



ricci & company llc

Certified Public Accountants

STATE OF NEW MEXICO  
ALBUQUERQUE  
METROPOLITAN ARROYO  
FLOOD CONTROL AUTHORITY  
ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2011

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

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

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Danny Hernandez, Chairman  
Ronald D. Brown, Vice Chairman  
Bruce M. Thomson, Secretary-Treasurer  
Tim Eichenberg, Assistant Secretary-Treasurer  
Daniel F. Lyon, Director

Jerry M. Lovato, 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](http://www.amafca.org)

October 21, 2011

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, 2011 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, 2011 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 \$199,581,226 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.

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).

October 21, 2011

## 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

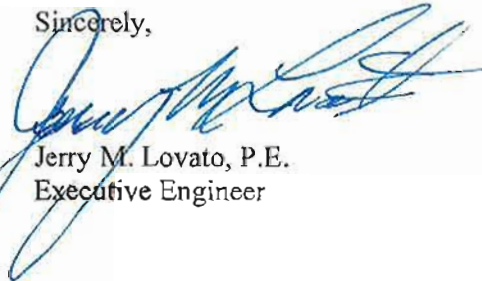
The Annual Financial Report is presented in accordance with all applicable GASB standards and New Mexico State Auditor requirements.

## 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

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

**OFFICIAL ROSTER  
June 30, 2011**

**Board Members**

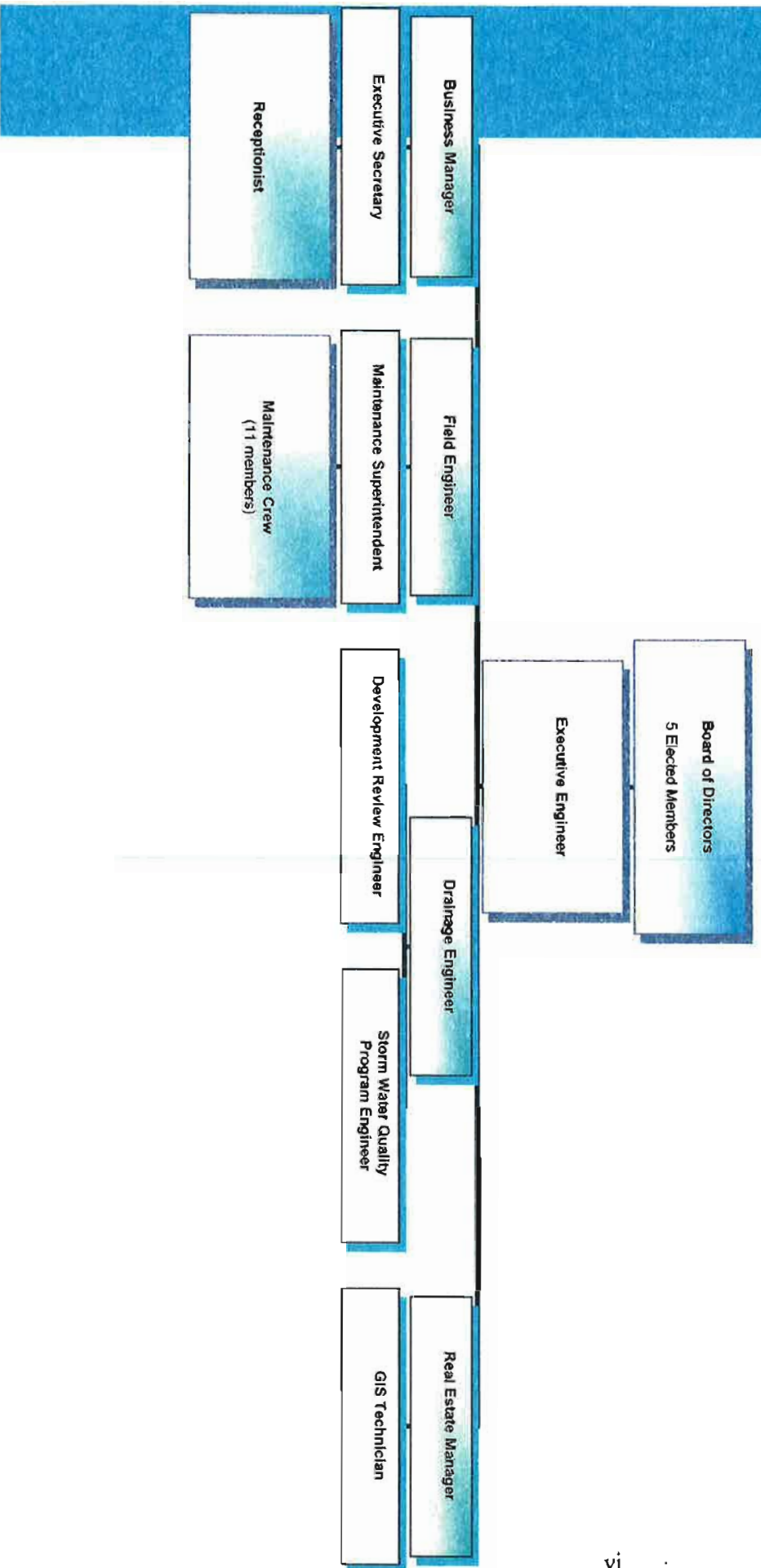
Danny Hernandez	Chairman
Ronald D. Brown	Vice-Chairman
Bruce M. Thomson	Secretary-Treasurer
Tim Eichenberg	Assistant Secretary – Treasurer
Daniel F. Lyon	Director

**Administrative Staff**

Jerry M. Lovato, P.E.	Executive Engineer
Irene Jeffries	Business Manager



# AMAFCA Organizational Chart



## Independent Auditor's Report

Danny Hernandez, Chairman  
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 comparison for the General Fund of the Albuquerque Metropolitan Arroyo Flood Control Authority (Authority), as of and for the year ended June 30, 2011, 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, 2011, 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, 2011, 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 ended June 30, 2011, 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 October 21, 2011 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. The 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  
October 21, 2011

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 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 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**

- The financial position of the Authority is historically very strong. As of June 30, 2011, the Authority's unrestricted net assets totaled \$8.5M, or 94% of the total entity wide expenditures. The unrestricted net assets also exceeds 200% of the average annual general fund expenditures for the past decade.
- The Authority completed approximately \$6.5M in capital projects, of which approximately \$2.1M was transferred to other local governments. Further, the Authority has approximately \$16M of on-going flood control capital projects.
- The Authority is one 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 a Aaa rating from Moody's Investors.
- Total cash and investments (including restricted) decreased by approximately \$1.5 M from the previous year. This decrease is due to the completion and timing of progress payments made to contractors on various projects.
- General government expenditures include an approximately \$150,000 increase in wages and related costs that is associated with the payout of the retirement benefits of the past Executive Engineer.

**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, capital projects, and building & yard improvement funds). 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 years ended June 30, 2011 and 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 years ended June 30, 2011 and 2010.

Table A-1  
The Authority's Net Assets

	Government Activities <u>6/30/11</u>	Government Activities <u>6/30/10</u>
Current assets	\$ 25,892,425	28,089,856
Capital assets, net of depreciation	173,467,865	163,160,817
Other assets – bond issuance costs	176,340	159,534
restricted investments	<u>44,596</u>	<u>76,842</u>
 Total assets	 <u>199,581,226</u>	 <u>191,487,049</u>
 Current liabilities	 9,340,754	 10,145,160
Non-current liabilities	<u>27,786,536</u>	<u>25,768,921</u>
 Total liabilities	 <u>37,127,290</u>	 <u>35,914,081</u>
 Net assets		
Invested in capital assets net of related debt	137,992,865	129,335,817
Restricted for debt service	9,386,812	9,447,032
Restricted for capital projects	6,538,817	8,396,352
Unrestricted	<u>8,535,442</u>	<u>8,393,767</u>
 Total assets	 <u>\$ 162,453,936</u>	 <u>155,572,968</u>



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, 2011, the Authority's operating mill levy was 0.165 for residential property and 0.477 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, 2011 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, 2011 were \$12,570,792 as compared to \$12,797,745 for the fiscal year ended June 30, 2010. 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 2011 was \$6,880,968. See table below.

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

	<u>Government Activities 6/30/11</u>	<u>Government Activities 6/30/10</u>
Program revenues		
Revenue from jointly funded projects	\$ 2,631,925	7,945,467
General revenues		
Property taxes	12,570,792	12,797,745
Investment	50,103	34,419
Net gain on disposal of capital assets	623,969	-
Other	<u>17,239</u>	<u>23,896</u>
Total revenues	<u>15,894,028</u>	<u>20,801,527</u>
Expenses		
General government	1,274,906	1,326,432
Flood control	3,813,293	3,554,648
Planning, engineering, R&D	883,423	927,230
Capital outlay – intergovernmental	2,187,045	7,163,048
Interest on long-term debt	<u>854,393</u>	<u>969,396</u>
Total expenses	<u>9,013,060</u>	<u>13,940,754</u>
Change in net assets	6,880,968	6,860,773
Beginning net assets, July 1	<u>155,572,968</u>	<u>148,451,215</u>
Restatement	<u>-</u>	<u>260,980</u>
Ending net assets, June 30	<u>\$ 162,453,936</u>	<u>155,572,968</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, 2011 were \$75,443 less than budgeted. The reason for this decrease in revenues is due to a decline in property tax collections.

Salary and Payroll expenses were at 96 % of the final budget. With the exception of the contingencies line item, the general fund operating budget was spent at approximately 99% of budget, cash basis. Total expenditures include \$1,558,000 restricted in the Contingency Fund for emergencies, project rehabilitation, cost of fuel spikes in excess of the general operating budget, and compensated absences payable. The Contingency Fund was unused during fiscal year 2011.

*Debt Service Fund Budget*

Actual debt service fund revenues were \$9,061 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 \$3.6M less than budget primarily due to planned jointly funded projects not starting during fiscal year 2011. The budget for these projects was about \$4.5M.

Other financing sources in the Capital Projects fund were \$10M less than budget primarily due to a \$10M bond sale being held after fiscal year end, instead of during the year.

Total expenditures the capital projects fund were \$13.7M 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 budgeted \$16,553 for office improvements. There was no difference between actual and budgeted expenditures.

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 \$10.3M due to an increase of approximately \$6M in ongoing construction in progress and the addition of \$5.6M in dams, channels and other improvements. Depreciation expense for the year was about \$2.5M.

Major projects completed or closed out during the year ended June 30, 2011 were:

East Amole 98<sup>th</sup> Street Surge Pond

This project is the final element of the larger West I-40 Diversion Channel Extension project conducted with the New Mexico Department of Transportation (NMDOT) and a private developer. This surge pond will meter storm flows from upstream into a downstream storm drain system built by the NMDOT within their I-40 right of way. In a series of cost sharing agreements, the Authority made provision to use excess earth from the project on an adjacent closed landfill, and hauled material to one of the city's major new road construction projects. Both the City of Albuquerque and Bernalillo County have funded their shares of the work. This project was the recipient of the 2011 Middle Rio Grande Council of Governments' Public Partnership Award for the interagency cooperation between the Authority, the City of Albuquerque, and Bernalillo County. Total design and construction of the project was \$3,413,192.

SW Valley Los Padillas Spillway Diversion Crossing of Isleta

This project was a cost sharing agreement with the U.S. Army Corps of Engineers, and Bernalillo County. The project will eventually help in removing floodplain in the valley floor. The project installed a portion of concrete channel and ties to a new outfall to the Rio Grande. The project also incorporated Best Management Practices to enhance storm water quality. The Authority's total contribution for design and construction for the project was \$2,794,739.

North Diversion Channel Floor Overlay

This project provided a concrete overlay of portions of the floor of the North Diversion Channel, in a preventative fashion rather than an emergency repair. The City of Albuquerque and the New Mexico Department of Transportation also participated in and provided funding to accomplish concrete repairs to their parts of the flood control system. Project costs were \$1,224,753.



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

Turnkey Agreements Completed

- Calabacillas Spur and Bank Protection  
This project was constructed by two local developers and provides bank protection and erosion control on the Calabacillas Arroyo. The Calabacillas Arroyo is a naturalistic arroyo which is also used for City of Albuquerque Open Space. AMAFCA accepted the completed project for maintenance of the bank protection and drop structure.

Contributions to Other Governments

The Authority contributed \$200,000 or 50% of costs to the City of Albuquerque for acquisition of additional right of way for the Boca Negra Detention Dam. This project will construct a flood control dam at the intersection of Unser Boulevard and Atrisco Road, including major outfall pipe in Atrisco Road east to connect to the Boca Negra Arroyo within the Petroglyph National Monument.

The Authority contributed \$250,000 to the City of Albuquerque for the Mid Valley Drainage and Storm Water Quality Management Plan for right of way acquisition for master-planned drainage facilities identified in the Mid-Valley Drainage Management Plan.

The Authority contributed \$1,106,733 to the Bernalillo County for the Vista Del Rio Drainage Improvement Project, Phase I. This project addresses regional flooding problems in the Vista Del Rio neighborhood of the South Valley along Mora Road on the north, La Vega Drive on the east, Isleta Boulevard on the west and Blake Road on the south.

The Authority contributed \$700,000 to Bernalillo County for Sunset Gardens Roadway and Drainage Improvements, Phase I. This project was identified in the Southwest Valley Flood Reduction Feasibility Project and includes widening of the Isleta Drain, installation of large storm drains, and constructing surge ponds north of Bridge Boulevard to remove flood plain in the Sunset Gardens area.

*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 six series of general obligation bonds (Series, 2005, 2006, 2007, 2008, 2009 and 2010) which are scheduled to be retired gradually over the next seven years. The total proceeds of these six series of bonds is \$60,000,000. At June 30, 2011, the Authority's outstanding principal debt was \$35,475,000 resulting in a legal debt margin of 44.3% of the \$80,000,000 total general obligation bonding capacity. Total outstanding principal and interest was \$37,991,190.

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

In September 2010, the Authority sold the final \$10M of the 2008 authorization. The interest rate on that sale was 1.63489%, the lowest in the Authority's history.

The Authority's outstanding balance in general obligation bonds as of June 30, 2011 was \$35,475,000 versus \$33,825,000 in FY10. The increase is due to the sale of the \$10,000,000 bond issue. The Authority paid \$8,350,000 in principal for the period ending June 30, 2011.

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

- On September 15, 2011, the Authority issued general obligation bonds in the amount of \$10,000,000 at an interest rate of 1.1682%. The Authority maintained the Bond ratings of AAA and Aaa.
- Residential mill levy rates increased from prior year. The total residential mill levy for FY11 was 0.845. The total non-residential mill levy in FY11 was 1.152, the same as in FY10. 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, 2011

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 199,371
Investments	24,043,277
Receivables, net of allowance	1,558,214
Deposits with vendors	77,948
Total current assets	<u>25,878,810</u>
Capital Assets	
Capital assets not being depreciated	43,485,596
Capital assets being depreciated, net	129,982,269
Total capital assets	<u>173,467,865</u>
Other Assets	
Investments, restricted	58,211
Bond issuance costs, less accumulated amortization of \$144,116	176,340
Total other assets	<u>234,551</u>
<b>Total assets</b>	<u>199,581,226</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	656,832
Accrued payroll and taxes	109,067
Compensated absences payable, current portion	67,155
Bonds payable, current portion	8,100,000
Accrued interest payable	407,448
Rental deposits	252
Total current liabilities	<u>9,340,754</u>
Noncurrent Liabilities	
Compensated absences payable - expected to be paid after one year	43,168
Bonds payable, net of current portion	27,375,000
Bond premium, less accumulated amortization of \$192,119	368,368
Total noncurrent liabilities	<u>27,786,536</u>
<b>Total liabilities</b>	<u>37,127,290</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	137,992,865
Restricted for:	
Debt service	9,386,812
Capital projects	6,538,817
Unrestricted	8,535,442
<b>Total net assets</b>	<u>\$ 162,453,936</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, 2011

		<u>Program Revenues</u>	
		Capital	Net
	Expenses	Contributions and Revenue from Jointly Funded Projects	(Expense) Revenue and Changes in Net Assets
Governmental Activities			
Flood control	\$ 3,813,293	-	\$ (3,813,293)
General government	1,274,906	-	(1,274,906)
Planning, engineering, research and development	883,423	-	(883,423)
Capital outlay, noncapitalized	2,187,045	3,533,343	1,346,298
Interest on long-term debt	854,393	-	(854,393)
<b>Total governmental activities</b>	<u>\$ 9,013,060</u>	<u>3,533,343</u>	<u>(5,479,717)</u>
General Revenues			
Property taxes			12,570,792
Investment			50,103
Net loss on disposal of property			(277,449)
Other			17,239
<b>Total general revenues</b>			<u>12,360,685</u>
<b>Change in net assets</b>			<u>6,880,968</u>
Net assets, beginning of year			155,572,968
Restatement			-
Net assets, beginning of year, as restated			<u>155,572,968</u>
<b>Net assets, end of year</b>			<u>\$ 162,453,936</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, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>ASSETS</b>					
Petty cash	\$ 200	-	-	-	200
Cash in bank	110,969	840	87,250	112	199,171
Investments	8,539,130	9,237,691	6,258,009	8,447	24,043,277
Investments, restricted	23,564	3,520	31,127	-	58,211
Property taxes receivable	232,012	600,874	-	-	832,886
Joint projects receivables	-	-	725,328	-	725,328
Deposits with vendors	77,948	-	-	-	77,948
<b>Total assets</b>	<b>\$ 8,983,823</b>	<b>9,842,925</b>	<b>7,101,714</b>	<b>8,559</b>	<b>25,937,021</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 85,376	-	571,456	-	656,832
Accrued payroll and taxes	109,067	-	-	-	109,067
Deferred revenue	171,728	456,113	-	-	627,841
Rental deposits	252	-	-	-	252
<b>Total liabilities</b>	<b>366,423</b>	<b>456,113</b>	<b>571,456</b>	<b>-</b>	<b>1,393,992</b>
<b>Fund Balances</b>					
<b>Non-Spendable</b>					
Deposits with vendors	77,948	-	-	-	77,948
<b>Restricted</b>					
Flood Control Construction and Maintenance	4,622,213	-	-	-	4,622,213
Debt service	-	9,386,812	-	-	9,386,812
<b>Committed</b>					
General	3,900,000	-	-	-	3,900,000
Capital projects	-	-	6,530,258	-	6,530,258
Building and improvements	-	-	-	8,559	8,559
<b>Unassigned</b>					
General	17,239	-	-	-	17,239
<b>Total fund balances</b>	<b>8,617,400</b>	<b>9,386,812</b>	<b>6,530,258</b>	<b>8,559</b>	<b>24,543,029</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,983,823</b>	<b>9,842,925</b>	<b>7,101,714</b>	<b>8,559</b>	<b>25,937,021</b>

*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, 2011**

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 24,543,029
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		627,841
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	\$ 216,140,960	
Less accumulated depreciation	(42,673,095)	
Related debt	<u>(35,475,000)</u>	
Total capital assets, net of related debt and depreciation		137,992,865
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(110,323)
Accrued interest payable		(407,448)
Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities		
Total bond costs	320,456	
Less accumulated amortization	<u>(144,116)</u>	176,340
Bond premium costs are amortized for governmental activities but are a current other financing source in fund financial statements		
Total bond premium	(560,487)	
Less accumulated amortization	<u>192,119</u>	<u>(368,368)</u>
<b>Net assets of governmental activities (Statement of Net Assets)</b>		<b><u>\$ 162,453,936</u></b>

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

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,438,580	9,142,268	-	-	12,580,848
Investments	18,213	8,493	23,346	51	50,103
Revenue from jointly funded projects	-	-	901,418	-	901,418
Revenue from property sales	-	-	-	-	-
Other	17,239	-	-	-	17,239
<b>Total revenues</b>	<b>3,474,032</b>	<b>9,150,761</b>	<b>924,764</b>	<b>51</b>	<b>13,549,608</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	971,381	-	85,389	-	1,056,770
Flood control	1,314,552	-	-	-	1,314,552
Planning, engineering, research and development	883,423	-	-	-	883,423
Capital outlay	31,456	-	12,644,131	-	12,675,587
<b>Debt service:</b>					
Interest and fixed charges	-	951,510	-	-	951,510
Bond principal retirement	-	8,350,000	-	-	8,350,000
Reappraisal fees	34,411	91,455	-	-	125,866
Bond issuance costs	-	-	61,276	-	61,276
<b>Total expenditures</b>	<b>3,235,223</b>	<b>9,392,965</b>	<b>12,790,796</b>	<b>-</b>	<b>25,418,984</b>
Excess (deficiency) of revenues over expenditures	238,809	(242,204)	(11,866,032)	51	(11,869,376)
<b>Other Financing Sources and Uses</b>					
Operating transfers in	16,553	-	-	25,000	41,553
Operating transfers out	(25,000)	-	-	(16,553)	(41,553)
Face amount from bond sales	-	-	10,000,000	-	10,000,000
Bond premium issuance	-	181,984	-	-	181,984
<b>Total other financing sources and uses</b>	<b>(8,447)</b>	<b>181,984</b>	<b>10,000,000</b>	<b>8,447</b>	<b>10,181,984</b>
Net change in fund balances	230,362	(60,220)	(1,866,032)	8,498	(1,687,392)
Fund balances, beginning	8,387,038	9,447,032	8,396,290	61	26,230,421
<b>Fund balances, ending</b>	<b>\$ 8,617,400</b>	<b>9,386,812</b>	<b>6,530,258</b>	<b>8,559</b>	<b>24,543,029</b>

*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, 2011

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds)	\$ (1,687,392)
Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2011 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	8,350,000
Bond issuance costs are not amortized for fund financial statement purposes but are for governmental activities - current year amortization	(44,470)
Bond issuance costs are expenses for the fund financial statement purposes but are capitalized for governmental activities	61,276
Bond premium is not amortized for fund financial statement purposes but is for governmental activities - current year amortization	77,175
Bond premiums are included as other revenues for the fund financial statement purposes but are capitalized for governmental activities	(181,984)
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	(10,571)
Accrued interest payable	19,942
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 decrease in the net receivable for the year was:	(10,056)
The Governmental Funds report 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	\$ 10,488,542
Depreciation	(2,535,970)
Loss on disposition of capital assets	(277,449)
Excess of capital outlay over depreciation	<u>7,675,123</u>
In the Statement of Activities, turnkey projects are recorded as revenues, these revenues are not recorded in the Governmental Fund statements	<u>2,631,925</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 6,880,968</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 - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
GENERAL FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 3,510,018	3,510,018	3,441,089	(68,929)
Less reappraisal fee	(35,501)	(35,501)	(34,411)	1,090
Net property taxes	3,474,517	3,474,517	3,406,678	(67,839)
Investment	25,656	25,656	18,213	(7,443)
Other	17,400	17,400	17,239	(161)
<b>Total revenues</b>	<b>3,517,573</b>	<b>3,517,573</b>	<b>3,442,130</b>	<b>(75,443)</b>
Expenditures				
Current:				
Salary and related payroll costs	2,026,685	2,063,686	1,977,436	86,250
Other operating costs	1,250,165	1,250,718	1,324,805	(74,087)
Contingency	1,558,000	1,558,000	-	1,558,000
<b>Total expenditures</b>	<b>4,834,850</b>	<b>4,872,404</b>	<b>3,302,241</b>	<b>1,570,163</b>
Excess (deficiency) of revenues over expenditures before other financing sources and uses	(1,317,277)	(1,354,831)	139,889	1,494,720
Other Financing Sources and Uses				
Transfer from other funds	16,553	16,553	16,553	-
Transfers to other funds	(25,000)	(25,000)	(25,000)	-
<b>Total other financing sources and uses</b>	<b>(8,447)</b>	<b>(8,447)</b>	<b>(8,447)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (1,325,724)</b>	<b>(1,363,278)</b>	<b>131,442</b>	<b>1,494,720</b>
Prior year cash balance required to balance budget	\$ 807,468	817,468		
Fund balance, beginning of year			8,387,038	
Fund balance, end of year			\$ 8,518,480	
Budgetary Revenues			\$ 3,442,130	
Change in property tax receivable			(5,842)	
Change in deferred revenues			3,333	
Inclusion of reappraisal fees			34,411	
<b>GAAP revenues</b>			<b>3,474,032</b>	
Budgetary Expenses			\$ 3,302,241	
Exclusion of reappraisal fees			(34,411)	
Change in accounts payable			64,028	
Change in accrued payroll and other liabilities			(18,687)	
Deposits included as budgetary expenses			(77,948)	
<b>GAAP expenses</b>			<b>\$ 3,235,223</b>	

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

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS  
June 30, 2011**

**ASSETS**

Cash in bank	\$ 283,802
Investments	<u>279,260</u>
<b>Total assets</b>	<b><u>\$ 563,062</u></b>

**LIABILITIES**

Funds held for others	<u>\$ 563,062</u>
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*See page 52 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, 2011

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

**Function and Definition of Entity**

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

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

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

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

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

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



**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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, 2011.

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, 2011**

**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: flood control, general government, and planning, engineering, 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, 2011.

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, 2011.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**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, 2011

**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.

Fiduciary Funds

*Fiduciary funds* account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments. The Authority only had agency funds during the year ended June 30, 2011. *Agency funds* are used to account for assets that government holds for others in an agency capacity.

**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, 2011

**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, 2011 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, 2011

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 \$110,323 have been recorded in the government-wide financial statements. Of the \$110,323, \$67,155 is considered to be the current portion while \$43,168 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, 2011 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, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Compensated absences payable	\$ 99,752	109,333	(98,762)	110,323	67,155

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

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

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

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

**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.

**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 \$35,475,000 at June 30, 2011.

**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.



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

**Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaids, deposits with vendors, assets held for sale, and long-term receivables.

Restricted fund balance – Restricted funds are either externally imposed (such as debt covenants, grantor, contributors or other governments) or are imposed by law (constitutionally or enabling legislation).

Committed fund balance – The Authority’s Committed Funds require formal action of the Board of Directors by resolution that identifies the specific circumstances under which there resources may be expended.

Assigned fund balance – Amounts that are constrained by the Authority’s expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund can report a positive “unassigned fund balance.” Other governmental funds might report a negative balance in this classification.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Details of the fund balances are included in the Governmental Fund Balance Sheet.

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

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 \$320,456 (\$61,276 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 \$560,487 (\$181,984 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, 2011 is attributable to the following:

Ad valorem assessments	<u>\$627,841</u>
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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.

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**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, 2011, 100% of the cash balance was insured.

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

Balances as reflected by financial institutions at June 30, 2011:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts	
Cash balances per depository at June 30, 2011:	
Wells Fargo Bank	\$ 469,516
Debt Service Fund	840
Storm Quality Education	164,347
Ditch & Water Safety Task Force	67,040
Area Wide Maintenance	45,814
Middle Rio Grande Flood Fighting	<u>6,601</u>
Total deposits	754,158
Petty cash	<u>200</u>
Subtotal	754,358
Less outstanding checks, all accounts	(271,185)
Less agency funds – cash accounts	<u>(283,802)</u>
Net carrying value at June 30, 2011	<u>\$ 199,371</u>
Shown as:	
General Fund	\$ 111,169
Debt Service Fund	840
Capital Projects Fund	87,250
Building Improvement Fund	<u>112</u>
<b>Total cash per government-wide financial statements</b>	<b><u>\$ 199,371</u></b>

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

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, 2011, all of the Authority’s deposits were insured. Therefore, there was no custodial credit risk at June 30, 2011.

The Authority had \$754,158 in the following depository accounts at June 30, 2011. All deposits are carried at cost. The Authority’s deposit policy has been described earlier.

Insured	\$ 754,158
Collateral held by the pledging bank’s trust department in the Authority’s name	<u>          -</u>
<b>Total deposits</b>	<b><u>\$ 754,158</u></b>

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, 2011 was .2357%.

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 36-day interest risk using a weighted average maturity (WAM).

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

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, 2011:

General Fund	\$ 8,539,130
General Fund – restricted	23,564
Debt Service Fund	9,237,691
Debt Service Fund – restricted	3,520
Capital Projects Fund	6,258,009
Capital Projects Fund – restricted	31,127
Building Improvement Fund	8,447
Agency Fund	<u>279,260</u>
	<u>\$ 24,380,748</u>

***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 per share 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, 2011 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, 2011, no loss has been recorded.

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**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.

The Authority has, as of June 30, 2011, 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, 2011:

Receivables:	
Current property taxes	\$ 205,045
Delinquent property taxes, net of allowance of \$120,000 for doubtful accounts	<u>627,841</u>
<b>Total receivables</b>	<b><u>\$ 832,886</u></b>

Of the property taxes noted above, \$60,284 in the General Fund and \$144,761 in the Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$627,841 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.

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NOTE 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2010	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2011
Capital assets not being depreciated				
Operations:				
Construction in progress	\$ 301,093	16,553	(317,646)	-
Infrastructure:				
Land acquisition	26,141,324	1,293,525	(277,449)	27,157,400
Construction in progress	10,181,047	12,644,131	(6,496,982)	16,328,196
Total capital assets not being depreciated	36,623,464	13,954,209	(7,092,077)	43,485,596
Capital assets being depreciated				
Operations:				
Furniture and fixtures	139,243	14,903	-	154,146
Maintenance tools and automotive equipment	1,532,076	-	-	1,532,076
Office and maintenance buildings	1,035,843	317,646	-	1,353,489
Infrastructure:				
Utility relocations	1,966,395	5,642	-	1,972,037
Dams, channels and other improvements	162,000,921	5,642,695	-	167,643,616
Total capital assets being depreciated	166,674,478	5,980,886	-	172,655,364
Total capital assets	203,297,942	19,935,095	(7,092,077)	216,140,960
Less accumulated depreciation				
Furniture and fixtures	(118,361)	(4,054)	-	(122,415)
Maintenance tools and automotive equipment	(1,031,344)	(110,869)	-	(1,142,213)
Office and maintenance buildings	(377,490)	(33,175)	-	(410,665)
Infrastructure	(38,609,930)	(2,387,872)	-	(40,997,802)
Total accumulated depreciation	(40,137,125)	(2,535,970)	-	(42,673,095)
Capital assets, net of accumulated depreciation	\$ 163,160,817	17,399,125	(7,092,077)	173,467,865



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 NOTES TO FINANCIAL STATEMENTS  
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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2010	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2011
Summary of investments in capital assets				
Investment in office and maintenance buildings, furniture, fixtures and equipment	\$ 3,008,255	349,102	(317,646)	3,039,711
Investment in land, dams, channels and improvements, utility relocations and construction in progress	181,079,427	19,585,993	(6,774,431)	193,890,989
Donated capital assets from Corps of Engineers	19,210,260	-	-	19,210,260
<b>Total</b>	<b>\$ 203,297,942</b>	<b>19,935,095</b>	<b>(7,092,077)</b>	<b>216,140,960</b>

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

Depreciation was charged as follows to these functions:

Flood control	\$ 2,498,741
General government	<u>37,229</u>
<b>Total depreciation</b>	<b>\$ <u>2,535,970</u></b>

Construction in progress as of June 30, 2011, consisted of the following:

Project	Beginning Balance	Additions	Deletions	Ending Balance
Southwest Valley Drainage				
Engineering	\$ 846,348	-	-	846,348
Construction	719,115	-	-	719,115
FEMA LOMRs				
Engineering	166,765	3,016	-	169,781
West I-40 Phase III				
Engineering	-	21,191	(21,191)	-

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Avulsion Number 1 Engineering	\$ 30,000	-	-	30,000
Boca Negra DMP Engineering	90,770	-	(90,770)	-
Boca Negra Dam Detention Land	-	200,000	-	200,000
Engineering	230,324	94,984	-	325,308
Don Felipe DMP Engineering	162,905	36,832	-	199,737
Raymac Engineering	156,915	4,337	-	161,252
McCoy Dam Engineering	72,007	5,438	-	77,445
Johniece Channel Engineering	79,592	55,241	-	134,833
Construction	3,769	-	-	3,769
SDC Water Quality Engineering	75,925	9,072	(84,997)	-
EASP 98th Street Engineering	323,230	293,481	(616,711)	-
Construction	142,748	2,653,733	(2,796,481)	-
Martineztown Land	1,047,000	-	-	1,047,000
Engineering	6,977	-	-	6,977
Construction	1,857,473	311,395	-	2,168,868

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Agency/Area Wide PC				
Engineering	\$ -	-	-	-
Construction	-	159,692	-	159,692
SW Valley Los Padillas Gravity Outlet				
Land	1,244,806	48,719	(1,293,525)	-
Engineering	190,340	43,241	(233,581)	-
Construction	-	1,267,633	(1,267,633)	-
Black Mesa 3 Dam Outlet				
Engineering	22,113	23,244	-	45,357
Construction	944,838	59,785	-	1,004,623
Alb. West Levee Eval				
Engineering	-	7,697	(7,697)	-
Construction	-	-	-	-
Martineztown Flood Relief PO Pond				
Construction	-	13,333	-	13,333
NDC Recon Study				
Engineering	136,951	179,690	-	316,641
SE Valley Drain SD DMP				
Engineering	86,705	51,224	-	137,929
Calabacillas GC 08				
Engineering	-	2,993	(2,993)	-
PDN - Coors Pond				
Engineering	149,577	64,669	-	214,246
Construction	-	-	-	-
El Bordo				
Engineering	10,382	1,000	-	11,382
Garduno Road SD Improvements				
Construction	75,000	-	-	75,000

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Montano Levee GAP				
Engineering	\$ 40,804	-	(40,804)	-
Hahn Arroyo				
Engineering	166,118	195,513	-	361,631
Construction	43,144	2,049,385	-	2,092,529
Sanchez Farm Trib SD FY2010				
Engineering	782	88,979	-	89,761
Construction	39,468	-	-	39,468
Black Mesa Phase 1a				
Engineering	701	225,125	-	225,826
SDC Storm H&H Study				
Engineering	16,220	64,994	-	81,214
Unser Diversion Dam (La Presa)				
Engineering	73,350	87,882	-	161,232
Pino Dam E/A Plan				
Engineering	9,233	3,527	-	12,760
SDC Baffle Chute				
Engineering	202,233	103,881	-	306,114
Construction	-	2,382,905	-	2,382,905
Sunset Gardens / Five Points RW Improvements				
Construction	700,000	-	-	700,000
North Valley DMP Pond				
Engineering	16,419	-	-	16,419

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NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Ending Balance
Grantline / Candelaria				
Engineering	\$ -	7,161	-	7,161
Construction	-	420,698	-	420,698
Mid Valley Draining				
Construction	-	250,000	-	250,000
Vista Del Rio 2011				
Construction	-	1,106,733	-	1,106,733
NDC H&H				
Engineering	-	5,109	-	5,109
Misc AMAFCA Jobs	-	40,599	(40,599)	-
Total Construction in Progress	<u>\$ 10,181,047</u>	<u>12,644,131</u>	<u>(6,496,982)</u>	<u>16,328,196</u>

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

Total deletions	\$ 6,496,982
Less noncapital projects, transfers or projects belonging to others	(2,187,045)
Add project contributions	<u>2,631,925</u>
2011 project additions	<u>\$ 6,941,862</u>

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**NOTE 5. GENERAL OBLIGATION BONDS PAYABLE**

The change in general obligation bonds payable is as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
General obligation bonds payable	\$ 33,825,000	10,000,000	(8,350,000)	35,475,000	8,100,000

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, 2011 was \$35,475,000. The resulting legal debt margin is \$44,525,000.

The following is the detail for each issue outstanding at June 30, 2011:

Series 2005

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2012	\$ 2,250,000	104,625	2,354,625
2013	2,250,000	35,437	2,285,437
	\$ 4,500,000	140,062	4,640,062

Series 2006

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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
	\$ 4,500,000	257,813	4,757,813

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NOTE 5. GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)

Series 2007

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 4,000,000</u>	<u>310,000</u>	<u>4,310,000</u>

Series 2008

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 4,475,000</u>	<u>355,453</u>	<u>4,830,453</u>



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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
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>\$ 8,000,000</u>	<u>529,626</u>	<u>8,529,626</u>

Series 2010

Original amount: \$10,000,000  
Interest rate - 1.0% to 2.125%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2012	\$ 350,000	197,594	547,594
2013	425,000	191,594	616,594
2014	1,200,000	175,344	1,375,344
2015	1,400,000	149,344	1,549,344
2016	2,100,000	114,344	2,214,344
2017	2,250,000	70,844	2,320,844
2018	2,275,000	24,172	2,299,172
	<u>\$ 10,000,000</u>	<u>923,236</u>	<u>10,923,236</u>

Total All Series

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2012	\$ 8,100,000	861,750	8,961,750
2013	7,275,000	634,312	7,909,312
2014	5,625,000	438,048	6,063,048
2015	4,475,000	290,595	4,765,595
2016	4,175,000	178,594	4,353,594
2017	3,550,000	88,719	3,638,719
2018	2,275,000	24,172	2,299,172
	<u>\$ 35,475,000</u>	<u>2,516,190</u>	<u>37,991,190</u>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**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](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 9.15% of their gross salary. The Authority is required to contribute 13.15% of the gross covered salary. The Authority pays 5.86% of the employee's portion for a total contribution of 19.01% by the Authority. 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, 2011, 2010 and 2009 were \$252,380, \$250,740, and \$221,348, 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, 2011

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](http://www.nmrhca.state.nm.us).

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and 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>
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, 2011, 2010 and 2009 were \$22,199, \$17,177 and \$14,988, 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, 2011**

**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	Building & Yard Improv.	\$ 25,000
Building & Yard Improv.	General Fund	16,553

**NOTE 9. FUND BALANCES - DESIGNATED FOR PROJECT MODIFICATIONS**

As of June 30, 2011, the Authority's Board has designated a total of \$3,900,000 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 NDC Lower Section, north of Vineyard Inlet had \$500,000 designated and \$400,000 for emergency purposes.

**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, 2011:

**Worker's Compensation**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020W
c. Amount of coverage	Unlimited
d. Expiration date	6/30/11
e. Premium paid	\$46,120

**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	6/30/11
e. Premium paid	\$5,872

**STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2011**

**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	6/30/11
e. Premium paid	\$18,422

**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	6/30/11
e. Premium Paid	\$22,916

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

a. Name of insurance agent	CNA Surety, P.O. Box 5176, Sioux Falls, SD 57117-5176
b. Policy number	Bond NO. 0601 68998232
c. Amount of coverage	\$10,000 for each director
d. Expiration date	6/30/11
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	6/30/11
e. Premium paid	\$6,464

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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, 2011, 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 \$747,841 at June 30, 2011 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 \$627,841.

**NOTE 12. SUBSEQUENT EVENT**

On September 15, 2011, the Authority issued the Series 2011 General Obligation Bonds in the amount of \$10,000,000. The bonds carry interest rates of 1.1682% and mature in August 2018.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
DEBT SERVICE FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 9,127,113	9,127,113	\$ 9,145,937	18,824
Less reappraisal fee	(91,271)	(91,271)	(91,455)	(184)
Net property taxes	9,035,842	9,035,842	9,054,482	18,640
Investment and other	18,072	200,056	190,477	(9,579)
<b>Total revenues</b>	<u>9,053,914</u>	<u>9,235,898</u>	<u>9,244,959</u>	<u>9,061</u>
Expenditures				
Debt Service:				
Interest and fiscal charges	902,782	951,511	951,510	1
Bond principal	8,350,000	8,350,000	8,350,000	-
<b>Total expenditures</b>	<u>9,252,782</u>	<u>9,301,511</u>	<u>9,301,510</u>	<u>1</u>
<b>Net change in fund balance</b>	<u>(198,868)</u>	<u>(65,613)</u>	<u>(56,551)</u>	<u>9,062</u>
Prior year cash balance required to balance budget	<u>\$ 54,114</u>	<u>-</u>		
Fund balance, beginning of year			<u>9,177,651</u>	
<b>Fund balance, end of year</b>			<u>\$ 9,121,100</u>	
Budgetary Revenues			\$ 9,244,959	
Bond premium issuance			(181,984)	
Reappraisal fees classified as an expense under GAAP			91,455	
Change in property tax receivable			(10,392)	
Change in deferred revenues			6,723	
<b>GAAP revenues</b>			<u>\$ 9,150,761</u>	
Budgetary Expenses			\$ 9,301,510	
Reappraisal fees classified as an expense under GAAP			91,455	
Bond premium, unbudgeted			-	
<b>GAAP expenses</b>			<u>\$ 9,392,965</u>	

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
CAPITAL PROJECTS FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Investment	\$ 12,867	12,867	\$ 23,346	10,479
Revenue from jointly funded projects	4,551,711	4,551,711	901,418	(3,650,293)
Other	-	-	-	-
<b>Total revenues</b>	<b>4,564,578</b>	<b>4,564,578</b>	<b>924,764</b>	<b>(3,639,814)</b>
<b>Expenditures</b>				
Capital outlay and noncapitalizable construction costs **	26,923,718	26,923,718	13,307,089	13,616,629
Bond issuance costs	160,000	160,000	61,276	98,724
<b>Total expenditures</b>	<b>27,083,718</b>	<b>27,083,718</b>	<b>13,368,365</b>	<b>13,715,353</b>
Deficiency of revenues over expenditures before other financing uses	(22,519,140)	(22,519,140)	(12,443,601)	10,075,539
<b>Other Financing Sources and Uses</b>				
Transfer from other funds	-	-	-	-
Proceeds from bond sale	20,000,000	20,000,000	10,000,000	(10,000,000)
<b>Total other financing sources and uses</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>10,000,000</b>	<b>(10,000,000)</b>
<b>Net change in fund balance</b>	<b>(2,519,140)</b>	<b>(2,519,140)</b>	<b>(2,443,601)</b>	<b>75,539</b>
Prior year cash balance required to balance budget	\$ 1,248,015	1,248,015		
Fund balance, beginning of year			6,972,995	
Fund balance, end of year			\$ 4,529,394	
Budgetary Revenues			\$ 924,764	
Change in accounts receivable			-	
<b>GAAP revenues</b>			<b>\$ 924,764</b>	
Budgetary Expenses			\$ 13,368,365	
Change in accounts payable			(577,569)	
<b>GAAP expenses</b>			<b>\$ 12,790,796</b>	

\*\* This line item includes the total budgeted costs for all AMAFCA's capital projects. These projects are generally completed over multiple fiscal years. In addition, projects included in the current year budget may not incur costs until subsequent fiscal years.



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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest income	\$ -	-	\$ 51	51
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>
Expenditures				
Office improvements	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures before other financing sources and uses	-	-	51	51
Other Financing Sources and Uses				
Transfer to other funds	(16,000)	(16,553)	(16,553)	-
Transfers from other funds	25,000	25,000	25,000	-
<b>Total other financing sources and uses</b>	<b>9,000</b>	<b>8,447</b>	<b>8,447</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 9,000</b>	<b>8,447</b>	<b>8,498</b>	<b>51</b>
Prior year cash balance required to balance budget	\$ 174,000	175,093		
Fund balance, beginning of year			61	
<b>Fund balance, end of year</b>			<b>\$ 8,559</b>	

## AGENCY FUNDS

Agency funds are used to account for assets held by the Authority as an agent for other governments and/or other funds. 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.

Ditch and Water Safety Task Force Fund - This fund is used to promote water and ditch safety among children and is financed by contributions from several agencies.

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.

Area Wide Agency Fund – This is used to account for the pooling of funds by various entities when a single construction contract is bid/awarded to complete multiple small projects and the work performed is for the benefit and paid for by each entity.

Flood Fighting Workshop Fund - This is used to promote the Flood Fighting Workshop and is financed by contributions from several agencies.

STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 SCHEDULE OF ASSETS AND LIABILITIES - AGENCY FUNDS  
 June 30, 2011

	Ditch and Water Safety Task Force Fund	Storm Water Quality Coordinator	Area Wide Agency	Flood Fighting Workshop	Total Agency Funds
<b>ASSETS</b>					
Cash in bank	\$ 67,040	164,347	45,814	6,601	283,802
Investments	-	-	279,260	-	279,260
<b>Total assets</b>	<b>\$ 67,040</b>	<b>164,347</b>	<b>325,074</b>	<b>6,601</b>	<b>563,062</b>
<b>LIABILITIES</b>					
Funds held for others	\$ 67,040	164,347	325,074	6,601	563,062
<b>Total liabilities</b>	<b>\$ 67,040</b>	<b>164,347</b>	<b>325,074</b>	<b>6,601</b>	<b>563,062</b>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
June 30, 2011

Description	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Ditch and Water Safety Task Force Fund</b>				
Assets				
Cash in bank	\$ 67,277	112,042	(112,279)	67,040
Liabilities				
Deposits held for others	\$ 67,277	112,042	(112,279)	67,040
<b>Storm Water Quality Coordinator</b>				
Assets				
Cash in bank	\$ 161,351	97,000	(94,004)	164,347
Total assets	\$ 161,351	97,000	(94,004)	164,347
Liabilities				
Deposits held for others	\$ 161,351	97,000	(94,004)	164,347
Total liabilities	\$ 161,351	97,000	(94,004)	164,347
<b>Area Wide Agency</b>				
Assets				
Cash in bank	\$ 807	1,772,923	(1,727,916)	45,814
Investments	1,086,910	275,350	(1,083,000)	279,260
Total assets	\$ 1,087,717	2,048,273	(2,810,916)	325,074
Liabilities				
Deposits held for others	\$ 1,087,717	2,048,273	(2,810,916)	325,074
Total liabilities	\$ 1,087,717	2,048,273	(2,810,916)	325,074
<b>Flood Fighting Workshop</b>				
Assets				
Cash in bank	\$ -	9,265	(2,664)	6,601
Total assets	\$ -	9,265	(2,664)	6,601
Liabilities				
Deposits held for others	\$ -	9,265	(2,664)	6,601
Total liabilities	\$ -	9,265	(2,664)	6,601
<b>All Agency Funds</b>				
Assets				
Cash in bank	\$ 229,435	1,991,230	(1,936,863)	283,802
Investments	1,086,910	275,350	(1,083,000)	279,260
Total assets	\$ 1,316,345	2,266,580	(3,019,863)	563,062
Liabilities				
Deposits held for others	\$ 1,316,345	2,266,580	(3,019,863)	563,062
Total liabilities	\$ 1,316,345	2,266,580	(3,019,863)	563,062

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2011**

The following presents the collateral requirements for the Authority's bank demand deposit accounts at June 30, 2011:

Wells Fargo, Albuquerque, NM - demand deposit accounts:

Depository balances as of June 30, 2011

Checking	
General Fund	\$ 469,516
Debt Service Fund	840
Storm Quality Education	164,347
Area Wide Maintenance	45,814
Middle Rio Grande Flood Fighting	6,601
Ditch & Water Safety Task Force Fund	35
	<u>687,153</u>
Savings	
Ditch & Water Safety Task Force Fund Reserve	<u>67,005</u>
Total depository balances	754,158
Less FDIC insurance coverage	<u>(754,158)</u>
<b>Uninsured balance</b>	<u><u>\$ -</u></u>
<b>Collateralization required (50%)</b>	<u><u>\$ -</u></u>

NOTE 1. From December 31, 2010, through December 31, 2012, a depositor's funds in a "noninterest-bearing transaction account" (as defined in § 330.1( r)) are fully insured. All of the Authority's bank demand deposits are in noninterest-bearing accounts.

# Ricci & Company LLC

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

## **Independent Auditor's 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***

Danny Hernandez, Chairman  
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, 2011, and have issued our report thereon dated October 21, 2011. 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**

Management of the Authority is responsible for establishing and maintaining effective 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 opinion 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  
October 21, 2011

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SUMMARY OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2011**

None



**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
EXIT CONFERENCE  
For the Year Ended June 30, 2011**

**Exit Conference**

An exit conference was held on October 20, 2011 during a closed session of a Board of Directors meeting to discuss the annual financial report. Attending were the following:

Representing the Albuquerque Metropolitan Arroyo Flood Control Authority:

Board Members

Danny Hernandez - Chairman  
Ronald D. Brown - Vice-Chairman  
Bruce M. Thomson – Secretary - Treasurer  
Time Eichenberg – Assistant Secretary – Treasurer  
Daniel F. Lyon - Director

Administrative Staff

Jerry M. Lovato, P.E. – Executive Engineer  
Irene Jeffries – Business Manager

Representing the Independent Auditor:

Herman Chavez - Manager  
Jake Bowe - Staff

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