



Certified Public Accountants

*ricci & company llc*

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

**ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2012**

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

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STATE OF NEW MEXICO  
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FLOOD CONTROL AUTHORITY

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Tim Eichenberg, Chairman  
Danny Hernandez, Vice Chairman  
Bruce M. Thomson, Secretary-Treasurer  
Ronald D. Brown, 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 26, 2012, except for footnote 13,  
as to which the date is February 11, 2013

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, 2012 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, 2012 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 \$211,072,739 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 26, 2012, except for footnote 13,  
as to which the date is February 11, 2013

## **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**

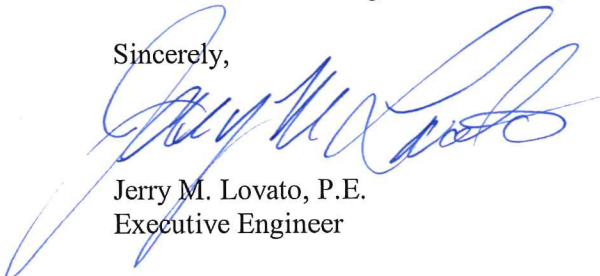
The Annual Financial Report is presented in accordance with all applicable GASB standards and New Mexico State Auditor requirements.

## **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, 2012**

**Board Members**

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

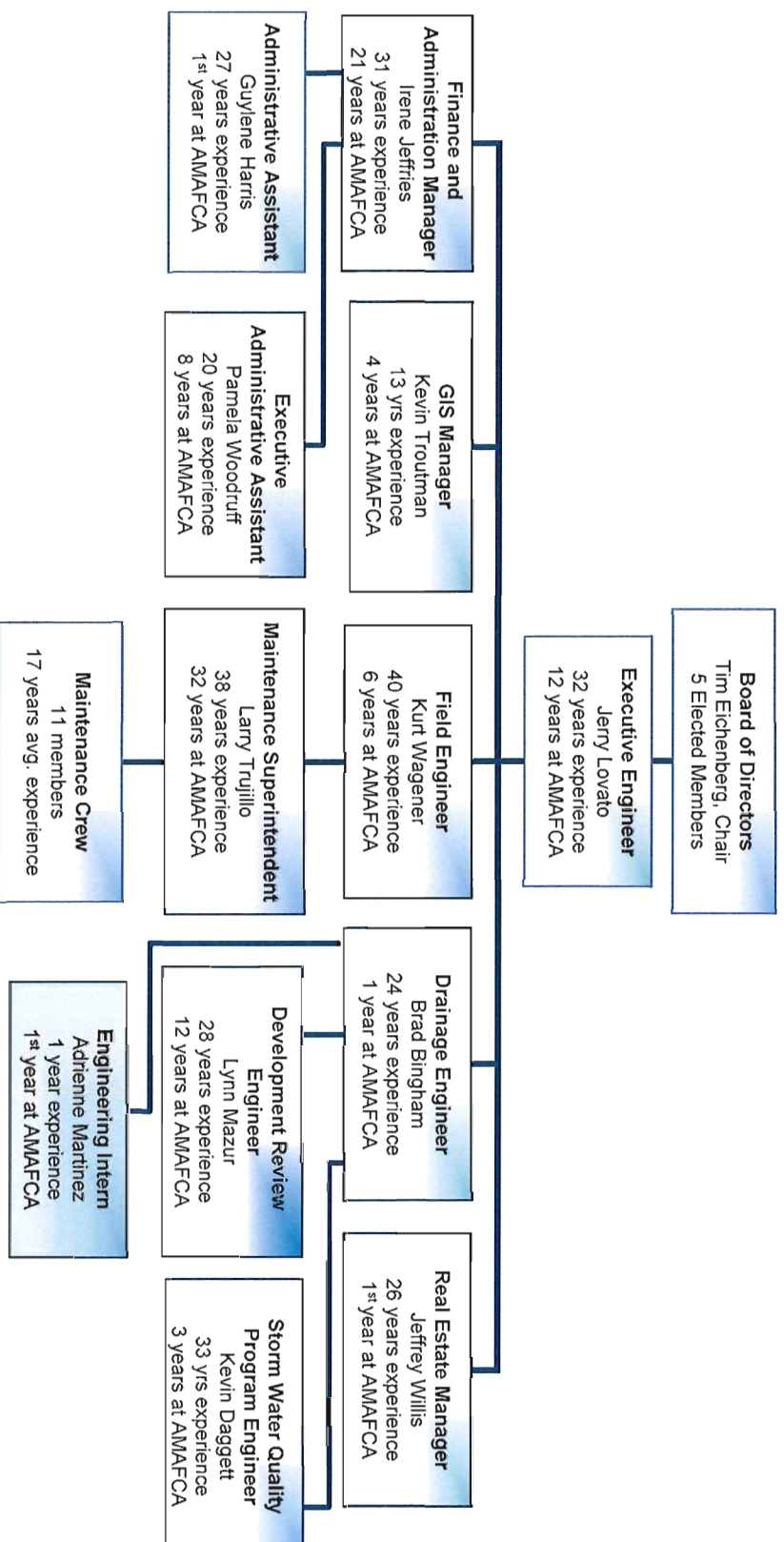
**Administrative Staff**

Jerry M. Lovato, P.E.	Executive Engineer
Irene B. Jeffries	Finance & Administrative Manager



# AMAFCA

## Organizational Chart



## Independent Auditor's Report

Tim Eichenberg, 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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 26, 2012, except for Note 13, as to which the date is February 11, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 26, 2012, except for Note 13 as to  
which the date is February 11, 2013

**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 operated a flood control system for the benefit of the authority and inhabitants thereof..."

**Authority's Function**

*Operation and Maintenance:* The Authority operates and maintains the major trunk portions of the flood control system in the greater Albuquerque area. Operation and maintenance is administered by the Authority's Field Engineer and Maintenance Superintendent, who oversee 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.

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

*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.

**Financial Highlights**

- The financial position of the Authority is historically very strong. As of June 30, 2012, the Authority's unrestricted net assets were about \$8.4M, or about 68% of the total entity wide expenditures. The unrestricted net assets also exceed 200% of the average annual general fund expenditures in the past decade.
- The Authority completed approximately \$15.7M in capital projects, of which approximately \$5.8M was transferred to other local governments. Further, the Authority has approximately \$9.2M of on-going flood control capital projects.
- The Authority is one of two of the highest rated government agencies in the state of New Mexico; Standard & Poor's Rating Services a AAA (upgraded in 2007 from a AA+) and a Aaa rating from Moody's Investors.
- Total cash and investments (including restricted in FY11) increased by approximately \$3.5M from the previous year. This increase is related to the timing of progress payments made to contractors on various projects and the annual bond sale.
- General government expense decreased by approximately \$212,000, the decrease is primarily related to a decrease in administrative salaries.



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

**Overview of Financial Statements**

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

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

***The Authority as a whole:***

**Net Assets:** Table A-1 summarizes the Authority's net assets for the fiscal year ended June 30, 2012 and 2011. Net assets are presented on a consolidated basis in one column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations. The Authority did not have any business-type activities during the year ended June 30, 2012 and 2011.

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

Table A-1  
The Authority's Net Assets

	Government Activities 6/30/12	Government Activities 06/30/11
Current Assets	\$ 28,928,210	\$ 25,878,810
Capital Assets, net of depreciation	181,955,212	173,467,865
Other assets – bond issuance costs	189,317	176,340
restricted investments	-0	58,211
<b>Total Assets</b>	<b>211,072,739</b>	<b>199,581,226</b>
Current Liabilities	8,893,620	9,340,754
Non-current Liabilities	30,279,550	27,786,536
<b>Total Liabilities</b>	<b>39,173,170</b>	<b>37,127,290</b>
<b>Net Assets</b>		
Invested in Capital Assets net of related debt	144,580,212	137,992,865
Restricted for Debt Service	9,952,412	9,386,812
Restricted for capital projects	8,949,372	6,538,817
Unrestricted	8,417,573	8,535,442
<b>Total Assets</b>	<b>\$171,899,569</b>	<b>\$162,453,936</b>

**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, 2012, the Authority's operating mill levy was 0.170 for residential property and 0.477 mills for non-residential property.
- 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, 2012 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 0.299 mills was imposed by the Sandoval County Treasurer, on the Authority's behalf for FY12. 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, 2012 were \$12,712,512 as compared to \$12,570,792 for the fiscal year ended June 30, 2011. 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 2012 was \$9,445,633. See table below.

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

	Government Activities 6/30/12	Governmental Activities 6/30/11
Program Revenues		
Revenue from jointly funded projects	\$ 9,140,207	\$ 3,533,343
General Revenues		
Property taxes	12,712,512	12,570,792
Investment	2,496	50,103
Net loss on disposal of capital assets	-	(277,449)
Other	<u>27,952</u>	<u>17,239</u>
Total Revenues	<u>21,883,167</u>	<u>15,894,028</u>
Expenses		
General Government	1,062,532	1,274,906
Flood Control	3,927,839	3,813,293
Planning, Engineering, R&D	944,721	883,423
Capital outlay –intergovernmental	5,727,438	2,187,045
Interest on long-term debt	<u>775,004</u>	<u>854,393</u>
Total Expenses	<u>12,437,534</u>	<u>9,013,060</u>
Change in Net Assets	9,445,633	6,880,968
Beginning Net Assets, July 1	<u>162,453,936</u>	<u>155,572,968</u>
Ending Net Assets, June 30	<u>171,899,569</u>	<u>162,453,936</u>

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

**Budgetary Performance**

*General Operating Fund Budget*

The budget used conservative growth factors for the assessed valuation, which were less than actual growth in assessed valuation resulting in more tax revenue. This resulted in actual collections of \$147,484 over budget.

The Board elected to increase the budget by \$91,625 to perform work along the North Diversion Embayment to ensure compliance with the Clean Water Act Regulated by the United States Environmental Protection Agency. A total of \$156,828 was incurred by the general fund related to the North Diversion Embayment. The \$156,828 was transferred to the Capital Projects fund for GAAP purposes but remained in the General Fund for budgetary purposes.

*Debt Service Fund Budget*

The budget used conservative growth factors for the assessed valuation, which were less than actual growth in assessed valuation resulting in more tax revenue. This resulted in actual collections of \$360,059 over budget. The budget used conservative interest rates in estimating interest income and did not include a bond premium issuance. The total expenditures were \$120,001 less than the budget and was due to the interest payment for the 2011 bond sale, which occurred after the budget was finalized, being an estimated amount.

*Capital Projects Fund Budget*

Actual revenues in the capital projects fund were \$6.2M less than budget primarily due to planned jointly funded projects not starting during fiscal year 2012.

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 \$18.7M less than budgeted due to the timing of the construction in progress, in which the entire project is budgeted but only a portion of the project is completed during the year.

*Building & Yard Improvement Fund Budget*

There were no expenditures in the Building & Yard Improvement Fund during FY 2012. The only activity in this fund was the planned transfer of \$50,000 from the General Fund.

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

**Capital Assets – Debt Administration**

*Capital Assets*

Major projects completed or closed out during FY-12 were:

Black Mesa Storm Drain Phase I

This project is the first phase of the Black Mesa 3-Dam Outlet which will eventually drain the Don Felipe, Raymac and McCoy Dams. This project was cost shared with the U.S. Army Corps of Engineers and Bernalillo County. Total design and construction of the project was \$8,532,891.

Candelaria / Grantline Water Quality Projects

This project removes trash, debris, and other pollutants from storm water before discharge to the North Diversion Channel, providing compliance with the EPA MS-4 permit. Total design and construction of the project was \$569,902.

Hahn Phase I

This project replaced deteriorated concrete lining in a portion of the Hahn Arroyo. The project included offline storm water quality facilities and allows “water harvesting” of trickle flows in the arroyo for irrigation of native landscape in the project corridor. Total design and construction of the project was \$3,235,354.

**Contributions to Other Governments**

The Authority contributed \$544,094 or 50% to the City of Albuquerque for initial design and construction of the El Bordo Siphon and Barelas Storm Drain Rehabilitation. This project corrected a hydraulic deficiency which caused flooding upstream and allowed the storm drain system to flow to Barelas Pump Station more efficiently.

The Authority contributed \$261,955 to Bernalillo County for the Barcelona Storm Drainage as part of the Isleta Boulevard Reconstruction Project Phase 2. This project provided the storm drain to alleviate local flooding problems.

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.



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

The Authority contributed \$150,000 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 four series of general obligation bonds (Series, 2005, 2006, 2007, 2008, 2009, 2010 and 2011) which are scheduled to be retired gradually over the next seven years. The total proceeds of these seven series of bonds is \$70,000,000. At June 30, 2012, the Authority's outstanding principal debt was \$37,375,000 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 \$38,423,557 versus \$35,475,000 in FY11. The increase is due to the sale of the \$10,000,000 bond issue. The Authority paid \$8,100,000 in principal for the period ending June 30, 2012.

In September 2011, the Authority sold the first \$10M of the 2010 authorization. The interest rate on that sale was 1.16824%.

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

- On September 27, 2012, the Authority issued general obligation bonds in the amount of \$10,000,000 at an interest rate of 0.843285, the lowest in the Authority's history. The Authority maintained the Bond ratings of AAA from Standard & Poor's and Aaa from Moody's Investors Services.
- Residential mill levy rates increased from prior year to comply with the Yield Control Act. The total residential mill levy for FY12 was 0.845. The total non-residential mill levy in FY12 was 1.152, the same as in FY11.

**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, 2012**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 300,397
Investments	27,515,165
Property tax receivables, net of allowance	851,227
Joint project receivables	261,421
Total current assets	<u>28,928,210</u>
Capital Assets	
Capital assets not being depreciated	36,545,646
Capital assets being depreciated, net	145,409,566
Total capital assets	<u>181,955,212</u>
Other Assets	
Bond issuance costs, less accumulated amortization of \$196,296	189,317
Total other assets	<u>189,317</u>
<b>Total assets</b>	<u>211,072,739</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	461,905
Accrued payroll and taxes	142,081
Compensated absences payable, current portion	72,415
Bonds payable, current portion	7,775,000
Accrued interest payable	441,967
Rental deposits	252
Total current liabilities	<u>8,893,620</u>
Noncurrent Liabilities	
Compensated absences payable - expected to be paid after one year	41,169
Bonds payable, net of current portion	29,600,000
Bond premium, less accumulated amortization of \$313,384	638,381
Total noncurrent liabilities	<u>30,279,550</u>
<b>Total liabilities</b>	<u>39,173,170</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	144,580,212
Restricted for:	
Debt service	9,952,412
Capital projects	8,949,372
Unrestricted	8,417,573
<b>Total net assets</b>	<u>\$ 171,899,569</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, 2012**

	Expenses	<u>Program Revenues</u> Capital Contributions and Revenue from Jointly Funded Projects	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities			
Flood control	\$ 3,927,839	-	\$ (3,927,839)
General government	898,335	-	(898,335)
Planning, engineering, research and development	944,721	-	(944,721)
Capital outlay, noncapitalized	5,891,635	9,140,207	3,248,572
Interest on long-term debt	775,004	-	(775,004)
	<u>\$ 12,437,534</u>	<u>9,140,207</u>	<u>(3,297,327)</u>
<b>Total governmental activities</b>			
General Revenues			
Property taxes			12,712,512
Investment			2,496
Net loss on disposal of property			-
Other			27,952
			<u>12,742,960</u>
<b>Total general revenues</b>			
			<u>9,445,633</u>
<b>Change in net assets</b>			
Net assets, beginning of year			<u>162,453,936</u>
<b>Net assets, end of year</b>			<u>\$ 171,899,569</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, 2012

	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	162,085	401	137,547	164	300,197
Investments	8,768,078	9,798,281	8,890,359	58,447	27,515,165
Property taxes receivable	237,086	614,141	-	-	851,227
Joint projects receivables	-	-	261,421	-	261,421
<b>Total assets</b>	<b>\$ 9,167,449</b>	<b>10,412,823</b>	<b>9,289,327</b>	<b>58,611</b>	<b>28,928,210</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 63,339	-	398,566	-	461,905
Accrued payroll and taxes	142,081	-	-	-	142,081
Deferred revenue	174,222	460,411	-	-	634,633
Rental deposits	252	-	-	-	252
<b>Total liabilities</b>	<b>379,894</b>	<b>460,411</b>	<b>398,566</b>	<b>-</b>	<b>1,238,871</b>
<b>Fund Balances</b>					
<b>Restricted</b>					
Flood Control Construction and Maintenance	4,843,926	-	-	-	4,843,926
Debt service	-	9,952,412	-	-	9,952,412
<b>Committed</b>					
General	3,900,000	-	-	-	3,900,000
Capital projects	-	-	8,890,761	-	8,890,761
Building and improvements	-	-	-	58,611	58,611
<b>Unassigned</b>					
General	43,629	-	-	-	43,629
<b>Total fund balances</b>	<b>8,787,555</b>	<b>9,952,412</b>	<b>8,890,761</b>	<b>58,611</b>	<b>27,689,339</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,167,449</b>	<b>10,412,823</b>	<b>9,289,327</b>	<b>58,611</b>	<b>28,928,210</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, 2012**

Total fund balances - Governmental Funds (Balance Sheet - Governmental Funds)		\$ 27,689,339
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2012 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		634,633
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	\$ 227,159,928	
Less accumulated depreciation	(45,204,716)	
Related debt	<u>(37,375,000)</u>	
Total capital assets, net of related debt and depreciation		144,580,212
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		(113,584)
Accrued interest payable		(441,967)
Bond issuance costs are expensed in period expended for fund financial statements but capitalized for governmental activities		
Total bond costs	385,613	
Less accumulated amortization	<u>(196,296)</u>	189,317
Bond premium costs are amortized for governmental activities but are a current other financing source in fund financial statements		
Total bond premium	(951,765)	
Less accumulated amortization	<u>313,384</u>	<u>(638,381)</u>
<b>Net assets of governmental activities (Statement of Net Assets)</b>		<b><u>\$ 171,899,569</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, 2012

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,484,443	9,221,277	-	-	12,705,720
Investments	(669)	6,864	(3,751)	52	2,496
Revenue from jointly funded projects	-	-	852,329	-	852,329
Revenue from property sales	-	-	-	-	-
Other	27,952	-	-	-	27,952
<b>Total revenues</b>	<b>3,511,726</b>	<b>9,228,141</b>	<b>848,578</b>	<b>52</b>	<b>13,588,497</b>
<b>Expenditures</b>					
Current:					
General government	666,738	-	-	-	666,738
Flood control	1,400,072	-	-	-	1,400,072
Planning, engineering, research and development	944,721	-	-	-	944,721
Capital outlay	88,393	-	8,579,746	-	8,668,139
Debt service:					
Interest and fixed charges	-	861,750	-	-	861,750
Bond principal retirement	-	8,100,000	-	-	8,100,000
Reappraisal fees	34,819	92,069	-	-	126,888
Bond issuance costs	-	-	65,157	-	65,157
<b>Total expenditures</b>	<b>3,134,743</b>	<b>9,053,819</b>	<b>8,644,903</b>	<b>-</b>	<b>20,833,465</b>
Excess (deficiency) of revenues over expenditures	376,983	174,322	(7,796,325)	52	(7,244,968)
<b>Other Financing Sources and Uses</b>					
Operating transfers in	-	-	156,828	50,000	206,828
Operating transfers out	(206,828)	-	-	-	(206,828)
Face amount from bond sales	-	-	10,000,000	-	10,000,000
Bond premium issuance	-	391,278	-	-	391,278
<b>Total other financing sources and uses</b>	<b>(206,828)</b>	<b>391,278</b>	<b>10,156,828</b>	<b>50,000</b>	<b>10,391,278</b>
Net change in fund balances	170,155	565,600	2,360,503	50,052	3,146,310
Fund balances, beginning	8,617,400	9,386,812	6,530,258	8,559	24,543,029
<b>Fund balances, ending</b>	<b>\$ 8,787,555</b>	<b>9,952,412</b>	<b>8,890,761</b>	<b>58,611</b>	<b>27,689,339</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, 2012**

Net change in fund balances (Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds)	\$ 3,146,310
Amounts reported for governmental activities in the Statement of Activities are different for the year ended June 30, 2012 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	8,100,000
Bond issuance costs are not amortized for fund financial statement purposes but are for governmental activities - current year amortization	(52,180)
Bond issuance costs are expenses for the fund financial statement purposes but are capitalized for governmental activities	65,157
Bond premium is not amortized for fund financial statement purposes but is for governmental activities - current year amortization	121,265
Bond premiums are included as other revenues for the fund financial statement purposes but are capitalized for governmental activities	(391,278)
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	(3,261)
Accrued interest payable	(34,519)
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:	6,792
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	\$ 2,776,504
Depreciation	<u>(2,577,035)</u>
Excess of capital outlay over depreciation	199,469
In the Statement of Activities, turnkey contributed projects are recorded as revenues, these revenues are not recorded in the Governmental Fund statements	
	<u>8,287,878</u>
<b>Change in net assets of governmental activities (Statement of Activities)</b>	<b><u>\$ 9,445,633</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 - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
GENERAL FUND  
Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 3,334,379	3,334,379	3,481,863	147,484
Less reappraisal fee	(33,344)	(33,344)	(34,819)	(1,475)
Net property taxes	3,301,035	3,301,035	3,447,044	146,009
Investment	17,845	17,845	(669)	(18,514)
Other	15,350	15,350	27,952	12,602
<b>Total revenues</b>	<b>3,334,230</b>	<b>3,334,230</b>	<b>3,474,327</b>	<b>140,097</b>
<b>Expenditures</b>				
Current:				
Salary and related payroll costs	2,030,950	2,069,247	1,999,368	69,879
Other operating costs	1,298,265	1,351,593	1,393,993	(42,400)
Emergency Contingency	400,000	400,000	-	400,000
<b>Total expenditures</b>	<b>3,729,215</b>	<b>3,820,840</b>	<b>3,393,361</b>	<b>427,479</b>
Excess (deficiency) of revenues over expenditures before other financing sources and uses	(394,985)	(486,610)	80,966	567,576
Other Financing Sources and Uses				
Transfers to other funds	(1,050,000)	(1,050,000)	(206,828)	843,172
<b>Total other financing sources and uses</b>	<b>(1,050,000)</b>	<b>(1,050,000)</b>	<b>(206,828)</b>	<b>843,172</b>
<b>Net change in fund balance</b>	<b>\$ (1,444,985)</b>	<b>(1,536,610)</b>	<b>(125,862)</b>	<b>1,410,748</b>
Prior year cash balance required to balance budget	\$ 1,444,985	1,536,610		
Fund balance, beginning of year			8,518,480	
<b>Fund balance, end of year</b>			<b>\$ 8,392,618</b>	
Budgetary Revenues			\$ 3,474,327	
Change in property tax receivable			5,074	
Change in deferred revenues			(2,494)	
Inclusion of reappraisal fees			34,819	
<b>GAAP revenues</b>			<b>3,511,726</b>	
Budgetary Expenses			\$ 3,393,361	
Exclusion of reappraisal fees			(34,819)	
Change in accounts payable			(22,037)	
Change in accrued payroll and other liabilities			33,014	
Deposits included as budgetary expenses			(77,948)	
Expenses included in Construction Fund			(156,828)	
<b>GAAP expenses</b>			<b>\$ 3,134,743</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, 2012**

**ASSETS**

Cash in bank	\$ 122,509
Investments	<u>1,021,126</u>
<b>Total assets</b>	<b><u><u>\$ 1,143,635</u></u></b>

**LIABILITIES**

Funds held for others	<u><u>\$ 1,143,635</u></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, 2012**

**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, 2012**

**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, 2012.

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, 2012**

**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, 2012.

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, 2012.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012

**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, 2012. *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, 2012**

**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, 2012 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, 2012**

**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 \$113,584 have been recorded in the government-wide financial statements. Of the \$113,584, \$72,415 is considered to be the current portion while \$41,169 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, 2012 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, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Compensated absences payable	\$ 110,323	95,111	(91,850 )	113,584	72,415

**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  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**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 \$37,375,000 at June 30, 2012.

**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.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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 their 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.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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 \$385,613 (\$65,157 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 \$951,765 (\$391,278 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, 2012 is attributable to the following:

Ad valorem assessments	<u>\$634,633</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.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
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June 30, 2012**

**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, 2012, 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, 2012:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts	
Cash balances per depository at June 30, 2012:	
Wells Fargo Bank	\$ 314,647
Debt Service Account	401
Storm Quality Education	87,004
Ditch & Water Safety Task Force	32,180
Area Wide Maintenance	<u>3,276</u>
Total deposits	437,508
Petty cash	<u>200</u>
Subtotal	437,708
Less outstanding checks and adjustments, all accounts	(14,802)
Less agency funds – cash accounts	<u>(122,509)</u>
Net carrying value at June 30, 2012	<u>\$ 300,397</u>
Shown as:	
General Fund	\$ 162,285
Debt Service Fund	401
Capital Projects Fund	137,547
Building Improvement Fund	<u>164</u>
<b>Total cash per government-wide financial statements</b>	<b><u>\$ 300,397</u></b>

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012, all of the Authority’s deposits were insured. Therefore, there was no custodial credit risk at June 30, 2012.

The Authority had \$437,508 in the following depository accounts at June 30, 2012. All deposits are carried at cost. The Authority’s deposit policy has been described earlier.

Insured	\$ 437,508
Collateral held by the pledging bank’s trust department in the Authority’s name	<u>                  -</u>
<b>Total deposits</b>	<b><u>\$ 437,508</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.

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 the WAM(R) was 60 days and WAM (F) was 83 days interest risk using a weighted average maturity (WAM). Interest rates fluctuate depending upon the investments in the Pool.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012:

General Fund	\$ 8,768,078
Debt Service Fund	9,798,281
Capital Projects Fund	8,890,359
Building Improvement Fund	<u>58,447</u>
Total Governmental Funds	27,515,165
Agency Fund	<u>1,021,126</u>
Total Investments	<u>\$ 28,536,291</u>

**Investment Details**

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 \$0.9904 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. In the current year the State Treasurer’s Office issued a formal statement related to these losses. The Authority’s losses were recorded in the year ended June 30, 2012 in the amounts of \$48,459, which was allocated across all of the Authority’s governmental funds based on their pro-rata share of the initial reserve account balances, and \$1,716 in the Agency Area Wide Fund. The remaining outstanding balance in the reserve contingency fund for the Authority is \$9,751 and \$474 in Agency and Area Wide Agency Funds. Since the balances are de minimis, they are no longer considered restricted nor has a reserve for a loss contingency been created. The final losses related to these balances are likely to be determined in a formal hearing in October 2012.



**STATE OF NEW MEXICO  
 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012**

**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, 2012, 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 0.170 mills per \$1,000 of assessed value on all residential property and 0.477 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, 2012:

Receivables:	
Current property taxes	\$ 216,594
Delinquent property taxes, net of allowance of \$120,000 for doubtful accounts	<u>634,633</u>
<b>Total receivables</b>	<b><u>\$ 851,227</u></b>

Of the property taxes noted above, \$60,326 in the General Fund and \$156,268 in the Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$634,633 have been recorded in the government-wide financial statements, which includes receivables for all uncollected levied taxes. Delinquent property taxes do not represent measurable available resources so they are considered to be deferred revenue in the fund financial statements.

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance June 30, 2011	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2012
Capital assets not being depreciated				
Infrastructure:				
Land acquisition	\$ 27,157,400	175,817	-	27,333,217
Construction in progress	16,328,196	8,579,746	(15,695,513)	9,212,429
Total capital assets not being depreciated	43,485,596	8,755,563	(15,695,513)	36,545,646
Capital assets being depreciated				
Operations:				
Furniture and fixtures	154,146	10,445	(45,414)	119,177
Maintenance tools and automotive equipment	1,532,076	77,948	-	1,610,024
Office and maintenance buildings	1,353,489	-	-	1,353,489
Infrastructure:				
Utility relocations	1,972,037	-	-	1,972,037
Dams, channels and other improvements	167,643,616	17,915,939	-	185,559,555
Total capital assets being depreciated	172,655,364	18,004,332	(45,414)	190,614,282
Total capital assets	216,140,960	26,759,895	(15,740,927)	227,159,928
Less accumulated depreciation				
Furniture and fixtures	(122,415)	(15,431)	45,414	(92,432)
Maintenance tools and automotive equipment	(1,142,213)	(99,688)	-	(1,241,901)
Office and maintenance buildings	(410,665)	(33,837)	-	(444,502)
Infrastructure	(40,997,802)	(2,428,079)	-	(43,425,881)
Total accumulated depreciation	(42,673,095)	(2,577,035)	45,414	(45,204,716)
<b>Capital assets, net of accumulated depreciation</b>	<b>\$ 173,467,865</b>	<b>24,182,860</b>	<b>(15,695,513)</b>	<b>181,955,212</b>

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2011	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2012
Summary of investments in capital assets				
Investment in office and maintenance buildings, furniture, fixtures and equipment	\$ 3,039,711	88,393	(45,414)	3,082,690
Investment in land, dams, channels and improvements, utility relocations and construction in progress	193,890,989	26,671,502	(15,695,513)	204,866,978
Donated capital assets from Corps of Engineers	19,210,260	-	-	19,210,260
<b>Total</b>	<b>\$ 216,140,960</b>	<b>26,759,895</b>	<b>(15,740,927)</b>	<b>227,159,928</b>

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

Depreciation was charged as follows to these functions:

Flood control	\$ 2,527,767
General government	49,268
<b>Total depreciation</b>	<b>\$ 2,577,035</b>

Construction in progress as of June 30, 2012, consisted of the following:

Project	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Southwest Valley Drainage					
Engineering	\$ 846,348	-	-	-	846,348
Construction	719,115	4,083	-	-	723,198
FEMA LOMRs					
Engineering	169,781	-	-	-	169,781
Avulsion Number 1					
Engineering	30,000	-	-	-	30,000

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Boca Negra Dam Detention					
Land	\$ 200,000	-	-	-	200,000
Engineering	325,308	28,304	-	-	353,612
Construction	-	2,560	-	-	2,560
Don Felipe DMP					
Engineering	199,737	1,725	-	-	201,462
Raymac					
Engineering	161,252	2,924	-	-	164,176
McCoy Dam					
Engineering	77,445	-	-	(77,445)	-
McCoy / Johniece Channel					
Engineering	134,833	22,095	-	77,445	234,373
Construction	3,769	-	-	-	3,769
Martineztown					
Land	1,047,000	-	(1,047,000)	-	-
Engineering	6,977	-	(6,977)	-	-
Construction	2,168,868	-	(2,168,868)	-	-
Agency/Area Wide PC					
Construction	159,692	725,523	(885,215)	-	-
Black Mesa 3 Dam Outlet					
Engineering	45,357	-	(6,105)	(39,252)	-
Construction	1,004,623	-	(1,004,623)	-	-
Martineztown Flood Relief PO Pond					
Construction	13,333	-	(13,333)	-	-
NDC Recon Study					
Engineering	316,641	71,088	-	(142,042)	245,687
SE Valley Drain SD DMP					
Engineering	137,929	17,315	-	-	155,244

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 4. CHANGES IN CAPITAL ASSETS (CONTINUED)

Project	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
PDN - Coors Pond					
Engineering	\$ 214,246	433	(214,679)	-	-
Construction	-	1,479,677	(1,479,677)	-	-
El Bordo					
Engineering	11,382	-	-	-	11,382
Construction	-	544,094	-	-	544,094
Garduno Road SD Improvements					
Construction	75,000	-	-	-	75,000
Hahn Arroyo					
Engineering	361,631	3,294	(364,925)	-	-
Construction	2,092,529	1,642,894	(3,735,423)	-	-
Sanchez Farm Trib SD FY2010					
Engineering	89,761	135,376	-	-	225,137
Construction	39,468	-	-	-	39,468
Black Mesa Phase 1a					
Engineering	225,826	283,062	-	39,252	548,140
SDC Storm H&H Study					
Engineering	81,214	-	-	-	81,214
Unser Diversion Dam (La Presa)					
Engineering	161,232	351,126	-	-	512,358
Construction	-	599,946	-	-	599,946
Pino Dam E/A Plan					
Engineering	12,760	9,742	-	-	22,502
SDC Baffle Chute					
Engineering	306,114	66,127	(493,402)	121,161	-
Construction	2,382,905	650,139	(2,911,883)	(121,161)	-
Sunset Gardens/Five Points RW Improvements					
Construction	700,000	150,000	-	-	850,000

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

Project	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
North Valley DMP Pond					
Engineering	\$ 16,419	15,169	-	-	31,588
Grantline / Candelaria					
Engineering	7,161	-	(157,403)	150,242	-
Construction	420,698	-	(412,498)	(8,200)	-
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)	-	-
SW Valley Flood Reduction Phase II					
Engineering	-	10,395	-	-	10,395
Construction	-	573	-	-	573
Isleta Blvd Reconstruction Phase II / Barcelona SD					
Construction	-	261,955	-	-	261,955
Sagebrush Dip Replacement					
Construction	-	353,609	-	-	353,609
Amole-Hubbell DMP Update					
Engineering	-	101,016	-	-	101,016
Calabacillas Grade Control Structures 3b, 3c					
Engineering	-	77,173	-	-	77,173
NDC Embayment					
Engineering	-	58,859	(58,859)	-	-
Construction	-	120,000	(120,000)	-	-



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

Project	Balance	Additions	Deletions	Transfers	Balance
UNM South Campus Development					
Engineering	\$ -	1,632	(1,632)	-	-
Misc AMAFCA projects 2011					
Engineering	-	65,315	(65,315)	-	-
Construction	-	542,587	(542,587)	-	-
Misc AMAFCA projects 2012					
Engineering	-	38,881	-	-	38,881
Construction	-	140,509	-	-	140,509
Alameda Drain WQDMP					
Engineering	-	48	-	-	48
La Cueva Arroyo LOMR					
Engineering	-	498	-	-	498
Total Construction in Progress	\$ 16,328,196	8,579,746	(15,695,513)	-	9,212,429

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	\$ 15,695,513
Less noncapital projects, transfers or projects belonging to others	(5,891,635)
Add project contributions	<u>8,287,878</u>
2012 project additions	<u>\$ 18,091,756</u>

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 5. GENERAL OBLIGATION BONDS PAYABLE**

The change in general obligation bonds payable is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
General obligation bonds payable	\$ 35,475,000	10,000,000	(8,100,000)	37,375,000	7,775,000

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, 2012 was \$37,375,000. The resulting legal debt margin is \$42,625,000.

The following is the detail for each issue outstanding at June 30, 2012:

Series 2005

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2013	\$ 2,250,000	35,437	2,285,437
	\$ 2,250,000	35,437	2,285,437

Series 2006

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2013	\$ 1,500,000	86,250	1,586,250
2014	1,500,000	29,063	1,529,063
	\$ 3,000,000	115,313	3,115,313

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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
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>\$ 3,000,000</u>	<u>177,500</u>	<u>3,177,500</u>

Series 2008

Original amount: \$9,750,000

Interest rate - 2.75% to 3.5%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 3,475,000</u>	<u>226,922</u>	<u>3,701,922</u>

Series 2009

Original amount: \$10,000,000

Interest rate - 2.0% to 2.75%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 6,000,000</u>	<u>373,626</u>	<u>6,373,626</u>

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 5. GENERAL OBLIGATION BONDS PAYABLE (CONTINUED)**

Series 2010

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 9,650,000</u>	<u>725,642</u>	<u>10,375,642</u>

Series 2011

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2013	\$ 500,000	254,361	754,361
2014	1,150,000	185,001	1,335,001
2015	1,525,000	164,938	1,689,938
2016	1,500,000	131,000	1,631,000
2017	1,500,000	97,250	1,597,250
2018	1,900,000	62,250	1,962,250
2019	1,925,000	19,250	1,944,250
	<u>\$ 10,000,000</u>	<u>914,050</u>	<u>10,914,050</u>

Total All Series

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2013	\$ 7,775,000	888,673	8,663,673
2014	6,775,000	623,049	7,398,049
2015	6,000,000	455,533	6,455,533
2016	5,675,000	309,594	5,984,594
2017	5,050,000	185,969	5,235,969
2018	4,175,000	86,422	4,261,422
2019	1,925,000	19,250	1,944,250
	<u>\$ 37,375,000</u>	<u>2,568,490</u>	<u>39,943,490</u>

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012, 2011 and 2010 were \$239,728, \$252,380, and \$250,740, 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.

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 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012**

**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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal years ending 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>
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, 2012, 2011 and 2010 were \$23,128, \$22,199 and \$17,177, 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, 2012**

**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	Construction	\$ 156,828
General Fund	Building & Yard Improv.	50,000

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

As of June 30, 2012, 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, 2012:

**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	6/30/12
e. Premium paid	\$47,540

**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	6/30/12
e. Premium paid	\$5,606



**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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	6/30/12
e. Premium paid	\$17,129

**Auto Liability**

a. Name of insurance agent	New Mexico Self-Insurer's Fund
b. Policy number	4020L
c. Amount of coverage	\$400,000/\$750,000 per person/occurrence \$300,000 medical, \$100,000 property Actual cash value
d. Expiration date	6/30/12
e. Premium Paid	\$22,494

**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	6/30/12
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	6/30/12
e. Premium paid	\$6,464

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012, 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, 2012 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 27, 2012, the Authority issued the Series 2012 General Obligation Bonds in the amount of \$10,000,000. The bonds carry interest rates of .84% and mature in August 2019.

**NOTE 13. RESTATEMENT**

Subsequent to issuing the financial statements, it was discovered that Fund Balances on the Balance Sheet – Governmental Funds were not classified correctly to the respective category. \$221,713 was applied to Unassigned General that should have been applied to Restricted – Flood Control Construction and Maintenance. This is a classification correction only. Total fund balances in the General Fund and Total Governmental Funds remain the same.

**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, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 8,852,303	8,852,303	\$ 9,212,362	360,059
Less reappraisal fee	(88,523)	(88,523)	(92,069)	(3,546)
Net property taxes	8,763,780	8,763,780	9,120,293	356,513
Investment and other	17,528	17,528	398,196	380,668
<b>Total revenues</b>	<b>8,781,308</b>	<b>8,781,308</b>	<b>9,518,489</b>	<b>737,181</b>
Expenditures				
Debt Service:				
Interest and fiscal charges	981,751	981,751	861,750	120,001
Bond principal	8,100,000	8,100,000	8,100,000	-
<b>Total expenditures</b>	<b>9,081,751</b>	<b>9,081,751</b>	<b>8,961,750</b>	<b>120,001</b>
<b>Net change in fund balance</b>	<b>(300,443)</b>	<b>(300,443)</b>	<b>556,739</b>	<b>857,182</b>
Prior year cash balance required to balance budget	\$ 300,443	300,443		
Fund balance, beginning of year			9,121,100	
<b>Fund balance, end of year</b>			<b>\$ 9,677,839</b>	
Budgetary Revenues			\$ 9,518,489	
Bond premium issuance			(391,386)	
Reappraisal fees classified as an expense under GAAP			92,069	
Change in property tax receivable			13,267	
Change in deferred revenues			(4,298)	
<b>GAAP revenues</b>			<b>\$ 9,228,141</b>	
Budgetary Expenses			\$ 8,961,750	
Reappraisal fees classified as an expense under GAAP			92,069	
Bond premium, unbudgeted			-	
<b>GAAP expenses</b>			<b>\$ 9,053,819</b>	

STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
CAPITAL PROJECTS FUND  
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment	\$ 2,920	2,920	\$ (3,751)	(6,671)
Revenue from jointly funded projects	7,086,711	7,086,711	877,710	(6,209,001)
Other	-	-	-	-
<b>Total revenues</b>	<b>7,089,631</b>	<b>7,089,631</b>	<b>873,959</b>	<b>(6,215,672)</b>
Expenditures				
Capital outlay and noncapitalizable construction costs **	27,266,200	27,266,200	8,595,808	18,670,392
Bond issuance costs	160,000	160,000	65,157	94,843
<b>Total expenditures</b>	<b>27,426,200</b>	<b>27,426,200</b>	<b>8,660,965</b>	<b>18,765,235</b>
Deficiency of revenues over expenditures before other financing uses	(20,336,569)	(20,336,569)	(7,787,006)	12,549,563
Other Financing Sources and Uses				
Transfer from other funds	1,000,000	1,000,000	156,828	(843,172)
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>21,000,000</b>	<b>21,000,000</b>	<b>10,156,828</b>	<b>(10,843,172)</b>
<b>Net change in fund balance</b>	<b>663,431</b>	<b>663,431</b>	<b>2,369,822</b>	<b>1,706,391</b>
Prior year cash balance required to balance budget	\$ -	-		
Fund balance, beginning of year			4,529,394	
<b>Fund balance, end of year</b>			<b>\$ 6,899,216</b>	
Budgetary Revenues			\$ 873,959	
Change in accounts receivable			(25,381)	
<b>GAAP revenues</b>			<b>\$ 848,578</b>	
Budgetary Expenses			\$ 8,660,965	
Change in accounts payable			(172,890)	
Expense budgeted in general fund			156,828	
<b>GAAP expenses</b>			<b>\$ 8,644,903</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, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest income	\$ 1,000	1,000	\$ 52	(948)
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>52</u>	<u>(948)</u>
Expenditures				
Office improvements	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures before other financing sources and uses	<u>1,000</u>	<u>1,000</u>	<u>52</u>	<u>(948)</u>
Other Financing Sources and Uses				
Transfer to other funds	-	-	-	-
Transfers from other funds	50,000	50,000	50,000	-
<b>Total other financing sources and uses</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 51,000</u>	<u>51,000</u>	<u>50,052</u>	<u>(948)</u>
Prior year cash balance required to balance budget	<u>\$ -</u>	<u>-</u>		
Fund balance, beginning of year			<u>8,559</u>	
<b>Fund balance, end of year</b>			<u>\$ 58,611</u>	

## 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 – The 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, 2012**

	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	\$ 32,229	87,004	3,276	-	122,509
Investments	-	-	1,021,126	-	1,021,126
<b>Total assets</b>	<b>\$ 32,229</b>	<b>87,004</b>	<b>1,024,402</b>	<b>-</b>	<b>1,143,635</b>
<b>LIABILITIES</b>					
Funds held for others	\$ 32,229	87,004	1,024,402	-	1,143,635
<b>Total liabilities</b>	<b>\$ 32,229</b>	<b>87,004</b>	<b>1,024,402</b>	<b>-</b>	<b>1,143,635</b>



**STATE OF NEW MEXICO**  
**ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**June 30, 2012**

Description	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Ditch and Water Safety Task Force Fund</b>				
<b>Assets</b>				
Cash in bank	\$ 67,040	130,318	(165,129)	32,229
<b>Liabilities</b>				
Deposits held for others	\$ 67,040	130,318	(165,129)	32,229
<b>Storm Water Quality Coordinator</b>				
<b>Assets</b>				
Cash in bank	\$ 164,347	40,000	(117,343)	87,004
Total assets	\$ 164,347	40,000	(117,343)	87,004
<b>Liabilities</b>				
Deposits held for others	\$ 164,347	40,000	(117,343)	87,004
Total liabilities	\$ 164,347	40,000	(117,343)	87,004
<b>Area Wide Agency</b>				
<b>Assets</b>				
Cash in bank	\$ 45,814	1,007,523	(1,050,061)	3,276
Investments	279,260	875,582	(133,716)	1,021,126
Total assets	\$ 325,074	1,883,105	(1,183,777)	1,024,402
<b>Liabilities</b>				
Deposits held for others	\$ 325,074	1,883,105	(1,183,777)	1,024,402
Total liabilities	\$ 325,074	1,883,105	(1,183,777)	1,024,402
<b>Flood Fighting Workshop</b>				
<b>Assets</b>				
Cash in bank	\$ 6,601	2,008	(8,609)	-
Total assets	\$ 6,601	2,008	(8,609)	-
<b>Liabilities</b>				
Deposits held for others	\$ 6,601	2,008	(8,609)	-
Total liabilities	\$ 6,601	2,008	(8,609)	-
<b>All Agency Funds</b>				
<b>Assets</b>				
Cash in bank	\$ 283,802	1,179,849	(1,341,142)	122,509
Investments	279,260	875,582	(133,716)	1,021,126
Total assets	\$ 563,062	2,055,431	(1,474,858)	1,143,635
<b>Liabilities</b>				
Deposits held for others	\$ 563,062	2,055,431	(1,474,858)	1,143,635
Total liabilities	\$ 563,062	2,055,431	(1,474,858)	1,143,635

**STATE OF NEW MEXICO**  
**ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2012**

The following presents the collateral requirements for the Authority's bank demand deposit accounts at June 30, 2012:

Wells Fargo, Albuquerque, NM - demand deposit accounts:

Depository balances as of June 30, 2012

Checking

General Checking Account	\$ 314,647
Debt Service Account	401
Storm Quality Education	87,004
Area Wide Maintenance	3,276
Middle Rio Grande Flood Fighting	-
Ditch & Water Safety Task Force Fund	22
	<u>405,350</u>

Savings

Ditch & Water Safety Task Force Fund Reserve	<u>32,158</u>
Total depository balances	437,508
Less FDIC insurance coverage	<u>(437,508)</u>

**Uninsured balance** \$ -

**Collateralization required (50%)** \$ -

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***

Tim Eichenberg, 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, 2012, and have issued our report thereon dated October 26, 2012, except for Note 13 as to which the date is February 11, 2013. 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of finding and response that we consider to be a significant deficiency in internal control over financial reporting. See finding 2012-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 26, 2012, except for Note 13 as to  
which the date is February 11, 2013

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SUMMARY OF FINDING AND RESPONSE  
For the Year Ended June 30, 2012**

**2012-01 - DUPLICATE PAYMENT OF AN INVOICE – SIGNIFICANT DEFICIENCY**

**CONDITION**

During our testing of accrued payroll liabilities, we noted a duplicate payment of an invoice from the City of Albuquerque for payroll related expenses in the amount of \$22,944.94. On separate days, the Authority received duplicate invoices with the same invoice number for the same payroll related expenses. Checks were issued (17698 and 17729) on July 3, 2012 and July 20, 2012, respectively.

**CRITERIA**

Sound internal controls require that procedures be established so the Authority does not overpay, or double pay, for the same goods or services. These procedures should be performed before checks are issued.

**EFFECT**

The Authority unknowingly created a prepaid situation for its payroll related expenses. Due to the duplicate payment, the Authority now must complete additional reconciliation procedures as well as have discussions with the City of Albuquerque to alleviate this issue.

**CAUSE**

Since the duplicate invoice was entered into the cash disbursement system in a manner that differentiated from the original invoice, the automated control did not function properly. Reviewers did not catch this inconsistency since the checks in question were processed on different days.

**RECOMMENDATION**

The Authority should implement additional review procedures over cash disbursements and update their current internal control policies and procedures in order to eliminate the risk of duplicate payments being processed.

**MANAGEMENT'S RESPONSE**

Management has begun to utilize a report that shows all payments with the same dollar value. This allows management to question disbursements prior to issuing a check and should eliminate duplicate payments.

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
SUMMARY OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

None

**STATE OF NEW MEXICO  
ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY  
EXIT CONFERENCE  
For the Year Ended June 30, 2012**

**Exit Conference**

An exit conference was held on October 25, 2012 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

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

Administrative Staff

Jerry M. Lovato, P.E. – Executive Engineer  
Irene B. Jeffries – Finance & Administration Manager

Representing the Independent Auditor:

Herman Chavez - Manager

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