

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

NEW ISSUE Book-Entry Only

RATINGS: See "RATINGS" herein

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described herein, interest on the Series 2026 Bonds (as defined herein) (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Series 2026 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Series 2026 Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Code, which may affect the federal tax treatment of interest on the Series 2026 Bonds for certain owners of such bonds, see "TAX MATTERS" herein.

\$35,215,000*
CITY OF ALBUQUERQUE
NEW MEXICO
Gross Receipts Tax Refunding
Revenue Bonds, Series 2026

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), are being issued as fully registered bonds to be sold in denominations of \$5,000 or any integral multiple thereof. The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Series 2026 Bonds through its nominee, Cede & Co. One fully registered bond equal to the principal amount of each maturity of the Series 2026 Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2026 Bonds will be made in book-entry form only and beneficial owners of the Series 2026 Bonds will not receive physical delivery of bond certificates, except as described herein. Upon receipt of payments of principal and interest, DTC will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Series 2026 Bonds.

Principal of and interest on the Series 2026 Bonds will be payable to DTC, or its nominee, as owner of the Series 2026 Bonds, by the City Treasurer of the City of Albuquerque, New Mexico, as Paying Agent and Registrar. Interest on the Series 2026 Bonds will be payable semi-annually on each January 1 and July 1, commencing July 1, 2026* until maturity or prior redemption.

See Inside Cover Page for Maturities, Principal Amounts, Interest Rates, Prices or Yields and CUSIPs

The Series 2026 Bonds may be subject to optional and mandatory sinking fund redemption as described herein.

The Series 2026 Bonds are being issued for the purpose of (i) refunding all or a portion of the City's Gross Receipts Tax Improvement Revenue Bonds, Series 2015A, (ii) refunding all or a portion of the City's Gross Receipts Tax Improvement Revenue Bonds, Series 2016C, and (iii) paying costs of issuance of the Series 2026 Bonds. The Series 2026 Bonds are special, limited obligations of the City, payable from and secured by an irrevocable first lien (but not necessarily an exclusive first lien) on: (i) the revenues received by the City from the State of New Mexico gross receipts tax which are equal to 1.225% (or such greater amount as is hereafter provided to be remitted under applicable law) of the taxable gross receipts reported to the City for the month for which remittance is made and certain revenues received by the City in lieu of such gross receipts tax revenues; and (ii) amounts on deposit in certain funds and accounts which may be established and held under the Bond Ordinance (defined herein) relating to the Series 2026 Bonds. The Series 2026 Bonds do not have a debt service reserve fund. With respect to the gross receipts tax referenced above, the Series 2026 Bonds are secured on a parity with certain other obligations of the City outstanding as of the date of issuance of the Series 2026 Bonds in the aggregate principal amount of \$237,200,000, as more specifically described herein. The Series 2026 Bonds will not constitute indebtedness within the meaning of any constitutional, charter or statutory provision or limitation, nor will they be considered or held to be general obligations of the City.

In connection with the issuance of the Series 2026 Bonds, the City will commit to provide certain annual information and notice of certain material events as described herein under the caption "CONTINUING DISCLOSURE UNDERTAKING."

This Cover Page, including the inside cover page, contains information for convenient and quick reference only. It is not a summary of this Official Statement. Investors must read this entire Official Statement to obtain information essential and material to the making of an informed investment decision, paying particular attention to the matters discussed under the caption "CERTAIN INVESTMENT CONSIDERATIONS."

Certain legal matters will be passed on by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, Certain legal matters will also be passed on for the City by the office of the City Attorney and by Taft Stettinius & Hollister LLP, Albuquerque, New Mexico, as Disclosure Counsel to the City. The Underwriter is being represented by McCall, Parkhurst & Horton L.L.P., Dallas, Texas. RBC Capital Markets, LLC, Albuquerque, New Mexico, serves as Municipal Advisor to the City. It is expected that the Series 2026 Bonds will be delivered through the facilities of DTC on or about May 21, 2026.

STIFEL

* Preliminary, subject to change.

MATURITY SCHEDULE

\$35,215,000*

CITY OF ALBUQUERQUE, NEW MEXICO Gross Receipts Tax Refunding Revenue Bonds, Series 2026

Maturity Date <u>(July 1)</u>	Principal <u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP© No.</u> ⁽¹⁾
2026	\$2,215,000			
2027	2,445,000			
2028	2,560,000			
2029	2,685,000			
2030	2,820,000			
2031	2,970,000			
2032	3,120,000			
2033	3,275,000			
2034	3,430,000			
2035	2,250,000			
2036	2,360,000			
2037	2,480,000			
2038	2,605,000			

* Preliminary, subject to change.

⁽¹⁾ Copyright 2026, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc., on behalf of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2026 Bonds and none of the City, the Underwriter or their agents or counsel make any representation with respect to such CUSIP numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2026 Bonds.

For purposes of compliance with Rule 15c2-12 (“Rule 15c2-12”) of the United States Securities and Exchange Commission (the “SEC”), this document constitutes an Official Statement of the City with respect to the Series 2026 Bonds that has been “deemed final” by the City as of its date, except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, salesperson or other person has been authorized by the City of Albuquerque (the “City”) to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2026 Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The information contained in this Official Statement has been obtained from the City and other sources which are deemed to be reliable. The Municipal Advisor and the Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or others since the date hereof.

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Series 2026 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act, nor have the Series 2026 Bonds been registered or qualified in any state. Neither the United States Securities and Exchange Commission (the “SEC”) nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2026 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

THIS PRELIMINARY OFFICIAL STATEMENT IS MADE AVAILABLE TO PROSPECTIVE PURCHASERS OF THE SERIES 2026 BONDS FOR REVIEW PRIOR TO PURCHASE AND IS IN A FORM “DEEMED FINAL” BY THE CITY AS OF ITS DATE (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF SEC RULE 15c2-12, BUT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION. THE CITY HAS COVENANTED TO PROVIDE SUCH ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION IN THE MANNER AS MAY BE REQUIRED BY REGULATIONS OF THE SEC OR OTHER REGULATORY BODY.

CITY OF ALBUQUERQUE

MAYOR

Tim Keller

CITY COUNCIL

Stephanie Telles	District 1
Joaquin Baca	District 2
Klarissa J. Peña (President)	District 3
Brook Bassan	District 4
Dan Lewis	District 5
Nichole Rogers	District 6
Tammy Fiebelkorn	District 7
Dan Champine (Vice President)	District 8
Renee Grout	District 9

ADMINISTRATION

Dr. Samantha Sengel, EdD, Chief Administrative Officer
Carla Martinez, Esq., CPA, CFE, Chief Financial Officer
Ethan Watson, JD, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Donna Sandoval, CGFM, CISA, CISM, Dir. of Finance and Administrative Services
Kenneth E. Scott Jr., Treasurer

OFFICE OF MANAGEMENT AND BUDGET

Kevin Noel, Acting Budget Officer
Christine Boerner, City Economist

LEGAL DEPARTMENT

Lauren Keefe, JD, City Attorney

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RBC Capital Markets, LLC, Albuquerque, New Mexico

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated, Albuquerque, New Mexico

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OFFICIAL STATEMENT

\$35,215,000*

CITY OF ALBUQUERQUE, NEW MEXICO Gross Receipts Tax Refunding Revenue Bonds, Series 2026

INTRODUCTION

Generally

This Official Statement, which includes the cover page and appendices hereto, provides certain information in connection with the offer and sale of the \$35,215,000* City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2026 (the “Series 2026 Bonds”). Capitalized terms used herein and not defined have the meanings specified in City Ordinance Council Bill No. F/S O-26-18, adopted by the City of Albuquerque, New Mexico (the “City”) on April 6, 2026 (the “Bond Ordinance”). See Appendix B - “DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2026 Bonds to potential investors is made only by means of the entire Official Statement.

The City of Albuquerque

The City, founded in 1706, is the largest city in the State of New Mexico (the “State”), accounting for approximately one-quarter of the State’s population. The City is a home rule municipality, with its charter originally adopted in 1971, and has a Mayor-Council form of government with a salaried full-time Mayor elected every four years. In Calendar Year 2024, the City had a population of approximately 560,326 people and, as of December 31, 2024, spanned 189.21 square miles. The Albuquerque Metropolitan Statistical Area had a population of approximately 926,303 people as of 2024. For financial and other information concerning the City, see Appendix A – “ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION, INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2025.” The City’s Fiscal Year ends June 30 and is referred to in this Official Statement as the “Fiscal Year.”

The Refunding Project

Proceeds from the sale of the Series 2026 Bonds will be used for the purpose of (i) refunding all or a portion of the City’s Gross Receipts Tax Improvement Revenue Bonds, Series 2015A (the “Series 2015A Bonds”), currently outstanding in the aggregate principal amount of \$28,460,000, and (ii) refunding all or a portion of the City’s Gross Receipts Tax Improvement Revenue Bonds, Series 2016C (the “Series 2016C Bonds” and together with the Series 2015A Bonds, the “Refunding Project”), currently outstanding in the aggregate principal amount of \$10,555,000. At the time of issuance of the Series 2026 Bonds the City will redeem the Series 2015A Bonds and will deposit a portion of the proceeds of the Series 2026 Bonds, together with certain other available moneys of the City, to an escrow fund held by in trust by the Bank of Albuquerque, as escrow agent (the “Escrow Agent”), resulting in the defeasance of all or a portion of the

* Preliminary, subject to change.

Series 2016C Bonds to be redeemed on July 1, 2026. See “PLAN OF FINANCING – The Refunding Project.”

Proceeds of the Series 2026 Bonds will also be used to pay costs of issuance of the Series 2026 Bonds. See “PLAN OF FINANCING.”

Causey, Demgen & Moore, P.C., Certified Public Accountants, Denver, Colorado, will verify at the time of delivery of the Series 2026 Bonds to the Underwriter, the mathematical accuracy of the schedules and demonstrate that the Federal Securities will mature and bear interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay when due, the principal of and interest on the Series 2016C Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Series 2026 Bonds. See “VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS.”

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Series 2016C Bonds in accordance with the requirements of the ordinances authorizing issuance of the Series 2016C Bonds and applicable law, and the Series 2016C Bonds will no longer be outstanding as Senior Tax Obligations (define herein). The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund of any additional amounts required to pay the principal of and interest on the Series 2016C Bonds if, for any reason, the cash balance on deposit or scheduled to be on deposit in the Escrow Fund is insufficient to make such payments.

Authority for Issuance

The Series 2026 Bonds are being issued under the authority of and pursuant to the Constitution and laws of the State, including Sections 3-31-1 to 3-31-12 NMSA 1978, as amended, the powers of the City as a home rule city under authority given by the Constitution of the State and the City Charter and all enactments of the City Council relating to the issuance of the Series 2026 Bonds, including the Bond Ordinance.

Sources of Payment for the Series 2026 Bonds

Special Limited Obligations

The Series 2026 Bonds, and all payments of principal, premium, if any, and interest thereon (whether at maturity or on a redemption date), and the obligations of the City for all other payments, fees, costs, interest and expenses under the Bond Ordinance and under all Related Documents will be special limited obligations of the City payable solely from the State-Shared Gross Receipts Tax Revenues, which are referred to herein as the Pledged Revenues (defined below) and are pledged and are payable as set forth in the Bond Ordinance. The Series 2026 Bonds are also payable from amounts on deposit in the Series 2026 Debt Service Fund. See “SECURITY AND SOURCES OF PAYMENT – Net Project Revenues.”

All of the Series 2026 Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the State-Shared Gross Receipts Tax Revenues, which are irrevocably so pledged by the Bond Ordinance. **The registered owner or owners of the Series 2026 Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor.** The Series 2026 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City; and each of the Series 2026 Bonds shall recite that it is payable and collectible solely from the State-Shared Gross Receipts Tax Revenues, the income from

which is so pledged, and that the registered owner thereof may not look to any general or other municipal fund for the payment of principal and interest on the Series 2026 Bonds.

Pledged Revenues

The Series 2026 Bonds are payable and collectible from an irrevocable first lien (but not necessarily an exclusive first lien) on the State-Shared Gross Receipts Tax Revenues which means the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the City as authorized by Sections 7-1-6.1 and 7-1-6.4 NMSA 1978, and which remittances are equal to one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported to the City for the month for which such remittance is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City as set forth above, or (ii) the maximum amount at any time provided hereinafter to be remitted to the City under applicable law; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance. State-Shared Gross Receipts Tax Revenues also includes (i) the portion of the gross receipts tax distribution to the City to be made pursuant to Section 7-1-6.46 NMSA 1978, which represents the amount of State gross receipts tax revenues set forth in the sentence above that would have been remitted to the City but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978 (the “Make-Whole Distributions”), and (ii) any similar distributions made to the City in lieu of State gross receipts tax revenues, but State gross receipts tax revenues do not include any similar distributions in lieu of any municipal local option gross receipts tax revenues. The City is not pledging and the term “State-Shared Gross Receipts Tax Revenues” does not include any local option gross receipts tax income received by the City or any distributions pursuant to Section 7-1-6.46 NMSA 1978, related to those local option gross receipts taxes.

In the 2013 New Mexico legislative session, legislation was adopted that begins reductions in Make-Whole Distributions starting in Fiscal Year 2016 related to tax deductions for food and medical expenses. The Make-Whole Distributions, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. Historically, the Make-Whole Distributions represent approximately 10% of the City’s GRT distributions from the State. The Make-Whole Distributions will be reduced incrementally over a 15 year period. See “CERTAIN INVESTMENT CONSIDERATIONS – State Legislative Modifications Related to Pledged Gross Receipts Tax.”

Terms of the Series 2026 Bonds

Payments

The Series 2026 Bonds will be dated their date of delivery. Interest on the Series 2026 Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2026* until maturity or prior redemption. The Series 2026 Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside cover page of this Official Statement. Payments on the Series 2026 Bonds will be made by the City Treasurer, as the initial Paying Agent and Registrar for the Series 2026 Bonds (the “Fiscal Agent”).

* Preliminary, subject to change.

Denominations

The Series 2026 Bonds are issuable in denominations of \$5,000 or integral multiples thereof.

Book-Entry System

Individual purchases will be made in book-entry form only and purchasers of the Series 2026 Bonds will not receive physical delivery of bond certificates except as more fully described herein. Payments of principal of and interest on the Series 2026 Bonds will be made directly to The Depository Trust Company, New York, New York (“DTC”) or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2026 Bonds, all as more fully described in Appendix E - “BOOK-ENTRY ONLY SYSTEM.”

In reading this Official Statement, it should be understood that while the Series 2026 Bonds are in book-entry only form, references in other sections of this Official Statement to owners of the Series 2026 Bonds should be read to include the person for whom the Participant (as hereinafter defined) and indirect participants acquire an interest in the Series 2026 Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system as described more fully herein, and (ii) notices that are to be given to owners by the City or the Paying Agent will be given only to DTC.

Redemption

The Series 2026 Bonds may be subject to optional redemption and may be subject to mandatory sinking fund redemption prior to maturity as provided herein. See “THE SERIES 2026 BONDS – Redemption Prior to Maturity” and Appendix B - “DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE.”

Outstanding Obligations

After issuance of the Series 2026 Bonds, the City’s outstanding obligations secured by State-Shared Gross Receipts Tax Revenues (“Senior Tax Obligations”) will be outstanding in the aggregate principal amount of \$237,200,000[†], secured by a dual pledge of State-Shared Gross Receipts Tax Revenues and one or more additional sources of pledged revenues. The City currently has no outstanding obligations secured by a subordinate lien on the State-Shared Gross Receipts Tax Revenues. See “OUTSTANDING PARITY OBLIGATIONS.”

Additional Obligations

So long as the City is current in the accumulations required to be made pursuant to any ordinance or resolution authorizing the issuance of Senior Tax Obligations, and the debt service coverage requirements are satisfied, the Bond Ordinance permits the City to issue bonds or incur obligations payable from State-Shared Gross Receipts Tax Revenues on parity with the lien thereon of the Series 2026 Bonds. No obligations may be issued with a lien on the State-Shared Gross Receipts Tax Revenues senior to the lien thereon of the Series 2026 Bonds; however, the City may issue obligations with a subordinate lien on the State-Shared Gross Receipts Tax Revenues. See “SECURITY AND SOURCES OF PAYMENT – Additional Obligations Payable from State-Shared Gross Receipts Tax Revenues.”

[†] Preliminary, subject to change.

Commitment to Provide Continuing Disclosure

The City will agree for the benefit of the owners of the Series 2026 Bonds that, so long as the Series 2026 Bonds remain outstanding, the City will provide when available its annual audited financial statements and certain other financial information and operating data with the Municipal Securities Rulemaking Board (“MSRB”) using its Electronic Municipal Market Access System (“EMMA”) in conformity with Rule 15c2-12, and will file notice of certain specific material events with the MSRB, or as otherwise requested by the MSRB, as described in “CONTINUING DISCLOSURE UNDERTAKING” and Appendix D hereto.

Forward-Looking Statements

This Official 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 Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2026 Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, will deliver a bond opinion, the form of which is included in Appendix C hereto. Certain legal matters will be passed upon for the City by the City Attorney and by Taft Stettinius & Hollister LLP, as Disclosure Counsel. See “LEGAL MATTERS.” The Underwriter is being represented in connection with its purchase of the Series 2026 Bonds by McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

RBC Capital Markets, LLC (“RBCCM”) is employed as Municipal Advisor to the City in connection with the issuance of the Series 2026 Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2026 Bonds is contingent upon the issuance and delivery of the Series 2026 Bonds. RBCCM, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of, or assume responsibility for, the accuracy, completeness, or fairness of the information in this Official Statement.

Offering and Delivery of the Series 2026 Bonds

The Series 2026 Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2026 Bonds will be delivered to DTC in New York, New York on or about May 21, 2026.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period, upon request to the City and upon payment to the City of a charge for copying, mailing and handling, at One Civic Plaza, N.W., Albuquerque, New Mexico 87102, Attention: Treasurer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2026 Bonds.

The purchase of the Series 2026 Bonds involves special risks and the Series 2026 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described under “CERTAIN INVESTMENT CONSIDERATIONS”, which, among other factors discussed herein, could affect the payment of debt service on the Series 2026 Bonds and could affect the market price of the Series 2026 Bonds to an extent that cannot be determined at this time.

PLAN OF FINANCING

Estimated Sources and Uses of Funds

The estimated sources and uses of funds to be available in connection with the sale of the Series 2026 Bonds are set forth below.

SOURCES OF BOND PROCEEDS	Series 2026 Bonds
Principal amount	\$35,215,000*
Reoffering Premium (Discount)	_____
TOTAL SOURCES OF PROCEEDS	
USES OF BOND PROCEEDS:	
Refunding Project	
Escrow Fund	
Underwriter’s Discount ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
TOTAL USES OF PROCEEDS	_____

(1) See “Underwriting.”

(2) The costs of issuance of the Series 2026 Bonds include legal and accounting fees, printing, rating fees, escrow fees and other miscellaneous costs.

* Preliminary, subject to change.

The Refunding Project

Proceeds from the sale of the Series 2026 Bonds will be used to finance the Refunding Project described herein under “INTRODUCTION – The Refunding Project” and to pay costs of issuance for the Series 2026 Bonds.

Proceeds from the sale of the Series 2026 Bonds will be used for the purpose of (i) refunding all or a portion of the City’s Gross Receipts Tax Improvement Revenue Bonds, Series 2015A (the “Series 2015A Bonds”), currently outstanding in the aggregate principal amount of \$28,460,000, and (ii) refunding all or a portion of the City’s Gross Receipts Tax Improvement Revenue Bonds, Series 2016C (the “Series 2016C Bonds” and together with the Series 2015A Bonds, the “Refunding Project”), currently outstanding in the aggregate principal amount of \$10,555,000. At the time of issuance of the Series 2026 Bonds the City will redeem the Series 2015A Bonds and will deposit a portion of the proceeds of the Series 2026* Bonds, together with certain other available moneys of the City, to an escrow fund held by in trust by the Bank of Albuquerque, as escrow agent (the “Escrow Agent”), resulting in the defeasance of all or a portion of the Series 2016C Bonds to be redeemed on July 1, 2026. See “PLAN OF FINANCING – The Refunding Project.”

THE SERIES 2026 BONDS

Generally

The Series 2026 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2026 Bonds will be dated their date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2026 (each an “Interest Payment Date”) until maturity or prior redemption. The Series 2026 Bonds will bear interest from the most recent date to which interest has been paid or provided, or if no interest has been paid or provided for, from their date until maturity.

The Series 2026 Bonds will be issued in denominations of \$5,000 or integral multiples thereof, will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2026 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2026 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2026 Bonds, references herein to the bondholders, owners or registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2026 Bonds.

So long as Cede & Co. is the registered owner of the Series 2026 Bonds, principal of and interest on the Series 2026 Bonds are payable by wire transfer by the Fiscal Agent to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants. See Appendix E - “BOOK-ENTRY ONLY SYSTEM.”

* Preliminary, subject to change.

Redemption Prior to Maturity

Optional Redemption

All or any portion of the Series 2026 Bonds may be subject to optional redemption prior to their stated maturities at a redemption price and on the dates established therefor in the Sale Certificate.

If subject to optional redemption, unless money sufficient to pay the principal of and premium, if any, on the Series 2026 Bonds to be redeemed pursuant to the Bond Ordinance is received by the Paying Agent prior to the giving of notice of redemption in accordance with the Bond Ordinance, that notice shall state that the redemption is conditional upon the receipt of that money by the Paying Agent by 2:00 p.m., prevailing Mountain Time, on the redemption date. If an amount sufficient to redeem all Series 2026 Bonds called for redemption is not received by that time (i) the Paying Agent shall redeem only those Series 2026 Bonds for which the redemption price was received, (ii) the Series 2026 Bonds to be redeemed shall be selected in the manner set forth in the Bond Ordinance and (iii) the redemption notice shall have no effect with respect to those Series 2026 Bonds for which the redemption price was not received and those Series 2026 Bonds shall not be redeemed. The Registrar shall give notice to the Owners of the Series 2026 Bonds previously called for redemption which shall not be redeemed, in the manner in which notice of redemption was given, identifying the Series 2026 Bonds which shall not be redeemed, stating that the redemption did not take place with respect to those Series 2026 Bonds and shall promptly return any Series 2026 Bonds which shall not be redeemed which were previously delivered by the Owners of those Series 2026 Bonds.

Partial Redemption

If less than all of the Outstanding Series 2026 Bonds are to be redeemed, the Maturity Dates of the Series 2026 Bonds to be redeemed shall be selected by the City. If less than all Series 2026 Bonds of a given Maturity Date are redeemed, the Series 2026 Bonds of that Maturity Date to be redeemed shall be selected by lot in such manner as determined by the Fiscal Agent. However, the portion of any Series 2026 Bonds to be redeemed and the portion of any Series 2026 Bonds not redeemed shall both be in Authorized Denominations. If, as indicated in a certificate of an Authorized Officer delivered to the Fiscal Agent, the City has offered to purchase all Series 2026 then Outstanding and less than all of the Series 2026 Bonds, as the case may be, have been tendered to the City for purchase, the Fiscal Agent, at the direction of an Authorized Officer, shall select for redemption all, or any part designated by the City, of the Series 2026 Bonds which have not been tendered.

In selecting Series 2026 Bonds for redemption, the Fiscal Agent shall treat each Series 2026 Bond as representing that number of Series 2026 Bonds which is obtained by dividing the principal amount of any Series 2026 Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any Series 2026 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Owner of such Series 2026 Bond (except with respect to Series 2026 Bonds registered to a Depository or its nominee, in which case a notation as to the amount redeemed may be made on such Series 2026 Bonds) shall promptly surrender such Series 2026 Bond to the Fiscal Agent for (i) payment to such Owner of the redemption price of the unit or units of principal amount called for redemption, and (ii) delivery to such Owner of a new Series 2026 Bond of the same Maturity Date and series in the aggregate principal amount of the unredeemed balance, without charge therefor.

If the Owner of any such Series 2026 Bond fails to present that Series 2026 Bond to the Fiscal Agent for payment, that Series 2026 Bond nevertheless shall become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption and interest shall cease to accrue on that principal amount.

Mandatory Sinking Fund Redemption.

The Series 2026 Bonds may be subject to mandatory sinking fund redemption as provided in the Sale Certificate.

Notice

Notice of redemption of Series 2026 Bonds shall be given by the Fiscal Agent by sending a copy of such notice by registered or certified first class, postage prepaid mail not less than 30 days prior to the redemption date to all Depositories, to EMMA and to the Owner of each Series 2026 Bond, or portion thereof, to be redeemed at the address shown as of the close of business on the fifth day prior to the mailing of notice on the Bond Register. The City shall give the Fiscal Agent notice of the redemption date and the Series, Maturity Date and the principal amounts of each maturity of Series 2026 Bonds to be called for redemption pursuant to the Bond Ordinance at least five Business Days prior to the date that the Fiscal Agent is required to give Owners notice of redemption. [Series 2026 Bonds to be called for mandatory sinking fund redemption shall be called for redemption by the Fiscal Agent without the necessity of any notice to the Fiscal Agent from the City.] Neither the City's failure to give such notice, the Fiscal Agent's failure to give such notice to any Depository (other than as the Owner of Series 2026 Bonds being redeemed), or the registered Owner of any Series 2026 Bonds to be redeemed, or any defect therein, nor the failure of the Depository to notify a Participant or any Participant or Indirect Participant to notify a Beneficial Owner of any such redemption, shall affect the validity of the proceedings for the redemption of any Series 2026 Bonds for which proper notice was given.

The official notice of redemption to Owners shall state:

- (1) the CUSIP numbers of the Series 2026 Bonds to be redeemed,
- (2) the redemption date,
- (3) the redemption price,
- (4) the Series 2026 Bonds to be redeemed,
- (5) if less than all Outstanding Series 2026 Bonds are to be redeemed, the Series, bond numbers and Maturity Dates of the Series 2026 Bonds to be redeemed and, in the case of a partial redemption of a Series 2026 Bond, the principal amount to be redeemed,
- (6) that, subject to the provisions for optional redemption under the Bond Ordinance, if applicable, on the redemption date, the redemption price will become due and payable on each Series 2026 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after that date,
- (7) the place where such Series 2026 Bonds are to be surrendered for payment of the redemption price, the name of a contact person (if the book-entry system is in effect), and the phone number at the office of the Paying Agent, and
- (8) if the redemption is an optional redemption pursuant to the Bond Ordinance, that the redemption is conditional, if applicable, stating the conditions set forth in the Bond Ordinance for optional redemptions.

The Paying Agent shall comply with any other terms regarding redemption and notice of redemption, as are required by any agreement with a Depository.

Except as provided in the Bond Ordinance, notice having been given in the manner provided above, the Series 2026 Bonds or part thereof called for redemption shall become due and payable on the redemption date designated and the Series 2026 Bonds, or part thereof to be redeemed, for which the redemption price is on deposit with the Fiscal Agent, shall not be deemed to be Outstanding and shall cease to bear or accrue interest from and after such redemption date. Subject to the Bond Ordinance, upon presentation of a Series 2026 Bond to be redeemed at the office of the Fiscal Agent on or after the redemption date, or, so long as the book-entry system is used for determining beneficial ownership of the Series 2026 Bond being redeemed, upon satisfaction of the terms of any other arrangement between the Fiscal Agent and the Depository, the Fiscal Agent will pay such Series 2026 Bonds or portion thereof called for redemption.

SECURITY AND SOURCES OF PAYMENT

Special, Limited Obligations

The Series 2026 Bonds shall not constitute indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the City. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of or the interest and premium, if any, on the Series 2026 Bonds and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Ordinance.

The Series 2026 Bonds are special limited obligations of the City and are payable from the State-Shared Gross Receipts Tax Revenues, on parity with the lien of the Outstanding Senior Tax Obligations on State-Shared Gross Receipts Tax Revenues.

The Series 2026 Bonds are also secured by any amounts which may be on deposit in the funds and accounts established under the Bond Ordinance.

State-Shared Gross Receipts Tax Revenues

Generally

See “INTRODUCTION – Sources of Payment for the Series 2026 Bonds” for the definition of “State-Shared Gross Receipts Tax Revenues.” The following section sets forth certain information relating to the State-Shared Gross Receipts Tax Revenues. It is important for prospective purchasers to analyze the historical State-Shared Gross Receipts Tax Revenues and factors which may impact future State-Shared Gross Receipts Tax Revenues. The City has assumed that the information obtained from sources other than the City is accurate without independently verifying it, but has no reason to believe that such information may be inaccurate. For certain information concerning the City generally, see Appendix A – “ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION, INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2025.” **The information in Appendix A is provided to prospective purchasers for purposes of analyzing the financial and overall status of the City, although the Series 2026 Bonds are payable from the State-Shared Gross Receipts Tax Revenues and otherwise described under this caption.**

Imposition of Tax

The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-121 NMSA 1978, as amended), authorizes the State to impose the State gross receipts tax, (the “State Gross Receipts Tax”) which is currently levied by the State for the privilege of doing business in the State and is collected by the State Taxation and Revenue Department (the “Department”). The State Gross Receipts Tax is currently levied at 4.875% of taxable gross receipts. Of the 4.875 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225 cents are remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed (including State and local option gross receipts taxes) in the City effective on July 1, 2025, is 7.625%.

Taxed Activities

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

Exemptions

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

Effective July 1, 2019, out-of-state (Internet) sellers with total taxable gross receipts of at least \$100,000 from sales, leases, and license of tangible personal property sourced to New Mexico customers in the previous calendar year are required under state laws to start collecting and paying State gross receipts tax on their New Mexico transactions. Effective July 1, 2021, the gross receipts tax sourcing rules changed

from point of origin-based sourcing to destination-based sourcing for most categories of gross receipts, allowing for the imposition of local taxes on out-of-state sellers. For services other than professional services, gross receipts and deductions are reported from the location where the service is performed. Professional services will continue to be reported from the seller's place of business.

Administration of the Tax

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

Remedies for Delinquent Taxes

The Revenue Division may assess State Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom State Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within 30 days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than 60 months. Interest is due on any delinquent tax from the first day following the day on which it is due at the established rate for individuals pursuant to Section 6621 of the Internal Revenue Code, computed on a daily basis, until paid, without regard to any installment agreement. However, if the State Gross Receipts Tax is paid within ten days after demand is made, no interest shall be imposed for the period after the date of demand.

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

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

Historical State-Shared Gross Receipts Tax Revenues

Fiscal Year	Revenues ⁽¹⁾
2021	\$214,077,270
2022	261,057,158
2023	281,580,470
2024	287,086,138
2025	294,266,676

(1) In the 2013 legislative session, legislation was adopted that begins reductions in Fiscal Year 2016 of payments from the State to municipalities, including the City, related to tax deductions for food and medical expenses (the “Make-Whole Distributions”). The Make-Whole Distributions under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. The legislation also authorizes additional local option tax authority for municipalities if they choose to enact them. On March 5, 2018, the City Council approved an ordinance imposing a 0.375% gross receipts tax increase related to the reduction of Make-Whole Distributions from the State. After July 1, 2019, such 0.375% increase remains in effect but was “de-earmarked.” See “Taxing Authority of Payments.”

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

The State-Shared Gross Receipts Tax Revenues are pledged to the payment of Outstanding Senior Tax Obligations. Some of those bonds are also secured by other revenues of the City, such as lodgers’ taxes. See “OUTSTANDING PARITY OBLIGATIONS – Lodgers’ Tax and Hospitality Fee.”

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Historical Taxable Gross Receipts

The table which follows provides information about the City’s taxable gross receipts by sector since Fiscal Year 2016.

**CITY OF ALBUQUERQUE
Taxable Gross Receipts by Sector and Total Gross Receipts⁽¹⁾
Fiscal Years 2016-2025 (000,000)**

Category ⁽²⁾	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Share of	
											2016	2025
Accommodation and Food Services	\$1,521	\$1,530	\$1,606	\$1,677	\$1,522	\$1,455	\$1,949	\$2,132	\$2,229	\$2,238	10.8%	9.8%
Admin and Support	238	236	302	323	354	396	634	722	523	696	1.7	3.1
Agriculture	15	19	26	25	24	22	(8)	(5)	32	26	0.1	0.1
Arts Entertainment and Recreation	123	148	156	170	136	88	209	226	241	249	0.9	1.1
Construction	1,234	1,398	1,620	1,447	1,641	1,683	1,971	2,411	2,484	2,590	8.8	11.4
Educational Services	88	88	83	77	77	88	103	109	114	105	0.6	0.5
Finance and Insurance	122	140	309	165	173	202	252	233	227	263	0.9	1.2
Health Care	980	1,058	1,237	1,380	1,385	1,524	1,758	1,736	1,818	2,005	7.0	8.8
Information and Cultural Industries	767	791	797	830	843	474	738	761	816	876	5.5	3.8
Management of Companies	(15)	20	16	17	20	18	27	18	24	26	-0.1	0.1
Manufacturing	334	334	305	362	309	298	462	541	529	599	2.4	2.6
Mining	9	8	5	3	2	3	4	11	2	1	0.1	0.0
Other Services	1,385	1,350	1,364	1,374	1,305	1,365	1,690	1,760	1,821	1,931	9.9	8.5
Professional Scientific and Technical Services	1,620	1,649	1,624	1,755	1,848	2,023	2,270	2,473	2,729	2,878	11.5	12.6
Public Administration	2	2	2	4	4	6	7	5	7	6	0.0	0.0
Real Estate & Leasing	380	350	314	396	398	403	5221	515	544	557	2.7	2.4
Retail Trade	4,136	4,164	4,144	4,176	4,186	4,688	5,672	5,858	5,957	5,844	29.4	25.6
Transportation and Warehousing	101	107	120	113	115	109	116	161	162	174	0.7	0.8
Unclassified Establishments	108	122	85	90	104	117	328	384	448	574	0.8	2.5
Utilities	520	517	532	534	524	605	644	664	594	622	3.7	2.7
Wholesale Trade	381	395	466	508	503	564	796	897	917	879	2.7	3.9
Total Taxable Gross Receipts ⁽³⁾	14,049	14,430	15,113	15,425	15,474	16,130	20,142	21,612	22,216	23,136	100%	100%
Food - Hold harmless Distribution	1,191	1,156	1,371	1,303	1,838	1,722	1,668	1,787	2,301	2,231		
Medical -Hold harmless Distribution	458	459	339	407	401	319	450	440	544	637		
Total Taxable Gross Receipts base ⁽³⁾	15,698	16,045	16,823	17,135	17,713	18,171	22,260	23,839	25,061	25,654		

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

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

(3) May not total due to rounding.

Taxing Authority and Payments

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

**Fiscal Year 2025 Gross Receipts Tax Rate
(as of January 1, 2026)**

<u>Type of Tax & Purpose</u>	<u>Percentage Imposed</u>
Municipal GRT	1.5625%
Bernalillo County GRT	1.1875
State Shared GRT	1.2250
<u>State GRT</u>	<u>3.6500</u>
Total	7.6250%

Source: City of Albuquerque, Office of City Treasurer.

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

**Fiscal Year 2026 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2026)**

<u>Type of Tax & Purpose</u>	<u>Total Taxing Authority</u>	<u>Percentage Imposed</u>	<u>Unused Authority</u>
Municipal GRT	2.5000%	1.5625%	0.9375%
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.7875%</u>	

Source: City of Albuquerque, Office of City Treasurer.

Additional Obligations Payable From State-Shared Gross Receipts Tax Revenues

The City may issue additional Senior Tax Obligations (in addition to certain refunding obligations), subject to the following requirements:

- (a) the City must be current in the accumulations required to be made pursuant to any ordinance or resolution authorizing the issuance of any Senior Tax Obligations; and
- (b) the State-Shared Gross Receipts Tax Revenues received by the City for either (i) the Fiscal Year or (ii) any twelve consecutive calendar months out of the eighteen calendar months immediately preceding the date of the issuance of such additional Senior Tax Obligations shall have been sufficient to pay an amount representing two hundred and twenty-five percent (225%) of the combined maximum annual principal and interest payments (excluding any reserves therefore) coming due in any subsequent Fiscal Year on: (y) the then Outstanding Senior Tax Obligations, and (z) the Senior Tax Obligations proposed to be issued.

The City is not permitted to issue bonds or incur obligations payable from the State-Shared Gross Receipts Tax Revenues having a lien thereon prior and superior to the lien of the Series 2026 Bonds and

other Outstanding Senior Tax Obligations on State-Shared Gross Receipts Tax Revenues. Obligations with a lien of State-Shared Gross Receipts Tax Revenues subordinate to the lien thereon of Senior Tax Obligations may be issued.

Refunding Bonds Payable from State-Shared Gross Receipts Tax Revenues

Generally

The City may not issue refunding Gross Receipts Tax Obligations as Senior Tax Obligations unless:

(a) the Tax Obligations refunded are Senior Tax Obligations and the issuance of the refunding Tax Obligations does not increase the maximum annual Debt Service Requirements of the refunded Tax Obligations and all other Outstanding Tax Obligations on the refunding date; or

(b) the refunding Senior Tax Obligations are issued in compliance with the provisions of the Bond Ordinance.

Partial Refunding

While the Series 2026 Bonds are outstanding, except as set out in subparagraph (c) below, the refunding Tax Obligations shall enjoy complete equality of lien on the State-Shared Gross Receipts Tax Revenues with the portion of any Tax Obligations of the same series which is not refunded and the Owners of the refunding Tax Obligations shall be subrogated to all of the rights and privileges enjoyed by the Owners of the refunded Tax Obligations.

A part of a series of Outstanding Tax Obligations may be refunded only with the consent of the Owners of the unrefunded portion of that series unless:

(a) the issuance of the refunding Tax Obligations does not increase the maximum annual Debt Service Requirements evidenced by the refunded Tax Obligations and by the Outstanding Tax Obligations of such series not refunded on the refunding date; or

(b) the refunding Senior Tax Obligations are issued in compliance with the provisions of the Bond Ordinance; or

(c) the lien on the State-Shared Gross Receipts Tax Revenues for the payment of the refunding Tax Obligations is subordinate to the lien thereon for the payment of the unrefunded portion of the series.

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OUTSTANDING PARITY OBLIGATIONS

Senior Tax Obligations

The following obligations of the City payable from State-Shared Gross Receipts Tax Revenues (and Lodgers' Tax Revenues, Hospitality Fee Revenues and/or Stadium Lease Revenues and Surcharge Revenues, as such terms are defined herein, to the extent designated below) will be outstanding after issuance of the Series 2026 Bonds.

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽¹⁾	\$28,915,000	\$22,145,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2015C ⁽²⁾	2,080,000	225,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Bonds, Taxable, Series 2016A ⁽¹⁾	24,000,000	17,430,000
Gross Receipts Tax Revenue Bonds, Series 2016B ⁽³⁾	8,430,000	3,790,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2019A ⁽¹⁾	33,830,000	26,050,000
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Taxable Series 2020A ⁽¹⁾	39,190,000	37,050,000
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Refunding Revenue Bonds, Taxable Series 2020B ⁽¹⁾	7,655,000	3,330,000
Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2020C	30,955,000	24,815,000
Gross Receipts Tax/Stadium Refunding Revenue Bonds, Series 2020D ⁽⁴⁾	4,755,000	960,000
Gross Receipts Tax Improvement Revenue Bonds, Taxable Series 2022A	20,300,000	14,915,000
Gross Receipts Tax Improvement Revenue Bonds, Tax-Exempt Series 2022B	66,655,000	66,655,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2024	19,835,000	19,835,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2026	35,215,000*	35,215,000*
Total	<u>\$286,600,000*</u>	<u>\$237,200,000*</u>

(1) These bonds are also secured by the Lodgers' Tax Revenues (as defined herein).

(2) These bonds will be paid in full on July 1, 2026.

(3) The 2016B Bonds are on also secured by Net Project Revenues.

(4) These bonds are also secured by a pledge of lease payments due to the City from the Stadium Lease Revenues and Surcharge Revenues (as defined herein).

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

Lodgers' Tax and Hospitality Fee

The Lodgers' Tax Revenues and Hospitality Fee Revenues (both as defined herein) described below do not secure the Series 2026 Bonds but do secure and may therefore defray debt service on certain Senior Tax Obligations. See "State-Shared Gross Receipts Tax Obligations."

Lodgers' Tax

The lodgers' tax is levied pursuant to the Lodgers' Tax Act (Sections 3-38-13 through 3-38-25 NMSA 1978, as amended) and is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate imposed by the City is 5% and is imposed on the gross taxable rent paid for lodging (but not including state gross receipts tax or local gross receipts tax).

Lodgers' tax revenues are pledged to the payment of the City's gross receipts/lodgers' tax bonds in an amount equal to fifty percent (50%) of the revenues produced by the City's imposition of the lodgers' tax, less certain administrative costs (the "Lodgers' Tax Revenues"). 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

* Preliminary, subject to change. Excludes the Series 2015A Bonds and the Series 2016C Bonds being refunded by the Series 2026 Bonds.

the tax for the purposes of advertising, publicizing, and promoting the convention center and certain other tourist facilities or attractions within the City. The City uses the 50% of the Lodgers’ Tax Revenues not pledged to the payment of bonds to satisfy this requirement.

Hospitality Fee

The State Legislature passed the Hospitality Fee Act (Sections 3-38A-1 through 3-38A-12 NMSA 1978) which became effective in June 2003. Under the Act, the City has authority to impose, without a referendum, a hospitality fee of up to 1% of the gross rent proprietors receive from tourist accommodations within the City. On April 19, 2004, the City enacted its ordinance imposing the hospitality fee. The Hospitality Fee Act includes a section which repeals the Act effective July 1, 2028. As required by the Hospitality Fee Act, twenty-five percent of the fees collected are to be used for advertising to publicize and promote tourist-related attractions, facilities and events, twenty-five percent of the fees collected are to be used to extinguish debt incurred by a municipality for a metropolitan court facility, and the remaining fifty percent is to be used to equip and furnish the City’s convention center. Hospitality fee revenues, in an amount equal to fifty percent (50%) of the revenues produced by the City’s imposition of the fee, less certain administrative costs (the “Hospitality Fee Revenues”), are pledged to the payment of the City’s outstanding Hospitality Fee obligations. The City has one outstanding Hospitality Fee obligation – the Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Refunding Revenue Bonds, Taxable Series 2020B.

Historical Lodgers’ Tax Revenues and Hospitality Fee Revenues

The gross taxable rent, Lodgers’ Tax Revenues and Hospitality Fee Revenues collected by the City for the last five fiscal years are as follows:

**CITY OF ALBUQUERQUE
Historical Lodgers’ Tax and Hospitality Fee Revenues**

Fiscal Year	Gross Taxable Rent⁽¹⁾	Lodgers’ Tax Revenues	Hospitality Fee Revenues
2021 ⁽²⁾	\$176,594,240	\$8,829,712	\$1,817,387
2022 ⁽²⁾	326,744,320	16,337,216	3,191,538
2023	359,802,240	17,990,112	3,592,055
2024	289,103,660	19,165,237	3,844,220
2025 ⁽³⁾	380,298,620	19,014,931	3,813,408

- (1) Defined by the Lodgers’ Tax Act to mean “the total amount of rent paid for lodging, not including the State Gross Receipts Tax or local sales taxes.”
- (2) COVID-19 restrictions in effect during Fiscal Year 2021 and 2022.
- (3) Audited Actual.

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

The following table sets forth estimated spending and confirmed convention bookings in the City by number of individuals and room nights for Fiscal Years 2021-2025. The numbers of future delegates and room nights are estimates based on historical convention history and therefore may be variable within a booking. Cancellation of confirmed future bookings are possible.

**Confirmed Convention Center Bookings
Fiscal Years 2021-2025**

Fiscal Year	Direct Spending	Attendance	Room Nights
2021 ⁽¹⁾	\$286,384	1,700	182
2022 ⁽¹⁾	18,849,302	35,012	38,195
2023	21,457,056	41,590	40,665
2024	28,463,558	54,194	53,313
2025	22,962,005	41,568	42,300

(1) COVID-19 restrictions in effect during Fiscal Year 2021 and 2022.

Source: Visit Albuquerque.

Stadium Lease Revenues and Surcharge Revenues

The Stadium Lease Revenues and Surcharge Revenues described below do not secure the Series 2026 Bonds but do defray debt service on certain Senior Tax Obligations. See “Senior Tax Obligations” herein.

The Stadium Lease Revenues include all revenues derived by the City from a Stadium Lease Agreement (the “Stadium Lease”) between the City and the Albuquerque Baseball Club, LLC (the “Team”) executed in October 2001 pursuant to which the City leases a minor league baseball stadium to the Team. The Stadium Lease Revenues include: (1) a base rent payment of \$700,000 per lease year, subject to rental adjustments as provided in the Stadium Lease, (2) additional base rent not to exceed \$75,000 as set forth in the Stadium Lease, (3) additional percentage rent, equal to 12.5% of the Team’s gross revenues in excess of \$5,500,000 per lease year or \$437,500, whichever is less, (4) any Net Proceeds (as defined in the Stadium Lease) received by the City as shared revenues, (5) any parking revenues received by the City pursuant to the Stadium Lease, and (6) any and all other revenues derived by the City pursuant to the Stadium Lease. The Stadium Lease expires by its terms in October 2026.

The Surcharge Revenues are calculated as equal to ten percent of the total amount of money or the value of other consideration paid to a vendor at the minor league baseball stadium by a user for property or services related to the stadium or related to activities occurring at the stadium, including tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, and broadcast revenues (the “Surcharge Revenues”).

The Stadium Lease Revenues and Surcharge Revenues (in the table below shown collectively as the “Stadium Revenues”) collected by the City for the last five Fiscal Years are as follows:

Historical Stadium Revenues

Fiscal Year	Stadium Revenues
2021 ⁽¹⁾	\$739,697
2022 ⁽¹⁾	2,266,016
2023	2,639,285
2024	2,846,588
2025 ⁽²⁾	613,307 ⁽³⁾

(1) COVID-19 restrictions in effect during Fiscal Year 2021 and 2022.

(2) Unaudited Actual.

(3) In Fiscal Year 2025, certain amounts previously recorded as rental revenue were recorded as reimbursements of expenses and presented as miscellaneous revenue under a Memorandum of Understanding signed between the City and the lessee.

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

ANNUAL DEBT SERVICE REQUIRMENTS AND COVERAGE

Annual Debt Service Requirements for the Series 2026 Bonds

The following schedule shows the annual debt service requirements to be paid on the Series 2026 Bonds.

Twelve-Month Period (ending July 1)	Series 2026 Bonds*		
	Principal*	Interest ^{(1)*}	Total ^{(1)*}
2026	\$2,215,000	\$239,657.63	\$2,454,657.63
2027	2,445,000	1,650,000.00	4,095,000.00
2028	2,560,000	1,527,750.00	4,087,750.00
2029	2,685,000	1,399,750.00	4,084,750.00
2030	2,820,000	1,265,500.00	4,085,500.00
2031	2,970,000	1,124,500.00	4,094,500.00
2032	3,120,000	976,000.00	4,096,000.00
2033	3,275,000	820,000.00	4,095,000.00
2034	3,430,000	656,250.00	4,086,250.00
2035	2,250,000	484,750.00	2,734,750.00
2036	2,360,000	372,250.00	2,732,250.00
2037	2,480,000	254,250.00	2,734,250.00
2038	2,605,000	130,250.00	2,735,250.00
Total	\$35,215,000	\$10,900,907.63	\$46,115,907.63

(1) Interest has been calculated at an assumed rate of 5% solely for purposes of this Preliminary Official Statement.

* Preliminary, subject to change.

Estimated Total Combined Debt Service

The Series 2026 Bonds constitute Outstanding Senior Tax Obligations. The following table sets forth the estimated combined debt service for the outstanding Senior Tax Obligations upon issuance of the Series 2026 Bonds.

Total Combined Debt Service Outstanding Senior Tax Obligations⁽¹⁾

Calendar Year	Series 2004B ⁽²⁾	Series 2015C	Series 2016A ⁽²⁾	Series 2016B ⁽³⁾	Series 2019A ⁽²⁾	Series 2020A ⁽²⁾	Series 2020B ⁽²⁾	Series 2020C	Series 2020D ⁽⁴⁾	Series 2022A	Series 2022B	Series 2024	Series 2026*	Combined Debt Service Requirements
2026	\$4,131,833.00	\$228,937.50	\$1,425,385.00	\$807,170.00	\$1,091,000.00	\$1,459,072.90	\$1,152,055.80	\$2,901,151.45	\$975,369.60	\$2,361,688.00	\$3,332,750.00	\$991,750.00	2,454,657.63	\$23,312,820.88
2027	4,220,896.00		1,481,235.00	815,610.00	1,234,000.00	1,459,466.90	1,149,524.85	2,902,887.55		2,358,145.00	3,332,750.00	2,111,750.00	4,095,000.00	\$25,161,265.30
2028	4,306,109.00		1,544,685.00	808,475.00	1,394,500.00	1,454,090.80	1,145,643.75	2,906,553.25		2,360,618.00	3,332,750.00	2,110,750.00	4,087,750.00	\$25,451,924.80
2029	4,396,918.00		1,599,460.00	811,110.00	1,551,250.00	1,457,805.55		2,901,137.00		2,367,848.00	3,332,750.00	2,112,000.00	4,084,750.00	\$24,615,028.55
2030	2,182,215.00		1,665,540.00	813,285.00	1,719,000.00	3,755,930.05		2,903,729.25		2,365,034.00	3,332,750.00	2,110,250.00	4,085,500.00	\$24,933,233.30
2031	403,866.00		1,722,260.00		1,895,200.00	5,631,395.05		2,906,788.00		2,357,012.00	3,332,750.00	2,115,500.00	4,094,500.00	\$24,459,271.05
2032	403,866.00		1,789,590.00		2,078,000.00	5,723,776.30		2,901,637.00		2,358,830.00	3,332,750.00	2,112,250.00	4,096,000.00	\$24,796,699.30
2033	403,866.00		1,856,815.00		2,266,800.00	5,816,982.80		2,902,763.50		1,074,702.00	4,617,750.00	2,110,750.00	4,095,000.00	\$25,145,429.30
2034	2,838,866.00		1,928,535.00		2,471,000.00	3,475,394.05		2,904,837.00			5,693,500.00	2,110,750.00	4,086,250.00	\$25,509,132.05
2035	268,967.00		2,004,150.00		2,684,600.00	6,139,477.30		1,665,381.25			8,352,250.00	2,112,000.00	2,734,750.00	\$25,961,575.55
2036	5,123,967.00		1,953,900.00		3,021,800.00	1,385,471.55					10,022,000.00	2,109,250.00	2,732,250.00	\$26,348,638.55
2037			2,060,455.00		3,257,200.00	6,569,152.00					10,015,250.00	2,112,500.00	2,734,250.00	\$26,748,807.00
2038			1,470,185.00		10,959,200.00						10,016,000.00	2,111,250.00	2,735,250.00	\$27,291,885.00
2039											12,948,000.00	2,110,500.00		\$15,058,500.00
2040											12,948,750.00			\$12,948,750.00
2041											12,946,500.00			\$12,946,500.00
Total	<u>\$28,681,369.00</u>	<u>\$228,937.50</u>	<u>\$22,502,195.00</u>	<u>\$4,055,650.00</u>	<u>\$35,623,550.00</u>	<u>\$44,328,015.25</u>	<u>\$3,447,224.40</u>	<u>\$27,796,865.25</u>	<u>\$975,369.60</u>	<u>\$17,603,877.00</u>	<u>\$110,889,250.00</u>	<u>\$28,441,250.00</u>	<u>\$46,115,907.63</u>	<u>\$370,689,460.63</u>

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

- (1) Preliminary, subject to change; assumes refunding of all of the outstanding Series 2015A Bonds and 2016C Bonds. The amount of Series 2015A Bonds and Series 2016C Bonds to be refunded will depend on market conditions and may change. See "Annual Debt Service Requirements for the Series 2026 Bonds."
- (2) These bonds are also secured by the Lodgers' Tax Revenues (as defined herein).
- (3) These bonds are also secured by Net Project Revenues.
- (4) These bonds are also secured by a pledge of lease payments due to the City from the Stadium Lease Revenues and Surcharge Revenues (as defined herein).

* Preliminary, subject to change. Interest has been calculated on the Series 2026 Bonds at assumed rate of 5.000%, for purposes of illustration.

Estimated Coverage Ratios

The State-Shared Gross Receipts Tax Revenues of the City attributable to the 1.225% levy for Fiscal Year 2025 were \$288,195,227. The maximum calendar year combined debt service requirements for the outstanding Senior Tax Obligations of the City as shown in the preceding table are \$27,291,885* (occurring in calendar year 2038*). The coverage ratio of the Fiscal Year 2025 State-Shared Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 10.56x*. The City can make no assurances that State-Shared Gross Receipts Tax Revenues in future years will maintain the Fiscal Year 2025 level. **Coverage ratios may be understated assuming other sources of revenue such as Lodgers’ Tax Revenues, Hospitality Fee Revenues, Stadium Lease Revenues are actually available to defray the debt service on certain Senior Tax Obligations described under “OUTSTANDING PARITY OBLIGATIONS” above.**

The following table shows the estimated coverage ratios for fiscal years 2026-2030 of the State-Shared Gross Receipts Tax Revenues for Fiscal Year 2025 (assuming the same amount is produced in each of those Fiscal Years) to the estimated calendar year combined debt service requirements of the Series 2026 Bonds and all other Outstanding Senior Tax Obligations which will be outstanding after issuance of the Series 2026 Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS – State Gross Receipts Tax Collections are Subject to Fluctuation” and “ – Public Health Emergencies.”

Estimated Coverage Ratios Outstanding Senior Tax Obligations

Fiscal Year	State-Shared Gross Receipts Tax Revenues for Fiscal Year 2025 ⁽¹⁾	Estimated Debt Service Requirements for Series 2026 Bonds and Outstanding Senior Tax Obligations ^{(2)(3)*}	Estimated Coverage Ratios ^{(1)(2)*}
2026	\$288,195,227	\$23,312,821	12.36x
2027	288,195,227	25,161,265	11.45x
2028	288,195,227	25,451,925	11.32x
2029	288,195,227	24,615,029	11.71x
2030	288,195,227	24,933,233	11.56x

(1) See “SECURITY AND SOURCES OF PAYMENT – State-Shared Gross Receipts Tax Revenues.” State-Shared Gross Receipts Tax Revenues do not reflect future reductions to the Make-Whole Distributions.

(2) See “Total Combined Debt Service Outstanding Senior Tax Obligations” table above. Excludes the Series 2015A Bonds and 2016C Bonds which are to be refunded by the Series 2026 Bonds.

(3) Calendar Year.

CERTAIN INVESTMENT CONSIDERATIONS

The City expects that the State-Shared Gross Receipts Tax Revenues will at all times be sufficient to make all required payments of principal and interest on the Outstanding Senior Tax Obligations, including the Series 2026 Bonds. A number of factors, however, could adversely affect the City’s ability to make timely payments on the Series 2026 Bonds from the State-Shared Gross Receipts Tax Revenues.

There follows a discussion of some, but not necessarily all, of the possible risk factors which should be carefully evaluated by prospective purchasers of the Series 2026 Bonds prior to purchasing any Series 2026 Bonds. The Series 2026 Bonds may not be suitable investments for all persons, and prospective

* Preliminary, subject to change.

purchasers should evaluate the risks and merits of an investment in the Series 2026 Bonds, and should confer with their own legal and financial advisors before deciding to purchase the Series 2026 Bonds.

State Gross Receipts Tax Collections are Subject to Fluctuation

State Gross Receipts Tax collections are subject to the fluctuations in spending related, in part, to national and local economic conditions, which influence the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The City's economic base and collections of State-Shared Gross Receipts Tax Revenues are directly affected by economic activities in the City. The City's retail sales are affected by general economic circumstances.

The State-Shared Gross Receipts Tax Revenues are based on the total gross receipts of the City. Various circumstances and developments, most of which are beyond the control of the City, may have an adverse effect on the future level of State-Shared Gross Receipts Tax Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the City, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the City, the State and the region and various other factors. For the Fiscal Year ended June 30, 2025, State-Shared Gross Receipts Tax Revenues were \$294,266,676. State-Shared Gross Receipts Tax Revenues collected during Fiscal Year 2026 as of April 1, 2026 (unaudited actual) have reached \$176,300,793.

Current Proposed Budget Process

On April 1, 2026, the Mayor of the City released a proposed \$1.47 billion budget for Fiscal Year 2027 to the City Council for consideration. The balanced budget proposal is intended to re-align to the administration's focus on public safety; health, housing and homelessness; employee compensation; quality of life and core services. The City Council may have changes to the proposed budget and there can be no assurances that the proposed budget as presented to the City Council will be adopted without change. The proposed budget is not anticipated to impact the availability of state-shared gross receipts tax revenue, required reserves, or core City operations, nor does the City anticipate the final approved budget will impact the aforementioned. The City Council will consider the proposed budget in a series of May meetings and ultimately approve a final budget by May 18, 2026. The final approved budget will go into effect on July 1, 2026.

State Legislative Modifications Related to Pledged Gross Receipts Tax

Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Series 2026 Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds."

In the 2004 legislative session, a bill was adopted by the Legislature and signed into law that relieved from gross receipts taxes (i) food or food products for home consumption sold at an establishment that sells food for home preparation and consumption and (ii) receipts from payments by a managed health care provider or health care insurer for commercial contract services or Medicare Part C services provided

by a health care provider. See Sections 7-9-92 and 7-9-93 NMSA 1978. The laws also provide, pursuant to Section 7-1-6.46 NMSA 1978, for distribution from the State general fund to municipalities to offset any reduced gross receipts tax distributions resulting from the food and health care services tax relief effected by Sections 7-9-92 and 7-9-93. Such offset distributions are included in the State-Shared Gross Receipts Tax Revenues.

In the 2012 legislation session, the State Legislature amended the State Gross Receipts and Compensating Tax Act as related to certain manufacturing and construction gross receipts. Specifically, the amendment expanded the gross receipts tax deductions for sales of tangible property to manufacturers to include property consumed in the process of manufacturing, excluding tools and equipment. Additionally, the definition of “construction services” was expanded thereby increasing the scope of the deduction for sale of construction services to persons engaged in the construction business. See “Appendix A – ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024.”

In the 2013 New Mexico legislative session, legislation was adopted that begins reductions in Make-Whole Distributions starting in Fiscal Year 2016 related to tax deductions for food and medical expenses. The Make-Whole Distributions, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. Historically, the Make-Whole Distributions represent approximately 10% of the City’s gross receipts tax distributions from the State.

The legislation will result in annual reductions and ultimately the elimination of the Make-Whole Distributions to the City, which began on July 1, 2015, as follows:

Fiscal year ending June 30	% of Total Make-Whole Distribution*
2016	94%
2017	88
2018	82
2019	76
2020	70
2021	63
2022	56
2023	49
2024	42
2025	35
2026	28
2027	21
2028	14
2029	7
2030	--

* Based on percentage of total deductions from gross receipts claimed for sale of food at retail food stores and services provided by health care practitioners.

This legislation is projected to negatively impact the City’s projected gross receipts tax growth rate by 0.7% over the life of the reductions. The negative impact on State-Shared Gross Receipts Tax Revenues was approximately \$4.2 million in Fiscal Year 2025.

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

Bankruptcy and Foreclosure

The ability of the State to collect gross receipts taxes owed from an owner or operator of a business may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent gross receipts taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner or operator of a business. The Federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in gross receipts tax collections that may be insufficient to pay debt service on Series 2026 Bonds when due.

City Cannot Increase Distribution of Taxes

The City has no control over the rate at which the State-Shared Gross Receipts Tax Revenues are distributed to the City; the rate of distribution can be increased only by action of the State Legislature. Although it is possible that the State Legislature will increase the rate of distribution to the City, there is currently no legislation proposed or pending to increase the rate of distribution to the City.

Cybersecurity

The City operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to City systems, data or resources, inappropriate exposure or use of City information, disruption of City services, and damage to City systems.

The City continuously assesses its vulnerability to intentional and unintentional data and cybersecurity breaches and has deployed an active information security team tasked with active monitoring, incident response, risk mitigation, and user education. These staff members regularly participate in training and conferences to maintain currency in the field. The City has established a security risk register to assist in high level decision-making regarding risk avoidance and mitigation and is in the process of refining a comprehensive City information and cyber security plan and accompanying policies, along with an Executive-Level Information and Cyber Security Governance Committee. The City deploys state-of-the-art, artificial intelligence-driven threat protection, and industry standard firewall protection. The City communicates regularly with MS-ISAC (Multi-State Information Sharing Analysis Center), vendor partners, and local governmental agencies to protect its information systems. All City staff undertake cybersecurity training annually. Further, the City has obtained cyber insurance policies with aggregate coverage of \$5,000,000.

Climate Actions

The City has a relatively low risk of acute natural disaster events, however, the area is susceptible to the effects of drought, extreme weather events and local air quality impacts from traveling wildfire smoke. The City recognizes that these effects are influenced and intensified by climate change which is leading to increasing global temperatures and shifting weather patterns.

To prepare for climate-driven shifts, the City actively pursues both climate change mitigation and adaptation actions while growing our local economy and protecting resident health. These projects focus on renewable energy production, improving energy efficiency, increasing low-carbon transportation, and reducing waste. The City plans to reach 100% renewable energy use for municipal operations by 2026, surpassing the 85% milestone in 2025. The City has executed an Energy Saving Performance contract that will assess and develop efficiency measures across 2 million square feet of municipal facilities. The City has also adopted a “zero emissions first” fleet policy that requires all city vehicles to be replaced by lower or zero emissions alternatives.

Public Health Emergencies

Regional, national or global public health emergencies could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The City cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the City associated with operating during any public health emergencies, including, but not limited to, the amount of (1) costs to clean, sanitize and maintain its facilities, (2) costs to hire employees, (3) costs to acquire supporting goods and services, or (4) costs to operate remotely and support the employees of the City. Accordingly, the City cannot predict the effect any public health emergencies will have on the finances or operations of the City or whether any such effects will have a material adverse effect on its ability to pay debt service on the Series 2026 Bonds.

Additional Bonds

The City may issue additional Senior Tax Obligations without bondholder consent, upon meeting coverage or other financial tests. See “SECURITY AND SOURCES OF PAYMENT – Additional Obligations Payable from State-Shared Gross Receipts Tax Revenues” The issuance of such additional obligations may have an adverse effect on the ability of the City to pay debt service on the Series 2026 Bonds. If State-Shared Gross Receipts Tax Revenues are insufficient to pay debt service on the Series 2026 Bonds and the outstanding Senior Tax Obligations in any year, debt service will be paid on a proportionate basis.

Secondary Market

Although the Underwriter expects to maintain a secondary market in the Series 2026 Bonds, at this time no guarantee can be made that a secondary market for the Series 2026 Bonds will be maintained by the Underwriter or others. Owners of Series 2026 Bonds should be prepared to hold their Series 2026 Bonds to maturity or prior redemption.

Bond Ratings

There is no assurance that the ratings assigned to the Series 2026 Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price or the marketability of the Series 2026 Bonds. See the information herein under the caption “RATINGS.”

Potential Limitation of Tax Exemption of Interest on Series 2026 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of State-Shared Gross Receipts Tax Revenues to pay debt service on the Series 2026 Bonds.

LITIGATION

There is no action, suit, proceeding, inquiry, investigation or controversy of any nature pending, or to the City’s knowledge threatened, involving the City (i) in any way questioning (A) the authority of any officer of the City to exercise the duties and responsibilities of his or her office or (B) the existence, powers or authority of the City material to the Series 2026 Bonds or the security for the Series 2026 Bonds; (ii) seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the performance by the City of its obligations under, the Series 2026 Bonds; (iii) in any way contesting or affecting (A) the issuance, sale, execution or delivery of the Series 2026 Bonds or (B) the validity or enforceability of the Series 2026 Bonds, any of the documents relating to the Series 2026 Bonds or any action contemplated by or pursuant to any of the foregoing; (iv) which, except as and to the extent disclosed below may result, either individually or in the aggregate, in final judgments against the City materially adversely affecting its financial condition; or (v) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. On the Closing Date, the City will deliver a no-litigation certificate as to the foregoing.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) \$200,000 for damage to or destruction of property arising out of a single occurrence, (ii) \$300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) \$400,000 to any person for any number of claims

arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) \$750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence. Both the Tort Claims Act and associated City Ordinance make provision for pro-rata payment of claims in the event the Fund would be exhausted by payment of all claims allowed during a particular fiscal year. The statutory cap on damages recoverable under the Tort Claims Act has not been adjusted for many years, and it is reasonable to expect that the legislature may amend the statute to increase the cap on damages at some point in the coming years. Apart from claims brought under the State's Tort Claims Act, the City has experienced losses associated with civil rights claims that are not subject to the statutory damages cap.

Risk Management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its property and workers compensation losses. The City Council enabled the Risk Management Division and created the Risk Management Fund to finance these risks through a combination of self-insurance and commercial coverage.

The Risk Management Fund tracks claims by Department and assesses charges to each Department based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$98,022,846 at June 30, 2025 and is included in the unrestricted net position of the Risk Management Fund. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Additionally, the City was subject to a large class action lawsuit. *Pino et al v. City* is a collective action brought pursuant to the New Mexico Fair Pay for Women Act. As a result, the City paid approximately \$17 million on November 23, 2022 from its self-insured Risk Management Fund to settle this claim and will also pay attorney's fees and other costs associated with this claim. The City is in the process of recovering this amount from the respective City departments through the annual Cost of Risk Allocation (CoRA). The allocation amount was appropriated in Fiscal Year 2025 by the City Council.

Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount and has complied with all revenue bond ordinances and bond covenants requirements for maintaining specific reserves for future debt service. See Note IV.F to the Audited Financial Statements for Fiscal Year 2025, attached hereto as Appendix A.

CONTINUING DISCLOSURE UNDERTAKING

In connection with its issuance of the Series 2026 Bonds, the City will execute a Continuing Disclosure Undertaking, a form of which is attached as Appendix D hereto, under which it will agree for the benefit of the owners of Series 2026 Bonds (i) to provide audited annual financial statements of the City when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data relating to the City within 270 days of the end of each Fiscal Year, and (ii) to provide timely notice of certain enumerated events.

The City has timely filed Annual Financial Information as required under its continuing disclosure undertakings, including audited financials in a timely manner. However, the City reports that it did not provide timely notice to the market in August of 2024 of the adjustments in ratings calibrations used by Fitch Ratings, which resulted in downgrades to certain outstanding City obligations by Fitch Ratings. The City filed notice of such downgrades with EMMA in March, 2025. The City intends to maintain compliance with its continuing disclosure undertakings in future years through the collective oversight and effort of current City finance staff and private consultants. Errors were discovered in the City's Annual Information

Statement dated March 25, 2024 in the tables entitled “Outstanding State Gross Receipts Tax Obligations” and “Total Combined Debt Service Outstanding State Gross Receipts Tax Obligations.” A Notice of Correction to Annual Information Statement with the corrected tables was filed on EMMA on June 11, 2024. The City is in material compliance with its outstanding continuing disclosure obligations.

The City may from time to time choose to provide voluntary notice of the occurrence of certain other events, in addition to those listed in Appendix D, if, in the judgment of the City, such other event is material with respect to the Series 2026 Bonds or other outstanding bonds of the City. However, the City does not undertake to commit to provide any such notice of the occurrence of any event except those events listed in Appendix D.

TAX MATTERS

General

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Series 2026 Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed for the owners thereof; provided, however, interest on the Series 2026 Bonds is included in the “adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Series 2026 Bonds is excludable from net income for present State of New Mexico income tax purposes.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series 2026 Bonds. The City has made various representations and warranties with respect to and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Series 2026 Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Series 2026 Bonds being included in gross income from the date of issue of the Series 2026 Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2026 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Series 2026 Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2026 Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Series 2026 Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it

would apply to Series 2026 Bonds issued prior to enactment. Each purchaser of the Series 2026 Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

Certain maturities of the Series 2026 Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Series 2026 Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

Certain maturities of the Series 2026 Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders’ tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Series 2026 Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Internal Revenue Service Audit Program

The Internal Revenue Service (the “Service”) has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Series 2026 Bonds. If an audit is commenced, under current procedures the Service will treat the City as the taxpayer and the Bond owners may have no right to participate in such procedure. Neither the Municipal Advisor nor Bond Counsel is obligated to defend the tax-exempt status of the Series 2026 Bonds. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Series 2026 Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Municipal Advisor nor Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Series 2026 Bonds.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2026 Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, are expected to deliver the opinions attached in Appendix C hereto. Certain legal matters relating to the Series 2026 Bonds will be passed upon for the City by the office of the City Attorney and the City’s Disclosure Counsel, Taft Stettinius & Hollister LLP, Albuquerque, New Mexico. Neither Disclosure Counsel nor Bond Counsel have participated in any independent verification of the information concerning the financial condition of the City contained in this Official Statement. The Underwriter is being represented by McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

INDEPENDENT ACCOUNTANTS

CliftonLarsonAllen LLP audited the financial statements of the City as of and for the year ended June 30, 2025 and delivered their report to the New Mexico State Auditor and the City. The complete Comprehensive Annual Financial Report of the City of Albuquerque – Audited General Purpose Financial Statements – as of and for the Fiscal Year ended June 30, 2025, as well as for previous fiscal years, are public documents and are available from the New Mexico State Auditor and on the City website at <http://www.cabq.gov>. An excerpt from the 2025 audit is included in Appendix A to this Official Statement. CliftonLarsonAllen LLP has not been engaged to review this Official Statement or any information contained herein.

UNDERWRITING

The Underwriter listed on the cover of this Official Statement has agreed to purchase the Series 2026 Bonds from the City pursuant to a Bond Purchase Agreement dated [_____], 2026 (the “Bond Purchase Agreement”), for \$_____ (being the par amount of the Series 2026 Bonds plus/less an original issue premium/discount of \$_____ and less an Underwriter’s discount of \$_____). The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions. The price at which the Series 2026 Bonds are offered to the public (and the yield resulting therefrom) may vary from the initial public offering prices appearing on the inside cover page of this Official Statement. In addition, the Underwriter may allow commissions or discounts from such initial offering prices to dealers and others.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

RATINGS

S&P Global Ratings has assigned the Series 2026 Bonds a rating of “AAA”. Such rating reflects only the views of the rating agency, and the City makes no representation as to the appropriateness of such rating. An explanation of the significance of the rating may only be obtained from the rating agency. The City has furnished to the rating agency certain information and materials relating to the Series 2026 Bonds and the City, some of which may not have been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigation, studies and assumptions by the rating agencies. The rating is not a recommendation to buy, sell or hold the Series 2026 Bonds, and there can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the marketability and/or market price of the Series 2026 Bonds.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The mathematical accuracy of (i) the computations of the adequacy of the principal amounts and the interest thereon of the Federal Securities and other funds to be deposited in the Escrow Fund, to provide for the payment, of the principal of and interest on the Series 2016C Bonds to be refunded when due or upon early redemption thereof, and (ii) the computations made supporting the conclusion that the yield on the Federal Securities held pursuant to the Escrow Agreement is less than the yield on the Series 2026 Bonds for federal income tax purposes, will be verified by Causey Demgen & Moore, P.C., certified public accountants (the “Verification Agent”). Such verification will be based, in part, upon information supplied by the Municipal Advisor.

ADDITIONAL INFORMATION

All quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period upon request directly to the City at One Civic Plaza, N.W., Albuquerque, New Mexico 87102, Attention: Treasurer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2026 Bonds.

APPROVAL BY THE CITY

This Official Statement has been duly authorized and approved by the City and has been executed and delivered by the Mayor on behalf of the City.

CITY OF ALBUQUERQUE, NEW MEXICO

By: _____
Mayor

APPENDIX A

**ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION,
INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2025**

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

The City and Metropolitan Area

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

**CITY OF ALBUQUERQUE
Area in Square Miles**

	<u>Square Miles</u>
December 31, 1885	0.36
December 31, 1940	11.15
December 31, 1950	48.81
December 31, 1960	61.94
December 31, 1970	82.72
December 31, 1980	100.31
December 31, 1990	137.46
December 31, 2000	181.70
December 31, 2018	189.18
December 31, 2019	189.20 [‡]
December 31, 2021	189.20
December 31, 2022	189.20
December 31, 2023	189.20
December 31, 2024	189.20
December 31, 2025	189.21 [§]

Source: City of Albuquerque Planning Department.

[‡] In February 2019, an annexation added 0.019644 square miles.

[§] In September 2025, an annexation added 0.007807 square miles.

Population

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

POPULATION

<u>Year</u>	<u>City</u>	<u>Bernalillo County</u>	<u>Albuquerque MSA</u>	<u>State</u>
1960	201,189	262,199	292,500 ⁽¹⁾	954,000
1970	244,501	315,774	353,800 ⁽¹⁾	1,017,055
1980	332,920	420,262	485,500 ⁽¹⁾	1,309,400
1990	384,736	482,696	589,131	1,519,933
2000 ⁽²⁾	448,607	557,432	731,712	1,821,204
2010 ⁽⁴⁾	546,191	663,940	889,581	2,064,614
2013 ⁽³⁾	557,619	676,467	905,143	2,092,833
2014 ⁽³⁾	557,702	676,120	904,750	2,090,236
2015 ⁽³⁾	558,325	676,440	906,283	2,090,071
2016 ⁽³⁾	559,626	677,883	909,571	2,092,555
2017 ⁽³⁾	560,111	678,280	912,592	2,092,844
2018 ⁽³⁾	560,218	677,929	915,269	2,093,754
2019 ⁽³⁾	560,513	679,425	918,865	2,118,488
2020 ⁽⁵⁾	564,563	676,803	917,502	2,116,950
2021 ⁽⁵⁾	562,599	674,980	918,970	2,113,476
2022 ⁽⁵⁾	561,008	672,508	919,543	2,114,371
2023 ⁽⁵⁾	560,274	671,586	922,296	2,130,256
2024 ⁽⁵⁾	560,326	671,747	926,303	2,130,256

- (1) Because Valencia County was split into two counties in 1981, official data is not available prior to that year for the Albuquerque MSA. Figures shown represent estimates by the University of New Mexico Bureau of Business and Economic Research.
- (2) April of 2000 is the month and year of the Census. It is reported as the benchmark; all other years are as of July of the year. The Census in 2000 expanded the Albuquerque MSA to include Torrance County, population of 16,911.
- (3) U.S. Dept. of Commerce, Bureau of the Census, Population Division.
- (4) 2010 decennial census U.S. Dept. of Commerce, Bureau of the Census.
- (5) 2020 decennial census U.S. Dept. of Commerce, Bureau of the Census.

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

Population in the City grew at a compounded annual rate of 1.97% during the 1960s, 3.13% during the 1970s, 1.46% during the 1980s, 1.55% during the 1990s and 2% annually for 2000 to 2010. The percentage of the State’s population in the City was 21.2% in 1960, 24.0% in 1970, 25.5% in 1980, 25.4% in 1990, 24.7% in 2000, 26.5% in 2010, 27.4% in 2020 and 26.5% in 2022. The City was 26.3% of the State population in 2024. The City population declines in 2021, 2022 and 2023 are attributed to the impacts of the pandemic and negative net migration.

Age Distribution

The following table sets forth a projected comparative age distribution profile for the City, the Metropolitan Statistical Area, the State and the United States as of January 1, 2026.

Percent of Population By Age Group

<u>Age</u>	<u>City</u>	<u>Albuquerque MSA</u>	<u>State</u>	<u>United States</u>
0-17	19.1%	19.4%	20.5%	21.0%
18-24	9.0	9.0	9.7	9.5
25-34	14.1	13.2	12.8	13.0
35-44	14.6	13.9	13.0	13.3
45-54	12.2	12.1	11.4	12.1
55-64	11.5	12.0	11.6	12.2
65-74	11.0	11.6	11.9	10.8
75 and Older	8.5	8.8	9.1	8.1

Source: © Claritas, LLC 2026.

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2008 to Fiscal Year 2017 declined at an average of 0.2% a year. From Fiscal Year 2008 to Fiscal Year 2012 approximately 27,700 jobs were lost. In the following five fiscal years (2013 through 2017) the economy added just over 19,000 jobs. Albuquerque's recovery from the previous recession was slower than the nation as a whole; while employment in the nation reached its pre-recession peak in June 2014, Albuquerque did not reach its pre-recession peak until the first quarter of fiscal year 2020. The Albuquerque MSA declined about 4.9% from Fiscal Year 2019 to Fiscal Year 2021, or by an estimated 18,483 jobs. As of December 2025, the Albuquerque MSA has grown .01% over the year and gained 6.1% jobs over the pre-pandemic December 2019 level.

The information on non-agricultural employment for the State and the Albuquerque MSA reported in the following table represents estimates by the New Mexico Department of Workforce Solutions and U.S. Bureau of Labor statistics. More detailed information on non-agricultural employment can be found below under “Historical Employment by Sector” in the table entitled “Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2016-2025.”

Fiscal Year	<u>ALBUQUERQUE MSA</u>		<u>NEW MEXICO</u>		<u>UNITED STATES</u>	
	Employment	% Chg.	Employment	% Chg.	Employment	% Chg.
2016	384	1.4%	825	0.3%	143,086	1.9%
2017	388	1.0	826	0.1	145,532	1.7
2018	391	0.8	834	0.9	147,738	1.5
2019	396	1.2	847	1.6	149,923	1.5
2020	390	-1.6	836	-1.3	147,062	-1.9
2021	377	-3.3	793	-5.1	142,961	-2.8
2022	398	5.5	836	5.3	149,793	4.8
2023	412	3.5	866	3.6	154,535	3.2
2024	418	1.5	883	2.0	156,952	1.6
2025	426	1.9	896	1.4	158,181	0.8

(1) Data from U.S. Department of Labor (Seasonally Adjusted) Fiscal Year Average

Albuquerque Civilian Employment/Unemployment Rates

Fiscal Year	Civilian Labor Force ⁽¹⁾	Number Employed ⁽¹⁾	Unemployment Rates ⁽¹⁾		
			Albuquerque MSA	New Mexico	United States
2016	436.40	406,886	6.1%	6.8%	4.9%
2017	440.09	412,892	5.7	6.2	4.3
2018	440.36	417,250	4.5	4.7	4.0
2019	443.86	420,172	4.7	4.9	3.6
2020	426.20	386,589	8.8	9.0	11.0
2021	441.69	407,382	6.9	7.4	5.9
2022	444.79	425,633	3.6	3.9	3.6
2023	459.90	441,914	3.4	3.6	3.6
2024	466.99	445,927	3.9	4.2	4.1
2025	473.20	452,167	3.9	4.2	4.1

(1) U.S. Department of Labor (Not Seasonally Adjusted) as of June of each Fiscal Year.

Source: United States Department of Labor.

The following table lists the major employers in the Albuquerque area and their estimated number of full-time and part-time employees for 2025.

**MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2025**

Organization	Employees	Description
Presbyterian Health Systems	13,299	Hospital/Medical Services
Sandia National Labs	13,260	Science-Based Technologies that Support National Security
Albuquerque Public Schools	12,060	Public School District
Veterans Hospital	7,959	Hospital/Medical Services
City of Albuquerque	7,074	Government
UNM Hospital ⁽²⁾	7,003	Hospital/Medical Services
University of New Mexico	4,641	Educational Institution
Kirtland Air Force Base (Military)	4,100	Air Force Materiel Command
State of New Mexico	4,030	Government
Kirtland Air Force Base (Civilian)	3,700	Air Force Materiel Command

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

(2) UNM changed its reporting structure to remove student employment from its fact book. This accounted for nearly 10,000 employees in 2014 for the Hospital and Main Campus.

Source: Albuquerque Economic Development, and listed Employers.

Historical Employment by Sector

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

**ESTIMATED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT FOR THE ALBUQUERQUE MSA
FISCAL YEARS 2016-2025
(Thousands)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2024 to 2025	Annual Average Growth 2016-2025	Sector Share 2025 ⁽¹⁾	
													<u>ABQ</u>	<u>U.S.</u> [*]
Total Nonagricultural	367.5	371.9	375.4	379.6	374.8	361.0	380.7	393.5	400.3	404.4	1.6%	1.1%	100.0%	367.5
Natural Resources/Mining/Constr.	21.0	22.4	24.2	24.2	24.8	25.1	26.0	27.2	27.9	28.2	2.3	3.3	7.0	21.0
Manufacturing	16.4	15.6	15.7	16.2	16.3	15.9	16.6	17.0	17.0	17.1	-0.2	0.5	4.2	16.4
Trade Transportation and Utilities	62.7	62.5	62.5	62.3	60.5	60.9	65.9	68.2	67.4	68.4	-1.3	1.0	16.8	62.7
• Wholesale Trade	11.7	11.6	11.5	11.5	11.3	10.7	11.0	11.5	11.5	11.5	0.4	-0.2	2.9	11.7
• Retail Trade	42.0	41.6	41.6	41.3	39.7	40.4	41.7	42.4	42.2	42.0	-0.6	0.0	10.5	42.0
Information	7.8	7.8	7.2	6.5	5.6	4.9	5.4	5.7	5.4	5.2	-6.2	-4.4	1.3	7.8
Financial Activities	17.0	17.3	17.7	18.2	18.3	17.8	18.1	18.5	18.0	17.9	-2.8	0.6	4.5	17.0
Professional and Business Services	56.0	57.5	59.2	60.7	61.4	59.7	62.3	63.8	65.2	64.8	2.0	2.6	16.3	56.0
Educational and Health Services	58.5	59.7	59.7	60.9	61.4	60.9	61.7	64.5	66.2	67.9	2.7	1.7	16.6	58.5
Leisure and Hospitality	42.4	43.1	43.7	44.3	40.5	34.3	41.7	44.3	45.5	45.5	2.6	0.8	11.4	42.4
Other Services	9.5	9.8	9.8	10.0	9.4	8.8	9.3	9.9	10.3	10.5	3.7	1.0	2.6	9.5
Government	76.7	76.8	76.3	76.8	77.1	73.2	74.3	75.0	77.9	79.4	3.9	0.4	19.5	76.7
LOCAL GOVERNMENT	39.8	39.6	39.4	39.9	39.7	35.7	37.0	37.3	38.9	39.6	4.1	-0.1	9.7	39.8
STATE GOVERNMENT	22.6	22.8	22.7	22.6	22.8	22.7	22.7	23.1	24.1	25.1	4.6	1.2	6.0	22.6
FEDERAL GOVERNMENT	14.3	14.4	14.3	14.3	14.6	14.9	14.6	14.6	14.9	14.7	2.1	0.3	3.7	14.3

(1) Sector share for U.S. local government includes state and local government.

Source: Albuquerque: UNM Bureau of Business and Economic Research (October 2025); U.S. Bureau of Labor Statistics (June 2025).

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy.

The City makes no projections or representations, nor shall the provision of such information create any implication that there has been no change in the described employment sectors of the City or that any historical trends set forth herein will continue.

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

In general, the Albuquerque economy did not recover as quickly from the 2008 recession as the United States as a whole or the majority of other states or metropolitan areas. However, after 7 years of gains, employment in the Albuquerque MSA registered 384,107 in 2019, finally exceeding the pre-recession peak of 381,472 jobs reached in 2008. Following the COVID-19 pandemic, it is estimated that total nonagricultural employment declined 4.9% from Fiscal Year 2019 to Fiscal Year 2021. For Fiscal Year 2025, the Albuquerque MSA has grown 6.5%, or about 24,385 jobs, over the pre-pandemic Fiscal Year 2019.

The unemployment rates in both Albuquerque and the State remained below the United States unemployment rate from Fiscal Years 2000 to 2013. In Fiscal Years 2015 through 2019 the rate in Albuquerque exceeded the U.S. rate, with the State rate even higher at times. At the onset of the COVID-19 crisis in Fiscal Year 2020, the unemployment rates for the three entities naturally spiked; however, the United States rate spiked the highest at 11%. For Fiscal Year 2022 through Fiscal Year 2025, the City remained quite close to the national level and even dipping below the national level. Information in the following section was obtained from the October 2025 quarterly economic forecast prepared by the University of New Mexico, Bureau of Business and Economic Research.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 16.9% of Albuquerque MSA employment. As a whole, employment in this sector increased by an annual average rate of 0.9% from Fiscal Year 2015 to Fiscal Year 2025, and increasing 1.5% from 2024 to 2025. Retail trade is the largest employment sector in this grouping with 10.5% of total employment. Retail trade is the largest sector within this grouping, comprising 10.4% of total employment. Retail trade employment decreased 0.5% in FY/25 while Transportation and Warehousing employment increased 9.5% for the year. Utilities decreased 0.3% for the year.

Educational and Health Services. Albuquerque is a major regional medical center and Presbyterian Healthcare Services is one of the largest employers in the area. Historically, this was one of the fastest growing categories in the Albuquerque MSA economy, largely due to the considerable size of the Health Services sector. From 2015 to 2025, the average annual growth for the combined sector was 1.8%, with the educational sector growing 1.9% and the Health Services growing 1.8% for the period. This group grew 2.7% from Fiscal Year 2023 to Fiscal Year 2025. The combined sector now makes up 16.6% of non-agricultural employment and 8.7% of gross receipts taxes.

Leisure and Hospitality. This sector includes eating and drinking establishments as well as hotels and other tourist-related facilities. Employment for the sector showed average annual increase of 0.9%

from 2015 to 2025 with Arts, Entertainment and Recreation growing at 2.7% and Accommodations and Food Services at 0.6%. However, this sector as a whole shrank 0.2% from Fiscal Year 2024 to Fiscal Year 2025, with Arts, Entertainment and Recreation growing 3.8% for the period and Accommodation and Food growing 1.1% for the period and Accommodation and Food shrinking 0.4%. Leisure and Hospitality currently comprises 9.8% of total non-agricultural employment and about 9.7% of the City's GRT.

Lodging historically accounted for approximately 10% of the total gross receipts tax revenues of this sector. Lodgers' tax revenues in Fiscal Year 2009 showed a decline of 11.2%, with an additional 2% decline in Fiscal Year 2010. Lodgers' tax revenues had generally increased at an average of about 4% from Fiscal Year 2011 through Fiscal Year 2018, having exceeded the pre-recession peak in Fiscal Year 2016. For Fiscal Year 2019, Lodgers' tax revenue increased by 10.1%, due in part to the National Senior Games being held in Albuquerque in October. Lodgers' Tax revenue declined 21% in Fiscal Year 2020 and declined another 21% in Fiscal Year 2021 following the impacts of the pandemic. However, revenues rebounded with 85% growth in Fiscal Year 2022. For Fiscal Years 2023 through 2024, Lodgers' Tax revenue grew 10.1% and 6.5%, respectively. However, growth declined in Fiscal Year 2025 by 0.8%.

Professional and Business Services. This sector includes temporary employment agencies, back-office operations, Sandia National Labs ("Sandia"), and other scientific and research facilities. This sector had peak employment in 2008 of 64,191 jobs, decreasing to 55,529 jobs in 2013. Since Fiscal Year 2014, the sector has largely increased, dipping slightly in Fiscal Year 2021 due to the pandemic. In Fiscal Year 2024, the sector finally exceeded the 2008 high of 64,191 at an estimated 65,190. The average annual growth rate from Fiscal Year 2015 to Fiscal Year 2025 was 1.6%. For Fiscal Year 2025, the sector accounted for 16.0% of employment in the Albuquerque MSA and 13.8% of GRT.

In Fiscal Year 2025 Sandia's operating budget was \$5.8 billion. Most of the Lab's funding is from the U.S. Department of Energy, including \$3.8 billion from the DOE's National Nuclear Security Administration. The Sandia Science and Technology Park houses research facilities and/or manufacturing that benefit from the expertise available from Sandia.

Manufacturing. Manufacturing employment declined substantially beginning in Fiscal Year 2007, with a loss of about one third, or about 8,475 jobs, by Fiscal Year 2017. The average annual growth from Fiscal Year 2015 to Fiscal Year 2025 was 0.4%; however, the sector declined slightly by 0.2% from Fiscal Year 2023 to Fiscal Year 2025. The sector comprised 4.2% of all non-agricultural employment in the Albuquerque MSA in 2025 and 2.4% of gross receipts.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline in employment of 3.8% from 2015 to 2025, in part due to closures of call centers for MCI, Comcast and QWEST (now Century Link) in the earlier years, and then the substantial impacts of the pandemic in Fiscal Years 2020 and 2021. The film industry is included in this sector and there had been increasing activity in this sector in recent years in large part due to the State's film tax credits program. The sector grew an estimated 10.5% in Fiscal Year 2022 and another 5.4% in Fiscal Year 2023. The sector declined 5.9% in Fiscal Year 2024 and declined another 4.0% in Fiscal Year 2025; however, some of the decrease could be due to the completion of the Netflix expansion of its Mesa Del Sol campus, which employed approximately 2,800 construction workers. Information comprises 1.3% of employment in the Albuquerque MSA and 3.3% of GRT.

Government. Federal government employment in Albuquerque increased at an annual rate of approximately 0.4% from Fiscal Year 2015 to Fiscal Year 2025. State government increased 1.6% and local government remained flat for the same period. For Fiscal Year 2025, local government grew 1.9%, State government increased by 4.1% and federal government decreased by 1.1%. The majority of state government jobs are at the University of New Mexico and the University of New Mexico Hospital. Local

government includes tribal casinos in this sector, some of which have evolved into destination resorts, many of which suffered a great deal during the health crisis. Several of these resorts are operated by private companies and employment is therefore included in the private sector. The largest portion of employment in the local government sector is the Albuquerque Public Schools.

Military. Federal military employment is not specifically categorized as a non-agricultural employment sector within the City. However, military employment is an important part of the Albuquerque economy. Kirtland Air Force Base is a major military installation and home to over 150 different operations. Kirtland Air Force Base has approximately 3,400 civil service. Military employment declined more or less steadily from the 1990's to 2015 and has been nearly flat since then. From Fiscal Year 2015 through Fiscal Year 2025, military employment was flat. For Fiscal Year 2025, military employment declined 0.5%. For Fiscal Year 2025, military employment decreased 1.5%

Financial Activities. This sector includes finance, insurance, credit intermediation and real estate. Currently, the Financial Activities sector comprises 4.4% of the non-agricultural employment in the Albuquerque MSA. Employment in this sector experienced 0.8% average annual increase from 2016 to 2025.

Construction. Construction employment in the Albuquerque MSA is generally cyclical. There can be large increases in employment due to large road projects, commercial expansions or strong residential construction, and, conversely, large decreases upon completion of such projects. In Fiscal Year 2007, Construction had employment of 30,940, a new maximum for this sector. However, the sector experienced several years of decreases and in Fiscal Year 2025 has only reached 88.5% of that maximum, or about 27,369 jobs. From Fiscal Year 2015 to Fiscal Year 2025 the sector increased a compound annual average of 3.2%, and grew 1.0% from Fiscal Year 2024 to Fiscal Year 2025.

Between Fiscal Years 2003 through 2005, construction of single-family housing units peaked in the City with an annual average of 5,000 single-family housing permits. Single family permits began declining in 2006 and fell to only 436 permits in Fiscal Year 2009. Single family permits averaged 871 from Fiscal Year 2010 to Fiscal Year 2017 until reaching a high of 1,331 in Fiscal Year 2018. However, since then, the yearly average has declined to about 750, dropping to 580 in Fiscal Year 2023. For Fiscal Year 2025, new commercial permit values increased by 2.7% from Fiscal Year 2024, while new residential values for single and multi-family projects decreased 23.8% and 25%, respectively in Fiscal Year 2025. Total permit values, including additions and alterations, decreased 5.3% from the previous year.

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BUILDING PERMITS ISSUED IN THE CITY OF ALBUQUERQUE

Fiscal Year	Single Family		Multi-Family		Commercial		Public		Additions & Alterations	Total Permits
	Permits	\$ Value	Units	\$ Value	Permits	\$ Value	Permits	\$ Value	\$ Value	\$ Value
2016	915	184,770,209	567	43,676,768	88	119,913,663	13	27,886,373	230,591,376	606,838,389
2017	971	183,587,235	984	60,907,961	132	242,802,744	9	25,894,927	298,194,709	811,387,576
2018	1,331	255,446,287	148	13,335,366	105	68,312,826	12	8,325,621	195,051,789	532,146,267
2019	827	169,706,112	7	65,153,371	68	110,847,882	--	--	206,136,708	551,844,074
2020	935	221,266,728	126	13,687,955	80	164,840,741	--	--	263,966,827	663,762,251
2021	800	196,658,530	791	53,609,394	98	182,016,813	--	--	233,545,558	665,830,295
2022	741	184,797,978	38	175,655,260	163	138,326,053	--	--	225,890,806	724,670,097
2023	580	93,355,020	482	25,184,067	75	184,703,384	--	--	319,051,977	622,294,448
2024	607	120,097,657	1,158	192,978,288	65	179,972,583	--	--	321,712,176	814,760,704
2025	585	91,569,867	1,003	144,761,923	245	184,794,810			350,400,156	771,526,757
Growth 2024 to 2025	-3.6%	-23.8%	-13.4%	-25.0%	276.9%	2.7%	N/A	N/A	8.9%	-5.3%

Below

Total Housing Units in the City of Albuquerque	Total Units	Single Family	Multi-Family	Mobile Homes & Others
As of 1990 Census	166,870	101,780	55,931	9,159
As of 2000 Census	198,714	126,643	63,285	8,786
As of 2010 Census	239,166	162,501	66,839	9,826
As of 2020 Census	398,585	286,583	78,920	33,880

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

Income

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

Per Capita Personal Income

Calendar Year	Albuquerque MSA	New Mexico	United States
2013	\$25,407	\$23,334	\$28,184
2014	25,731	23,683	28,889
2015	26,347	24,388	29,979
2016	27,324	25,146	31,128
2017	27,536	25,311	32,397
2018	29,118	26,529	33,831
2019	32,112	28,423	35,672
2020	30,397	27,945	35,384
2021	34,696	31,043	38,332
2022	37,890	33,916	41,804
2023	38,356	35,510	43,313
2024	41,332	37,978	45,256

Source: US Census Bureau Per Capita Income in the Past 12 Months, ACS 1-Year Estimates, Inflation-Adjusted Dollars.

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

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

2026 Projected Effective Buying Income Group⁽¹⁾	Albuquerque MSA Estimated Percent	New Mexico Estimated Percent	United States Estimated Percent
Under \$24,999	15.4%	18.0%	13.4%
\$25,000 - \$34,999	7.3	7.7	6.9
\$35,000 - \$49,999	13.4	13.8	11.7
\$50,000 - \$74,999	19.5	19.1	17.7
\$75,000 - \$99,999	14.8	14.1	14.6
\$100,000 - \$124,999	11.2	10.3	11.0
\$125,000 - \$149,999	6.0	5.5	6.9
\$150,000 - \$199,999	6.3	5.9	7.7
Over \$200,000	6.1	5.6	10.1
Estimated Median Household Effective Buying Income⁽²⁾⁽³⁾			
2022 Est. Median Household Income	\$56,517	\$50,493	\$63,680
2023 Est. Median Household Income	58,508	52,527	64,600
2024 Est. Median Household Income	60,258	55,579	67,310
2025 Est. Median Household Income	63,028	58,118	69,245
2026 Est. Median Household Income	67,284	62,977	75,389

(1) Estimated snapshots of income groups on January 1, 2026.

(2) Annual estimated snapshots of effective buying income on January 1st of each year.

(3) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © Claritas, LLC 2022-2026.

**EXCERPT FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF ALBUQUERQUE - AUDITED GENERAL
PURPOSE FINANCIAL STATEMENTS - AS OF AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council and
Mr. Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
City of Albuquerque
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Albuquerque, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Albuquerque's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albuquerque, as of June 30, 2025, and the budgetary comparison for the general fund, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Albuquerque Housing Authority, a discretely presented component unit or the Apartments Fund, a non-major business-type fund, of the City, which represent the indicated percent of total assets and total revenues as presented in the table below, as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for those components, are based solely on the report of the other auditors.

Percentage Audited by Other Auditors

<u>Government-Wide</u>	<u>Total Assets</u>	<u>Total Revenues</u>
Business-type activities	2.72%	7.27%
Aggregate discretely presented component units	100%	100%
Fund Statements		
Aggregate remaining fund information	6.41%	5.36%

Honorable Mayor, Members of the City Council and
Mr. Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
City of Albuquerque

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Albuquerque and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Albuquerque's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Albuquerque's internal control. Accordingly, no such opinion is expressed.

Honorable Mayor, Members of the City Council and
Mr. Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
City of Albuquerque

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Albuquerque's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of the City's proportionate share of the net pension and OPEB liabilities including the City's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albuquerque's basic financial statements. The combining and individual fund financial statements, other supplementary schedules, as listed in the table of contents, required by 2.2.2 NMAC, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the combining and individual fund statements, other supplementary schedules, as listed in the table of contents, required by 2.2.2 NMAC, and schedule of expenditures of federal awards, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor, Members of the City Council and
Mr. Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
City of Albuquerque

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the official roster, exit conference, introductory section, and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the City of Albuquerque's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Albuquerque's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Albuquerque's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
January 12, 2026

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

JUNE 30, 2025

Management's Discussion and Analysis of the City of Albuquerque's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased by \$32.2 million during the year. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$3.7 billion (net position). As of June 30, 2025, unrestricted net position totaled \$(731.5) million.
- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of \$853.4 million. Of the total fund balance, \$55.0 million is available for spending at the City's discretion (sum of assigned and unassigned fund balance).
- As of June 30, 2025, fund balance of the General Fund was \$76.0 million. At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3.2 million, or 0.4% of the total general fund expenditures of \$794.1 million.
- Net position of the City's enterprise funds increased by \$15.6 million yielding a net position of \$851.8 million as of June 30, 2025. Additional information can be found in the business-type activities section of the management discussion and analysis.
- The City's governmental activities long-term obligations, excluding current portion, increased by \$58.5 million during the current year. The key factors in this change were an increase in the pension obligation of \$45.2 million, a decrease in the claims reserve of \$11.2 million and an increase in bonds and notes payable of \$20.0 million followed by an increase in the total OPEB obligation of \$3.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the fiscal year. In this statement, all changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned, but unused vacation and sick leave.

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

The Albuquerque Housing Authority (AHA) is a separate public body authorized by Section 3-45-5 NMSA 1978. The AHA is reported as a component unit of the City. The AHA financial statement report as of June 30, 2025 is available by contacting the Albuquerque Housing Authority at the following address: 1840 University Blvd SE, Albuquerque NM 87106. The AHA reported AHA Rio Vista Developer LLC and AHA Housing Development Corporation as blended component units and The Commons at Martineztown, LLLP, Broadway McKnight, LLLP, 6100 Harper, LLLP, 9000 Varanda, LLLP, and 120 La Plata, LLLP as discrete component units, see Note IV. O for additional information.

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

JUNE 30, 2025

Fund Financial Statements

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. Governmental fund statements focus on sources, uses, and balances of cash and other financial assets that can readily be converted to cash and that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement 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 Fund, General Obligation (GO) Bond Debt Service Fund, LG Abatement Fund, Operating Grants Fund, Capital Acquisition Fund, and Infrastructure Tax Fund, all of which are considered major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in combining statements presented as supplementary information.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is presented in the basic financial statements section of this report. Budgetary comparison statements for the GO Bond Debt Service Fund, LG Abatement Fund, Operating Grants Fund, Capital Acquisition Fund, and Infrastructure Tax Fund are presented in the supplementary information section. In addition, the City adopts an annual appropriated budget for all nonmajor governmental funds with the exception of The Albuquerque Foundation, Special Assessments Capital Fund, Special Assessments Debt Service Fund, Robert M. White Open Space Trust Fund and Urban Enhancement Trust Fund. In certain circumstances, nonmajor governmental project funds have budgets that cross multiple years. 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 external customers or internal units or departments of the City. Proprietary funds provide the same type of information shown in the government-wide financial statements, only in more detail. The City adopts annual budgets for all proprietary funds with the exception of the Apartments Fund. The City maintains the following two types of proprietary funds:

- Enterprise funds – 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 Sunport (Airport), Refuse Disposal, and Transit, which are considered major funds of the City. In addition, the following nonmajor funds are reported: Apartments, Parking Facilities, and Stadium.

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

JUNE 30, 2025

- Internal service funds – used to report activities that provide supplies and services to other City departments and projects. These funds account for: workers' compensation, tort and other claims insurance coverage, vehicle maintenance and motor pool services, and communication services to City departments. In addition, the remaining two internal service funds account for the cost of providing various health related insurance coverages 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 statements displaying data for the internal service funds are provided in combining statements reported as supplementary information.

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

- Trust fund – The Albuquerque Pooled Other Postemployment Benefits Fiduciary Trust Fund (Albuquerque Pooled OPEB Trust Fund) has been established for the payment of nonpension postemployment benefits to retirees. The Trust Fund is used to account for resources held for the City and the Albuquerque Bernalillo County Water Utility Authority (ABCWUA). The City reports their allocable portion of the trust's net position.
- Custodial Fund – The Custodial Fund's resources are held for the benefit of individuals outside of the City and are not available to support the City's own programs. Therefore, the balances related to this fund are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

The schedule of pension and other postemployment benefit (OPEB) contributions, schedule of proportionate share of net pension and net OPEB liability, and the notes to required supplementary information related to pension and OPEB activity are presented as required supplementary information. Additional information can be found in the notes to the basic financial statements in Note IV. K and IV.L.

Combining and Individual Fund Financial Statements and Schedules

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

**CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Statement of Net Position (In millions)						Total Percent Change
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
Assets:							
Current and other assets	\$ 1,271.3	\$ 1,353.9	\$ 300.8	\$ 333.5	\$ 1,572.1	\$ 1,687.4	
Capital assets	3,808.6	3,702.9	818.2	774.0	4,626.9	4,476.9	
Total assets	<u>5,079.9</u>	<u>5,056.8</u>	<u>1,119.0</u>	<u>1,107.5</u>	<u>6,199.0</u>	<u>6,164.3</u>	0.6 %
Deferred outflows of resources	<u>226.9</u>	<u>233.9</u>	<u>33.8</u>	<u>31.4</u>	<u>260.7</u>	<u>265.3</u>	(1.7)%
Liabilities:							
Long-term liabilities	1,988.7	1,930.2	202.5	198.2	2,191.2	2,128.4	
Other liabilities	348.1	319.5	38.9	41.2	387.0	360.7	
Total liabilities	<u>2,336.8</u>	<u>2,249.7</u>	<u>241.4</u>	<u>239.4</u>	<u>2,578.1</u>	<u>2,489.1</u>	3.6 %
Deferred inflows of resources	<u>122.6</u>	<u>145.6</u>	<u>59.7</u>	<u>63.3</u>	<u>182.3</u>	<u>208.9</u>	(12.7)%
Net position:							
Net investment in capital assets	3,099.2	3,108.3	772.6	723.7	3,871.8	3,832.0	
Restricted	446.3	473.6	112.6	115.0	559.0	588.6	
Unrestricted	<u>(698.1)</u>	<u>(686.5)</u>	<u>(33.4)</u>	<u>(2.5)</u>	<u>(731.5)</u>	<u>(689.0)</u>	
Total net position	<u>\$ 2,847.5</u>	<u>\$ 2,895.4</u>	<u>\$ 851.8</u>	<u>\$ 836.2</u>	<u>\$ 3,699.3</u>	<u>\$ 3,731.6</u>	(0.9)%

The City's assets exceeded liabilities by \$3.7 billion at the close of the year. The City's net position reflects a net investment in capital assets (i.e. land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire these assets) of \$3.9 billion. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, resources needed to pay this debt must come from other sources since capital assets cannot be liquidated for these liabilities. Restricted net position in the amount of \$559.0 million represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was affected by the implementation of GASB 68 and GASB 75, which required state and local governments to report the liabilities associated with pensions and OPEB. It could result in available balances creating negative unrestricted net position.

The City's net position decreased by \$32.2 million during the current fiscal year. The decrease in net position is explained in the governmental and business-type activities discussion.

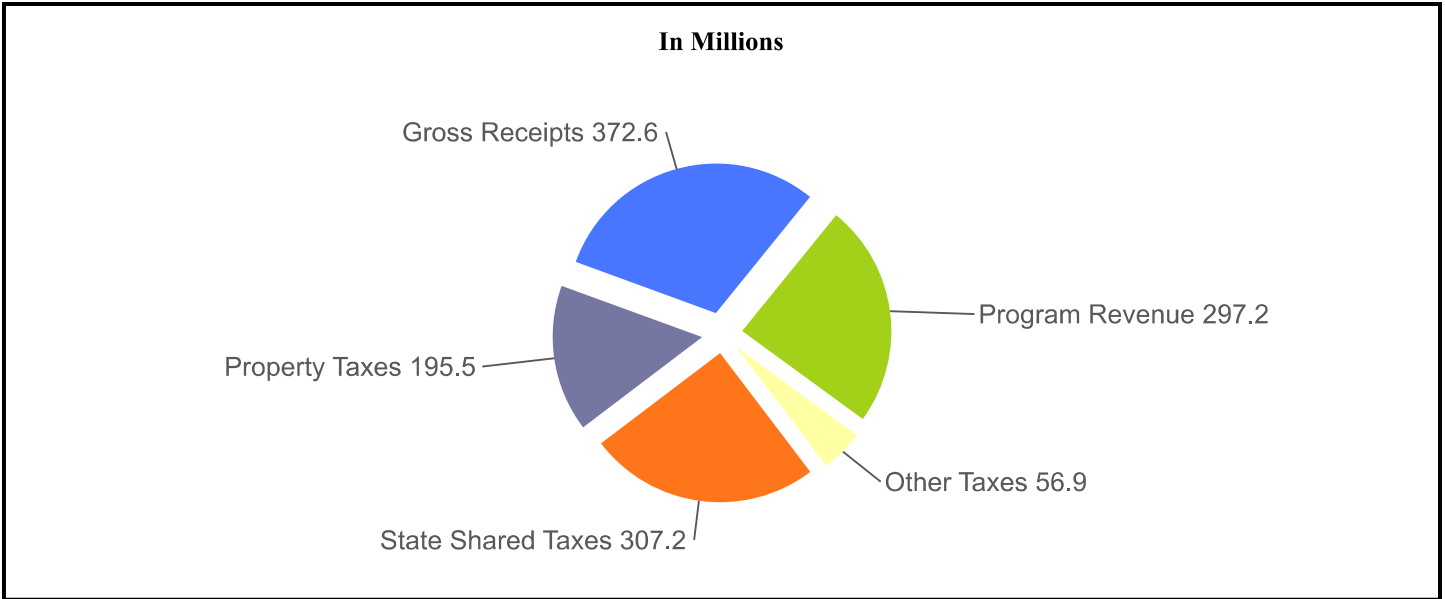
CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

	Change in Net Position (In millions)						Total Percent Change
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
Revenues:							
Program revenues:							
Charges for services	\$ 109.7	\$ 89.4	\$ 194.3	\$ 191.8	\$ 304.0	\$ 281.2	8.1 %
Operating grants and contributions	72.1	70.1	—	—	72.1	70.1	2.9 %
Capital grants and contributions	115.4	116.5	25.4	57.8	140.8	174.3	(19.2)%
General revenues:							
Gross receipts taxes, local option	372.6	360.2	—	—	372.6	360.2	3.4 %
Property taxes	195.5	186.7	—	—	195.5	186.7	4.7 %
Other taxes	56.9	55.2	—	—	56.9	55.2	3 %
State shared taxes	307.2	297.4	—	—	307.2	297.4	3.3 %
Grants, investment income, and other	57.1	63.5	28.0	12.6	85.1	76.1	11.8 %
Total revenues	<u>\$ 1,286.5</u>	<u>\$ 1,239.0</u>	<u>\$ 247.7</u>	<u>\$ 262.2</u>	<u>\$ 1,534.2</u>	<u>\$ 1,501.2</u>	<u>2.2 %</u>
Expenses:							
General government	\$ 146.8	\$ 141.2	\$ —	\$ —	\$ 146.8	\$ 141.2	4.0 %
Public safety	479.7	448.4	—	—	479.7	448.4	7.0 %
Culture and recreation	191.3	169.5	—	—	191.3	169.5	12.9 %
Public works	122.7	89.4	—	—	122.7	89.4	37.2 %
Health and welfare	45.0	39.6	—	—	45.0	39.6	13.6 %
Human services	130.4	125.9	—	—	130.4	125.9	3.6 %
Highways and streets	123.5	98.4	—	—	123.5	98.4	25.5 %
Housing	19.3	8.5	—	—	19.3	8.5	127.1 %
Interest	27.0	20.7	—	—	27.0	20.7	30.4 %
Airport	—	—	87.4	83.3	87.4	83.3	4.9 %
Refuse disposal	—	—	100.9	97.2	100.9	97.2	3.8 %
Transit	—	—	77.3	76.6	77.3	76.6	0.9 %
Nonmajor enterprise funds	—	—	15.1	14.1	15.1	14.1	7.1 %
Total expenses	<u>1,285.7</u>	<u>1,141.6</u>	<u>280.7</u>	<u>271.2</u>	<u>1,566.4</u>	<u>1,412.8</u>	<u>10.9 %</u>
Excess (deficiency) before transfers	0.8	97.4	(33.0)	(9.0)	(32.2)	88.4	(136.4)%
Transfers	(48.6)	(51.0)	48.6	51.0	—	—	— %
Increase (decrease) in net position	(47.8)	46.4	15.6	42.0	(32.2)	88.4	(136.4)%
Beginning net position, July 1	<u>2,895.2</u>	<u>2,848.8</u>	<u>836.1</u>	<u>794.1</u>	<u>3,731.3</u>	<u>3,642.9</u>	<u>2.4 %</u>
Ending net position, June 30	<u>\$ 2,847.4</u>	<u>\$ 2,895.2</u>	<u>\$ 851.7</u>	<u>\$ 836.1</u>	<u>\$ 3,699.1</u>	<u>\$ 3,731.3</u>	<u>(0.9)%</u>

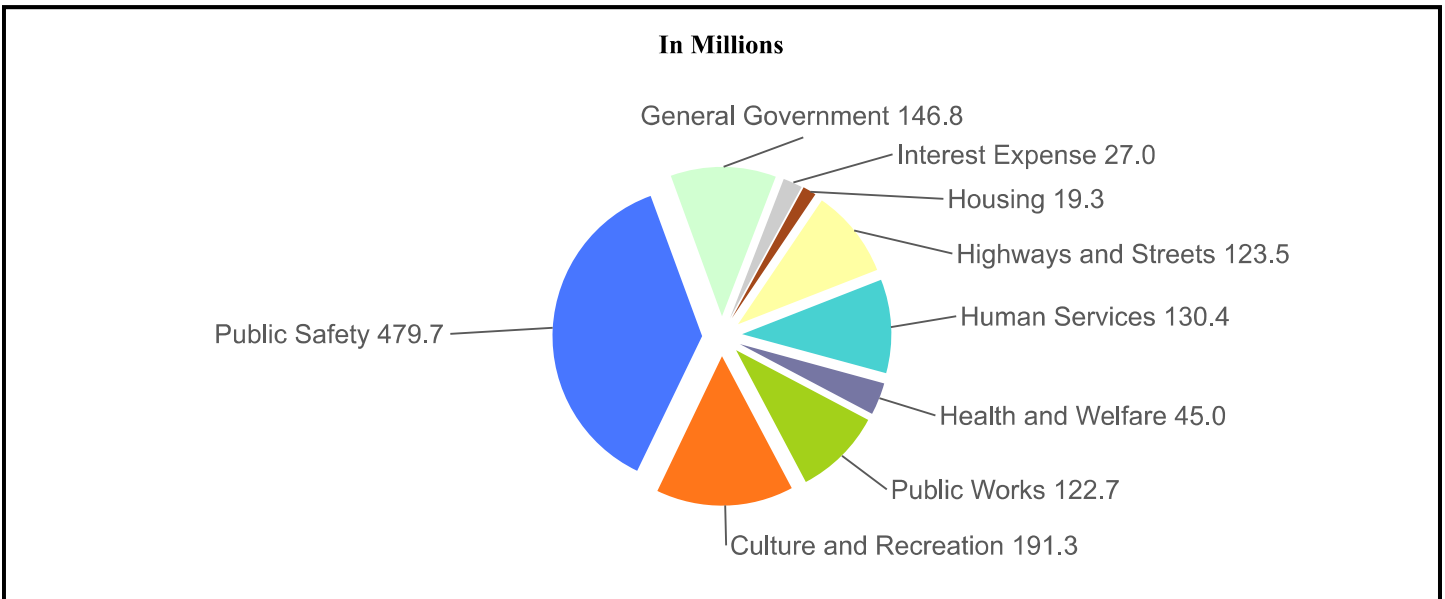
**CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Governmental Revenue by Source



*Zero Data, Grants, Investments, Other

Governmental Expenditures by Function



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

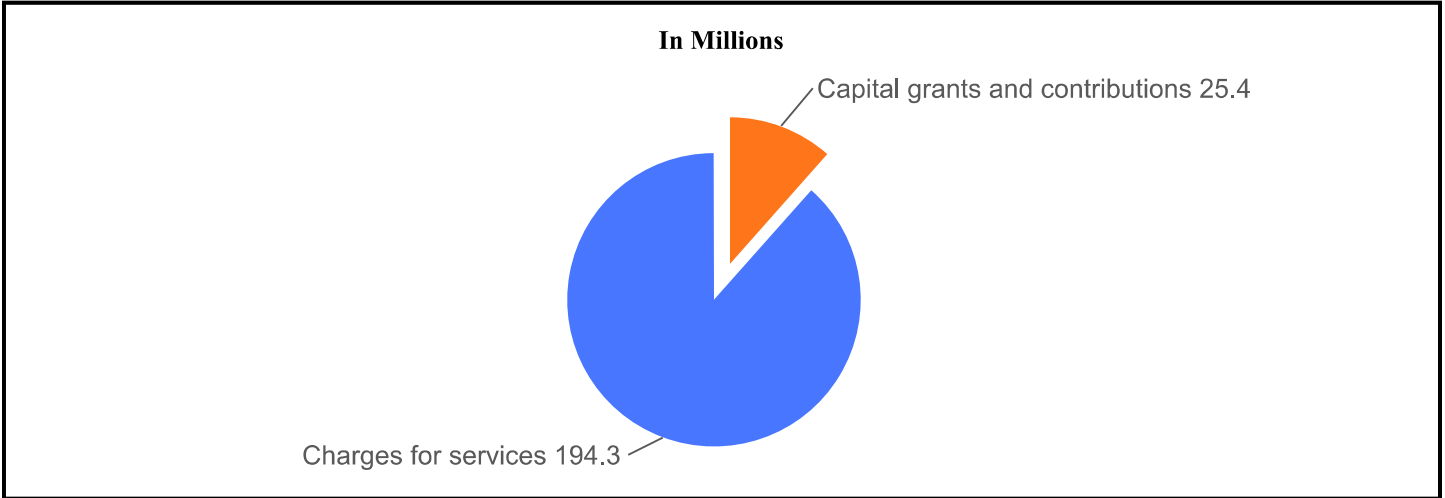
JUNE 30, 2025

Governmental activities – Governmental activities decreased the City's net position by \$47.9 million. Governmental activities revenue increased by \$47.5 million or 3.8% from \$1,239.0 million in fiscal year 2024 to \$1,286.5 million in fiscal year 2025. Key elements in the change of the City's governmental activities revenues and expenditures are as follows:

- Gross receipts tax (GRT) revenue and state shared taxes and fees, which together account for approximately 52.8% of the City's governmental activities revenue, increased by \$22.2 million, from \$657.6 million to \$679.8 million, or by 3.4% from prior year.
- Property taxes, which account for approximately 15.2% of the City's governmental activities revenues, increased by \$8.8 million from \$186.7 million in fiscal year 2024 to \$195.5 million.
- Program revenues, totaling \$297.2 million, increased by \$21.2 million compared to fiscal year 2024. Charges for services increased by \$20.3 million primarily due to the recovery from the COVID19 pandemic. Operating and capital grants and contributions decreased by \$(1.1) million due to expiration and completion of the COVID19 related grants for the City.
- Grants, investments, and other revenues decreased to \$(6.4) million mainly due to the decreased collections of Opioid Settlement revenues in 2025 and the resulting decrease in the deferred inflows related to the long term settlements.
- Other taxes such as franchise, hospitality, lodgers', and payments in lieu of taxes (PILOT) increased slightly to \$56.9 million from fiscal year 2024 to fiscal year 2025. More detail comparison of other taxes can be found on Schedule 3 in the Statistical Section of this report.
- Governmental activities expenditures increased by \$144.1 million from \$1,141.6 million in fiscal year 2024 to \$1,285.7 million in fiscal year 2025. Expense generally increased across all purposes, but particularly increased in the Public Safety, Public Works, and Culture and Recreation purposes. The Public Safety purpose increase was due to increased focus and initiatives necessary to combat and deter crime. The Public Works purpose increase was due to multiple efforts to rehabilitate, resurface, and repave infrastructure throughout the City. Finally, the Culture and Recreation purpose increased due to various completed capital improvements related to various expansions at the ABQ BioPark Zoo.

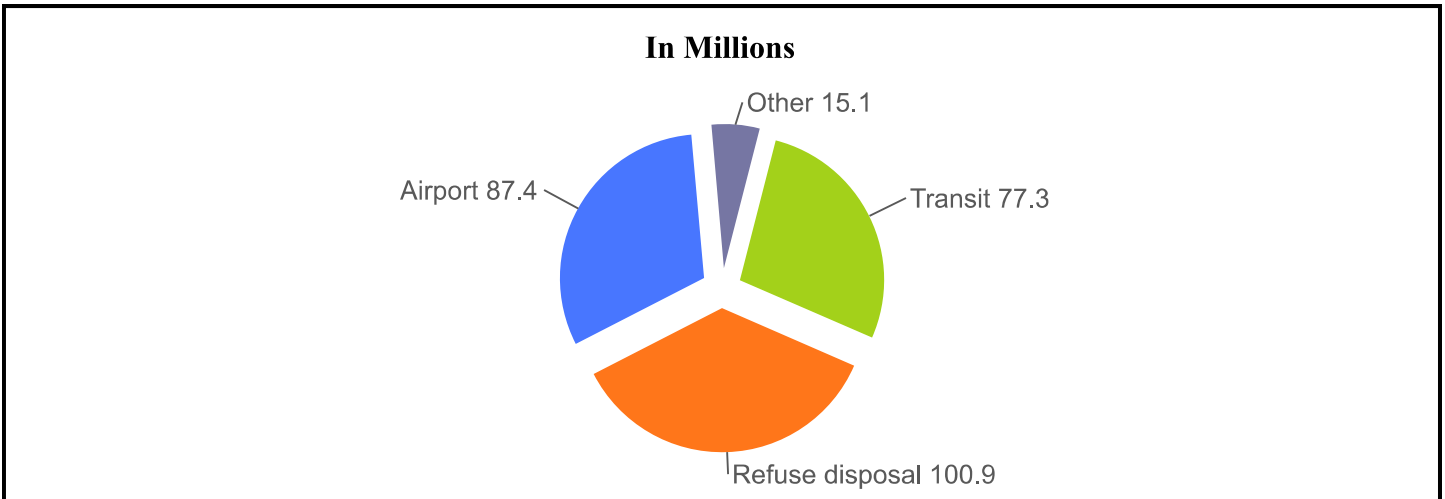
CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-type Activities Revenues by Source



*Zero Data, Other Revenues

Business-type Activities Expenses



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

JUNE 30, 2025

Business-type activities – Business-type activities decreased the City's net position by \$33.0 million in fiscal year 2025 before transfers of \$48.6 million. Business-type activities revenues decreased \$14.5 million from \$262.2 million in fiscal year 2024 to \$247.7 million in fiscal year 2025, or by 5.5%. Charges for services increased by \$2.5 million, capital grants and contributions decreased by \$32.4 million to \$25.4 million and grants, investment income and other increased by \$15.4 million to \$28.0 million. Key factors for the changes in the business-type activities net position and revenues are explained below:

- The Airport Fund had an increase in net position of \$18.3 million in fiscal year 2025. The charges for services remained relatively consistent, decreasing slightly from \$71.0 million in fiscal year 2024 to \$70.0 million in fiscal year 2025. This coincided with an increase in passenger and customer facilities charges from \$10.1 million in fiscal year 2024 to \$13.3 million in fiscal year 2025 due to the recategorization of rental car customer facility charges out of charges for services and in to non-operating revenues. Operating expenses increased from \$83.3 million in fiscal year 2024 to \$87.4 million in fiscal year 2025, and capital contributions increased from \$15.9 million in fiscal year 2024 to \$16.4 million in fiscal year 2025. The expenditure increase was primarily due to an increase in salaries and benefits and fuel, repairs and maintenance of the airport.
- The Refuse Disposal Fund had a decrease in net position of \$8.1 million in fiscal year 2025. Charges for services increased by \$2.0 million. Total operating expenses increased by \$3.6 million caused primarily by an increase in salaries and benefits expense.
- The Transit Fund had a decrease in net position of \$6.5 million in fiscal year 2025. Charges for services increased slightly from \$8.2 million in fiscal year 2024 to \$8.4 million in fiscal year 2025. This was due to an increase in revenue from another governmental agency. Operating expenses remained consistent, increasing by \$0.8 million from \$76.4 million in 2024 to \$77.2 million in 2025. the primary cause for the decrease to net position is a reduction in federal grant revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$853.4 million, a decrease of \$100.7 million in comparison with the prior year. Of the total balance at year-end, \$687 million is restricted fund balance, which primarily consists of funds reserved for capital projects and improvements. \$18.1 million is nonspendable, which relates almost entirely to permanent fund cash and cash equivalents.

Revenues of governmental funds overall totaled approximately \$1,283.5 million in the fiscal year ended June 30, 2025, which represents an increase of \$55.5 million from the previous year total of \$1,227.9 million. The primary reasons are as follows: GRT revenue increased by \$12.4 million, state shared tax revenue increased by \$9.8 million and property tax revenue increased by \$8.8 million. Total expenditures for the year increased as well driven primarily by inflation, investment in capital assets and improvements, and increased hiring in a effort to reach pre-pandemic employment levels.

General Fund – This fund is the City's chief operating fund. At the end of the current fiscal year, the total unassigned fund balance was \$3.2 million. The net change in fund balance for the current fiscal year was an decrease of \$19.8 million. The total revenues of \$826.7 million for the current fiscal year was an increase of \$39.1 million from the previous fiscal year. The overall increase in revenue is attributed primarily to an increase in GRT and state shared taxes of \$17.0 million. Total expenditures of \$794.1 million represents an increase of \$12.7 million from the previous year. Increases in expenditures were attributed to an increase in public safety of \$15.2 million, an increase in general government of \$4.9 million and a increase in highways and streets of \$1.3 million. Increases in expenditures are driven primarily by inflation and increased hiring in an effort to expand public safety positions and reach pre-pandemic employment levels. Please refer to the General Fund budgetary highlights for an analysis with respect to budgets.

General Obligation Bond Debt Service Fund – This fund is used to accumulate resources for the repayment of the City's GO bonds. GO bonds are backed by the full faith and credit of the City and may be used to finance any capital improvement approved by the voters. GO bonds may be redeemed by any regular City funding but, by policy, are generally redeemed by property taxes paid to the City. Fund balance in the City's General Obligation Bond Debt Service Fund increased by \$26.2 million in fiscal year 2025 driven primarily by an increase in property tax revenue, which grew as a result of an average increase of approximately 5.1% in the median home prices (thus increasing the taxable property value), driven by increased local real estate market values in line with overall economic conditions in the US.

**CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

LG Abatement Fund - The determining factor in the LG Abatement Fund qualifying as a major fund in fiscal year 2025 continues to be the total amount of assets. The funds assets at June 30, 2025 totaled \$72.1 million and consist of the following; cash and investments of \$24.4 million and accounts receivable of \$47.7 million. The large accounts receivable balance is attributed to multiple settlement agreements with various pharmaceutical companies (i.e. Cardinal, McKesson, AmerisourceBergen, Johnson & Johnson, Teva, etc.) for opioid abatement, which restrict the use of the funds to certain purposes.

Operating Grants Fund - This fund is used to account for various federal and state agency grants. The ending balances at June 30, 2025 consisted of the following; assets of \$25.6 million, liabilities of \$18.8 million, revenues \$58.9 million and expenditures \$75.1 million. Of the total amount of revenues, \$37.6 million represents federal grants and \$19.2 million represents state and other grants. With the winding down of CARES Act and ARPA funding, this fund no longer qualifies as a major fund as of the end of the current fiscal year but management has elected to continue to present it as major because of efforts to increase grant funding in the future.

Capital Acquisition Fund - This fund is used to accumulate resources for the acquisition of capital assets. Capital assets consists of tangible property with a life beyond a one year budget cycle. Land, buildings and building improvements, infrastructure, land improvements, vehicles, and equipment, as well as the services required to build or install these assets, may be classified as capital. The Capital Acquisition Fund is primarily funded by bond proceeds, but recurring and non-recurring revenue may be used. Major capital improvements for the City are funded primarily with general obligation and enterprise fund revenue bonds. In many cases, these bond funds are matched with federal and/or state contributions and private assessments. During fiscal year 2025, the Capital Acquisition Fund's fund balance decreased by \$106.4 million from \$473.3 million in fiscal year 2024 to \$366.9 million in fiscal year 2025. The decrease in fund balance is attributed to an increase of expenditures of \$122.0 million when compared to the prior year, of which \$54.8 million was directly related to an increase in capital.

Infrastructure Tax Fund - This fund finances capital projects funded primarily by municipal infrastructure gross receipts tax. The ending balances at June 30, 2025 were the following: assets of \$122.9 million, liabilities of \$12.8 million, revenues of \$65.8 million and expenditures \$43.3 million. Fund balance decreased by \$(4.3) million for 2025 primarily due to expenditures related to street and roadway improvements.

Enterprise Funds - The City's enterprise funds provide the same type of information presented in the government-wide financial statements business-type activities, but in more detail. Unrestricted net position was previously affected by the implementation of the GASB's pension and OPEB standards. At the end of fiscal year 2025, the unrestricted net position (deficit) is as follows (in millions):

Airport Fund	\$	41.6
Refuse Disposal Fund		(49.3)
Transit Fund		(26.6)
Nonmajor enterprise funds		0.9
Total	\$	(33.4)

Internal Service Funds - Internal service funds are used to account for certain governmental activities and had an unrestricted net position (deficit) of \$8.7 million in fiscal year 2025 as compared to \$(3.7) million in fiscal year 2024. Unrestricted net position in internal service funds increased due to the decrease in long-term claims liability adjustment expense.

Fiduciary Funds - There are two types of fiduciary funds the City uses to account for resources held for the benefit of others. The City's Custodial Fund is used by the City to account for funds held for third parties. The Albuquerque Pooled OPEB Trust Fund is used by the City and the ABCWUA to account for funds held in an irrevocable trust for the other postemployment benefits relating to life insurance benefits for retirees. The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the DFAS Accounting Division at: PO Box 1293, Room 8010, 8th floor, Albuquerque, NM 87103.

Budgetary Highlights - The fiscal year 2025 approved operating budget was \$1,399.2 million after interfund eliminations. The General Fund portion was \$851.2 million. The fiscal year 2025 budget was 0.1% or \$1.1 million above the fiscal year 2024 estimated actual. GRT, as measured by the state shared distribution, is expected to grow by 1.8%, which indicates that inflation will be a declining issue of concern.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's capital assets of governmental and business-type activities as of June 30, 2025, total \$4.63 billion, net of accumulated depreciation. The increase in capital assets in the current fiscal year was \$150.1 million, or 3.4%. Additional information pertaining to capital assets can be found in the notes to the financial statements in note C.

Capital assets are summarized as follows (in millions):

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 379.7	\$ 358.0	\$ 72.2	\$ 63.3	\$ 451.9	\$ 421.3
Right of way	1,145.5	1,145.5	—	—	1,145.5	1,145.5
Intangibles	—	—	11.9	12.6	11.9	12.6
Buildings	503.3	408.2	265.3	261.8	768.6	670.0
Right-to-use buildings	5.3	6.0	—	—	5.3	6.0
Runways	—	—	98.3	99.7	98.3	99.7
Improvements	426.2	312.3	51.1	61.3	477.3	373.6
Equipment	56.7	58.3	70.5	60.2	127.2	118.5
Right-to-use equipment	0.4	0.2	—	—	0.4	0.2
Right-to-use SBITA	2.8	1.2	0.1	—	2.9	1.2
Infrastructure	1,145.6	1,179.0	105.8	109.6	1,251.4	1,288.6
Construction in progress	143.2	234.0	143.0	105.6	286.2	339.6
Total	<u>\$ 3,808.7</u>	<u>\$ 3,702.7</u>	<u>\$ 818.2</u>	<u>\$ 774.1</u>	<u>\$ 4,626.9</u>	<u>\$ 4,476.8</u>

Governmental activities - In fiscal year 2025, capital assets increased by \$106.0 million after the recording of depreciation. The increase primarily comes from buildings, land improvements, and infrastructure.

Business-type activities – In fiscal year 2025, business-type activities increased capital assets by \$44.1 million after the recording of depreciation. The increase primarily comes from equipment and construction in progress.

Lessee

The City is a lessee for noncancellable leases of equipment, buildings and SBITA. The City recognizes a lease liability and an intangible right-to-use lease asset in the applicable governmental or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value that meets or exceeds the current capitalization policy.

Lessor

The City is a lessor for noncancellable leases of buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

Debt Administration – At the end of the current fiscal year, the City's governmental activities had a total of \$2.0 billion in long-term obligations. Total bonded debt is \$811.8 million. Net pension liability increased by \$45.2 million in 2025 to \$950.1 million. The net OPEB obligation increased by \$3.1 million. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable. For more detail on debt administration refer to footnote F. Long-Term Obligations.

**CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2025

The ratings on the City's uninsured General Obligation Bonds and Gross Receipts Tax Bonds for fiscal year 2025 are as follows:

Credit	Bond Ratings	
	S & P	Fitch
General Obligation Bonds	AAA	AA
Gross Receipts Tax Revenue Bonds	AAA	AA
Refuse Removal & Disposal Revenue Bonds	AA	Not rated

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's gross receipts tax (GRT) is greatly impacted by the underlying growth in the local and national economy.

In fiscal year 2025, GRT represented 70.0% of the total General Fund revenues.

Albuquerque GRT revenues recorded to the General Fund increased in 2025 by \$9.5 million over fiscal year 2024, reflecting continued strong employment and consumer demand despite higher interest rates and inflationary pressures.

Expected GRT growth (based on the State Shared 1.225%) for fiscal year 2026 is 1.9%, with total GRT growing at 2.9%, primarily due to concerns about inflation, uncertain federal policy changes and international conflicts.

Total General Fund revenue for fiscal year 2026 is expected to grow 4.8% over fiscal year 2025, or about \$39.7 million. However, final fiscal year 2025 revenues will impact expectations for fiscal year 2026, which will be revised at the Five-Year Forecast.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2025

The following table presents the underlying assumptions used in the City's most recent budgets:

National Variables	2024	2025	2026
Real GDP growth	2.6 %	1.1 %	1.4 %
Federal funds rate	5.5 %	4.8 %	3.4 %
10 U.S. bonds	4.4 %	3.8 %	3.4 %
CPI U	2.9 %	2.4 %	2.2 %
Unemployment rate (U.S.)	3.7	4.1	4.6
Manufacturing employment	—	(3.3)	(2.9)
Consumer sentiment index- University of Michigan	75.1	85.2	90.6
Current trade account (billions of \$)	(878.1)	(911.0)	(912.3)
Change in output per hour	1.7 %	1.0 %	1.6 %
Natural gas-Henry Hub \$ per MCF	2.8	3.8	5.1
West TX intermediate (dollars per bbl)	80.9	81.1	78.2
Wage growth	4.2 %	3.6 %	3.3 %
Albuquerque Variables			
Employment Growth and Unemployment in Albuquerque MSA			
Private-non construction	0.8 %	0.1 %	0.1 %
Construction employment (growth)	1.4 %	1.2 %	1.2 %
Manufacturing (ABQ)	1.8 %	(1.9)%	(2.1)%
Unemployment rate (ABQ)	3.9 %	4.2 %	4.6 %
Growth in Personal Income	4.1 %	4.9 %	4.3 %
Construction units permitted in City of Albuquerque			
Single-family permits	974	861	906
Multi-family permits	479	512	521
Total residential permits	1,453	1,373	1,427

Source IHS Global Insight Oct 2023 and FOR-UNM Oct 2023 Baseline Forecasts

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director's office for the Department of Finance and Administrative Services of the City at Director's Office, DFAS, Rm 10111, PO Box 1293, Albuquerque, New Mexico 87103.

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BASIC FINANCIAL STATEMENTS

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
ASSETS				
Current assets:				
Cash and investments	\$ 746,982,216	\$ 146,224,976	\$ 893,207,192	\$ 12,240,349
Taxes receivable	135,412,651	—	135,412,651	—
Accounts receivable, net	5,796,661	10,000,638	15,797,299	1,913,607
Leases receivable	1,358,179	4,602,904	5,961,083	—
Prepaid items	230,773	353,061	583,834	206,501
Inventories	292,979	6,455,274	6,748,253	180,146
Due from other governments	55,445,244	10,050,917	65,496,161	—
Internal balances	(2,168,075)	2,168,075	—	—
Total current assets	943,350,628	179,855,845	1,123,206,473	14,540,603
Noncurrent assets:				
Leases receivable	4,975,934	39,281,381	44,257,315	—
Other	—	—	—	1,583,336
Notes receivable, net	52,774,544	—	52,774,544	9,270,000
Total other noncurrent assets	57,750,478	39,281,381	97,031,859	10,853,336
Restricted assets:				
Cash and investments	252,898,252	81,527,097	334,425,349	4,196,198
Cash with fiscal agent	10,488,670	—	10,488,670	—
Land held for sale	6,776,290	—	6,776,290	—
Security deposits	—	173,414	173,414	—
Total restricted assets	270,163,212	81,700,511	351,863,723	4,196,198
Capital and right-to-use assets:				
Land and construction in progress	1,668,317,435	215,226,173	1,883,543,608	12,010,264
Capital and right-to-use assets-depreciable	4,543,609,363	1,701,893,365	6,245,502,728	108,388,534
Accumulated depreciation and amortization	(2,403,294,265)	(1,098,891,289)	(3,502,185,554)	(51,089,251)
Total capital and right-to-use assets	3,808,632,533	818,228,249	4,626,860,782	69,309,547
Total noncurrent assets	4,136,546,223	939,210,141	5,075,756,364	84,359,081
Total assets	5,079,896,851	1,119,065,986	6,198,962,837	98,899,684
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gain/loss on refunding	—	79,142	79,142	—
Deferred outflows related to pensions	197,263,842	29,022,058	226,285,900	1,804,205
Deferred outflows related to OPEB	29,626,179	4,747,202	34,373,381	452,671
Total deferred outflows of resources	\$ 226,890,021	\$ 33,848,402	\$ 260,738,423	\$ 2,256,876

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 71,009,237	\$ 16,974,190	\$ 87,983,427	\$ 3,118,181
Accrued employee compensation	28,928,792	4,383,037	33,311,829	—
Accrued vacation and sick leave	39,355,729	6,455,273	45,811,002	180,896
Customer deposits	2,246,686	1,376,989	3,623,675	417,790
Funds held for others	6,833,900	—	6,833,900	—
Unearned revenue	26,425,304	2,523,911	28,949,215	101,793
Claims reserve	46,732,145	—	46,732,145	—
Other current liabilities	131,463	—	131,463	1,180,623
Leases payable	1,940,348	25,732	1,966,080	171,022
Payable from restricted assets:				
Contracts payable	26,391,874	4,403,419	30,795,293	—
Bonds and notes payable	96,708,233	2,640,000	99,348,233	185,141
Arbitrage and other payable	870,571	—	870,571	—
Accrued interest	505,185	114,334	619,519	—
Total current liabilities	348,079,467	38,896,885	386,976,352	5,355,446
Non-current liabilities:				
Bonds and notes payable	811,829,093	48,279,048	860,108,141	26,793,728
Leases payable	6,346,335	26,177	6,372,512	595,132
Accrued vacation and sick leave	19,393,998	1,015,026	20,409,024	173,600
Claims reserve	98,022,846	—	98,022,846	—
Landfill closure/postclosure costs	—	5,032,205	5,032,205	—
Net pension liability	950,067,608	117,707,463	1,067,775,071	7,329,964
Net OPEB liability	102,556,416	30,295,919	132,852,335	1,074,195
Arbitrage and other payable	437,309	—	437,309	3,632,126
Tenant security deposits	—	162,605	162,605	—
Total non-current liabilities	1,988,653,605	202,518,443	2,191,172,048	39,598,745
Total liabilities	2,336,733,072	241,415,328	2,578,148,400	44,954,191
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	6,017,754	42,902,055	48,919,809	2,329,563
Deferred inflows related to pensions	29,060,999	2,731,490	31,792,489	300,637
Deferred inflows related to OPEB	87,500,149	14,077,420	101,577,569	937,985
Total deferred inflows of resources	122,578,902	59,710,965	182,289,867	3,568,185
NET POSITION				
Net investment in capital assets	3,099,221,393	772,584,312	3,871,805,705	43,640,139
Restricted for:				
Debt service	143,947,025	20,722,533	164,669,558	—
Construction	243,223,114	91,909,880	335,132,994	—
Federal and state funded programs	18,671,295	—	18,671,295	—
Other purposes	15,752,513	—	15,752,513	4,129,788
Permanent funds - Open space and urban enhancement:				
Expendable	6,776,290	—	6,776,290	—
Nonexpendable	17,957,899	—	17,957,899	—
Unrestricted	(698,074,631)	(33,428,630)	(731,503,261)	4,864,257
Total net position	\$ 2,847,474,898	\$ 851,788,095	\$ 3,699,262,993	\$ 52,634,184

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 146,843,356	\$ 60,055,317	\$ 4,493,391	\$ 341,505
Public safety	479,746,854	6,491,761	19,196,124	13,890,984
Culture and recreation	191,310,950	15,638,159	3,794,616	52,285,098
Public works	122,695,318	2,351,200	86,747	662,266
Highways and streets	123,521,828	5,893,614	644,315	23,435,462
Human services	130,428,664	13,023,002	31,702,810	11,486,143
Health and welfare	44,998,386	6,260,697	5,953,431	8,510,406
Housing	19,264,269	—	6,246,293	4,767,513
Interest	27,044,734	—	—	—
Total governmental activities	<u>1,285,854,359</u>	<u>109,713,750</u>	<u>72,117,727</u>	<u>115,379,377</u>
Business-type activities:				
Airport	87,386,722	83,278,269	—	16,425,640
Refuse disposal	100,854,909	91,085,079	—	—
Transit	77,263,626	8,412,022	—	8,955,626
Parking facilities	8,059,297	5,122,931	—	—
Stadium	2,202,666	613,307	—	—
Apartments	4,836,981	5,761,488	—	—
Total business-type activities	<u>280,604,201</u>	<u>194,273,096</u>	<u>—</u>	<u>25,381,266</u>
Total primary government	<u>\$ 1,566,458,560</u>	<u>\$ 303,986,846</u>	<u>\$ 72,117,727</u>	<u>\$ 140,760,643</u>
Component unit:				
Albuquerque Housing Authority	\$ 48,411,746	\$ 8,819,718	\$ 41,544,854	\$ 3,417,504

General revenues:

Taxes:

Gross receipts taxes, local option

State shared taxes

Property taxes

Franchise taxes

Hospitality taxes

Lodgers' taxes

Payments in lieu of taxes

Investment income/(loss)

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, July 1 (restated, see note IV. T)

Net position, June 30

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Albuquerque Housing Authority	
\$ (81,953,143)	\$ —	\$ (81,953,143)	\$ —	—
(440,167,985)	—	(440,167,985)	—	—
(119,593,077)	—	(119,593,077)	—	—
(119,595,105)	—	(119,595,105)	—	—
(93,548,437)	—	(93,548,437)	—	—
(74,216,709)	—	(74,216,709)	—	—
(24,273,852)	—	(24,273,852)	—	—
(8,250,463)	—	(8,250,463)	—	—
(27,044,734)	—	(27,044,734)	—	—
(988,643,505)	—	(988,643,505)	—	—
—	12,317,187	12,317,187	—	—
—	(9,769,830)	(9,769,830)	—	—
—	(59,895,978)	(59,895,978)	—	—
—	(2,936,366)	(2,936,366)	—	—
—	(1,589,359)	(1,589,359)	—	—
—	924,507	924,507	—	—
—	(60,949,839)	(60,949,839)	—	—
(988,643,505)	(60,949,839)	(1,049,593,344)	—	—
				5,370,330
372,567,573	—	372,567,573	—	—
307,191,699	—	307,191,699	—	—
195,542,245	—	195,542,245	—	—
33,963,936	—	33,963,936	—	—
3,813,408	—	3,813,408	—	—
19,014,931	—	19,014,931	—	—
138,968	—	138,968	—	—
56,682,934	14,076,857	70,759,791	145,297	—
432,381	13,936,929	14,369,310	2,086,086	—
(48,609,353)	48,609,353	—	—	—
940,738,722	76,623,139	1,017,361,861	2,231,383	—
(47,904,783)	15,673,300	(32,231,483)	7,601,713	—
2,895,379,681	836,114,795	3,731,494,476	45,032,471	—
\$ 2,847,474,898	\$ 851,788,095	\$ 3,699,262,993	\$ 52,634,184	—

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

CITY OF ALBUQUERQUE, NEW MEXICO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>	<u>LG Abatement Fund</u>
ASSETS			
Cash and investments	\$ 17,232,163	\$ 117,123,967	\$ 24,438,964
Taxes receivable	112,615,298	4,834,182	—
Accounts receivable, net	4,462,829	—	47,658,173
Leases receivable	6,334,113	—	—
Developer loans	—	—	—
Due from other governments	3,391,510	—	—
Due from other funds	—	—	—
Prepaid items	98,219	—	—
Restricted assets:			
Cash and investments	—	—	—
Cash with fiscal agent	—	—	—
Land held for resale	—	—	—
Total assets	<u>\$ 144,134,132</u>	<u>\$ 121,958,149</u>	<u>\$ 72,097,137</u>
LIABILITIES			
Accounts payable	\$ 19,332,665	\$ 344,752	\$ 943,347
Contracts payable	76,119	—	—
Accrued employee compensation	26,868,062	—	—
Due to other funds	2,819,689	—	—
Unearned revenue	—	—	—
Customer deposits and other	2,246,686	—	—
Funds held for others	6,833,900	—	—
Matured bonds and interest payable	—	2,852	—
Total liabilities	<u>58,177,121</u>	<u>347,604</u>	<u>943,347</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	3,968,843	3,074,888	—
Unavailable revenue - developer loans	—	—	—
Unavailable revenue - leases	6,017,754	—	—
Unavailable revenue - special assessments	—	—	—
Unavailable revenue - settlement	—	—	46,555,721
Total deferred inflows of resources	<u>9,986,597</u>	<u>3,074,888</u>	<u>46,555,721</u>
FUND BALANCES			
Nonspendable	98,219	—	—
Restricted	—	118,535,657	24,598,069
Committed	72,698,000	—	—
Assigned	—	—	—
Unassigned	3,174,195	—	—
Total fund balances	<u>75,970,414</u>	<u>118,535,657</u>	<u>24,598,069</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 144,134,132</u>	<u>\$ 121,958,149</u>	<u>\$ 72,097,137</u>

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

Operating Grants Fund	Capital Acquisition Fund	Infrastructure Tax Fund	Nonmajor Governmental Funds	Total
\$ 8,775,036	\$ 166,547,984	\$ 113,175,324	\$ 130,735,439	\$ 578,028,877
—	—	9,730,695	8,232,476	135,412,651
—	1,130,357	—	70,814	53,322,173
—	—	—	—	6,334,113
753,069	862,500	—	3,500,802	5,116,371
16,086,144	31,410,200	—	117,194	51,005,048
—	3,980,149	—	86	3,980,235
6,696	—	—	13,584	118,499
—	233,804,743	—	19,093,509	252,898,252
—	—	—	10,488,670	10,488,670
—	—	—	6,776,290	6,776,290
\$ 25,620,945	\$ 437,735,933	\$ 122,906,019	\$ 179,028,864	\$ 1,103,481,179
\$ 4,462,870	\$ 25,290,167	\$ 4,378,823	\$ 10,221,937	\$ 64,974,561
1,005,393	19,848,621	4,403,190	1,058,551	26,391,874
766,478	137,041	108,966	622,990	28,503,537
82,484	17,753	3,885,406	675,147	7,480,479
12,448,463	811,057	—	13,165,784	26,425,304
—	—	—	—	2,246,686
—	—	—	—	6,833,900
—	23,870,571	—	502,333	24,375,756
18,765,688	69,975,210	12,776,385	26,246,742	187,232,097
—	—	—	—	7,043,731
753,069	862,500	—	831,262	2,446,831
—	—	—	—	6,017,754
—	—	—	788,004	788,004
—	—	—	—	46,555,721
753,069	862,500	—	1,619,266	62,852,041
6,696	—	—	17,971,483	18,076,398
6,095,492	366,898,223	110,129,634	60,515,974	686,773,049
—	—	—	20,822,390	93,520,390
—	—	—	51,853,009	51,853,009
—	—	—	—	3,174,195
6,102,188	366,898,223	110,129,634	151,162,856	853,397,041
\$ 25,620,945	\$ 437,735,933	\$ 122,906,019	\$ 179,028,864	\$ 1,103,481,179

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

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances of governmental funds	\$	853,397,041
Capital assets in governmental activities are not current financial resources and therefore are not reported in the funds (excluding internal service assets).		3,808,201,949
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note II.A).		(1,988,364,296)
Internal service funds are used by the City to charge the cost of these funds to their primary users - governmental and enterprise funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		7,077,044
Deferred outflows of resources are not current financial resources and therefore are not reported in the funds. Deferred outflows are related to gain/loss on refunding, pensions and OPEB (Note II.A).		226,890,021
Deferred inflows related to taxes receivable, special assessments, opioid settlements and developer loans are reported in the funds but not in governmental activities in the statement of net position. Deferred inflows related to pensions and OPEB are not available to pay for current period expenditures and therefore are not reported in the funds (Note II.A).		<u>(59,726,861)</u>
Net position of governmental activities	\$	<u><u>2,847,474,898</u></u>

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

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>	<u>LG Abatement Fund</u>
REVENUES			
Taxes			
Gross receipts taxes, local option	\$ 285,252,188	\$ —	\$ —
State shared taxes	298,675,763	—	—
Property taxes	107,873,502	86,207,400	—
Lodgers' and hospitality taxes	—	—	—
Franchise taxes	33,845,156	—	—
Payment in lieu of taxes	138,968	—	—
Licenses and permits	15,654,652	—	—
Federal grants	—	—	—
State grants and contributions	370,537	—	—
Charges for services	75,623,882	—	—
Fines and forfeitures	98,495	—	—
Investment income/(loss)	1,035,752	2,521,805	1,595,419
Special assessments	—	—	—
Miscellaneous	8,154,521	—	1,790,764
Total revenues	<u>826,723,416</u>	<u>88,729,205</u>	<u>3,386,183</u>
EXPENDITURES			
Current:			
General government	105,484,718	—	—
Public safety	418,788,715	—	—
Culture and recreation	115,587,251	—	—
Public works	25,689,044	—	—
Highways and streets	24,275,575	—	—
Human services	63,883,757	—	—
Health and welfare	26,201,795	—	4,053,942
Housing	—	—	—
Debt service:			
Principal payment	5,406,711	48,360,000	—
Interest	185,743	17,871,114	—
Fiscal agent fees	—	1,584,524	—
Capital outlay	8,552,866	—	3,249,901
Total expenditures	<u>794,056,175</u>	<u>67,815,638</u>	<u>7,303,843</u>
Excess (deficiency) of revenues over expenditures	<u>32,667,241</u>	<u>20,913,567</u>	<u>(3,917,660)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,524,713	—	—
Transfers out	(65,306,919)	—	—
Premium on issuance of bonds	—	5,286,112	—
Bonds and notes issued, lease proceeds	5,308,899	—	—
Total other financing sources (uses)	<u>(52,473,307)</u>	<u>5,286,112</u>	<u>—</u>
Net change in fund balances	(19,806,066)	26,199,679	(3,917,660)
Fund balances, July 1	<u>95,776,480</u>	<u>92,335,978</u>	<u>28,515,729</u>
Fund balances, June 30	<u>\$ 75,970,414</u>	<u>\$ 118,535,657</u>	<u>\$ 24,598,069</u>

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

Operating Grants Fund	Capital Acquisition Fund	Infrastructure Tax Fund	Nonmajor Governmental Funds	Total
\$ —	\$ —	\$ 59,034,648	\$ 28,280,738	\$ 372,567,574
—	—	—	8,515,936	307,191,699
—	—	—	—	194,080,902
—	—	—	22,828,339	22,828,339
—	118,780	—	—	33,963,936
—	—	—	—	138,968
—	—	—	9,437,067	25,091,719
37,606,310	25,765	—	4,723,922	42,355,997
19,209,898	98,621,486	—	7,679,555	125,881,476
—	—	—	11,293,622	86,917,504
—	—	—	—	98,495
—	26,963,788	6,707,218	8,525,176	47,349,158
—	—	—	1,183,323	1,183,323
2,058,680	5,308,262	100,000	6,407,018	23,819,245
58,874,888	131,038,081	65,841,866	108,874,696	1,283,468,335
1,485,171	9,563,552	—	15,688,484	132,221,925
14,397,838	14,622,351	—	4,201,307	452,010,211
1,053,728	33,459,290	—	14,316,984	164,417,253
93,993	47,647,066	—	2,927,415	76,357,518
357,129	23,400,879	36,368,646	9,797,332	94,199,561
34,503,206	10,001,408	—	14,400,470	122,788,841
1,787,304	1,945,693	—	7,976,862	41,965,596
13,299,820	4,721,246	—	270,986	18,292,052
—	45,568	—	18,225,481	72,037,760
—	911,581	—	14,117,692	33,086,130
—	—	—	81,920	1,666,444
8,095,398	188,177,091	6,949,814	19,732,374	234,757,444
75,073,587	334,495,725	43,318,460	121,737,307	1,443,800,735
(16,198,699)	(203,457,644)	22,523,406	(12,862,611)	(160,332,400)
14,966,919	2,647,036	—	33,923,533	59,062,201
—	(641,006)	(26,849,166)	(14,624,463)	(107,421,554)
—	381,000	—	2,022,181	7,689,293
—	94,632,980	—	392,020	100,333,899
14,966,919	97,020,010	(26,849,166)	21,713,271	59,663,839
(1,231,780)	(106,437,634)	(4,325,760)	8,850,660	(100,668,561)
7,333,968	473,335,857	114,455,394	142,312,196	954,065,602
\$ 6,102,188	\$ 366,898,223	\$ 110,129,634	\$ 151,162,856	\$ 853,397,041

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

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	\$	(100,668,561)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period (Note II.B).		105,881,677
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B).		(28,277,590)
Internal service funds are used by the City to charge their cost to individual funds. The net revenue (expense) of internal service funds is reported within governmental activities.		12,333,197
Taxes earned during the fiscal year but received more than sixty days after the end of the fiscal year as well as developer loans, opioid settlements, leases and special assessments are reported as deferred inflows in the funds but in the statement of activities they are reported		(887,189)
The change in liability for compensated absences that is reported as an expense in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		(3,665,802)
The changes in the City OPEB and pension liabilities, which are reported as expenses in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Note II.B).		<u>(32,620,515)</u>
Change in net position of governmental activities	<u>\$</u>	<u>(47,904,783)</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues				
Taxes:				
Gross receipts tax, local option	\$ 290,246,812	\$ 290,246,812	\$ 285,252,188	\$ (4,994,624)
Current property tax	106,412,243	106,412,243	105,487,572	(924,671)
Delinquent property tax	2,687,757	2,687,757	2,385,930	(301,827)
Franchise taxes:				
Electric	15,638,000	15,638,000	14,989,875	(648,125)
Gas	6,383,000	6,383,000	4,310,667	(2,072,333)
Cable television	3,678,000	3,678,000	3,271,575	(406,425)
Telephone	751,000	751,000	645,971	(105,029)
Telecommunications	471,000	471,000	505,689	34,689
Water Authority	7,756,000	7,756,000	10,121,379	2,365,379
Payments in lieu of taxes	103,407	103,407	138,968	35,561
Total taxes	<u>434,127,219</u>	<u>434,127,219</u>	<u>427,109,814</u>	<u>(7,017,405)</u>
Licenses and permits:				
Building permits	5,018,936	5,018,936	4,624,327	(394,609)
Plan checking permits	2,369,000	2,369,000	2,174,851	(194,149)
Business registration fees	3,830,300	3,830,300	789,462	(3,040,838)
Cannabis permits	46,000	46,000	50,113	4,113
Plumbing/mechanical permits	2,000,000	2,000,000	1,424,729	(575,271)
Restaurant inspections	2,324,000	2,324,000	1,705,168	(618,832)
Electrical/refrigeration permits	2,639,000	2,639,000	1,062,442	(1,576,558)
Other licenses and permits	361,585	361,585	261,697	(99,888)
Right of way usage permits	1,088,979	1,088,979	1,434,647	345,668
Liquor licenses	—	—	181,241	181,241
Food retailers inspections	270,000	270,000	353,129	83,129
Swimming pool inspections	105,000	105,000	113,545	8,545
Flood plan certification	—	—	600	600
Reroofing permits	380,250	380,250	155,839	(224,411)
Loading zone permits	8,700	8,700	—	(8,700)
Solicitation permits	4,000	4,000	4,530	530
Excavation permits	134,000	134,000	121,771	(12,229)
Barricading permits	1,010,000	1,010,000	1,196,561	186,561
Total licenses and permits	<u>21,589,750</u>	<u>21,589,750</u>	<u>15,654,652</u>	<u>(5,935,098)</u>
State shared taxes:				
Gross receipts tax	283,035,414	283,035,414	294,266,676	11,231,262
Municipal gas tax	1,938,786	1,938,786	2,337,213	398,427
Motor vehicle license distribution	2,572,410	2,572,410	2,071,874	(500,536)
Bernalillo County-shared operations	315,069	315,069	370,537	55,468
Total state shared taxes	<u>287,861,679</u>	<u>287,861,679</u>	<u>299,046,300</u>	<u>11,184,621</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues (continued)				
Charges for services:				
General government:				
Administrative charges to other funds	44,142,831	44,142,831	49,282,537	5,139,706
Legal services	2,271,000	2,271,000	1,274,505	(96,495)
Shared transportation	—	—	15,227	15,227
Small business loan fees	300	300	300	—
Engineering fees	1,648,000	1,648,000	1,996,702	348,702
Engineering inspections	138,000	138,000	244,920	106,920
Shooting range fees	210,000	210,000	247,193	37,193
Records search fees	205,000	205,000	175,390	(29,610)
Filing of plats and subdivisions	—	—	341	341
Sales of maps and publications	—	—	20,000	20,000
Administrative fees	718,502	718,502	(289,126)	(1,007,628)
Photocopying	138,000	138,000	192,512	54,512
Hearing officer charges	300	300	(41)	(341)
Sign fees	36,050	36,050	49,228	13,178
Zoning plan check fees	257,500	257,500	225,582	(31,918)
Office services	17,000	17,000	21,075	4,075
Planning services	645,021	645,021	465,893	(179,128)
Land mediation charges	28,000	28,000	33,428	5,428
Other	2,000	2,000	27,659	25,659
Public safety:				
Police services	3,986,600	3,986,600	2,435,679	(1,550,921)
Fire services	2,531,791	2,531,791	3,001,914	470,123
Culture and recreation:				
Zoo admissions	2,419,495	2,419,495	2,286,572	(132,923)
Cultural affairs	1,828,913	1,828,913	1,612,102	(216,811)
Albuquerque aquarium and gardens	2,276,508	2,276,508	1,944,074	(332,434)
Latch key program	182,000	182,000	174,396	(7,604)
Swimming pools	692,088	692,088	689,424	(2,664)
Sports programs	250,000	250,000	315,892	65,892
Other recreation charges	296,448	296,448	314,823	18,375
Museum charges	314,000	314,000	281,667	(32,333)
Other zoo charges	305,000	305,000	111,268	(193,732)
Community centers	87,000	87,000	111,945	24,945
Tournament/field rental	115,000	115,000	175,618	60,618
Outdoor recreation fees	15,000	15,000	7,520	(7,480)
Golf green fees	5,012,862	5,012,862	5,311,911	299,049
Golf facilities concessions	800,000	800,000	990,456	190,456

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues (continued)				
Charges for services:				
Highways and streets:				
Other street division charges/permits	73,300	73,300	54,234	(19,066)
Health:				
Animal control charges	37,300	37,300	27,740	(9,560)
Human services:				
Childcare services	350,000	350,000	408,878	58,878
Senior center memberships	385,000	385,000	404,604	19,604
Senior meal programs	80,000	80,000	83,636	3,636
Other	151,500	151,500	225,188	73,688
Senior dances	30,000	30,000	31,978	1,978
DSA Route #2	220,000	667,000	638,885	(28,115)
Senior coffee	—	—	153	153
Total charges for services	<u>72,897,309</u>	<u>73,344,309</u>	<u>75,623,882</u>	<u>2,279,573</u>
Fines and forfeitures:				
Air quality penalties	92,571	92,571	98,495	5,924
Total fines and forfeitures	<u>92,571</u>	<u>92,571</u>	<u>98,495</u>	<u>5,924</u>
Interest:				
Investment income/(loss)	1,964,000	1,964,000	1,035,752	(928,248)
Total interest	<u>1,964,000</u>	<u>1,964,000</u>	<u>1,035,752</u>	<u>(928,248)</u>
Miscellaneous:				
Community center rentals	362,000	362,000	421,797	59,797
Jury duty and witness fees	—	—	327	327
Rental of city property	3,068,818	3,068,818	3,255,570	186,752
Miscellaneous	2,381,012	2,381,012	2,650,675	269,663
Sales of real property	131,000	131,000	674,676	543,676
Collections from property damage	11,000	11,000	38,934	27,934
Contributions and donations	2,790	2,790	10,493	7,703
Liens and recoveries	448,875	448,875	1,102,049	653,174
Total miscellaneous	<u>6,405,495</u>	<u>6,405,495</u>	<u>8,154,521</u>	<u>1,749,026</u>
Total revenues	<u>824,938,023</u>	<u>825,385,023</u>	<u>826,723,416</u>	<u>1,338,393</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Expenditures				
General government:				
Accounting	4,514,000	4,414,000	4,407,144	6,856
Administrative hearing office	506,000	506,000	375,040	130,960
Chief administrative officer	6,663,000	5,823,000	5,813,645	9,355
Citizen services	4,206,000	4,191,000	4,189,171	1,829
Citywide financial support	1,228,000	1,228,000	1,383,653	(155,653)
Urban design and development	3,177,000	3,177,000	3,036,266	140,734
Council services	8,694,000	8,799,000	8,793,654	5,346
DFAS - strategic support	1,112,000	1,057,000	1,055,991	1,009
GRT Admin Fee	7,627,000	7,627,000	6,888,229	738,771
Dues and memberships	506,000	520,000	521,646	(1,646)
Early retirement	4,545,000	9,635,000	10,137,956	(502,956)
Economic development	3,102,000	3,122,000	3,153,484	(31,484)
Economic development investment	1,722,000	1,672,000	1,629,982	42,018
GS - Convention center	2,121,000	2,121,000	2,090,572	30,428
International trade	171,000	171,000	168,172	2,828
Joint committee - intergov. legislation	257,000	257,000	240,000	17,000
Legal services	6,684,000	6,968,000	6,956,918	11,082
Mayor's office	1,248,000	1,168,000	1,164,665	3,335
Office of equity and inclusion	2,183,000	1,476,000	1,369,569	106,431
Office of inspector general	813,000	743,000	738,943	4,057
Office of internal audit	1,136,000	1,026,000	1,019,914	6,086
Office of management and budget	1,592,000	1,512,000	1,503,910	8,090
Office of the city clerk	5,319,000	5,410,000	5,524,457	(114,457)
One stop shop	10,353,000	13,532,000	14,300,471	(768,471)
Open and ethical elections	935,000	944,000	959,802	(15,802)
Personnel services	5,917,000	5,617,000	5,615,958	1,042
Planning - strategic support	3,213,000	3,213,000	2,888,250	324,750
Purchasing	2,372,000	2,247,000	2,242,574	4,426
Treasury	1,135,000	1,075,000	1,060,446	14,554
Technology and innovation	12,596,000	12,261,000	12,257,001	3,999
B/C/J/Q Union Time	131,000	76,000	64,528	11,472
FA - Office of MRA	1,242,000	1,117,000	1,088,408	28,592
Total general government	<u>107,020,000</u>	<u>112,705,000</u>	<u>112,640,421</u>	<u>64,581</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Expenditures (continued)				
Current:				
Public safety:				
Police department:				
Data management for APD	1,111,000	1,111,000	1,110,580	420
Police oversight	2,825,000	2,085,000	2,073,858	11,142
Investigative services	60,738,000	60,625,000	59,027,253	1,597,747
Neighborhood policing	123,978,000	123,978,000	127,623,929	(3,645,929)
Off duty police overtime	1,200,000	1,200,000	538,084	661,916
APD - Administrative support	48,875,000	46,625,000	45,523,832	1,101,168
Prisoner transport	4,215,000	4,215,000	4,846,971	(631,971)
Professional standards	30,995,000	30,653,000	29,726,966	926,034
Fire department:				
AFD headquarters	4,873,000	4,909,000	4,664,733	244,267
Dispatch	6,827,000	7,010,000	7,072,708	(62,708)
Emergency response	87,523,000	91,894,000	93,482,326	(1,588,326)
Fire prevention	8,224,000	8,491,000	7,316,090	1,174,910
Logistics	4,747,000	4,759,000	4,872,245	(113,245)
Emergency services	3,583,000	3,768,000	4,430,635	(662,635)
Office of emergency management	920,000	850,000	849,406	594
Training	4,148,000	4,298,000	3,289,281	1,008,719
Community safety:				
Strategic support	5,018,000	5,110,000	5,583,140	(473,140)
Field response	10,110,000	9,260,000	9,041,832	218,168
Special operations	2,814,000	2,814,000	2,534,709	279,291
General services:				
Security division	10,872,000	10,872,000	10,851,410	20,590
Total public safety	423,596,000	424,527,000	424,459,987	67,012
Culture and recreation:				
Aquatics	6,459,000	6,459,000	6,857,910	(398,910)
Balloon museum	1,785,000	1,785,000	1,837,085	(52,085)
BioPark	17,986,000	17,994,000	18,997,454	(1,003,454)
BioPark CIP	625,000	625,000	75,172	549,828
Parks CIP	3,026,000	3,026,000	2,475,540	550,460
CABQ media	1,174,000	1,174,000	1,213,168	(39,168)
Community events	5,777,000	5,837,000	5,352,844	484,156
Community recreation	17,391,000	15,391,000	15,480,680	(89,680)
Cultural services - strategic support	2,470,000	2,470,000	2,273,120	196,880
Explora	1,792,000	1,792,000	1,800,842	(8,842)
Library	16,590,000	16,590,000	16,794,153	(204,153)
Museum	4,188,000	4,188,000	4,103,870	84,130
Parks and recreation - strategic support	2,250,000	2,250,000	2,294,546	(44,546)
Parks management	21,586,000	19,419,000	19,399,299	19,701
Public arts and urban enhancement	844,000	844,000	850,304	(6,304)
Recreation	5,541,000	5,541,000	5,485,013	55,987
Open space management	5,421,000	5,385,000	5,339,265	45,735
Special events parking	19,000	19,000	—	19,000
Golf program	5,151,000	5,151,000	5,356,955	(205,955)
Total culture and recreation	120,075,000	115,940,000	115,987,221	(47,220)

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Expenditures (continued)				
Current:				
Public works:				
Construction	1,983,000	1,983,000	1,898,127	84,873
Design recovered CIP	2,529,000	2,529,000	2,421,701	107,299
Design recovered storm drain	2,930,000	2,930,000	1,938,824	991,176
Storm drainage	3,246,000	3,545,000	3,832,971	(287,971)
Strategic support	4,220,000	4,220,000	4,094,370	125,630
MD - Real property	977,000	977,000	870,494	106,506
Street CIP	6,150,000	6,150,000	4,959,089	1,190,911
Street services	14,572,000	17,008,000	19,344,573	(2,336,573)
GS - Strategic support	1,391,000	1,410,000	1,162,634	247,366
GS - Energy & sustainability	742,000	842,000	240,227	601,773
City Buildings	7,888,000	8,371,000	9,269,651	(898,651)
Gibson medical center	—	—	420	(420)
Total public works	<u>46,628,000</u>	<u>49,965,000</u>	<u>50,033,080</u>	<u>(68,081)</u>
Health and welfare:				
Animal care and control	16,653,000	16,303,000	16,291,816	11,184
Cannabis services	125,000	125,000	127,152	(2,152)
Code enforcement	5,081,000	5,322,000	5,018,244	303,756
Consumer health protection	2,261,000	2,261,000	2,181,389	79,611
Environmental health	857,000	857,000	532,493	324,507
Strategic support	1,338,000	1,757,000	2,141,155	(384,155)
Urban biology	665,000	665,000	682,475	(17,475)
Total health and welfare	<u>26,980,000</u>	<u>27,290,000</u>	<u>26,974,724</u>	<u>315,276</u>
Human services:				
Basic services	774,000	774,000	743,566	30,434
Affordable housing	8,954,000	3,204,000	5,271,362	(2,067,362)
Child care	5,556,000	3,956,000	3,947,075	8,925
Emergency shelter	7,106,000	9,106,000	11,124,784	(2,018,784)
Health and social services	15,287,000	15,227,000	14,443,600	783,400
Mental health services	5,135,000	5,135,000	3,629,215	1,505,785
Partner with public education	2,825,000	2,105,000	2,095,785	9,215
Strategic support	4,564,000	4,509,000	4,506,519	2,481
Subst. abuse treatment & prevention	3,430,000	2,080,000	933,335	1,146,665
Supportive services	7,890,000	7,890,000	7,131,565	758,435
Well being - seniors	6,959,000	6,779,000	6,722,381	56,619
Senior affairs - strategic support	3,344,000	3,344,000	3,411,556	(67,556)
Total human services	<u>71,824,000</u>	<u>64,109,000</u>	<u>63,960,743</u>	<u>148,257</u>
Total expenditures	<u>796,123,000</u>	<u>794,536,000</u>	<u>794,056,175</u>	<u>479,825</u>
Excess of revenues over expenditures	<u>28,815,023</u>	<u>30,849,023</u>	<u>32,667,241</u>	<u>1,818,218</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,755,000	7,755,000	7,524,713	(230,287)
Transfers out	(55,070,000)	(65,056,000)	(65,306,919)	(250,919)
Bond and lease proceeds	—	—	5,308,899	5,308,899
Total other financing sources (uses)	<u>(47,315,000)</u>	<u>(57,301,000)</u>	<u>(52,473,307)</u>	<u>4,827,693</u>
Net change in fund balances	<u>\$ (18,499,977)</u>	<u>\$ (26,451,977)</u>	(19,806,066)	<u>\$ 6,645,911</u>
Fund balances, July 1			<u>95,776,480</u>	
Fund balances, June 30			<u>\$ 75,970,414</u>	

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Airport Fund	Refuse Disposal Fund
ASSETS		
Current assets		
Cash and investments	\$ 104,699,653	\$ 21,084,872
Accounts receivable, net	4,989,575	4,263,799
Leases receivable	3,925,372	—
Prepaid expense	5,275	112,274
Inventories	1,195,071	1,659,201
Due from other governments	8,573,919	—
Due from other funds	—	—
Total current assets	123,388,865	27,120,146
Noncurrent assets:		
Leases receivable	37,498,288	—
Restricted assets:		
Cash and investments	35,284,487	35,469,529
Security deposits	—	—
Total restricted assets	35,284,487	35,469,529
Capital and right-to-use assets:		
Buildings	262,786,779	49,148,874
Runways	402,915,730	—
Infrastructure	13,963	11,269,994
Improvements	288,882,315	34,953,312
Machinery and equipment	35,077,203	106,418,157
Right of use lease equipment	31,183	—
Right of use subscription based IT agreements	313,388	—
Intangible assets	—	294,350
Total capital and right-to-use assets-depreciable	990,020,561	202,084,687
Less: accumulated depreciation and amortization	698,617,301	135,816,300
Capital and right-to-use assets-depreciable, net	291,403,260	66,268,387
Land	50,882,213	11,327,076
Construction in progress	139,937,036	—
Total capital and right-to-use assets	482,222,509	77,595,463
Total noncurrent assets	555,005,284	113,064,992
Total assets	678,394,149	140,185,138
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gain/loss on bond refunding	—	—
Deferred outflows related to pensions	7,995,684	11,450,282
Deferred outflows related to OPEB	1,125,740	1,963,974
Total deferred outflows of resources	\$ 9,121,424	\$ 13,414,256

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 16,095,866	\$ 4,344,585	\$ 146,224,976	\$ 168,953,339
67,544	679,720	10,000,638	132,661
—	677,532	4,602,904	—
188,583	46,929	353,061	112,274
3,601,002	—	6,455,274	292,979
1,476,998	—	10,050,917	4,440,196
3,868,583	—	3,868,583	3,749,617
<u>25,298,576</u>	<u>5,748,766</u>	<u>181,556,353</u>	<u>177,681,066</u>
—	1,783,093	39,281,381	—
14,875	10,758,206	81,527,097	—
—	173,414	173,414	—
<u>14,875</u>	<u>10,931,620</u>	<u>81,700,511</u>	<u>—</u>
90,664,661	58,906,358	461,506,672	—
—	—	402,915,730	—
124,726,039	—	136,009,996	—
11,989,984	40,877,083	376,702,694	872,230
163,060,403	1,834,098	306,389,861	979,887
100,951	—	132,134	—
78,540	—	391,928	1,033,224
—	17,550,000	17,844,350	—
<u>390,620,578</u>	<u>119,167,539</u>	<u>1,701,893,365</u>	<u>2,885,341</u>
<u>188,279,224</u>	<u>76,178,464</u>	<u>1,098,891,289</u>	<u>2,738,599</u>
<u>202,341,354</u>	<u>42,989,075</u>	<u>603,002,076</u>	<u>146,742</u>
<u>5,746,040</u>	<u>4,279,713</u>	<u>72,235,042</u>	<u>283,842</u>
<u>2,951,938</u>	<u>102,157</u>	<u>142,991,131</u>	<u>—</u>
<u>211,039,332</u>	<u>47,370,945</u>	<u>818,228,249</u>	<u>430,584</u>
<u>211,054,207</u>	<u>60,085,658</u>	<u>939,210,141</u>	<u>430,584</u>
<u>236,352,783</u>	<u>65,834,424</u>	<u>1,120,766,494</u>	<u>178,111,650</u>
—	79,142	79,142	—
8,611,087	965,005	29,022,058	3,448,503
1,491,476	166,012	4,747,202	559,880
<u>\$ 10,102,563</u>	<u>\$ 1,210,159</u>	<u>\$ 33,848,402</u>	<u>\$ 4,008,383</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 JUNE 30, 2025

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,349,546	\$ 6,127,234
Leases/SBITA payable	—	—
Accrued employee compensation	1,052,568	1,770,314
Accrued vacation and sick leave	1,432,850	2,911,995
Customer deposits	1,231,518	68,924
Unearned revenue	1,946,147	—
Claims reserve	—	—
Accrued fuel cleanup costs	—	—
Due to other funds	145,617	271,417
Payable from restricted assets:		
Contracts payable	4,403,419	—
Bonds payable	—	990,000
Accrued interest	—	62,584
Total current liabilities	<u>17,561,665</u>	<u>12,202,468</u>
Noncurrent liabilities:		
Landfill closure/postclosure costs	—	5,032,205
Bonds payable	—	43,529,048
Leases/SBITA payable	—	—
Claims reserve	—	—
Accrued vacation and sick leave	154,535	547,006
Net pension liability	33,802,710	45,697,278
Net OPEB liability	6,908,128	8,958,237
Tenant security deposits	—	—
Total noncurrent liabilities	<u>40,865,373</u>	<u>103,763,774</u>
Total liabilities	<u>58,427,038</u>	<u>115,966,242</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	790,334	1,057,217
Deferred inflows related to OPEB	3,334,465	5,825,143
Unavailable revenue - leases	40,375,842	—
Total deferred inflows of resources	<u>44,500,641</u>	<u>6,882,360</u>
NET POSITION (DEFICIT)		
Invested in capital assets	477,819,090	42,806,854
Restricted for:		
Debt service	1,315,985	9,260,731
Construction	63,902,633	27,961,267
Unrestricted	41,550,186	(49,278,060)
Total net position (deficit)	<u>\$ 584,587,894</u>	<u>\$ 30,750,792</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 2,948,103	\$ 549,307	\$ 16,974,190	\$ 6,034,676
25,732	—	25,732	235,938
1,431,608	128,547	4,383,037	425,255
1,968,142	142,286	6,455,273	699,019
—	76,547	1,376,989	—
456,661	121,103	2,523,911	—
—	—	—	46,732,145
—	—	—	131,463
1,260,079	23,395	1,700,508	2,417,448
—	—	4,403,419	—
—	1,650,000	2,640,000	—
—	51,750	114,334	—
<u>8,090,325</u>	<u>2,742,935</u>	<u>40,597,393</u>	<u>56,675,944</u>
—	—	5,032,205	—
—	4,750,000	48,279,048	—
26,177	—	26,177	239,818
—	—	—	98,022,846
312,551	934	1,015,026	199,425
34,367,766	3,839,709	117,707,463	13,747,106
14,042,481	387,073	30,295,919	2,149,467
—	162,605	162,605	—
<u>48,748,975</u>	<u>9,140,321</u>	<u>202,518,443</u>	<u>114,358,662</u>
<u>56,839,300</u>	<u>11,883,256</u>	<u>243,115,836</u>	<u>171,034,606</u>
795,106	88,833	2,731,490	318,043
4,425,303	492,509	14,077,420	1,656,949
—	2,526,213	42,902,055	—
<u>5,220,409</u>	<u>3,107,555</u>	<u>59,710,965</u>	<u>1,974,992</u>
210,987,423	40,970,945	772,584,312	430,584
14,875	10,130,942	20,722,533	—
—	45,980	91,909,880	—
<u>(26,606,661)</u>	<u>905,905</u>	<u>(33,428,630)</u>	<u>8,679,851</u>
<u>\$ 184,395,637</u>	<u>\$ 52,053,772</u>	<u>\$ 851,788,095</u>	<u>\$ 9,110,435</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
OPERATING REVENUES		
Charges for services	\$ 69,982,730	\$ 90,882,076
OPERATING EXPENSES		
Salaries and benefits	28,289,441	45,959,792
Professional services	3,886,361	264,794
Utilities	3,061,301	2,238,778
Supplies	2,016,323	3,206,644
Travel	126,857	9,288
Fuel, repairs and maintenance	5,929,173	15,519,846
Contractual services	13,485,126	13,052,413
Claims and judgments	3,259	738
Insurance premiums	1,360,715	3,737,323
Landfill closure/postclosure costs	—	287,248
Other operating expenses	5,318,661	7,309,324
Depreciation	23,909,465	8,098,632
Total operating expenses	<u>87,386,682</u>	<u>99,684,820</u>
Operating income (loss)	<u>(17,403,952)</u>	<u>(8,802,744)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income/(loss)	9,294,178	3,336,410
Passenger and customer facilities charges	13,295,539	—
Gain (loss) on disposition of property	(1,070,635)	(46,241)
Interest expense	(40)	(1,825,950)
Amortization of bond premium/discount	—	655,861
Other	280,659	529,986
Total non-operating revenues (expenses)	<u>21,799,701</u>	<u>2,650,066</u>
Income (loss) before contributions and transfers	4,395,749	(6,152,678)
Capital contribution	16,424,301	—
Transfers in	—	1,324,000
Transfers out	<u>(2,500,000)</u>	<u>(3,285,268)</u>
Change in net position	18,320,050	(8,113,946)
Net position, July 1	<u>566,267,844</u>	<u>38,864,738</u>
Net position, June 30	<u>\$ 584,587,894</u>	<u>\$ 30,750,792</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 8,412,022	\$ 11,497,726	\$ 180,774,554	\$ 184,981,374
34,173,052	3,609,045	112,031,330	11,121,790
1,017,561	2,157,939	7,326,655	7,387,713
1,821,895	1,593,483	8,715,457	559,642
1,029,450	60,180	6,312,597	229,835
18,374	—	154,519	24,963
8,136,535	2,240,200	31,825,754	10,741,729
5,639,463	1,443,619	33,620,621	11,422,768
—	—	3,997	97,982,405
3,310,033	380,542	8,788,613	39,750,188
—	—	287,248	—
6,462,942	411,750	19,502,677	2,029,452
15,575,320	3,037,754	50,621,171	784,246
77,184,625	14,934,512	279,190,639	182,034,731
(68,772,603)	(3,436,786)	(98,416,085)	2,946,643
818,866	627,403	14,076,857	9,333,774
—	—	13,295,539	—
83,981	75,774	(957,121)	32,384
(17)	(164,432)	(1,990,439)	(8,091)
—	—	655,861	—
172,683	14,036,080	15,019,408	(416,702)
1,075,513	14,574,825	40,100,105	8,941,365
(67,697,090)	11,138,039	(58,315,980)	11,888,008
8,955,626	—	25,379,927	695,189
53,022,066	1,000,000	55,346,066	—
(813,393)	(138,052)	(6,736,713)	(250,000)
(6,532,791)	11,999,987	15,673,300	12,333,197
190,928,428	40,053,785	836,114,795	(3,222,762)
\$ 184,395,637	\$ 52,053,772	\$ 851,788,095	\$ 9,110,435

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
CASH FROM OPERATING ACTIVITIES		
Received from customers	\$ 72,970,649	\$ 91,214,471
Received from other funds	300	3,107
Payments to employees	(24,706,513)	(42,278,733)
Payments to suppliers	(30,937,837)	(32,526,679)
Payments to other funds	(7,404,325)	(11,780,093)
Payments to claimants	(3,259)	(738)
	<u>9,919,015</u>	<u>4,631,335</u>
CASH FROM NONCAPITAL FINANCING ACTIVITIES		
Other non-capital financing sources	280,659	529,986
Transfers from other funds	—	1,324,000
Transfers to other funds	(2,500,000)	(3,285,268)
	<u>(2,219,341)</u>	<u>(1,431,282)</u>
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments	(1,557,424)	—
Interest payments	(40)	(2,767,595)
Acquisition and construction of capital assets	(54,812,932)	(6,621,338)
Capital grants received	16,407,024	—
Passenger facility charges	13,295,539	—
Proceeds from sale of assets	8,462	2,690
	<u>(26,659,371)</u>	<u>(9,386,243)</u>
CASH FROM INVESTING ACTIVITIES		
Interest received	8,639,296	3,336,410
	<u>8,639,296</u>	<u>3,336,410</u>
Net increase (decrease) in cash and cash equivalents	(10,320,401)	(2,849,780)
Cash and cash equivalents, July 1	150,304,541	59,404,181
Cash and cash equivalents, June 30	<u>\$ 139,984,140</u>	<u>\$ 56,554,401</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 8,785,202	\$ 11,557,493	\$ 184,527,815	\$ 26,267,086
820,461	—	823,868	157,684,335
(34,201,517)	(3,206,163)	(104,392,926)	(10,313,684)
(17,129,445)	(7,266,277)	(87,860,238)	(71,136,229)
(16,968,290)	(1,149,087)	(37,301,795)	(3,072,616)
—	—	(3,997)	(102,510,264)
(58,693,589)	(64,034)	(44,207,273)	(3,081,372)
172,683	2,211,539	3,194,867	278,487
53,022,066	1,000,000	55,346,066	—
(813,393)	(138,052)	(6,736,713)	(250,000)
52,381,356	3,073,487	51,804,220	28,487
(43,136)	(1,625,000)	(3,225,560)	(228,087)
(17)	(139,683)	(2,907,335)	(8,091)
(20,043,838)	(2,388,211)	(83,866,319)	—
15,031,658	—	31,438,682	—
—	—	13,295,539	—
—	—	11,152	32,384
(5,055,333)	(4,152,894)	(45,253,841)	(203,794)
818,866	598,081	13,392,653	9,333,774
818,866	598,081	13,392,653	9,333,774
(10,548,700)	(545,360)	(24,264,241)	6,077,095
26,659,441	15,821,565	252,189,728	162,876,244
\$ 16,110,741	\$ 15,276,205	\$ 227,925,487	\$ 168,953,339

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2025

	Airport Fund	Refuse Disposal Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (17,403,952)	\$ (8,802,744)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	23,909,465	8,098,632
Decrease (increase) in assets:		
Accounts and leases receivables	4,260,332	332,617
Due from other funds	—	—
Due from other governments	—	—
Inventories	(3,288)	(76,897)
Prepaid expense	271	86,494
Increase (decrease) in liabilities:		
Accounts payable	(4,252,524)	987,813
Deposits	16,470	2,885
Accrued landfill and fuel cleanup costs	—	287,248
Due to other funds	17,277	34,228
Contracts payable	1,080,919	—
Claims reserve	—	—
Unearned revenue	(1,288,883)	—
Accrued employee compensation	3,582,928	3,681,059
	\$ 9,919,015	\$ 4,631,335
Net cash provided (used) by operating activities:		
 SUPPLEMENTAL DATA		
Increase (decrease) in fair value of investments	\$ 2,846,999	\$ 1,118,588

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ (68,772,603)	\$ (3,436,786)	\$ (98,416,085)	\$ 2,946,643
15,575,320	3,037,754	50,621,171	784,246
411,406	48,062	5,052,417	27,186
(219,454)	—	(219,454)	(356,465)
—	—	—	(1,056,899)
12,082	—	(68,103)	14,805
125,112	2,307	214,184	86,494
627,553	(134,974)	(2,772,132)	(2,126,183)
—	16,470	35,825	—
—	—	287,248	18,933
(5,898,290)	5,016	(5,841,769)	299,621
(488,024)	—	592,895	—
—	—	—	(4,527,859)
(38,226)	(4,765)	(1,331,874)	—
(28,465)	402,882	7,638,404	808,106
<u>\$ (58,693,589)</u>	<u>\$ (64,034)</u>	<u>\$ (44,207,273)</u>	<u>\$ (3,081,372)</u>

\$ 389,975 \$ 67,685 \$ 4,423,247 \$ 3,187,358

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Albuquerque Pooled OPEB Trust Fund	Custodial Fund
ASSETS		
Cash and investments	\$ —	\$ 832,491
Mutual funds - equity	31,065,043	—
Mutual funds - fixed income	20,415,861	—
Interest receivable	158,813	—
Accounts receivable	30,057	—
Total assets	51,669,774	832,491
NET POSITION		
Restricted for:		
Postemployment benefits other than pensions	51,669,774	—
Individuals	—	832,491
Total net position	\$ 51,669,774	\$ 832,491

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Albuquerque Pooled OPEB Trust Fund	Custodial Fund
ADDITIONS		
Employer contributions	\$ 874,390	\$ —
Collected from individuals	—	244,236
Investment income/(loss)	5,343,537	—
Total additions	6,217,927	244,236
DEDUCTIONS		
Contractual services	9,294	—
Insurance premiums	637,646	—
Refunds to individuals	—	72,873
Refund to state agency	—	320
Other operating expenses	—	180
Total deductions	646,940	73,373
Change in net position	5,570,987	170,863
NET POSITION		
Beginning of year	46,098,787	661,628
End of year	\$ 51,669,774	\$ 832,491

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

CITY OF ALBUQUERQUE, NEW MEXICO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

I. Summary of Significant Accounting Policies

The financial statements of the City of Albuquerque, New Mexico (City) and its component unit have been prepared in conformity with generally accepted accounting principles as applied to governmental entities.

A. Reporting entity

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

The Albuquerque Housing Authority (AHA) is a separate public body authorized by Section 3-45-5 NMSA 1978. The AHA is discretely presented in the component unit column of the government-wide financial statements. The City's Mayor has the power to appoint the members of AHA's governing board and to rescind AHA's power to operate as a public housing authority; therefore, the City has the potential to impose its will. The AHA, however, poses no financial benefit or burden to the City due to the fact that the AHA is legally separate from the City but still financially accountable to the City. The City has elected to present the financial information related to AHA as a discretely presented component unit due to the fact that AHA provides services to residents of the City, rather than to the City itself. AHA reports two blended component units made up of housing development partners. Information about the blended component units of the AHA can be found in Note IV.O. Audited financial statements for AHA may be requested by contacting AHA at the following address: 1840 University Blvd SE, Albuquerque NM 87106.

The Albuquerque Foundation (TAF) is a separate public body and is presented as a blended component unit in the nonmajor governmental fund financial statements. The City's Mayor has the power to appoint the members of TAF's governing board; therefore, the City has the potential to impose its will. The City has elected to present the financial information related to TAF as a blended component unit because the services provided by TAF exclusively, or nearly exclusively, benefit the City of Albuquerque.

B. Government-wide and fund financial statements

The government-wide financial statements which include the statement of net position and statement of activities, report information on all non-fiduciary activities of the City and its component unit. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely on fees and charges to external parties.

The statement of net position reports all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being presented as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (even though fiduciary funds are excluded from government-wide financial statements). Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Summary of Significant Accounting Policies

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The Custodial Fund is reported on the accrual basis of accounting and is also reported using the economic resources measurement focus. Under accrual accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives or receives value without directly receiving or giving equal value in exchange include taxes, grants, entitlements, and donations. On the accrual basis, tax revenue is recognized in the fiscal year for which the taxes are earned or levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues to be available if they are collected in the current period or within thirty days following the year end. Beginning July 1, 2019, the City changed its revenue recognition policy and consider tax revenues earned in the reported fiscal year as available when they are received within sixty days after year end, replacing the current policy of thirty day availability. Governmental funds report expenditures when the related fund liability is incurred, however, expenditures for compensated absences and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds and proceeds of long-term debt are reported as other financing sources.

Property taxes, gross receipts taxes, motor vehicle taxes, franchise taxes, licenses, and interest earned in the current fiscal period are all considered to be susceptible to accrual. Gross receipts tax revenue is earned when the underlying exchange transaction takes place. A small portion of the gross receipts tax revenue is derived from an estimate of delinquent taxes not yet collected and available. Only the portion of special assessments receivable due in the current fiscal period is considered to be susceptible to accrual. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements have been met. Other revenue items are considered to be measurable and available only when cash is received by the City.

The allocation of indirect expenses on the statement of activities is based on the relative usage by the function or program of services rendered by the general government such as finance and accounting, information services, treasury, budget, and legal.

The City reports the following major governmental funds:

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

General Obligation Bond (GO) Debt Service Fund – This fund accounts for the money set aside for the payment of principal and interest of general obligation bonds. The principal source of revenue is property taxes.

LG Abatement Fund – This fund accounts for various settlements with pharmaceutical companies (i.e. pharmacies and manufacturers) for opioid abatement. The use of resources in this fund is restricted to specified purposes by the settlement agreements.

Operating Grants Fund – This fund accounts for various grants from federal and state agencies and other sources which are restricted by the granting agency to expenditures for specified purposes.

Capital Acquisition Projects Fund – This fund accounts for the financing of capital projects from the sale of general obligation and revenue bonds, miscellaneous revenues and various grants.

Infrastructure Tax Fund – This fund accounts for the financing of capital projects financed by the municipal infrastructure gross receipts tax, grants, and other miscellaneous revenue.

The City reports the following major enterprise funds:

Airport Fund – This fund accounts for the activities of the Albuquerque International Sunport commercial airport.

Refuse Disposal Fund – This fund accounts for the general operations of providing trash collection, recycling and graffiti removal.

Transit Fund – This fund accounts for the operations of the City’s ABQ Ride bus and Sun Van paratransit system.

CITY OF ALBUQUERQUE, NEW MEXICO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

I. Summary of Significant Accounting Policies

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

Additionally, the City reports the following fund types:

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

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

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

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

Permanent Funds – To 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, vehicle maintenance and motor pool services; workers' compensation, tort and other claims; and communication services to City departments. In addition, these funds provide health insurance coverage to City employees.

Fiduciary Funds – The City accounts for two types of fiduciary funds. The Custodial Fund is used to report resources held for other parties outside the City. The Albuquerque Pooled Other Postemployment Benefits Fiduciary Trust (Albuquerque Pooled Trust) has been established for the payment of non-pension postemployment benefits to retirees.

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

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

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

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

1. Deposits and investments

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

The investment policy states that the City will not commit any funds invested in the pool to maturities longer than seven years from the date of purchase. Where applicable based on the investment type, funds are invested on the basis of a minimum of three bids and/or offers. Certificates of deposit are based on competitive rates for specified maturities. All investments are valued at quoted market.

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

1. Deposits and investments

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

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

U.S. Treasury obligations – bills, notes, and bonds and obligations of certain federal agencies

Municipal bonds – bonds issued by various municipalities

Fixed-income mutual funds or exchange-traded funds (ETFs) – through a diversified investment company registered pursuant to the federal Investment Company Act of 1940, provided the investment company or manager has total assets under management of at least \$100 million and provided the instrument passively tracks the performance of major fixed income index

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

2. Receivables

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

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

3. Inventories and prepaid items

Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The inventories in the general fund consist of fuel, vehicle parts, and fluids. The governmental fund types use the purchase method to account for supply inventories valued at average cost, which are not material. This method records items as expenditures when they are acquired. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Land held for resale

Land held for resale consists primarily of approximately 3,000 acres located throughout the State of New Mexico obtained by trade with the federal government in July 1982, as part of the open space trust permanent fund. Upon resale of these properties, a portion of any gain, 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 held for resale is valued at the lower of cost or market value, based on appraisals or determined using the county assessor values recorded annually.

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

5. Capital assets

Capital assets, which include land, land improvements, buildings, improvements, machinery and equipment, construction in progress, rights of way, and infrastructure assets are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. The City defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 for movable chattels and equipment (Section 12-6-10 NMSA 1978). Software assets are recorded in compliance with the provisions of GASB 51. See the table below for the capitalization thresholds of assets by category. Right-to-use assets follow the capitalization threshold for the applicable asset category, i.e. right-to-use buildings capitalization threshold follows that of buildings and right-to-use subscription based information technology arrangements (SBITA) follows that of software. Capital assets, with the exception of those arising as a result of a lease or SBITA, are recorded at historical cost or estimated historical cost. SBITA assets are initially measured as the sum of present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the vendor at the subscription commencement, when applicable, and capitalizable implementation costs; less any vendor incentives received at the commencement of the SBITA term. The SBITA asset is amortized on a straight-line basis over the shorter of subscription term or the underlying asset's useful life. For more detail on right-to-use assets arising from lease agreements, see note 6 on leases. Lastly, software is capitalized when acquired; library books are not capitalized because the aggregated cost of books is immaterial. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Donated capital assets and assets received in a service concession agreement are recorded at acquisition value as of the date of donation.

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

Capital outlay is recorded as expenditures of the General Fund, special revenue and capital projects funds and as assets in the government-wide financial statements to the extent that the City's capitalization threshold is met.

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

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

	<u>Estimated life</u>	<u>Capitalization threshold</u>
Buildings	40 years	\$ 100,000
Building improvements	40 years	\$ 100,000
Runways	25 years	\$ 50,000
Infrastructure - storm	50 years	\$ 100,000
Infrastructure - streets	35 years	\$ 100,000
Land improvements	25 years	\$ 50,000
Machinery and equipment	3-15 years	\$ 5,000
Software	5 years	\$ 10,000

6. Leases

Lessee

The City is a lessee for noncancellable leases of equipment and buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value that meets or exceeds the current capitalization policy.

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NOTES TO THE FINANCIAL STATEMENTS
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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor for noncancellable leases of buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

7. *Deferred outflows of resources and deferred inflows of resources*

A deferred outflow of resources represents a consumption of net assets by the City that applies to a future reporting period and a deferred inflow of resources represents an acquisition of net assets by the City that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position, but are not recognized in the fund financial statements as expenses or revenues until the period(s) to which they relate. Under the modified accrual basis of accounting, revenue and other financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. For governmental funds, deferred inflows of resources are comprised of taxes receivable, special assessments, and developer loans. These deferred inflows of resources have been recognized as revenue in the government-wide statements. For proprietary funds and the governmental activities, deferred outflows and inflows are primarily the result of pension and OPEB activity. Deferred outflows of resources also consists of

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

deferred gains or losses on refunded debt. These costs are amortized over the remaining maturity period of the related bond issues under the effective interest method.

8. Risk management

Risk management activities are reported in the City's Risk Management Fund, an internal service fund. Liabilities for workers' compensation, tort and other claims as of June 30, 2025, are accrued using managements' estimates of probable outcome of claims filed against the City, as well as an estimate of claims incurred, but not reported. 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.

The City has also established a Group Self Insurance Fund, an internal service fund to record the liabilities associated with administering the health insurance and prescription benefits plans. As of June 30, 2025 the fund reports actual claims as well as an estimate for claims deemed to be incurred but not reported by a qualified actuary. Revenues in the fund consist primarily of charges to other funds for premium costs as well as billed premium amounts to outside entities participating in the City's benefits programs. Premium amounts are established to approximate the cost of claims costs that arise from the administration of the health and prescription benefit plans.

9. Compensated absences

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

City employees also accumulate specified amounts of sick leave that are payable to the employee upon termination or retirement. A liability for vested sick leave 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 governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. For proprietary funds, accumulated sick leave pay is recognized when vested or taken whichever occurs first.

The City of Albuquerque has evaluated the requirements of GASB Statement No. 101, Compensated Absences, and determined that the City's financial statements are following this standard. The City has ensured that the recognition and measurements guidance provided in the standard has been implemented and has amended previously required disclosure language.

10. Unearned revenue

Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the statement of net position/balance sheet and revenue is recognized.

11. Special assessments

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

12. Long-term obligations

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

Bond premiums and discounts are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are recognized as debt service expenditures when incurred.

CITY OF ALBUQUERQUE, NEW MEXICO

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Net position

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

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

Restricted net position – Restricted net position results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position is restricted for debt service, construction, housing and economic development, federal and state funded programs, and open space and urban enhancement. The non-expendable portion relates to the principal of the permanent funds that are to be retained intact. The expendable portion includes fund balances related to the investment earnings available to carry out the goals of the permanent funds. The government-wide statement of net position reports \$558,960,549 of restricted net position.

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

14. Fund balance

Fund balances are reported in classifications comprising a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The accompanying financial statements report the following categories of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

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

Restricted fund balance – is constrained externally by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through enabling legislation. Restricted fund balances are associated with various purposes, including public safety, culture and recreation, human services, and debt service. The majority of the restricted funds are restricted for street development and improvement, infrastructure upgrades, and storm drains and channels. Culture and recreation is restricted for parks, library development and improvements, and senior and community center developments. Public safety includes funds restricted for fire apparatus replacement and police vehicle replacements.

Committed fund balance – includes amounts that can be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision making authority in the City. City Council's formal action to establish committed funds and to rescind committed funds, is through the passage of an ordinance. The City reports committed resources that have been constrained through ordinances of City Council and have been contractually obligated. Public safety amounts held in the General Fund totaling \$72,698,000 represent the 1/12th cash reserve requirement established by the New Mexico Department of Finance and Administration Local Government Division.

Assigned fund balance – includes amounts that are constrained by the Office of Management and Budget to be used for specific purposes, but are neither restricted nor committed. The Office of Management and Budget has the authority to assign funds based on their goals. These include miscellaneous capital projects, debt service, and general government.

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

14. Fund balance

Unassigned fund balance – is the residual classification only for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned.

Sometimes the City funds capital outlay from the total of committed, assigned, and unassigned fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance is applied last.

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

Fund Balance Category	General Fund	GO Bond Debt Service Fund	LG Abatement Fund	Operating Grants Fund	Capital Acquisition Fund	Infrastructure Tax Fund	Nonmajor Governmental Funds	Total
Nonspendable:								
General government	\$ 98,219	\$ —	\$ —	\$ 483	\$ —	\$ —	\$ —	\$ 98,702
Public safety	—	—	—	1,927	—	—	13,584	15,511
Culture and recreation	—	—	—	—	—	—	17,957,899	17,957,899
Human services	—	—	—	3,809	—	—	—	3,809
Health and welfare	—	—	—	477	—	—	—	477
	<u>98,219</u>	<u>—</u>	<u>—</u>	<u>6,696</u>	<u>—</u>	<u>—</u>	<u>17,971,483</u>	<u>18,076,398</u>
Restricted:								
General government	—	—	—	2,672,829	18,062,996	—	15,752,513	36,488,338
Public safety	—	—	—	15,922	28,916,410	—	8,405,446	37,337,778
Culture and recreation	—	—	—	—	70,811,376	—	—	70,811,376
Public works	—	—	—	—	159,390,745	—	6,776,290	166,167,035
Highways and streets	—	—	—	203,174	40,357,814	110,129,634	—	150,690,622
Human services	—	—	—	128,856	29,718,634	—	367,264	30,214,754
Health and welfare	—	—	24,598,069	349,745	19,640,248	—	3,795,675	48,383,737
Housing	—	—	—	2,724,966	—	—	7,418	2,732,384
Debt service	—	118,535,657	—	—	—	—	25,411,368	143,947,025
	<u>—</u>	<u>118,535,657</u>	<u>24,598,069</u>	<u>6,095,492</u>	<u>366,898,223</u>	<u>110,129,634</u>	<u>60,515,974</u>	<u>686,773,049</u>
Committed:								
General government	—	—	—	—	—	—	2,459,351	2,459,351
Public safety	72,698,000	—	—	—	—	—	6,605,499	79,303,499
Culture and recreation	—	—	—	—	—	—	649,510	649,510
Public works	—	—	—	—	—	—	1,932,524	1,932,524
Housing	—	—	—	—	—	—	8,399,453	8,399,453
Debt service	—	—	—	—	—	—	776,053	776,053
	<u>72,698,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,822,390</u>	<u>93,520,390</u>
Assigned:								
General government	—	—	—	—	—	—	1,498,688	1,498,688
Culture and recreation	—	—	—	—	—	—	50,354,321	50,354,321
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>51,853,009</u>	<u>51,853,009</u>
Unassigned								
	<u>3,174,195</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,174,195</u>
Total fund balances:	<u>\$ 75,970,414</u>	<u>\$ 118,535,657</u>	<u>\$ 24,598,069</u>	<u>\$ 6,102,188</u>	<u>\$ 366,898,223</u>	<u>\$ 110,129,634</u>	<u>\$ 151,162,856</u>	<u>\$ 853,397,041</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

15. Pensions

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

16. Other postemployment benefits (OPEB)

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

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

17. Statement of cash flows

The statement of cash flows reports pooled cash and investments which also include investments with a maturity in excess of three months when purchased, because they have the characteristics of demand deposits for each individual fund. Non-pooled investments with original maturities of three months or more are deducted from cash and investments and changes therein are reported as cash flows from investing activities.

18. Estimated amounts reported in financial statements

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

19. Interfund transactions

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

20. New accounting pronouncements

The City implemented the following GASBS pronouncements in fiscal year 2025:

- Statement No. 101, Compensated Absences
- Statement No. 102, Certain Risk Disclosures

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

20. *New accounting pronouncements*

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which were not effective in fiscal year 2025:

- Statement No. 103, Financial Reporting Model Improvements
- Statement No. 104, Disclosure of Certain Capital Assets

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

II. Reconciliation of government-wide and fund financial statements

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

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

General obligation bonds	\$	(502,779,233)
Gross receipts tax revenue bonds		(332,743,049)
Special assessments bonds		(3,434,135)
Fire Fund loan		(2,626,020)
Unamortized bond premiums/discounts		(43,954,889)
Arbitrage payable		(437,309)
Accrued vacation and sick leave		(57,851,283)
Net pension liability		(936,320,502)
Net OPEB liability		(100,406,949)
Lease obligation		(7,810,927)
Net adjustment	<u>\$</u>	<u>(1,988,364,296)</u>

Another element of the reconciliation involves deferred inflows of resources for taxes, developer loans, opioid settlements and special assessments in the governmental funds which are not reported in governmental activities in the statement of net position. This element also includes deferred inflows of resources related to OPEB and pensions which are not reported in the funds, but are reported in the governmental activities of the statement of net position. The details of this difference are as follows:

Property taxes	\$	7,043,731
Special assessments		788,004
Developer loans		2,446,831
Opioid settlements		46,555,721
Deferred inflows related to pensions		(29,060,999)
Deferred inflows related to OPEB		(87,500,149)
Net adjustment	<u>\$</u>	<u>(59,726,861)</u>

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

Deferred outflows related to pensions	\$	197,263,842
Deferred outflows related to OPEB		29,626,179
Net adjustment	<u>\$</u>	<u>226,890,021</u>

CITY OF ALBUQUERQUE, NEW MEXICO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

II. Reconciliation of government-wide and fund financial statements

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

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

Additions from capital outlay	\$	234,757,444
Contributed infrastructure and buildings		12,475,896
Depreciation expense		(129,383,422)
Net gain (loss) on disposition of capital assets		(11,968,241)
Net adjustment	<u>\$</u>	<u>105,881,677</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:		
General obligation bonds	\$	(94,025,000)
Bond premiums		(7,689,292)
Leases/SBITA		(5,308,898)
Arbitrage costs		(34,892)
Amortization:		
Bond premiums		8,042,077
Bond discounts		(299,345)
Principal repayments:		
General obligation bonds		48,360,000
Gross receipts tax revenue bonds		15,306,760
Fire fund loan		199,976
Special assessment district bonds		1,717,068
Leases		5,453,956
Net adjustment	<u>\$</u>	<u>(28,277,590)</u>

Taxes earned during the fiscal year but received more than sixty days after the end of the fiscal year as well as developer loans, leases, opioid settlements and special assessments are recorded as deferred inflows of resources in the funds because they are not considered revenue under modified accrual. In the statement of activities, which is presented on accrual basis, these amounts are reported as revenue. The details of the difference are as follows:

Property taxes	\$	1,461,342
Developer loans		(408,573)
Opioid settlements		(902,243)
Special assessments		(1,037,715)
Net adjustment	<u>\$</u>	<u>(887,189)</u>

The changes in the City OPEB and pension liabilities, which are reported as expense in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditure in governmental funds. The details of this difference are as follows:

Change in net pension liability	\$	(65,769,354)
Change in net OPEB liability		33,148,839
Net adjustment	<u>\$</u>	<u>(32,620,515)</u>

CITY OF ALBUQUERQUE, NEW MEXICO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

III. Stewardship, compliance and accountability

A. Budgetary information

Budgets are adopted consistent with the basis of accounting described in Note I. C. As required by the home rule City charter, the annual budget is formulated by the Mayor and submitted to the City Council by April 1 for the fiscal year commencing July 1. When there is a proposal for a change in rates or fees, City ordinances provide that the Mayor shall submit the operating budget to the City Council no later than March 1. Public hearings are conducted to obtain citizen comments on the proposed budget. By June 1, the budget is adopted through passage of an appropriation resolution by the City Council.

The Mayor has the authority to change individual program appropriations by the lesser of 5.0% 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 except for life-to-date funds and for certain non-recurring items that may be re-appropriated without further approval by the Council, subject to sufficient reversions in the respective program.

The legal level of budgetary control is at the program level, but City Ordinance 2-11-12 ROA 1994 provides that budget violations will be considered for any fund where actual expenditures exceed legally budgeted appropriations at the overall fund level. Any fund where expenditures exceed appropriations are disclosed at Note IV. Q, in accordance with 2.2.2.10(R) NMAC.

B. Deficit fund equity

As of June 30, 2025, the following funds had fund balance/net position deficits:

<u>Internal Service Funds</u>	
Communications	(1,429,437)
Employee Insurance	(1,133,599)

The deficit for employee insurance is due to a budgeted decrease in the insurance administration fee for the current year. The deficit in the communications fund is a result of the recording of the pension and OPEB costs. Additional information can be found in Notes IV. K and IV. L.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

A. Cash and investments

Cash and investments at June 30, 2025 consist of the following:

	City of Albuquerque (In thousands)					
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	Component Unit	
Investments:						
Treasury securities	\$ 109,680	\$ 21,328	\$ —	\$ 131,008	\$ —	
Money market funds	130,844	25,443	—	156,287	1,585	
Equity mutual funds	—	—	31,158	31,158	—	
Fixed income mutual funds	147,496	28,682	20,481	196,659	—	
Fixed income ETFs	241,927	47,045	—	288,972	—	
Agency securities	239,051	46,485	—	285,536	—	
Repurchase agreements	75,357	14,654	—	90,011	—	
Supranational Securities	90,291	17,558	—	107,849	—	
Total investments	<u>1,034,646</u>	<u>201,195</u>	<u>51,639</u>	<u>1,287,480</u>	<u>1,585</u>	
Cash:						
Demand deposits	(8,119)	567	832	(6,720)	11,660	
Other	8,460	1,545	—	10,005	186	
Total cash	<u>341</u>	<u>2,112</u>	<u>832</u>	<u>3,285</u>	<u>11,846</u>	
Total cash and investments	<u>\$ 1,034,987</u>	<u>\$ 203,307</u>	<u>\$ 52,471</u>	<u>\$ 1,290,765</u>	<u>\$ 13,431</u>	
Financial statement presentation:						
Cash and investments	\$ 746,982	\$ 146,225	\$ 832	\$ 894,039	\$ 13,245	
Mutual funds - equity	—	—	31,158	31,158	—	
Mutual funds - fixed income	—	—	20,481	20,481	—	
Restricted:						
Cash and investments	252,898	81,527	—	334,425	186	
Cash with fiscal agent	10,489	—	—	10,489	—	
Security deposits	—	173	—	173	—	
Total cash and investments	<u>\$ 1,010,369</u>	<u>\$ 227,925</u>	<u>\$ 52,471</u>	<u>\$ 1,290,765</u>	<u>\$ 13,431</u>	

The Component Unit amounts presented above are taken directly from the financial statements of the Albuquerque Housing Authority (AHA), specifically Note 3 from AHA's report. While the basic financial statements for AHA present two columns - business-type activities and discrete component units - the City reports the combined total of these balances on the Statement of Net Position and Statement of Activities. The footnotes presented in AHA's report only present information about the business-type activities and excludes the information about its discrete component units due to the fact that AHA does not consider footnote information related to the component units to be major and has therefore elected to exclude this information, per GASBS 61. Additional requests for information about the composition of cash and investments related to AHA's discrete component units may be obtained by contacting Barbara D'Onofrio, Finance Director of the Albuquerque Housing Authority, at 1840 University Blvd. SE, Albuquerque, NM 87106.

Fair Value Measurements -

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

A. Cash and investments

The following is a summary of the fair value hierarchy of investments of the City as of June 30, 2025:

	Fair Value Measurement Using (In thousands)			
	Total	Level 1	Level 2	Level 3
Treasury securities	\$ 131,008	\$ 131,008	\$ —	\$ —
Money market funds	156,287	156,287	—	—
Equity mutual funds	31,158	—	31,158	—
Fixed income mutual funds	196,659	—	196,659	—
Fixed income ETFs	288,972	—	288,972	—
Agency securities	285,536	—	285,536	—
Repurchase Agreements	90,011	—	90,011	—
Supranational Securities	107,849	—	107,849	—
Total	<u>\$ 1,287,480</u>	<u>\$ 287,295</u>	<u>\$ 1,000,185</u>	<u>\$ —</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$287,295,650, include bonds, funds, stocks, and other assets that have a regular “mark-to-market” mechanism for setting a fair value. These assets are considered to have readily observable prices and, therefore, a reliable fair value.

Investments classified in Level 2 of the fair value hierarchy, valued at \$1,000,186,498, include bonds, funds, stocks, and other assets. These have inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Mutual funds are valued based on the Net Asset Value computed by the fund sponsor. Fixed income ETFs are valued using observable prices on the exchange where they are traded. Agency securities and Supranational securities are valued using over-the-counter bid/ask spreads offered to the City by various broker/dealers trading these securities. Repurchase agreements are valued based on daily yields provided by the City’s agent which are sourced from various counterparties with which the City maintains master repo agreements.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

A. Cash and investments

Custodial credit risk—deposits – is the risk that in the event of a bank failure, the City’s funds may not be returned to it. The City is required to obtain from each bank that is a depository for public funds, pledged collateral in an aggregate amount equal to one-half of the public money in each account (Section 6-10-17 NMSA 1978). Although only 50% of the deposited amount requires collateralization the City’s Investment Oversight Committee (IOC) retains the authority to require a collateral level higher than the 50% threshold at its discretion. Currently the City requires 100% collateralization of its deposits as an added layer of risk protection. The City’s depositories hold U.S. Treasury and Agency collateral as security; however, incidental custodial credit risk exists with respect to valuation in the remote prospect of collateral liquidation due to bank failure. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2025, of the City’s bank balances of \$6,044,840, of which \$983,790 was subject to custodial credit risk.

Custodial credit risk—investments – is the risk that in the event of the failure of a counterparty or custodian, 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 (DVP) basis. The investment policy further requires that all securities be held by a third party custodian, designated by the City Treasurer. All securities are held in the City’s name and evidenced by a safekeeping receipt or Federal Reserve book-entry reporting. As of June 30, 2025, Wells Fargo Institutional Retirement & Trust (Principal Financial Group) served as custodian of City securities positions, held in segregated custodial accounts in the name of the City of Albuquerque.

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 approach is to apply the tenants of the Uniform Prudent Investor Act (UPIA). This act raises the level of care to which the City is to be held accountable from that of “a businessman of ordinary prudence” (Prudent Man Rule). A standard incorporated into a New Mexico statute in 2005, the UPIA recognizes Modern Portfolio Theory (MPT) and analyzes individual investments as components of a diversified portfolio, thereby providing the ability to reduce overall portfolio risk while enhancing portfolio returns. The City’s Investment Committee annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested in various asset classes and investment types. As part of the City’s allocation evaluation, these guidelines are reviewed periodically as part of its strategic asset allocation approach. The City’s investment policy describes permitted investments as those allowed for municipalities with a population in excess of 65,000 (NMSA Section 10-10-10). Among permitted investments, the investment policy requires: 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement, and 2) deposits with local banks be fully insured by the FDIC and by collateral for amounts greater than the FDIC limit. Investments in direct obligations of the U.S. Treasury are permitted, as are securities issued by certain U.S. Government Sponsored Entities (GSEs) per NMSA -Section 6-10-10F(2), and certain Supranational issuers. Commercial paper rated A1/P1 is also permitted. Finally, fixed income mutual funds and exchange-traded funds (ETFs) are permitted so long as they passively track to a broad, nationally recognized index. As of June 30, 2025, the City’s internal investment pool held investments in U.S. Treasury obligations, U.S. Government agency notes, Supranational notes, commercial paper, and short-term U.S. Treasury, corporate and municipal index mutual funds and ETFs.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

A. Cash and investments

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 that the City will develop diversification strategies to avoid incurring concentration risk. Both the City’s Liquidity and Core segments have diversification requirements, including asset class limits, issuer limits, and duration ceilings. As of June 30, 2025, the City’s core segment is invested in debt securities issued by four government-sponsored enterprises (GSEs): the Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit Banks Funding Corporation, and the Federal Home Loan Mortgage Corporation. Also, the core segment is invested in a B-AAA rated 1-5 year maturity corporate bond mutual fund, a AA-AAA rated 1-5 year maturity municipal bond ETF, a 1-5 year Treasury Inflation Protected Securities (TIPS) ETF, a 1-5 year high-yield corporate bond ETF, United States Treasury securities, and Supranational obligations. These investments comprise 25% (GSEs collectively), 5%, 5%, 10%, 20%, 15% and 20% respectively, of the core segment. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2025, total City investments’ fixed income average maturities are allocated as follows: 0 -12 months – 36%; 1-2 years – 12%; 2-5 years – 39%; greater than 5 years –13%.

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

<u>City Portfolio Investments</u>	<u>Amount (In thousands)</u>	<u>Weighted Average Days to Maturity</u>	<u>Weighted Average Days to Call</u>	<u>Standard & Poor’s Rating</u>	<u>Moody’s Rating</u>
Fed. Home Loan Banks	\$ 75,447	581	N/A	AA+	Aa1
Fed. National Mortgage Assoc.	59,246	232	N/A	AA+	Aa1
Fed. Farm Credit Bank Funding Corp	130,539	841	N/A	AA+	Aa1
Fed. Agriculture Mortgage Corp.	20,304	959	N/A	AA+	Aa1
Treasury securities	131,008	848	N/A	AA+	Aa1
Money market funds	156,287	—	N/A	AAA	Aaa
Repurchase agreements	90,011	1	N/A	N/A	N/A
Equity mutual funds	31,158	—	N/A	N/A	N/A
Fixed income mutual funds	196,659	1,874	N/A	N/A	N/A
Fixed income ETFs	288,972	2,143	N/A	N/A	N/A
Supranational Securities	107,849	448	N/A	AAA	Aaa
Total	<u>\$ 1,287,480</u>				

CITY OF ALBUQUERQUE, NEW MEXICO

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

IV. Detailed notes on all funds

A. Cash and investments

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of the City’s investments. The City’s investment policy limits the City’s exposure to interest rate risk by requiring that overall Core segment modified duration shall not exceed 3.5 years at any time, nor be less than 75% or greater than 125% of the benchmark’s duration. The effective duration of the investments in the internal investment pool’s core segment at June 30, 2025 is 2.56 years.

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 pledged security is required for the deposit of public money that is insured by the FDIC. The FDIC provides insurance of \$250,000 per depositor, per FDIC-insured bank, per ownership category. The pledged collateral by bank (in thousands) at June 30, 2025 is as follows:

<u>Pledged collateral by bank</u>	<u>Bank of Albuquerque</u>	<u>Bank of America</u>	<u>Wells Fargo</u>	<u>UMB Bank</u>	<u>US Bank</u>	<u>Enterprise Bank & Trust</u>
Total amount on deposit	\$ 59	\$ 1,053	\$ 1,519	\$ 1,684	\$ 314	\$ 1,414
Less FDIC coverage	(250)	(250)	(250)	(250)	(250)	(250)
Total uninsured public	—	803	1,269	1,434	64	1,164
50% collateral requirement	—	402	1,269	717	32	582
Pledged securities, fair value	—	—	89,554	1,252	1,380	—
Pledged in excess of requirement	\$ —	\$ (402)	\$ 88,919	\$ 535	\$ 1,348	\$ (582)

B. Receivables

Taxes receivable at June 30, 2025 are from the following sources:

Gross receipts tax	\$ 114,304,314
Property tax	10,985,878
Lodgers' and hospitality taxes	2,052,454
Other taxes	8,070,005
	<u>\$ 135,412,651</u>

The property taxes above include a receivable of \$6,151,696 in the general fund and \$4,834,182 in the general obligation debt service fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located in the City as of the preceding January 1. Property in the City for the fiscal year 2025 tax levy had a taxable value of \$17,467,413,634. The state constitution limits the tax rate for operating purposes for all taxing jurisdictions to 20 mills (\$20 per \$1,000 assessed valuation), of which the City’s portion, by state regulation, is limited to 7.650 mills for operations and 12.0 mills for each debt service obligation. The general obligation bond debt service levy for tax year 2024 (fiscal year 2025) is 4.976 mills and the operational levy is 6.170 mills on residential property and 6.544 mills on non-residential property. Taxes are payable in two equal installments on November 10 and April 10 and become delinquent after 30 days.

Due from other governments – totaled \$65,496,161 and consists primarily of grant receivables from federal, state, and county agencies.

Leases - A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

Building and office space leases. Annual installments totaling \$6,017,754 plus interest rates ranging from .304% to 1.59%, and due dates ranging from 2025 through 2032.

Business-Type Activities:

Building and office space leases. Annual installments totaling \$42,902,055 plus interest rates ranging from .304% to 1.59% and due dates ranging from 2025 through 2064.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

B. Receivables

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Lease revenue and interest received for the year totals \$1,493,402 and \$116,709, respectively, for governmental activities and \$4,544,887 and \$685,589, respectively, for business-type activities

Accounts receivable and allowance for uncollectible accounts – Included in the statement of net position are balances of receivables which are reported net of allowances for uncollectible accounts. The amounts of these receivables and allowances as of June 30, 2025 are as follows:

<u>Accounts and notes receivable</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
Accounts receivable:			
General Fund	\$ 8,147,693	\$ 3,684,864	\$ 4,462,829
Capital Acquisition Fund	1,130,357	—	1,130,357
Nonmajor governmental funds	87,005	16,191	70,814
Internal service funds	174,154	41,493	132,661
	<u>9,539,209</u>	<u>3,742,548</u>	<u>5,796,661</u>
Leases receivable:			
General Fund	6,334,113	—	6,334,113
	<u>6,334,113</u>	<u>—</u>	<u>6,334,113</u>
Notes receivable:			
LG Abatement Fund	47,658,173	—	47,658,173
Operating Grants Fund	895,952	142,883	753,069
Capital Acquisition Fund	862,500	—	862,500
Nonmajor governmental funds	3,561,010	60,208	3,500,802
	<u>52,977,635</u>	<u>203,091</u>	<u>52,774,544</u>
	<u>\$ 68,850,957</u>	<u>\$ 3,945,639</u>	<u>\$ 64,905,318</u>
Business-type activities:			
Accounts receivable:			
Airport Fund	\$ 5,113,966	\$ 124,391	\$ 4,989,575
Refuse Disposal Fund	6,812,870	2,549,071	4,263,799
Transit Fund	67,544	—	67,544
Nonmajor enterprise funds	1,132,190	452,470	679,720
	<u>13,126,570</u>	<u>3,125,932</u>	<u>10,000,638</u>
Leases receivable:			
Airport Fund	41,423,660	—	41,423,660
Nonmajor enterprise funds	2,460,625	—	2,460,625
	<u>43,884,285</u>	<u>—</u>	<u>43,884,285</u>
	<u>\$ 57,010,855</u>	<u>\$ 3,125,932</u>	<u>\$ 53,884,923</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

B. Receivables

Total future minimum lease payments to be received under lease agreements are as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Revenue	Interest	Revenue	Interest
2026	\$ 1,461,215	\$ 97,073	\$ 4,601,349	\$ 635,434
2027	1,422,534	77,563	4,176,338	581,033
2028	1,127,040	58,756	3,340,430	530,933
2029	807,016	43,969	3,168,847	481,529
2030	518,617	31,514	2,650,527	436,143
2031-2035	681,332	30,561	12,620,837	1,569,764
2036-2040	—	—	4,314,779	814,775
2041-2045	—	—	1,712,728	655,269
2046-2050	—	—	1,854,351	513,642
2051-2055	—	—	2,007,684	360,304
2056-2060	—	—	2,173,697	194,287
2061-2065	—	—	280,488	31,400
	<u>\$ 6,017,754</u>	<u>\$ 339,436</u>	<u>\$ 42,902,055</u>	<u>\$ 6,804,513</u>

Regulated leases - In accordance with GASB Statement No. 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users.

The City and certain airlines entered into agreements that grant rights, services and privileges, including the lease of preferentially-assigned gates. This agreements are for five year terms beginning on July 1, 2016 through June 30, 2021. Due to the COVID-19 pandemic, a blanket amendment extended the term of these agreements to June 30, 2026.

Due to the variable nature of the revenue generated from these agreements, expected future minimum payments are indeterminable.

In addition to airline agreements, the City enters into other regulated lease arrangements granting preferential use of hangars and other buildings and land. These agreements range in length from 5 years to 20 years with options to extend for 5 years to 25 years; expiration dates range from 2030 through 2054. The future minimum lease payments expected to be received from these agreements are as follows:

Year ending June 30,	
2026	\$ 580,083
2027	580,083
2028	580,083
2029	580,083
2030	580,083
2031-2035	2,889,298
2036-2040	2,882,769
2041-2045	2,542,384
2046-2050	2,167,480
2051-2055	636,000
	<u>\$ 14,018,346</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

C. Capital and right-to-use assets

Capital and right-to-use asset activity for the year ended June 30, 2025 is as follows:

Governmental activities:	Balance July 1, 2024	Contributed Assets, Adjustments and Transfers In (Out)	Additions	Deductions	Balance June 30, 2025
Land and construction in progress:					
Land	\$ 358,048,722	\$ —	\$ 21,629,115	\$ —	\$ 379,677,837
Construction in progress	233,960,014	—	98,030,536	188,831,978	143,158,572
Right of way	1,145,481,026	—	—	—	1,145,481,026
	<u>1,737,489,762</u>	<u>—</u>	<u>119,659,651</u>	<u>188,831,978</u>	<u>1,668,317,435</u>
Capital and right-to-use assets-depreciable:					
Buildings	647,167,650	(11,824,541)	123,523,157	—	758,866,266
Right-to-use buildings	9,214,513	—	—	—	9,214,513
Infrastructure	2,455,426,991	12,475,896	10,082,897	—	2,477,985,784
Improvements	874,888,763	—	141,004,929	—	1,015,893,692
Machinery and equipment	260,964,071	(704,889)	24,009,887	15,326,806	268,942,263
Right-to-use equipment	563,190	—	356,429	62,139	857,480
Right-to-use SBITA	5,510,693	—	5,647,660	262,387	10,895,966
Intangibles	8,099,436	—	—	7,146,037	953,399
	<u>4,261,835,307</u>	<u>(53,534)</u>	<u>304,624,959</u>	<u>22,797,369</u>	<u>4,543,609,363</u>
Less accumulated depreciation and amortization:					
Buildings	238,929,640	80,636	16,548,031	—	255,558,307
Right-to-use buildings	3,176,903	—	756,157	—	3,933,060
Infrastructure	1,276,407,233	—	55,948,951	—	1,332,356,184
Improvements	562,572,076	—	27,127,281	—	589,699,357
Machinery and equipment	202,630,312	(616,781)	25,516,174	15,314,986	212,214,719
Right-to-use equipment	322,621	—	182,719	62,139	443,201
Right-to-use SBITA	4,349,025	—	4,049,401	262,387	8,136,039
Intangibles	8,077,389	—	8,798	7,132,789	953,398
	<u>2,296,465,199</u>	<u>(536,145)</u>	<u>130,137,512</u>	<u>22,772,301</u>	<u>2,403,294,265</u>
Capital and right-to-use assets-depreciable, net	<u>1,965,370,108</u>	<u>482,611</u>	<u>174,487,447</u>	<u>25,068</u>	<u>2,140,315,098</u>
Total capital and right-to-use assets, net	<u>\$ 3,702,859,870</u>	<u>\$ 482,611</u>	<u>\$ 294,147,098</u>	<u>\$ 188,857,046</u>	<u>\$ 3,808,632,533</u>

During late fiscal year 2023, the City acquired the SureStay Hotel located at 10330 Hotel Ave NE in Albuquerque for \$5,700,000 with the intention of renovating the building for use as an affordable housing apartment complex. During fiscal year 2024 and 2025, the City renovated the building and the building renovations were substantially completed and the apartments were opened for occupancy as of June 30, 2025. The building costs were shared between the Operating Grants and Community Development special revenue funds, which are shown as governmental activities. Renovation costs were incurred in the Capital Acquisition capital outlay fund, also shown as a governmental activity. The building, and associated renovations, were transferred to the Apartments Fund, a business-type activity, upon completion during fiscal year 2025.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

C. Capital and right-to-use assets

	Balance July 1, 2024	Contributed Assets, Adjustments and Transfers In (Out)	Additions	Deductions	Balance June 30, 2025
Business-type activities:					
Land and construction in progress:					
Land	\$ 63,296,648	\$ —	\$ 8,938,394	\$ —	\$ 72,235,042
Construction in progress	105,588,199	—	39,788,989	2,386,056	142,991,132
	<u>168,884,847</u>	<u>—</u>	<u>48,727,383</u>	<u>2,386,056</u>	<u>215,226,174</u>
Capital and right-to-use assets-depreciable:					
Buildings	487,182,989	10,619,331	3,376,227	—	501,178,547
Runways	397,631,567	—	5,298,127	—	402,929,694
Infrastructure	135,996,033	—	—	—	135,996,033
Improvements	336,808,721	1,205,210	505,636	1,488,746	337,030,821
Machinery and equipment	278,957,975	706,543	28,345,003	1,619,663	306,389,858
Right-to-use equipment	132,134	—	—	—	132,134
Right-to-use SBITA	313,388	—	78,540	—	391,928
Intangibles	17,846,004	—	—	1,654	17,844,350
	<u>1,654,868,811</u>	<u>12,531,084</u>	<u>37,603,533</u>	<u>3,110,063</u>	<u>1,701,893,365</u>
Less accumulated depreciation and amortization:					
Buildings	225,425,915	—	10,442,408	—	235,868,323
Runways	297,943,354	—	6,664,702	—	304,608,056
Infrastructure	26,377,996	—	3,842,314	—	30,220,310
Improvements	275,550,286	—	10,802,841	446,624	285,906,503
Machinery and equipment	218,711,704	594,064	18,148,882	1,609,034	235,845,616
Right-to-use equipment	110,415	—	21,720	—	132,135
Right-to-use SBITA	303,826	—	22,651	—	326,477
Intangibles	5,281,870	—	702,000	—	5,983,870
	<u>1,049,705,366</u>	<u>594,064</u>	<u>50,647,518</u>	<u>2,055,658</u>	<u>1,098,891,290</u>
Capital and right-to-use assets- depreciable, net	<u>605,163,445</u>	<u>11,937,020</u>	<u>(13,043,985)</u>	<u>1,054,405</u>	<u>603,002,075</u>
Total capital and right-to-use assets, net	<u>\$ 774,048,292</u>	<u>\$ 11,937,020</u>	<u>\$ 35,683,398</u>	<u>\$ 3,440,461</u>	<u>\$ 818,228,249</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

C. Capital and right-to-use assets

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

	Programs
Governmental activities:	
General government	\$ 9,293,293
Public Safety	19,748,991
Culture and recreation	28,195,486
Public Works	21,040,046
Highways and Streets	42,840,359
Health and welfare	1,941,530
Human services	6,293,561
Internal service funds	784,246
Total depreciation expense	130,137,512
Total additions to accumulated depreciation	\$ 130,137,512
Business-type activities:	
Major funds:	
Airport	\$ 23,935,810
Refuse Disposal	8,098,632
Transit	15,575,321
Nonmajor funds	3,037,755
Total depreciation expense	50,647,518
Transfers-in (out) from (to) governmental activities	690,345
Total additions to accumulated depreciation	\$ 51,337,863

Discretely Presented Component Unit

Capital asset activity for Albuquerque Housing Authority for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Adjustments	Additions	Deductions	Balance June 30, 2025
Land and construction in progress:					
Land	\$ 4,479,971	\$ —	\$ 105,000	\$ —	\$ 4,584,971
	4,479,971	—	7,530,293	—	12,010,264
Capital assets-depreciable:					
Buildings and improvements	95,151,463	1,866,387	6,762,696	—	103,780,546
Machinery and equipment	5,761,301	(1,866,387)	—	2,250	3,892,664
	100,912,764	—	6,762,696	2,250	107,673,210
Less accumulated depreciation	47,537,974	—	3,551,277	—	51,089,251
Capital assets-depreciable, net	53,374,790	—	3,211,419	2,250	56,583,959
Total capital assets, net	\$ 57,854,761	\$ —	\$ 10,741,712	\$ 2,250	\$ 68,594,223

The Component Unit amounts presented above are taken directly from the financial statements of the Albuquerque Housing Authority (AHA), specifically Note 6 from AHA's report. The footnotes presented in AHA's report only present information about AHA, referenced in its report as business-type activities, and excludes the information about its discrete component units due to the fact that AHA does not consider footnote information related to the component units to be major and has elected to exclude this information, per GASBS 61. Additional requests for information about the composition of capital assets related to AHA's discrete component units may be obtained by contacting Barbara D'Onofrio, Finance Director of the Albuquerque Housing Authority, at 1840 University Blvd. SE, Albuquerque, NM 87106.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

D. Interfund receivables, payables, and transfers

The interfund receivable and payable accounts have primarily been recorded when funds overdraw their share of pooled cash or for payroll related liabilities recorded at year-end. The composition of interfund balances as of June 30, 2025 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ —	\$ 2,819,689
Operating Grants Fund	—	82,484
Capital Acquisition Fund	3,980,149	17,753
Infrastructure Tax Fund	—	3,885,406
Nonmajor Governmental Funds	86	675,147
Airport Fund	—	145,617
Refuse Disposal Fund	—	271,417
Transit Fund	3,868,583	1,260,079
Nonmajor Enterprise Funds	—	23,395
Internal Service Funds	3,749,617	2,417,448
	<u>\$ 11,598,435</u>	<u>\$ 11,598,435</u>
Total	<u>\$ 11,598,435</u>	<u>\$ 11,598,435</u>

Interfund transfers for the year ended June 30, 2025 are as follows:

<u>From</u>	<u>To</u>	<u>Total</u>
General Fund	Operating Grants Fund	\$ 14,788,919
General Fund	Capital Acquisition Fund	1,150,000
General Fund	Nonmajor Governmental Funds	17,113,000
General Fund	Refuse Disposal Fund	1,174,000
General Fund	Transit Fund	30,081,000
General Fund	Nonmajor Enterprise Funds	1,000,000
Capital Acquisition Fund	Operating Grants Fund	133,106
Capital Acquisition Fund	Transit Fund	507,900
Infrastructure Tax Fund	Nonmajor Governmental Funds	4,416,000
Infrastructure Tax Fund	Transit Fund	22,433,166
Nonmajor Governmental Funds	General Fund	688,000
Nonmajor Governmental Funds	Operating Grants Fund	44,894
Nonmajor Governmental Funds	Capital Acquisition Fund	1,497,036
Nonmajor Governmental Funds	Nonmajor Governmental Funds	12,394,533
Airport Fund	General Fund	2,500,000
Refuse Disposal Fund	General Fund	3,285,268
Transit Fund	General Fund	663,393
Transit Fund	Refuse Disposal Fund	150,000
Nonmajor Enterprise Funds	General Fund	138,052
Internal Service Funds	General Fund	250,000
Total transfers		<u>\$ 114,408,267</u>

Transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
Statement of revenues, expenditures, and changes in fund balances - Governmental funds	\$ 59,062,201	\$ (107,421,554)	\$ (48,359,353)
Statement of revenues, expenses, and changes in net position - Proprietary funds			
Enterprise funds	55,346,066	(6,736,713)	48,609,353
Internal service funds	—	(250,000)	(250,000)
Total transfers	<u>\$ 114,408,267</u>	<u>\$ (114,408,267)</u>	<u>\$ —</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

D. Interfund receivables, payables, and transfers

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 Stadium funds; 2) providing the City’s local match for operating grants from federal and state agencies; 3) funding the purchase of police and fire vehicles, and various construction projects; and 4) transferring resources to debt service funds for the retirement of general obligation and sales tax refunding bonds.

The transfers to the general fund from the major and nonmajor enterprise funds are primarily for PILOT.

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

E. Restricted assets

Restricted assets arise principally from legal restrictions on expenditures of proceeds from general obligations bonds or sales tax revenue bonds in the governmental activities, or on expenditures of proceeds from revenue bonds of the enterprise funds. Restricted assets also include cash with fiscal agent held for debt service and the investments restricted for use held in the City’s permanent funds.

The amount of restricted assets reported in the statement of net position at June 30, 2025 is \$351,863,723 as follows:

Governmental activities:	
Capital Acquisition Fund	\$ 233,804,743
Robert M. White Open Space Trust Fund	17,333,859
Other Nonmajor Governmental	19,024,610
	<u>\$ 270,163,212</u>
Business-type activities:	
Airport Fund	\$ 35,284,487
Refuse Disposal Fund	35,469,529
Transit Fund	14,875
Nonmajor Enterprise funds	10,931,620
	<u>\$ 81,700,511</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

F. Long-term obligations

Governmental activities

Short-term obligations - On June 30, 2025, the City issued \$23,000,000 of Short-Term General Obligation Sponge Bonds, Series 2025C. These bonds bear interest at the daily rate on the date of issuance by the State Treasurer of New Mexico. The interest rate in effect was 4.46%. These bonds were recorded in the Capital Acquisition Fund and the bond proceeds were used to fund a portion of the City's capital improvement projects. The bonds matured on July 1, 2025.

The changes in short-term obligations of the governmental activities for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Loans from direct placements:				
General obligation bonds	\$ —	\$ 23,000,000	\$ —	\$ 23,000,000
Gross receipts tax revenue bonds	1,000,000	—	1,000,000	—
Total	\$ 1,000,000	\$ 23,000,000	\$ 1,000,000	\$ 23,000,000

Long-term obligations – Bonded obligations of the City consist of various issues of general obligation, revenue, and special assessment bonds. Also included in long-term obligations are notes payable, leases, claims and judgments, net pension liability, deferred credits, other postemployment benefits, and accrued vacation and sick leave. The City has complied with all revenue bond ordinances and bond covenants requirements for maintaining specific reserves for future debt service as of June 30, 2025.

The changes in the long- term obligations of the governmental activities for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Payable in one year
General obligation bonds	\$ 468,106,000	\$ 65,150,000	\$ 48,360,000	\$ 484,896,000	\$ 55,825,000
Gross receipts tax revenue bonds	315,805,000	19,835,000	13,805,000	321,835,000	14,450,000
Loans from direct placements:					
Gross receipts tax revenue bonds	19,331,516	9,040,000	1,501,760	26,869,756	1,511,707
Fire fund loans	3,030,453	—	199,976	2,830,477	204,458
Special assessment bonds	6,868,271	—	1,717,068	5,151,203	1,717,068
Leases/SBITA	7,984,600	5,308,899	5,006,816	8,286,683	1,940,348
Accrued vacation and sick leave	55,064,176	37,815,411	34,129,860	58,749,727	39,355,729
Claims reserve	149,282,850	—	4,527,859	144,754,991	46,732,145
Net pension liability	904,889,682	112,311,994	67,134,068	950,067,608	—
Net OPEB liability	99,495,719	33,793,337	30,732,640	102,556,416	—
Arbitrage	1,296,066	905,463	893,649	1,307,880	870,571
Unamortized:					
Premium/discount	44,307,673	7,689,294	8,042,077	43,954,890	—
	2,075,462,006	291,849,398	216,050,773	2,151,260,631	162,607,026
Current portion of long-term debt	(145,290,597)	(17,316,429)	—	(162,607,026)	—
Total	\$ 1,930,171,409	\$ 274,532,969	\$ 216,050,773	\$ 1,988,653,605	\$ 162,607,026

Total interest cost incurred for governmental activities for the year ended June 30, 2025 was \$31,988,712, all of which was charged to expense. The accrued sick leave and vacation obligations are being liquidated primarily by the general fund. Limited amounts are being liquidated by other funds. The City's risk management fund (an internal service fund) liquidates all claims payable. The liabilities for pension and OPEB in the governmental activities are generally liquidated by the general fund.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

F. Long-term obligations

The City's outstanding loans from direct placements related to governmental activities of \$57,851,436 contain a provision that in an event of default, the lenders may collect the payments then due and all other amounts under the loan agreements when they become due. These consist of one short-term general obligation bonds for \$23,000,000, six gross receipts tax revenue bonds totaling \$26,869,756, two fire fund loans totaling \$2,830,477, and the special assessment debt for \$5,151,203. The City has an irrevocable standby letter of credit in the amount of \$7,500,000 issued for the account of Netflix, Inc.

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 Constitution of the State of New Mexico limits the amount of general obligation general purpose bonds that may be issued by a municipality to 4.00% of the taxable valuation of property located within the City. At June 30, 2025, based on the most recent assessed taxable valuation of \$20,452,344,906, the City may issue an additional \$368,965,796 of general purpose GO bonds. Included in the GO bonds outstanding at June 30, 2025, are storm sewer bonds in the amount of \$58,768,000 that are not subject to the legal debt limit.

On June 12, 2025, the City issued \$59,840,000 of General Obligation General Purpose Bonds, Series 2025A and \$5,310,000 General Obligation Storm Sewer Bonds, Series 2025B with an average coupon rate of 4.91% and 5.00%, respectively. The proceeds of these bonds were deposited into the capital acquisition fund to be used to finance certain City projects relating to: public safety; citizens' centers and community enhancement; parks and recreation; energy and water conservation, facilities and equipment; library, museum and cultural facilities; storm sewers; and streets and transportation. The bonds require annual principal payments and semi-annual interest payments through July 1, 2040 for Series 2025A and July 1, 2041 for Series 2025B.

General obligation bonds outstanding at June 30, 2025, are as follows:

Issue	Face Value of Bonds	Amount Outstanding	Interest Rate	Final Maturity	Call Provisions
May 28, 2014 A General Purpose	\$ 57,060,000	\$ 9,030,000	2.25/5.00%	July 1, 2026	100% beg. July 1, 2022
May 28, 2014 B Storm Sewer	5,375,000	5,375,000	3.50/3.75%	July 1, 2027	100% beg. July 1, 2022
June 10, 2015 A General Purpose	37,970,000	8,410,000	2.75/5.00%	July 1, 2027	100% beg. July 1, 2023
June 10, 2015 B Storm Sewer	4,726,000	4,726,000	3.00/3.50%	July 1, 2028	100% beg. July 1, 2023
March 24, 2016 A General Purpose	71,523,000	23,500,000	2.50/5.00%	July 1, 2028	100% beg. July 1, 2025
March 24, 2016 B Storm Sewer	6,500,000	6,500,000	3.00%	July 1, 2029	100% beg. July 1, 2025
April 11, 2017 A General Purpose	22,850,000	10,530,000	3.00/5.00%	July 1, 2030	100% beg. July 1, 2026
April 11, 2018 A General Purpose	84,225,000	45,345,000	3.00/5.00%	July 1, 2031	100% beg. July 1, 2027
April 23, 2019 A General Purpose	14,308,000	4,058,000	5.00%	July 1, 2026	Non-callable
April 23, 2019 B Storm Sewer	12,342,000	12,342,000	2.75/5.00%	July 1, 2032	100% beg. July 1, 2026
April 7, 2020 A General Purpose	67,830,000	43,510,000	3.00/5.00%	July 1, 2032	100% beg. July 1, 2028
April 7, 2020 B Storm Sewer	11,210,000	11,210,000	3.00%	July 1, 2033	100% beg. July 1, 2028
April 7, 2020 D Refunding	55,935,000	5,155,000	5.00%	July 1, 2025	Non-callable
April 28, 2021 A General Purpose	22,960,000	17,665,000	2.00/5.00%	July 1, 2034	100% beg. July 1, 2028
April 28, 2021 B Refunding	27,000,000	11,030,000	5.00%	July 1, 2026	Non-callable
April 13, 2022 A General Purpose	76,395,000	67,405,000	3.00/5.00%	July 1, 2039	100% beg. July 1, 2029
April 13, 2022 B Storm Sewer	4,305,000	4,305,000	3.13%	July 1, 2040	100% beg. July 1, 2029
April 26, 2023 A General Purpose	19,300,000	17,800,000	4.00/5.00%	July 1, 2036	100% beg. July 1, 2030
May 8, 2024 A General Purpose	102,850,000	102,850,000	4.00/5.00%	July 1, 2039	100% beg. July 1, 2031
May 8, 2024 B Storm Sewer	9,000,000	9,000,000	5.00%	July 1, 2040	100% beg. July 1, 2031
June 12, 2025 A General Purpose	59,840,000	59,840,000	3.75/5.00%	July 1, 2040	100% beg. July 1, 2034
June 12, 2025 B Storm Sewer	5,310,000	5,310,000	5.00%	July 1, 2041	100% beg. July 1, 2034
Total long-term outstanding	778,814,000	484,896,000			
June 30, 2025 C Sponge Bond	23,000,000	23,000,000	4.46%	July 1, 2025	Non-callable
	<u>\$ 801,814,000</u>	<u>507,896,000</u>			

CITY OF ALBUQUERQUE, NEW MEXICO
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F. Long-term obligations

Gross Receipts Tax Revenue Bonds – are secured by a pledge of up to 1.23% of state shared gross receipts tax revenues. Additionally, the City can pledge up to 50.00% of the lodgers’ and hospitality tax revenues for payment of these bonds and notes. Net revenue for state shared gross receipts tax revenues as of June 30, 2025 was \$288,195,227 and lodgers’ and hospitality tax revenues was \$22,828,339. Total debt service expenditures totaled \$30,261,731.

On December 30, 2022, the City entered into a loan/grant agreement with New Mexico Finance Authority (NMFA) for \$300,000 which consists of a 10% loan in the amount of \$30,000 and a 90% grant in the amount of \$270,000. The loan component of \$30,000 is a 20-year term at a net effective interest rate of 0.25% (0% interest rate with an administrative fee component of 0.25%) with no penalty for prepayment of the loan amount. The loan and grant are to be used by the City for the construction and renovation of the irrigation system including upgrade of the irrigation infrastructure of Netherwood Park in Albuquerque. The terms of the loan require annual principal and administrative fee payments beginning June 1, 2025 and maturing June 1, 2044.

On December 30, 2022, the City entered into a loan/grant agreement with NMFA for \$950,000 which consists of a 10% loan in the amount of \$95,000 and a 90% grant in the amount of \$855,000. The loan component of \$95,000 is a 20-year term at a net effective interest rate of 0.25% (0% interest rate with an administrative fee component of 0.25%) with no penalty for prepayment of the loan amount. The loan and grant are to be used by the City for the construction and renovation of the 30-year old irrigation system and replacement of the mainline piping at the 20-acre Phil Chacon Park in Albuquerque. The terms of the loan require annual principal and administrative fee payments beginning June 1, 2025 and maturing June 1, 2044.

On July 17, 2024, the City issued \$19,835,000 of Gross Receipts Tax Improvement Revenue Bonds, Series 2024 with an average coupon rate of 5.00%. The proceeds of these bonds were deposited into the capital acquisition fund to be used for the design, development, construction, reconstruction, rehabilitation, renovation, modernization, signing, enhancement, and otherwise improvement of certain capital improvements, including the Southwest public safety center, City youth shelters, Cibola Loop multigenerational center, Gibson health hub, Westside emergency housing shelter, the Albuquerque Railyards, and the acquisition of a law enforcement helicopter. The bonds require annual principal payments and semi-annual interest payments through July 1, 2039.

On September 13, 2024, the City issued \$8,915,000 of Municipal Infrastructure Gross Receipts Tax Improvement Revenue Bonds, Series 2024 with an average coupon rate of 3.51%. The proceeds of these bonds were deposited into the capital acquisition fund to finance the cost of acquiring, constructing, and improving energy efficiency projects associated with the City facilities. The bonds require annual principal payments and semi-annual interest payments through July 1, 2042.

Gross receipts tax revenue bonds outstanding at June 30, 2025, are as follows:

Issue	Face Value of Bonds	Amount	Interest Rate	Final Maturity	Call Provisions
October 6, 2004 B Refunding	\$ 28,915,000	\$ 22,775,000	2.39/4.90%	July 1, 2036	100% beg. October 6, 2004
May 27, 2015 A Improvement	39,085,000	30,045,000	2.00/5.00%	July 1, 2038	100% beg. July 1, 2025
December 8, 2015 C State Shared	2,080,000	445,000	1.75%	July 1, 2026	100% beg. July 1, 2020
February 16, 2016 Improvement	24,000,000	18,355,000	3.00/3.90%	July 1, 2038	100% beg. July 1, 2026
September 8, 2016 C Improvement	17,750,000	11,495,000	2.00/5.00%	July 1, 2034	100% beg. July 1, 2026
July 11, 2017 NCREB	25,110,000	17,380,000	4.06%	July 1, 2037	100% beg. July 1, 2027
November 13, 2019 A Refunding & Improvement	33,830,000	27,905,000	2.00/5.00%	July 1, 2038	100% beg. July 1, 2029
July 2, 2020 A Refunding	39,190,000	37,640,000	0.96/2.64%	July 1, 2037	100% beg. July 1, 2030
July 2, 2020 B Refunding	7,655,000	4,405,000	0.96/1.84%	July 1, 2028	Non-callable
July 2, 2020 C Refunding	30,955,000	27,175,000	0.96/2.49%	July 1, 2035	100% beg. July 1, 2030
October 15, 2020 Transportation Infrastructure	44,200,000	38,925,000	1.00/5.00%	July 1, 2035	100% beg. July 1, 2028
August 9, 2022 A Improvement	20,300,000	16,625,000	3.25/4.34%	July 1, 2033	Non-callable
August 9, 2022 B Improvement	66,655,000	66,655,000	5.00%	July 1, 2041	100% beg. July 1, 2032
December 30, 2022 Water Project Fund Loan	12,000	10,929	0.25%	June 1, 2043	Non-callable
December 30, 2022 Water Project Fund Loan	30,000	28,517	0.25%	June 1, 2044	Non-callable
December 30, 2022 Water Project Fund Loan	95,000	90,310	0.25%	June 1, 2044	Non-callable
July 17, 2024 Improvement	19,835,000	19,835,000	5.00%	July 1, 2039	100% beg. July 1, 2033
September 13, 2024 Municipal Infrastructure	8,915,000	8,915,000	2.65/3.95%	July 1, 2042	100% beg. July 1, 2034
Total long-term outstanding	<u>\$ 408,612,000</u>	<u>\$ 348,704,756</u>			

CITY OF ALBUQUERQUE, NEW MEXICO
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Fire fund loan – On January 28, 2011, the City closed on a loan with the NMFA for \$1,441,625 with an average interest rate of 3.42%. The proceeds were used to design, construct, equip, and furnish Fire Station 7. The terms of the loan require annual principal payments and semi-annual interest payments beginning November 1, 2011 and maturing May 1, 2031. As part of the agreement, the City also entered into an intercept agreement with NMFA whereby the principal and interest payments required will be made from the annual distributions of State Fire Protection Funds in the amount of \$101,043 to the City’s fire fund made by the State Treasurer (Section 59A-53-7, NMSA 1978). The funds are remitted directly to NMFA and held by NMFA until the November and May due dates.

On November 1, 2019, the City closed on a Fire Equipment Loan with NMFA for \$2,740,000 with an average coupon rate of 2.43%. The proceeds were used to acquire, renovate, equip, and furnish a fleet maintenance facility for the benefit of the City’s fire department. The terms of the loan require annual principal payments beginning July 1, 2021 and semi-annual interest payments beginning January 1, 2021, and maturing July 1, 2040. As part of the agreement, the City also entered into an intercept agreement with NMFA whereby the principal and interest payments required will be made from the annual distributions of State Fire Protection Funds in the amount of \$175,931 on July 1, 2021, and then \$176,910 thereafter, to the City’s fire fund made by the State Treasurer (Section 59A-53-7, NMSA 1978). The funds are remitted directly to NMFA and held by NMFA until the January and July due dates. The City’s obligation is limited only to the available pledged revenues whenever any event of default has occurred for both fire fund loans.

Fire fund loans outstanding at June 30, 2025, are as follows:

Issue	Face Value of Loans	Amount	Interest Rate	Final Maturity	Call Provisions
January 28, 2011 Fire Station Loan	\$ 1,441,625	\$ 530,796	0.58/4.02%	July 1, 2031	Non-callable
November 1, 2019 Fire Equipment Loan	2,740,000	2,299,681	1.31/2.99%	July 1, 2040	Non-callable
	\$ 4,181,625	\$ 2,830,477			

Special assessment debt and notes payable – are secured by pledges of revenues from special assessments levied. On October 30, 2012, the City executed a loan agreement with Bank of America Public Capital Corp for Special Assessment District No. 228. The tax- exempt loan payable for \$22,743,479 has a coupon rate of 3.00% and matures on January 1, 2028. The proceeds are used to finance the construction and improvement of streets, water lines, sewer lines, and storm drainage. This loan agreement is subject to prepayment beginning January 1, 2021 at 100.00% of the outstanding principal plus interest accrued to the prepayment date. The City’s obligation is limited only to the available pledged revenues and amounts on deposit in the SAD 228 tax-exempt project account, the SAD 228 debt service fund, and the SAD 228 reserve fund whenever any event of default has occurred. The balance outstanding at June 30, 2025 was \$5,151,203.

Business-type activities

Long-term obligations – The changes in the business-type activities obligations for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Payable in one year
Revenue bonds	\$ 41,650,000	\$ —	\$ 1,880,000	\$ 39,770,000	\$ 1,930,000
Loans from direct placements	6,730,000	—	2,230,000	4,500,000	710,000
Leases/SBITA	33,929	51,909	33,929	51,909	25,732
Accrued vacation and sick leave	7,071,153	6,517,223	6,118,077	7,470,299	6,455,273
Landfill closure costs	4,744,957	287,248	—	5,032,205	—
Net pension liability	105,051,581	25,096,360	12,440,478	117,707,463	—
Net OPEB liability	34,028,116	5,771,518	9,503,715	30,295,919	—
Security deposits	149,367	13,238	—	162,605	—
Unamortized:					
Premium/discount	7,304,909	—	655,861	6,649,048	—
	206,764,012	37,737,496	32,862,060	211,639,448	9,121,005
Current portion of long-term debt	(8,531,657)	(589,348)	—	(9,121,005)	—
	\$ 198,232,355	\$ 37,148,148	\$ 32,862,060	\$ 202,518,443	\$ 9,121,005

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F. Long-term obligations

Total interest cost incurred for business-type activities for the year ended June 30, 2025 was \$1,854,198, all of which was charged to expense.

The City's outstanding loans from direct placements related to business-type activities of \$4,500,000 contain a provision that in an event of default, the City will do and perform all proper acts on behalf and for the owners to protect and preserve the security created for the payment of the bonds and payment obligations and to insure the payment of the debt service requirements promptly as they become due. These consist of the apartment revenue bonds for \$4,500,000.

Apartments revenue bonds – are secured by pledges of net revenues of the City-owned apartments for low income person. Revenue in fiscal year 2025 totaled \$5,761,488. On April 21, 2016, the City issued \$8,430,000 Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects) Series 2016B to partially refund the Series 2008B Bonds. This debt constitutes a limited obligation of the City and is payable solely from the resources of the apartments. Respective revenues are pledged for the repayment of these bonds. The Gross Receipts Tax Refunding Revenue Bonds, Series 2016B mature on July 1, 2030 and bear a 2.30% coupon interest rate. The Series 2016B bonds are subject to optional redemption generally at par; unless long-term interest rates are in effect. The apartments debt in the amount of \$4,500,000 is outstanding at June 30, 2025.

Refuse revenue bonds – are secured by pledges of net revenues of the solid waste and refuse disposal system. Revenue in fiscal year 2025 totaled \$90,882,076. On June 30, 2020, the City issued \$40,570,000 of Refuse Removal and Disposal Improvement Revenue Bonds, Series 2020 with an average coupon rate of 4.78%. The proceeds were used to acquire, construct, enlarge, better, repair, equip or otherwise improve facilities for the solid waste and refusal disposal system. The bonds require annual principal payments and semi-annual interest payments until the bonds mature on July 1, 2046. The balance outstanding at June 30, 2025 was \$37,870,000.

Stadium revenue bonds – are secured by pledges of net revenues of the City-owned baseball stadium. Revenue in fiscal year 2025 totaled \$613,307. On July 2, 2020, the City issued \$4,755,000 of Gross Receipts Tax/Stadium Refunding Revenue Bonds, Series 2020D with an average coupon rate of 1.35% to partially refund the Series 2011 Stadium Bonds. The bonds require annual principal payments and semi-annual interest payments until the bonds mature on July 1, 2026.. This bond is not subject to optional prior redemption prior to maturity. The stadium debt in the amount of \$1,900,000 is outstanding at June 30, 2025.

Summary of annual debt service requirements

The annual debt service requirements on bonds outstanding at June 30, 2025 are as follows:

Year Ending June 30,	Governmental activities				Business-type activities			
	Bonds		Loans from Direct Placements		Bonds		Loans from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 70,275,000	\$ 30,271,561	\$ 26,433,233	\$ 1,214,732	\$ 1,930,000	\$ 1,823,009	\$ 710,000	\$ 95,335
2027	70,120,000	28,578,343	3,738,005	1,095,535	2,000,000	1,758,135	720,000	78,890
2028	66,531,000	25,602,258	3,373,055	978,662	1,090,000	1,697,200	745,000	62,043
2029	62,730,000	22,852,022	1,701,326	877,344	1,145,000	1,641,325	755,000	44,793
2030	59,310,000	20,309,971	1,821,942	812,166	1,205,000	1,582,575	775,000	27,198
2031 - 2035	245,855,000	71,037,016	9,744,655	3,011,928	6,990,000	6,922,250	795,000	9,143
2036 - 2040	188,290,000	28,775,806	7,855,073	1,201,411	8,920,000	4,943,000	—	—
2041 - 2045	43,620,000	1,836,641	3,184,147	185,044	11,250,000	2,591,875	—	—
2046 - 2050	—	—	—	—	5,240,000	265,250	—	—
Total	<u>\$ 806,731,000</u>	<u>\$ 229,263,618</u>	<u>\$ 57,851,436</u>	<u>\$ 9,376,822</u>	<u>\$ 39,770,000</u>	<u>\$ 23,224,619</u>	<u>\$ 4,500,000</u>	<u>\$ 317,402</u>

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F. Long-term obligations

Arbitrage – Section 148 of the Internal Revenue Code generally provides that bonds issued by a municipality will be “arbitrage bonds,” if any portion of the bond proceeds 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, 2025, the City has set aside \$1,307,880 in arbitrage interest due to the IRS in connection with future filings and payments to the IRS. This amount is included in other liabilities in the statement of net position. The current portion is in the amount of \$870,571 while the long-term portion is \$437,309. For fiscal year 2025, a payment in the amount of \$31,835 was made to the IRS related to the GRT Series 2019A bonds and \$902,067 related to the GO Series 2020ABD bonds.

Leases/SBITA - A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

Leases without options to purchase equipment. Annual installments totaling \$6,121,479 plus interest rates ranging from .304% to 1.59%, and due dates ranging from 2025 through 2041.

Building and office space leases. Annual installments totaling \$6,121,479 plus interest rates ranging from .304% to 1.59%, and due dates ranging from 2025 through 2041.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Included in the table below are Subscription-Based IT Arrangements (SBITAs) with annual installments totaling \$2,165,204 plus interest rates ranging from .304% to 1.59% and due dates ranging from 2027 through 2028 for governmental activities. Annual installments for business-type activities total \$51,909 plus interest rates ranging from .304% to 1.59% and due dates through 2027.

Total future minimum lease payments under lease agreements are as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,940,348	\$ 120,216	\$ 25,732	\$ 898
2027	1,874,995	90,526	26,177	453
2028	928,576	78,577	—	—
2029	798,505	51,306	—	—
2030	772,366	39,000	—	—
2031-2035	1,720,064	54,987	—	—
2036-2040	208,173	12,339	—	—
2041-2045	43,656	387	—	—
	<u>\$ 8,286,683</u>	<u>\$ 447,338</u>	<u>\$ 51,909</u>	<u>\$ 1,351</u>

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F. Long-term obligations

Discretely presented component unit

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due within one year
Bonds and notes payable	\$ 22,063,615	\$ 4,194,816	\$ 312,739	\$ 25,945,692	\$ 185,141
Net pension liability	6,885,201	444,763	—	7,329,964	—
Net OPEB liability	976,618	97,577	—	1,074,195	—
Accrued vacation and sick leave	230,022	124,474	—	354,496	180,896
Leases payable	25,762	59,542	10,839	74,465	15,922
SBITA payable	—	786,135	94,446	691,689	155,100
Deferred developer fees payable	2,648,288	959,194	—	3,607,482	—
Other non-current liabilities	673,405	384,416	—	1,057,821	—
Subtotal	<u>33,502,911</u>	<u>7,050,917</u>	<u>418,024</u>	<u>40,135,804</u>	<u>537,059</u>
Total	<u>\$ 33,502,911</u>	<u>\$ 7,050,917</u>	<u>\$ 418,024</u>	<u>\$ 40,135,804</u>	<u>\$ 537,059</u>

The Component Unit amounts presented above are taken directly from the financial statements of the Albuquerque Housing Authority (AHA), specifically Note 7 from AHA's report. While the basic financial statements for AHA present two columns - business-type activities and discrete component units - the City reports the combined total of these balances on the Statement of Net Position and Statement of Activities. The footnotes presented in AHA's report only present information about the business-type activities and excludes the information about its discrete component units due to the fact that AHA does not consider footnote information related to the component units to be major and has therefore elected to exclude this information, per GASBS 61. Additional requests for information about the composition of long-term obligations related to AHA's discrete component units may be obtained by contacting Barbara D'Onofrio, Finance Director of the Albuquerque Housing Authority, at 1840 University Blvd. SE, Albuquerque, NM 87106.

G. 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, 2025, is as follows:

Gross Receipts Tax Revenue Bonds	\$ 66,340,000
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H. 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, 2025, there were eleven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was \$1,039,702,675. There were no bonds pending close out.

I. Construction Commitments

In the fall of 2017, the City entered into a multi-year contract with Citelum US, Inc. for the purpose of evaluating and implementing energy efficient street lights throughout the City. This contract is scheduled to end in 2032 and carries a scheduled termination value payment clause in the contract that stipulates that if the City terminates the contract before completion then the City shall pay Citelum an agreed upon value corresponding to the month in which the contract is terminated. If the City terminates the contract during fiscal year 2026 the City shall be required to pay an amount between \$10,226,137 and \$9,144,340, depending on the month.

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IV. Detailed notes on all funds

J. Segment information

Significant financial data of major enterprise funds are reported in the statements for enterprise funds in the basic financial statements section. Significant financial data of nonmajor enterprise funds as of and for the year ended June 30, 2025, is as follows:

CONDENSED STATEMENT OF NET POSITION	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Assets				
Current assets	\$ 1,431	\$ 2,171	\$ 2,147	\$ 5,749
Noncurrent assets	10,681	54	1,980	12,715
Capital assets	18,265	16,604	12,502	47,371
Total assets	<u>\$ 30,377</u>	<u>\$ 18,829</u>	<u>\$ 16,628</u>	<u>\$ 65,834</u>
Deferred outflows of resources				
Deferred gain/loss on bond refunding	\$ 79	\$ —	\$ —	\$ 79
Deferred outflows related to pensions	—	916	49	965
Deferred outflows related to OPEB	—	156	10	166
Total deferred outflows of resources	<u>\$ 79</u>	<u>\$ 1,072</u>	<u>\$ 59</u>	<u>\$ 1,210</u>
Liabilities				
Current liabilities	\$ 1,012	\$ 482	\$ 1,250	\$ 2,743
Liabilities payable from restricted assets	163	—	—	163
Bonds, notes payable, and other long-term liabilities	3,790	—	960	4,750
Other liabilities	—	4,015	213	4,228
Total liabilities	<u>\$ 4,964</u>	<u>\$ 4,497</u>	<u>\$ 2,422</u>	<u>\$ 11,883</u>
Deferred inflows of resources				
Deferred inflows related to pensions	\$ —	\$ 84	\$ 4	\$ 89
Deferred inflows related to OPEB	—	462	30	493
Unavailable revenue - leases	—	—	2,526	2,526
Total deferred inflows of resources	<u>\$ —</u>	<u>\$ 546</u>	<u>\$ 2,561</u>	<u>\$ 3,108</u>
Net position (deficit)				
Invested in capital assets	\$ 13,765	\$ 16,604	\$ 10,602	\$ 40,971
Restricted for:				
Debt service	8,951	8	1,173	10,131
Construction	—	46	—	46
Unrestricted	2,776	(1,800)	(70)	906
Total net position	<u>\$ 25,492</u>	<u>\$ 14,858</u>	<u>\$ 11,704</u>	<u>\$ 52,054</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Operating revenues	\$ 5,761	\$ 5,123	\$ 613	\$ 11,498
Depreciation	(791)	(1,584)	(663)	(3,038)
Other operating expenses	(3,910)	(6,475)	(1,511)	(11,897)
Operating income (loss)	<u>1,060</u>	<u>(2,936)</u>	<u>(1,561)</u>	<u>(3,437)</u>
Nonoperating revenues (expenses):				
Investment income/(loss)	416	136	76	627
Interest expense	(136)	—	(28)	(164)
Other	11,825	76	2,212	14,112
Transfers in	—	200	800	1,000
Transfers out	—	(138)	—	(138)
Change in net position	<u>13,165</u>	<u>(2,663)</u>	<u>1,498</u>	<u>12,000</u>
Beginning net position	12,327	17,521	10,206	40,054
Ending net position	<u>\$ 25,492</u>	<u>\$ 14,858</u>	<u>\$ 11,704</u>	<u>\$ 52,054</u>

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J. Segment information

CONDENSED STATEMENT OF CASH FLOWS	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Net cash provided (used) by:				
Operating activities	\$ 1,826	\$ (1,204)	\$ (686)	\$ (64)
Noncapital financing activities	—	62	3,012	3,073
Capital and related financing activities	(978)	—	(3,175)	(4,153)
Investing activities	416	136	47	598
Net increase (decrease)	1,263	(1,006)	(803)	(545)
Beginning cash and investments	10,664	2,984	2,174	15,822
Ending cash and investments	<u>\$ 11,928</u>	<u>\$ 1,977</u>	<u>\$ 1,371</u>	<u>\$ 15,276</u>

K. Defined benefit pension plan

General Information about the Pension Plan

Plan description – Substantially all of the City’s full-time employees participate in a public employee retirement system governed by the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. PERA issues a separate ACFR. That report may be obtained by writing to: PERA, PO Box 2123, Santa Fe NM 87504-2123. The report is also available on PERA’s website.

Benefits provided – The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. Effective July 1, 2013, new legislation enabled two benefit tiers under each PERA coverage plan. The coverage plans include: Municipal General, Municipal Police, and Municipal Fire plans. Members are eligible to retire when they meet the age and service credit requirement for the plan they participate in. Plan members are required to contribute between 7.75%-18.15% of their gross salary, depending on the specific plan type. The City is required to contribute between 7.40%-21.65% of the gross covered salary, depending on the specific plan type.

Contributions – The following are the plans covered by the City and the contribution requirements (in thousands of dollars) for the year ended June 30, 2025:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, management, and bus drivers	16.15 %	\$ 31,168	11.30 %	\$ 25,514
Temporary employees	10.00 %	98	9.15 %	76
J-Series 20-year	19.65 %	511	18.80 %	296
Police	19.30 %	18,141	20.65 %	10,742
Fire	20.70 %	14,325	23.40 %	8,595
		<u>\$ 64,243</u>		<u>\$ 45,223</u>

The contribution requirements of plan members and the City are established in New Mexico Statute Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the City has elected to make a percentage of the employees’ contributions. The percentage of the employees’ contributions paid by the City varies according to the specific plan type. The City’s required contributions to PERA for the years ending June 30, 2025, 2024, and 2023 were \$45,223,185, \$42,223,870 and \$39,317,786, respectively. The City’s total contributions to PERA, including the employer required contributions, and the portion the City pays for the employees for the years ending June 30, 2025, 2024, and 2023 were \$109,466,624, \$99,938,286 and \$91,606,867, respectively.

CITY OF ALBUQUERQUE, NEW MEXICO
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IV. Detailed notes on all funds

K. Defined benefit pension plan

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

As of June 30, 2025, the City reported a net pension liability of \$1,067,775,071 its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan by type for fiscal year 2025. As of June 30, 2025, the City's proportional share was 20.60% of the Municipal General Division, 29.98% of the Municipal Police Division, and 31.61% of the Municipal Fire Division.

For the year ended June 30, 2025, the City recognized its proportional share of the pension contribution expense of \$141,572,840. The proportional share of the pension contribution expense by plan type is as follows:

	Pension Expense
Municipal General	\$ 68,699,702
Municipal Police	\$ 42,721,107
Municipal Fire	\$ 30,152,031

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
City of Albuquerque - overall		
Differences between expected and actual experience	\$ 102,201,130	\$ (1,767,795)
Change in assumptions	15,417,446	(564,020)
Net difference between projected and actual earnings on pension plan investments	36,816,735	—
Changes in proportion and differences between City contributions and proportionate share of contributions	7,059,919	(29,460,674)
City contributions subsequent to the measurement date	64,790,670	—
Total	\$ 226,285,900	\$ (31,792,489)
Municipal General		
Differences between expected and actual experience	\$ 45,019,261	\$ (1,767,795)
Change in assumptions	15,241,822	—
Net difference between projected and actual earnings on pension plan investments	19,697,977	—
Changes in proportion and differences between City contributions and proportionate share of contributions	6,506,604	(9,199,191)
City contributions subsequent to the measurement date	32,324,837	—
Total	\$ 118,790,501	\$ (10,966,986)
Municipal Police		
Differences between expected and actual experience	\$ 32,763,454	\$ —
Change in assumptions	—	(564,020)
Net difference between projected and actual earnings on pension plan investments	11,678,355	—
Changes in proportion and differences between City contributions and proportionate share of contributions	—	(6,768,464)
City contributions subsequent to the measurement date	18,140,983	—
Total	\$ 62,582,792	\$ (7,332,484)

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IV. Detailed notes on all funds

K. Defined benefit pension plan

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

	Deferred outflows of resources	Deferred inflows of resources
Municipal Fire		
Differences between expected and actual experience	\$ 24,418,415	\$ —
Change in assumptions	175,624	—
Net difference between projected and actual earnings on pension plan investments	5,440,403	—
Changes in proportion and differences between City contributions and proportionate share of contributions	553,315	(13,493,019)
City contributions subsequent to the measurement date	14,324,850	—
Total	\$ 44,912,607	\$ (13,493,019)

The amount of contributions related to fiscal year 2025 have been reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in fiscal year 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	City Overall	Municipal General	Municipal Police	Municipal Fire
2026	\$ 34,845,405	\$ 20,764,136	\$ 8,888,906	\$ 5,192,363
2027	\$ 88,384,645	\$ 49,935,429	\$ 26,317,024	\$ 12,132,192
2028	\$ 10,455,442	\$ 6,907,109	\$ 3,130,469	\$ 417,864
2029	\$ (3,982,751)	\$ (2,107,996)	\$ (1,227,074)	\$ (647,681)

Actuarial assumptions – The total pension liability as of the June 30, 2025 valuation date was determined using the following actuarial assumptions, applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	25 years

Actuarial Assumptions	
Investment rate of return	7.25%
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Inflation assumption	2.50%
Mortality assumption	PUB-2010 General Employees Mortality

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

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IV. Detailed notes on all funds

K. Defined benefit pension plan

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

	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	46.00 %	3.90 %
Risk Reduction and Mitigation	13.00 %	2.20 %
Credit Oriented Fixed Income	17.00 %	2.30 %
Real Assets	18.00 %	5.90 %
Absolute Return	6.00 %	2.60 %
Total	100.00 %	

Discount Rate for PERA Funds – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate with a 1.00% decrease or 1.00% increase from the current rate:

Plan Type	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City of Albuquerque, Overall	\$ 1,496,413,487	\$ 1,067,775,071	\$ 716,101,156
Municipal General	\$ 681,840,826	\$ 474,038,150	\$ 302,253,237
Municipal Police	\$ 441,306,466	\$ 306,262,451	\$ 196,373,013
Municipal Fire	\$ 373,266,195	\$ 287,474,470	\$ 217,474,906

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's ACFR. As of June 30, 2025, there was a \$6,247,739 PERA contributions payable.

L. Postemployment benefits

The city has two categories of other postemployment benefits (OPEB), life insurance and retiree healthcare (RCHCA). The City provides certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach the normal retirement eligibility conditions while working for the City.

Postemployment Life Insurance Benefits

Plan description – The City's Life Insurance Benefit Plan (Plan) is a cost sharing multiple-employer plan administered as a formal trust by the City. The Plan includes coverage for all City employees. The Plan also includes coverage for the employees of the Albuquerque Bernalillo County Water Authority (a separate legal entity, formerly a component unit of the City). The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the Accounting Division at: PO Box 1293, Room 8010, 8th Floor, Albuquerque NM 87103. The Water Utility Authority and the City have different benefit rules. Insurance benefits are authorized by the City's Merit System Ordinance and Personnel Rules and Regulations. Upon retirement with the City, an employee will continue to be covered by the City's plan at no cost to the employee. Coverage will be one-half of the coverage reflected on the most recent annual life insurance adjustment report immediately prior to retirement up to a maximum of \$25,000. Effective July 1, 2008 the minimum amount of coverage per retiree is \$12,500.

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IV. Detailed notes on all funds

L. Postemployment benefits

Funding policy – The City contributes 100.00% or more of the actuarially determined contributions each year.

Retiree Health Care Act (RHCA) Contributions

Plan description – The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Section 10-7C- 1 NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Benefits provided – eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to RHCA and by co-payments or out-of-pocket payments of eligible retirees.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which case the period required for contributions becomes the period between the employer's effective date and the date of retirement; 2) retirees defined by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years. The City does not have data pertaining to retired and active employees as of June 30, 2025.

Funding policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.0% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website.

Contributions – The employer and employee retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers are January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board. The City's total contributions for the year ending June 30, 2025 were \$8,280,642.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan: state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act (10-12B-1 NMSA 1978), during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

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IV. Detailed notes on all funds

L. Postemployment benefits

Contributions are expected to match or exceed the actuarial annual determined contribution (ADC). Monthly invoices for retiree life insurance premiums are paid out of the trust. When expected benefit claims exceed retiree premiums, the City is allowed to treat the implicit subsidy as a contribution. The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. Information related to the number of plan members can be found in the publicly available report. That report and further information can be obtained by writing to the Retiree Health Care Authority at: 4308 Carlisle NE, Suite 104, Albuquerque NM 87107.

OPEB Insurance-Related liabilities, deferred outflows of resources and deferred inflows of resources – The City reported a net OPEB liability of \$16,801,469 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025.

For year ended June 30, 2025, the City recognized OPEB expense of \$245,125.

OPEB RHCA liabilities, deferred outflows of resources and deferred inflows of resources – As of June 30, 2025, the City reported a net OPEB Liability for Retiree Health Care of \$116,042,765 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024.

For year ended June 30, 2025, the City recognized its proportionate share of OPEB expense in the amount of \$27,274,056.

As of June 30, 2025, the City reported deferred inflow of resources, deferred outflow of resources and net liability insurance and RHCA below:

	<u>OPEB Insurance</u>	<u>OPEB RHCA</u>	<u>Total</u>
Differences between expected and actual experience	\$ —	\$ (12,121,175)	\$ (12,121,175)
Change in assumptions	—	(73,587,006)	(73,587,006)
Net difference between projected and actual earnings on OPEB plan investments	(4,113,852)	—	(4,113,852)
Changes in proportion and differences between City contributions and proportionate share of contributions	—	(11,755,536)	(11,755,536)
Total Deferred Inflows	<u>(4,113,852)</u>	<u>(97,463,717)</u>	<u>(101,577,569)</u>
Differences between expected and actual experience	873,541	1,243,635	2,117,176
Change in assumptions	—	21,714,508	21,714,508
Net difference between projected and actual earnings on OPEB plan investments	—	1,037,310	1,037,310
Changes in proportion and differences between City contributions and proportionate share of contributions	—	928,319	928,319
City contributions subsequent to the measurement date	—	8,576,068	8,576,068
Total Deferred Outflows	<u>873,541</u>	<u>33,499,840</u>	<u>34,373,381</u>
Net OPEB Liability	<u>\$ 16,801,469</u>	<u>\$ 116,042,765</u>	<u>\$ 132,844,234</u>

The amount of contributions related to fiscal year 2025 have been recorded as a reduction of the OPEB insurance liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount</u>
2026	\$ (191,008)
2027	\$ (1,459,847)
2028	\$ (1,056,870)
2029	\$ (532,586)

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L. Postemployment benefits

Sensitivity of the City’s proportionate share of the net OPEB insurance liability to changes in the discount rate – The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 5.00%, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate with a 1.00% decrease or 1.00% increase from the current rate. The healthcare trend is not an assumption used in the actuarial analysis.

	1% Decrease 4.00%	Current Discount 5.00%	1% Increase 6.00%
City’s proportionate share of the net OPEB liability	\$ 27,563,122	\$ 16,801,469	\$ 8,240,059

OPEB plan fiduciary net position – Detailed information about the trust plan’s fiduciary net position is available in separate OPEB financial statements.

Actuarial assumptions – The total OPEB insurance related liability in the June 30, 2025 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	January 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level % of pay
Amortization period	30 years closed, 13 years remain
Asset valuation method	Fair Value
Actuarial Assumptions	
Long-term return on assets	5.00%
Discount rate	5.00% as of June 30, 2025 and June 30, 2024
Inflation	2.50% per year
Salary increase	3.00% per year
Retirement age	50 to 80
Mortality	PERA of New Mexico; projected with MW Scale 2022

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

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L. Postemployment benefits

The amount of contributions related to fiscal year 2025 have been recorded as a deferred outflow of resources related to the RHCA OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	Amount
2025	\$ (21,822,424)
2026	\$ (27,199,635)
2027	\$ (18,950,517)
2028	\$ (5,925,841)
2029	\$ 1,358,472

Actuarial assumptions – The total OPEB liability in the June 30, 2025 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization method	Fair value of assets
Actuarial Assumptions	
Inflation	2.50% for PERA members
Investment rate of return	7.00% net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	7.00%
Projected salary increases	3.00% to 13.0%, based on years of service, including inflation
Mortality rate	RP-2014 Blue Collar Annuitant Mortality
Healthcare cost trend rate	8.00% graded down to 4.50% over 14 years for non-Medicare medical plan costs 8.50% graded down to 4.50% over 16 years for Medicare medical plan costs

CITY OF ALBUQUERQUE, NEW MEXICO

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IV. Detailed notes on all funds

L. Postemployment benefits

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

	Target Allocation	Long-Term Expected Real Rate of Return
U.S. core fixed income	20.00 %	1.60 %
U.S. equity - large cap	20.00 %	6.90 %
Non U.S. - emerging markets	15.00 %	8.70 %
Non U.S. - developed equities	12.00 %	7.20 %
Private equity	10.00 %	9.90 %
Credit and structured finance	10.00 %	3.70 %
Real estate	5.00 %	3.60 %
Real return	5.00 %	3.20 %
U.S. equity - small/mid cap	3.00 %	6.90 %
	<u>100.00 %</u>	

Discount rate – The discount rate used to measure the total OPEB liability is 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2052. Thus, the 7.00% discount rate, which includes the assumed inflation rate of 2.5%, was used to calculate the net OPEB liability through 2052. Beyond 2052, the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.16%) was applied. Thus 3.62% is the blended discount rate.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate – The following represents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is a 1.00% decrease or 1.00% increase from the current rate:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
City’s proportionate share of the net OPEB liability	\$ 146,337,563	\$ 116,042,765	\$ 91,208,839

The following represents the proportionate share of the net OPEB liability for the City as of June 30, 2024, if it were calculated using a health cost trend rate that is a 1.00% decrease and 1.00% increase than the health cost trend rates used:

	1% Decrease	Current Trend Rates	1% Increase
City’s proportionate share of the net OPEB liability using the health cost trend	\$ 89,676,590	\$ 116,042,765	\$ 183,754,392

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L. Postemployment benefits

OPEB plan fiduciary net position – Detailed information about RHCA’s fiduciary net position is available in their separately issued OPEB Financial Report.

M. Landfill closure and postclosure care costs

Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure 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 postclosure care costs in the refuse disposal fund, as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The \$5,032,205 reported as accrued landfill closure costs at June 30, 2025, represents the cumulative amount reported to date based on the use of 32.2% of the estimated capacity of the Cerro Colorado Landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$10,578,786 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. The City expects to close the landfill in the year 2097. Actual cost may be higher due to inflation, change in technology, or change in regulations. The City has set aside \$5,032,205 for future postclosure 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 postclosure 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 future tax revenue.

Annually the City files a financial assurance report for closure and postclosure costs with the New Mexico Department of Environmental Quality as required by Section 20.9.5.16 NMAC. Pursuant to Subsection D of 20.9.10.19 NMAC, the City reports combined closure and postclosure costs of \$15,791,903 for the Cerro Colorado Landfill, Montessa Park Convenience Center, Don Reservoir Convenience Center, Eagle Rock Convenience Center, and the Intermediate Processing Facility. Parkhill, an engineering and consulting firm, provides the solid waste department with an Airspace Depletion Analysis report and the analytical data from the report is used to determine the estimated landfill closure and postclosure care costs.

N. Risk management

The City is exposed to various risks of loss related to torts and civil rights claims including: law enforcement and employment related exposures; theft, damage and destruction of its real and personal assets; workers’ compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the fund provides coverage for up to a maximum of \$2.0 million for public safety employees, and \$1.5 million for all other employees for each workers’ compensation incident, \$1.05 million for each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retention. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

In the risk management fund, claims are tracked on a program by program basis and assessed charges to each program based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. The claims liabilities reported in the risk management fund are based on the requirements of GASB 10, which requires that a liability for claims be reported, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is an exact amount as it depends on many complex factors such as: inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate. The amounts and change in the fund’s claims liability in fiscal year 2025 and 2024 were:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

N. Risk management

	2025	2024
Claims liability, beginning balance	\$ 141,600,000	\$ 135,000,000
Current year claims and change in estimates	36,357,608	29,436,826
Claims liquidated	(41,824,993)	(22,836,826)
Claims liability, ending balance	136,132,615	141,600,000
The components of the claims liability at year-end were:		
Current portion	38,109,769	32,400,000
Noncurrent portion	98,022,846	109,200,000
Total claims liability	\$ 136,132,615	\$ 141,600,000

Included in the amounts above are \$8,622,376 in claims recorded in the Group Self Insurance fund of which the full amount is included in the current portion.

O. Albuquerque Housing Authority - Component Units

The Authority reports the following blended component units:

AHA Rio Vista Developer LLC – Created on October 31, 2016, AHA Rio Developer LLC was organized as a single member limited liability company for the purpose of development and improvement of real estate for affordable housing.

AHA Housing Development Corporation – Created on March 5, 2018, AHA Housing Development Corporation was organized as a Nonprofit Corporation to act exclusively in the furtherance and support of the public mission of the Albuquerque Housing Authority and its existing or future instrumentalities and affiliates.

The Authority reports the following discrete component units:

The Commons at Martineztown, LLLP – Created on April 16, 2020, The Commons at Martineztown, LLLP was organized as a New Mexico limited liability limited partnership to acquire, develop, finance, rehabilitate, own, maintain, operate and sell or otherwise dispose of a 96-unit multi-family affordable housing complex.

Broadway McKnight, LLLP – Created on November 10, 2020, Broadway McKnight, LLLP was organized as a New Mexico limited liability limited partnership to acquire, develop, finance, rehabilitate, own, maintain, operate and sell or otherwise dispose of a 30-unit multi-family affordable housing complex.

6100 Harper, LLLP – Created on November 10, 2020, 6100 Harper, LLLP was organized as a New Mexico limited liability limited partnership to acquire, develop, finance, rehabilitate, own, maintain, operate and sell or otherwise dispose of a 59-unit multi-family affordable housing complex.

9000 Varanda, LLLP – Created on November 21, 2022, 9000 Varanda, LLLP was organized as a New Mexico limited liability limited partnership to acquire, develop, finance, rehabilitate, own, maintain, operate and sell or otherwise dispose of a 35-unit multi-family affordable housing complex.

120 La Plata, LLLP – Created on November 21, 2022, 120 La Plata, LLLP was organized as a New Mexico limited liability limited partnership to acquire, develop, finance, rehabilitate, own, maintain, operate and sell or otherwise dispose of a 32-unit multi-family affordable housing complex.

P. Commitments and contingencies

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recorded in memorandum accounts of the City’s governmental funds. Encumbrances lapse for budgetary purposes at the end of each fiscal year and the subsequent year’s appropriations provide authority to complete these transactions. For the General Fund and other operating funds, large nonrecurring encumbrances are reappropriated to the following fiscal year so that the commitment does not cause expenses to exceed appropriations. Outstanding encumbrances as of June 30, 2025 are reported in the table below:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

P. Commitments and contingencies

Governmental activities:	
Major funds:	
General Fund	\$ 1,715,290
Operating Grants Fund	27,152,905
Capital Acquisition Fund	178,532,090
Infrastructure Tax Fund	18,482,630
Nonmajor governmental funds	46,016,756
Total governmental activities	<u>\$ 271,899,671</u>

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

Business-type activities:	
Major funds:	
Airport Fund	\$ 35,106,275
Refuse Disposal Fund	10,677,728
Transit Fund	3,796,482
Nonmajor business-type funds	4,305
Total business-type activities	<u>\$ 49,584,790</u>

In the normal course of business, the City is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the 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.

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’s fire and transit departments and other employees are subject to overtime compensation. The ultimate outcome of these legal proceedings cannot presently be determined; the case is currently awaiting the courts consideration on how the calculations are to be determined. Accordingly, no provision for any additional liability that may result upon the ultimate outcome has been recognized in the accompanying financial statements and schedules.

The City has received a number of federal and state grants for specific purposes. These grants are subject to audit and may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, City management believes that such discrepancies, if any, will not be material.

Q. Budget violations

As of June 30, 2025, the following funds were overspent at the fund level on the budgetary comparison statements:

Governmental funds:	
Operating Grants	\$ (25,143,318)
Infrastructure Tax	(5,096,002)
City Housing	(118,059)

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

R. Service concession arrangements

In fiscal year 2017, the City entered into a development agreement with One Central Operating Associates LLC (Developer), under which the City manages, collects, and retains revenue for a parking facility for a term of three hundred (300) months. The City paid the Developer a lump sum of \$17.5 million and is required to operate and maintain the parking facility in accordance with the executed contract. The agreement includes an irrevocable option to purchase the parking facility from the Developer commencing with the 120th month after the signing of the Certificate of Occupancy. The City entered into this agreement to enhance the development of the downtown area and increase parking revenue. The City recognizes an intangible asset in the amount of \$17.5 million pursuant to the development agreement.

S. Tax abatements

There are currently fourteen tax abatement agreements enacted by the City. The City has chosen to disclose information about its tax abatement agreements individually, based on an established quantitative threshold of 5.0% of the total dollar amount of taxes abated during the year; all others are aggregated. Each agreement was negotiated under Article 32 NMSA 1978 and City ordinance 3-2-15 allowing the City to abate property taxes and other state taxes such as, compensating and investment tax credit, for a variety of economic development purposes. It was determined in all cases that the firms were not in direct competition with other firms, and they generated gross receipts taxes through the hiring employees that offset the estimated loss in property tax revenue and other City expenses.

The abatement for real property is based on the total value of the property tax which is determined and reported by the county assessor. Taxable value is one-third of this amount, and the tax rate for the City and other governmental agencies is reported. Personal property tax abatement (equipment purchased with industrial revenue bonds) is reported by the recipient. Payment in lieu of taxes is reported only for the firms that do not have fully depreciated equipment. Information relevant to the disclosure of the abatements for the fiscal year ended June 30, 2025 is:

Tax Abatement Program - Industrial Revenue Bonds	Property Taxes Abated	Payment in Lieu of Taxes
Kairos	\$ 169,117	\$ 25,368
Olympus NorthPoint & Highlands	116,849	34,216
Bank of the West	103,269	266,451
Titan Development	78,790	9,561
Menaul School	48,370	—
Ktech	42,932	4,293
301 University	40,357	—
Affordable Solar	21,174	5,294
Franz	15,264	5,702
Hotel Parq	15,158	606
Hotel Blue	13,021	3,906
2001 4th Street	11,368	—
Hotel Andaluz	11,006	1,142
705 Copper	8,087	5,602
International School	6,927	—
17th 5th Street	4,749	—
Netflix Studios	4,744	689
	<u>\$ 711,182</u>	<u>\$ 362,830</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

IV. Detailed notes on all funds

S. Tax abatements

The City is subject to tax abatements entered in by other governmental entities. Each agreement was negotiated under the authority of Section 7-37-6 NMSA 1978 and Section 7-38 NMSA 1978. The types of abated taxes reported to the City by other entities includes real property tax, personal property tax, and gross receipts and compensating tax. Two entities reported abatements to the City. The City has chosen to summarize the abatements reported by reporting entity and by type of tax abated. Information relevant to the disclosure of the abatements entered by other governmental entities for fiscal year ended June 30, 2025 is:

Abating Agency	Real & Personal Property Taxes Abated	Gross Receipts Taxes Abated
Bernalillo County	\$ 754,029	\$ —

T. Restatement

The beginning net position for the Albuquerque Housing Authority was restated by a \$(102,910) decrease to reflect the effects of implementing the new GASBS 101 standard.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
6/30/2024, as previously reported	\$ 2,895,379,681	\$ 836,114,795	\$ 3,731,494,476	\$ 45,135,381
GASBS 101 implementation	—	—	—	(102,910)
6/30/2024, as restated	\$ 2,895,379,681	\$ 836,114,795	\$ 3,731,494,476	\$ 45,032,471

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REQUIRED SUPPLEMENTARY INFORMATION

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

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021
GENERAL MUNICIPAL PLAN					
Contractually required contributions	\$ 31,777,605	\$ 27,852,925	\$ 24,426,288	\$ 18,813,527	\$ 18,011,860
Contributions in relation to the contractually required contributions	(31,777,605)	(27,852,925)	(24,426,288)	(18,813,527)	(18,011,860)
Covered payroll	\$256,973,115	\$238,331,895	\$222,863,649	\$191,368,444	\$183,166,915
Contributions as a percentage of covered payroll	12.4 %	11.7 %	11.0 %	9.8 %	9.8 %
POLICE PLAN					
Contractually required contributions	\$ 18,140,983	\$ 16,701,726	\$ 15,346,096	\$ 14,150,289	\$ 14,142,546
Contributions in relation to the contractually required contributions	(18,140,983)	(16,701,726)	(15,346,096)	(14,150,289)	(14,142,546)
Covered payroll	\$ 87,834,461	\$ 82,541,914	\$ 78,116,535	\$ 73,880,797	\$ 73,848,853
Contributions as a percentage of covered payroll	20.7 %	20.2 %	19.6 %	19.2 %	19.2 %
FIRE PLAN					
Contractually required contributions	\$ 14,324,850	\$ 13,159,765	\$ 12,516,698	\$ 10,718,512	\$ 10,259,975
Contributions in relation to the contractually required contributions	(14,324,850)	(13,159,765)	(12,516,698)	(10,718,512)	(10,259,972)
Covered payroll	\$ 61,285,812	\$ 57,963,521	\$ 55,922,657	\$ 49,229,254	\$ 46,852,439
Contributions as a percentage of covered payroll	23.4 %	22.7 %	22.4 %	21.8 %	21.9 %
	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
GENERAL MUNICIPAL PLAN					
Contractually required contributions	\$ 17,486,648	\$ 16,524,800	\$ 16,014,707	\$ 15,782,439	\$ 15,116,693
Contributions in relation to the contractually required contributions	(17,486,648)	(16,524,800)	(16,014,707)	(15,782,439)	(15,116,693)
Covered payroll	\$182,152,581	\$172,725,000	\$166,669,191	\$164,738,621	\$157,569,964
Contributions as a percentage of covered payroll	9.6 %	9.6 %	9.6 %	9.6 %	9.6 %
POLICE PLAN					
Contractually required contributions	\$ 13,722,278	\$ 12,628,493	\$ 11,198,828	\$ 10,932,018	\$ 10,397,810
Contributions in relation to the contractually required contributions	(13,722,278)	(12,628,493)	(11,198,828)	(10,932,018)	(10,397,810)
Covered payroll	\$ 72,604,644	\$ 66,850,279	\$ 58,889,322	\$ 57,730,969	\$ 55,252,643
Contributions as a percentage of covered payroll	18.9 %	18.9 %	19.0 %	18.9 %	18.8 %
FIRE PLAN					
Contractually required contributions	\$ 9,967,397	\$ 9,372,552	\$ 8,878,424	\$ 8,654,583	\$ 8,269,385
Contributions in relation to the contractually required contributions	(9,967,397)	(9,372,552)	(8,878,424)	(8,654,583)	(8,269,385)
Covered payroll	\$ 45,932,706	\$ 43,285,138	\$ 41,021,289	\$ 39,998,588	\$ 38,022,557
Contributions as a percentage of covered payroll	21.7 %	21.7 %	21.6 %	21.6 %	21.7 %

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

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

	Measurement Date as of June 30, 2024	Measurement Date as of June 30, 2023	Measurement Date as of June 30, 2022	Measurement Date as of June 30, 2021	Measurement Date as of June 30, 2020
GENERAL MUNICIPAL PLAN					
Proportion of the net pension liability	19.9 %	20.6 %	19.7 %	19.5 %	19.4 %
Proportionate share of the net pension liability	\$474,038,150	\$436,120,304	\$349,836,135	\$219,657,201	\$391,576,007
Covered payroll	\$238,331,895	\$222,863,649	\$191,368,444	\$183,166,915	\$182,152,581
Proportionate share of the net pension liability as a percentage of its covered payroll	198.9 %	195.7 %	182.8 %	119.9 %	215.0 %
POLICE PLAN					
Proportion of the net pension liability	29.0 %	30.0 %	30.3 %	30.6 %	30.7 %
Proportionate share of the net pension liability	\$306,262,451	\$289,113,491	\$243,751,777	\$158,300,149	\$263,918,618
Covered payroll	\$ 82,541,914	\$ 78,116,535	\$ 73,880,797	\$ 73,848,853	\$ 72,604,644
Proportionate share of the net pension liability as a percentage of its covered payroll	371.0 %	370.1 %	329.9 %	214.4 %	363.5 %
FIRE PLAN					
Proportion of the net pension liability	29.5 %	31.6 %	31.4 %	32.8 %	32.9 %
Proportionate share of the net pension liability	\$287,474,470	\$284,707,468	\$238,651,758	\$198,932,393	\$248,805,375
Covered payroll	\$ 57,963,521	\$ 55,922,657	\$ 49,229,254	\$ 46,852,439	\$ 43,285,138
Proportionate share of the net pension liability as a percentage of its covered payroll	496.0 %	509.1 %	484.8 %	424.6 %	574.8 %
Plan fiduciary net position as a percentage of the total pension liability**	66.0 %	67.3 %	69.4 %	77.3 %	66.4 %
	Measurement Date as of June 30, 2019	Measurement Date as of June 30, 2018	Measurement Date as of June 30, 2017	Measurement Date as of June 30, 2016	Measurement Date as of June 30, 2015
GENERAL MUNICIPAL PLAN					
Proportion of the net pension liability	19.0 %	17.8 %	18.8 %	18.5 %	18.5 %
Proportionate share of the net pension liability	\$328,304,739	\$284,290,965	\$258,568,366	295,304,139	188,570,318
Covered payroll	\$172,725,000	\$166,627,995	\$164,738,621	157,739,019	152,263,823
Proportionate share of the net pension liability as a percentage of its covered payroll	190.1 %	170.6 %	157.0 %	187.2 %	123.8 %
POLICE PLAN					
Proportion of the net pension liability	30.0 %	27.9 %	28.1 %	27.7 %	29.0 %
Proportionate share of the net pension liability	\$221,893,947	\$190,174,313	\$155,918,916	204,088,874	139,610,198
Covered payroll	\$ 66,850,276	\$ 58,889,322	\$ 57,730,969	55,252,643	68,877,124
Proportionate share of the net pension liability as a percentage of its covered payroll	331.9 %	322.9 %	270.1 %	369.4 %	202.7 %
FIRE PLAN					
Proportion of the net pension liability	32.5 %	32.3 %	33.0 %	32.8 %	32.1 %
Proportionate share of the net pension liability	\$223,586,328	\$206,615,230	\$188,737,896	218,590,539	165,523,236
Covered payroll	\$ 41,021,289	\$ 39,998,588	\$ 38,022,557	43,510,526	37,118,229
Proportionate share of the net pension liability as a percentage of its covered payroll	545.0 %	516.6 %	496.4 %	502.4 %	445.9 %
Plan fiduciary net position as a percentage of the total pension liability**	70.5 %	71.1 %	73.7 %	69.2 %	77.0 %

*Amounts presented for each fiscal year were determined as of the previous fiscal year.

**This percentage will be the same for all plans.

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

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
OPEB LIFE INSURANCE				
Actuarially determined contributions	\$ 2,496,387	\$ 3,078,282	\$ 2,973,801	\$ 3,404,403
Contributions in relation to the actuarially determined contributions				
Employee contributions	(868,983)	(846,616)	(2,614,274)	(2,454,934)
Implicit subsidy	(2,513,759)	(2,472,685)	(2,372,853)	(2,275,797)
Total contributions in relation to the actuarially determined contributions	\$ (3,382,742)	\$ (3,319,301)	\$ (4,987,127)	\$ (4,730,731)
Contribution deficiency (excess)	(886,355)	(241,019)	(2,013,326)	(1,326,328)
Covered payroll	\$ 406,093,388	\$ 378,837,329	\$ 356,902,841	\$ 314,478,495
Contributions as a percentage of covered payroll	0.8 %	0.9 %	1.4 %	1.5 %
RETIREE HEALTH CARE AUTHORITY				
Contractually required contributions	\$ 8,280,642	\$ 7,545,593	\$ 6,925,210	\$ 6,688,271
Contributions in relation to the contractually required contributions	(8,280,642)	(7,545,593)	(6,925,210)	(6,688,271)
Covered payroll	\$ 406,093,388	\$ 378,837,329	\$ 356,902,841	\$ 314,478,495
Contributions as a percentage of covered payroll	2.0 %	2.0 %	1.9 %	2.1 %
Fiduciary net position as a percentage of the total OPEB liability	47.0 %	44.2 %	33.3 %	25.4 %
	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
OPEB LIFE INSURANCE				
Actuarially determined contributions	\$ 3,297,314	\$ 3,369,870	\$ 3,555,137	\$ 3,248,403
Contributions in relation to the actuarially determined contributions				
Employee contributions	(2,377,081)	(2,360,118)	(2,022,186)	(2,238,878)
Implicit subsidy	(2,347,937)	(2,014,033)	(1,921,286)	(1,823,853)
Total contributions in relation to the actuarially determined contributions	\$ (4,725,018)	\$ (4,374,151)	\$ (3,943,472)	\$ (4,062,731)
Contribution deficiency (excess)	(1,427,704)	(1,004,281)	(388,335)	(814,328)
Covered payroll	\$ 303,868,207	\$ 300,570,186	\$ 282,860,414	\$ 266,579,802
Contributions as a percentage of covered payroll	1.6 %	1.5 %	1.4 %	1.5 %
RETIREE HEALTH CARE AUTHORITY				
Contractually required contributions	\$ 6,626,771	\$ 6,223,171	\$ 5,856,918	\$ 5,967,047
Contributions in relation to the contractually required contributions	(6,626,771)	(6,223,171)	(5,856,918)	(5,967,047)
Covered payroll	\$ 303,868,207	\$ 300,570,186	\$ 282,860,414	\$ 266,579,802
Contributions as a percentage of covered payroll	2.2 %	2.1 %	2.1 %	2.2 %
Fiduciary net position as a percentage of the total OPEB liability	16.5 %	18.9 %	13.1 %	11.3 %

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

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

	Measurement Date as of June 30, 2025	Measurement Date as of June 30, 2024	Measurement Date as of June 30, 2023	Measurement Date as of June 30, 2022
OPEB LIFE INSURANCE				
Proportion of the net OPEB liability	96.0 %	96.0 %	96.0 %	96.0 %
Proportionate share of the net OPEB liability	\$ 16,801,469	\$ 21,341,330	\$ 25,094,461	\$ 30,022,179
Covered payroll	\$ 378,837,329	\$ 356,902,841	\$ 314,478,495	\$ 303,868,207
Proportionate share of the net OPEB liability as a percentage of covered payroll	4.4 %	6.0 %	8.0 %	9.9 %
Plan fiduciary net position as a percentage of the total OPEB liability	25.3 %	32.5 %	60.4 %	51.9 %
RETIREE HEALTH CARE AUTHORITY				
Proportion of the net OPEB liability	6.5 %	6.6 %	6.8 %	6.9 %
Proportionate share of the net OPEB liability	\$ 116,042,765	\$ 112,182,507	\$ 157,585,078	\$ 227,848,168
Covered payroll	\$ 378,837,329	\$ 356,902,841	\$ 314,478,495	\$ 303,868,207
Proportionate share of the net OPEB liability as a percentage of covered payroll	30.6 %	31.4 %	50.1 %	75.0 %
Plan fiduciary net position as a percentage of the total pension liability	47.0 %	44.2 %	33.3 %	25.4 %

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

	Measurement Date as of June 30, 2021	Measurement Date as of June 30, 2020	Measurement Date as of June 30, 2019	Measurement Date as of June 30, 2018
OPEB LIFE INSURANCE				
Proportion of the net OPEB liability	96.0 %	98.0 %	98.0 %	95.0 %
Proportionate share of the net OPEB liability	\$ 28,265,233	\$ 34,921,253	\$ 36,484,500	38,545
Covered payroll	\$ 300,689,931	\$ 282,860,414	\$ 266,538,606	262,468,178
Proportionate share of the net OPEB liability as a percentage of covered payroll	9.4 %	12.3 %	13.7 %	14.7 %
Plan fiduciary net position as a percentage of the total OPEB liability	55.2 %	42.0 %	38.5 %	32.0 %
RETIREE HEALTH CARE AUTHORITY				
Proportion of the net OPEB liability	7.0 %	7.0 %	7.0 %	7.0 %
Proportionate share of the net OPEB liability	\$ 288,332,715	\$ 222,068,091	\$ 298,052,409	314,948,019
Covered payroll	\$ 300,689,931	\$ 282,860,414	\$ 266,538,606	262,468,178
Proportionate share of the net OPEB liability as a percentage of covered payroll	95.9 %	78.5 %	111.8 %	120.0 %
Plan fiduciary net position as a percentage of the total pension liability	16.5 %	18.0 %	13.1 %	11.0 %

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSION AND OPEB
FOR THE YEAR ENDED JUNE 30, 2025

PERA

Change of benefit terms: PERA and COLA and retirement eligibility benefit changes in recent years are described in Note 1 of the PERA fiscal year 2024 audit available on the website for the New Mexico Office of the State Auditor via the Audit Report Search.

Change of Assumptions: The Public Employees Retirement Association (PERA) of the New Mexico Annual Actuarial Valuation as of June 30, 2024 is available on PERA's website.

OPEB

OPEB Life Insurance

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

Change in assumptions: No benefit changes occurred. The results as of June 30, 2025 were developed by a one-year roll forward of the results from January 1, 2024 valuation. The actuarial assumptions are contained in the Albuquerque Pooled OPEB Trust GASB 75 report supporting documentation section.

RHCA Insurance

Change of benefit terms: There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund: The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

APPENDIX B

DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE

The following is a summary and excerpts, supplementing the information in the body of the Official Statement, of certain provisions of the Bond Ordinance which authorized the issuance of the Series 2026 Bonds. The summary and excerpts do not purport to be complete and reference is made to the Bond Ordinance for a full and complete statement of such provisions. See “ADDITIONAL INFORMATION.”

Selected Definitions

As used in the Bond Ordinance, the following terms have the meanings specified, unless the context clearly requires otherwise:

ACT. Sections 3-31-1 to 3-31-12 and Sections 6-14-8 to 6-14-11 NMSA 1978, as amended, the City Charter, the Home Rule Powers and all enactments of the Council, including this Bond Ordinance, relating to the issuance of the Series 2026 Bonds.

ANNUAL AUDIT. Financial statements of the Projects as of the end of each Fiscal Year, audited by an Independent Accountant.

AUTHORIZED DENOMINATIONS. Denominations of \$5,000 and integral multiples thereof.

AUTHORIZED OFFICER. The City’s Mayor, Chief Administrative Officer, Chief Financial Officer, Director of Department of Finance and Administrative Services, Treasurer, or other officer or employee of the City when designated by a certificate signed by the Mayor of the City from time to time.

BOND COUNSEL. An attorney at law or a firm of attorneys, designated by the City, of nationally recognized standing in matters pertaining to the issuance of bonds issued by states and their political subdivisions.

BOND INSURANCE POLICY. A municipal bond insurance policy issued by a Credit Source insuring the payment when due of the principal of and interest on Tax Obligations.

BOND ORDINANCE. This ordinance, being City Twenty-Seventh Council Bill No. F/S O-26-18, as amended or supplemented from time to time.

BOND PURCHASE AGREEMENT. The Bond Purchase Agreement among the City and the Investment Bankers relating to the sale of the Series 2026 Bonds to the Investment Bankers.

BOND REGISTER. The books maintained by the Registrar for the registration, transfer and exchange of the Series 2026 Bonds.

BUSINESS DAY. Any day other than (i) a Saturday or Sunday, or (ii) any day in which the offices of the City or the offices of banks located in the State are authorized or required to remain closed.

CITY. The City of Albuquerque, in the County of Bernalillo and State of New Mexico.

CITY CHARTER. The Charter of the City adopted pursuant to the laws of the State at a special election on June 29, 1971 and amended thereafter from time to time.

CLOSING DATE. The date of the original issue, sale and delivery to the Investment Bankers or their designee of the Series 2026 Bonds.

CODE. The Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Bond Ordinance shall be deemed to include the final and temporary United States Treasury regulations thereunder, as the same may be in effect from time to time, to the extent the same are applicable, unless the context clearly requires otherwise.

CONTINUING DISCLOSURE UNDERTAKING. The undertaking of the City for the benefit of Owners and beneficial owners pursuant to which the City will agree that, while the Series 2026 Bonds are Outstanding, the City will annually provide certain financial information and operating data and will provide notice of certain events in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

COUNCIL. The governing body in which is vested the legislative power of the City.

COUNSEL. An attorney at law (who may be counsel to the City).

CREDIT FACILITY. A letter of credit, line of credit, Bond Insurance Policy or Reserve Fund Insurance Policy, guaranty or similar agreement provided by a Credit Source whose senior unsecured debt is rated no lower than the current rating on the applicable Obligations and in any event no lower than “AAA” by Moody’s, S&P and Fitch to the extent each such rating agency is then rating such Obligations to provide support to pay the purchase price of, or the payment when due of the principal of and interest on, such Obligations.

CREDIT SOURCE. Any bank, insurance company or other financial institution which provides a Credit Facility for a series of Obligations.

CUSIP. A Committee on Uniform Securities Identification Procedures number used to identify financial instruments including municipal bonds.

DEBT SERVICE REQUIREMENTS. With respect to Tax Obligations, as applicable, and for any given period, the sum of: (1) the amount required to pay the interest, or to make reimbursements for payments of interest, becoming due on the Tax Obligations during that period, plus (2) the amount required to pay the principal or accreted value, or to make reimbursements for the payment of principal or accreted value, becoming due on Tax Obligations during that period, whether at maturity, an accretion term date or upon mandatory sinking fund redemption dates, plus (3) the periodic payments required to be made by the City pursuant to a qualified exchange agreement minus (4) the periodic payments to be received by the City pursuant to a qualified exchange agreement. No payments required for any Tax Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners or holders of the Tax Obligations, or which may occur because of the exercise of an option by the City, or which may otherwise become due by reason of any other circumstance or contingency, including acceleration or exchange termination payments, which constitute other than regularly scheduled payments of principal, accreted value, interest or other regularly scheduled payments on the Tax Obligations shall be included in any computation of Debt Service Requirements for that period.

Unless, at the time of computation of Debt Service Requirements, payments on the Tax Obligations are owed to, or the Tax Obligations are owned or held by, the provider of a Credit Facility pursuant to the provisions of that Credit Facility, the computation of interest for the purposes of this definition shall be made without considering the interest rate payable pursuant to a Credit Facility.

In any computation of Debt Service Requirements relating to the issuance of additional Senior Tax Obligations, there shall be deducted from that computation of Debt Service Requirements amounts and investments which are irrevocably committed to make designated payments on the Tax Obligations during the applicable period, including, without limitation money on deposit in any debt service account, amounts on deposit in an escrow account irrevocably committed to make designated payments on the Tax Obligations, during the applicable period and earnings on such investments which are payable during the applicable period.

For the purpose of the definition of Debt Service Requirements, the accreted value of capital appreciation bonds becoming due shall be included in the calculation of accrued and unpaid and accruing interest and principal only from and after the date which is one year prior to the date on which the accreted value becomes payable. In addition, the definition of Debt Service Requirements shall include any Expense Component.

DEFEASANCE OBLIGATIONS. The following obligations which are not redeemable at the option of the City:

- (1) Government Obligations; and
- (2) if permitted by law, obligations described in Section 103(a) of the Code, (a) provisions for the payment of the principal of, premium, if any, and interest on which (i) shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee, escrow agent or holder of such obligations, securities described in clause (1) of this definition, the maturing principal of and interest on which, when due and payable, without further investment or reinvestment thereof, will provide sufficient money to pay when due the principal of, premium, if any, and interest on such obligations, and (ii) which securities described in clause (1) of this definition are not available to satisfy any other claim, including any claim of such trustee or escrow agent or of any person claiming through such trustee or escrow agent or to whom such trustee or escrow agent may be obligated, including claims in the event of insolvency of such trustee or escrow agent or proceedings arising out of such insolvency or (b) rated in its highest rating category (without regard to any refinement or gradation thereof by numerical modifier or otherwise) by S&P, Moody's or Fitch.

DEPOSITORY. The following registered securities depository: The Depository Trust Company, 570 Washington Boulevard, Jersey City, New Jersey 07310, <http://www.dtcc.com>; or in accordance with then-current guidelines of the United States Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as an Authorized Officer may designate in a certificate of the City.

ELECTRONIC MEANS. Telephone, telecopy, facsimile transmission, e-mail or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall promptly be confirmed in writing, which may be by one of the other means of electronic communication listed in this definition.

EMMA. The Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

ESCROW AGENT. The financial institution identified in the Sale Certificate, serving as escrow agent pursuant to the Escrow Agreement.

ESCROW AGREEMENT. The escrow agreement between the City and the Escrow Agent for defeasance of the Outstanding Series 2016C Bonds.

EVENT OF DEFAULT. Any of the events set forth in Section 27 of the Bond Ordinance.

EXPENSES. The reasonable and necessary fees, costs and expenses incurred by the City in connection with the issuance of the Series 2026 Bonds and any transaction or event contemplated by the Series 2026 Bonds and the Bond Ordinance including, without limitation: (i) costs of advertising and publication of legislation relating to the Series 2026 Bonds; (ii) costs of printing certificates for the Series 2026 Bonds and any disclosure documents; (iii) legal fees and expenses; (iv) fees and expenses of any (a) fiscal service providers, (b) underwriter (including underwriter's discount), (c) financial advisor, (d) Independent Accountant, (e) escrow agent, and (f) Qualified Counterparty; (v) the initial premium payable to any Insurer with respect to the Series 2026 Bonds; (vi) disclosure matters pertaining or allocable to, the Series 2026 Bonds; and (vii) all reasonable and necessary fees and administrative costs of the City relating to the foregoing.

FISCAL AGENT. Collectively, the Paying Agent and Registrar.

FISCAL YEAR. The twelve-month period beginning on the first day of July of each year and ending on the last day of June of the next succeeding year, or any other twelve month period, which the City or other appropriate authority may establish as the fiscal year for the City.

FITCH. Fitch Ratings, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the function of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or certificates or receipts established by the United States Government or its agencies or instrumentalities representing direct ownership of future interests or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States, which obligations are held by a custodian in safekeeping on behalf of the holders of such receipts, and rated or assessed in its highest Rating Category by S&P, if then rating the Series 2026 Bonds, Moody's, if then rating the Series 2026 Bonds, and Fitch, if then rating the Series 2026 Bonds.

GROSS RECEIPTS TAX INCOME FUND. The "City of Albuquerque Gross Receipts Tax Income Fund" continued in Section 15 of the Bond Ordinance.

HOME RULE POWERS. The authority of the City to exercise legislative powers given pursuant to the City Charter adopted by the City pursuant to Article X, Section 6 of the State Constitution.

INDEPENDENT ACCOUNTANT. Any certified public accountant, registered accountant, or firm of accountants duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City who (a) is, in fact, independent and not under the domination of the City, (b) does not have any substantial interest, direct or indirect, with the City, and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

INSURED BANK. Any federally or state-chartered savings and loan association or federally or state-chartered commercial bank, the deposits of which are insured by the Federal Deposit Insurance Corporation and which has, or is the lead bank of a parent holding company which has, combined capital, surplus and undivided profits of not less than \$10,000,000.

INSURED OBLIGATIONS. Any Obligations insured by a Bond Insurance Policy or payable with the proceeds of another Credit Facility.

INSURER. Any insurer or insurers issuing a Bond Insurance Policy or Surety Bond, or both, for Obligations.

INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if such day is not a Business Day, then the next succeeding Business Day), commencing on the date specified in the Sale Certificate.

INVESTMENT BANKERS. The purchasers of the Series 2026 Bonds as designated in the Sale Certificate.

MATURITY DATE. The date or dates on which the Series 2026 Bonds mature.

MOODY'S. Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

NMSA. New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

OFFICIAL STATEMENT. The final disclosure document relating to the sale of the Series 2026 Bonds (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented.

OUTSTANDING. When used in reference to Tax Obligations, on any particular date, the aggregate of all Tax Obligations issued and delivered under the applicable City ordinance or resolution authorizing the issuance of the Tax Obligations, except:

- (1) those canceled at or prior to such date or delivered to or acquired by the City at or prior to such date for cancellation;
- (2) those which have been paid or are deemed to be paid in accordance with the City ordinance or resolution authorizing the issuance of the applicable Tax Obligations, or otherwise relating thereto, provided that the payment of Insured Tax Obligations with the proceeds of a Bond Insurance Policy shall not result in those Insured Tax Obligations ceasing to be Outstanding;
- (3) in the case of Variable Rate Tax Obligations, any Tax Obligations deemed tendered but not yet presented for payment; and
- (4) those in lieu of or in exchange or substitution for which other Tax Obligations shall have been delivered, unless proof satisfactory to the City and the Paying Agent for the applicable Tax Obligations is presented that any Tax Obligations for which new Tax Obligations were issued or exchanged are held by a bona fide holder or in due course.

OWNER. The registered owner of a Series 2026 Bond as shown, from time to time, on the registration books for the Series 2026 Bonds maintained by the relevant registrar for the City.

PAYING AGENT. The City Treasurer or other agent for the City for the payment of the Series 2026 Bonds and any co-paying agent or successor paying agent which is a trust company, national or state banking association or financial institution appointed by resolution of the Council or by an Authorized Officer from time to time.

PAYMENT OBLIGATIONS. All obligations of the City to pay the Credit Source the principal amount of, interest on, and fees, costs, expenses and other amounts related to drawings, term loans and other advances and Obligations held by that Credit Source, pursuant to that Credit Facility.

PERMITTED INVESTMENTS. Any investment legally permitted pursuant to Section 6-10-10 NMSA 1978, the City Charter and the City Investment Policy.

PERSON. Any individual, corporation, partnership (in which case each partner shall be deemed a Person), joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, or government or any agency or political subdivision of a government.

PLEDGED REVENUES OR STATE-SHARED GROSS RECEIPTS TAX REVENUES. The revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the City as authorized by Sections 7-1-6.1 and 7-1-6.4 NMSA 1978, and which remittances as of the date of adoption of this Bond Ordinance are equal to one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported to the City for the month for which such remittance is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City as set forth above, or (ii) the maximum amount at any time provided hereinafter to be remitted to the City under applicable law; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance. State-Shared Gross Receipts Tax Revenues also includes (i) the portion of the gross receipts tax distribution to the City to be made pursuant to Section 7-1-6.46 NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues set forth in the sentence above that would have been remitted to the City but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978 and (ii) any similar distributions made to the City in lieu of State-Shared Gross Receipts Tax Revenues, but State-Shared Gross Receipts Tax Revenues do not include any similar distributions in lieu of any municipal local option gross receipts tax revenues.

PRELIMINARY OFFICIAL STATEMENT. The initial disclosure document relating to the sale of the Series 2026 Bonds (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented.

PRINCIPAL PAYMENT DATE. July 1 of each year (or if such day is not a Business Day, then the next succeeding Business Day), commencing on the date specified in the Sale Certificate.

QUALIFIED COUNTERPARTY. Any Person entering into a Qualified Exchange Agreement with the City, its successors and assigns, or any substitute Qualified Counterparty, appointed or consented to from time to time by an Authorized Officer.

QUALIFIED EXCHANGE AGREEMENT. Any financial arrangement between the City and a Qualified Counterparty which satisfies the requirements of Section 6-18-8.1 NMSA 1978, as amended, at the time the agreement is entered into.

RATING CATEGORY. A generic securities rating category, without regard, in the case of a long term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

RECORD DATE. The fifteenth day of the month immediately preceding each Interest Payment Date.

REDEMPTION DATE. On or about May 21, 2026 for the Series 2015A Bonds and on or about July 1, 2026 for the Series 2016C Bonds, or such other subsequent dates determined by the City on which the Refunded Bonds shall be redeemed.

REFUNDED BONDS. The Outstanding Series 2015A Bonds and the Outstanding Series 2016C Bonds.

REFUNDING PROJECT. The redemption on the Redemption Date of the Refunded Bonds with proceeds of the Series 2026 Bonds and, to the extent necessary, other money of the City legally available for the purpose.

REGISTRAR. The Treasurer or other agent for the City for the transfer and exchange of the Series 2026 Bonds and any co-registrar or successor registrar which is a trust company, national or state banking association or financial institution appointed by resolution of the Council or by an Authorized Officer from time to time.

RELATED DOCUMENTS. The Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Escrow Agreement, and any other documents relating to the Series 2026 Bonds identified and approved in the Bond Ordinance.

RESERVE FUND INSURANCE POLICY. Any policy of insurance or surety bond or other Credit Facility issued to the City to be deposited in a reserve account, the proceeds of which shall be used to prevent deficiencies in the payment of the principal of or interest on a series of Tax Obligations written by an Insurer whose policies of insurance, or issued by a Credit Source whose Credit Facility, would not adversely affect the rating of the Tax Obligations by Moody's, S&P or Fitch. At the time of the issuance of such policy, such Insurer or the component insurance companies thereof or the obligations thereof shall have received the highest policy claims rating accorded Insurers by the A. M. Best Company or any comparable service and either of the two highest rating categories of Moody's, S&P or Fitch.

S&P. S&P Global Ratings, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities agency designated by the City.

SALE CERTIFICATE. One or more certificates executed by the Chief Financial Officer, Director of the Department of Finance and Administrative Services or the City Treasurer dated on or before the date of delivery of the Series 2026 Bonds, setting forth the following final terms of the Series 2026 Bonds: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption and tender provisions; (vii) the creation of any capitalized interest fund or a debt service reserve account, including the size and funding of such fund(s); (viii) the amount of underwriting discount, if any; and (ix) the final terms of agreements, if any, with agents or service providers required for the purchase, sale, issuance and delivery of the Series 2026 Bonds, all subject to the parameters and conditions contained in the Bond Ordinance.

SENIOR TAX OBLIGATIONS. The Series 2004B Bonds, the Series 2015A Bonds, the Series 2015C Bonds, the Series 2016 Bonds, the Series 2026B Bonds, the Series 2016C Bonds, the Series 2019A Bonds, the Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, the Series 2020D Bonds, the Series 2022A Bonds, the Series 2022B Bonds, the Series 2024 Bonds, the Series 2026 Bonds, and any

other Tax Obligations issued or incurred after the adoption of this Bond Ordinance payable from the State-Shared Gross Receipts Tax Revenues, with a lien on the State-Shared Gross Receipts Tax Revenues on a parity with the lien on the State-Shared Gross Receipts Tax Revenues of the Series 2026 Bonds.

SERIES 2004B BONDS. The “City of Albuquerque, New Mexico Taxable Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2004B.”

SERIES 2015A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2015A.”

SERIES 2015C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2015C.”

SERIES 2016 BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Improvement Revenue Bonds, Taxable Series 2016.”

SERIES 2016B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Note (Beach, Bluewater and Manzano Vista Projects), Series 2016B.”

SERIES 2016C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2016C.”

SERIES 2019A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Improvement and Refunding Revenue Bonds, Series 2019A.”

SERIES 2020A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2020A.”

SERIES 2020B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Refunding Revenue Bonds, Series 2020B.”

SERIES 2020C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2020C.”

SERIES 2020D BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Series 2020D.”

SERIES 2022A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Taxable Series 2022A.”

SERIES 2022B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Tax-Exempt Series 2022B.”

SERIES 2024 BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2024.”

SERIES 2026 BONDS or BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2026.”

SERIES 2026 DEBT SERVICE FUND. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2026 Debt Service Fund” created in Section 15.

SPECIAL RECORD DATE. A date established for payment of overdue interest on Series 2026 Bonds by the Paying Agent pursuant to Section 5.(B) of the Bond Ordinance.

STATE. The State of New Mexico.

SUBORDINATE TAX OBLIGATIONS. All Tax Obligations now outstanding or hereafter issued or incurred with a lien on the State-Shared Gross Receipts Tax Revenues subordinate to the lien of the Senior Tax Obligations on the State-Shared Gross Receipts Tax Revenues.

SURETY BOND. Any policy of insurance or surety bond with respect to a series of Tax Obligations guaranteeing certain payments into a debt service reserve account or similar account with respect to that series of Tax Obligations, purchased to satisfy, in whole or in part, the reserve requirement for that series or to replace any money on deposit in a debt service reserve account or similar account.

TAX OBLIGATIONS. Senior Tax Obligations and any other bonds, notes or other instruments which evidence a borrowing payable from and secured by the State-Shared Gross Receipts Tax Revenues, now Outstanding or hereafter issued or incurred.

VARIABLE INTEREST RATE. An interest rate which varies or fluctuates from time to time. Except for any historical period for which the actual rate or rates are determinable, and unless otherwise stated in the Bond Ordinance, interest shall be calculated for Variable Interest Rate Tax Obligations at the maximum interest rate then permitted on such Tax Obligations by the City ordinance authorizing the issuance of such Tax Obligations.

VARIABLE RATE OBLIGATIONS. Tax Obligations, including reimbursement obligations pursuant to a Credit Facility, the interest rate on which is subject to change from time to time.

Flow of Pledged Revenues

Funds

The following special and separate funds are continued or created by the Bond Ordinance: (i) the Gross Receipts Tax Income Fund to be continued and maintained by the City; and (ii) the Series 2026 Debt Service Fund to be established and maintained by the City.

Deposit and Use of Pledged Revenues

So long as any Series 2026 Bonds are Outstanding, the State-Shared Gross Receipts Tax Revenues shall, immediately upon receipt thereof by the City, be set aside and deposited into the Gross Receipts Tax Income Fund. All money deposited into the Gross Receipts Tax Income Fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance, the Sale Certificate and any other City ordinance authorizing the issuance of Tax Obligations.

Series 2026 Debt Service Fund

As a first charge on the Pledged Revenues, the amounts necessary to pay the Debt Service Requirements on the Series 2026 Bonds and any parity Senior Tax Obligations at the time Outstanding or to fund any debt service reserve account as required by the terms of this Bond Ordinance or any ordinance or resolution authorizing the issuance of such parity Senior Tax Obligations shall be withdrawn from the Net Project Revenue Fund and shall be concurrently credited to the Series 2026 Debt Service Fund or any

relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements:

(a) Prior to each interest payment date, that amount necessary to pay the next maturing installment of interest on each series of parity Senior Tax Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Senior Tax Obligations then Outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the Credit Source for payments of Debt Service Requirements (but not tender price) on Senior Tax Obligations made by that facility provider.

At least five (5) days prior to any interest payment date or any principal payment date for the Series 2026 Bonds, the Paying Agent will determine whether there are sufficient funds in the Series 2026 Debt Service Fund to make the required payment on the Series 2026 Bonds. If there are insufficient funds in the Series 2026 Debt Service Fund, the Paying Agent shall notify the City. The City shall, no later than the business day before the payment date, deliver to the Paying Agent for deposit to the Series 2026 Debt Service Fund sufficient funds, from State-Shared Gross Receipts Tax Revenues or other legally available monies, to make the required payments of principal and/or interest on the Series 2026 Bonds.

Other Tax Obligations

To the extent not required to be deposited or paid pursuant to the provisions of Sections 18.(A) or 18.(B) of the Bond Ordinance, State-Shared Gross Receipts Tax Revenues available in the Gross Receipts Tax Income Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Senior Tax Obligations, including the tender price of and certain interest payments on, Senior Tax Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Senior Tax Obligations. Amounts from the Gross Receipts Tax Income Fund to be used to pay interest pursuant to Section 18.(C) of the Bond Ordinance shall be deposited by the City into a separate account maintained by the City on or before the due date thereof.

Payment of Subordinate Obligations

To the extent not required to be deposited or paid pursuant to Sections 18.(A), 18.(B), 18.(C) or 18.(D) of the Bond Ordinance, State-Shared Gross Receipts Tax Revenues available in the Gross Receipts Tax Income Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Gross Receipts Tax Obligations as the same accrue.

Surplus State-Shared Gross Receipts Tax Revenues

To the extent not required in any month to be deposited or paid pursuant to Sections 18.(A), 18.(B), 18.(C), 18.(D) or 18.(E) of the Bond Ordinance or any ordinance or resolution authorizing the issuance of any Tax Obligations, any State-Shared Gross Receipts Tax Revenues remaining in the Gross Receipts Tax Income Fund may be transferred from the Gross Receipts Tax Income Fund and applied to any other lawful purpose or purposes, as determined by the City, subject to any limitations imposed by the Code.

General Administration of Funds

Moneys in the Series 2026 Debt Service Fund

Except as provided herein, the money credited to the Series 2026 Debt Service Fund shall be used by the City only to pay, or to reimburse a Credit Source for the payment of, the Debt Service Requirements of the Series 2026 Bonds. Money on deposit in the Series 2026 Debt Service Fund and the Series 2026B Debt Service Fund shall be transferred to the Paying Agent on or before each relevant payment date.

Termination upon Deposits to Maturity

No payment needs to be made into the Series 2026 Debt Service Fund or any debt service reserve fund for the Series 2026 Bonds if no Debt Service Requirements on the Series 2026 Bonds are then past due and the amounts on deposit in the Series 2026 Debt Service Fund for the payment of such Series 2026 Bonds are at least equal to all Debt Service Requirements on such Series 2026 Bonds to their Maturity Dates or mandatory redemption dates, or to any date for which the City has exercised or has obligated itself to exercise its option to redeem such Series 2026 Bonds prior to their Maturity Dates or redemption dates. In such event, money in the Series 2026 Debt Service Fund shall be used for the payment of the Debt Service Requirements or such optional redemption payments, if applicable, when due, on the respective Series 2026 Bonds. Any money in those accounts in excess of the amounts required by the preceding sentence may be used as provided in Section 18.

Credit or Deficiency

In making the determinations of the amounts to be transferred from the Gross Receipts Tax Income Fund as provided in Section 18 or this Section 19, the City may take into account any amount then on deposit in any fund or escrow relating to the Series 2026 Bonds which is available and required to be used for the designated payment. If any deposit made to a fund for the payment of any Series 2026 Bonds is less than the amount required to be deposited, the City shall pay or credit to that fund from Pledged Revenues in the Gross Receipts Tax Income Fund to the Series 2026 Bonds, the first money available to pay that deficiency using the priorities set forth in Section 18 and Section 19 of the Bond Ordinance.

Transfer of Money

Each payment of principal and interest coming due on the Series 2026 Bonds shall be transferred from the applicable fund to the Paying Agent.

Variable Interest Rate

In making the computations required by Section 18 and Section 19 of the Bond Ordinance, interest on Variable Interest Rate Tax Obligations which cannot be computed exactly shall be computed at the maximum interest rate permitted for those Tax Obligations unless otherwise required by the City ordinance authorizing the issuance of such Tax Obligations.

Investment of Money

Any money in any fund created or continued in Section 15 of the Bond Ordinance shall be invested in Permitted Investments. The investments purchased using money in any such fund shall be deemed at all times to be part of that fund. The interest accruing in the funds and any profit realized therefrom shall be credited to the fund in which the relevant investments are deemed to be held. Any loss resulting from such investment shall be charged to the applicable fund. The City Treasurer shall present for redemption or sale

on the prevailing market any obligations purchased as an investment of money in the applicable fund whenever it shall be necessary to do so in order to provide money to meet any payment or transfer from such fund. Neither the City Treasurer nor any other officer of the City shall be liable or responsible for any loss resulting from any such investment made in accordance with the Bond Ordinance.

Deposits of Funds

The money and investments deposited in the funds created or continued in Section 15 of the Bond Ordinance shall be maintained and kept in one or more Insured Banks. Each payment shall be made into and credited to the proper fund at the designated time, except that when the designated time is not a Business Day, then such payment shall be made on the next succeeding Business Day. Nothing herein shall prevent the establishment of one or more such funds in insured banks for all of the accounts designated in Section 15 of the Bond Ordinance.

Deposit of Pledged Revenues for Series 2026 Bonds

The City shall make substantially equal monthly deposits into the Series 2026 Debt Service Fund as required in order to pay the amount of interest on the Series 2026 Bonds, which will become due on the Interest Payment Date next following the date of deposit. The monthly deposits required in the preceding sentence shall begin in the calendar month subsequent to the Closing Date.

Deposits to the Series 2026 Debt Service Fund for the next installments of principal becoming due on the Series 2026 Bonds shall be made in substantially equal monthly deposits commencing in the first month which is less than 13 months prior to the month in which that installment of principal is due.

Deposits for the payment of principal of and interest on other Senior Tax Obligation required by Section 18.(C) of the Bond Ordinance may be made more or less frequently than monthly.

Valuation

The value of Permitted Investments shall be determined at least every six months as follows:

(a) if the price of the investment is not set as described in Section 19.(H)(4) of the Bond Ordinance, as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments published on or more recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to investments pursuant to which a financial institution is obligated to purchase the investment from the City at a fixed price through maturity of the investment: the price set forth in such agreement, provided that such institution, or the guarantor of such institution or agreement, shall be rated in one of the top two Rating Categories by S&P, Moody's and Fitch if then rating the Series 2026 Bonds, or by another national rating agency; and

(e) as to any investment not specified above: the cost of the Permitted Investments (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Permitted Investments purchased at a premium may initially be valued at the cost thereof, but in each year after such purchase shall be valued at a lesser amount determined by ratably amortizing the premium over the remaining term.

No loss or profit on Permitted Investments shall be deemed to take place as a result of fluctuations in the market quotations prior to the sale or maturity thereof.

Selected Protective Covenants

Use of Proceeds of Series 2026 Bonds. The City shall proceed without delay to apply the proceeds of the Series 2026 Bonds to the purposes for which they are issued.

Payment of Obligations. The City shall promptly pay Debt Service Requirements on each series of Tax Obligations at the place, on the date and in the manner specified in the City ordinances and resolutions and the documents relating to those Tax Obligations.

City's Existence. The City shall maintain its corporate identity and existence unless another political subdivision by operation of law succeeds to the liabilities and rights of the City under the Bond Ordinance, without adversely affecting to any substantial degree the privileges and rights of any Owner.

Prohibition of any Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any Series 2026 Bonds. If the time for payment of any interest is extended, such payment shall not be made by the City, in case of default under the Bond Ordinance, until the prior payment in full of the Debt Service Requirements on all Series 2026 Bonds on which the payment of interest has not been extended.

Records. The City shall keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

Audits. The City shall, within 270 days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be completed by an Independent Accountant showing the receipts and disbursements in connection with the Pledged Revenues.

Duty to Impose Tax. If State law or the City Charter or any City ordinance or part thereof, which affects the State-Shared Gross Receipts Tax Revenues, shall ever be held to be invalid or unenforceable, the City shall immediately take any action which is legally available to the City necessary to produce sufficient State-Shared Gross Receipts Tax Revenues to comply with the obligations of the City under the Bond Ordinance.

Impairment of Contract. In accordance with Section 3-31-6(C) NMSA 1978, no law, ordinance or resolution of the City which affects the Pledged Revenues or the Series 2026 Bonds shall be repealed or otherwise directly or indirectly modified in such a manner as to impair Outstanding Series 2026 Bonds or obligations of the City under the Bond Ordinance or any Related Documents, unless the Series 2026 Bonds or obligations have been discharged in full or provision has been fully made therefor.

Bonds Not Presented for Payment

If any Series 2026 Bonds are not presented for payment when the principal becomes due either at maturity or at the date fixed for redemption thereof or otherwise, or if any check or draft mailed to an Owner in connection with a payment of interest on any Series 2026 Bonds is not cashed by an Owner, and an amount sufficient to pay those Series 2026 Bonds or interest is held by the Paying Agent for the benefit of the Owners, the Paying Agent shall segregate and hold such money in trust without liability for interest on that money to the Owners, for the benefit of the Owners of the applicable Series 2026 Bonds, who shall, except as provided in the following paragraph, then be restricted to only the amounts segregated for the satisfaction of any claim relating to that payment on such Series 2026 Bonds.

Any money which the Paying Agent segregates and holds in trust for the payment of the principal of, premium or interest on Series 2026 Bonds which remains unclaimed for three years after such payment has become due shall be paid to the City. After the payment of such unclaimed money to the City, the Owners shall look only to the City for the payment of those Series 2026 Bonds.

Defeasance

If, when all Series 2026 Bonds become due and payable in accordance with their terms or otherwise as provided in this Bond Ordinance and the entire amount of the principal of, premium, if any, and interest due and payable on all of the Series 2026 Bonds is paid or if provisions are made for the payment thereof when due and payable, and all other sums payable under this Bond Ordinance are paid, then all covenants, agreements and other obligations of the City to the Owners of the Series 2026 Bonds shall cease, terminate and become void and be discharged and satisfied. However, the covenants of this Bond Ordinance relating to the rebate requirements of Section 148(f) of the Code shall survive until all applicable requirements have been satisfied.

When all principal, interest and prior redemption premium, if any, in connection with any Series 2026 Bond have been duly paid or provided for, the pledge and lien of the Bond Ordinance, and all obligations hereunder (except as provided for in Section 32), shall be discharged with respect to that Series 2026 Bond and that Series 2026 Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment or to be adequate provisions for the prompt and complete payment of a Series 2026 Bond when the City has placed in escrow and in trust with a commercial bank or trust company located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations in which such amount may be initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on that Series 2026 Bond as the same become due to its final maturity or upon the designated prior redemption date. The Defeasance Obligations shall become due prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank or trust company at the time of the creation of the escrow, or the Defeasance Obligations shall be subject to redemption at the option of the owners thereof to assure such availability as so needed to meet such schedule.

If any Series 2026 Bonds are deemed to be paid and discharged pursuant to this Section 31, within 15 days after the date of defeasance, the City shall irrevocably direct the Fiscal Agent to give written notice to each Owner of Series 2026 Bonds deemed paid and discharged at the address shown on the Bond Register on the date on which those Series 2026 Bonds are deemed paid and discharged. The notice shall state, to the extent applicable, the same information required by Section 6.(D) for the redemption of Series 2026 Bonds and shall describe the Defeasance Obligations.

Registration, Transfer, Exchange and Ownership of Bonds

Registration, Transfer and Exchange. The City shall cause books for the registration, transfer and exchange of the Series 2026 Bonds to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any Series 2026 Bonds at the principal office of the Registrar duly endorsed by the Owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to such Registrar and properly executed, the City shall execute and the Registrar shall authenticate and deliver in the name of the transferee or Owner a new Series 2026 Bond or Bonds of the same series and Maturity Date, interest rate and same aggregate principal amount in Authorized Denominations.

Owner of Bonds. The person in whose name any Series 2026 Bond is registered shall be deemed and regarded as its absolute Owner for all purposes, except as may otherwise be provided with respect to the payment of interest on Series 2026 Bonds in Section 5.(C) of the Bond Ordinance. Payment of the principal on any Series 2026 Bonds shall be made only to or upon the order of its Owner or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability on Series 2026 Bonds to the extent of the amount paid.

Replacement of Bonds. If any Series 2026 Bond is lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of that Series 2026 Bond if mutilated, and evidence, information or indemnity which the Registrar may reasonably require, authenticate and deliver a replacement Series 2026 Bond or Bonds of the same aggregate principal amount, series and Maturity Date and interest rate, bearing a number or numbers not then outstanding. If any lost, stolen, destroyed or mutilated Series 2026 Bond has matured or been called for redemption, the Registrar may direct the Paying Agent to pay that Series 2026 Bond in lieu of replacement.

Charges. Exchanges and transfers of Series 2026 Bonds shall be made without charge to the Owners or any transferee except that the Registrar may make a charge sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to that transfer or exchange.

Bonds Called for Redemption. The Fiscal Agent shall not be required to transfer or exchange (i) any Series 2026 Bonds during the five-day period preceding the mailing of notice calling Series 2026 Bonds of such series for redemption and (ii) any Series 2026 Bonds called for redemption.

Unauthenticated Bonds. The officers of the City are authorized to deliver to the Registrar fully registered but unauthenticated Series 2026 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending the use thereof as provided in the Bond Ordinance.

Events of Default

Each of the following events shall constitute an “Event of Default” as used under the Bond Ordinance:

Nonpayment of Principal. Failure to pay the principal of any Series 2026 Bonds when the same becomes due and payable, either at maturity, or by proceedings for prior redemption, or otherwise.

Nonpayment of Interest. Failure to pay any installment of interest on any Series 2026 Bonds on the due date thereof.

Incapable to Perform. The City shall for any reason be rendered incapable of performing its obligations under the Bond Ordinance.

Other Default. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Series 2026 Bonds or in the Bond Ordinance on its part to be performed, and the continuance of such default (other than a default set forth in Sections 27.(A), 27.(B) or 27.(C) of the Bond Ordinance) for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the Owners of 25% in aggregate principal amount of the Series 2026 Bonds then Outstanding.

Remedies on Events of Default

Upon the happening and during the continuance of any Event of Default, the Owners of not less than 25% in aggregate principal amount of the Series 2026 Bonds then Outstanding affected by the Event of Default, including but not limited to a trustee or trustees therefor, may proceed against the City to:

- (A) protect and enforce the rights of the Owners by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or for the enforcement of any proper legal or equitable remedy as those Owners may deem necessary or desirable to protect and enforce their respective rights;
- (B) enjoin any act or thing which may be unlawful or in violation of any right of any Owner;
- (C) require the Council to act as if it were the trustee of an express trust; and
- (D) any combination of those remedies.

All proceedings shall be instituted and maintained for the equal benefit of all Owners of the Series 2026 Bonds then Outstanding. The failure of an Owner to exercise any right granted by Section 28 of the Bond Ordinance shall not relieve the City of any obligation to perform any duty. Each right or privilege of any such Owner (or trustee or receiver therefor) is in addition and cumulative to any other right or privilege and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege of such Owner.

No remedy in the Bond Ordinance is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity or by statute.

All rights, remedies and powers provided by the Bond Ordinance may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law and all the provisions relating to an Event of Default or the exercise of remedies upon the occurrence of an Event of Default are intended to be subject to all applicable provisions of law which may be controlling and to be limited to the extent necessary so that they shall not render the Bond Ordinance invalid or unenforceable under the provisions of any applicable law.

Amendment of Bond Ordinance

Limitations upon Amendments. Prior to any Series 2026 Bonds being issued, this Bond Ordinance may be amended by ordinance or resolution of the Council without the consent of Owners. After Series 2026 Bonds have been issued, this Bond Ordinance may be amended by ordinance or resolution of the Council without the consent of Owners:

(1) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Bond Ordinance;

(2) To grant to the Owners any additional rights, remedies, powers or authority that may lawfully be granted to them;

(3) To obtain or maintain a rating or shadow rating on any Series 2026 Bonds from any rating agency which amendment, in the judgment of Bond Counsel, does not materially adversely affect the Owners;

(4) To achieve compliance with federal securities or tax laws; and

(5) To make any other changes in this Bond Ordinance which, in the opinion of Bond Counsel, is not materially adverse to the Owners.

Additional Amendments. Except as provided above, this Bond Ordinance may only be amended or supplemented by ordinance adopted by the Council without receipt by the City of any additional consideration, but with the written consent of the Owners of a majority of the principal amount of the Outstanding Series 2026 Bonds which are affected by the amendment or supplement (not including Series 2026 Bonds which are then owned by or for the account of the City). However, no such ordinance shall have the effect of permitting:

(1) An extension of the maturity of any Series 2026 Bonds; or

(2) A reduction in the principal amount of, premium, if any, or interest rate on any Series 2026 Bonds; or

(3) The creation or continuance of a lien on or a pledge of the Pledged Revenues ranking prior to the lien or pledge of Obligations on the Pledged Revenues; or

(4) A reduction of the principal amount of Series 2026 Bonds required for consent to such amendment or supplement.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

May 21, 2026

City of Albuquerque
Albuquerque, New Mexico

\$35,215,000*
Gross Receipts Tax Refunding Revenue Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the City of Albuquerque, New Mexico (the “City”) in connection with the issuance and sale by the City of the above-referenced bonds (the “Bonds”). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the “State”) and City Ordinance No. F/S O-26-18, adopted on April 6, 2026, as supplemented by the Sale Certificate executed on April 21, 2026 (collectively, the “Bond Ordinance”). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined the laws of the State and the United States of America relevant to the opinions herein, and other proceedings and documents relevant to the issuance by the City of the Bonds. As to the questions of fact material to our opinion, we have relied upon representations of the City contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, we are of the opinion that:

1. The Bonds are valid and binding special, limited obligations of the City under and in accordance with the Bond Ordinance.
2. The Bond Ordinance has been duly authorized, executed and delivered by the City and the provisions of the Bond Ordinance are valid and binding on the City.
3. The Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a first lien (but not an exclusive first lien) lien on the Pledged Revenues, as defined and more fully described in the Bond Ordinance.
4. The Bond Ordinance creates the lien on the Pledged Revenues that it purports to create.
5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as a specific preference item in calculating the alternative minimum tax under the Code; provided, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may

* Preliminary, subject to change.

otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions set forth above in paragraph 5 are subject to continuing compliance by the City with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the City of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance. Our opinion assumes compliance with such covenants.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

The obligations of the City related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the City and the security provided therefore, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors rights generally, now or hereafter in effect.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences (other than paragraphs 5 and 6 above) arising from the receipt or accrual of interest on, or the ownership of, the Bonds.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$35,215,000*

Gross Receipts Tax Refunding Revenue Bonds, Series 2026

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the CITY OF ALBUQUERQUE, NEW MEXICO (the “City”) in connection with the issuance of the City’s Gross Receipts Tax Refunding Revenue Bonds, Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to City Ordinance Council Bill No. F/S O-26-18 (the “Bond Ordinance”).

The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Owners of the Series 2026 Bonds and in order to allow the Participating Underwriter (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Ordinance, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means the financial information or operating data with respect to the City, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, the type of financial information and operating data with respect to the City set forth in “SECURITY AND SOURCES OF PAYMENT.”

“Audited Financial Statements” means the annual financial statements for the City, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System located on its website at emma.msrb.org.

“Events” means any of the events listed in Section 4(a) of this Disclosure Undertaking.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with Rule 15c2-12.

“Fiscal Year” means the Fiscal Year of the City, ending June 30.

“Official Statement” means the final Official Statement delivered in connection with the original issue and sale of the Series 2026 Bonds.

* Preliminary, subject to change.

“Owners” means the registered owners of the Series 2026 Bonds, and so long as the Series 2026 Bonds are subject to the book-entry system, any Beneficial Owner, as such term is defined in the Bond Ordinance.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Information.

(a) Annually while the Series 2026 Bonds remain outstanding, the City shall provide or cause to be provided to EMMA Annual Financial Information and Audited Financial Statements.

(b) Annual Financial Information shall be provided by the City not later than March 31st after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2026. If not filed with the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The City may provide Annual Financial Information and Audited Financial Statements with respect to the City by specific cross reference to other documents which have been submitted to EMMA or filed with the SEC. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The City shall clearly identify each other document incorporated by cross reference.

SECTION 4. Reporting of Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Series 2026 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issued (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. modifications to the rights of the security holders, if material;
8. bond calls, if material, or tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;

11. rating changes;
12. bankruptcy, insolvency, receivership or a similar event with respect to the City or an obligated person¹;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee, or a change of name of a trustee, if material.
15. incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

(b) At any time the Series 2026 Bonds are outstanding and the City obtains knowledge of the occurrence of an Event, the City shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMMA.

(c) At any time the Series 2026 Bonds are outstanding, the City shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

SECTION 5. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2026 Bonds and shall extend to the earliest of (a) the date all principal and interest on the Series 2026 Bonds are deemed paid or legally defeased pursuant to the terms of the Bond Ordinance; (b) the date that the City is no longer an “obligated person” with respect to the Series 2026 Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2026 Bonds, the determination of (a), (b) or (c) herein to be made in any manner deemed appropriate by the City, including by an opinion of Counsel experienced in federal securities laws selected by the City. The City shall file a notice of any such termination with EMMA.

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of Rule 15c2-12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) such amendment or waiver is consented to by the Owners of no less than a majority in aggregate principal amount of the Series 2026 Bonds obtained in the manner prescribed by the Bond Ordinance or (b) if such amendment or waiver is otherwise consistent with Rule 15c2-12, as determined by an opinion of Counsel experienced in federal securities laws selected by the City. Written notice of any such amendment or waiver shall be provided by the City to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The City shall provide notice of any such amendment or waiver to EMMA.

SECTION 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 8. Default and Enforcement. If the City fails to comply with any provision of this Disclosure Undertaking, any Owner of the Series 2026 Bonds may take action to seek specific performance by court order to compel the City to comply with its obligations under this Disclosure Undertaking; provided that any Owner of the Series 2026 Bonds seeking to require the City to so comply shall first provide at least thirty (30) days' prior written notice to the City of the City's failure (giving reasonable details of such failure), following which notice the City shall have thirty (30) days to comply and, provided further, that only the Owners of no less than a majority in aggregate principal amount of the Series 2026 Bonds may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the City in accordance with this Disclosure Undertaking, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of competent jurisdiction in the State of New Mexico. A DEFAULT UNDER THIS DISCLOSURE UNDERTAKING SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE BOND ORDINANCE OR THE SERIES 2026 BONDS, AND THE SOLE REMEDY UNDER THIS DISCLOSURE UNDERTAKING IN THE EVENT OF ANY FAILURE OF THE CITY TO COMPLY WITH THIS DISCLOSURE UNDERTAKING SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 9. Beneficiaries. The Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter and Owners from time to time of the Series 2026 Bonds and shall create no rights in any other person or entity.

Dated as of May 21, 2026.

CITY OF ALBUQUERQUE, NEW MEXICO

By: _____
Title: Chief Financial Officer

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. The City makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2026 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE CITY NOR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2026 BONDS UNDER THE BOND ORDINANCE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2026 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2026 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2026 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond certificate will be issued for the Series 2026 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.8 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More

information about DTC can be found at www.dtcc.com and www.dtc.org. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Series 2026 Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Series 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may

be requested by an authorized representative of DTC) is the responsibility of the City or agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2026 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2026 Bonds will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.