



ALBUQUERQUE FINANCES DETERIORATE

January 2018
truthinaccounting.org

THE FINANCIAL STATE OF ALBUQUERQUE

Truth in Accounting's (TIA) new city report ranks and grades the 75 most populous cities in the United States by their financial health. Albuquerque ranks No. 34, earning it a "C" on TIA's grading scale.

Decisions by city officials have left the city with a debt burden of \$696.2 million, according to TIA's analysis of its 2016 financial filings. That burden equates to \$4,500 for every Albuquerque taxpayer.

Albuquerque's financial problems are largely driven by entitlement obligations in the form of pension benefits. The city's unfunded pension liability increased by \$232.5 million to \$717.1 million in 2016, causing the Taxpayer Burden™ to increase from \$2,800 to \$4,500.

These statistics are jarring, but what's also alarming is that city government officials continue to hide significant amounts of retirement debt from their balance sheets, despite new rules to increase financial transparency. This skewed financial data gives residents a false impression of their city's overall financial health.

34

Rank

**\$696.2
million**

Money needed
to pay bills

-\$4,500

Taxpayer
Burden™

C

Financial grade

ALBUQUERQUE FINANCIAL BREAKDOWN

FAST FACTS

- + Albuquerque has \$635.9 million available in assets to pay \$1.3 billion worth of bills.
- + The outcome is a \$696.2 million shortfall and a \$4,500 Taxpayer Burden™.
- + Despite reporting most of its pension debt, the city hides most of its retiree healthcare debt. The city's total hidden debt amounts to \$385.5 million.

THE CITY'S BILLS EXCEED ITS ASSETS

| | |
|---|------------------|
| Assets | \$4,992,288,000 |
| <i>Minus:</i> Capital assets | -\$4,029,204,000 |
| Restricted assets | -\$327,150,000 |
| Assets available to pay bills | \$635,934,000 |
| <i>Minus:</i> Bills | -\$1,332,145,000 |
| Money needed to pay bills | -\$696,211,000 |
| Each taxpayer's share of this debt | -\$4,500 |

BILLS THE CITY HAS ACCUMULATED

| | |
|---|------------------------|
| Bonds | \$764,191,000 |
| Other liabilities | \$232,794,000 |
| <i>Minus:</i> Debt related to capital assets | -\$550,325,000 |
| Unfunded pension benefits | \$717,066,000 |
| Unfunded retiree healthcare | \$168,419,000 |
| Bills | \$1,332,145,000 |

GRADE: C

Bottom line: Albuquerque's Taxpayer Burden™ is less than \$5,000, so it has received a "C" for its finances from Truth in Accounting. While better off than many other cities, Albuquerque still owes more than it owns.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.