

NEFF & RICCI LLP

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditors' Report

The Honorable Martin Chavez, Mayor and
Members of City Council and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of the City of Albuquerque, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the City of Albuquerque, for the year ended June 30, 2000 were audited by other auditors whose report, date November 3, 2000, expressed an unqualified opinion on those statements.

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Albuquerque, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Albuquerque, as of June 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2001, on our consideration of the City's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

The Schedules of Debt Service Coverage for Airport, Joint Water and Sewer, and Refuse Disposal Revenue Bonds are presented for additional analysis and are not a required part of the financial statements of the City of Albuquerque. In addition, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Also, the accompanying Financial Data Schedule, as required by the U.S. Department of Housing and Urban Development, *Guidelines for Public Housing Authorities and Independent Auditors under Uniform Financial Reporting Standards for Public Housing Authorities*, is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose combining and individual fund and account group financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Neff & Ricci LLP

Albuquerque, New Mexico
November 30, 2001