



Certified Public Accountants

ricci&company llc

STATE OF NEW MEXICO
ALBUQUERQUE
METROPOLITAN ARROYO
FLOOD CONTROL AUTHORITY

ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2010

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

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STATE OF NEW MEXICO
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FLOOD CONTROL AUTHORITY

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

John P. Kelly, P.E.
Executive Engineer



**Albuquerque
Metropolitan
Arroyo
Flood
Control
Authority**

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

November 10, 2010

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, 2010 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, 2010 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) reflects the Authority's sound management of its \$155,572,968 in assets. The Statement of Activities (page 13) reviews the changes from the beginning to the end of the current period. The government-wide statements focus on the Authority as a whole and are intended to present the Authority in a more corporate style basis.

November 10, 2010

The Fund Financial Statements, starting on page 14, are designed to address the major individual funds by category (governmental and fiduciary). Explanation of the funds financial statements is included in the MD&A (page 3) and in the Financial Audit Report, Note 1 (page 20).

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

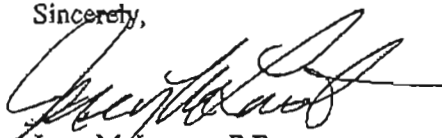
The Annual Financial Report is presented in accordance with all applicable GASB standards and New Mexico State Auditor requirements.

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 the Authority's continued emphasis on providing the best in flood control while striving to adhere to water quality standards and ensuring that all funding is spent prudently.

Sincerely,



Jerry M. Lovato, P.E.
Executive Engineer

Albuquerque
Metropolitan
Arroyo
Flood
Control
Authority

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

**OFFICIAL ROSTER
June 30, 2010**

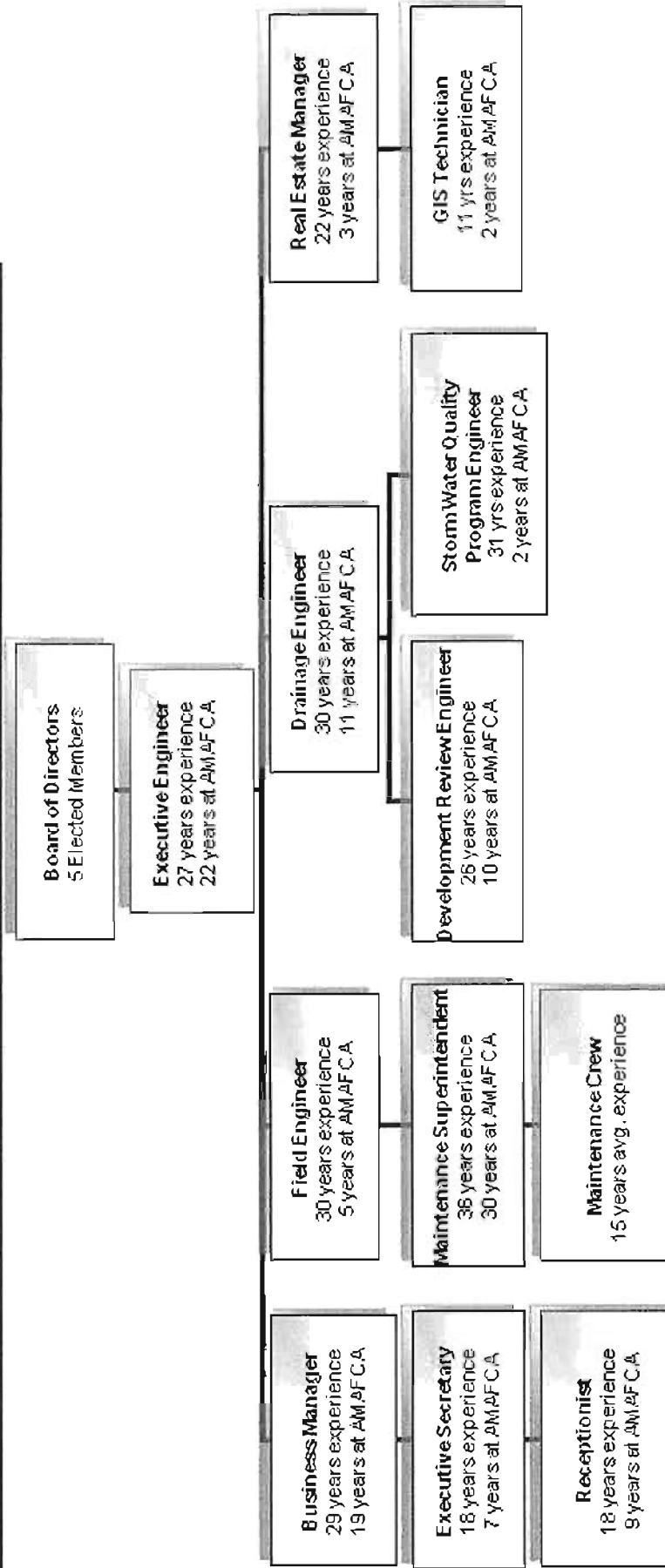
Board Members

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

Administrative Staff

Jerry M. Lovato, P.E.	Executive Engineer (Effective 08/26/2010)
John P. Kelly, P.E.	Special Projects Engineer (Executive Engineer prior to 08/26/2010)
Irene Jeffries	Business Manager

AMAFCA Organizational Chart



Independent Auditors' Report

Janet Saiers, 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 and budgetary comparisons for the general fund of the Albuquerque Metropolitan Arroyo Flood Control Authority (Authority), as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons for the major debt service, capital projects, and building & yard improvement funds for the year ended June 30, 2010, 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 opinions.

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, 2010, 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, capital projects and building & yard improvement 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 November 10, 2010 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 on pages 3 through 11 are 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 are presented for purposes of additional analysis and are 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
November 10, 2010

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 operate 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 a 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 \$10.7M in capital projects, of which approximately \$3.6M was capitalized and \$7.1M was transferred to other local governments. Further, the Authority has approximately \$10.1M of ongoing flood control capital projects.
- The Authority is one of two of the highest rated government agencies in the state of New Mexico; Standard & Poor's Rating Services a AAA (upgraded in 2007 from a AA+) and an Aaa rating from Moody's Investors.
- Total cash and investments (including restricted) increased by approximately \$3.1 M from the previous year. This increase is due to a bond sale occurring and the timing of progress payments made to contractors on various projects.
- General government expenses increased by approximately \$330,000 primarily related to the acquisition of major assets, most notably construction on the main office and purchase of a new dump truck.

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, 2010. 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, 2010.

Table A-1
 The Authority's Net Assets

	Government Activities 6/30/10	Government Activities 06/30/09
Current Assets	\$ 28,089,856	\$ 23,021,136
Capital Assets, net of depreciation	163,160,817	158,881,820
Other assets – bond issuance costs	159,534	138,115
restricted investments	<u>76,842</u>	<u>475,943</u>
Total Assets	<u>191,487,049</u>	<u>182,517,014</u>
Current Liabilities	10,145,160	10,091,156
Non-current Liabilities	<u>25,768,921</u>	<u>23,974,643</u>
Total Liabilities	<u>35,914,081</u>	<u>34,065,799</u>
Net Assets		
Invested in Capital Assets net of Related Debt	129,335,815	126,781,820
Restricted for Debt Service	9,447,032	9,398,338
Restricted for capital projects	8,396,352	3,520,470
Unrestricted	<u>8,393,767</u>	<u>8,750,587</u>
Total Assets	<u>\$ 155,572,968</u>	<u>\$ 148,451,215</u>

The increase of \$7,121,753 from the previous year is due to:

- An increase in investments, purchases and investment gains.
- The acquisition of turnkey projects.
- A smaller % of construction projects related to the bond offering being completed before June 30, 2010

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, 2010, the Authority's operating mill levy was 0.165 for residential property and 0.488 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, 2010 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 0.302 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, 2010 were \$12,797,745 as compared to \$12,196,883 for the fiscal year ended June 30, 2009. The budget used conservative property values and interest rates in estimating revenues.

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 2010 was \$6,860,773. See table below.

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

	Government Activities 6/30/10	Governmental Activities 6/30/09
Program Revenues		
Revenue from jointly funded projects	\$ 7,945,467	\$ 11,462,047
General Revenues		
Property taxes	\$ 12,797,745	\$ 12,196,883
Investment	34,419	216,496
Net gain on disposal of capital assets	--	--
Other	<u>23,896</u>	<u>49,569</u>
Total Revenues	<u>20,801,527</u>	<u>23,974,995</u>
Expenses		
General Government	1,326,432	1,095,945
Flood Control	3,554,648	3,367,206
Planning, Engineering, R&D	927,230	724,056
Capital outlay—intergovernmental	7,163,048	847,913
Interest on long-term debt	<u>969,396</u>	<u>1,056,856</u>
Total Expenses	<u>13,940,754</u>	<u>7,091,976</u>
Change in Net Assets	6,860,773	16,833,019
Beginning Net Assets, July 1	<u>148,451,215</u>	<u>131,618,196</u>
Restatement	260,980	-
Ending Net Assets, June 30	<u>155,572,968</u>	<u>148,451,215</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, 2010 exceeded the budget by \$26,277 or 1%. The reason for this increase in revenues is that the budget used conservative property values and interest rates in estimating revenues.

The general fund operating budget was spent at approximately 91% of budget, cash basis. Salary and Payroll expenses were at 99 % of the budget. There was also a \$500,000 transfer from the Authority's Contingency Fund to the Construction Fund for construction of the Parkway Storm Drain. This project made permanent improvements to stabilize an earthen channel that has required substantial maintenance over the last three years.

Debt Service Fund Budget

Actual debt service fund tax revenues were \$45,847 over the budgeted amount. The budget used conservative growth factors for the assessed valuation, which were less than actual growth in assessed valuation resulting in more tax revenue. The budget used conservative interest rates in estimating interest income. There was no difference between actual and budgeted expenditures in the debt service fund.

Capital Projects Fund Budget

Actual revenues in the capital projects fund were about \$14M less than budget primarily due to contributions from cost share projects not being collected due to the projects not being ready to bid and a \$10M bond sale being held after fiscal year end.

Total expenditures for the capital projects fund were about \$18.7M less than budgeted due to the timing of the construction in progress, in which the entire project is budgeted but only a portion of the project is completed during the year.

Building & Yard Improvement Fund Budget

The Authority originally budgeted \$300,000 for office improvements. There were no expenditures since the costs of the improvements were captured in the general fund, and this fund only reflects the transfer of funds to the general fund.

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 \$4.3 M primarily due to construction projects being completed other entities and ownership transferred to the Authority. Also do to construction in progress on the Authority's office building.

Major projects completed or closed out during FY-10 include:

La Cueva Storm Water Quality

This project provided storm water quality improvements and debris control to meet EPA permit requirements for storm water quality. Total design and construction of the project was \$1,482,863.

Albuquerque West Levee

This project was a cost sharing agreement with Bernalillo County and the MRGCD which will remove 2600 acres from the flood plain. The Authority's total contribution for design and construction for the project was \$1,213,975.

Miscellaneous Projects 09

This project provided concrete repairs, access control and modifications to existing storm water quality facilities. Total design and construction of the project was \$366,548.

Miscellaneous Projects Phase 2

This project provided concrete repairs, access control and modifications to existing storm water quality facilities. Total design and construction of the project was \$726,244.

Slick's Inlet Storm Water Quality

This project provided storm water quality improvement and debris control to meet EPA permit requirement for storm water quality. Total design and engineering for the project was \$287,716.

Contributions to Other Governments

The Authority contributed \$719,115 to the Corps of Engineers for the Southwest Valley Drainage Improvements Project. The project provided installation of master-planned drainage facilities identified in the Southwest Valley Flood Reduction Feasibility Project to remove flood plain in the valley floor. In addition to widening the Middle Rio Grande Conservancy District drains, the project will include the installation of large storm drains and construction of a new outfall to the Rio Grande. Best Management Practices will be used to enhance storm water quality.

The Authority contributed \$1,136,254 to the Agency and Area-Wide Flood Control Maintenance Contract per contract amendments with the City of Albuquerque and the New Mexico

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

Department of Transportation for design and construction engineering for channel repair. The Authority serves as the fiscal agent for the project.

The Authority contributed \$340,169 to the City of Albuquerque for Mountain Road Storm Drain Phase Phase 4 of the A.Q. Pond System. This project is the final phase of construction associated with the Air Quality Pond project. This phase of construction connects the existing storm drain system to the newly constructed pipe system and water quality pond built by the City of Albuquerque.

The Authority contributed \$1,000,000 to the City of Albuquerque for the Coal Storm Drain Extension Phase I. The project replaced existing storm drain with larger line along Coal Avenue, The Authority contributed to replace and undersized system.

The Authority contributed \$700,000 to Bernalillo County for the Sunset Gardens Drainage Improvements Phase I project. This project was identified in the Southwest Valley Flood Reduction Feasibility Project to remove flood plain on the valley floor with the installation of large storm drains and construction of surge ponds north of Bridge Boulevard.

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 five series of general obligation bonds (Series, 2005, 2006, 2007, 2008 and 2009) which are scheduled to be retired gradually over the next seven years. The total proceeds of these five series of bonds is \$50,000,000. At June 30, 2010, the Authority's outstanding principal debt was \$33,825,000 resulting in a legal debt margin of 42.2%. Total outstanding principal and interest was \$34,252,391.

On September 2, 2009, the Authority sold the final \$10M of the 2008 authorization. The interest rate on that sale was 1.73259%, the lowest in the Authority's history.

The Authority's outstanding balance in general obligation bonds as of 6/30/10 was \$33,825,000 versus \$32,100,000 in FY09. The increase is due to the sale of the \$10,000,000 bond issue. The Authority paid \$8,275,000 in principal for the period ending June 30, 2010.

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 September 30, 2010, the Authority issued general obligation bonds in the amount of \$9,750,000 at an interest rate of 1.634898%. The Authority maintained the Bond ratings of AAA and Aaa.
- Residential mill levy rates decreased from prior year. The total residential mill levy for FY10 was 0.840, the same as in FY09. The total non-residential mill levy in FY10 was 1.153 versus 1.139 in FY09. 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, 2010**

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 144,918
Investments	25,598,723
Receivables, net of allowance	2,346,215
Total current assets	<u>28,089,856</u>
Capital Assets	
Capital assets not being depreciated	36,623,464
Capital assets being depreciated, net	126,537,353
Total capital assets	<u>163,160,817</u>
Other Assets	
Investments, restricted	76,842
Bond issuance costs, less accumulated amortization of \$143,644	159,534
Total other assets	<u>236,376</u>
Total assets	<u>191,487,049</u>
LIABILITIES	
Current Liabilities	
Accounts payable	1,170,373
Accrued payroll and taxes	127,754
Compensated absences payable, current portion	69,390
Bonds payable, current portion	8,350,000
Accrued interest payable	427,391
Rental deposits	252
Total current liabilities	<u>10,145,160</u>
Noncurrent Liabilities	
Compensated absences payable - expected to be paid after one year	30,362
Bonds payable, net of current portion	25,475,000
Bond premium, less accumulated amortization of \$153,386	263,559
Total noncurrent liabilities	<u>25,768,921</u>
Total liabilities	<u>35,914,081</u>
NET ASSETS	
Invested in capital assets, net of related debt	129,335,817
Restricted for:	
Debt service	9,447,032
Capital projects	8,396,352
Unrestricted	8,393,767
Total net assets	<u>\$ 155,572,968</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, 2010

	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	\$ 3,554,648	-	\$ (3,554,648)
General government	1,326,432	-	(1,326,432)
Planning, engineering, research and development	927,230	-	(927,230)
Capital outlay, noncapitalized	7,163,048	7,945,467	782,419
Interest on long-term debt	969,396	-	(969,396)
Total governmental activities	<u>\$ 13,940,754</u>	<u>7,945,467</u>	<u>(5,995,287)</u>
General Revenues			
Property taxes			12,797,745
Investment			34,419
Net gain on disposal of property			-
Other			23,896
Total general revenues			<u>12,856,060</u>
Change in net assets			<u>6,860,773</u>
Net assets, beginning of year			148,451,215
Restatement			260,980
Net assets, beginning of year, as restated			<u>148,712,195</u>
Net assets, end of year			<u>\$ 155,572,968</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, 2010

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
ASSETS					
Petty cash	\$ 200	-	-	-	200
Cash in bank	58,259	2,391	84,007	61	144,718
Investments	8,384,035	9,291,565	7,923,123	-	25,598,723
Investments, restricted	31,105	4,646	41,091	-	76,842
Property taxes receivable	237,854	611,266	-	-	849,120
Joint projects receivables	-	-	1,497,095	-	1,497,095
Total assets	\$ 8,711,453	9,909,868	9,545,316	61	28,166,698
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 21,348	-	1,149,025	-	1,170,373
Accrued payroll and taxes	127,754	-	-	-	127,754
Deferred revenue	175,061	462,836	-	-	637,897
Rental deposits	252	-	-	-	252
Total liabilities	324,415	462,836	1,149,025	-	1,936,276
Fund Balances					
Reserved:					
Reserved for petty cash	200	-	-	-	200
Reserved for debt service	-	9,447,032	-	-	9,447,032
Reserved for construction projects	-	-	8,396,291	61	8,396,352
Total reserved fund balances	200	9,447,032	8,396,291	61	17,843,584
Unreserved:					
Designated:					
Contingencies	400,000	-	-	-	400,000
Projects	3,500,000	-	-	-	3,500,000
Undesignated	4,486,838	-	-	-	4,486,838
Total unreserved fund balances	8,386,838	-	-	-	8,386,838
Total fund balances	8,387,038	9,447,032	8,396,291	61	26,230,422
Total liabilities and fund balances	\$ 8,711,453	9,909,868	9,545,316	61	28,166,698

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, 2010**

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 26,230,422
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2010 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		637,897
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	\$ 203,297,942	
Less accumulated depreciation	(40,137,125)	
Related debt	<u>(33,825,000)</u>	
Total capital assets, net of related debt and depreciation		129,335,817
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(99,752)
Accrued interest payable		(427,391)
Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities		
Total bond costs	303,178	
Less accumulated amortization	<u>(143,644)</u>	159,534
Bond premium costs are amortized for governmental activities but are a current other financing source in fund financial statements		
Total bond premium	(416,945)	
Less accumulated amortization	<u>153,386</u>	<u>(263,559)</u>
Net assets of governmental activities (Statement of Net Assets)		<u>\$ 155,572,968</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 - GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
Revenues					
Property taxes	\$ 3,501,211	9,266,707	-	-	12,767,918
Investments	14,279	7,185	12,606	349	34,419
Revenue from jointly funded projects	-	-	1,774,595	-	1,774,595
Other	22,962	-	934	-	23,896
Total revenues	3,538,452	9,273,892	1,788,135	349	14,600,828
Expenditures					
Current:					
General government	821,236	-	311,337	-	1,132,573
Flood control	1,214,256	-	-	-	1,214,256
Planning, engineering, research and development	927,230	-	-	-	927,230
Capital outlay	510,949	-	6,867,475	-	7,378,424
Debt service:					
Interest and fixed charges	-	1,043,306	-	-	1,043,306
Bond principal retirement	-	8,275,000	-	-	8,275,000
Reappraisal fees	34,980	92,663	-	-	127,643
Bond issuance costs	-	-	57,697	-	57,697
Total expenditures	3,508,651	9,410,969	7,236,509	-	20,156,129
Excess (deficiency) of revenues over expenditures	29,801	(137,077)	(5,448,374)	349	(5,555,301)
Other Financing Sources and Uses					
Operating transfers in	176,093	-	500,000	-	676,093
Operating transfers out	(500,000)	-	-	(176,093)	(676,093)
Face amount from bond sales	-	-	10,000,000	-	10,000,000
Bond premium issuance	-	185,771	-	-	185,771
Total other financing sources and uses	(323,907)	185,771	10,500,000	(176,093)	10,185,771
Net change in fund balances	(294,106)	48,694	5,051,626	(175,744)	4,630,470
Fund balances, beginning	8,681,144	9,398,338	3,344,665	175,805	21,599,952
Fund balances, ending	\$ 8,387,038	9,447,032	8,396,291	61	26,230,422

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, 2010**

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds)	\$ 4,630,470
Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2010 because:	
In the Governmental Funds, proceeds from long-term debt are reported as revenues	(10,000,000)
In the Governmental Funds, payments of long-term debt are reported as expenditures	8,275,000
Bond issuance costs are not amortized for fund financial statement purposes but are for governmental activities - current year amortization	(36,278)
Bond issuance costs are expenses for the fund financial statement purposes but are capitalized for governmental activities	57,697
Bond premium is not amortized for fund financial statement purposes but is for governmental activities - current year amortization	44,309
Bond premiums are included as other revenues for the fund financial statement purposes but are capitalized for governmental activities	(185,771)
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 was:	
Compensated absences payable	(2,099)
Accrued interest payable	29,601
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:	29,827
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	\$ 215,376
Depreciation	<u>(2,368,231)</u>
Excess of capital outlay over depreciation	(2,152,855)
In the Statement of Activities, turnkey projects are recorded as revenues, these revenues are not recorded in the Governmental Fund statements	<u>6,170,872</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 6,860,773</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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 3,442,135	3,442,135	3,487,530	45,395
Less reappraisal fee	(34,421)	(34,421)	(34,980)	(559)
Net property taxes	3,407,714	3,407,714	3,452,550	44,836
Investment	41,377	41,377	14,279	(27,098)
Other	34,930	24,930	33,469	8,539
Total revenues	3,484,021	3,474,021	3,500,298	26,277
Expenditures				
Current:				
Salary and related payroll costs	1,966,709	1,891,709	1,878,358	13,351
Other operating costs	1,259,780	1,635,873	1,729,750	(93,877)
Contingency	940,000	440,000	-	440,000
Total expenditures	4,166,489	3,967,582	3,608,108	359,474
Excess of revenues over expenditures before other financing sources and uses	(682,468)	(493,561)	(107,810)	385,751
Other Financing Sources and Uses				
Transfer from other funds	-	301,093	176,093	(125,000)
Transfers to other funds	(125,000)	(625,000)	(500,000)	125,000
Total other financing sources and uses	(125,000)	(323,907)	(323,907)	-
Net change in fund balance	\$ (807,468)	(817,468)	(431,717)	385,751
Prior year cash balance required to balance budget	\$ 807,468	817,468		
Fund balance, beginning of year			8,681,144	
Fund balance, end of year			\$ 8,249,427	
Budgetary Revenues			\$ 3,500,298	
Change in property tax receivable			11,840	
Change in deferred revenues			(8,666)	
Inclusion of reappraisal fees			34,980	
GAAP revenues			3,538,452	
Budgetary Expenses			\$ 3,608,108	
Exclusion of reappraisal fees			(34,980)	
Change in accounts payable			(48,845)	
Change in accrued payroll and other liabilities			(15,632)	
GAAP expenses			\$ 3,508,651	

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, 2010**

ASSETS

Cash in bank	\$ 229,402
Investments	<u>1,086,910</u>
Total assets	<u><u>\$ 1,316,312</u></u>

LIABILITIES

Funds held for others	<u><u>\$ 1,316,312</u></u>
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See pages 52-53 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, 2010**

**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 there under 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, 2010

**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, 2010.

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, 2010**

**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, 2010.

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 non-major 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, 2010.

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

**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, 2010

**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, 2010

**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, 2010 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, 2010

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 \$99,752 have been recorded in the government-wide financial statements. Of the \$99,752, \$69,390 is considered to be the current portion while \$30,362 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, 2010 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, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Compensated absences payable	\$ 97,653	100,053	(97,954)	99,752	69,390

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
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

**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 \$3,500,000 for project modifications as of June 30, 2010. 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
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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 \$33,825,000 at June 30, 2010.

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 \$303,178 (\$57,967 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 \$416,945 (\$185,771 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, 2010 is attributable to the following:

Ad valorem assessments

\$ 637,897

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

**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

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.

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, 2010, 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.

STATE OF NEW MEXICO
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Balances as reflected by financial institutions at June 30, 2010:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts	
Cash balances per depository at June 30, 2010:	
Wells Fargo Bank	\$ 436,277
Debt Service Fund	2,391
Storm Quality Education	161,351
Area Wide Maintenance	807
Ditch & Water Safety Task Force Fund Operating	(472)
Ditch & Water Safety Task Force Fund Reserve	<u>67,716</u>
Total deposits	668,070
Petty cash	<u>200</u>
Subtotal	668,270
Less outstanding checks, all accounts	(293,950)
Less agency funds – cash accounts	<u>(229,402)</u>
Net carrying value at June 30, 2010	<u>\$ 144,918</u>
Shown as:	
General Fund	\$ 58,459
Debt Service Fund	2,391
Capital Projects Fund	84,007
Building Improvement Fund	<u>61</u>
Total cash per government-wide financial statements	<u>\$ 144,918</u>

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, 2010, all of the Authority's deposits were insured. Therefore, there was no custodial credit risk at June 30, 2010.

The Authority had \$668,070 in the following depository accounts at June 30, 2010. All deposits are carried at cost. The Authority's deposit policy has been described earlier.

Insured	\$ 317,716
Collateral held by the pledging bank's trust department in the Authority's name	<u>350,354</u>
Total deposits	<u>\$ 668,070</u>

STATE OF NEW MEXICO
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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, 2010 was .276%.

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.

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 AAAM as to credit risk and has a 50-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, 2010:

General Fund	\$ 8,384,035
General Fund – restricted	31,105
Debt Service Fund	9,291,565
Debt Service Fund – restricted	4,646
Capital Projects Fund	7,923,123
Capital Projects Fund – restricted	41,091
Agency Fund	<u>1,086,910</u>
	<u>\$ 26,762,475</u>

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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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, 2010 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, 2010, 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
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

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

The Authority has, as of June 30, 2010, 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 0.165 mills per \$1,000 of assessed value on all residential property and 0.488 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, 2010:

Receivables:	
Current property taxes	\$ 211,223
Delinquent property taxes, net of allowance of \$120,000 for doubtful accounts	<u>637,897</u>
Total receivables	<u>\$ 849,120</u>

Of the property taxes noted above, \$62,793 in the General Fund and \$148,430 in Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$637,897 have been recorded in the government-wide financial statements, which includes receivables for all uncollected levied taxes. 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
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2009	Restatement	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2010
Capital assets not being depreciated					
Operations:					
Construction in progress	\$ -	-	301,093	-	301,093
Infrastructure:					
Land acquisition	28,433,130	(2,291,806)	-	-	26,141,324
Construction in progress	11,769,216	2,291,806	6,867,475	(10,747,450)	10,181,047
Total capital assets not being depreciated	40,202,346	-	7,168,568	(10,747,450)	36,623,464
Capital assets being depreciated					
Operations:					
Furniture and fixtures	154,708	-	-	(15,465)	139,243
Maintenance tools and automotive equipment	1,323,692	-	209,856	(1,472)	1,532,076
Office and maintenance buildings	1,035,843	-	-	-	1,035,843
Infrastructure:					
Utility relocations	1,957,448	1,350	7,597	-	1,966,395
Dams, channels and other improvements	151,939,638	313,606	9,747,677	-	162,000,921
Total capital assets being depreciated	156,411,329	314,956	9,965,130	(16,937)	166,674,478
Total capital assets	196,613,675	314,956	17,133,698	(10,764,387)	203,297,942
Less accumulated depreciation					
Furniture and fixtures	(131,883)	-	(1,943)	15,465	(118,361)
Maintenance tools and automotive equipment	(933,417)	-	(99,399)	1,472	(1,031,344)
Office and maintenance buildings	(351,594)	-	(25,896)	-	(377,490)
Infrastructure	(36,314,961)	(53,976)	(2,240,993)	-	(38,609,930)
Total accumulated depreciation	(37,731,855)	(53,976)	(2,368,231)	16,937	(40,137,125)
Capital assets, net of accumulated depreciation	\$ 158,881,820	260,980	14,765,467	(10,747,450)	163,160,817

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2009	Restatement	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2010
Summary of investments in capital assets					
Investment in office and maintenance buildings, furniture, fixtures and equipment	\$ 2,514,243	-	510,949	(16,937)	3,008,255
Investment in land, dams, channels and improvements, utility relocations and construction in progress	174,889,172	314,956	16,622,749	(10,747,450)	181,079,427
Donated capital assets from Corps of Engineers	19,210,260	-	-	-	19,210,260
Total	\$ 196,613,675	314,956	17,133,698	(10,764,387)	203,297,942

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

Depreciation was charged as follows to these functions:

Flood control	\$ 2,340,392
General government	<u>27,839</u>
Total depreciation	<u>\$ 2,368,231</u>

Construction in progress as of June 30, 2010, consisted of the following:

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
Southwest Valley Drainage Engineering	\$ 846,348	-	-	-	846,348
FEMA LOMRs Engineering	146,358	-	20,407	-	166,765
West I-40 Phase III Engineering	37,420	-	34,255	(71,675)	-

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
Avulsion Number 1 Engineering	\$ 30,000	-	-	-	30,000
Boca Negra Engineering	306,119	-	14,975	-	321,094
Don Felipe DMO Engineering	155,186	-	7,719	-	162,905
Isleta Reconstruction Engineering	3,543	-	-	(3,543)	-
Construction	2,702,274	-	-	(2,702,274)	-
La Cueva Engineering	213,684	-	16,314	(229,998)	-
Construction	1,116,247	-	136,618	(1,252,865)	-
Raymac Engineering	113,469	-	43,446	-	156,915
McCoy Dam Engineering	56,039	-	15,968	-	72,007
Johniece Channel Engineering	67,001	-	12,591	-	79,592
Construction	377	-	3,392	-	3,769
SDC Water Quality Engineering	82,224	-	(6,299)	-	75,925

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
EASP 98th Street					
Engineering	\$ 234,901	-	88,329	-	323,230
Construction	-	-	142,748	-	142,748
Martinez Town					
Land	1,047,000	-	-	-	1,047,000
Engineering	6,977	-	-	-	6,977
Construction	1,517,304	-	340,169	-	1,857,473
Agency/Area Wide PC					
Engineering	58,099	-	-	(58,099)	-
Construction	-	-	1,078,155	(1,078,155)	-
SW Valley Los Padillas Gravity Outlet					
Land	1,244,806	-	-	-	1,244,806
Engineering	50,424	-	139,916	-	190,340
Black Mesa 3 Dam Outlet					
Engineering	19,529	-	2,584	-	22,113
Construction	944,838	-	-	-	944,838
Alb. West Levee Eval					
Engineering	74,223	-	139,752	(213,975)	-
Construction	1,000,000	-	-	(1,000,000)	-
NDC Recon Study					
Engineering	77,508	-	59,443	-	136,951
SE Valley Drain SD DMP					
Engineering	1,362	-	85,343	-	86,705

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
NDC Gatewell					
Engineering	\$ 49,152	-	22,035	(71,187)	-
Construction	236,569	-	11,050	(247,619)	-
Calabacillas GC 7B					
Engineering	55,221	-	10,906	(66,127)	-
Construction	336,243	-	(145)	(336,098)	-
Parkway Storm Drain					
Engineering	126,733	-	49,325	(176,058)	-
Construction	627,749	-	225,875	(853,624)	-
Misc PH2					
Engineering	37,006	-	51,306	(88,312)	-
Construction	6,034	-	631,898	(637,932)	-
Misc Project 09					
Engineering	37,776	-	12,885	(50,661)	-
Construction	221,188	-	94,699	(315,887)	-
PDN - Coors Pond					
Engineering	22,298	-	127,279	-	149,577
Construction	38,745	-	(38,745)	-	-
Embudo Under Carlisle					
Engineering	2,319	-	-	(2,319)	-
El Bordo					
Engineering	1,069	-	9,313	-	10,382
Garduno Road SD Improvements					
Construction	75,000	-	-	-	75,000
Montano Levee GAP					
Engineering	34,660	-	6,144	-	40,804

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
Hahn Arroyo					
Engineering	\$ -	-	166,118	-	166,118
Construction	-	-	43,144	-	43,144
Sanchez Farm Trib SD FY2010					
Engineering	-	-	782	-	782
Construction	-	-	39,468	-	39,468
Black Mesa Phase Ia					
Engineering	-	-	701	-	701
Coal Avenue 2010					
Construction	-	-	1,000,000	(1,000,000)	-
SW Valley Drainage Improvements					
Construction	-	-	719,115	-	719,115
SDC Storm H&H Study					
Engineering	-	-	16,220	-	16,220
Unser diversion Dam (La Presa)					
Engineering	-	-	73,350	-	73,350
Slick's Inlet SWQ					
Engineering	-	-	45,233	(45,233)	-
Construction	-	-	242,483	(242,483)	-
Pino Dam E/A Plan					
Engineering	-	-	9,233	-	9,233
SDC Baffle Chute					
Engineering	-	-	202,233	-	202,233
Sunset Gardens / Five Points RW Improvements					
Construction	-	-	700,000	-	700,000
North Valley DMP Pond					
Engineering	-	-	16,419	-	16,419

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ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Restatement	Additions	Deletions	Ending Balance
Misc AMAFCA Jobs	\$ -	-	3,326	(3,326)	-
Total Construction in Progress	\$ 14,061,022	-	6,867,475	(10,747,450)	10,181,047

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	\$ 10,747,450
Less noncapital projects, transfers or projects belonging to others	(7,163,048)
Add project contributions	<u>6,170,872</u>
2010 project additions	<u>\$ 9,755,274</u>

Restatement. During the year ended June 30, 2010, adjustments were required to be made to the infrastructure depreciation schedule. These adjustments are as a result of the Authority completing additional procedures related to the infrastructure depreciation schedule. The adjustments are as follows:

Addition of two projects that are maintained by the Authority that were never added to the schedule	\$ 498,068
Depreciation on these projects	(53,976)
Removal of turnkey project that was added in error	(202,060)
Additions to existing projects due to developer cost reconciliations	<u>18,948</u>
Net Restatement	<u>\$ 260,980</u>

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5. GENERAL OBLIGATION BONDS PAYABLE

The change in general obligation bonds payable is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
General obligation bonds payable	\$ 32,100,000	10,000,000	(8,275,000)	33,825,000	8,350,000

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, 2010 was \$33,825,000. The resulting legal debt margin is \$46,175,000.

The following is the detail for each issue outstanding at June 30, 2010:

Series 2005

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 5,750,000</u>	<u>297,187</u>	<u>6,047,187</u>

Series 2006

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 6,000,000</u>	<u>458,438</u>	<u>6,458,438</u>

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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
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>\$ 5,600,000</u>	<u>488,000</u>	<u>6,088,000</u>

Series 2008

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 6,475,000</u>	<u>526,484</u>	<u>7,001,484</u>

STATE OF NEW MEXICO
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 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 5. GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

Series 2009

Original amount: \$10,000,000
 Interest rate - 2.0% to 2.75%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2011	\$ 2,000,000	196,000	2,196,000
2012	2,000,000	156,000	2,156,000
2013	1,100,000	125,000	1,225,000
2014	1,100,000	103,000	1,203,000
2015	1,250,000	77,938	1,327,938
2016	1,250,000	49,813	1,299,813
2017	1,300,000	17,875	1,317,875
	<u>\$ 10,000,000</u>	<u>725,626</u>	<u>10,725,626</u>

Total All Series

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2011	\$ 8,350,000	902,781	9,252,781
2012	7,750,000	664,156	8,414,156
2013	6,850,000	442,718	7,292,718
2014	4,425,000	262,704	4,687,704
2015	3,075,000	141,251	3,216,251
2016	2,075,000	64,250	2,139,250
2017	1,300,000	17,875	1,317,875
	<u>\$ 33,825,000</u>	<u>2,495,735</u>	<u>36,320,735</u>

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6. PUBLIC EMPLOYEES' RETIREMENT PLAN

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

Funding Policy. Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the Legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$250,740, \$221,348, and \$199,060, respectively, which equal the amount of the required contributions for each fiscal 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 health care 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 health care plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

STATE OF NEW MEXICO
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care 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 health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer’s RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. (1)The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of 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, 2010, 2009 and 2008 were \$17,177, \$14,988 and \$13,476, 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, 2010**

NOTE 8. TRANSFERS

The following transfers occurred during the year. These transfers were used to subsidize the operations of the General Fund and the Capital Projects Fund.

Fund	To	Amount
Major Fund:		
General Fund	Capital Projects	\$ 500,000
Building & Yard Improv.	General Fund	176,093

NOTE 9. FUND BALANCES - DESIGNATED FOR PROJECT MODIFICATIONS

As of June 30, 2010, the Authority's Board has designated a total of \$3,500,000 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 \$1,000,000 designated; the North Diversion Channel Upper UNM CBC had \$250,000 designated; the Calabacillas Arroyo "Caliche Bend" Bank Protection had \$250,000; and the Hahn Arroyo Rehab had \$500,000 designated.

NOTE 10. 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, 2010:

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	6/30/10
e. Premium paid	\$58,228

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	6/30/10
e. Premium paid	\$4,445

**STATE OF NEW MEXICO
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010**

NOTE 10. RISK MANAGEMENT (CONTINUED)

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	6/30/10
e. Premium paid	\$17,129

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	6/30/10
e. Premium Paid	\$15,021

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	6/30/10
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	6/30/10
e. Premium paid	\$6,464

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10. RISK MANAGEMENT (CONTINUED)

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.

At June 30, 2010, 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 11. 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 \$757,897 at June 30, 2010 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 \$637,897.

NOTE 12. SUBSEQUENT EVENT

On November 3, 2010, the Authority issued the Series 2010 general obligation bonds in the amount of \$10,000,000. The bonds carry interest rates of 1-2.125% and mature in August 2017.

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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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 9,220,898	9,220,898	\$ 9,267,199	46,301
Less reappraisal fee	(92,209)	(92,209)	(92,663)	(454)
Net property taxes	9,128,689	9,128,689	9,174,536	45,847
Investment and other	46,104	231,875	7,185	(224,690)
Total revenues	9,174,793	9,360,564	9,181,721	(178,843)
Expenditures				
Debt Service:				
Interest and fiscal charges	953,907	1,043,307	1,043,306	1
Bond principal	8,275,000	8,275,000	8,275,000	-
Total expenditures	9,228,907	9,318,307	9,318,306	1
Net change in fund balance	(54,114)	42,257	(136,585)	(178,842)
Prior year cash balance required to balance budget	\$ 54,114	-		
Fund balance, beginning of year			9,314,236	
Fund balance, end of year			\$ 9,177,651	
Budgetary Revenues			\$ 9,181,721	
Reappraisal fees classified as an expense under GAAP			92,663	
Change in property tax receivable			20,669	
Change in deferred revenues			(21,161)	
GAAP revenues			\$ 9,273,892	
Budgetary Expenses			\$ 9,318,306	
Reappraisal fees classified as an expense under GAAP			92,663	
Bond premium, unbudgeted			-	
GAAP expenses			\$ 9,410,969	

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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment	\$ 26,413	26,413	\$ 12,606	(13,807)
Revenue from jointly funded projects	4,680,000	4,680,000	277,500	(4,402,500)
Other	-	-	934	934
Total revenues	4,706,413	4,706,413	291,040	(4,415,373)
Expenditures				
Capital outlay and noncapitalizable construction costs	25,794,428	25,794,428	7,105,013	18,689,415
Bond issuance costs	160,000	160,000	57,697	102,303
Total expenditures	25,954,428	25,954,428	7,162,710	18,791,718
Deficiency of revenues over expenditures before other financing uses	(21,248,015)	(21,248,015)	(6,871,670)	14,376,345
Other Financing Sources and Uses				
Transfer from other funds	-	500,000	500,000	-
Proceeds from bond sale	20,000,000	20,000,000	10,000,000	(10,000,000)
Total other financing sources and uses	20,000,000	20,500,000	10,500,000	(10,000,000)
Net change in fund balance	(1,248,015)	(748,015)	3,628,330	4,376,345
Prior year cash balance required to balance budget	\$ 1,248,015	1,248,015		
Fund balance, beginning of year			3,344,665	
Fund balance, end of year			\$ 6,972,995	
Budgetary Revenues			\$ 291,040	
Change in accounts receivable			1,497,095	
GAAP revenues			\$ 1,788,135	
Budgetary Expenses			\$ 7,162,710	
Change in accounts payable			73,799	
GAAP expenses			\$ 7,236,509	

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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest income	\$ 1,000	1,000	\$ 349	(651)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>349</u>	<u>(651)</u>
Expenditures				
Office improvements	300,000	125,000	-	125,000
Total expenditures	<u>300,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Deficiency of revenues over expenditures before other financing sources and uses	<u>(299,000)</u>	<u>(124,000)</u>	<u>349</u>	<u>124,349</u>
Other Financing Sources and Uses				
Transfer to other funds	-	(176,093)	(176,093)	-
Transfers from other funds	125,000	125,000	-	(125,000)
Total other financing sources and uses	<u>125,000</u>	<u>(51,093)</u>	<u>(176,093)</u>	<u>(125,000)</u>
Net change in fund balance	<u>\$ (174,000)</u>	<u>(175,093)</u>	<u>(175,744)</u>	<u>(651)</u>
Prior year cash balance required to balance budget	<u>\$ 174,000</u>	<u>175,093</u>		
Fund balance, beginning of year			<u>175,805</u>	
Fund balance, end of year			<u>\$ 61</u>	

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
SCHEDULE OF ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2010

	Ditch and Water Safety Task Force Fund	Storm Water Quality Coordinator	Area Wide Agency	Total Agency Funds
ASSETS				
Cash in bank	\$ 67,244	161,351	807	229,402
Investments	-	-	1,086,910	1,086,910
Total assets	\$ 67,244	161,351	1,087,717	1,316,312
LIABILITIES				
Funds held for others	\$ 67,244	161,351	1,087,717	1,316,312
Total liabilities	\$ 67,244	161,351	1,087,717	1,316,312

STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
June 30, 2010

Description	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Ditch and Water Safety Task Force Fund				
Assets				
Cash in bank	\$ 68,655	163,788	(165,199)	67,244
Liabilities				
Deposits held for others	\$ 68,655	163,788	(165,199)	67,244
Storm Water Quality Coordinator				
Assets				
Cash in bank	\$ 169,957	62,705	(71,311)	161,351
Total assets	\$ 169,957	62,705	(71,311)	161,351
Liabilities				
Deposits held for others	\$ 169,957	62,705	(71,311)	161,351
Total liabilities	\$ 169,957	62,705	(71,311)	161,351
Area Wide Agency				
Assets				
Cash in bank	\$ 1,552	1,976,148	(1,976,893)	807
Investments	71,531	1,363,713	(348,334)	1,086,910
Total assets	\$ 73,083	3,339,861	(2,325,227)	1,087,717
Liabilities				
Deposits held for others	\$ 73,083	3,339,861	(2,325,227)	1,087,717
Total liabilities	\$ 73,083	3,339,861	(2,325,227)	1,087,717
All Agency Funds				
Assets				
Cash in bank	\$ 240,164	2,202,641	(2,213,403)	229,402
Investments	71,531	1,363,713	(348,334)	1,086,910
Total assets	\$ 311,695	3,566,354	(2,561,737)	1,316,312
Liabilities				
Deposits held for others	\$ 311,695	3,566,354	(2,561,737)	1,316,312
Total liabilities	\$ 311,695	3,566,354	(2,561,737)	1,316,312

**STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2010**

The following presents the collateral requirements for the Authority's bank demand deposit accounts at June 30, 2010:

Wells Fargo, Albuquerque, NM - demand deposit accounts:

Depository balances as of June 30, 2010

Checking

General Fund	\$ 436,277
Debt Service Fund	2,391
Storm Quality Education	161,351
Area Wide Maintenance	807
Ditch & Water Safety Task Force Fund Operating	<u>(472)</u>
	600,354

Savings

Ditch & Water Safety Task Force Fund Reserve	<u>67,716</u>
Total depository balances	668,070
Less FDIC insurance coverage	<u>(317,716)</u>

Uninsured balance **\$ 350,354**

Collateralization required (50%) **\$ 175,177**

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

Collateral value is fair market value at June 30, 2010

Federal Reserve Bank,

par \$1,465,591; interest rate 6%; maturity date October 1, 2036
CUSIP #31409GP42 \$ 1,595,066

Federal Reserve Bank,

par \$586,267; interest rate 5%; maturity date February 1, 2038
CUSIP #31410KQJ6 622,291

Total collateral **2,217,357**

Collateralization in excess of requirement **\$ 2,042,180**

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*

Janet Saiers, 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 debt service, capital projects and building & yard improvement funds presented as supplemental information of the Albuquerque Metropolitan Arroyo Flood Control Authority (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
November 10, 2010

**STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
SUMMARY OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010**

09-01 Journal Entries	Cleared
09-02 Budget Overage	Cleared

**STATE OF NEW MEXICO
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY
EXIT CONFERENCE
For the Year Ended June 30, 2010**

Exit Conference

An exit conference was held on November 2, 2010 to discuss the annual financial report. Attending were the following:

Representing the Albuquerque Metropolitan Arroyo Flood Control Authority:

Board Members

Janet Saiers, Chair
Ronald D. Brown, Secretary-Treasurer

Administrative Staff

Jerry M. Lovato, 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.