




Certified Public Accountants

*ricco*company llc

The background of the page is a close-up, slightly blurred image of a calculator keypad. The numbers and symbols are in a light, golden-brown color, contrasting with the dark, textured background of the calculator. The keypad is oriented vertically, with the numbers 3, 4, 5, 6, 7, 8, 9, and 0 visible from top to bottom.

**STATE OF NEW MEXICO  
ALBUQUERQUE  
METROPOLITAN ARROYO  
FLOOD CONTROL AUTHORITY**

**ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2009**

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO  
FLOOD CONTROL AUTHORITY**

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**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO  
FLOOD CONTROL AUTHORITY**

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Ronald D. Brown, Chairman  
Janet Saiers, Vice Chair  
Danny Hernandez, Secretary Treasurer  
Tim Eichenberg, Asst. Secretary Treasurer  
Daniel F. Lyon, Director

John P. Kelly, P.E.  
Executive Engineer



**A**lbuquerque  
**M**etropolitan  
**A**rroyo  
**F**lood  
**C**ontrol  
**A**uthority

2600 Prospect N.E., Albuquerque, NM 87107  
Phone: (505) 884-2215 Fax: (505) 884-0214

September 10, 2009

Citizens of New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
2113 Warner Circle  
Santa Fe, NM 87505-5499

Dear Mr. Balderas:

The Annual Financial Audit Report for the State of New Mexico, Albuquerque Metropolitan Arroyo Flood Control Authority (Authority) for the fiscal year ended June 30, 2009 is hereby submitted.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of the operations of the Authority on a government-wide and on a fund basis. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

#### **SIGNIFICANT CHANGES IN PRESENTATION**

With the June 30, 2001 financial statements, the Authority is electing to implement GASB 34 (Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments). The format and purpose of these changes are addressed in the Management's Discussion and Analysis (MD&A) starting on page 3, and in Note 1 of the Financial Statements (starting on page 20).

#### **FINANCIAL CONDITION**

The Management's Discussion and Analysis summarizes the Statement of Net Assets (page 12) which, reflects AMAFCA's sound management of our \$182,517,014 in assets, and the Statement of Activities (page 13), and reviews the changes from the beginning to the end of the current period. These government-wide (focusing on the Authority as a whole) statements are intended to present the Authority in a more corporate style basis.

The Fund Financial Statements, starting on page 14, are designed to address the major individual funds by category (governmental and fiduciary). Explanation of the fund financials statements is included in the MD&A (page 4) and in the Financial Audit Report, Note 1 (page 21).

## GENERAL INFORMATION

### A. Function and Definition of the Authority

The Albuquerque Metropolitan Arroyo Flood Control Authority was created by the Arroyo Flood Control Act of 1963, and is governed by such laws created thereunder designated as 72-16-1 to 72-16-103. The Act provides for organization and the governing body and offices; provides for flood control facilities; specifies provisions relating to powers, duties, privileges, liabilities, loans, securities, taxes, revenues and finances; and prescribes interactions with other government bodies and agencies.

The Authority is governed by a "Board of Directors" (Board) which consists of five qualified electors. Board members are elected every two years by District and are elected for six-year staggered terms. The Board elects one member as chair, one as vice-chair, one as secretary-treasurer, and one as assistant secretary-treasurer. The Board appoints an executive engineer as administrator of all the Authority's affairs, who serves at the pleasure of the Board.

### B. Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to government entities.

## REPORT FORMAT

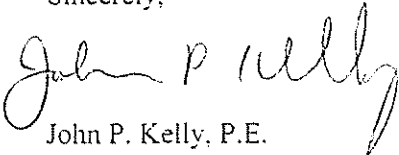
The Annual Financial Report is presented in accordance with GASB 34.

## INDEPENDENT AUDIT

Pursuant to the Audit Act (§12-6-1 through §12-16-14 NMSA 1978), an audit of accounts and financial statements has been completed by an independent Certified Public Accountant, Ricci & Company, LLC. Their report is included in this report.

In conclusion, we are extremely pleased with the results of this audit as it reflects AMAFCA's continued emphasis on providing the best in flood control and ensuring that the people's money is spent prudently.

Sincerely,



John P. Kelly, P.E.  
Executive Engineer

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO  
FLOOD CONTROL AUTHORITY

OFFICIAL ROSTER  
June 30, 2009

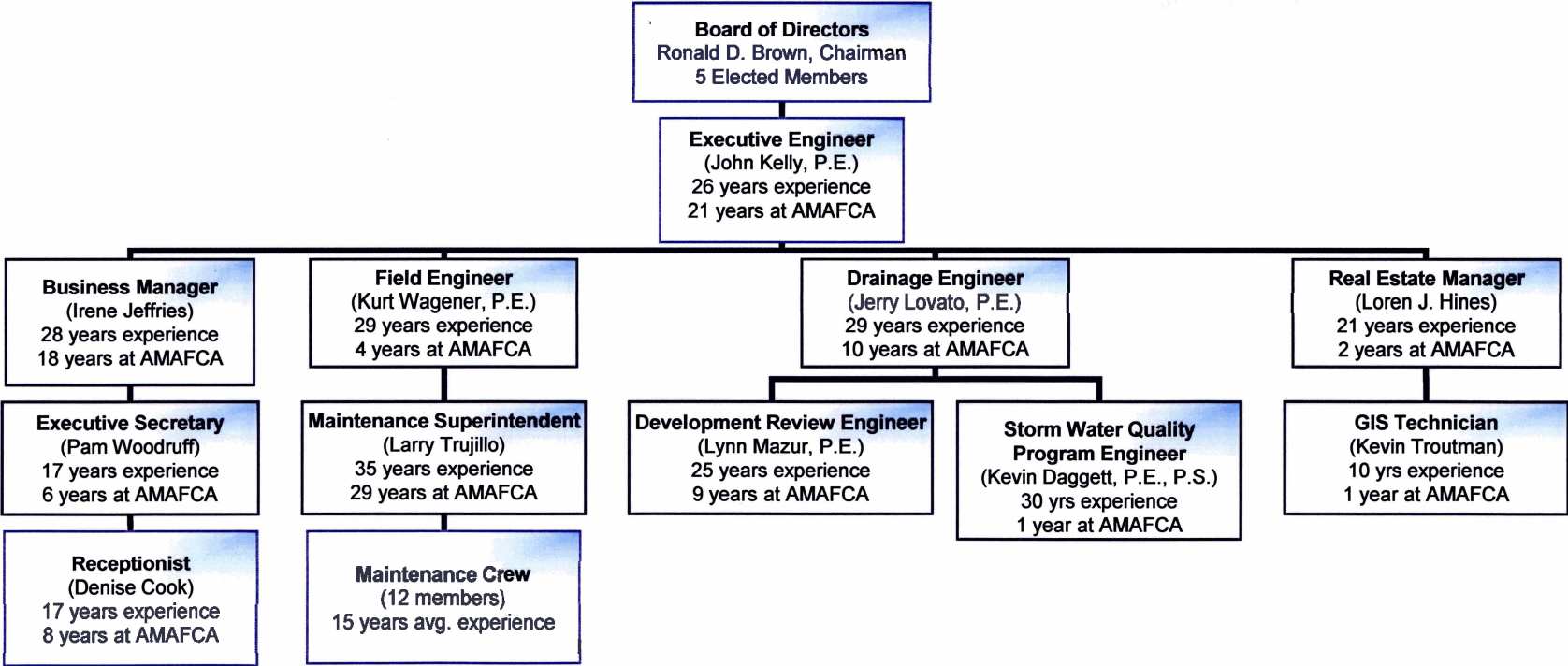
**Board Members**

Ronald D. Brown	Chair
Janet Saiers	Vice-Chair
Danny Hernandez	Secretary - Treasurer
Tim Eichenberg	Assistant Secretary – Treasurer
Daniel F. Lyon	Director

**Administrative Staff**

John P. Kelly, P.E.	Executive Engineer
Irene Jeffries	Business Manager

# AMAFCA Organizational Chart



## Independent Auditors' Report

Ronald D. Brown, Chair  
Albuquerque Metropolitan Arroyo Flood Control Authority  
Albuquerque, New Mexico  
and  
Hector H. Balderas  
State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Albuquerque Metropolitan Arroyo Flood Control Authority (Authority), as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the individual fund financial statements of the Authority as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Authority as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons for the major debt service and capital project funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2009 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements and on the budgetary comparisons presented as supplemental information. The accompanying financial information listed as Additional Information – Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and budgetary comparisons. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and budgetary comparisons, and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements and the financial statements of each of the respective individual funds taken as a whole.

*Ricci & Company, LLC*

Albuquerque, New Mexico  
September 10, 2009

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

The Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority) discussion and analysis is designed to (a) provide an overview of the Authority, its mission and function, (b) provide a description of significant capital assets, (c) provide a brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide, (d) provide an analysis of the Authority's financial position, and (e) identify any material deviations from the financial plan (approved budget).

Authority's Mission

The Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority) was created by the Arroyo Flood Control Act of 1963. The Act provides for organization and the governing body and offices; provides for flood control facilities; specifies provisions relating to powers, duties, privileges, liabilities, loans, securities, taxes, revenues and finances; and prescribes reaction with other government bodies and agencies.

The Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority) is a political subdivision of the State of New Mexico, created in 1963 under Section NMSA 72-16-1 to 72-16-103 under the Arroyo Flood Control Act. The Authority is authorized to "acquire, equip, maintain and operated a flood control system for the benefit of the authority and inhabitants thereof..."

Authority's Function

*Operation and Maintenance:* The Authority operates and maintains the major trunk portions of the flood control system in the greater Albuquerque area. Operation and maintenance is administered by the Authority's Field Engineer and Maintenance Superintendent, who oversee an eleven-man crew. The Field Engineer oversees these maintenance functions as part of his job duties.

*Drainage Master Planning and Design Management:* The Authority has an on-going program of master planning drainage facilities and designing and constructing flood control projects. This work is managed by all five of the engineers on staff, on a project manager basis, with the majority of the work done by the Drainage and Field Engineers. The Authority's Real Estate Manager takes care of right of way acquisition as needed for the projects. The master planning and design work is generally contracted out to private consultants, with the Authority coordinating the work between the City, the County and other affected parties. The consultant work is paid for out of bond proceeds.

*Regulatory Function:* The Authority also serves a regulatory function within its boundaries. The Authority reviews and approves all drainage reports and drainage project design applications for subdivisions and development within the Authority's boundaries. This regulatory role is to ensure that development plans are in concert with Drainage Master Planning in the area. Review of drainage reports is primarily conducted by the Authority's Development Review Engineer, with oversight from the Executive Engineer and Drainage Engineer.

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

**Financial Highlights**

- Completed approximately \$2.9 M in capital projects, of which approximately \$2.5 M was capitalized. Further, the Authority has approximately \$14M of ongoing flood control capital projects.
- The Authority is the highest rated government agency in the state of New Mexico; Standard & Poor's Rating Services a AAA (upgraded in 2007 from a AA+) and a Aaa rating from Moody's Investors.
- Total cash and investments (including restricted) increased by approximately \$3.0 M from the previous year. This increase is due to a bond sale occurring the timing of progress payments made to contractors on various projects.
- General government expense increased by approximately \$150,000 during FY09 due to an increase in wages and related fringe benefit costs associated with two new positions.

**Overview of Financial Statements**

The Authority's financial statements are presented in two parts: government-wide financial statements and fund financial statements. Government-wide financial statements report information about the Authority as a whole using accounting in a corporate style basis. They consist of the statement of net assets and the statement of activities. Fund financial statements consist of a balance sheet, a statement of revenues, expenditures and changes in fund balance, and a budgetary comparison schedule for each of the funds used by the Authority (general, debt service and capital projects fund). See Notes to Financial Statements, Note 1, Organization and Summary of Significant Accounting Policies for a more detailed discussion of the two types of financial statements of the Authority.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are restated amounts.

State of New Mexico  
 Albuquerque Metropolitan  
 Arroyo Flood Control Authority  
 Management's Discussion and Analysis

*The Authority as a whole:*

**Net Assets:** Table A-1 summarizes the Authority's net assets for the fiscal year ended June 30, 2009. Net assets are presented on a consolidated basis in one column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations. The Authority did not have any business-type activities during the year ended June 30, 2009.

Table A-1  
 The Authority's Net Assets

	Government Activities 6/30/09	Government Activities 06/30/08
Current Assets	\$ 23,021,136	\$ 20,381,680
Capital Assets, net of depreciation	158,881,820	142,324,319
Other assets – bond issuance costs	138,115	114,160
restricted investments	475,943	-0-
<b>Total Assets</b>	<b>182,517,014</b>	<b>162,820,159</b>
Current Liabilities	10,091,156	8,717,968
Non-current Liabilities	23,974,643	22,483,995
<b>Total Liabilities</b>	<b>34,065,799</b>	<b>31,201,963</b>
Net Assets		
Invested in Capital Assets net of Related Debt	126,781,820	112,324,319
Restricted for Debt Service	9,398,338	9,353,982
Restricted for capital projects	3,520,470	1,585,494
Unrestricted	8,750,587	8,354,401
<b>Total Assets</b>	<b>\$ 148,451,215</b>	<b>\$ 131,618,196</b>

The increase of \$16,833,019 from the previous year is due to:

- Project contributions of \$11.4M
- An increase in property tax collections
- A smaller % of construction projects related to the bond offering being completed before June 30, 2009

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

The Authority is authorized to levy ad valorem taxes on property within its boundaries. The Authority has two levies:

- The Operating mill levy is used for the Authority's operation, maintenance and regulation of the local flood control system. On June 30, 2009, the Authority's operating mill levy was 0.165 for residential property and 0.464 mills for non-residential property. The Authority's legislation restricts the operating mill levy to an aggregate total of 0.500 mills.
- The Debt Service mill levy is used to account for the accumulation of resources for, and the payment of, general long-term debt. At June 30, 2009 the Authority's debt service mill levy was 0.675 mills. Debt has historically been structured to maintain a level mill levy of 0.675. The Authority's Debt Service mill levy has remained the same since 1999.
- The Authority also receives property tax distributions for Debt Service from the Sandoval County Treasurer for properties that were changed from Bernalillo County to Sandoval County as a result of the Bernalillo County / Sandoval County Boundary change which was effective January 1, 2005. A levy of 0.210 mills is imposed by the Sandoval County Treasurer, on the Authority's behalf. This property tax distribution is for authorizations from the 2004 bond election and prior, and will continue until that debt is retired. This distribution will decrease as prior debt is repaid.

Total ad valorem tax distributions (on a modified accrual basis) to the Authority by the Bernalillo County Treasurer and the Sandoval County Treasurer for the fiscal year ended June 30, 2009 were \$12,196,883 as compared to \$11,702,730 for the fiscal year ended June 30, 2008. The increase is due to in the total value of assessed property within the Authority's boundaries. The growth in the tax base is a result from both new construction and increases in the assessed value of existing properties as determined by the County Assessor.

State of New Mexico  
 Albuquerque Metropolitan  
 Arroyo Flood Control Authority  
 Management's Discussion and Analysis

**Changes in Net Assets:** The Authority's change in net assets for fiscal year 2009 was \$16,837,479. See table below.

Table A-2  
 Changes in the Authority's Net Assets

	Government Activities 6/30/09	Governmental Activities 6/30/08
<b>Program Revenues</b>		
Revenue from jointly funded projects	\$ 11,462,047	\$ 9,518,946
<b>General Revenues</b>		
Property taxes	\$ 12,196,883	11,702,730
Investment	216,496	890,359
Net gain on disposal of capital assets	-0-	-0-
Other	<u>49,569</u>	<u>30,681</u>
Total Revenues	<u>23,924,995</u>	<u>22,142,716</u>
<b>Expenses</b>		
General Government	1,095,945	938,160
Flood Control	3,367,206	3,362,045
Planning, Engineering, R&D	724,056	709,363
Capital outlay –intergovernmental	847,913	16,779,638
Interest on long-term debt	<u>1,056,856</u>	<u>897,986</u>
Total Expenses	<u>7,091,976</u>	<u>22,687,192</u>
Change in Net Assets	16,833,019	(544,476)
Beginning Net Assets, July 1	<u>131,618,196</u>	<u>132,162,672</u>
Ending Net Assets, June 30	<u>148,451,215</u>	<u>131,618,196</u>

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

**Budgetary Performance**

General Operating Fund Budget

Actual general operating fund revenues for the fiscal year ended June 30, 2009 exceeded the budget by \$67,815 or 2%. The reasons for this budget surplus are due to the sediment sales and lease revenues being higher than budgeted.

The general fund operating budget was spent at approximately 88% of budget, cash basis. Salary and Payroll expenses were at 97% of the budget. Other operating expenses were at 93% of budget. The Authority adhered closely to its budget with the exception of the Contingency line item since no emergency repair work was required in FY09.

Debt Service Fund Budget

Actual debt service fund tax revenues were less than budgeted by \$416,137. The budget used aggressive growth factors for the assessed valuation, which were more than actual growth in assessed valuation resulting in lower tax revenue. The budget used conservative interest rates in estimating interest income. Actual expenditures exceeded the budget in the debt service fund by \$126,132. This is due to an interest payment on the bond sale which took place after the budget had been developed and approved.

Capital Projects Fund Budget

Actual revenues in the capital projects fund were \$4M less than budget primarily due to contributions from cost share projects not being collected due to the projects not being ready to bid.

Total expenditures for government-type activities of the Authority for the fiscal year ended June 30, 2009 were \$7,260,814 versus \$16,702,257 for the fiscal year ended June 30, 2008, a net decrease of \$9,441,443. This decrease is due to the timing of planning and construction completion of capital outlay projects which were not ready to bid.

Building & Yard Improvement Fund Budget

Although budgeted, there were no expenditures in the FY09 due to the timing of the planned projects.

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

**Capital Assets – Debt Administration**

*Capital Assets*

The Authority's capital net assets net of accumulated depreciation increased by approximately \$16.5 M due to the increase in construction in progress and transferring of completed construction projects from other governmental entities to AMAFCA for operation and maintenance.

Major projects completed or closed out during FY-09 include:

West I-40 Diversion Channel Extension

The New Mexico Department of Transportation (NMDOT) is the lead agency on this project. The project is cost shared by the NMDOT, private parties, and AMAFCA. It provides a network of storm drains, flood control detention ponds, and an interim channel along the north side of West I-40 between Unser and Paseo del Volcan. It will intercept, detain and convey drainage within the West I-40 Drainage Management Plan area to the Rio Grande. Total drainage costs within the NMDOT project is \$17,100,000 with AMAFCA's share being \$3,095,057 plus responsibility for design and construction of the East Amole Surge Pond Dam.

Vineyard Storm Water Quality

This project provides storm water quality improvement, and debris control to meet EPA permit requirements for storm water quality. The project consisted of construction of a low-flow channel diversion, debris removal structure, and a secondary storm water quality pond for storm water quality enhancement. The project was the Agency's first use of "Coanda" screen technology to filter storm water. Total design and construction of the project was \$1,276,806.

Contributions to Other Governments

The Authority contributed \$552,142 to the Corps of Engineers for the Black Mesa Phase 1 project for construction of outlet pipes from three Authority dams to one central location to provide an outlet to the Rio Grande. The project will reduce flooding in the area between Coors Boulevard on the west to Isleta Boulevard on the east by providing a storm water conveyance directly to the Rio Grande. The project will provide water quality treatment by ponding prior to discharging water to the Rio Grande.

The Authority contributed \$1,047,000 to the City of Albuquerque for the Post Office Interim Detention Pond to limit storm water flow rates to the City's Broadway Storm Water Pump Station.

The Authority contributed \$1,000,000 to the Middle Rio Grande Conservancy District as the Authority's share to provide design, construction and maintenance for the Albuquerque West Levee improvements.

The Authority contributed \$75,000 to the Village of Los Ranchos de Albuquerque for storm drainage improvements to Garduno Road.



State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

The Authority turned over property and maintenance of the La Familia project to Bernalillo County. Costs were \$704,277.

Contributions from other Entities

The Authority was given maintenance of the West I-40 Diversion Channel IV (Unser to 98<sup>th</sup> Street) by the NMDOT and a local developer. The project had a total cost of \$814,956.

The Authority was given maintenance of the West I-40 Diversion Storm Drain by the NMDOT and a local developer. The project had a total cost of \$9,092,108.

*Debt Administration*

The Authority's legal debt limit is \$80,000,000, which was raised by State Legislature in January 2007, up from \$40,000,000. Total bonded debt is made up of four series of general obligation bonds (Series, 2005, 2006, 2007 and 2008) which are scheduled to be retired gradually over the next seven years. The total proceeds of these four series of bonds is \$30,250,000. At June 30, 2009, the Authority's outstanding principal debt was \$32,100,000 resulting in a legal debt margin of 49.0%. Total outstanding principal and interest was \$34,824,015.67.

In April, 2006, the Authority sold the second \$9.75M issue of \$20,000,000 authorized by the voters in the 2004 general election. As of June 30, 2007, the Authority had \$500,000 remaining to be sold from that issue.

On July 24, 2008, the Authority authorized the issuance of general obligation bonds in the amount of \$9,750,000 at an interest rate of 2.97992%. The bonds were sold on August 28, 2008.

The Authority's outstanding balance in general obligation bonds as of 6/30/09 was \$32,100,000 versus \$30,000,000 in FY08. The increase is due to the sale of the \$9,750,000 bond issue. The Authority paid \$7,650,000 in principal for the period ending June 30, 2009.

State of New Mexico  
Albuquerque Metropolitan  
Arroyo Flood Control Authority  
Management's Discussion and Analysis

**Economic Factors and Next Year's Budgets and Rates**

- On July 24, 2009, the Authority issued general obligation bonds in the amount of \$9,750,000 at an interest rate of 1.735285%. The Authority maintained the Bond ratings of AAA and Aaa.
- Residential mill levy rates decreased from prior year. The total residential mill levy for FY09 was 0.840 versus 0.842 in FY08. The total non-residential mill levy in FY09 was 1.139 versus 1.113 in FY08. The debt service mill levy of 0.675 and has remained constant since tax year 1999.

**Contacting the Agency's Financial Management**

This financial report is designed to provide a more understandable and useful overview of the Authority and its finances, and to demonstrate the Authority's prudent use of the money it receives. If you have any questions about this report or need additional financial information, contact:

The Albuquerque Metropolitan Arroyo  
Flood Control Authority  
2600 Prospect, NE  
Albuquerque, NM 87107

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
GOVERNMENT WIDE STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 117,995
Investments	22,086,530
Receivables, net of allowance	816,611
Total current assets	<u>23,021,136</u>
Capital Assets	
Capital assets not being depreciated	40,202,346
Capital assets being depreciated, net	118,679,474
Total capital assets	<u>158,881,820</u>
Other Assets	
Investments Restricted	475,943
Bond issuance costs, less accumulated amortization of \$107,366	138,115
Total other assets	<u>614,058</u>
<b>Total assets</b>	<u>182,517,014</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	1,145,419
Accrued payroll and taxes	143,386
Compensated absences payable, current portion	70,107
Bonds payable, current portion	8,275,000
Accrued interest payable	456,992
Rental deposits	252
Total current liabilities	<u>10,091,156</u>
Noncurrent Liabilities	
Compensated absences payable - expected to be paid after one year	27,546
Bonds payable, net of current portion	23,825,000
Bond premium, less accumulated amortization of \$109,077	122,097
Total noncurrent liabilities	<u>23,974,643</u>
<b>Total liabilities</b>	<u>34,065,799</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	126,781,820
Restricted for:	
Debt service	9,398,338
Capital projects	3,520,470
Unrestricted	8,750,587
<b>Total net assets</b>	<u>\$ 148,451,215</u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

	Expenses	<u>Program Revenues</u> Capital Contributions and Revenue from Jointly Funded Projects	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities			
Flood control	\$ 3,367,206	-	\$ (3,367,206)
General government	1,095,945	-	(1,095,945)
Planning, engineering, research and development	724,056	-	(724,056)
Capital outlay, noncapitalized	847,913	11,462,047	10,614,134
Interest on long-term debt	1,056,856	-	(1,056,856)
<b>Total governmental activities</b>	<u>\$ 7,091,976</u>	<u>11,462,047</u>	<u>4,370,071</u>
General Revenues			
Property taxes			12,196,883
Investment			216,496
Net gain on disposal of property			-
Other			49,569
<b>Total general revenues</b>			<u>12,462,948</u>
<b>Change in net assets</b>			16,833,019
Net assets, beginning of year			<u>131,618,196</u>
<b>Net assets, end of year</b>			<u>\$ 148,451,215</u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>ASSETS</b>					
Petty cash	\$ 200	-	-	-	200
Cash in bank	26,108	205	90,677	805	117,795
Investments	8,616,388	9,220,435	4,074,707	175,000	22,086,530
Investments, restricted	192,660	28,776	254,507	-	475,943
Property taxes receivable	226,014	590,597	-	-	816,611
Joint projects receivables	-	-	-	-	-
<b>Total assets</b>	<u>\$ 9,061,370</u>	<u>9,840,013</u>	<u>4,419,891</u>	<u>175,805</u>	<u>23,497,079</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	70,193	-	1,075,226	-	1,145,419
Accrued payroll and taxes	143,386	-	-	-	143,386
Deferred revenue	166,395	441,675	-	-	608,070
Rental deposits	252	-	-	-	252
<b>Total liabilities</b>	<u>380,226</u>	<u>441,675</u>	<u>1,075,226</u>	<u>-</u>	<u>1,897,127</u>
<b>Fund balances</b>					
<b>Reserved:</b>					
Reserved for petty cash	200	-	-	-	200
Reserved for debt service	-	9,398,338	-	-	9,398,338
Reserved for construction projects	-	-	3,344,665	175,805	3,520,470
<b>Total reserved fund balances</b>	<u>200</u>	<u>9,398,338</u>	<u>3,344,665</u>	<u>175,805</u>	<u>12,919,008</u>
<b>Unreserved:</b>					
<b>Designated:</b>					
Contingencies	400,000	-	-	-	400,000
Projects	4,000,000	-	-	-	4,000,000
Undesignated	4,280,944	-	-	-	4,280,944
<b>Total unreserved fund balances</b>	<u>8,680,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,680,944</u>
<b>Total fund balances</b>	<u>8,681,144</u>	<u>9,398,338</u>	<u>3,344,665</u>	<u>175,805</u>	<u>21,599,952</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,061,370</u>	<u>9,840,013</u>	<u>4,419,891</u>	<u>175,805</u>	<u>23,497,079</u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
 June 30, 2009

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 21,599,952
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2007 because:		
Delinquent property taxes receivable net of allowance for doubtful accounts are not considered available financial resources and therefore are reported as deferred revenue in the fund financial statements		608,070
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:		
Total capital assets	\$ 196,613,675	
Less accumulated depreciation	(37,731,855)	
Related debt	<u>(32,100,000)</u>	
Total capital assets, net of related debt and depreciation		126,781,820
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(97,653)
Accrued interest payable		(456,992)
Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities		
Total bond costs	245,481	
Less accumulated amortization	<u>(107,366)</u>	138,115
Bond premium costs are amortized for governmental activities but are a current other financing source in fund financial statements		
Total bond premium	(231,174)	
Less accumulated amortization	<u>109,077</u>	<u>(122,097)</u>
<b>Net assets of governmental activities (Statement of Net Assets)</b>		<b><u>\$ 148,451,215</u></b>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,327,906	8,841,317	-	-	12,169,223
Investments	113,985	52,865	48,841	805	216,496
Revenue from jointly funded projects	-	-	907	-	907
Other	49,377	-	192	-	49,569
<b>Total revenues</b>	<u>3,491,268</u>	<u>8,894,182</u>	<u>49,940</u>	<u>805</u>	<u>12,436,195</u>
<b>Expenditures</b>					
Current:					
General government	859,368	-	77,376	-	936,744
Flood control	1,237,454	-	-	-	1,237,454
Planning, engineering, research and development	724,056	-	-	-	724,056
Capital outlay	193,315	-	7,906,625	-	8,099,940
Debt service:					
Interest and fixed charges	-	1,161,820	-	-	1,161,820
Bond principal retirement	-	7,650,000	-	-	7,650,000
Reappraisal fees	-	86,756	-	-	86,756
Bond issuance costs	-	-	56,768	-	56,768
<b>Total expenditures</b>	<u>3,014,193</u>	<u>8,898,576</u>	<u>8,040,769</u>	<u>-</u>	<u>19,953,538</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>477,075</u>	<u>(4,394)</u>	<u>(7,990,829)</u>	<u>805</u>	<u>(7,517,343)</u>
<b>Other Financing Sources</b>					
Operating transfers in	-	-	-	175,000	175,000
Operating transfers out	(175,000)	-	-	-	(175,000)
Face amount from bond sales	-	-	9,750,000	-	9,750,000
Bond premium issuance	-	48,750	-	-	48,750
<b>Total other financing sources</b>	<u>(175,000)</u>	<u>48,750</u>	<u>9,750,000</u>	<u>175,000</u>	<u>9,798,750</u>
<b>Net change in fund balances</b>	<u>302,075</u>	<u>44,356</u>	<u>1,759,171</u>	<u>175,805</u>	<u>2,281,407</u>
<b>Fund balances, beginning</b>	<u>8,379,069</u>	<u>9,353,982</u>	<u>1,585,494</u>	<u>-</u>	<u>19,318,545</u>
<b>Fund balances, ending</b>	<u>\$ 8,681,144</u>	<u>9,398,338</u>	<u>3,344,665</u>	<u>175,805</u>	<u>21,599,952</u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES -  
GOVERNMENTAL ACTIVITIES  
Year Ended June 30, 2009

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds)	\$ 2,281,407
Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2007 because:	
In the Governmental Funds, proceeds from long-term debt are reported as revenues	(9,750,000)
In the Governmental Funds, payments of long-term debt are reported as expenditures	7,650,000
Bond issuance costs are not amortized for fund financial statement purposes but are for governmental activities - current year amortization	(32,810)
Bond issuance costs are expenses for the fund financial statement purposes but are capitalized for governmental activities	56,768
Bond premium is not amortized for fund financial statement purposes but is for governmental activities - current year amortization	32,216
Bond premiums are included as other revenues for the fund financial statement purposes but are capitalized for governmental activities	(48,750)
In the Statement of Activities, certain operating expenses - compensated absences payable and accrued interest payable are measured by the amounts incurred during the year. In the Governmental Funds, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:	
Compensated absences payable	(13,728)
Accrued interest payable	72,748
Delinquent property taxes receivable, net of allowance for doubtful accounts, are not available financial resources and therefore are reported as deferred revenues in the fund financial statements.	
The increase in the net receivable for the year was:	27,660
The Governmental Funds reports capital outlays as expenditures. However, in the Statement of Net Assets, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were:	
Excess of capital outlay expenditures which were capitalized over noncapitalized	\$ 7,252,027
Depreciation	<u>(2,155,659)</u>
Excess of capital outlay over depreciation	5,096,368
In the Statement of Activities, turnkey projects are recorded as revenues, these revenues are not recorded in the Governmental Fund statements	<u>11,461,140</u>
<b>Change in net assets of governmental activities (Statement of Activities)</b>	<u><u>\$ 16,833,019</u></u>

*The Notes to the Financial Statements are an integral part of this statement.*



STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
GENERAL FUND  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	Favorable (Unfavorable)
Revenues				
Property taxes	\$ 3,335,930	3,335,930	\$ 3,313,326	(22,604)
Less reappraisal fee	(33,359)	(33,359)	(33,133)	226
Net property taxes	3,302,571	3,302,571	3,280,193	(22,378)
Investment	49,539	49,539	113,985	64,446
Other	23,630	23,630	49,377	25,747
<b>Total revenues</b>	<u>3,375,740</u>	<u>3,375,740</u>	<u>3,443,555</u>	<u>67,815</u>
Expenditures				
Current:				
Salary and related payroll costs	1,806,700	1,806,700	1,741,532	65,168
Other operating costs	1,379,400	1,379,400	1,271,671	107,729
Contingency	250,000	250,000	-	250,000
<b>Total expenditures</b>	<u>3,436,100</u>	<u>3,436,100</u>	<u>3,013,203</u>	<u>422,897</u>
Excess of revenues over expenditures before other financing uses	<u>(60,360)</u>	<u>(60,360)</u>	<u>430,352</u>	<u>490,712</u>
Other financing uses				
Transfers to other funds	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (235,360)</u>	<u>(235,360)</u>	<u>255,352</u>	<u>490,712</u>
Prior year cash balance required to balance budget	<u>\$ 235,360</u>	<u>235,360</u>		
Fund balance, beginning of year			<u>8,379,069</u>	
<b>Fund balance, end of year</b>			<u>\$ 8,634,421</u>	
Budgetary Revenue			\$ 3,443,555	
Change in property tax receivable			25,087	
Change in deferred revenues			(10,507)	
Inclusion of reappraisal fees			33,133	
<b>GAAP revenues</b>			<u>3,491,268</u>	
Budgetary Expenses			\$ 3,013,203	
Exclusion of reappraisal fees			(33,133)	
Change in accounts payable			(21,316)	
Change in accrued payroll and other liabilities			55,439	
<b>GAAP expenses</b>			<u>3,014,193</u>	

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS  
June 30, 2009**

**ASSETS**

Cash in bank	\$ 240,164
Investments	<u>71,531</u>

<b>Total Assets</b>	<b><u>\$ 311,695</u></b>
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**LIABILITIES**

Funds held for others	<u>\$ 311,695</u>
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*See pages 53 and 54 for details of this schedule.*

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

**Function and Definition of Entity**

The Albuquerque Metropolitan Arroyo Flood Control Authority (Authority) was created by the Arroyo Flood Control Act of 1963 and is governed by such laws created thereunder designated as 72-16-1 to 72-16-103. The Act provides for organization of the governing body and offices; provides for flood control facilities; specifies provisions relating to powers, duties, privileges, liabilities, loans, securities, taxes, revenues and finances; and prescribes interactions with other government bodies and agencies.

The Authority is governed by a "Board of Directors" (Board) which consists of five qualified electors elected for six-year staggered terms. The Board elects one member as chairman, one as vice-chairman, one as secretary-treasurer, and one as assistant secretary-treasurer. The Board appoints an executive engineer as administrator of all Authority affairs, who serves at the pleasure of the Board.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the entity's financial statements would be misleading or incomplete if not included.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to 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.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

There were no component units of the Albuquerque Metropolitan Arroyo Flood Control Authority during the year June 30, 2009.

The financial statements for the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

In June 1999, GASB unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provided for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on size of government. The Authority has also adopted the related GASB Statements #37 and #38, which affect GASB #34.

The Board implemented the provisions of GASB #34 effective July 1, 2000. As a part of this Statement, there is a new reporting requirement regarding the government's infrastructure (road, bridges, etc.). The Authority does own infrastructure assets and, therefore, is affected by this requirement. Effective July 1, 2005, the Authority changed from the modified approach of accounting for infrastructure assets to depreciating its infrastructure assets other than land.

**Basic Financial Statements - GASB Statement #34**

The basic financial statements include both government-wide (based on the Authority as a whole) and fund financial statements. The new reporting model focus is on either the Authority as a whole or on major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Authority has elected not to follow pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

The government-wide Statement of Activities reflects both the gross and net cost per functional category which is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function. Only revenues from jointly funded projects are considered program revenues. The Authority includes three functions: general government, flood control and planning, design, research and development.

The net cost (by function) is normally covered by general revenues (taxes, intergovernmental revenues, investment, etc). Historically, the previous mode did not summarize or present net cost by function or activity. The Authority does not currently employ indirect cost allocation systems. The Authority's policy for when an expense is incurred for purposes for which both restricted and unrestricted net assets are available is to utilize the restricted net assets first. No such expenses occurred during the year ended June 30, 2009.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

The only program revenue is funds received from outside sources related to specific projects. It is described in the financial statements as revenue from jointly funded projects and is considered to be program specific grants and contributions.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the government or business-type categories. Non-major (by category) or fund type are summarized into a single column. The General Fund, the Debt Service Fund, the Building Improvement Fund, and the Capital Projects Fund have been classified as major funds. There were no nonmajor funds.

The Governmental Fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Authority's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Internal activity among the various funds is eliminated in the government-wide financial statements. There were no interfund balances at June 30, 2009.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

The Authority's Fiduciary Funds (Agency Funds) are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

**Basis of Presentation**

The financial transactions of the Authority are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The new reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the Authority, all funds have been classified as major funds.

**Governmental Fund Types**

The focus of Governmental Fund measurement (in the financial statements) is based upon determination of financial position and changes in the financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the Authority.

**General Fund**

The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund also includes funds designated for contingencies.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition of major capital facilities and related costs.

Building Improvement Fund

The Building Improvement Fund is used to account for financial resources to be used for costs associated with the building and improvement of the Authority's office building.

Agency Funds

A fiduciary fund (Agency Fund) is used to account for funds received and disbursed for the Ditch and Water Safety Task Force Fund for which the Authority serves as the fiscal agent. This fund is used to promote water and ditch safety among children and is financed by contributions from several agencies. A fiduciary fund (Agency Fund) is used to account for funds received and disbursed for the Storm Water Quality Coordinator Fund. This is used to promote better water quality in the Albuquerque area and is financed by contributions from several agencies. The Authority has no budgetary control over these funds and acts solely as an agent. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

**Non-Current Governmental Assets/Liabilities**

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide Statement of Net Assets.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditure/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, and the Fiduciary Fund financial statements are presented on an accrual basis of accounting. The Governmental Funds in the fund financial statements are presented on a modified accrual basis.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and the Authority uses thirty days after year end as the period in which they have to be received. Property taxes are recognized when levied, net of estimated refunds and uncollectible amounts. Expenditures are generally recognized under modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due. In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**Budgetary Accounting**

Budgets for all funds are adopted on the cash basis. This method does not conform with accounting principles generally accepted in the United States of America, which require the use of the modified accrual basis as described above. At year end, budgeted appropriations lapse. The Board approves the original budget at a public meeting for which legal notices are published. The public is invited to comment at the meeting. Within each fund, transfers may be made between line items with the approval of the Authority's Board. Transfers between funds and any increase in the original budget, in addition to approval by the Authority's Board, must be presented to the Local Government Division of the New Mexico Department of Finance and Administration for their approval. The original budget, approved by the Authority's Board and the Local Government Division, may be subsequently amended if approved by the Authority's Board and the Local Government Division. Actual expenditures for each budget may not legally exceed the appropriations in total, including budgeted beginning cash balances. The Authority's budget for the fiscal year ended June 30, 2009 was properly approved by the Authority's Board and by the Local Government Division. It was subsequently properly amended.

**Compensated Absences**

Employees of the Authority accrue both sick leave and vacation leave as a function of service. In the event of termination, employees receive payments for accumulated vacation. In the event of retirement, employees receive payment for accumulated vacation and sick leave or take the accumulated vacation and sick leave prior to retirement. Employees may also, at their option (each November), convert sick leave to vacation leave or receive cash according to predetermined ratios. The following ratios are to be utilized:



STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

1. Sick leave accumulation over 500 hours may be converted at the following ratios:
  - a. Three hours of sick leave to one hour of vacation leave, or
  - b. Three hours of sick leave to one hour of cash payment.
  
2. Sick leave accumulation over 850 may be converted at the following ratios:
  - a. Two hours of sick leave to one hour of vacation, or
  - b. Two hours of sick leave to one hour of cash payment.
  
3. Sick leave accumulation over 1,200 hours must be converted at the following ratios:
  - a. Three hours of sick leave for two hours of vacation leave, or
  - b. Three hours of sick leave to two hours of cash payments.

Compensated absences payables of \$97,653 have been recorded in the government-wide financial statements. Of the \$97,653, \$70,107 is considered to be the current portion while \$27,546 is considered to be the long-term portion which is expected to be paid after one year. The compensated absence payable has been valued using the pay levels in effect at June 30, 2009 and does not include estimated payroll tax and fringe benefit costs. This amount also does not include any sick leave that is eligible to be converted to vacation leave or cash. The General Fund is the only fund which has been and which will be used to liquidate compensated absences liabilities.

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Compensated absences payable	\$ 83,925	97,283	(83,555)	97,653	70,107

**Capital Assets**

Property, plant and equipment purchased or acquired, including software, are carried at historical cost or estimated historical cost. The Authority does not develop its own software, but if it did, the developed software would be capitalized and depreciated the same as purchased software. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed and incurred. The Authority's capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000. However, all capital outlay purchases may not necessarily be capitalized.

The Authority does not capitalize interest in regard to any of its capital assets.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

Depreciation on all depreciable assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Authority utilizes Internal Revenue Service guidelines and other guidelines to estimate the useful lives on fixed assets as follows:

Vehicles, furniture and office equipment, including software and construction equipment	5 to 7 years
Buildings and improvements	40 years
Infrastructure	70 years

The Authority has decided to utilize depreciating its infrastructure rather than the modified approach to account for infrastructure.

**Reservations, Restrictions and Designation of Fund Balances**

Reservations of fund balances on the Governmental Funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for Petty Cash - This reserve was created to represent the portion of fund balance that is used in petty cash.

Restricted for Debt Services - This restriction was created to represent funds which are restricted to use for debt service.

Restricted for Construction Projects - This restriction was created to represent funds which are restricted to use for construction projects.

Designated fund balances are determined internally via resolutions adopted by the Board of the Authority. They consist of \$400,000 for emergency work and contingencies and \$4,000,000 for project modifications as of June 30, 2009. They may be redesignated by the Authority's Board at any time.

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, restricted resources will be applied first.

**Revenues and Expenditures**

Substantially all governmental fund revenues are accrued, except the only property taxes accrued in the fund financial statements are those actually received within thirty days of year-end. Expenditures are recognized when related fund liability is incurred.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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June 30, 2009

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

**Investment in Capital Assets (net of related debt)** – is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the general obligation bonds issued to finance the Authority construction projects. The Authority had related debt of \$32,100,000 at June 30, 2009.

**Restricted Net Assets** – are liquid assets (generated from revenues and not bond proceeds) which have third-party (statutory, bond covenant or granting agency) limitations on their use.

**Unrestricted Net Assets** – represent the net assets of the Authority which are not restricted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Bond Issuance Costs and Bond Premium

Bond issuance costs of \$245,481 (\$56,767 in current year) have been capitalized in the government-wide financial statements and are being amortized using straight-line over the life of the related bonds payable. Bond premiums of \$231,174 (\$48,750 in current year) have been capitalized in the government-wide financial statements and are being amortized using straight-line against interest expense over the life of the related bonds payable.

Deferred Revenue

Receivables which do not meet the “available” criteria for revenue recognition under the modified accrual basis of accounting are recorded as deferred revenue. Deferred revenue at June 30, 2009 is attributable to the following:

Ad valorem assessments

\$ 608,070

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Noncash Capital Contributions**

The Authority's purpose is to provide a flood control system for the benefit of property within the boundaries of the Authority. Pursuant to Authority policies and practices, certain infrastructure assets including land, easements, dams, ponds, and drainage channels are contributed to the Authority. These contributions may come from other governmental entities or from private parties whose development activities are subject to the oversight of the Authority. These assets are then the continuing responsibility of the Authority. The Authority records the fair market value of these assets at the date of contribution as program revenues and as capital outlay expenditures.

**NOTE 2. CASH AND INVESTMENTS**

Pursuant to Section 6-10-10G, NMSA, 1978, the Authority entered into securities sold under repurchase agreements with Wells Fargo Bank during the fiscal year ended June 30, 2009, whereby when the demand deposit balance available on any day exceeds \$50,000, a repurchase transaction is made to purchase certain legally permissible securities on behalf of the Authority. These securities are repurchased from the Authority on the succeeding business day.

The demand deposit balances in excess of the minimums set by the Authority are transferred to the "cash management investments" accounts for the purpose of entering into appropriate repurchase agreements. As provided by Section 6-10-10G, NMSA 1978, the repurchase contract shall be fully secured by obligations of the United States having a market value of at least 102% of the contract. The collateral required for investments in the contracts shall be shown on the books of the financial institution as being the property of the Authority.

The Albuquerque Metropolitan Arroyo Flood Control Authority invests its funds in accordance with resolutions adopted by its Board of Directors. Pursuant to Section 72-16-22, NMSA 1978, the Authority may deposit any of its funds in any banking institution and may invest its funds in its own securities or federal securities by direct purchase. The Board of Directors has the authority to determine the amount of collateral to be provided on its deposits in accordance with applicable state statutes.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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June 30, 2009

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Effective March 22, 1990, the Board adopted a new resolution which differentiates banks wherein deposits may be maintained into two classes as determined by the State Investment Office. The two classes consist of "Class A" and "Class B" banks which require 50%, respectively, of uninsured bank deposits to be collateralized. Collateral pledged by a bank on deposits is required to be held at another bank and cannot be released without the Authority's permission. The Authority currently requires 50% collateral after considering FDIC insurance on its deposits with Wells Fargo. At June 30, 2009, 100% of the cash balance was insured.

The following schedule shows the reconciliation between the amounts reflected by the Authority's financial institutions and the amounts reflected in the financial statements under the caption "Cash" in the government-wide financial statements.

Balances as reflected by financial institutions at June 30, 2009:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts	
Cash balances per depository at June 30, 2009:	
Wells Fargo Bank	\$ 50,053
Debt Service Fund	205
Storm Quality Education	169,957
Area Wide Maintenance	1,552
Ditch & Water Safety Task Force Fund Operating	32
Ditch & Water Safety Task Force Fund Reserve	<u>68,623</u>
Total deposits	290,422
Wells Fargo Bank – repurchase agreements	163,129
Petty cash	<u>200</u>
Subtotal	453,751
Less outstanding checks, all accounts	(95,592)
Less agency funds – cash accounts	<u>(240,164)</u>
Net carrying value at June 30, 2009	<u>\$ 117,995</u>
Shown as:	
General Fund	\$ 26,308
Debt Service Fund	205
Capital Projects Fund	90,677
Building Improvement Fund	<u>805</u>
<b>Total cash per government-wide financial statements</b>	<b><u>\$ 117,995</u></b>

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

The Authority had \$290,422 in the following depository accounts at June 30, 2009. All deposits are carried at cost. The Authority's deposit policy has been described earlier.

Insured	\$ 290,422
Collateral held by the pledging bank's trust department in the Authority's name	<u>                  -</u>
<b>Total deposits</b>	<b><u>\$ 290,422</u></b>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy regarding custodial credit risk is to comply with its Resolution described earlier and with Section 6-10-17, NMSA (1978 Comp). As of June 30, 2009, all of the Authority's deposits were insured. Therefore, there was no custodial credit risk at June 30, 2009.

The Authority has invested funds in the New Mexico State Treasurer's Local Government Investment Pool (Pool). The Pool's investments are U.S. term overnight repurchase agreements. Interest rates fluctuate depending upon the investments in the Pool, and the interest rate at June 30, 2009 was .276%. The repurchase agreements are secured at 102% by U.S. Government Securities. The fiscal agent bank for the Pool contracts with New York bank to act as third-party custodian of all of the collateral pledged as required at 102% for the overnight repurchase agreements. The New Mexico State Treasurer has the statutory approval to invest in such agreements. As of June 30, 2009 the balance in the repurchase account was \$163,129.

The investments are valued at fair value based on quoted market prices as of the valuation date.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States Government or are agencies sponsored by the United States Government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

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 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

The Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amount deposited in the fund and the length of time the amounts in the Pool were invested. Participation in the Local Government Investment Pool is voluntary. The Pool is rated AAA as to credit risk and has a 43-day interest risk using a weighted average maturity (WAM).

GASB #40 states: "Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality." This statement would apply to the State Treasurer Local Government Investment Pool so no disclosure of credit quality is required.

Following are the amounts by fund that are included in the State Treasurer Local Government Investment Pool as of June 30, 2009:

General Fund	\$ 8,616,388
General Fund – restricted	192,660
Debt Service Fund	9,220,435
Debt Service Fund – restricted	28,776
Capital Projects Fund	4,074,707
Capital Projects Fund – restricted	254,507
Building Improvement Fund	175,000
Agency Fund	<u>71,531</u>
	<u>\$ 22,634,004</u>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*Investments – restricted*

The New Mexico State Treasurer's Office invested a portion of the LGIP in The Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen. Since September 2008, The Reserve Primary Fund has returned approximately \$0.90 per share to shareholders. On February 26, 2009, The Reserve Primary Fund announced that it was withholding \$3.5 billion of the Fund's assets from anticipated pending litigation against it, which amount could increase or decrease as the Fund evaluates information related to such litigation. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date. The total remaining Reserve Primary Fund positions as of June 30, 2009 is \$39.5 million. The LGIP's remaining position in The Reserve Primary Fund is a non-performing asset.

Because of uncertainties noted above, the Authority has elected to record these amounts as restricted, and as of June 30, 2009, no loss has been recorded.

**NOTE 3. PROPERTY TAXES AND PROPERTY TAX RECEIVABLES**

Property taxes are payable to the County Treasurer in two equal installments, due on November 10 of the year in which the tax bill was prepared and on April 10 of the following year. Pursuant to Section 7-38-38, NMSA 1978, property taxes are delinquent if not paid within thirty days after the date on which they are due. Property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes. Taxes on real property are a lien against the real property on which the taxes are delinquent.

Article VIII, Section 2 of New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within Bernalillo County to \$20.00 per \$1,000 assessed value. This limitation does not apply to special levies, such as levies for bond issues, authorized at an election by a majority of the qualified voters within Bernalillo County.



STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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 June 30, 2009

**NOTE 3. PROPERTY TAXES AND PROPERTY TAX RECEIVABLES (CONTINUED)**

The Authority has, as of June 30, 2009, a mill levy of 0.675 mills per thousand of assessed value which related to debt service of general obligation bonds in the Debt Service Fund. The Authority also has for the General Fund imposed operating levies of 0.167 mills per \$1,000 of assessed value on all residential property and 0.438 mills per \$1,000 of assessed value of nonresidential property within the Authority's boundaries. Section 7-37-7.1, NMSA 1978 limits the allowable increase in property taxes for operating purposes from the preceding year, but it does not limit any debt service levy. Specifically, no property tax rate or assessment for operating purposes shall be set which exceeds the prior year's tax revenue plus a percent, not in excess of five percent, determined by a specific general business indicator plus any net new increase in assessed value.

Property taxes receivable arise from tax levies which were levied and which are to be collected by the Bernalillo County Treasurer. The following are the receivables outstanding at June 30, 2009:

Receivables:	
Current property taxes	\$ 208,541
Delinquent property taxes, net of allowance of \$120,000 for doubtful accounts	<u>608,070</u>
<b>Total receivables</b>	<b><u>\$ 816,611</u></b>

Of the property taxes noted above, \$59,618 in the General Fund and \$148,923 in Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$608,070 have been recorded in the government-wide financial statements, which includes receivables for all uncollected levied taxes, net of an estimated allowance for doubtful accounts of \$120,000. Delinquent property taxes do not represent measurable available resources so they are considered to be deferred revenue in the fund financial statements.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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June 30, 2009

**NOTE 4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance June 30, 2008	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2009
Capital assets not being depreciated				
Operations:				
Construction in progress	\$ -	-	-	-
Infrastructure:				
Land acquisition	27,810,630	1,107,500	(485,000)	28,433,130
Construction in progress	7,682,642	7,874,010	(3,787,436)	11,769,216
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets not being depreciated	35,493,272	8,981,510	(4,272,436)	40,202,346
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets being depreciated				
Operations:				
Furniture and fixtures	132,015	22,693	-	154,708
Maintenance tools and automotive equipment	1,181,442	142,250	-	1,323,692
Office and maintenance buildings	994,234	41,609	-	1,035,843
Infrastructure:				
Utility relocations	1,831,160	126,288	-	1,957,448
Dams, channels and other improvements	138,273,019	13,885,896	(219,277)	151,939,638
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	142,411,870	14,218,736	(219,277)	156,411,329
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	177,905,142	23,200,246	(4,491,713)	196,613,675
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation				
Furniture and fixtures	(131,612)	(271)	-	(131,883)
Maintenance tools and automotive equipment	(836,890)	(96,527)	-	(933,417)
Office and maintenance buildings	(325,958)	(25,636)	-	(351,594)
Infrastructure	(34,286,435)	(2,033,225)	4,699	(36,314,961)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(35,580,895)	(2,155,659)	4,699	(37,731,855)
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, net of accumulated depreciation	\$ 142,324,247	21,044,587	(4,487,014)	158,881,820

STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2008	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2009
Summary of Investments in Capital Assets				
Investment in office and maintenance buildings, furniture, fixtures and equipment	\$ 2,307,691	206,552	-	2,514,243
Investment in land, dams, channels and improvements, utility relocations and construction in progress	156,387,191	22,993,694	(4,491,713)	174,889,172
Donated capital assets from Corps of Engineers	19,210,260	-	-	19,210,260
<b>Total</b>	<b>\$ 177,905,142</b>	<b>23,200,246</b>	<b>(4,491,713)</b>	<b>196,613,675</b>

Depreciation was allocated based on estimates of usage by each function.

Depreciation was charged as follows to these functions:

Flood control	\$ 2,129,752
General government	<u>25,907</u>
<b>Total depreciation</b>	<b><u>\$ 2,155,659</u></b>

*Projects*  
 Construction-in progress as of June 30, 2009, consisted of the following:

Project	Beginning Balance	Additions	Deletions	Ending Balance
Southwest Valley Drainage Engineering	\$ 846,348	-	-	846,348
NCD to I-25 Engineering	94,730	-	(94,730)	-
FEMA LOMRs Engineering	145,681	677	-	146,358

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
West I-40 Phase III Engineering	\$ -	37,420	-	37,420
Avulsion Number 1 Engineering	30,000	-	-	30,000
Boca Negra Engineering	246,386	59,733	-	306,119
Don Felipe DMO Engineering	137,284	17,902	-	155,186
Isleta Reconstruction Engineering	3,543	-	-	3,543
Construction	2,606,655	95,619	-	2,702,274
La Cueva Engineering	75,940	137,744	-	213,684
Construction	-	1,116,247	-	1,116,247
Domingo Baca SWQ Engineering	2,998	-	(2,998)	-
Vineyard SWQ Engineering	163,521	-	(163,521)	-
Construction	521,161	592,124	(1,113,285)	-
Raymac Engineering	38,100	75,369	-	113,469
McCoy Dam Engineering	56,039	-	-	56,039

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Johniece Channel				
Engineering	\$ 50,057	16,944	-	67,001
Construction	377	-	-	377
SDC Water Quality				
Engineering	19,087	63,137	-	82,224
EASP 98th Street				
Engineering	77,327	157,574	-	234,901
LCA WYO at Eagle Rock				
Engineering	-	-	-	-
Construction	700,000	-	(700,000)	-
Vineyard Arroyo				
Construction	185,970	-	(185,970)	-
Martinez Town				
Land	-	1,047,000	-	1,047,000
Engineering	-	6,977	-	6,977
Construction	1,026,118	491,186	-	1,517,304
Agency/Area Wide PC				
Engineering	585,732	-	(527,633)	58,099
El Pueblo Road				
Engineering	-	36,301	(36,301)	-
Construction	-	27,369	(27,369)	-
SW Valley Los Padillas Gravity Outlet				
Land	1,244,806	-	-	1,244,806
Engineering	21,209	29,215	-	50,424
Black Mesa 3 Dam Outlet				
Engineering	3,979	15,550	-	19,529
Construction	-	944,838	-	944,838

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Alb. West Levee Eval				
Engineering	\$ 44,400	29,823	-	74,223
Construction	-	1,000,000	-	1,000,000
NDC Recon Study				
Engineering	-	77,508	-	77,508
SW Valley Drain SD DMP				
Engineering	-	1,362	-	1,362
NDC Gatewell				
Engineering	-	49,152	-	49,152
Construction	-	236,569	-	236,569
Calabacillas GC 7B				
Engineering	-	55,221	-	55,221
Construction	-	336,243	-	336,243
Parkway Storm Drain				
Engineering	-	126,733	-	126,733
Construction	-	627,749	-	627,749
Misc PH2				
Engineering	-	37,006	-	37,006
Construction	-	6,034	-	6,034
Misc Project 09				
Engineering	-	37,776	-	37,776
Construction	-	221,188	-	221,188
Coors Pond				
Engineering	-	22,298	-	22,298
Construction	-	38,745	-	38,745
Embudo Under Carlise				
Engineering	-	2,319	-	2,319

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
West I-40 Diversion Ph IV				
Engineering	\$ -	3,327	(3,327)	-
Construction	-	43,379	(43,379)	-
El Bordo				
Engineering	-	1,069	-	1,069
Garduno Road SD Improvements				
Construction	-	75,000	-	75,000
Montano Levee GAP				
Engineering	-	34,660	-	34,660
MISC small/other jobs				
Engineering	-	27,038	(27,038)	-
Construction	-	1,021	(1,021)	-
	<u>\$ 8,927,448</u>	<u>8,060,146</u>	<u>(2,926,572)</u>	<u>14,061,022</u>

Reconciliation:

Construction in progress at 6/30/09 (page 35)	\$ 11,769,216
Land included above	<u>2,291,806</u>
<b>Total</b>	<u><u>\$ 14,061,022</u></u>

All of the financing required for the construction and engineering services projects listed will be provided by funds obtained through the prior issuance of general obligation bonds and the use of the Capital Project Fund revenues. The detail of construction in progress deletions and project additions is as follows:

Total deletions	\$ 2,926,572
Less non capital projects, transfers or projects belonging to others	(375,528)
Add project contributions	<u>11,461,140</u>
2009 project additions	<u><u>\$ 14,012,184</u></u>

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**NOTE 5. GENERAL OBLIGATION BONDS PAYABLE**

The change in general obligation bonds payable is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
General obligation bonds payable	\$ 30,000,000	9,750,000	(7,650,000)	32,100,000	8,275,000

All bonds are general purpose obligation bonds which are to be retired with future property tax levies for this purpose. The legal debt limit for the Authority is \$80,000,000 while the total general obligation debt on June 30, 2009 was \$32,100,000. The resulting legal debt margin is \$47,900,000.

The following is the detail for each issue outstanding at June 30, 2009:

Series 2005

Original amount: \$9,750,000  
Interest rate - 2.75% to 3.15%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2010	\$ 1,250,000	194,625	1,444,625
2011	1,250,000	157,125	1,407,125
2012	2,250,000	104,625	2,354,625
2013	2,250,000	35,437	2,285,437
	<u>\$ 7,000,000</u>	<u>491,812</u>	<u>7,491,812</u>

Series 2006

Original amount: \$9,750,000  
Interest rate - 3.75% to 4.0%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2010	\$ 1,500,000	260,625	1,760,625
2011	1,500,000	200,625	1,700,625
2012	1,500,000	142,500	1,642,500
2013	1,500,000	86,250	1,586,250
2014	1,500,000	29,063	1,529,063
	<u>\$ 7,500,000</u>	<u>719,063</u>	<u>8,219,063</u>



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 NOTES TO FINANCIAL STATEMENTS  
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NOTE 5. GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

Series 2007

Original amount: \$10,750,000  
 Interest rate - 3.5% to 4.0%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2010	\$ 2,250,000	251,000	2,501,000
2011	1,600,000	178,000	1,778,000
2012	1,000,000	132,500	1,132,500
2013	1,000,000	97,500	1,097,500
2014	1,000,000	60,000	1,060,000
2015	1,000,000	20,000	1,020,000
	<u>\$ 7,850,000</u>	<u>739,000</u>	<u>8,589,000</u>

Series 2008

Original amount: \$9,750,000  
 Interest rate - 2.75% to 3.5%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2010	\$ 3,275,000	247,656	3,522,656
2011	2,000,000	171,031	2,171,031
2012	1,000,000	128,531	1,128,531
2013	1,000,000	98,531	1,098,531
2014	825,000	70,641	895,641
2015	825,000	43,313	868,313
2016	825,000	14,437	839,437
	<u>\$ 9,750,000</u>	<u>774,140</u>	<u>10,524,140</u>

STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE 5. GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2010	\$ 8,275,000	953,906	9,228,906
2011	6,350,000	706,781	7,056,781
2012	5,750,000	508,156	6,258,156
2013	5,750,000	317,718	6,067,718
2014	3,325,000	159,704	3,484,704
2015	1,825,000	63,313	1,888,313
2016	825,000	14,437	839,437
	<u>\$ 32,100,000</u>	<u>2,724,015</u>	<u>34,824,015</u>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 6. PUBLIC EMPLOYEES' RETIREMENT PLAN**

All the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II, NMSA 1978). The Public Employees' Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123.

**Retirement Eligibility**

Under municipal general member coverage Plan 2 and municipal fire member coverage Plan 3, the percentage of retirement benefits for covered employees will be 2.5% of their final average monthly salary for the 36 consecutive months of credited service producing the largest average. Under municipal general member coverage Plan 3, the percentage of retirement benefits for covered employees will be 3% of their final average monthly salary for the 36 consecutive months of credited service producing the largest average. Under municipal police member coverage Plan 5, the percentage of retirement benefits for covered employees will be 3.5% of their final average monthly salary for the 36 consecutive months of credited service producing the largest average. Effective July 1, 1994, all of the Authority's full-time participants elected to be covered under general member coverage Plan 3. Eligibility for receiving the monthly benefits is as follows:

- a. Age 65 years or older and five or more years of credited service;
- b. Age 64 years and eight or more years of credited service;
- c. Age 63 years and eleven or more years of credited service;
- d. Age 62 years and fourteen or more years of credited service;
- e. Age 61 years and seventeen or more years of credited service;
- f. Age 60 years and twenty or more years of credited service; or
- g. Any age and twenty-five or more years of credited service.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 6. PUBLIC EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

**Disability Benefits**

Members or vested former members with five or more years of credited service will receive their normal retirement pension based on credited service and final average salary at time of disability retirement. The five-year service requirement is waived if the disability is incurred in the line of duty. Disability retirements are subject to reevaluation until the retired member reaches normal retirement. Payment of the disability pension is suspended for the balance of any year in which a disabled retired member does not submit an annual statement of earnings or if the previous year is more than the amount which causes the suspension of or a decrease in the social security old age benefit for a 65-year old.

**Retirement Benefits**

If a member dies in the line-of-duty, the eligible spouse receives 50% of the member's final average salary, or if larger, 80% of the member's accrued normal retirement pension for life. The amount of pension payable to each of the member's eligible children is an equal share of 25% of the member's final salary. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining children is recalculated whenever a child's pension is terminated.

**Fund Policy**

Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15%. The Authority has elected to pay 75% of the employee's required contribution for a total of 19.01% contributed by the Authority. The contribution requirements of plan members and the Authority are established under Chapter 10, Article II, NMSA 1978. The requirements may be amended by acts of the Legislature. The Authority's contributions to PERA for the years ended June 30, 2009, 2008, 2007, and 2006 were \$221,348, \$199,060, \$173,298, and \$170,056, respectively, equal to the amount of the required contributions for each year.

**NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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

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

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium rate to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of the two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Authority's contributions to the RHCA for the years ended June 30, 2009, 2008, 2007, and 2006 were \$14,988, \$13,476, \$11,836, and \$11,629, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009**

**NOTE 8. FUND BALANCES - DESIGNATED FOR PROJECT MODIFICATIONS**

As of June 30, 2009, the Authority's Board has designated a total of \$4,000,000 of the unreserved fund balance of the General Fund for potential modifications of five specific projects: the modification of Alameda Outlet, NDC had \$1,000,000 designated; the Ladera Dam Safety Modifications Project had \$500,000 designated; the North Diversion Channel Lining Rehab had \$1,500,000 designated; the North Diversion Channel Upper UNM CBC had \$500,000 designated; and the Hahn Arroyo Rehab had \$500,000 designated.

**NOTE 9. RISK MANAGEMENT**

The Authority participates in the New Mexico Self-Insurer's Fund risk pool. Listed below is a summary of insurance coverages in force for the fiscal year ended June 30, 2009:

**Workers Compensation**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020W
c. Amount of coverage	Unlimited
d. Expiration date	6/30/09
e. Premium paid	\$48,082

**Property**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020P
c. Amount of coverage	Scheduled Values
d. Expiration date	6/30/09
e. Premium paid	\$4,050

**General Liability**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020L
c. Amount of coverage	\$400,000/\$750,000 per person/occurrence \$300,000 medical, \$100,000 property
d. Expiration date	6/30/09
e. Premium paid	\$17,129

**STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009**

**NOTE 9. RISK MANAGEMENT (CONTINUED)**

**Auto Liability**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020L
c. Amount of coverage	\$400,000/\$750,000 per person/occurrence \$300,000 medical, \$100,000 property Actual cash value
d. Expiration date	6/30/09
e. Premium Paid	\$18,146

**Director's Liability Coverage – separate bond, not w/NMSI**

a. Name of insurance agent	CAN Surety, P.O. Box 5176, Sioux Falls, SD 57117-5176
b. Policy number	Bond NO. 68998232
c. Amount of coverage	\$10,000 for each director
d. Expiration date	6/30/09
e. Premium paid	\$250

**Civil Rights**

a. Name of insurance agent	New Mexico-Self Insurer's Fund
b. Policy number	4020L
c. Amount of coverage	Tort limits (\$1,000,000)
d. Expiration date	6/30/09
e. Premium paid	\$6,464

The Authority has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the Authority would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss. The address of the New Mexico Self-Insurers' Fund is 1231 Paseo de Peralta, Santa Fe, NM 87501.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 9. RISK MANAGEMENT (CONTINUED)**

At June 30, 2009, no unpaid claims have been filed which exceed the policy limits. To the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Albuquerque Metropolitan Arroyo Flood Control Authority.

**NOTE 10. SIGNIFICANT ESTIMATES**

The Authority records property tax revenues based on the amounts collected by the Bernalillo County Treasurer in June that are remitted to the Authority in July and deferred revenues on property taxes based on information provided by the Bernalillo County Treasurer's Office. An estimated receivable of \$728,070 at June 30, 2009 was recorded by the Authority. An estimated allowance for doubtful accounts of \$120,000 was also provided in conjunction with this receivable, resulting in a net amount recorded of \$608,070.



STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
DEBT SERVICE FUND  
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 9,228,358	9,228,358	\$ 8,812,221	(416,137)
Less reappraisal fee	(92,284)	(92,284)	(86,756)	5,528
Net property taxes	9,136,074	9,136,074	8,725,465	(410,609)
Investment and other	82,086	82,086	101,615	19,529
<b>Total revenues</b>	<b>9,218,160</b>	<b>9,218,160</b>	<b>8,827,080</b>	<b>(391,080)</b>
Expenditures				
Debt Service:				
Interest and fiscal charges	1,035,688	1,035,688	1,161,820	(126,132)
Bond principal	7,650,000	7,650,000	7,650,000	-
<b>Total expenditures</b>	<b>8,685,688</b>	<b>8,685,688</b>	<b>8,811,820</b>	<b>(126,132)</b>
<b>Net change in fund balance</b>	<b>532,472</b>	<b>532,472</b>	<b>15,260</b>	<b>(517,212)</b>
Prior year cash balance required to balance budget	\$ -	-		
Fund balance, beginning of year			9,314,236	
<b>Fund balance, end of year</b>			<b>\$ 9,329,496</b>	
Budgetary Revenues			\$ 8,827,080	
Reappraisal fees classified as an expense under GAAP			86,756	
Change in property tax receivable			46,249	
Change in deferred revenues			(17,153)	
<b>GAAP revenues</b>			<b>\$ 8,942,932</b>	
Budgetary Expenses			\$ 8,811,820	
Reappraisal fees classified as an expense under GAAP			86,756	
Bond premium, unbudgeted			-	
<b>GAAP expenses</b>			<b>\$ 8,898,576</b>	

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
CAPITAL PROJECTS FUND  
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment	\$ 68,002	68,002	\$ 48,841	(19,161)
Revenue from jointly funded projects	4,024,537	4,024,537	907	(4,023,630)
Other	-	-	192	192
<b>Total revenues</b>	<u>4,092,539</u>	<u>4,092,539</u>	<u>49,940</u>	<u>(4,042,599)</u>
Expenditures				
Capital outlay and noncapitalizable construction costs	22,817,900	22,817,900	7,211,792	15,606,108
Bond issuance costs	160,000	160,000	56,768	103,232
<b>Total expenditures</b>	<u>22,977,900</u>	<u>22,977,900</u>	<u>7,268,560</u>	<u>15,709,340</u>
Deficiency of revenues over expenditures before other financing uses	<u>(18,885,361)</u>	<u>(18,885,361)</u>	<u>(7,218,620)</u>	<u>11,666,741</u>
Other financing sources				
Proceeds from bond sale	<u>19,500,000</u>	<u>19,500,000</u>	<u>9,750,000</u>	<u>(9,750,000)</u>
<b>Total other financing     sources and uses</b>	<u>19,500,000</u>	<u>19,500,000</u>	<u>9,750,000</u>	<u>(9,750,000)</u>
<b>Net change in fund balance</b>	<u>614,639</u>	<u>614,639</u>	<u>2,531,380</u>	<u>1,916,741</u>
Prior year cash balance required to balance budget	<u>\$ -</u>	<u>-</u>		
Fund balance, beginning of year			<u>1,074,169</u>	
<b>Fund balance, end of year</b>			<u>\$ 3,605,549</u>	
Budgetary Expenses			\$ 7,268,560	
Change in accounts payable			<u>772,209</u>	
<b>GAAP expenses</b>			<u>\$ 8,040,769</u>	

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
BUILDING IMPROVEMENT FUND  
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Transfer from General Operating Fund	\$ 175,000	175,000	\$ 175,000	-
Interest Income	1,000	1,000	805	(195)
<b>Total revenues</b>	<u>176,000</u>	<u>176,000</u>	<u>175,805</u>	<u>(195)</u>
<b>Expenditures</b>				
Roof construction	60,000	60,000	-	60,000
Yard modifications	20,000	20,000	-	20,000
HVAC unit	5,000	5,000	-	5,000
Office improvements	70,000	70,000	-	70,000
<b>Total expenditures</b>	<u>155,000</u>	<u>155,000</u>	<u>-</u>	<u>155,000</u>
<b>Net change in fund balance</b>	<u>\$ 21,000</u>	<u>21,000</u>	<u>175,805</u>	<u>154,805</u>
Fund balance, beginning of year			<u>-</u>	
<b>Fund balance, end of year</b>			<u>\$ 175,805</u>	

STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 SCHEDULE OF ASSETS AND LIABILITIES - AGENCY FUNDS  
 June 30, 2009

	Ditch and Water Safety Task Force Fund	Storm Water Quality Coordinator	Area Wide Agency	Total Agency Funds
<b>ASSETS</b>				
Cash in bank	\$ 68,655	169,957	1,552	240,164
Investments	-	-	71,531	71,531
<b>Total assets</b>	<b>\$ 68,655</b>	<b>169,957</b>	<b>73,083</b>	<b>311,695</b>
<b>LIABILITIES</b>				
Funds held for others	\$ 68,655	169,957	73,083	311,695
<b>Total liabilities</b>	<b>\$ 68,655</b>	<b>169,957</b>	<b>73,083</b>	<b>311,695</b>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
June 30, 2009

Description	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Ditch and Water Safety Task Force Fund				
Assets				
Cash in bank	\$ 61,867	164,699	(157,911)	68,655
Liabilities				
Deposits held for others	\$ 61,867	164,699	(157,911)	68,655
Storm Water Quality Coordinator				
Assets				
Cash in bank	\$ 125,741	57,000	(12,784)	169,957
Total assets	\$ 125,741	57,000	(12,784)	169,957
Liabilities				
Deposits held for others	\$ 125,741	57,000	(12,784)	169,957
Total liabilities	\$ 125,741	57,000	(12,784)	169,957
Area Wide Agency				
Assets				
Cash in bank	\$ 286,609	1,276,360	(1,561,417)	1,552
Investments	550,000	-	(478,469)	71,531
Total assets	\$ 836,609	1,276,360	(2,039,886)	73,083
Liabilities				
Deposits held for others	\$ 836,609	1,276,360	(2,039,886)	73,083
Total liabilities	\$ 836,609	1,276,360	(2,039,886)	73,083
All Agency Funds				
Assets				
Cash in bank	\$ 474,217	1,498,059	(1,732,112)	240,164
Investments	550,000	-	(478,469)	71,531
Total assets	\$ 1,024,217	1,498,059	(2,210,581)	311,695
Liabilities				
Deposits held for others	\$ 1,024,217	1,498,059	(2,210,581)	311,695
Total liabilities	\$ 1,024,217	1,498,059	(2,210,581)	311,695

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2009

The following presents the collateral requirements for the Authority's bank demand deposit accounts at June 30, 2009:

Wells Fargo, Albuquerque, NM - demand deposit accounts:

Depository balances as of June 30, 2009

Checking

General Fund	\$ 50,053
Debt Service Fund	205
Storm Quality Education	169,957
Area Wide Maintenance	1,552
Ditch & Water Safety Task Force Fund Operating	<u>32</u>
	221,799

Savings

Ditch & Water Safety Task Force Fund Reserve	<u>68,623</u>
Total depository balances	290,422
Less FDIC insurance coverage	<u>(500,000)</u>

**Uninsured balance**

\$ -

**Collateralization required (50%)**

\$ -

The following presents the collateral requirements for the Authority's bank repurchase accounts at June 30, 2009:

Wells Fargo, Albuquerque, NM - repurchase accounts:

Depository balances as of June 30, 2009

Checking Master Account (Repurchase)	<u>\$ 163,129</u>
--------------------------------------	-------------------

**Uninsured balance**

\$ 163,129

**Collateralization required (102%)**

\$ 166,392

Collateral provided - held for Wells Fargo at the Federal Reserve Bank in Omaha, Nebraska.

Collateral value is fair market value at June 30, 2009

Fannie Mae, Interest Only AAA Rated Securities

par \$157,419; interest rate 6%; maturity date January 15, 2029;

CUSIP #36210AZF7	<u>\$ 166,392</u>
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**Total collateral**

166,392

**Collateralization in deficit of requirement**

\$ -

# Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS  
6200 UPTOWN BLVD. NE - SUITE 400  
ALBUQUERQUE, NM 87110

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Ronald D Brown, Chair  
Albuquerque Metropolitan Arroyo Flood Control Authority  
Albuquerque, New Mexico  
and  
Hector H. Balderas  
State Auditor  
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund and the budgetary comparisons for the capital projects and debt service funds presented as supplemental information of the Albuquerque Metropolitan Arroyo Flood Control Authority (Authority) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 09-01 and 09-02.

The Authority's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Authority, the Board of Directors, Office of the State Auditor, New Mexico Department of Finance and Administration, and the New Mexico Legislature, and is not intended to be and should not be used by anyone other than these specified parties.

*Ricci & Company, LLC*

Albuquerque, New Mexico

September 10, 2009



**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2009**

09-01 Journal Entries

**CONDITION**

The Authority recorded a nonroutine transaction in which entries were made in the accounting software that did not balance at the fund level. The Authority elected to not further complicate the problem by trying to correct it. However, documentation about the error and why the funds were out of balance were not maintained.

**CRITERIA**

Since GAAP requires individual funds to be self balancing, all journal entries recorded must balance at the fund level.

**EFFECT**

The year end trial balance for the General Fund and Capital Projects Fund were out of balance as of June 30, 2009.

**CAUSE**

Management was unfamiliar with how to record the nonroutine transaction in the accounting software.

**RECOMENDATION**

We recommend that the Authority continue with its current procedures and when deemed necessary, contact the Authority's auditor or a consultant regarding any nonroutine transactions. The Authority should also update its monthly close-out checklist to include verifying all journal entries and trial balances are balanced on a fund level. Documentation of all such matters should also be maintained.

**AUTHORITY RESPONSE**

The Authority was aware of a problem with the software and should have notified the IPA for guidance in correcting the situation. In the future, we will ensure that journals and funds are balanced and if a question arises, will contact software vendor or IPA immediately, for guidance. We will also update our monthly-end closeout checklist to include the procedures.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2009**

09-02 Budget Overage

**CONDITION**

During our analysis of the budget to actual report for the period ended June 30, 2009, we noted that the Authority is over budget by \$126,132 in the Debt Service Fund.

**CRITERIA**

State Statute 6-6-6 NMSA 1978 and SAO Rule 2.2.2.10.P(1) requires that local government spending does not exceed budgeted amounts.

**CAUSE**

The Authority incurred higher interest expense on its long-term debt than what was originally anticipated.

**EFFECT**

The Authority is not in compliance with State Statutes.

**RECOMMENDATION**

The Authority should continue to monitor its budget on a monthly basis and in justified situations execute a budget adjustment.

**MANAGEMENT RESPONSE**

The Authority will continue to monitor the budget on a monthly basis and execute a budget adjustment when necessary.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SUMMARY OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2009**

08-1 Travel and Per Diem      Cleared

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
EXIT CONFERENCE  
For the Year Ended June 30, 2009**

**Exit Conference**

An exit conference was held on September 10, 2009 to discuss the annual financial report. Attending were the following:

Representing the Albuquerque Metropolitan Arroyo Flood Control Authority:

Board Members

Ronald D. Brown, Chair

Administrative Staff

John P. Kelly, P.E. – Executive Engineer  
Irene Jeffries – Business Manager

Representing the Independent Auditor:

Herman Chavez, CPA

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.