 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. During fiscal year 2004, several supplemental appropriations were necessary.

Following are the programs, in funds with annual appropriations, which had expenditures that exceeded its appropriations at the end of the fiscal year prior to any subsequent City Council action.

General Fund:		**Refuse Disposal Fund:**	
Central support services	$ 83,212	Collections	$ 848,361
Clean city section	16	**Stadium Fund**	
Community events	24,484	Payment for General Fund services	1,458
Public library	29,803	**Transit Fund:**	
TRD audit gov grt	1,089,444	Operations	216,532
Transfers out	659,443	**Communications Fund:**	
Corrections and Detention Fund:		Payment for General Fund services	3,647
Community custody	9,605	**Fleet Management Fund**	
Golf Course Fund:		Fleet management	98,752
Affordable and quality golf	29		

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 the Capital Projects Funds do not have annual budgets.

NOTE 3 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 Assets.

Total fund balances of the City's governmental funds, $356,111,195, differ from net assets of governmental activities, $845,695,863, reported in the Statement Of Net Assets. The differences primarily result from the long-term economic focus in the Statement Of Net Assets versus the current financial resources focus in the Governmental Fund Balance Sheets. The differences (*in thousands*) are illustrated below:

	Total Governmental Funds	Internal Service Funds	Long-term Assets & Liabilities	Reclassi-fications and Eliminations	Statement of Net Assets Totals
Assets:					
Cash, investments and accrued interest	$ 390,061	$ 40,361	$ -	$ (73,109)	$ 357,313
Taxes receivable	60,848	-	-	-	60,848
Accounts receivable	26,898	-	-	(23,061)	3,837
Due from other governments	19,137	91	-	-	19,228
Accrued interest	-	-	-	-	-
Deposit	-	-	-	-	-
Long-term accounts and notes receivable	-	-	26	23,061	23,087
Internal balances	25,108	-	-	(1,608)	23,500
Inventories	390	1,868	-	-	2,258
Prepaid expenses	122	372	-	-	494
Restricted assets:					
Cash, investments and accrued interest	-	-	-	73,109	73,109
Capital assets:					
Land and construction in progress	-	284	440,044	-	440,328
Capital assets being depreciated	-	2,857	740,582	-	743,439
Accumulated depreciation	-	(2,429)	(338,340)	-	(340,769)
Deferred charges and other assets	5,066	1,755	632	-	7,453
Total assets	$ 527,630	$ 45,159	$ 842,944	$ (1,608)	$ 1,414,125
Liabilities:					
Accounts payable	$ 23,356	$ 4,001	$ -	$ -	$ 27,357
Accrued liabilities	13,472	399	-	7,294	21,165
Deposits	1,026	-	-	-	1,026
Due to other funds/advances	1,608	-	-	(1,608)	-
Due to other governments	1,566	-	-	-	1,566
Deferred revenues	58,189	-	(36,788)	-	21,401
Current portion of long-term obligations:					
Bonds and notes payable	-	-	93,091	-	93,091
Accrued vacation and sick leave pay	-	398	16,419	-	16,817
Accrued claims payable	-	17,990	-	-	17,990
Matured principal and interest	72,302	-	(65,008)	(7,294)	-
Non current long-term obligations:					
Bonds and notes payable	-	-	330,095	-	330,095
Accrued vacation and sick leave pay	-	95	7,138	-	7,233
Accrued claims payable	-	29,589	-	-	29,589
Deferred credit	-	-	1,099	-	1,099
Total liabilities	171,519	52,472	346,046	(1,608)	568,429
Fund balances/net assets (deficit)	356,111	(7,313)	496,898	-	845,696
Total liabilities and fund balances/net assets	$ 527,630	$ 45,159	$ 842,944	$ (1,608)	$ 1,414,125

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

B. Explanation of certain differences between the Governmental Fund Statement Of Revenues, Expenditures, And Changes In Fund Balances and the Government-Wide Statement Of Net Activities.

The net change in fund balances for governmental funds, $83,582,917, differ from the change in net assets for governmental activities, $99,865,417, reported in the Statement Of Activities. The differences arise primarily from the long-term economic focus in the Statement Of Activities versus the current financial resources focus in the governmental funds. The differences (*in thousands*) are illustrated below:

	Total Governmental Funds	Internal Service Funds	Long-term Revenues/ Expenses	Reclassi-fications and Eliminations	Statement of Activities Totals
Revenues:					
Taxes:					
Property tax	$ 88,249	$ -	$ 5	$ -	$ 88,254
Gross receipts tax	132,105	-	152	-	132,257
Payments in lieu of taxes	5,111	-	-	-	5,111
Franchise tax	18,449	-	-	-	18,449
Lodgers tax	8,730	-	-	-	8,730
Licenses and permits	16,026	-	-	-	16,026
Intergovernmental	229,799	-	(13)	-	229,786
Charges for services	51,428	-	-	(8,325)	43,103
Fines and forfeits	901	-	-	-	901
Investment earnings	4,082	308	(135)	-	4,255
Special assessments	5,871	-	-	-	5,871
Other revenue	15,056	30	(692)	43	14,437
Total revenues	575,807	338	(683)	(8,282)	567,180
Expenditures/Expenses:					
Current:					
General government	67,988	140	1,408	(4,335)	65,201
Corrections	44,003	64	149	(1,333)	42,883
Fire	48,935	133	1,949	(127)	50,890
Police	98,549	172	4,747	(739)	102,729
Culture and recreation	54,925	59	11,310	472	66,766
Public works	8,207	7	958	173	9,345
Highways and streets	13,900	4	2,189	2,161	18,254
Health	11,125	29	259	(282)	11,131
Human services	48,112	48	775	(390)	48,545
Housing	3,392	-	2	-	3,394
Special assessments	-	-	-	6,603	6,603
Debt service:					
Principal retirement	67,896	-	(67,896)	-	-
Interest and other fiscal charges	15,850	-	(522)	-	15,328
Capital outlay	132,615	-	(122,087)	(10,528)	-
Miscellaneous	-	-	(43)	43	-
Total expenditures/expenses	616,513	656	(167,197)	(8,282)	441,690
Other financing sources (uses)/changes in net assets:					
Net transfers (to) from other funds	(25,430)	(195)	-	-	(25,625)
Proceeds from issuance of bonds and loans	149,719	-	(149,719)	-	-
Total other financing sources (uses)/ changes in net assets	124,289	(195)	(149,719)	-	(25,625)
Net change for the year	$ 83,583	$ (513)	$ 16,795	$ -	$ 99,865

NOTE 4 CASH AND CASH EQUIVALENTS

A. Cash, Investments, Accrued Interest and Cash with Fiscal Agents

The total cash, investments, accrued interest and cash with fiscal agents, net of cash overdrafts of the City at June 30, 2004, consist of the following:

	(In thousands of dollars)				
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	Component Unit
Cash, investments, accrued interest and cash with fiscal agents, net of unamortized discounts and premiums:					
Repurchase agreements	$ 136,978	$ 59,213	$ 4,081	$ 200,272	$ 24,727
Obligations of federal agencies or instrumentalities	254,409	109,350	7,537	371,296	45,664
State of New Mexico investment council	24,325	-	-	24,325	-
State of New Mexico local government investment pool	-	6,787	-	6,787	-
Held in trust by NMFA in State of New Mexico local government investment pool	-	-	-	-	4,361
Held in trust by Wells Fargo Bank in U.S. Treasury Fund	937	2,408	-	3,345	-
Held in trust by Bank of Albuquerque in U.S. Treasury Fund	5,006	-	-	5,006	450
Total investments	421,655	177,758	11,618	611,031	75,202
Certificates of deposit	100	-	-	100	-
Bank accounts at book balance	7,388	(7,105)	1,448	1,731	27,122
Total bank balances	7,488	(7,105)	1,448	1,831	27,122
Accrued interest receivable	1,067	425	35	1,527	178
Imprest cash funds	57	15	-	72	-
Total other	1,124	440	35	1,599	178
Total cash, investments, accrued interest and cash with fiscal agents	$ 430,267	$ 171,093	$ 13,101	$ 614,461	$ 102,502
Current cash, investments and accrued interest:					
Cash, investments and accrued interest	$ 279,979	$ 32,637	$ 11,654	324,270	$ 16,362
Cash with fiscal agents	77,283	15,816	-	93,099	37,850
Total current cash, investments and accrued interest	357,262	48,453	11,654	417,369	54,212
Noncurrent cash, investments and accrued interest:					
Cash, investments and accrued interest	73,005	122,640	1,447	197,092	43,478
Cash with fiscal agents	-	-	-	-	4,812
Total noncurrent cash, investments and accrued interest	73,005	122,640	1,447	197,092	48,290
Total cash, investments, accrued interest and cash with fiscal agents	$ 430,267	$ 171,093	$ 13,101	$ 614,461	$ 102,502

NOTE 4 CASH AND CASH EQUIVALENTS, continued

A. Cash, Investments, Accrued Interest and Cash with Fiscal Agents, continued

The City has chosen to early implement the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosure – an amendment of GASB Statement No. 3. The objective of this Statement is to update the custodial credit risk disclosure requirements of Statement 3 and to establish more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. The Statement changes the content and form of the risk disclosure in the footnotes. The Statement requires disclosure of four types of risk - 1) custodial credit risk for bank deposits and investments 2) credit risk 3) concentration of credit risk and 4) interest rate risk.

1A. 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, 2004, none of the City's bank balances of $42,028,625 was exposed to custodial credit risk.

1B. Custodial credit risk – Investments. Custodial credit risk 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.

2. 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. The guidelines are reviewed considering the probability of market and default risk in various investments sectors as part of its allocation evaluation.

The City's investment policy describes permitted investments in Section 7 and describes prohibited investments in Section 8. Among permitted investments, the investment policy requires that 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement 2) certificates of deposit with local banks be fully insured and 3) brokered certificates of deposit be 100% collateralized. Investments in direct obligations of the U.S. Treasury are permitted as are securities of most U.S. Government agencies with the exception of Government National Mortgage Association securities. Other prohibited investments are 1) Collateralized Mortgage Obligations 2) inverse floaters and 3) reverse repurchase agreements.

At June 30, 2004 all of the City's investments in its internal investment pool other than overnight repurchase agreements were invested with U.S. Government agencies whose debt was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's non-pooled investments in the State of New Mexico Investment Council Core Bond Fund and the State of New Mexico Local Government Investment Pool were not rated.

3. 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: Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution or at a single maturity.

NOTE 4 CASH AND CASH EQUIVALENTS, continued

A. Cash, Investments, Accrued Interest and Cash with Fiscal Agents, continued

3. Concentration of credit risk., continued

All of the City's internal investment pool other than repurchase agreements is in debt securities issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Home Loan Bank. These investments are 55.37%, 26.25% and 18.38% respectively of the non-repurchase agreement portfolio and 36.02%, 17.08% and 11.96% of the total portfolio.

4. 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 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 of up to 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 at June 30, 2004 was 465.95 days. The weighted average days to call of the same portfolio was 114.99 days.

B. 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 pledged collateral by bank (in thousands) at June 30, 2004, consists of the following:

	First State Bank	Bank of America	Wells Fargo Bank	Compass Bank	Bank 1st	NM Bank & Trust
Total amount on deposit	$ 8,434	$ 31,218	$ 2,004	$ 5	$ 100	$ 267
Less FDIC coverage	100	100	100	5	100	100
Total uninsured public funds	8,334	31,118	1,904	-	-	167
50% collateral requirement	4,167	15,559	952	-	-	84
Pledged securities, fair value	8,708	16,986	1,467	-	-	100
Pledged in excess (deficit) of requirement	$ 4,541	$ 1,427	$ 515	$ -	$ -	$ 16

NOTE 5 TAXES, ACCOUNTS AND NOTES RECEIVABLE

A. Taxes receivable

The taxes receivable at June 30, 2004 are from the following sources:

Gross receipts tax	$54,837,898
Property tax	4,742,058
Lodgers tax	766,644
Other taxes	501,259
Total	$60,847,859

The property taxes above include a receivable of $3,077,062 in the General Obligation Debt Service Fund, $1,179,573 in the General Fund, and $485,423 in the Metropolitan Redevelopment Fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located in the City as of the preceding January 1. The Bernalillo County Assessor and the State of New Mexico Department of Taxation and Revenue determine the taxable valuations for the various classes of property at one-third of assessed valuation. Property in the City for the fiscal year 2004 tax levy had a taxable value of $7,887,550,658. 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 2.225 mills. The 2004 weighted average residential and non-residential City rate for both operations and debt service was 11.153 mills. Taxes are payable in two equal installments on November 10 and April 10 and become delinquent after 30 days.

B. Accounts receivable and Allowance for uncollectible accounts

Included on Exhibit A-l, "Statement of Net Assets", are balances of receivables, which are reported, net of allowances for uncollectible accounts. The amounts of these receivables that have allowances as of June 30, 2004, are as follows:

	Total receivables	Allowance for uncollectible accounts	Net receivables
Government activities:			
Major funds:			
General Fund	$ 3,277,092	$ 427,515	$ 2,849,577
Capital Acquisition Fund	713,959	78,026	635,933
Nonmajor governmental funds	739,358	388,061	351,297
Total government activity funds	$ 4,730,409	$ 893,602	$ 3,836,807
Business-type activities:			
Major funds:			
Airport	$ 3,819,767	$ 833,029	$ 2,986,738
Refuse Disposal	2,906,446	177,655	2,728,791
Housing Authority	480,967	193,946	287,021
Transit	76,822	5,782	71,040
Nonmajor enterprise funds	1,050,846	668,512	382,334
Total business-type activity funds	$ 8,334,848	$ 1,878,924	$ 6,455,924

NOTE 5 TAXES, ACCOUNTS AND NOTES RECEIVABLE, continued

C. Long-term And Notes Receivable

Included in Exhibit A-1 are long-term receivables as follows:

	Total receivables	Allowance for uncollectible accounts	Net receivables
Government activities:			
Nonmajor funds:			
Total government activity funds	$ 25,246,597	$ 2,185,708	$ 23,060,889
Business-type activities:			
Nonmajor funds:			
Developer loans	3,626,651	-	3,626,651
Total business-type activity funds	$ 3,626,651	$ -	$ 3,626,651

* Includes delinquent accounts of $124,662.

NOTE 6 INTERFUND RECEIVABLE AND PAYABLE

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, 2004, consist of the following:

	Due from other funds	Due to other funds
Major governmental funds:		
General Fund	$ 1,300,077	$ -
Nonmajor governmental funds	-	1,300,077
Total	$ 1,300,077	$ 1,300,077

NOTE 7 INTERFUND ADVANCES

Interfund advances to be repaid from revenues or proceeds from the sale of assets are as follows as of June 30, 2004.

Receivable Fund	Payable Fund	Amount
General Fund	Capital Acquisition Fund	$ 112,000
	Open Space Expenditures Fund	195,636
Nonmajor governmental fund *	Nonmajor enterprise fund *	23,500,000
Total advances		$ 23,807,636

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

NOTE 8 CAPITAL ASSETS

Capital asset activity of the City for the year ended June 30, 2004, was as follows:

A. Governmental Activities

	Balance July 1	Additions	Deductions	Balance June 30
Assets not being depreciated:				
Land	$ 209,545,136	$ 6,396,392	$ -	$ 215,941,528
Construction work in progress	$ 206,052,859	$ 78,020,166	$ 60,540,820	$ 223,532,205
Other	-	854,300	-	854,300
	415,597,995	85,270,858	60,540,820	440,328,033
Assets being depreciated:				
Buildings	119,834,379	50,031,319	-	169,865,698
Infrastructure	55,342,445	26,810,984	194,375	81,959,054
Improvements other than buildings	319,967,197	8,536,247	-	328,503,444
Equipment	150,133,571	15,915,100	2,938,222	163,110,449
	645,277,592	101,293,650	3,132,597	743,438,645
Less accumulated depreciation:				
Buildings	33,085,590	3,619,228	-	36,704,818
Infrastructure	2,109,024	2,288,359	6,479	4,390,904
Improvements other than buildings	161,583,973	10,632,597	-	172,216,570
Equipment	117,566,654	12,491,668	2,601,273	127,457,049
	314,345,241	29,031,852	2,607,752	340,769,341
Capital assets being depreciated, net	330,932,351	72,261,798	524,845	402,669,304
Total capital assets, net	$ 746,530,346	$ 157,532,656	$ 61,065,665	$ 842,997,337

Infrastructure assets of $22.1 million were added for roadways, storm sewers and bike trails. In addition, land was acquired for open space costing $4.5 million, the Explora Science Center and Tingley Aqua Park were completed at $7.3 and $29.0 million respectively, and replacement vehicles were acquired for the police for $0.5 million.

The construction work in progress consists of expenditures made in connection with the Capital Acquisition, Infrastructure Tax, and Quality of Life Funds. The construction work in progress increased by $17.5 million primarily due to continuing facility development at Balloon Fiesta Park Museum, and development of various parks, and other facilities.

NOTE 8 CAPITAL ASSETS, continued

B. Business-type activities

	Balance July 1*	Increases	Decreases	Balance June 30
Assets not being depreciated:				
Land	$ 51,220,019	$ 4,167	$ 390,105	$ 50,834,081
Land and improvements acquired from the U.S. Air Force	7,630,077	8,362	-	7,638,439
Other	640,546	107,454	-	748,000
Construction work in progress	16,930,761	33,127,095	8,277,542	41,780,314
Total assets, not being depreciated	76,421,403	33,247,078	8,667,647	101,000,834
Assets being depreciated:				
Buildings and improvements	332,929,163	5,243,129	1,340,861	336,831,431
Runways and improvements	242,374,624	-	-	242,374,624
Improvements other than buildings and runways	98,866,622	2,262,520	19	101,129,123
Equipment	121,080,877	8,856,860	869,515	129,068,222
Total assets, being depreciated	795,251,286	16,362,509	2,210,395	809,403,400
Less accumulated depreciation:				
Buildings and improvements	134,486,451	10,560,873	12,379	145,034,945
Runways and improvements	136,618,373	12,100,443	-	148,718,816
Improvements other than buildings and runways	55,302,738	10,276,156	-	65,578,894
Equipment	84,955,158	10,158,212	869,515	94,243,855
Total accumulated depreciation	411,362,720	43,095,684	881,894	453,576,510
Capital assets being depreciated, net	383,888,566	(26,733,175)	1,328,501	355,826,890
Total capital assets, net	$ 460,309,969	$ 6,513,903	$ 9,996,148	$ 456,827,724

* The capital assets of the Joint Water and Sewer Fund were removed from this schedule in connection with the divestiture of that fund to the Authority. At June 30, 2003, this fund had reported capital assets as follows:

Capital assets at cost	$ 1,305,137,499
Accumulated depreciation	(663,322,224)
Construction work in process	42,050,839
Capital assets, net	$ 683,866,114

Additional information regarding the divestiture and component unit information of the Authority can be found in Note 23.

In addition, as explained in the restatement Note 22, $292,514 of capital assets was added in the Apartments Fund.

The additions to equipment were for Refuse Disposal Fund purchases of heavy equipment ($6.2 million) and new Transit Fund buses ($1.7 million). The increase in additions for improvements other than buildings and runways were for Airport renovations on the main building, runways and the Double Eagle II Airport (2.0 million).

The construction work in progress increased by $24.8 million. The construction work in progress consists of expenditures made in connection with the Airport Fund, Refuse Disposal Fund, Transit Fund, Parking Facilities Fund, and Housing Authority Fund. The major amounts are for improvements to runways, remediation equipment in the Refuse Disposal Fund, and Transit Fund's new West Side Facility.

NOTE 8 CAPITAL ASSETS, continued

C. Depreciation expense

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

Governmental activities:		
General government	$	2,292,895
Public safety:		
Corrections		254,413
Fire protection		1,613,386
Police protection		7,650,972
Culture and recreation		12,058,136
Public works		985,927
Highways and streets		2,488,374
Health		613,218
Human services		944,785
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		129,746
Total depreciation expense - governmental activities	$	29,031,852
Business-type activities:		
Major funds:		
Airport	$	27,631,286
Refuse Disposal		5,112,639
Housing Authority		1,582,443
Transit		5,440,057
Nonmajor funds		3,329,259
Total depreciation expense - business-type activities	$	43,095,684

D. Capitalized interest

Changes to the capital assets for the business-type activities for 2004 include the following amounts of capitalized interest:

	Total Interest	Interest Related to Tax-Exempt Borrowing	Net
Interest expense	$ 13,898,261	$ 2,739,332	$ 11,158,929
Interest income	1,423,310	1,298,365	124,945
Capitalized interest		$ 1,440,967	

NOTE 9 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. The amount of restricted assets reported in the statement of net assets at June 30, 2004 is as follows:

A. Governmental Activities

Capital Acquisitions Fund	$ 73,108,749

B. Business-type activities

Airport Fund	$ 95,930,926
Refuse Disposal Fund	11,244,888
Housing Authority Fund	270,316
Transit Fund	6,643,271
Nonmajor Enterprise Funds	12,837,381
Totals	$ 126,926,782

NOTE 10 LONG-TERM OBLIGATIONS

A. Governmental activities

Bonded obligations of the City consist of various issues of general obligation, revenue, and special assessment bonds. Also included in long-term obligations is a water rights contract, notes payable, claims and judgments, and accrued vacation and sick leave pay. The City has complied with all revenue bond ordinance requirements for maintaining specific reserves for future debt service. All variable rate bonds are callable at 100% after 45 to 60 days notification to bondholders.

The changes in the long-term obligations of the governmental activities for the year ended June 30, 2004, are as follows:

	Outstanding				
	July 1	Increases	Decreases	June 30	Payable in one year
General Obligation Bonds	$ 160,055,000	$ 135,795,000	$ 33,245,000	$ 262,605,000	$ 88,220,000
Sales Tax Revenue Bonds	155,905,000	-	3,170,000	152,735,000	4,345,000
Sales Tax Revenue Notes	573,688	-	135,888	437,800	140,684
Special Assessment Bonds and Notes With Governmental Commitment	13,421,510	8,575,143	5,316,161	16,680,492	385,881
Accrued vacation and sick leave pay	25,448,924	18,712,256	20,111,658	24,049,522	16,816,673
Accrued claims payable	40,601,564	23,545,885	16,569,201	47,578,248	17,989,500
Less deferred amounts:					
Unamortized Bond Discounts	(15,768,616)	-	(1,315,079)	(14,453,537)	-
Unamortized Bond Premiums	1,669,358	5,349,063	1,837,023	5,181,398	-
	381,906,428	191,977,347	79,069,852	494,813,923	127,897,738
Current portion of long-term obligations	(66,366,293)	-	61,531,445	(127,897,738)	-
Total	$ 315,540,135	$ 191,977,347	$ 140,601,297	$ 366,916,185	$ 127,897,738

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 sick leave and vacation pay obligations are being liquidated primarily by the following funds: General, Air Quality, City/County Facilities, Gas Tax Road, Plaza Del Sol Building, and Acquisition and Management of Open Space Expenditures. Limited amounts are being liquidated by other funds. The City's Risk Management Fund (an internal service fund) liquidates all claims payable.

NOTE 10 LONG-TERM OBLIGATIONS, continued

A. Governmental activities, continued

General obligation bonds outstanding at June 30, 2004, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
February 1, 1996 General Purpose	$ 1,500,000	5.00%	July 1, 2004	Not callable
February 1, 1996 Storm Sewer	3,500,000	5.00/5.50%	July 1, 2005	Not callable
January 1, 1997 General Purpose	5,900,000	5.00%	July 1, 2005	Not callable
January 1, 1997 Storm Sewer	6,700,000	5.00%	July 1, 2006	Not callable
February 1, 1998 General Purpose	8,400,000	5.00%	July 1, 2005	Not callable
February 1, 1998 Storm Sewer	6,350,000	5.00%	July 1, 2007	100% beginning July 1, 2005
February 1, 1999 General Purpose	6,000,000	3.85/3.95%	July 1, 2006	Not callable
February 1, 1999 Storm Sewer	4,760,000	4.00/4.05%	July 1, 2008	100% beginning July 1, 2006
August 1, 1999 General Purpose	12,000,000	4.50/4.75	July 1, 2009	100% beginning July 1, 2007
July 1, 2000 General Purpose	1,650,000	5.00%	July 1, 2005	Not callable
July 1, 2000 Storm Sewer	6,750,000	5.00%	July 1, 2010	100% beginning July 1, 2008
September 1, 2001 General Purpose	29,990,000	4.00/5.00%	July 1, 2010	100% beginning July 1, 2009
September 1, 2001 Storm Sewer	4,510,000	4.375%	July 1, 2011	100% beginning July 1, 2009
December 1, 2001 Taxable Baseball Stadium	7,000,000	4.00/5.60%	July 1, 2010	Not callable
February 1, 2002 General Purpose	16,200,000	2.50/5.00%	July 1, 2009	Not callable
February 1, 2002 Storm Sewer	5,600,000	4.50%	July 1, 2011	100% beginning July 1, 2010
July 1, 2004 Equipment	8,750,000	2.50%	July 1, 2004	
July 1, 2004 General Purpose	81,805,000	2.50/5.00%	July 1, 2012	100% beginning July 1, 2011
July 1, 2004 Storm Sewer	9,440,000	3.00/4.50%	July 1, 2013	100% beginning July 1, 2011
June 24, 2004 General Purpose Short Term Taxable	30,000,000	2.00%	Sept. 1, 2004	Not callable
June 24, 2004 General Purpose Taxable	5,800,000	2.50%	July 1, 2005	Not callable
	$ 262,605,000			

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, 2004, based on the most recent assessed taxable valuation of $7,887,550,658, the City may issue an additional $100,507,000 of general-purpose general obligation bonds. Included in the general obligation bonds outstanding at June 30, 2004, are Storm Sewer bonds in the amount of $38,170,000 that are not subject to the legal debt limit.

On July 11, 2003, the City issued $99,995,000 of General Obligation Bonds, Series A, B, and C with an average coupon rate of 3.749%. The proceeds of these bonds were deposited into the Capital Acquisition Fund and will be used for various construction projects for police, fire, citizen centers, the zoo, libraries, the museum, streets, storm sewer lines, and public transportation. The bonds require annual principal and semi-annual interest payments through July 1, 2013.

On June 24, 2004, the City issued $35,800,000 of General Obligation General Purpose Taxable Bonds, Series 2004 A and B. The proceeds of these bonds were deposited into the Capital Acquisition Fund and will be used for various construction projects for police, fire, citizen centers, public facilities, parks, the zoo, libraries, the museum, the storm sewer system, and public transportation. The Series A Bonds ($30,000,000) matured on September 1, 2004 and had a coupon rate of 2.00%. The Series B Bonds ($5,800,000) mature on July 1, 2005 and have a 2.5% interest rate.

NOTE 10 LONG-TERM OBLIGATIONS, continued

A. Governmental activities, continued

Sales Tax Revenue Bonds of the City are secured by a pledge of gross receipts tax (sales tax) revenues. In addition, the 1996 Refunding issue is secured by limited amounts of parking and airport revenues.

Sales tax revenue bonds and notes outstanding at June 30, 2004, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
November 18, 1991 B Refunding and Improvement	$ 34,410,000	6.60/7.10%	July 1, 2019	103% beginning July 1, 2011
May 1, 1992 Refunding	4,845,000	6.00/6.30%	July 1, 2007	102% beginning July 1, 2002
March 7, 1995	1,300,000	adjustable weekly	July 1, 2023	100% beginning March 7, 1995
October 15,1996 Refunding	10,270,000	5.00%	July 1,2011	100% beginning July 1, 2007
January 15, 1999 A Refunding	5,145,000	3.75/5.00%	July 1,2015	100% beginning July 1, 2009
January 15, 1999 B Refunding	45,335,000	4.60/5.00%	July 1,2025	100% beginning July 1, 2009
March 15, 1999 C Refunding	27,130,000	4.75/5.25%	July 1,2022	100% beginning July 1, 2009
January 20, 2000 A	24,300,000	adjustable weekly	July 1, 2014	100% beginning January 20, 2000
April 27, 2001, Note	437,800	3.02/3.62%	July 1, 2006	None
	$ 153,172,800			

Special Assessment Debt and Notes Payable with Governmental Commitment is secured by pledges of revenues from special assessments levied. The outstanding bonds and notes of certain water and sewer improvement districts are also secured by surplus revenues of the Albuquerque Bernalillo County Water Utility Authority (a component unit), subordinate to bonds and obligations payable solely or primarily from such revenues. Outstanding bonds and notes of paving and sidewalk improvement districts are additionally secured by pledges of one-half of motor fuel tax revenues of the City, to be used only in the event that revenues from assessments and interest levied are not sufficient to meet debt service requirements. All Special Assessment debt is callable at 100% on any semi-annual interest payment date.

On February 24, 2004, the City executed a loan agreement with New Mexico Finance Authority for Special Assessments District no. 227. The taxable loan payable for $404,255 has an average coupon rate of 3.962% and matures on July 1, 2014. The proceeds are being used to finance the construction of electric and natural gas lines. The balance due at June 30, 2004 was $404,255.

On February 24, 2004, the City executed a loan agreement with New Mexico Finance Authority for Special Assessments District no. 227. The tax-exempt loan payable for $8,170,888 has an average coupon rate of 2.704% and matures on July 1, 2014. The proceeds are being used to finance the construction of pavements and storm and sanitary sewer lines. The balance due at June 30, 2004 was $8,170,888.

Special Assessment debt and notes in the amount of $16,680,492 are outstanding at June 30, 2004. Interest rates range from .79% to 7.10%, and maturities extend through January 1, 2015.

NOTE 10 LONG-TERM OBLIGATIONS, continued

B. Business-type activities

The changes in the Business-type activities obligations for the year ended June 30, 2004, are as follows:

	Outstanding				
	July 1	Increases	Decreases	June 30	Payable in one year
Revenue bonds	$ 262,060,000	$ 50,610,000	$ 32,040,000	$ 280,630,000	$ 11,015,000
Loans and notes payable	15,000,000	-	-	15,000,000	379,920
Accrued vacation and sick leave pay	4,630,430	4,456,943	4,378,783	4,708,590	2,828,455
Less deferred amounts:					
Deferred refunding costs	(6,455,976)	(364,754)	(948,427)	(5,872,303)	-
Unamortized bond premiums	1,279,896	643,143	220,886	1,702,153	-
Unamortized bond discounts	(289,481)	-	(23,391)	(266,090)	-
	276,224,869	55,345,332	35,667,851	295,902,350	14,223,375
Current portion	(13,158,466)	-	1,064,909	(14,223,375)	-
Business-type activity long-term obligations	$ 263,066,403	$ 55,345,332	$ 36,732,760	$ 281,678,975	$ 14,223,375

The sick leave and vacation pay obligations are being liquidated primarily by the following funds: Airport, Refuse Disposal, Housing Authority, Golf Course, Transit, and Parking Facilities.

Airport Revenue Bonds are secured by pledges of net revenues of the airport.

Airport Revenue bonds outstanding at June 30, 2004, are as follows:

Issue	Amount	Rate	Maturity	Call Provisions
May 3, 1995 Refunding	50,300,000	a *	July 1, 2014	100% on any interest payment date
April 3, 1997 Refunding	28,235,000	6.25/6.75%	July 1, 2018	102% beginning July 1, 2007
September 1, 1998 Refunding	39,145,000	3.80/5.00%	July 1, 2019	100% beginning July 1, 2008
May 4, 2000 A	5,500,000	a	July 1, 2020	100% on any interest payment date
May 4, 2000 B	18,700,000	a	July 1, 2020	100% on any interest payment date
August 1, 2001	41,170,000	3.20/4.75%	July 1, 2016	100% beginning July 1, 2012
March 23, 2004 A	20,610,000	1.63/5.11%	July 1, 2018	100% beginning July 1, 2005
March 23, 2004 B	30,000,000	2.0/4.5%	July 1, 2024	100% beginning July 1, 2007
Total outstanding	233,660,000			
Unamortized premiums	1,226,814			
Deferred refunding costs	(5,571,406)			
Net outstanding	$ 229,315,408			

* Concurrently, with the issuance of these bonds, the City entered into an interest rate exchange agreement in order to effectively fix the City's interest obligation on the Series 1995 bonds. In that agreement, the City is obligated to pay interest at the fixed interest rate of 6.685% per annum.

On March 23, 2004, the City issued the 2004A Refunding Bond for $20,610,000 to partially pay off the 2000B Bond Series with a weighted average of interest at 4.23% and a final payment date of July 01, 2018. The City also, issued the 2004B Improvement Bond for $30,000,000 with a weighted average of interest at 4.16% and a final payment date of July 01, 2024.

NOTE 10 LONG-TERM OBLIGATIONS, continued

B. Business-type activities, continued

The Apartments Revenue Bonds are secured by pledges of net revenues of the apartments.

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

The Series 2000 bonds mature in staggered amounts beginning July 1, 2001 with final payment due July 1, 2030 and bear a variable interest rate based upon similar tax free obligations (BMA index). At the option of the City, interest is paid on market rates for either daily, weekly, short term or Long-term interest rate periods. Based on interest rate periods, interest is paid no less than monthly or in the case of Long-term periods paid semi annually each July and January. At June 30, 2004 and 2003 interest was being paid monthly. The average interest rate on the Series 2000 bonds for the years ended June 30, 2004 and 2003 was .99% and 1.26% respectively. The weekly interest rate at June 30, 2004 and 2003 was 1.06% and .97% respectively.

The City has executed a standby bond purchase agreement, which expires July 20, 2005, with Bank of America to provide a liquid facility for the potential repurchase of bonds at the option of the bond owner (at par) as allowed under the terms of the mortgage and indenture of trust. The City has contracted with a remarketing agent to resell bonds purchased pursuant to the standby bond purchase agreement.

The Series 2000 bonds are subject to optional and mandatory redemptions generally at par, unless Long-term rates are in effect, as required by the mortgage and indenture of trust commencing July 1, 2001. The Apartments debt in the amount of $14,080,000 is outstanding at June 30, 2004 and maturities extend through July 1, 2030.

Golf Course Revenue Bonds are secured by a pledge of net golf course revenues and a pledge of revenues received by the City from gross receipts tax revenues.

Golf Course Revenue bonds outstanding at June 30, 2004 are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
February 1, 2001	$ 2,095,000	5.70/6.70%	July 1, 2011	100% beginning July 1, 2007
Unamortized discounts	(3,923)			
Net outstanding	$ 2,091,077			

NOTE 10 LONG-TERM OBLIGATIONS, continued

B. Business-type activities, continued

Refuse Disposal Revenue Bonds are secured by a pledge of net revenues from refuse disposal operations.

Refuse Disposal Revenue Bonds outstanding at June 30, 2004, are as follows:

Issue	Amount	Interest Rate	Final Maturity	Call Provisions
September 1, 1992	$ 1,085,000	5.20/5.60%	July 1, 2005	102% beginning July 1, 2002
July 1, 1995	8,950,000	3.85/5.30%	July 1, 2009	Not callable
February 1, 1998	7,480,000	3.75/5.00%	July 1, 2013	100% beginning July 1, 2007
May 1, 2001A	2,505,000	4.00/4.10%	July 1, 2008	Not callable
May 1, 2001B	10,775,000	3.63/5.25%	July 1, 2012	Not callable
Total outstanding	30,795,000			
Unamortized premiums	213,172			
Deferred refunding costs	(300,897)			
Net outstanding	$ 30,707,275			

Stadium Loans are secured by pledges of net revenues of the Albuquerque baseball stadium.

On October 4, 2002, the City entered into a Taxable Stadium Lease loan agreement with the New Mexico Finance Authority in the amount of $6,000,000 with an average interest rate of 5.2%. Final payment is due on July 1, 2026. The balance due on June 30, 2004 was $6,000,000.

On December 27, 2002, the City entered into a Taxable Surcharge loan agreement with the New Mexico Finance Authority in the amount of $9,000,000 with an average interest rate of 4.2%. Final payment is due on July 1, 2026. The balance due on June 30, 2004 was $9,000,000.

Both loans were used to finance reconstruction of the existing baseball stadium.

Housing Authority Debt. The U.S. Housing and Urban Development Department (HUD) guaranteed third party debt consisting of new Housing Authority (HA) revenue bonds and permanent notes, payable to the Federal Financing Bank, 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 HA. HUD regulations state that the bonds and notes do not constitute a debt of the HA and, accordingly, these have not been reported in the accompanying financial statements. At June 30, 2004, the outstanding balance of the revenue bonds was $980,000 with annual payments required through 2013 and the outstanding balance of the permanent notes was $7,910,046 with annual payments required through 2017.

NOTE 10 LONG-TERM OBLIGATIONS, continued

C. Summary of Annual Debt Service Requirements

The annual debt service requirements on the obligations outstanding at June 30, 2004 are as follows:

Year ending	Governmental activities		Business-type activities	
June 30	Principal	Interest	Principal	Interest
2004	$ 93,091,565	$ 14,053,903	$ 11,394,920	$ 13,333,511
2005	43,402,579	12,064,055	13,335,061	14,762,791
2006	35,151,348	10,592,276	15,852,182	13,918,642
2007	31,546,910	9,188,509	19,051,314	12,929,604
2008	27,824,476	8,041,419	18,642,890	11,905,920
2009-2013	107,648,011	26,335,722	113,407,015	41,833,103
2014-2018	39,688,404	16,065,568	73,676,184	14,206,762
2019-2023	38,675,000	7,676,995	19,404,338	3,265,447
2024-2028	15,430,000	788,250	8,886,096	545,185
2029-2031	-	-	1,980,000	31,435
Total	$ 432,458,293	$ 104,806,697	$ 295,630,000	$ 126,732,400

D. Arbitrage

Section 148 of the Internal Revenue Code provides generally 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, 2004, the City has set aside an amount of $1,099,628 in arbitrage interest due the IRS in connection with future filings and payments to the IRS. This amount is reported as a deferred credit in the statement of net assets.

NOTE 11 DEMAND BONDS

Included in long-term debt (Notes 10A and 10B) is $114,180,000 of various demand bonds, the proceeds of which were used to (a) provide funds for certain capital improvements, (b) establish bond reserve funds in accordance with the trust agreements, (c) establish a construction period interest account, and (d) pay costs incurred to issue the bonds. The bonds are included in the summary of annual debt service requirements in Note 10C assuming retirement in accordance with the related mandatory sinking fund redemption requirements.

The holders of the bonds may demand payment at a price equal to principal plus accrued interest upon delivery to the City's remarketing agent. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. If a remarketing agent is unable to resell any tendered bonds, the City has a non-cancelable "take out" agreement that would be exercised. The City is required to pay an annual fee for the "take out" agreements. The remarketing agent receives a fee for their services.

At June 30, 2004, no amounts were drawn on the "take out" agreements, which are as follows:

Sales Tax Revenue Bonds March 7, 1995	
Remarketing Agent	Citigroup
Terms of "Take-Out" Agreement:	
Purchaser	Bank of America
Method of Purchase	Direct Pay Letter of Credit
Expiration Date	November 27, 2004
Annual Fee	.45% on the stated amount of the letter of credit
Stated Amount at Time of Issuance	$2,018,220 (Principal outstanding plus 295 days of interest at 15%)
Bonds Outstanding at 6/30/2004	$1,300,000
Annual Debt Service Requirements	$195,000. Final payment of $1,300,000 due July 1, 2023

NOTE 11 DEMAND BONDS, continued

Airport Subordinate Lien Adjustable Tender Refunding Revenue Bonds May 3, 1995

Remarketing Agent	Citigroup
Terms of "Take-Out" Agreement:	
Purchaser	Bayerische Hypo-und Vereinsbank, AG
Method of Purchase	Direct Pay Letter of Credit
Expiration Date	November 30, 2004
Annual Fee	.25% on the stated amount of the letter of credit
Stated Amount at Time of Issuance	$67,963,699 (Principal outstanding plus 35 days of interest at 15%)
Bonds Outstanding at 6/30/2004	$50,300,000
Annual Debt Service Requirements	Range of payment is from $6,166,000 to $6,924,000

Airport Subordinate Lien Adjustable Rate Revenue Bonds, Series 2000 A & B May 4, 2000

Remarketing Agent	Dain Rauscher, Inc.
Insured by	Ambac Assurance Inc.
Terms of "Take-Out" Agreement:	
Purchaser	Morgan Guaranty Trust Company of New York
Method of Purchase	Liquidity Facility
Expiration Date	May 3, 2005
Annual Fee	.175% on the stated amount of the liquidity facility
Stated Amount at Time of Issuance	$47,858,193 (Principal outstanding plus 35 days of interest at 12% for 2000A and 15% for Series 2000B)
Bonds Outstanding at 6/30/2004	$24,200,000
Annual Debt Service Requirements	Range of payment is from $421,000 to $3,471,000

Variable Rate Taxable Gross Receipts Tax Improvement Bonds, Series 2000A, January 20, 2000

Remarketing Agent	Dain Rauscher, Inc.
Insured by	MBIA Insurance Corporation
Terms of "Take-Out" Agreement:	
Purchaser	Bank of America, N.A.
Method of Purchase	Liquidity Facility
Expiration Date	Jan 20, 2005
Annual Fee	.11% on the stated amount of the liquidity facility
Stated Amount at Time of Issuance	$27,733,333 (Principal outstanding plus 200 days of interest at 15%)
Bonds Outstanding at 6/30/2004	$24,300,000
Annual Debt Service Requirements*	Range of payment is from $1,326,000 to $3,290,000

Affordable Housing Projects Refunding Revenue Bonds, Series 2000, July 1, 2000

Remarketing Agent	Newman & Associates, Inc.
Insured by	MBIA Insurance Corporation
Terms of "Take-Out" Agreement:	
Purchaser	Bank of America, N.A.
Method of Purchase	Liquidity Facility
Expiration Date	July 20, 2005
Annual Fee	.125% on the stated amount of the liquidity facility
Stated Amount at Time of Issuance	$16,085,333 (Principal outstanding plus 200 days of interest at 12%)
Bonds Outstanding at 6/30/2004	$14,080,000
Annual Debt Service Requirements*	Range of payment is from $349,500 to $1,021,000

* Based on interest rate in effect on June 30, 2004.

NOTE 12 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, 2004, is as follows:

Sales Tax Revenue Bonds	$21,891,000

NOTE 13 CONDUIT BONDS

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

Industrial Revenue Bonds

As of June 30, 2004, there were sixty-nine series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the thirty-four series issued after July 1, 1995, is $626.4 million. The aggregate principal amount payable for the thirty-five series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled $593.3 million.

Metropolitan Redevelopment Bonds

As of June 30, 2004, there were nine series of Metropolitan Redevelopment Bonds outstanding. The aggregate principal amount payable for the three series issued after July 1, 1995 is $4.59 million. The aggregate principal amount for the six series issued prior to July 1, 1995, could not be determined; however, the original amount issued totaled $24.9 million.

NOTE 14 DEFICIT FUND EQUITIES

Capital Projects Funds

While the total unreserved fund balance is not in a deficit position, deficit unreserved fund balances for certain purposes result because capital expenditures and encumbrances are made in anticipation of additional revenues and transfers. The resulting deficit fund balance of various purposes at June 30, 2004 is as follows:

Capital Acquisition Fund		
Bosque	$	199,063
Quality of Life Fund		
Quarter Cent Storm Drain	$	83,444
Rio Grande Bosque RR		260
	$	83,704

Internal Service Funds

The deficit fund net assets of the Risk Management Fund decreased to $12,585,384 at June 30, 2004 from the $12,651,150 deficit fund net assets at June 30, 2003. The City has implemented a five-year recovery plan that began in fiscal year ended June 30, 2003 that will reduce the deficit net assets by increasing charges to other funds.

NOTE 15 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2004, were as follows:

From	To	
General Fund	Corrections and Detention Fund	$ 20,155,000
General Fund	Capital Acquisition Fund	3,770,000
General Fund	Transit Fund	15,924,660
General Fund	Nonmajor Proprietary Funds	1,625,000
General Fund	Nonmajor Governmental Funds	9,208,520
General Fund	Internal Service Funds	74,000
Corrections Fund	Nonmajor Governmental Funds	32,564
Capital Acquisition Fund	Transit Fund	4,062,609
Refuse Disposal Fund	General Fund	1,058,863
Transit Fund	General Fund	161,068
Nonmajor Governmental Funds	Capital Acquisition Fund	4,500,000
Nonmajor Governmental Funds	Transit Fund	5,526,810
Nonmajor Governmental Funds	General Fund	452,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	8,811,512
Nonmajor Proprietary Funds	General Fund	229,214
Nonmajor Proprietary Funds	Nonmajor Governmental Funds	64,827
Internal Service Funds	General Fund	269,000
Total transfers		$ 75,925,647

	Transfers In	Transfers Out
Exhibit A-4, "Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds	$ 48,712,568	$ 74,142,675
Exhibit A-8. "Statement of Revenues, Expenses, and Changes in Net Assets - All Proprietary Funds		
Enterprise funds	27,139,079	1,513,972
Internal Service funds	74,000	269,000
Total transfers	$ 75,925,647	$ 75,925,647

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 Parking Facilities funds, 2) funding the City's share of the cost of operations of the Corrections and Detention Fund with Bernalillo County, 3) providing the City's local match for operating grants from federal and state agencies, 4) funding the purchase of police and fire vehicles, and various construction projects, and 5) transferring resources to debt service funds for the retirement of General Obligations and Sales Tax Refunding bonds.

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

Other transfers relating to funds within the nonmajor governmental funds type are: 1) for debt retirement and various other purposes, and 2) from permanent funds to the related expenditures governmental special revenue funds. The transfers from the nonmajor governmental fund to the nonmajor proprietary funds are for the transfer of a portion of the Infrastructure Tax Revenues to the Transit fund to be used for improvements to the local bus service.

NOTE 16 SEGMENT INFORMATION

Significant financial data for identifiable activities of major enterprise funds are reported in the statements for proprietary funds in the basic financial statements section. Significant financial data for identifiable activities of nonmajor enterprise funds as of and for the year ended June 30, 2004, (in thousands of dollars) is as follows:

	Golf Course Fund	Apart-ments Fund	Parking Facilities Fund	Stadium Fund	Total
CONDENSED STATEMENT OF NET ASSETS					
Assets:					
Current assets	$ 452	$ 505	$ 79	$ 1,597	$ 2,633
Restricted assets	1,921	2,498	8,408	10	12,837
Capital assets	5,568	15,211	27,500	21,913	70,192
Other assets	51	358	255	215	879
Total assets	7,992	18,572	36,242	23,735	86,541
Liabilities:					
Current liabilities	550	270	302	778	1,900
Liabilities payable from restricted assets	-	101	-	-	101
Bonds and other long-term liabilities	1,932	13,880	24	14,625	30,461
Advance from other funds	-	-	23,500	-	23,500
Total liabilities	2,482	14,251	23,826	15,403	55,962
Net assets:					
Invested in capital assets, net of related debt	4,511	1,689	9,576	7,407	23,183
Net assets restricted for:					
Debt service	30	1,553	1,868	10	3,461
Construction	1,111	-	1,137	-	2,248
Unrestricted net assets (deficit)	(142)	1,079	(165)	915	1,687
Total net assets	$ 5,510	$ 4,321	$ 12,416	$ 8,332	$ 30,579
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS					
Operating revenues	$ 3,718	$ 3,124	$ 3,743	$ 1,825	$ 12,410
Depreciation	(332)	(690)	(1,267)	(1,040)	(3,329)
Other operating expenses	(3,595)	(2,154)	(3,278)	(463)	(9,490)
Operating income (loss)	(209)	280	(802)	322	(409)
Nonoperating revenues (expenses):					
Investment earnings	19	12	19	10	60
Interest and other debt related expenses	(166)	(238)	(262)	(835)	(1,501)
Other	64	-	(1)	18	81
Capital contributions	-	-	(1)	336	335
Transfers in	-	-	1,625	-	1,625
Transfers out	(54)	(65)	(175)	-	(294)
Change in net assets	(346)	(11)	403	(149)	(103)
Beginning net assets	5,856	4,332	12,013	8,481	30,682
Ending net assets	$ 5,510	$ 4,321	$ 12,416	$ 8,332	$ 30,579
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	$ 254	$ 774	$ 481	$ 1,362	$ 2,871
Noncapital financing activities	(54)	(65)	293	-	174
Capital and related financing activities	(528)	(511)	(1,230)	(767)	(3,036)
Investing activities	19	12	107	10	148
Net increase (decrease)	(309)	210	(349)	605	157
Beginning cash and cash equivalents	2,677	2,402	5,131	715	10,925
Ending cash and cash equivalents	$ 2,368	$ 2,612	$ 4,782	$ 1,320	$ 11,082

NOTE 16 SEGMENT INFORMATION, continued

The types of services provided by each individual fund are stated below:

Golf Course Fund. This fund charges a greens fee for the use of the City's golf courses.

Apartments Fund. This fund charges rental on housing for persons who meet eligibility requirements based on the level of income earned.

Parking Facilities Fund. This fund provides parking space for the City's residents in the downtown area.

Stadium Fund. This fund provides a baseball stadium that is being used by an AAA class baseball team.

NOTE 17 DEFINED BENEFIT PENSION PLAN

Substantially all of the City of Albuquerque's full-time employees participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Association (PERA) of the State of New Mexico, a cost-sharing, multiple-employer public employee retirement plan. PERA provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. A publicly available financial report that includes financial statements and required supplementary financial information for PERA can be obtained by correspondence to Comptroller, Public Employees Retirement Association, P.O. Box 2123, Santa Fe, New Mexico, 87504-2123.

RETIREMENT ELIGIBILITY - An employee may retire when 25 or more years of service are attained at any age (20 years for Police and Fire) or under the following age options: age 60 with 20 or more years of service, age 61 with 17 or more years of service, age 62 with 14 or more years of service, age 63 with 11 or more years of service, age 64 with 8 or more years of service, or age 65 with 5 or more years of service.

RETIREMENT BENEFITS - An employee's retirement benefit is based on a formula that considers credit for years of service multiplied by a percentage factor and is then applied against the employee's average highest three-year salary. Retirement benefits are vested upon reaching five years of service. The plan also provides death and disability benefits. Benefits are established by State statute.

FUNDING POLICY - Covered employees are required by State statute to contribute a percentage of their gross salary; the City of Albuquerque is also required by State statute to contribute a certain percent depending on the type of plan. The following are the plans covered by the City, contribution requirements, and contributions actually made (in thousands of dollars) for the year ended June 30, 2004.

	Employee		Employer	
Group Covered	Percent	Amount	Percent	Amount
General - Management, Blue Collar and White Collar	3.29%	$ 4,830	19.01%	$ 27,935
General - Bus Drivers	13.15%	764	9.15%	532
General - Other	7.00%	187	7.00%	187
Police	16.30%	6,885	18.50%	7,814
Fire	16.20%	4,267	21.25%	5,597
		$ 16,933		$ 42,065

The total required contributions and amounts actually paid (in thousands of dollars) in prior years is as follows:

Fiscal year ended June 30	Employee	Employer
2003	$17,032	$42,347
2002	17,168	43,344

If a member's employment is terminated before the member is eligible for any other benefits under PERA, the member may receive a refund of the member's contribution and interest accrued based on rates established biannually by the retirement board.

The payroll for employees covered by PERA for the year ended June 30, 2004, was $223,993,582; the total payroll for all employees of the City of Albuquerque was $260,225,145.

NOTE 18 POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits described in Note 17, 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.

LIFE INSURANCE BENEFITS: Life insurance benefits authorized by the City's Merit System Ordinance and Personnel Rules and Regulations for eligible employees are reduced by 50%, not to exceed $25,000, upon retirement. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan. The insurance company has the right to adjust the premiums based on claims paid. Historically, the claims paid in any one year have not exceeded the premiums. The City recognizes the cost of providing the life insurance benefits by charging the insurance premiums to expenditures. The life insurance costs for the fiscal year ended June 30, 2004, were approximately $179,890. The number of retired employees covered under the life insurance benefit was 2,977 at June 30, 2004, and the amount of life insurance coverage for these retired employees was $58,906,900.

RETIREE HEALTH CARE ACT CONTRIBUTIONS: The Retiree Health Care Act (Sec 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose 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 flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments by eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Magistrate Retirement Act, or the Public Employees Retirement Act.

Eligible retirees are those 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 Retiree Health Care Act on the person's behalf.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to 0.65 percent of the employee's annual salary. Each participating retiree pays a monthly premium.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The Retiree Health Care Authority requires that the employer, employee, and retiree contributions be remitted on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report may be obtained by writing to the Retiree Health Care Authority, 810 W. San Mateo, Santa Fe, New Mexico 87501.

The City of Albuquerque remitted $2,911,917 in employer contributions and $1,455,958 in employee contributions in the fiscal year ended June 30, 2004.

NOTE 19 DEFERRED COMPENSATION

The City of Albuquerque offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not make matching contributions to these plans. All plans comply with the provisions of the Internal Revenue Code, which provides that all assets and income of the plan shall be held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 20 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 (Enterprise) as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $1,412,016 reported as other liabilities payable from restricted assets at June 30, 2004, represents the cumulative amount reported to date based on the use of 16.1% of the estimated capacity of the Cerro Colorado and South Broadway Landfills. The City will recognize the remaining estimated cost of closure and post-closure care of $6,835,813 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 2004. The City expects to close the landfill in the year 2037. Actual cost may be higher due to inflation, change in technology, or change in regulations.

The City has set aside $1,713,546 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.

NOTE 21 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 (an internal service 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 $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. At various periods in past years, certain risk exposures were insured and the City continues to benefit from case coverage on claims that were incurred during those claim years.

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, 2004, and is included in the unrestricted net assets (deficit) 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.

During fiscal year 2004, the City had an actuarial review of the adequacy of the reserves for both the Workers Compensation and Tort Liability programs. The actuarial review recommended that the City increase the amounts reserved in anticipation of severe adverse developments in reported cases and for claims that may have occurred but have not yet been reported. The City increased its "incurred but not yet reported" reserves to reflect $2,900,000 of the proposed amount. The City feels that reserving the entire proposed amount is excessive. However, the City will engage two actuarial firms in the upcoming year in an attempt to verify the necessity of the additional reserves recommended by the existing study. Historical data contribute to the confidence that the Risk Management Fund is adequate for unanticipated developments. The cash balance grew by $7,006,808 during this fiscal year and the City has a funding plan in place to address the remaining deficit in the Risk Management Fund. Further, if necessary, the City Council can add catastrophic losses directly to the tax rolls. In addition, the City has other cash resources in excess of the balance not addressed. The City began fiscal year 2005 with a $15,300,000 available in the General Fund balance largely the result of unanticipated revenue and reversions from fiscal year 2004. The City has available $1,560,000 in cash that was refunded to the City due to an unfulfilled IRB obligation and $2,000,000 in a special reserve. Finally, the City has reserve amounts that are created by the City's policy to reserve one-twelfth of the General Fund budgeted expenditures amount.

NOTE 21 RISK MANAGEMENT, continued

The amounts and changes in the Fund's claims liability in fiscal year 2004 and 2003 were:

	2004	2003
Claims liability at July 1	$ 40,601,564	$ 39,298,513
Current year claims and change in estimates	23,545,885	17,507,793
Claims liquidated	(16,569,201)	(16,204,742)
Claims liability at June 30	$ 47,578,248	$ 40,601,564
The components of the claims liability at June 30 are:		
Current portion	$ 17,989,500	$ 11,153,000
Noncurrent portion	29,588,748	29,448,564
Total claims liability	$ 47,578,248	$ 40,601,564

NOTE 22 RESTATEMENT OF PRIOR PERIOD FUND BALANCES OR NET ASSETS

The fund balances and net assets of various funds were restated as of June 30, 2003 for the following reasons:

1. The City erroneously included $1,453,379 of bank accounts in the Apartments Fund. However, those accounts should have been reported in the City Housing Fund. In addition, the City under-reported the cash balance in the City Housing Fund by an additional $53,059. The fund balance of the City Housing Fund was increased by $1,506,438 while the net assets of the Apartments Fund was reduced by $1,453,379.

2. The Apartments Fund under reported the cost and accumulated depreciation of an apartment building included in the fund. Accordingly, the Invested in capital assets, net of related debt of the fund was increased by $292,514.

3. The Joint Water and Sewer Fund incorrectly reported expenditures associated with the construction of a portion of the sustainable water supply system as an expense. However, those expenditures should have been capitalized. Accordingly, the capital assets and the Invested in Capital Assets, Net of Related Debt was increased by $18,096,596

4. In the Refuse Disposal Fund and in the Joint Water and Sewer Fund, the City has provided an allowance for doubtful accounts on accounts receivable that are delinquent over 120 days from the due date for payment by its customers. Upon a review of its policies, the City has determined that the allowance was unwarranted because of the City's authority, by ordinance, to place a lien on the property served by those funds. As a result, the ability to collect those accounts is assured. Therefore, the allowance for doubtful accounts was reduced and the unrestricted net assets was increased by $987,492 in the Joint Water and Sewer Fund and by $112,498 in the Refuse Disposal Fund.

5. In June 2003, the City received an advance payment of $1,999,900 in connection with the sale of bonds. The advance payment was reported as proceeds from the sale of bonds in the Capital Acquisition Fund in fiscal year ended June 30, 2003. However, the bond issue had not been completed until July, 2003. Accordingly, the deferred revenue was increased and the unreserved fund balance was decreased by that amount.

A summary of the effect of the restatements is as follows:

		Governmental	Business
Net assets as previously reported		$ 746,323,908	$ 815,980,591
Restatement for:			
1.	Cash accounts	1,506,438	(1,453,379)
2.	Under-reported cost of an apartment	-	292,514
3.	Sustainable water supply asset	-	18,096,596
4.	Allowance for doubtful accounts	-	1,099,990
5.	Advance payment on bond issue	(1,999,900)	-
Restated balances		$ 745,830,446	$ 834,016,312

NOTE 23 ALBUQUERQUE BERNALLILLO COUNTY WATER UTILITY AUTHORITY – COMPONENT UNIT

In 2003, the New Mexico Legislature adopted Senate Bill 887 (Laws 2003, Chapter 437, codified as Section 72-1-10, NMSA 1978) creating the Albuquerque Bernalillo County Water Utility Authority (Authority) and transferred all functions, appropriations, money, records, equipment and other real and personal property of the City's Joint Water and Sewer Fund (Fund) to the Authority. The Authority is comprised of a board of three City Councilors, three County of Bernalillo Commissioners, and the Mayor of the City.

Under the provisions of the legislation, the Water/Wastewater System transferred to the Authority on December 17, 2003, after completion of an audit as of June 30, 2003 of the Water/Wastewater System by the New Mexico Public Regulation Commission. Accordingly, the Authority reports all transactions of the Water/Wastewater System for the year from July 1, 2003 through June 30, 2004. In addition, the City reports the transfer, on July 1, 2003, of the Fund's net assets of $538,744,820. The net assets of the Fund was restated as discussed in Note 22.

To facilitate the Water/Wastewater System transfer, the City, County of Bernalillo, and the Authority entered into a joint powers agreement governing policy matters and a memorandum of understanding governing operational matters. Both of these documents provide a framework for the Authority to operate successfully and without interruption in services provided to the community. The memorandum of understanding runs through December 31, 2006. In accordance with those documents, the City provides accounting and other services for the Authority as well as receiving water and wastewater services from the Authority.

The City and the Authority engaged in transactions that are summarized below:

The Authority paid the City for the following services:

Payments in lieu of taxes	$ 5,110,928
Administrative indirect overhead, including accounting and other central services	2,941,618
Supplies	1,444,304
Fleet Management Services	1,271,287
Telephone	222,563
Office services and parking	70,808
Total	$ 11,061,508

The City paid the Authority for the following services:

Water and sewer services	$ 4,179,721

The Authority's Comprehensive Annual Financial Report as of and for the year ended June 30, 2004 is available by contacting the Authority at the following address; Fifth floor, P.O. Box 1293, Albuquerque, NM 87103.

NOTE 24 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. Accordingly, no reservation of fund balance has been created except in limited instances. These typically are for property purchases and will be re-appropriated in the ensuing year. Encumbrances that are outstanding, but not re-appropriated, are a commitment of the City and the outstanding amount is reported in the table below.

Government activities:	
Major Funds:	
General Fund	$ 3,871,424
Corrections Fund	1,535,127
Capital Acquisition Fund	41,375,245
Nonmajor Government Funds	29,988,502
Internal Service Funds	1,029,180
Total Government Funds	$ 77,799,478

NOTE 24 COMMITMENTS AND CONTINGENCIES, continued

In addition, the business-type funds have uncompleted construction and other commitments that will be paid from assets restricted for construction, improvements and replacements or from operating revenues:

Business-type activities:	
Major Funds:	
Aviation Fund	**$ 10,639,035**
Refuse Disposal Fund	**3,607,307**
Transit Operating Fund	**21,548,003**
Housing Authority Fund	**146,898**
Nonmajor Business-type Funds	**2,174,574**
Total Business Funds	**$ 38,115,817**

The City has various lease commitments for real property. The lease commitments are for one to three years, with most leases being for two years. About half of the leases have renewal options; the others do not. Lease expenses of $707,916 were incurred for the year ended June 30, 2004. Lease commitments for future years are as follows:

2005	**$679,494**
2006	**387,578**
2007	**263,087**
2008	**186,637**

The City has incurred but has not recorded liabilities and expenditures in the amount of $128 thousand in connection with natural gas purchases from Enron Energy Services, Inc. (Enron) that has filed Chapter 11 Bankruptcy proceedings. As part of the Natural Gas Sales Agreement, Enron furnished a Supply/Performance Bond to the City. As a result of Enron's bankruptcy, the City incurred an additional $360 thousand in costs of acquiring natural gas. The City has filed Lawsuit against the Liberty Mutual Insurance Company (Liberty) under the performance bond petitioning the court to render judgment in favor of the City and for Liberty to pay the City $360 thousand reduced by the $128 thousand due on the final billing from Enron.

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 estimability 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.

1. **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 police officers is subject to overtime compensation. The ultimate outcome of these legal proceedings cannot presently be determined. Accordingly, no provision for any additional liability that may result upon the ultimate outcome has been recognized in the accompanying general-purpose financial statements and schedules.**

2. **The City is a defendant in a legal proceeding arising from the City's condemnation of property east of the Four Hills Subdivision. The property taken by the City is located between Four Hills and the property owned by claimants. As part of the condemnation, the claimants allege that the City had denied them access to their property from April, 1988 until February, 2002. The claimants seek approximately $20 million in damages. The claim is being vigorously defended, and the City expects that the award for damages will be significantly lower.**

3. **The City is a defendant in a legal proceeding arising from another condemnation of property by the City. The condemnation of property for the Westside Transit facility near the I-40 / Unser boulevard interchange was completed with the owner of the property. However, the owner of a billboard, with a lease that was vacated during the condemnation on that property, is seeking approximately one million dollars for the loss of income over the remaining thirty years of the lease. A portion of any damage claim will be covered by the Federal Transportation Agency. The City is vigorously defending its position of the claim and expects the award to the claimant to be significantly lower than the alleged damage to the owner.**

NOTE 24 COMMITMENTS AND CONTINGENCIES, continued

The Attorney General's office of the State of New Mexico is conducting an investigation of the practices and handling procedures relating to the custody of evidence in connection with criminal court cases, which are held by the City's police department. The City has not been informed of any results of such investigation and does not anticipate that there will be a material effect on the City's financial statements.

The City has received a number of Federal and State grants for specific purposes. These grants are subject to audit that 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 disallowances, if any, will not be material.

NOTE 25 SUBSEQUENT EVENTS

Bond issues:

On July 9, 2004, the City entered into a tax-exempt loan agreement with New Mexico Finance Authority for $5,800,000. The loan will be used for the purpose of extending, repairing, replacing, equipping and improving the City's solid waste and refuse disposal system.

On September 9, 2004, the City secured a loan agreement with the New Mexico Finance Authority for $5,700,000. The proceeds of this loan will be used to equip and furnish the Albuquerque Convention Center. The loan will be financed by hospitality fees at an average interest rate of 3.44% for ten years

On October 6, 2004 the City issued Series 2004 A & B Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds for $60,880,000. The proceeds of these bonds were used to partially refund Gross Receipts Tax Bonds, Series 1991B, 1996, and 1999B. The new bonds have interest rates ranging from 2.39% to 5.00%, and maturities through July 1, 2037

Bond election:

On November 2, 2004, the City voters approved a $52 million bond issue for the construction and betterment of streets and roads within the City of Albuquerque.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

Bond Issue name	D/S Month & Year	Cusip	Principal
Airport Refunding 1998	July 2005	013538FF5	1,780,000.00
	July 2006	013538FG3	1,850,000.00
	July 2007	013538FH1	1,955,000.00
	July 2008	013538FJ7	2,040,000.00
	July 2009	013538FK4	2,135,000.00
	July 2010	013538FL2	2,220,000.00
	July 2011	013538FM0	2,325,000.00
	July 2012	013538FN8	2,430,000.00
	July 2013	013538FP3	2,555,000.00
	July 2014	013538FQ1	2,675,000.00
	July 2015	013538FR9	2,805,000.00
	July 2016	013538FS7	2,940,000.00
	July 2017	013538FS7	3,085,000.00
	July 2018	013538FS7	3,240,000.00
	July 2019	013538FS7	3,405,000.00
Airport Refunding Revenue 1997	July 2005	013538EQ2	1,240,000.00
	July 2006	013538ER0	1,320,000.00
	July 2007	013538ES8	1,400,000.00
	July 2008	013538ET6	1,500,000.00
	July 2009	013538EU3	1,600,000.00
	July 2010	013538EV1	1,700,000.00
	July 2011	013538EW9	1,805,000.00
	July 2012	013538EX7	1,935,000.00
	July 2013	013538EA6	2,060,000.00
	July 2014	013538EA6	2,195,000.00
	July 2015	013538EA6	2,340,000.00
	July 2016	013538EB4	2,485,000.00
	July 2017	013538EB4	2,655,000.00
	July 2018	013538EB4	2,830,000.00
Airport Subordinate Lien Adjustable Tender 1995	July 2005	013538EG4	3,200,000.00
	July 2006	013538EG4	3,500,000.00
	July 2007	013538EG4	3,800,000.00
	July 2008	013538EG4	4,100,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2009	013538EG4	4,400,000.00
	July 2010	013538EG4	4,800,000.00
	July 2011	013538EG4	5,200,000.00
	July 2012	013538EG4	5,600,000.00
	July 2013	013538EG4	6,100,000.00
	July 2014	013538EG4	6,700,000.00
Airport Sub Lien 2000A	July 2007	013538FV0	300,000.00
	July 2008	013538FV0	300,000.00
	July 2009	013538FV0	300,000.00
	July 2010	013538FV0	400,000.00
	July 2011	013538FV0	400,000.00
	July 2012	013538FV0	400,000.00
	July 2013	013538FV0	400,000.00
	July 2014	013538FV0	400,000.00
	July 2015	013538FV0	400,000.00
	July 2016	013538FV0	400,000.00
	July 2017	013538FV0	400,000.00
	July 2018	013538FV0	500,000.00
	July 2019	013538FV0	500,000.00
	July 2020	013538FV0	500,000.00
Airport Sub Lien 2000B	July 2006	013538FW8	700,000.00
	July 2007	013538FW8	1,100,000.00
	July 2008	013538FW8	1,500,000.00
	July 2009	013538FW8	2,000,000.00
	July 2010	013538FW8	2,400,000.00
	July 2011	013538FW8	2,400,000.00
	July 2012	013538FW8	2,500,000.00
	July 2013	013538FW8	2,700,000.00
	July 2014	013538FW8	2,900,000.00
	July 2015	013538FW8	3,000,000.00
Airport Refunding Revenue 2001	July 2005	013538GA5	2,555,000.00
	July 2006	013538GB3	3,480,000.00
	July 2007	013538GC1	3,480,000.00
	July 2008	013538GD9	3,480,000.00
	July 2009	013538GE7	3,480,000.00
	July 2010	013538GF4	3,830,000.00
	July 2011	013538GG2	2,770,000.00
	July 2012	013538GH0	2,920,000.00
	July 2013	013538GJ6	3,075,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2014	013538GK3	3,240,000.00
	July 2015	013538GL1	3,415,000.00
	July 2016	013538GM9	3,590,000.00
Airport 2004A	July 2005	013538GN7	635,000.00
	July 2006	013538GP2	800,000.00
	July 2007	013538GQ0	965,000.00
	July 2008	013538GR8	1,150,000.00
	July 2009	013538GS6	1,460,000.00
	July 2010	013538GT4	1,485,000.00
	July 2011	013538GU1	1,575,000.00
	July 2012	013538GV9	1,605,000.00
	July 2013	013538GW7	1,675,000.00
	July 2014	013538GX5	1,760,000.00
	July 2015	013538GY3	1,840,000.00
	July 2016	013538GZ0	1,890,000.00
	July 2017	013538HA4	1,980,000.00
	July 2018	013538HB2	1,790,000.00
Airport 2004B	July 2007	013538HC0	1,670,000.00
	July 2008	013538HD8	1,670,000.00
	July 2009	013538HE6	1,670,000.00
	July 2010	013538HF3	1,670,000.00
	July 2011	013538HG1	1,670,000.00
	July 2012	013538HH9	1,670,000.00
	July 2013	013538HJ5	1,665,000.00
	July 2014	013538HK2	1,665,000.00
	July 2015	013538HL0	1,665,000.00
	July 2016	013538HM8	1,665,000.00
	July 2017	013538HN6	1,665,000.00
	July 2018	013538HP1	1,665,000.00
	July 2019	013538HQ9	1,665,000.00
	July 2020	013538HR7	1,665,000.00
	July 2021	013538HS5	1,665,000.00
	July 2022	013538HT3	1,665,000.00
	July 2023	013538HU0	1,665,000.00
	July 2024	013538HV8	1,665,000.00
General Obligation Storm Sewer 1996B	July 2005	013518F75	2,500,000.00
General Obligation General Purpose 1997A	July 2005	013518G82	1,700,000.00
General Obligation Storm Sewer 1997B	July 2005	013518G92	2,500,000.00
	July 2006	013518G24	4,200,000.00
General Obligation General Purpose 1998A	July 2005	013518J22	4,200,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
General Obligation Storm Sewer 1998B	July 2006	013518J30	3,350,000.00
	July 2007	013518J48	3,000,000.00
General Obligation General Purpose 1999A	July 2005	013518K38	2,000,000.00
	July 2006	013518K46	2,000,000.00
General Obligation Storm and Sewer 1999B	July 2007	013518K53	2,380,000.00
	July 2008	013518K61	2,380,000.00
General Obligation General Purpose 1999C	July 2005	013518L45	2,000,000.00
	July 2006	013518L52	2,000,000.00
	July 2007	013518L60	2,000,000.00
	July 2008	013518L78	2,000,000.00
	July 2009	013518L86	2,000,000.00
General Obligation General Purpose 2000A	July 2005	013518M51	450,000.00
General Obligation General Purpose 2000B	July 2005	013518N35	750,000.00
	July 2006	013518M69	1,200,000.00
	July 2007	013518M77	1,200,000.00
	July 2008	013518M85	1,200,000.00
	July 2009	013518M93	1,200,000.00
	July 2010	013518N27	1,200,000.00
General Obligation General Purpose 2001A	July 2005	013518N76	4,320,000.00
	July 2006	013518N84	4,310,000.00
	July 2007	013518N92	4,310,000.00
	July 2008	013518P25	4,310,000.00
	July 2009	013518P33	4,310,000.00
	July 2010	013518P41	4,110,000.00
General Obligation Storm Sewer 2001B	July 2010	013518P58	200,000.00
	July 2011	013518P66	4,310,000.00
General Obligation Stadium 2001C	July 2005	013518Q24	1,000,000.00
	July 2006	013518Q32	1,000,000.00
	July 2007	013518Q40	1,000,000.00
	July 2008	013518Q57	1,000,000.00
	July 2009	013518Q65	1,000,000.00
	July 2010	013518Q73	1,000,000.00
General Obligation General Purpose 2002B	July 2005	013518R49	2,800,000.00
	July 2006	013518R56	2,700,000.00
	July 2007	013518R64	2,700,000.00
	July 2008	013518R72	2,700,000.00
	July 2009	013518R80	2,500,000.00
General Obligation Storm Sewer 2002C	July 2009	013518R98	200,000.00
	July 2010	013518S22	2,700,000.00
	July 2011	013518S30	2,700,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
General Obligation General Purpose 2003B	July 2005	013518S55	7,330,000.00
	July 2006	013518S63	7,330,000.00
	July 2007	013518S71	7,330,000.00
	July 2008	013518S89	7,330,000.00
	July 2009	013518S97	7,335,000.00
	July 2010	013518T21	7,335,000.00
	July 2011	013518T39	7,335,000.00
	July 2012	013518T47	5,230,000.00
General Obligation General Purpose 2003C	July 2014	013518T62	2,105,000.00
	July 2015	013518T70	7,335,000.00
General Obligation General Purpose 2004B	July 2005	013518T96	5,800,000.00
Golf Course/GRT Series 2001	July 2005	01354TAD8	225,000.00
	July 2006	01354TAE6	235,000.00
	July 2007	01354TAF3	250,000.00
	July 2008	01354TAG1	265,000.00
	July 2009	01354TAH9	285,000.00
	July 2010	01354TAJ5	300,000.00
	July 2011	01354TAK2	325,000.00
Gross Receipts Tax Refunding Bonds 1996	July 2005	01354HDT6	1,125,000.00
	July 2006	01354HDU3	1,180,000.00
	July 2007	01354HDV1	1,245,000.00
	July 2008	01354HDW9	1,305,000.00
	July 2009	01354HDX7	1,375,000.00
	July 2010	01354HDY5	1,445,000.00
	July 2011	01354HDZ2	1,525,000.00
Gross Receipts Tax Refunding Revenue 1999C	July 2014	01354PBB9	500,000.00
	July 2015	01354PBC7	2,625,000.00
	July 2016	01354PBD5	3,340,000.00
	July 2017	01354PBE3	3,520,000.00
	July 2018	01354PBF0	3,700,000.00
	July 2019	01354PBG8	3,945,000.00
	July 2020	01354BBH6	4,155,000.00
	July 2021	01354PBH6	4,290,000.00
	July 2022	01354PBH6	1,055,000.00
Gross Receipts Tax/Lodgers' Tax 1999B	July 2012	01354PAR5	310,000.00
	July 2013	01354PAS3	505,000.00
	July 2014	01354PAT1	720,000.00
	July 2015	01354PAU8	950,000.00
	July 2016	01354PAV6	1,190,000.00
	July 2017	01354PAW4	1,450,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2018	01354PAX2	1,735,000.00
	July 2019	01354PAY0	4,040,000.00
	July 2020	01354PAZ7	5,330,000.00
	July 2021	01354PAZ7	5,895,000.00
	July 2022	01354PBA1	6,390,000.00
	July 2023	01354PBA1	1,390,000.00
	July 2024	01354PBA1	7,380,000.00
	July 2025	01354PBA1	8,050,000.00
Gross Receipts/Lodgers Tax 1991 B	July 2012	01354MCT6	1,122,051.00
	July 2013	01354MCU3	1,039,878.00
	July 2014	01354MCV1	962,791.20
	July 2015	01354MCW9	897,905.40
	July 2016	01354MCX7	837,400.20
	July 2017	01354MCY5	780,981.60
	July 2018	01354MCZ2	728,326.20
Gross Receipts/Lodgers Tax 1995	July 2023	01354MBG5	1,300,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2005	01354PBK9	1,300,000.00
	July 2006	01354PBK9	1,900,000.00
	July 2007	01354PBK9	2,100,000.00
	July 2008	01354PBK9	2,200,000.00
	July 2009	01354PBK9	2,300,000.00
	July 2010	01354PBK9	2,600,000.00
	July 2011	01354PBK9	2,600,000.00
	July 2012	01354PBK9	2,800,000.00
	July 2013	01354PBK9	3,200,000.00
	July 2014	01354PBK9	2,500,000.00
Gross Receipt Tax/Lodgers Refunding Bonds 2004A	July 2030	01354MDB4	2,300,000.00
	July 2031	01354MDB4	4,280,000.00
	July 2032	01354MDC2	4,575,000.00
	July 2033	01354MDC2	4,900,000.00
	July 2034	01354MDE8	2,800,000.00
	July 2035	01354MDE8	5,605,000.00
	July 2036	01354MDE8	1,130,000.00
	July 2037	01354MDE8	6,375,000.00
Gross Receipts Tax/Lodgers Refunding Bonds 2004B	July 2005	01354MDF5	50,000.00
	July 2006	01354MDG3	245,000.00
	July 2007	01354MDH1	225,000.00
	July 2008	01354MDJ7	230,000.00
	July 2009	01354MDK4	205,000.00
	July 2010	01354MDL2	205,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2011	01354MDM0	200,000.00
	July 2012	01354MDN8	225,000.00
	July 2013	01354MDP3	210,000.00
	July 2014	01354MDQ1	235,000.00
	July 2015	01354MDR9	245,000.00
	July 2016	01354MDR9	325,000.00
	July 2017	01354MDR9	350,000.00
	July 2018	01354MDR9	370,000.00
	July 2019	01354MDR9	405,000.00
	July 2020	01354MDR9	425,000.00
	July 2021	01354MDR9	450,000.00
	July 2022	01354MDR9	465,000.00
	July 2023	01354MDR9	545,000.00
	July 2024	01354MDR9	530,000.00
	July 2025	01354MDS7	630,000.00
	July 2026	01354MDS7	2,905,000.00
	July 2027	01354MDS7	3,155,000.00
	July 2028	01354MDS7	3,415,000.00
	July 2029	01354MDS7	3,695,000.00
	July 2030	01354MDS7	1,685,000.00
	July 2031	01354MDS7	0.00
	July 2032	01354MDS7	0.00
	July 2033	01354MDS7	0.00
	July 2034	01354MDS7	2,435,000.00
	July 2035	01354MDS7	0.00
	July 2036	01354MDS7	4,855,000.00
Joint Water and Sewer 1990 A	July 2005	013554KL3	438,996.60
	July 2006	013554KM1	1,937,253.05
	July 2007	013554KP4	3,412,568.55
	July 2008	013554KQ2	3,179,472.40
Joint Water and Sewer 1994 A	July 2005	013554ME7	9,540,000.00
Joint Water and Sewer 1995	July 2005	013554MU1	4,430,000.00
	July 2006	013554MV9	4,695,000.00
	July 2007	013554MW7	4,975,000.00
Joint Water and Sewer 1997	July 2005	013554NE6	4,690,000.00
	July 2006	013554NF3	4,925,000.00
	July 2007	013554NG1	5,170,000.00
	July 2008	013554NH9	5,435,000.00
	July 2009	013554NJ5	5,720,000.00
Joint Water and Sewer Refunding Series 1999A	July 2005	013554NR7	6,305,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2006	013554NS5	8,230,000.00
	July 2007	013554NT3	8,690,000.00
	July 2008	013554NU0	10,215,000.00
	July 2009	013554NV8	10,750,000.00
	July 2010	013554NW6	11,320,000.00
	July 2011	013554NX4	11,910,000.00
Joint Water and Sewer Refunding 2000A	July 2005	013354PC8	4,130,000.00
	July 2006	013554PD6	4,960,000.00
Joint Water and Sewer 2001	July 2005	013554PH7	2,695,000.00
	July 2006	013554PJ3	2,830,000.00
	July 2007	013554PK0	2,970,000.00
	July 2008	013554PL8	3,115,000.00
	July 2009	013554PM6	3,275,000.00
	July 2010	013554PN4	3,435,000.00
	July 2011	013554PP9	3,610,000.00
	July 2012	013554PQ7	3,790,000.00
	July 2013	013554PR5	3,980,000.00
Municipal Gross Receipts Tax 1992	July 2005	01354HDE9	1,170,000.00
	July 2006	01354HDF6	1,245,000.00
	July 2007	01354HDG4	1,325,000.00
Municipal Gross Receipts Tax 1999A	July 2005	01354PAE4	345,000.00
	July 2006	01354PAF1	360,000.00
	July 2007	01354PAG9	375,000.00
	July 2008	01354PAH7	395,000.00
	July 2009	01354PAJ3	415,000.00
	July 2010	01354PAK0	435,000.00
	July 2011	01354PAL8	450,000.00
	July 2012	01354PAM6	475,000.00
	July 2013	01354PAN4	495,000.00
	July 2014	01354PAP9	520,000.00
	July 2015	01354PAQ7	545,000.00
Refuse Removal and Disposal 1992	July 2005	013630BR8	555,000.00
Refuse Removal and Disposal 1995	July 2005	013630CE6	1,375,000.00
	July 2006	013630CF3	1,445,000.00
	July 2007	013630CG1	1,520,000.00
	July 2008	013630CJ5	1,605,000.00
	July 2009	013630CJ5	1,690,000.00
Refuse Removal and Disposal 1998	July 2005	013630CR7	635,000.00
	July 2006	013630CS5	660,000.00
	July 2007	013630CT3	695,000.00

Bond Issue name	D/S Month & Year	Cusip	Principal
	July 2008	013630CU0	730,000.00
	July 2009	013630CV8	760,000.00
	July 2010	013630CW6	795,000.00
	July 2011	013630CX4	830,000.00
	July 2012	013630CY2	865,000.00
	July 2013	013630CZ9	905,000.00
Refuse Removal and Disposal 2001 A	July 2005	013630DD7	495,000.00
	July 2006	013630DE5	515,000.00
	July 2007	013630DF2	535,000.00
	July 2008	013630DG0	485,000.00
Refuse Removal and Disposal 2001 B	July 2005	013630DK1	50,000.00
	July 2006	013630DL9	645,000.00
	July 2007	013630DM7	665,000.00
	July 2008	013630DN5	690,000.00
	July 2009	013630DP0	715,000.00
	July 2010	013630DQ8	2,525,000.00
	July 2011	013630DR6	2,655,000.00
	July 2012	013630DS4	2,780,000.00
Special Assessment District 223 1995 A	January 2015	01365RAM9	315,000.00
Special Assessment District 223 1995 B	January 2012	01365RAZ0	30,000.00
	January 2013	01365RAZ0	120,000.00
	January 2014	01365RAZ0	130,000.00
	January 2015	01365RAZ0	135,000.00
Special Assessment District 224 1999A	July 2009	01365UAK6	760,000.00
Special Assessment District 224 1999B	July 2009	01365UAV2	155,000.00
Grand Total			749,072,685.40

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CHANGE IN INFORMATION AND ADDRESS FORM

PLEASE FILL IN CORRECT ADDRESS AND RETURN

Name: ______________________________

Organization: ______________________________

Street address/PO Box: ______________________________

City, State, Zip: ______________________________

Email address: ______________________________

☐ Please Continue Sending Annual Information Statement to me.

☐ Please discontinue sending Annual Information Statement to me.

☐ Please email me a copy of the Annual Information Statement.

- -

(Fold here and tape shut, do not staple)

Return to: City of Albuquerque
Treasury Division
PO Box 17
Albuquerque, NM 87103-0017