



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

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2014**

atkinson

PRECISE. PERSONAL. PROACTIVE.

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State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**OFFICIAL ROSTER**

June 30, 2014

**BOARD MEMBERS**

Ronald D. Brown  
Danny Hernandez  
Bruce M. Thomson  
Tim Eichenberg  
Daniel F. Lyon

Chairman  
Vice-Chairman  
Secretary-Treasurer  
Assistant Secretary-Treasurer  
Director

**ADMINISTRATIVE STAFF**

Jerry M. Lovato, P.E.  
Irene B. Jeffries

Executive Engineer  
Finance & Administrative Manager



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Directors  
Albuquerque Metropolitan Arroyo Flood Control Authority

### Report on Financial Statements

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 (the Authority) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the Authority's budgetary comparison schedules for the debt service, capital projects and building improvement funds presented as supplementary information for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Albuquerque Metropolitan Arroyo Flood Control Authority as of June 30, 2014, and the respective changes in financial position and the aggregate remaining fund information and respective budgetary comparison of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the budgetary comparison schedules for the debt service, capital projects and building improvement funds for the year ended June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

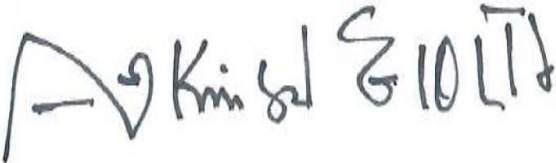
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

### ***Other Information***

Our audit was performed for the purpose of forming opinions on the basic financial statements and the budgetary comparison schedules for the debt service fund, capital projects and building improvement funds presented as supplementary information. The accompanying Schedule of Assets and Liabilities - Agency Funds, Schedule of Changes in Assets and Liabilities - All Agency Funds, and Schedule of Pledged Collateral 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of the Authority's internal control over financial reporting and on 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* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized logo to the left consisting of a large 'A' and a smaller 'K'.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 5, 2014



State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**Required Supplementary Information**

June 30, 2014

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

**Authority's Mission**

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

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

**Authority's Function**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

**Financial Highlights**

- The financial position of the Authority is very strong historically. As of June 30, 2014, the Authority's unrestricted net assets were about \$8.2M or about .845% of the total entity-wide expenditures.
- The Authority completed approximately \$5.8M in capital projects. Further, the Authority has approximately \$12M 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 fiscal year 2014) increased by approximately \$6.1M from the previous year. This increase is due to the completion and timing of progress payments made to contractors on various projects and the annual bond sale.

**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. 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 funds. See Notes to Financial Statements, Note A, 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 Authority as a whole:***

**Net Assets:** Table A-1 summarizes the Authority's net assets for the fiscal year ended June 30, 2014 and 2013. 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, 2014.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

Table A-1  
The Authority's Net Position

	Government Activities June 30, 2014	Government Activities June 30, 2013
Current assets	\$ 38,336,733	\$ 32,193,126
Capital assets, net of depreciation	<u>193,110,684</u>	<u>189,958,834</u>
Total assets	<u>\$ 231,447,417</u>	<u>\$ 222,151,960</u>
Current liabilities	\$ 10,620,266	\$ 10,389,922
Non-current liabilities	<u>35,844,964</u>	<u>31,551,114</u>
Total liabilities	46,465,230	41,941,036
Net Position		
Net investment in capital assets	154,308,151	150,275,632
Restricted for:		
Debt service	10,718,810	10,778,971
Capital projects	15,647,586	10,687,825
Unrestricted	<u>4,307,640</u>	<u>8,681,344</u>
Total net position	184,982,187	180,423,772
Restatement prior years	<u>-</u>	<u>(212,848)</u>
Total liabilities and net position	<u>\$ 231,447,417</u>	<u>\$ 222,151,960</u>

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, 2014, the Authority's operating mill levy was 0.179 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, 2014 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.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

Total ad valorem tax distributions to the Authority for the fiscal year ended June 30, 2014 were \$13,020,812 as compared to \$13,085,894 for the fiscal year ended June 30, 2013. The budget used conservative property values and interest rates in estimating revenues.

**Changes in Net Assets:** The Authority's changes in net assets for fiscal year 2014 were \$4,771,265. See table below.

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

	Government Activities Year Ended June 30, 2014	Government Activities Year Ended June 30, 2013
Program Revenues		
Revenue from jointly funded projects	\$ 1,461,863	\$ 4,112,179
General revenues		
Property taxes	13,020,812	13,085,894
Investment	24,384	36,683
Net loss on capital assets	-	(28,493)
Other	40,978	42,149
Total revenues	14,548,037	17,248,412
Expenses		
Flood control	3,922,228	3,771,101
Capital outlay - intergovernmental	2,899,224	2,236,304
General government	1,448,259	1,218,857
Interest on long-term debt	815,980	813,079
Planning, engineering, R&D	691,081	684,870
Bond issuance reduction	-	212,848
Total expenses	9,776,772	8,937,059
Change in net position	4,771,265	8,311,353
Beginning net position, as restated	180,210,922	171,899,569
Ending net position, June 30, 2014	<u>\$ 184,982,187</u>	<u>\$ 180,210,922</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

**Budgetary Performance**

*General Operating Fund Budget*

The budget used conservative growth factors for the assessed valuation, which exceeded actual growth in assessed valuation resulting in more tax revenue. This resulted in actual collections of property taxes of \$236,269 over budget.

*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 property taxes of \$588,832 over budget. The total expenditures were \$250,000 less than budget due to the interest payment for the 2014 bond sale being an estimated amount.

*Capital Projects Fund Budget*

Capital projects fund revenues from jointly funded projects were \$1.5M less than budget due to certain jointly funded projects not starting during fiscal year 2014.

Other financing sources in the capital projects fund were \$12.5M less than budget primarily due to one \$12.5M bond sale not occurring.

In fiscal year 2014, only a portion of the projects budgeted were started and / or completed, resulting in less expenditures in the amount of \$19.4M.

*Building & Yard Improvement Fund Budget*

There were no expenditures in the Building & Yard Improvement Fund during fiscal year 2014. The only activity in this fund was the planned transfer of \$254,000 from the General Fund.

**Capital Assets – Debt Administration**

*Capital Assets*

Major projects completed or closed out during fiscal year 2014 were:

**Sagebrush Dip Replacement**

This is a cost share project with the City of Albuquerque and is in a dip section where it meets the Four Hills Arroyo which, in the 100-year storm, conveys approximately 1100 cubic feet per second. Velocities are high because the channel is steep. This project provides an all-weather crossing of the Four Hills Arroyo at Sagebrush Trail to prevent vehicles and pedestrians from being swept downstream while trying to cross. The Authority contributed \$353,609 to the project.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

**Calabacillas Grade Control Structures 3b&3c and Bank Protection Project**

This project was funded by AMAFCA with contributions of design and funding by an adjacent developer. The project is on a drainage easement to the Authority within property owned by the City of Albuquerque (COA) and managed by COA Open Space Division. The project and is a master-planned facility to control the depth, width and slope of the Calabacillas Arroyo through the construction of two grade control structures and bank protection, thus stabilizing the arroyo and reducing the sediment load flowing to the Rio Grande.

3b and 3c: Constructed two grade control structure (GCS) from in situ earthen material, concrete cut off walls and grouted basalt boulders to control slope, width and depth of the arroyo upstream of Golf Course Road. The large diameter (30" nominal) basalt boulders are grouted with a brown tint grout to give the look of the basalt boulders surrounded by dirt when they are exposed in the future. Large diameter riprap bank protection was constructed between the GC structures on the north side of the arroyo to preclude scour and structure bypass. The south side bank protection was installed with a previous project.

The Authority's total contribution including design, construction management and construction for the project was \$1,662,448.

**Amole Dam Outfall / Navajo Storm Drain**

This project constructed primary spillway gravity outfall pipe from the Amole Dam east through Navajo Elementary School to the Isleta Drain in conjunction with the Corps of Engineers Southwest Valley Flood Reduction Project. The project removed a floodplain on the school. Costs for the project were \$440,125.

**Valle de Oro Drainage & Sediment Control Outfall**

This project is a cooperative project constructed under a Memorandum of Understanding (MOU) agreement among the Authority, the New Mexico State Land Office (NMSLO) and the City of Albuquerque Open Space Division. It will provide a drainage outfall in the Rio Grande Bosque as outlined in the Authority's Southeast Valley Drainage and Stormwater Quality Management Plan. The project consisted of excavation of a series of interconnected swales, removal of steel jetty jacks, and construction of an access and future drainage crossing of the Albuquerque Riverside Drain. The Authority's total contribution including design and construction of the project was \$1,006,930.

**NMSLO Bankline Protection**

This project is a cooperative project constructed under the MOU agreement among the Authority, the New Mexico State Land Office (NMSLO) and the City of Albuquerque Open Space Division. It is the second phase of the NMSLO's Bosque Riparian Restoration and Outreach Project and consisted of excavation of the bank of the Rio Grande to allow flood water to enter the Bosque. It also included removal of non-native vegetative species and steel jetty jacks. NMSLO provided design plans and construction funding in the amount of \$103,115. Under the agreement, the Authority funded construction management. The Authority's total contribution was \$24,137.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

**Chamisa Storm Drain**

The Chamisa Storm Drain Project installed approximately 1200 lineal feet of 60" Reinforced Concrete Pipe (RCP) Storm Drain w/appurtenances. The project connects the Paradise Storm Drain, a previous Authority project, to a number of subdivisions to the south along Unser Blvd. The project removed basalt rock within the trench prism and replaced it with borrow from an AMAFCA furnished borrow site. A funding agreement with the adjacent property owner established a drainage easement over their property which will be released, by the Authority, upon receipt of funding identified in the agreement. The total cost of the project for design, construction management and construction was \$564,238. The completed project was given to the City of Albuquerque (COA) for ownership and maintenance in accordance with an agreement between the Authority and the COA.

*Debt Administration*

The Authority's legal debt limit is \$80,000,000. Total bonded debt is made up of seven series of general obligation bonds (Series 2007, 2008, 2009, 2010, 2011, 2012, and 2014) which are scheduled to be retired gradually over the next eight years. The total proceeds of these seven series of bonds are \$72,500,000. At June 30, 2014, the Authority's outstanding principal debt was \$43,125,000 resulting in a legal debt margin of 53.9% of the \$80,000,000 total general obligation bonding capacity. Total outstanding principal and interest was \$43,488,707 versus \$40,023,594 in fiscal year 2013. The increase is due to the sale of the \$12,500,000 bond issue. The Authority paid \$8,975,000 in principal for the period ending June 30, 2014.

In February 2014, the Authority sold its first \$12.5M of the 2012 authorization. The effective interest rate on that sale was 1.44612%.

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

Residential ad valorem property tax rates decreased from the prior year. The total ad valorem property rate for fiscal year 2015 is 0.852 versus 0.854 for fiscal year 2014. The total non-residential ad valorem property tax rate in fiscal year 2015 remained at 1.152. The debt service ad valorem property tax rate of 0.675 has remained constant since 1999.

The Authority's fiscal year 2015 adopted budget for the general fund includes estimated revenues of \$3,861,379, a slight increase from the fiscal year 2014 actual revenues of \$3,612,333. The Authority plans a transfer of \$362,000 from the Building & Yard Fund to the General Fund to augment purchase of property adjacent to the Authority. Budget expenditures for fiscal year 2015 total \$4,738,071. This increase is attributed to the anticipated purchase of property adjacent to the Authority for expansion of its maintenance yard, and installation of security measures.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**  
**Required Supplementary Information**

June 30, 2014

**Contacting the Authority'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 POSITION**

June 30, 2014

**ASSETS**

	Governmental Activities
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 210,424
Investments	37,136,873
Property tax receivables, net of allowance	989,436
Total current assets	38,336,733
<b>CAPITAL ASSETS</b>	
Capital assets not being depreciated	40,759,589
Capital assets being depreciated, net	152,351,095
Total capital assets	193,110,684
Total assets and deferred outflows of resources	\$ 231,447,417

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

<b>Current liabilities</b>	
Accounts payable	\$ 1,311,902
Accrued payroll and taxes	233,398
Compensated absences payable, current portion	62,164
Bonds payable, current portion	8,400,000
Bond premium, current portion	249,095
Accrued interest payable	363,707
Total current liabilities	10,620,266
<b>Noncurrent liabilities</b>	
Compensated absences payable - expected to be paid after one year	69,038
Bonds payable, net of current portion	34,725,000
Bond premium, noncurrent less accumulated amortization of \$663,183	1,050,926
Total noncurrent liabilities	35,844,964
Total liabilities	46,465,230

**NET POSITION**

Net investment in capital assets	154,308,151
<b>Restricted</b>	
Debt service	10,718,810
Capital projects	15,647,586
Unrestricted	4,307,640
Total net position	184,982,187
Total liabilities and net position	\$ 231,447,417

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Year ended June 30, 2014

	Expenses	Program Revenues Capital Contributions and Revenue from Jointly Funded Projects	Net (Expense) Revenue and Changes in Net Assets
Governmental activities			
Flood control	\$ (3,922,228)	\$ -	\$ (3,922,228)
General government	(1,448,259)	-	(1,448,259)
Planning, engineering, research and development	(691,081)	-	(691,081)
Capital outlay, noncapitalized	(2,899,224)	1,461,863	(1,437,361)
Long-term debt, interest and fees	(815,980)	-	(815,980)
Total governmental activities	\$ (9,776,772)	\$ 1,461,863	(8,314,909)
General revenues			
Property taxes			13,020,812
Investment			24,384
Other			40,978
Total general revenues			13,086,174
Changes in net position			4,771,265
Net position, beginning of year as previously reported			180,423,772
Restatement of prior years for bond issuance costs			(212,850)
Net position, beginning of year as restated			180,210,922
Net position, end of year			\$ 184,982,187

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2014

**ASSETS**

	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	24,186	421	185,216	401	210,224
Investments	9,509,077	10,860,971	16,404,378	362,447	37,136,873
Property taxes receivable	294,358	695,078	-	-	989,436
	<u>9,827,821</u>	<u>11,556,470</u>	<u>16,589,594</u>	<u>362,848</u>	<u>38,336,733</u>
Total assets	<u>\$ 9,827,821</u>	<u>\$ 11,556,470</u>	<u>\$ 16,589,594</u>	<u>\$ 362,848</u>	<u>\$ 38,336,733</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>					
Accounts payable	\$ 369,894	\$ -	\$ 942,008	\$ -	\$ 1,311,902
Accrued payroll and taxes	233,398	-	-	-	233,398
	<u>603,292</u>	<u>-</u>	<u>942,008</u>	<u>-</u>	<u>1,545,300</u>
Total liabilities	603,292	-	942,008	-	1,545,300
Deferred Inflows	204,855	473,953	-	-	678,808
	<u>808,147</u>	<u>473,953</u>	<u>942,008</u>	<u>-</u>	<u>2,224,108</u>
Total liabilities and deferred inflows	808,147	473,953	942,008	-	2,224,108
<b>FUND BALANCES</b>					
Restricted					
Flood control construction and maintenance	5,050,383	-	-	-	5,050,383
Debt service	-	11,082,517	-	-	11,082,517
Capital projects	-	-	15,647,586	-	15,647,586
Committed					
General	3,900,000	-	-	-	3,900,000
Building and improvements	-	-	-	362,848	362,848
Unassigned					
General	69,291	-	-	-	69,291
	<u>9,019,674</u>	<u>11,082,517</u>	<u>15,647,586</u>	<u>362,848</u>	<u>36,112,625</u>
Total fund balances	9,019,674	11,082,517	15,647,586	362,848	36,112,625
Total liabilities and fund balances	<u>\$ 9,827,821</u>	<u>\$ 11,556,470</u>	<u>\$ 16,589,594</u>	<u>\$ 362,848</u>	<u>\$ 38,336,733</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**

June 30, 2014

Total fund balance - governmental funds	\$ 36,112,625
Amounts reported for governmental activities in the statement of net assets are different because:	
Delinquent property taxes receivable net of allowance for doubtful accounts are not considered available financial resources and therefore are reported as deferred inflows in fund financial statements.	
	678,808
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet. These assets consist of:	
Total capital assets	\$ 243,894,908
Less accumulated depreciation	(50,784,225)
Related debt	<u>(43,125,000)</u>
Total capital assets, net of related debt and depreciation	149,985,683
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences payable	(131,200)
Accrued interest payable	(363,707)
Bond premium costs are amortized for governmental activities, but are a current other financing source in fund financial statements.	
Total bond premium	(1,963,205)
Less accumulated amortization	<u>663,183</u> <u>(1,300,022)</u>
Net position of governmental activities (Statement of Net Position)	<u>\$ 184,982,187</u>

The accompanying notes are an integral part of this financial 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, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Building & Yard Improvement Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 3,589,076	\$ 9,387,561	\$ -	\$ -	\$ 12,976,637
Investments	9,127	5,214	9,928	115	24,384
Revenue from jointly funded projects	-	-	185,204	-	185,204
Revenue from property sales	-	-	300	-	300
Other	42,458	-	-	-	42,458
<b>Total revenues</b>	<b>3,640,661</b>	<b>9,392,775</b>	<b>195,432</b>	<b>115</b>	<b>13,228,983</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	1,340,434	-	-	-	1,340,434
Flood control	1,246,737	-	-	-	1,246,737
Planning, engineering, research and development	693,349	-	-	-	693,349
Capital outlay	147,890	-	7,284,475	-	7,432,365
<b>Debt service</b>					
Bond principal retirement	-	8,975,000	-	-	8,975,000
Interest and fixed charges	-	851,047	-	-	851,047
Reappraisal fees	35,967	93,917	-	-	129,884
Bond issuance costs	-	-	95,610	-	95,610
<b>Total expenditures</b>	<b>3,464,377</b>	<b>9,919,964</b>	<b>7,380,085</b>	<b>-</b>	<b>20,764,426</b>
Excess (deficiency) of revenues over expenditures	176,284	(527,189)	(7,184,653)	115	(7,535,443)
<b>OTHER FINANCING SOURCES AND USES</b>					
Operating transfers in	-	-	-	254,000	254,000
Operating transfers out	(254,000)	-	-	-	(254,000)
Face amount from bond sales	-	-	12,500,002	-	12,500,002
Bond premium issuance	-	604,466	-	-	604,466
<b>Total other financing sources and uses</b>	<b>(254,000)</b>	<b>604,466</b>	<b>12,500,002</b>	<b>254,000</b>	<b>13,104,468</b>
<b>Net change in fund balances</b>	<b>(77,716)</b>	<b>77,277</b>	<b>5,315,349</b>	<b>254,115</b>	<b>5,569,025</b>
Fund balances, beginning of year	9,097,390	11,005,240	10,332,237	108,733	30,543,600
Fund balances, end of year	<u>\$ 9,019,674</u>	<u>\$ 11,082,517</u>	<u>\$ 15,647,586</u>	<u>\$ 362,848</u>	<u>\$ 36,112,625</u>

The accompanying notes are an integral part of this financial 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**

June 30, 2014

Net change in fund balances - governmental funds		\$ 5,569,025
Amounts reported for governmental activities in the statement of activities are different because:		
In the governmental funds, proceeds from long-term debt are reported as revenues		(12,500,000)
In the governmental funds, payments from long-term debt are reported as expenditures		8,975,000
Bond premium is not amortized for fund financial statement purposes, but is for governmental activities - current year amortization		182,301
Bond premiums are included as other revenues for fund financial statement purposes, but are capitalized for governmental activities		(604,466)
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		(16,476)
Accrued interest payable		59,887
Delinquent property taxes receivable, net of allowance for doubtful accounts, are not available financial resources and therefore are reported as deferred inflows in the fund financial statements. The decrease in the net receivable for the year was:		
		(43,412)
The governmental funds report capital outlays as expenditures. However, in the statement of net position, 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	\$ 4,620,542	
Depreciation	<u>(2,932,999)</u>	
Excess of capital outlay over depreciation		1,687,543
In the statement of activities, turnkey contributed projects are recorded as revenues. These revenues are not recorded in the governmental fund statements.		<u>1,461,863</u>
Changes in net position of governmental activities (statement of activities)		<u>\$ 4,771,265</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
(NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL – GENERAL FUND**

Year ended June 30, 2014

	Budget Original	Budget Final	Actual Amount Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 3,360,446	\$ 3,360,446	\$ 3,596,715	\$ 236,269
Less reappraisal fee	<u>(33,604)</u>	<u>(33,604)</u>	<u>(35,967)</u>	<u>(2,363)</u>
Net property taxes	3,326,842	3,326,842	3,560,748	233,906
Revenue - other	<u>136,736</u>	<u>28,736</u>	<u>51,585</u>	<u>22,849</u>
Total revenues	3,463,578	3,355,578	3,612,333	256,755
<b>Expenditures</b>				
Salary and related payroll costs	2,077,062	2,077,062	2,049,455	27,607
Other operating costs	1,562,065	1,562,065	1,325,336	236,729
Emergency contingency	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total expenditures	<u>4,039,127</u>	<u>4,039,127</u>	<u>3,374,791</u>	<u>664,336</u>
Excess (deficiency) of revenues over expenditures before other financing sources and uses	(575,549)	(683,549)	237,542	921,091
<b>Other financing sources and uses</b>				
Transfers to other funds	-	(254,000)	(254,000)	-
Contingency funds	(50,000)	(50,000)	(50,000)	-
Building and yard expense	<u>(362,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (987,549)</u>	<u>\$ (987,549)</u>	<u>\$ (66,458)</u>	<u>\$ 921,091</u>
Prior year fund balance required to balance budget	<u>\$ 987,549</u>	<u>\$ 987,549</u>		
<b>Budgetary revenues</b>			\$ 3,612,333	
Change in property tax receivable			(22,910)	
Change in deferred inflows			15,271	
Reappraisal fees			<u>35,967</u>	
<b>GAAP revenues</b>			<u>\$ 3,640,661</u>	
<b>Budgetary expenditures and transfers</b>			\$ 3,678,791	
Exclusion of reappraisal fees			(35,967)	
Change in accounts payable			239,870	
Change in accrued payroll and other liabilities			(114,249)	
Deposits included as budgetary expenses			<u>(50,068)</u>	
<b>GAAP expenses and transfers</b>			<u>\$ 3,718,377</u>	

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS**

June 30, 2014

**ASSETS**

Cash in bank and savings	<u>\$ 1,748,804</u>
Total assets	<u><u>\$ 1,748,804</u></u>

**LIABILITIES**

Funds held for others	<u><u>\$ 1,748,804</u></u>
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See page 53 for fiduciary assets and liabilities detail for agency funds.

The accompanying notes are an integral part of this financial statement.



**NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Function and Definition of Entity

The Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority or AMAFCA) was created by the Arroyo Flood Control Act of 1963 (the Act) 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 Authority'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. Governmental Accounting Standards Board (GASB) Statement No. 61, effective for fiscal year 2013 further requires a financial benefit or burden relationship be present in addition to fiscal dependency between the primary government and the organization to be included as a component unit.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

1. Function and Definition of Entity - Continued

There were no component units of the Albuquerque Metropolitan Arroyo Flood Control Authority during the year June 30, 2014.

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 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.

2. Basic Financial Statements

The basic financial statements include both government-wide (based on the Authority as a whole) and fund financial statements. The 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 Position, the governmental activities 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 implemented GASB Statement No. 65 for the year ended June 30, 2014. The Statement of Net Position now provides for deferred inflows and deferred outflows as applicable. There was one deferred inflow reported for unavailable revenue at June 30, 2014. See Note L for more information on the implementation of GASB 65.

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, inter-governmental 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, 2014.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

2. Basic Financial Statements - Continued

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 government-wide presentation.

Internal activity among the various funds is eliminated in the government-wide financial statements. There were no interfund balances at June 30, 2014.

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.

3. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

3. Basis of Presentation - Continued

Governmental accounting principles specify 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 on bond holdings.

*Capital Projects Fund.* The Capital Projects Fund is used to account for financial resources from bond issuances 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, 2014. *Agency funds* are used to account for assets that government holds for others in an agency capacity.

**Non-Current Governmental Assets/Liabilities**

GASB Statement No. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

4. 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 statement. 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.

*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 traditional 60 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 No. 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.

5. 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. All budget actual results are reconciled to GAAP revenues and expenditures. The legal level of budgetary control is at the fund level. 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, 2014 was properly approved by the Authority's Board and by the Local Government Division. It was subsequently properly amended.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**6. 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:

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

Compensated absences payables of \$131,202 have been recorded in the government-wide financial statements. Of the \$131,202, \$62,164 is considered to be the current portion while \$69,038 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, 2014 and does not include estimated payroll tax and fringe benefit costs. The amount also does not include any sick leave that is eligible to be converted to vacation leave, cash or for payment upon retirement. The General Fund is the only fund which has been and which will be used to liquidate compensated absences liabilities.

	June 30, 2013	Additions	Deletions	June 30, 2014	Due Within One Year
Compensated absences payable	\$ 114,726	\$ 76,915	\$ 60,439	\$ 131,202	\$ 62,164

**7. Capital Assets**

Property, plant, and equipment purchased or acquired, including software, are carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair 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 per 12-6-10 NMSA 1978. However, all capital outlay purchases may not necessarily be capitalized.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

7. Capital Assets - Continued

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

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 depreciate its infrastructure rather than utilize the modified approach to account for infrastructure.

8. 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 sixty days of year-end. Expenditures are recognized when related fund liability is incurred.

9. Net Position

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

*Net Investment in Capital Assets* - is intended to reflect the portion of net position 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 \$43,125,000 at June 30, 2014.

*Restricted* - are liquid assets (generated from revenues and bond proceeds) which have third-party (statutory, bond covenant or granting agency) limitations on their use. There are no net position amounts restricted by enabling legislation.

*Unrestricted* - represent the residual assets of the Authority which are not restricted.

10. 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:

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

10. Fund Balance - Continued

*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 these 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.

11. 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.



State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

12. Bond Premium

Bond premiums of \$1,963,205 (\$604,466 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.

13. Deferred Inflows

Receivables which do not meet the "available" criteria for revenue recognition under the modified accrual basis of accounting are recorded as deferred inflows. Deferred inflows at June 30, 2014 is attributable to the following:

Delinquent property taxes	<u>\$ 678,808</u>
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14. 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.

15. Subsequent Events

Subsequent events have been evaluated through November 5, 2014, the date at which the financials were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2014. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

**NOTE B - 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.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B - CASH AND INVESTMENTS - CONTINUED**

Effective March 22, 1990, the Board adopted a new resolution which differentiates banks wherein deposits may be maintained into two classes as determined by the State Investment Office. The two classes consist of "Class A" and "Class B" banks which require 50%, respectively, of uninsured bank deposits to be collateralized. Collateral pledged by a bank on deposits is required to be held at another bank and cannot be released without the Authority's permission. The Authority currently requires 50% collateral after considering FDIC insurance on its deposits with Wells Fargo. At June 30, 2014, 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, 2014:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts except for ditch and water safety accounts and Boca Negra Dam savings

Cash balances per depository at June 30, 2014:

Checking and unassigned accounts	\$ 238,886
Debt Service Account	421
Storm Quality Education	86,075
Ditch & Water Safety Task Force	44,799
Boca Negra Dam	624
Boca Negra Dam Savings	738,328
Area Wide Maintenance	1,396
Area Wide Maintenance Savings	<u>884,004</u>
Total deposits	1,994,533
Petty cash	<u>200</u>
Subtotal	1,994,733
Less outstanding checks and adjustments, all accounts	(35,505)
Less agency funds - cash and savings accounts	<u>(1,748,804)</u>
Net carrying value at June 30, 2014	<u><u>\$ 210,424</u></u>
Shown as:	
General Fund	\$ 24,386
Debt Service Fund	421
Capital Projects Fund	185,216
Building Improvement Fund	<u>401</u>
Total cash per government-wide financial statements	<u><u>\$ 210,424</u></u>

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B - 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). As of June 30, 2014, 13% of the Authority's deposits were insured. The remaining 87% is covered by collateral held by the pledging bank's trust in the Authority's name, therefore, there was no custodial credit risk at June 30, 2014. See Schedule of Pledged Collateral on Page 54.

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 6-10-10.1, 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 Authority has no control over the State Treasurer's investment pools and provides the following disclosure provided by the State Treasurer's office concerning the Authority's investment in the *New MexiGROW* LGIP:

June 30, 2014			
<i>New MexiGROW</i> LGIP	AAAm rated	\$37,136,874	48.6 day WAM (R) and 116.20 day WAM (F)

AMAFCA's remaining investment held in the LGIP reserve contingency fund at June 30, 2014 is \$9,377 which may not be distributed to AMAFCA due to pending expenses of the fund.

State of New Mexico  
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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B - CASH AND INVESTMENTS - CONTINUED**

GASB No. 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 investment amounts by fund that are included in the State Treasurer Local Government Investment Pool as of June 30, 2014:

General Fund	\$ 9,509,077
Debt Service Fund	10,860,971
Capital Projects Fund	16,404,378
Building Improvement Fund	<u>362,448</u>
 Total governmental funds	 <u><u>\$ 37,136,874</u></u>

The State Treasurer's Office (STO) issues standalone audited financial statements available to the public containing full disclosures of investments. That report is available on the website of the STO at [www.nmsto.gov](http://www.nmsto.gov).

**NOTE C - 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 purpose 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.

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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE C - PROPERTY TAXES AND PROPERTY TAX RECEIVABLES - CONTINUED**

The Authority has, as of June 30, 2014, 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 1.170 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, 2014:

Receivables	
Current property taxes	\$ 310,628
Delinquent property taxes, net of allowance of \$120,000 for doubtful accounts	<u>678,808</u>
Total receivables	<u>\$ 989,436</u>

Of the property taxes noted above, \$89,503 in the General Fund and \$221,125 in the Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$678,808 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 inflows in the fund financial statements. Delinquent property taxes are secured by liens operating as a matter of law and are considered collectible except as provided for above. It is reasonably possible that certain property taxes may be collected over periods greater than 1 year.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	June 30, 2013	Additions	Transfers	Sales or Other Dispositions	June 30, 2014
Capital assets not being depreciated					
Infrastructure:					
Land acquisition	\$ 29,144,717	\$ 49,700	\$ -	\$ -	\$ 29,194,417
Construction in progress	9,800,777	7,547,689	(5,783,294)	-	11,565,172
 Total capital assets not being depreciated	 38,945,494	 7,597,389	 (5,783,294)	 -	 40,759,589
Capital assets being depreciated					
Operations:					
Furniture and fixtures	84,266	24,006	-	(10,707)	97,565
Maintenance tools and automotive equipment	1,731,248	116,498	(58,388)	-	1,789,358
Office and maintenance buildings	1,353,489	-	-	-	1,353,489
Infrastructure:					
Utility relocations	1,972,037	-	-	-	1,972,037
Dams, channels and other improvements	193,815,506	5,783,294	(1,675,929)	-	197,922,871
 Total capital assets being depreciated	 198,956,546	 5,923,798	 (1,734,317)	 (10,707)	 203,135,320
 Total capital assets	 237,902,040	 13,521,187	 (7,517,611)	 (10,707)	 243,894,909
Less accumulated depreciation					
Furniture and fixtures	(50,050)	(9,097)	-	10,707	(48,440)
Maintenance tools and automotive equipment	(1,263,907)	(59,651)	81,273	-	(1,242,285)
Office and maintenance buildings	(478,339)	(33,837)	-	-	(512,176)
Infrastructure	(46,150,910)	(2,830,414)	-	-	(48,981,324)
 Total accumulated depreciation	 (47,943,206)	 (2,932,999)	 81,273	 10,707	 (50,784,225)
 Capital assets, net of accumulated depreciation	 \$ 189,958,834	 \$ 10,588,188	 \$ (7,436,338)	 \$ -	 \$ 193,110,684

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS - CONTINUED**

	June 30, 2013	Additions	Transfers	Sales or Other Dispositions	June 30, 2014
Summary of investments in capital assets					
Investment in office and maintenance buildings, furniture, fixtures and equipment	\$ 3,169,003	\$ 140,504	\$ (58,388)	\$ (10,707)	\$ 3,240,412
Investment in land, dams, channels and improvements, utility relocations and construction in progress	215,522,777	13,378,901	(7,459,223)	-	221,442,455
Donated capital assets from Corps of Engineers	19,210,260	-	-	-	19,210,260
<b>Total</b>	<b>\$ 237,902,040</b>	<b>\$ 13,519,405</b>	<b>\$ (7,517,611)</b>	<b>\$ (10,707)</b>	<b>\$ 243,893,127</b>

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

Depreciation was charged as follows to these functions:

General government	\$ (102,585)
Flood control	(2,830,414)
<b>Total depreciation</b>	<b>\$ (2,932,999)</b>

Construction in progress as of June 30, 2014, consisted of the following:

Project	June 30, 2013	Additions	Transfers	June 30, 2014
Boca Negra Detention Dam				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Engineering	712,381	288,983	-	1,001,364
Construction	1,820,813	303,273	-	2,124,086
Don Felipe DMP				
Engineering	201,462	-	(201,462)	-
Raymac				
Engineering	164,176	3,612	(167,788)	-
McCoy / Johniece Channel				
Engineering	234,373	-	(234,373)	-
Construction	3,769	-	(3,769)	-

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS - CONTINUED**

Project	June 30, 2013	Additions	Transfers	June 30, 2014
Agency Area-wide				
Engineering	-	227	-	227
Construction	100,000	766,268	-	866,268
NDC Recon Study				
Engineering	268,340	7,631	(275,971)	-
Garduno Road SD Improvements				
Construction	75,000	-	-	75,000
SE Valley Drain SD DMP				
Land	1,811,500	-	-	1,811,500
Engineering	173,074	-	-	173,074
Pino Dam EAP				
Engineering	25,891	20,392	-	46,283
Hahn Arroyo Reconstruction Phase I	-	2,722	(2,722)	-
Sanchez Farm Trib SD FY2010				
Engineering	272,158	49,201	-	321,359
Construction	39,468	350,000	-	389,468
Black Mesa Phase 1a				
Engineering	763,236	256,603	-	1,019,839
Construction	-	-	-	-
Land	-	46,050	-	46,050
SDC Storm H&H Study				
Engineering	81,214	-	(81,214)	-
Vista Del Rio				
Construction	-	393,267	(393,267)	-
SW Valley Flood Reduction Phase II				
Land	-	3,650	-	3,650
Engineering	49,471	4,435	-	53,906
Construction	573	-	-	573



State of New Mexico  
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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS - CONTINUED**

Project	June 30, 2013	Additions	Transfers	June 30, 2014
Sagebrush Dip Replacement Construction	353,609	-	(353,609)	-
Amole-Hubbell DMP Update Engineering	256,130	40,747	-	296,877
Calabacillas Grade Control Structures 3b,3c Engineering	176,515	51,059	(227,574)	-
Construction	809,760	625,114	(1,434,874)	-
Alameda Drain WQDMP Engineering	48	-	-	48
Amole Dam Outfall / Navajo Storm Drain Construction	-	206	(206)	-
	439,919	-	(439,919)	-
Ecosystem Preservation Engineering	29,343	-	-	29,343
Construction	125,721	53,943	-	179,664
Mid Valley Drainage Engineering	-	23,887	-	23,887
Construction	250,000	-	-	250,000
Boca Negra EAP Engineering	138,767	47,585	-	186,352
Calabacillas West Branch DMP Engineering	83,993	25,900	-	109,893
Valle de Oro Drng & Sediment Control Outfall Engineering	30,000	118,524	(148,524)	-
Construction	-	858,406	(858,406)	-
Upper Piedras Marcadas Watershed Engineering	8,761	157,976	-	166,737
DMP Audits Engineering	-	25,040	-	25,040

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS - CONTINUED**

Project	June 30, 2013	Additions	Transfers	June 30, 2014
Chamisa Storm Drain				
Engineering	101,312	(66,393)	(34,919)	-
Construction	-	529,319	(529,319)	-
AMAFCA Misc. Construction Projects 2014				
Engineering	-	52,629	-	52,629
Construction	-	29,681	-	29,681
Telemetry Feasibility Study				
Engineering	-	52,712	(52,712)	-
Valle de Oro Site Plan				
Engineering	-	132,434	-	132,434
Calabacillas GCS 1A				
Engineering	-	105,058	-	105,058
Construction	-	322,307	-	322,307
Calabacillas GCS 6A & 7B				
Engineering	-	149,383	-	149,383
Construction	-	1,369,204	-	1,369,204
NMSLO Bankline Protection				
Engineering	-	24,137	(24,137)	-
Construction	-	103,115	(103,115)	-
NDC Bathtub				
Engineering	-	2,206	-	2,206
No Project				
Non-capitalized expenditures	-	103,061	(101,279)	1,782
Misc Project				
Non-capitalized expenditures	-	114,135	(114,135)	-
Total construction in progress	<u>\$ 9,800,777</u>	<u>\$ 7,547,689</u>	<u>\$ (5,783,294)</u>	<u>\$ 11,565,172</u>

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE D - CHANGES IN CAPITAL ASSETS - CONTINUED**

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	\$	5,783,294
Less noncapital projects, transfers or projects belonging to others		(2,673,791)
Add cooperative project contributions		4,438,186
 2014 project additions	 \$	 7,547,689

At June 30, 2014, the Authority has construction commitments totaling \$6,154,838 for projects under contracts. Additional project funding may become final based on Management's plans and outcomes for jointly funded projects.

**NOTE E - GENERAL OBLIGATION BONDS PAYABLE**

The change in general obligation bonds payable is as follows:

	Updated June 30, 2013	Additions	Deletions	June 30, 2014	Due Within One Year
General obligation bonds payable	\$ 39,600,000	\$ 12,500,000	\$ (8,975,000)	\$ 43,125,000	\$ 8,400,000

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, 2014 was \$43,125,000. The resulting legal debt margin is \$36,875,000.

The following is the detail for each issue outstanding at June 30, 2014:

Series 2007

Original amount: \$10,750,000

Interest rate - 3.5% to 4.0%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2015	\$ 1,000,000	\$ 20,000	\$ 1,020,000
	\$ 1,000,000	\$ 20,000	\$ 1,020,000

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE E - GENERAL OBLIGATION BONDS PAYABLE - CONTINUED**

Series 2008

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2015	\$ 825,000	\$ 43,313	\$ 868,313
2016	825,000	14,437	839,437
	\$ 1,650,000	\$ 57,750	\$ 1,707,750

Series 2009

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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
	\$ 3,800,000	\$ 145,626	\$ 3,945,626

Series 2010

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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
	\$ 8,025,000	\$ 358,704	\$ 8,383,704

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE E - GENERAL OBLIGATION BONDS PAYABLE - CONTINUED**

Series 2011

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
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>\$ 8,350,000</u>	<u>\$ 474,688</u>	<u>\$ 8,824,688</u>

Series 2012

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

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2015	\$ 1,200,000	\$ 144,000	\$ 1,344,000
2016	1,200,000	120,000	1,320,000
2017	1,200,000	96,000	1,296,000
2018	1,200,000	72,000	1,272,000
2019	1,500,000	45,000	1,545,000
2020	1,500,000	15,000	1,515,000
	<u>\$ 7,800,000</u>	<u>\$ 492,000</u>	<u>\$ 8,292,000</u>

Series 2014

Original amount: \$12,500,000  
Interest rate - 2.0% to 3.0%

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2015	\$ 1,200,000	\$ 93,713	\$ 1,293,713
2016	600,000	259,500	859,500
2017	700,000	247,500	947,500
2018	700,000	237,000	937,000
2019	1,500,000	226,500	1,726,500
2020	2,000,000	204,000	2,204,000
2021	2,700,000	174,000	2,874,000
2022	3,100,000	93,000	3,193,000
	<u>\$ 12,500,000</u>	<u>\$ 1,535,213</u>	<u>\$ 14,035,213</u>

State of New Mexico  
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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE E - GENERAL OBLIGATION BONDS PAYABLE - CONTINUED**

Total All Series

Year ended June 30,	Annual Requirements		
	Principal	Interest	Total
2015	\$ 8,400,000	\$ 693,245	\$ 9,093,245
2016	7,475,000	689,094	8,164,094
2017	6,950,000	529,469	7,479,469
2018	6,075,000	395,422	6,470,422
2019	4,925,000	290,750	5,215,750
2020	3,500,000	219,000	3,719,000
2021	2,700,000	174,000	2,874,000
2022	3,100,000	93,000	3,193,000
	<u>\$ 43,125,000</u>	<u>\$ 3,083,980</u>	<u>\$ 46,208,980</u>

**NOTE F - 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, New Mexico 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, 2014, 2013, and 2012 were \$251,486, \$232,728, and \$239,728, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE G - 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, 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.

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, N.E., Suite 104, Albuquerque, New Mexico 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, 2014, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary. In the fiscal year ending June 30, 2014, the contribution rates for employees and employers will remain the same:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2014	2%	1%

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE G - POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN - CONTINUED**

Also, employees joining the program after January 1, 1998 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, 2014, 2013, and 2012 were \$26,458, \$24,484, and \$23,128, respectively, which equal the required contributions for each year.

**NOTE H - TRANSFERS**

The following transfer occurred during the year. This transfer was used to provide an annual amount for building and yard projects and maintenance that may be necessary.

<u>Fund</u>	<u>To</u>	<u>Amount</u>
Major Fund:		
General Fund	Building & Yard Improvements	\$254,000

**NOTE I - FUND BALANCES - DESIGNATED FOR PROJECT MODIFICATIONS**

As of June 30, 2014, 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 six specific projects: the modification of Alameda Outlet, NDC had \$1,000,000; 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 J - 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, 2014:

Worker's Compensation

a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020W
c.	Amount of coverage	Unlimited
d.	Expiration date	6/30/14
e.	Premium paid	\$1,673



State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE J - RISK MANAGEMENT - CONTINUED**

Property

a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020P
c.	Amount of coverage	Scheduled Values
d.	Expiration date	6/30/14
e.	Premium paid	\$5,661

General Liability

a.	Name of insurance agent	New Mexico Self-Insurers' 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	6/30/14
e.	Premium paid	\$15,384

Auto Liability

a.	Name of insurance agent	New Mexico Self-Insurers' 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	6/30/14
e.	Premium paid	\$21,424

Director's Liability Coverage - separate bond

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	6/30/14
e.	Premium paid	\$250

Civil Rights

a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020L
c.	Amount of coverage	Tort limits (\$1,000,000)
d.	Expiration date	6/30/14
e.	Premium paid	\$5,523

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE J - 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 loss. The address of the New Mexico Self-Insurers' Fund is 1231 Paseo de Peralta, Santa Fe, New Mexico 87501.

At June 30, 2014, 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. Coverages for all policies reported here also remain in effect for the year ending June 30, 2015.

**NOTE K - 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 August and deferred revenues on property taxes based on information provided by the Bernalillo County Treasurer's Office. An estimated receivable of \$1,109,436 at June 30, 2014 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 \$989,436.

Depreciation on capital assets is a second significant estimate. Depreciation totaled \$2,932,999 for the year ended June 30, 2014.

**NOTE L - NEW ACCOUNTING STANDARDS IMPLEMENTATION**

GASB 63

The Authority implemented Governmental Accounting Standards Board Statement No. 63 "*Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*" (GASB 63) for the year ending June 30, 2013. GASB 63 introduces a fundamental change to the reporting of elements that make up a statement of financial position.

Deferred outflows of resources and deferred inflows of resources are now included in the elements that make up a statement of financial position and GASB 63 introduces the term **net position** for reporting the residual of all elements in a statement of financial position. The Statement of Financial Position of the Authority at June 30, 2014 conforms to the presentation requirements of GASB 63.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE L - NEW ACCOUNTING STANDARDS IMPLEMENTATION - CONTINUED**

GASB 65

Governmental Accounting Standard Board Statement No. 65 "*Items Previously Reported as Assets and Liabilities*" (GASB 65) changes the classification of various financial statement balance sheet items including several more common type transactions from presentation as assets and liabilities to deferred outflows and inflows of resources. GASB 65 is applicable for years beginning after December 15, 2012. The Authority implemented GASB 65 for the year ended June 30, 2014.

***Deferred outflows/inflows of resources***

This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting as a deferred inflow arising from unavailable revenue until such amounts become available.

**Unavailable Revenues** – Revenues that are deferred in governmental funds because they are not received within the entity's revenue recognition period, generally 60 days, are reported as a deferred inflow or resources for 2014. These items are delinquent property taxes.

**Debt Issuance Costs** – Statement 65 clarifies that these costs should be expensed in the period incurred. Because the statement is retroactive, a restatement to the financial statements has been required to remove any unamortized debt issuance costs off the balance sheet.

GASB 68

Governmental Accounting Standard Board Statement No. 68 "*Accounting and Financial Reporting for Pensions*" (GASB 68) revises existing guidance for governments that provide their employees with pension benefits. A principal change is the requirement to record a government's pro rata share of unfunded actuarial accrued liability (UAAL) on its financial statements for multiemployer cost sharing plan. The Authority is a participating member of the Public Employees Retirement Association (PERA), a multiemployer cost sharing plan. Information to implement this standard will be developed by PERA and the State of New Mexico. The implementation date for GASB 68 is fiscal year 2015. The current status of the unfunded liability for PERA is \$4.619 billion based on the most recently issued audited financial statement at June 30, 2013. Legislation was passed in the last year changing PERA's plan benefits design and contribution requirements to fully fund UAAL within 30 years. The FY 15 government wide financial statements will contain a material liability for pension participation in PERA.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE M – RESTATEMENT FOR BOND ISSUANCE COSTS**

In accordance with Governmental Accounting Standards Board (GASB) Opinion No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance costs are accounted for as current outflows and expensed as incurred. Previously they were amortized over the life of related debt. As a result, beginning of the year net position was decreased by \$212,848 for the net bond issuance costs from prior years that had not been expensed or amortized. Current year bond issuance costs of \$95,610 related to a bond issuance of \$12,500,000 during 2014 were also expensed.

**SUPPLEMENTARY INFORMATION**

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**BUDGETARY COMPARISON SCHEDULE  
(NON-GAAP BUDGETARY BASIS) BUDGET AND ACTUAL – DEBT SERVICE FUND**

Year ended June 30, 2014

	Budget Original	Budget Final	Actual Amount Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 8,802,902	\$ 8,802,902	\$ 9,391,734	\$ 588,832
Less reappraisal fee	(88,029)	(88,029)	(93,917)	(5,888)
Net property taxes	8,714,873	8,714,873	9,297,817	582,944
Investment and other	13,848	13,848	5,214	(8,634)
Total revenues	8,728,721	8,728,721	9,303,031	574,310
Expenditures				
Debt service:				
Interest and fixed charges	1,101,047	1,101,047	851,047	250,000
Bond principal	8,975,000	8,975,000	8,975,000	-
Total expenditures	10,076,047	10,076,047	9,826,047	250,000
Net change in fund balance	<u>\$ (1,347,326)</u>	<u>\$ (1,347,326)</u>	<u>\$ (523,016)</u>	<u>\$ 324,310</u>
Prior year fund balance required to balance budget	<u>\$ (1,347,326)</u>	<u>\$ (1,347,326)</u>		
Budgetary revenues			\$ 9,303,031	
Bond premium issuance			604,466	
Reappraisal fees classified as an expense under GAAP			93,917	
Change in property tax receivable			(32,314)	
Change in deferred inflows			28,141	
GAAP revenues			<u>\$ 9,997,241</u>	
Budgetary expenditures			\$ 9,826,047	
Reappraisal fees classified as an expense under GAAP			93,917	
GAAP expenses			<u>\$ 9,919,964</u>	

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**

Year ended June 30, 2014

	Budget Original	Budget Final	Actual Amount Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Investment	\$ 15,592	\$ 15,592	\$ 9,928	\$ (5,664)
Revenue from jointly funded projects	1,707,257	1,707,257	185,504	(1,521,753)
Total revenues	1,722,849	1,722,849	195,432	(1,527,417)
Expenditures				
Capital outlay and noncapitalizable construction costs **	26,187,103	26,187,103	6,842,102	19,345,001
Bond issuance costs	160,000	160,000	95,610	64,390
Total expenditures	26,347,103	26,347,103	6,937,712	19,409,391
Deficiency of revenues over expenditures before other financing uses	(24,624,254)	(24,624,254)	(6,742,280)	17,881,974
Other financing sources and uses				
Transfers to other funds	-	-	-	-
Proceeds from bond sale	25,000,000	25,000,000	12,500,000	(12,500,000)
Total other financing sources and uses	25,000,000	25,000,000	12,500,000	(12,500,000)
Net change in fund balance	\$ 375,746	\$ 375,746	\$ 5,757,720	\$ 5,381,974
Prior year cash balance required to balance budget	\$ -	\$ -		
Budgetary expenditures			\$ 6,937,712	
Increase in accounts payable			442,373	
GAAP expenses			\$ 7,380,085	

\*\* This line item includes the total budgeted costs for all the Authority'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

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL – BUILDING IMPROVEMENT FUND**

Year ended June 30, 2014

	Budget Original	Budget Final	Actual Amount Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 115	\$ 115
Total revenues	-	-	115	115
<b>Expenditures</b>				
Office improvements	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures before other financing sources and uses	-	-	115	115
<b>Other financing sources and uses</b>				
Transfers to other funds	-	-	-	-
Transfers from other funds	108,000	-	254,000	254,000
Total other financing sources and uses	108,000	-	254,000	254,000
Net change in fund balance	<u>\$ 108,000</u>	<u>\$ -</u>	<u>\$ 254,115</u>	<u>\$ 254,115</u>
Prior year fund balance required to balance budget	<u>\$ 108,000</u>	<u>\$ -</u>		

There are no differences between the budgetary basis reporting and GAAP reporting.



**ADDITIONAL INFORMATION – SUPPLEMENTAL SCHEDULES**

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**AGENCY FUNDS**

June 30, 2014

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 result of operations.

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

Storm Water Quality Coordinator Fund – This is used to promote better water quality in the Albuquerque area and is financed by contributions from several agencies.

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

Boca Negra Dam – This is used for the Boca Negra project which began in fiscal year 2013.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**SCHEDULE OF ASSETS AND LIABILITIES – AGENCY FUNDS**

June 30, 2014

**ASSETS**

	Ditch & Water Safety Task Force Fund	Storm Water Quality Coordinator	Area Wide Agency	Boca Negra Dam	Total Agency Funds
Cash in bank	\$ -	\$ 79,754	\$ 885,401	\$ 625	\$ 965,780
Savings	44,696	-	-	738,328	783,024
Total assets	<u>\$ 44,696</u>	<u>\$ 79,754</u>	<u>\$ 885,401</u>	<u>\$ 738,953</u>	<u>\$ 1,748,804</u>

**LIABILITIES**

Funds held for others	<u>\$ 44,696</u>	<u>\$ 79,754</u>	<u>\$ 885,401</u>	<u>\$ 738,953</u>	<u>\$ 1,748,804</u>
Total liabilities	<u>\$ 44,696</u>	<u>\$ 79,754</u>	<u>\$ 885,401</u>	<u>\$ 738,953</u>	<u>\$ 1,748,804</u>

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS**

June 30, 2014

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
<b>Ditch and Water Safety Task Force Fund</b>				
<b>Assets</b>				
Cash in bank	\$ 20,694	\$ 30,032	\$ 50,726	\$ -
Savings	104	124,811	93,436	31,479
Swim pass savings	<u>30,837</u>	<u>11,503</u>	<u>29,123</u>	<u>13,217</u>
Total assets	<u>\$ 51,635</u>	<u>\$ 166,346</u>	<u>\$ 173,285</u>	<u>\$ 44,696</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 51,635</u>	<u>\$ 166,346</u>	<u>\$ 173,285</u>	<u>\$ 44,696</u>
Total liabilities	<u>\$ 51,635</u>	<u>\$ 166,346</u>	<u>\$ 173,285</u>	<u>\$ 44,696</u>
<b>Storm Water Quality Coordinator</b>				
<b>Assets</b>				
Cash in bank	<u>\$ 108,244</u>	<u>\$ 65,000</u>	<u>\$ 93,490</u>	<u>\$ 79,754</u>
Total assets	<u>\$ 108,244</u>	<u>\$ 65,000</u>	<u>\$ 93,490</u>	<u>\$ 79,754</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 108,244</u>	<u>\$ 65,000</u>	<u>\$ 93,490</u>	<u>\$ 79,754</u>
Total liabilities	<u>\$ 108,244</u>	<u>\$ 65,000</u>	<u>\$ 93,490</u>	<u>\$ 79,754</u>
<b>Area Wide Agency</b>				
<b>Assets</b>				
Cash in bank	\$ 185,435	\$ 4,460,287	\$ 3,760,321	\$ 885,401
Investments	<u>719,447</u>	<u>1,060,306</u>	<u>1,779,753</u>	<u>-</u>
Total assets	<u>\$ 904,882</u>	<u>\$ 5,520,593</u>	<u>\$ 5,540,074</u>	<u>\$ 885,401</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 904,882</u>	<u>\$ 5,520,593</u>	<u>\$ 5,540,074</u>	<u>\$ 885,401</u>
Total liabilities	<u>\$ 904,882</u>	<u>\$ 5,520,593</u>	<u>\$ 5,540,074</u>	<u>\$ 885,401</u>
<b>Boca Negra Dam</b>				
<b>Assets</b>				
Cash in bank	\$ 1,730	\$ 3,684,721	\$ 3,685,826	\$ 625
Savings	34,788	703,540	-	738,328
Investments	<u>2,686,901</u>	<u>300,884</u>	<u>2,987,785</u>	<u>-</u>
Total assets	<u>\$ 2,723,419</u>	<u>\$ 4,689,145</u>	<u>\$ 6,673,611</u>	<u>\$ 738,953</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 2,723,419</u>	<u>\$ 4,689,145</u>	<u>\$ 6,673,611</u>	<u>\$ 738,953</u>
Total liabilities	<u>\$ 2,723,419</u>	<u>\$ 4,689,145</u>	<u>\$ 6,673,611</u>	<u>\$ 738,953</u>
<b>All Agency Funds</b>				
<b>Assets</b>				
Cash in bank and savings	\$ 381,832	\$ 9,079,894	\$ 7,712,922	\$ 1,748,804
Investments	<u>3,406,348</u>	<u>1,361,190</u>	<u>4,767,538</u>	<u>-</u>
Total assets	<u>\$ 3,788,180</u>	<u>\$ 10,441,084</u>	<u>\$ 12,480,460</u>	<u>\$ 1,748,804</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ 3,788,180</u>	<u>\$ 10,441,084</u>	<u>\$ 12,480,460</u>	<u>\$ 1,748,804</u>
Total liabilities	<u>\$ 3,788,180</u>	<u>\$ 10,441,084</u>	<u>\$ 12,480,460</u>	<u>\$ 1,748,804</u>

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**SCHEDULE OF PLEDGED COLLATERAL**

June 30, 2014

Wells Fargo Bank, Albuquerque, NM - Demand Deposit Accounts:

Depository balances as of June 30, 2014

Checking

General checking account	\$ 169,595
Debt service account	421
AMAFCA unassigned account	69,291
Storm Quality Education	79,754
Area Wide Maintenance	1,396
Boca Negra Dam	624
Ditch & Water Safety Task Force Fund	<u>31,583</u>

352,664

Savings

Area Wide Maintenance Savings	884,004
Boca Negra Dam Savings	738,328
Ditch & Water Safety Task Force Swim Pass	<u>13,218</u>

Total depository balances 1,988,214

Less FDIC insurance coverage (250,000)

**Uninsured balance** \$ 1,738,214

**Collateralization required (50%)** \$ 869,107

Fannie Mae, Interest Only Securities at face value which approximates fair value

par \$1,750,000; interest rate 3.00%; maturity date 2/1/2043 CUSIP #3138NY4W2	\$ 1,613,897
par \$945,000; interest rate 4.00%; maturity date 9/1/2043 CUSIP #3138W9PA2	<u>960,937</u>

**Total collateral** \$ 2,574,834

**Collateralization in deficit of requirement** \$ -

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**SCHEDULE OF MEMORANDUM OF UNDERSTANDING AGREEMENTS**

June 30, 2014

- 1) Participant: New Mexico State Land Office (NMSLO), City of Albuquerque (City)  
Part responsible for operations: AMAFCA  
Purpose: Establish responsibilities for the Bosque Riparian Restoration and Outreach Project on State Trust Land in the Rio Grande Bosque in the Southwest Valley of Bernalillo County, New Mexico.  
Dates of Agreement: Effective date of January 9, 2014.  
Amount Agency contribute in fiscal year:  
Audit responsibility: AMAFCA  
Fiscal Agent: AMAFCA  
Agency where revenues/expenditures are reported: AMAFCA, NMSLO, City
  
- 2) Participant: City of Albuquerque (City), Bernalillo County (County), Albuquerque Public Schools (APS), The Middle Rio Grande Conservancy District (MRGCD), Sandoval County.  
Part responsible for operations: AMAFCA  
Purpose: The continued operation and function of the Ditch and Water Safety Task Force.  
Dates of Agreement: Effective date of December 19, 2013.  
Amount Agency contribute in fiscal year: \$15,000  
Audit responsibility: AMAFCA  
Fiscal Agent: AMAFCA  
Agency where revenues/expenditures are reported: AMAFCA
  
- 3) Participant: Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA), City of Rio Rancho, Town of Bernalillo, Village of Corrales, Village of Los Ranchos de Albuquerque, U.S. Department of Energy National Nuclear Security Administration Sandia Field Office, Eastern Sandoval County Arroyo Flood Control Authority, University of New Mexico, New Mexico Department of Transportation, Bernalillo County, Sandoval County, and City of Albuquerque.  
Part responsible for operations: Various  
Purpose: Creating the Middle Rio Grande MS4 technical advisory group, in support of compliance efforts for a stormwater discharge permitting system for the Middle Rio Grande Valley in accordance with the Federal Clean Water Act.  
Dates of Agreement: Effective date of October 7, 2013.  
Amount Agency contribute in fiscal year: N/A  
Audit responsibility: N/A  
Fiscal Agent: N/A  
Agency where revenues/expenditures are reported: N/A
  
- 4) Participant: Mid-Region Council of Governments (MRCOG)  
Part responsible for operations: MRCOG  
Purpose: To undertake a cooperative effort to contract for professional services for the acquisition and production, during Spring 2014, of high-resolution natural color digital orthophotography for several counties in Central New Mexico.  
Dates of Agreement: Effective date of December 12, 2013.  
Amount Agency contribute in fiscal year: \$20,000  
Audit responsibility: MRCOG  
Fiscal Agent: MRCOG  
Agency where revenues/expenditures are reported: MRCOG



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**REPORT OF INDEPENDENT AUDITORS 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**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Directors  
Albuquerque Metropolitan Arroyo Flood Control Authority

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the general fund of the Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons of the debt service fund, the capital projects fund and building improvement fund, presented as supplementary information and have issued our report thereon dated November 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *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 charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

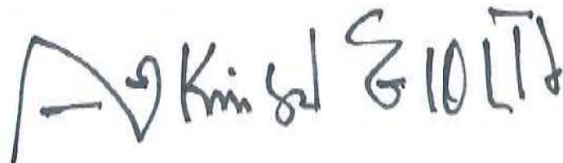
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-001.

### **The Authority's Response to Findings**

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Atkinson & Co. Ltd.", with a stylized logo to the left consisting of a large 'A' and a checkmark-like shape.

**Atkinson & Co. Ltd.**

Albuquerque, New Mexico  
November 5, 2014



State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2014

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

Material weaknesses identified? No

Significant deficiencies identified not considered  
to be material weaknesses? No

**COMPLIANCE AND OTHER MATTERS**

Noncompliance material to the financial statements noted? No

**CURRENT YEAR FINDINGS**

Financial Statement Finding Required by 2.2.2. NMAC and *Government Auditing Standards*

2014-001 Reimbursement Documentation – Other

**STATUS OF PRIOR YEAR FINDINGS**

2013-001 Segregation of Duties - Outgoing Wire Cash Disbursement Approval  
(Significant Deficiency) - Resolved

2013-002 Segregation of Duties - Journal Voucher Approval (Significant Deficiency) - Resolved

**SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED**

June 30, 2014

**CURRENT YEAR FINDINGS**

**Financial Statement Findings Required by 2.2.2 NMAC**

**2014-001 REIMBURSEMENT DOCUMENTATION – OTHER**

**Condition**

The Authority paid \$95 reimbursement amounts to a local nonsalaried public official that were unsupported by invoices or other documentation to prove connection with Authority business. The transactions were submitted with signed Affidavits.

**Criteria**

Per NMSA 72-16-17, local nonsalaried public officers may receive reimbursement of expenses incurred on Authority business and approved by the Board. To establish validity of the expenses for Authority business, support documentation is standard business practice and required by New Mexico government procurement rules. For IRS purposes, validity of reimbursed expenses depends on support documents to establish date, amounts, nature and purpose of the disbursement. Affidavits are used in the event of a lost receipt and such use should be minimized.

**Effect**

The amounts of expense reimbursements paid by AMAFCA could be different than the amounts indicated by support documentation. IRS upon review could determine that such amounts do not qualify for tax treatment as reimbursed expenses.

**Cause**

AMAFCA is relying on Affidavits for reimbursement in these instances.

**Recommendation**

We recommend that AMAFCA reemphasize its policies for the receipt of support documentation for expense reimbursements.

**Views from Responsible Officials and Management's Planned Corrective Actions**

At the next regular AMAFCA Board meeting, management will discuss and revise the policy for reimbursement of local non salaried public officials.

State of New Mexico  
Albuquerque Metropolitan Arroyo Flood Control Authority

**EXIT CONFERENCE**

June 30, 2014

The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Authority's management. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

\* \* \* \* \*

An exit conference was held on October 30, 2014, and attended by the following:

**For Albuquerque Metropolitan Arroyo Flood Control Authority:**

Board Members

Ronald D. Brown  
Bruce M. Thomson

Chairman  
Secretary – Treasurer

Administrative Staff

Jerry M. Lovato, P.E.  
Irene B. Jeffries

Executive Engineer  
Finance & Administration Manager

**For Atkinson & Co., Ltd.:**

Martin Mathisen, CPA, CGFM  
Lee Baldwin, CPA, CGFM

Shareholder/Audit Director  
Audit Senior

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