

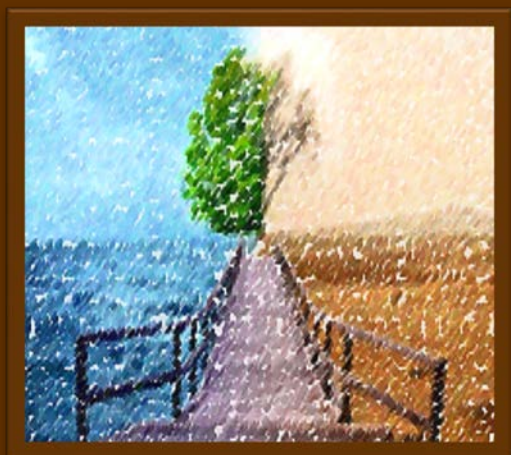
Flood Control  
Today  
For a Safe  
Tomorrow



**State of New Mexico  
Southern Sandoval County  
Arroyo Flood Control Authority**

**Financial Statements With  
Accompanying Auditors' Reports**

**For the Year Ended  
June 30, 2015**



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
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**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Official Roster  
June 30, 2015

<u>Name</u>	<u>Board of Directors</u>	<u>Title</u>
James F. Fahey Jr.		Chariman
Steve House		Chair Pro Tem
John Chaney		Chair Pro Tem (Alternate)
Michael Obrey		Treasurer
Mark Conkling		Secretary
	<u>Officials</u>	
Charles Thomas, P.E.		Executive Engineer
Deborah Casaus, CPA		Fiscal Services Director

**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Directors of  
The Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund of Southern Sandoval County Arroyo Flood Control Authority (the "Authority") as of and for the year ended June 30, 2015, 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 also have audited the financial statements of the budgetary comparisons for the major capital projects fund and debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2015, 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 of 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 entity'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 entity'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.

### Opinions

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 Authority as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for 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 above present fairly, in all material respects, the respective budgetary comparisons for the major capital projects fund and debt service fund of the Authority for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United State 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 10 through 17, and Schedules I and II and the notes to the Required Supplementary Information on pages 60 through 62 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge 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 conducted for the purpose of forming opinions on the Authority's basic financial statements and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and Supporting Schedules III through V, required by 2.2.2 NMAC, in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority.

The Schedule of Expenditures of Federal Awards and Supporting Schedules III and IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards and Supporting Schedules III and IV required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section and Schedule V have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 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.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 19, 2015

# Southern Sandoval County Arroyo Flood Control Authority

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## Management Discussion and Analysis For the Fiscal Year Ending June 30, 2015

Our discussion and analysis of the Southern Sandoval County Arroyo Flood Control Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Authority's financial statements, which are listed in the table of contents.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the Authority's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2015. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the Authority as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133, and a Schedule of Findings and Questioned Costs.

### **About Southern Sandoval County Arroyo Flood Control Authority**

To completely understand the financial discussion of the Authority, it is important to understand the nature of the Authority. Sandoval County includes the City of Rio Rancho, the Town of Bernalillo, and the Village of Corrales within its borders. For these communities, and the nonincorporated areas of Sandoval County within the Authority's purview, the Authority provides watershed management, education and enrichment services, and construction and maintenance of flood control infrastructure.

The Authority's mission is to protect citizens and property by implementing proven flood control solutions that:

- manage our watersheds prudently for future generations
- enhance the quality of life
- create the most appealing multi-use facilities
- set an example of quality, integrity, leadership, and professionalism
- educate the public concerning flood hazards
- administer public funds prudently

### **SSCAFCA Goals and Commitments:**

Goal #1: To provide flood protection up to the 100 year storm for the public health, safety and welfare of residents and properties within its boundaries.

Goal #2: To recognize the value of land purchased or controlled for floodways as areas with multi-use potential.

Goal #3: To reduce sediment and erosion within the boundaries of the flood control authority.

Goal #4: To assist in the coordination of flood control with other entities for the common good of the public.

# Southern Sandoval County Arroyo Flood Control Authority

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Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

## **SSCAFCA Goals and Commitments (continued):**

During the past fiscal year and in the year to come, SSCAFCA will continue with the previously established major goals: Property acquisition; Broadening our funding base; and Construction of needed facilities. SSCAFCA is continuing an aggressive approach to property acquisition for future flood control facilities. Although the real estate market is showing some signs of improvement in residential and commercial development, land values have continued to remain relatively flat following the recent historical economic downturn.

We see continued acquisition of all available property as a high priority while property values continue to remain low. SSCAFCA has completed a more technical re-evaluation of all proposed facilities to more accurately determine the geometry of the proposed facility and match it to available land resources. In order to raise the level of confidence during the property acquisition phase, we are incorporating land surface topography and updating the hydrologic models to ensure we are targeting the proper locations and the correct facility footprint.

The second major focus is a continuation of the strategy to pursue external funding sources to match with our local bond funds. SSCAFCA is continuing to pursue state capital outlay funds, for the third consecutive year, and has successfully received funding from the State Water Trust Board, the NM Environment Department with a Clean Water Revolving Loan Fund grant/loan combination, as well as FHWA funding through the MRCOG for two separate projects, the Harvey Jones Channel Improvements and the Black Arroyo Open Space project, Phase 1 & 2.

SSCAFCA has also received funding support from the US Army Corps of Engineers (USACE) in the form of sediment transport soil analysis and the Federal Emergency Management Agency (FEMA) in their Hazard Mitigation Grant Program (HGMP) for the Alberta Rd., Phase 2 Drainage Improvements. In addition to these sources, SSCAFCA continues to apply for other federal grants.

The final planned focus is to make actual construction of flood control facilities a priority. From 2008 through the present, only one flood control facility (Sunset Dam) has been constructed, with the recent historical efforts focused on planning. SSCAFCA has since completed the construction of improvements to the Corrales Heights area, the Lomitas Negras Water Quality Facility and the retrofit of Roskos Pond. SSCAFCA is targeting completing construction at three locations begun in Fiscal Year 2015 (Harvey Jones Channel Improvements, the Lower Montoyas and Black Arroyo Wildlife Park Bridge & Trails, Phase 1) and hopes to begin construction on up to five additional projects for the 2016 fiscal year (Upper SLO Dam, Montoyas Bank Stabilization, Alberta Rd Phase 2 Drainage Improvements, Black Arroyo Wildlife Park Bridge & Trails, Phase 2 and Calle Baack Drainage Improvements) and has targeted additional projects at a rate of two per year for FY 17 and 18.

## **Significant Financial Highlights for the Year Ending June 30, 2015**

The overall Net Position of the Authority increased from \$56,706,660 for the year ending June 30, 2014 to \$58,248,387 for the year ending June 30, 2015. This represents an increase in net position of \$1,541,727, which includes a decrease of \$805,987 related to the implementation of GASB 68. Total cash and investment increased by \$1,893,391 primarily resulting from cash inflow in the debt service fund from bonds issued during the year and the receipt of prior year grants receivable. Total liabilities increased by \$787,487 resulting from the net effect of debt payments and issuances, and changes in short-term liabilities.

# Southern Sandoval County Arroyo Flood Control Authority

Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

## GOVERNMENT WIDE FINANCIAL STATEMENTS

### Statement of Net Position

The Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the Authority has total net position of \$58,248,387 at June 30, 2015. The Authority has \$9,047,659 in cash and investments on hand as of June 30, 2015 compared to \$2,989,948 in accounts payable and other current liabilities. Net Position totaling \$6,503,686 is "restricted" for debt service and capital projects (\$3,859,117 and \$2,644,569, respectively). Net Position totaling \$2,734,466 is "unrestricted". The Authority's overall financial position improved between 2014 and 2015. Capital assets increased by \$3,501,228, due to increases in land and infrastructure for current and planned flood control facilities.

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
<b>Assets and Deferred Outflows of Resources</b>		
Cash and Investments	\$ 7,154,268	\$ 9,047,659
Other Assets	4,541,702	1,581,175
Capital and Intangible Assets, net of depreciation and amortization	71,899,801	75,401,029
Deferred Outflows of Resources	-	150,710
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 83,595,771</u></b>	<b><u>\$ 86,180,573</u></b>
 <b>Liabilities and Deferred Inflows of Resources</b>		
Current Liabilities	2,974,295	2,989,948
Long Term Liabilities	23,914,816	24,686,650
Deferred Inflows of Resources	-	255,588
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>\$ 26,889,111</u></b>	<b><u>\$ 27,932,186</u></b>
 <b>Net Position</b>		
Net Investment in Capital Assets	45,919,491	49,010,235
Restricted	8,477,936	6,503,686
Unrestricted	2,309,233	2,734,466
<b>Total Net Position</b>	<b><u>\$ 56,706,660</u></b>	<b><u>\$ 58,248,387</u></b>

GASB 34 rules now require public entities to depreciate and amortize, as appropriate, capital assets. This statement includes accumulated depreciation of the Authority's capital assets in the amount of \$10,513,130, and accumulated amortization of \$467,7809. The Authority utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

# Southern Sandoval County Arroyo Flood Control Authority

## Management Discussion and Analysis For the Fiscal Year Ending June 30, 2015

### Statement of Activities

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report complements the Statement of Net Position by showing the overall change in the Authority's net position for the fiscal year ending June 30, 2015. As of June 30, 2015, the Authority had net position of \$58,248,387. The beginning total net position for the 2015 fiscal year is \$56,706,660 reflecting an increase in total net position of \$1,541,727 for the year ending June 30, 2015. The increase is primarily attributable to the acquisition of capital assets, issuance of debt, and receipt of property tax revenues. The Authority also realized a reduction in expenses of \$2,729,612. Otherwise, operations of the Authority did not change significantly from the prior year.

	June 30, 2014	June 30, 2015
<b>Expenses for Governmental Activities</b>	\$ 6,734,615	\$ 4,005,003
Less Operating Grants and Contributions	3,030,484	-
Less Capital Grants and Contributions	1,666,649	1,108,406
<b>Net (Expenses) Revenues and Changes in Net Position</b>	<b>(2,037,482)</b>	<b>(2,896,597)</b>
 <b>General Revenues</b>		
Taxes - general, debt service, capital projects	5,209,137	5,209,963
Interest and Earnings on Investments	7,895	9,454
Miscellaneous	150,757	63,218
Loss on disposal on capital assets	-	(38,324.00)
<b>Subtotal, General Revenues</b>	<b>5,367,789</b>	<b>5,244,311</b>
 <b>Changes in Net Position</b>	<b>3,330,307</b>	<b>2,347,714</b>
 <b>Net Position - Beginning</b>	<b>53,594,435</b>	<b>56,706,660</b>
 <b>Restatement</b>	<b>(218,082)</b>	<b>(805,987)</b>
 <b>Net Position - Ending</b>	<b>\$ 56,706,660</b>	<b>\$ 58,248,387</b>

### FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances guides the reader to a meaningful overall view for the Authority's revenue, expenditures and changes in fund balances. Total revenues were \$9,977,211. Total expenditures for the Authority were \$12,913,373. The Authority also received bond proceeds of \$8,900,630 during FY 2015. Total ending fund balance was \$9,294,976, for an increase of \$2,570,606 from the prior year.

### Multi-Year Authority Revenues and Expenditures

A multi-year view of overall Authority revenues and expenditures indicates significant growth in both areas. The growth of both revenues and expenditures are commensurate with the growth of the local communities, resulting in higher property tax revenues and an increased need for flood control facilities in new developments and as existing infrastructure becomes overwhelmed.

Year	Total Revenues *	Increase %	Total Expenses *	Increase %
2008-2009	12,751,922	5%	11,035,928	-13%
2009-2010	7,346,003	-42%	6,559,060	-41%
2010-2011	5,622,353	-23%	6,115,651	-7%
2011-2012	10,547,110	88%	6,987,962	14%
2012-2013	6,028,108	-43%	11,025,396	58%
2014-2015	19,185,703	218%	16,615,097	51%

Note: Revenues include proceeds from and premiums on General Obligation Bonds and exclude cash carryovers; Expenditures include capital outlays and debt service payments.

# Southern Sandoval County Arroyo Flood Control Authority

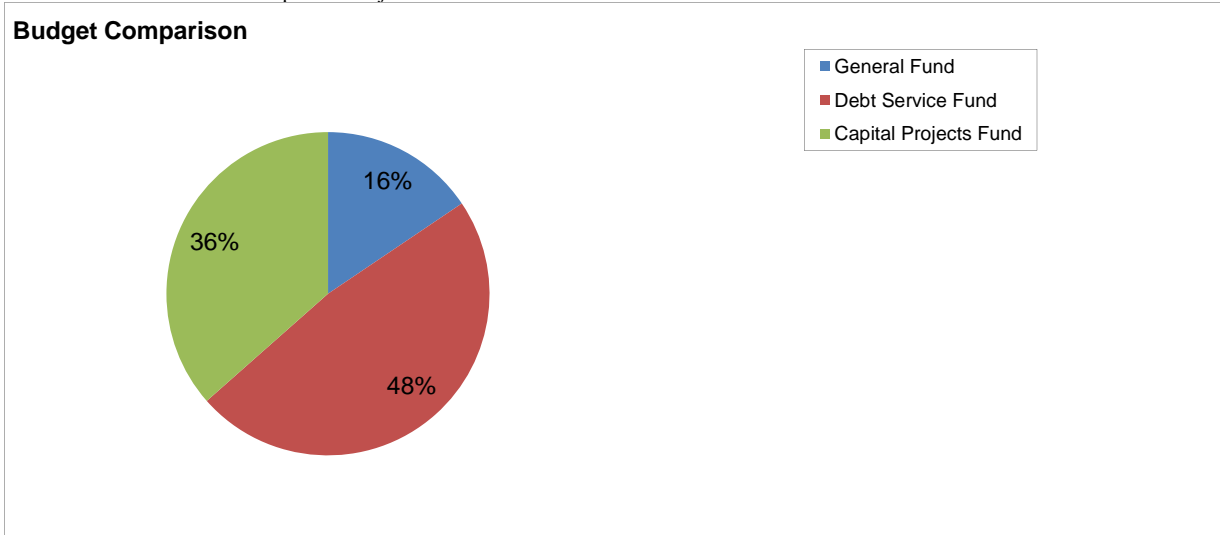
Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

## The Budget

Authority budgets reflect the same growth as seen in the revenue and expenditures of the Authority. The State of New Mexico local government agency budget process is defined under state law and regulation. To enhance the process of developing a budget at the Authority level, the Authority utilizes goals and objectives defined by the Authority's Board, community input meetings, long term plans including watershed management plans and input from various staff groups to develop to the Authority's budget. Authority priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are the General Fund, the Debt Service Fund, and the Capital Projects Fund. The following graphics and tables show the fiscal relationship of the major funds.



The reader will note that the General Fund represents 16% of the total fund budgeted expenditure amount. This fund provides the salary and benefits for the operations of the Authority, as well as most maintenance, storm clean-up, and education outreach services.

Revenue from this fund is substantially derived from property taxes assessed on property owners within the bounds of the area served by the Authority. The General Fund is explored later in the [Management Discussion and Analysis](#).

# Southern Sandoval County Arroyo Flood Control Authority

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## Management Discussion and Analysis For the Fiscal Year Ending June 30, 2015

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2015. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund.

### MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	3,327,061	1,959,593	1,367,468
Debt Service	10,254,062	6,508,613	3,745,449
Capital Projects	7,817,733	4,731,674	3,086,059

The General Fund expenditures remained favorable to the final budget by \$1,367,468 or 41%. This difference was primarily in amounts budgeted for severe storm clean-up from general funds that was not needed during the 2014-15 fiscal year, and lower-than-expected expenditures for contractual services.

All funds fell within the regulatory criteria set by the State of New Mexico, which requires that budget expenditures be within the authorization of the approved budget.

#### **The General Fund**

The General Fund revenues represents \$2,110,322 of the total \$9,977,211 in overall Authority revenues.

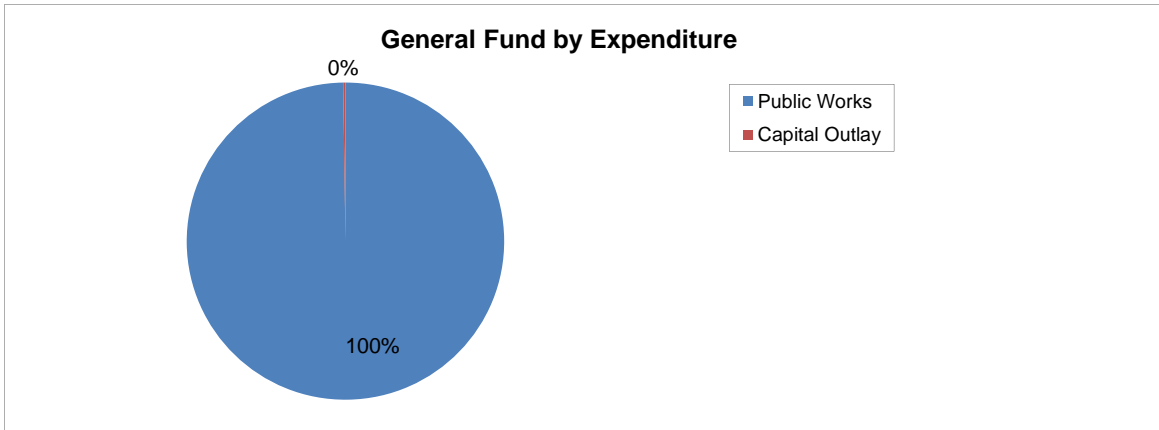
The following table displays historical revenues of the General Fund.

Year	Revenues	Increase (Decrease) %
2009-2010	2,081,882	35%
2010-2011	2,169,920	4%
2011-2012	2,355,818	9%
2012-2013	2,108,958	-10%
2013-2014	2,086,306	-1%
2014-2015	2,110,322	1%

# Southern Sandoval County Arroyo Flood Control Authority

Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

The entirety of the General Fund's expenditures are for the public works function and for capital outlay, as seen in the table below.



Public Works expenditures constitute 99.8% of the General Fund's expenditures for the 2015 fiscal year.

### Capital Assets

Because of aging facilities and increasing demands on facilities, the Authority has taken an aggressive approach to maintaining existing facilities.

Asset Type	Balance June 30, 2013	Balance June 30, 2014	Balance June 30, 2015
Land and easements	30,493,178	31,067,622	33,092,195
Construction in progress	1,609,546	2,502,551	4,483,036
Building and improvements	3,296,510	3,296,510	3,296,510
Furniture, equipment and vehicles	403,188	483,279	421,441
Flood control system - dams, ponds and drainage channels	42,330,038	43,457,123	43,743,397
Less accumulated depreciation	(9,084,078)	(9,818,964)	(10,513,131)
Intangible assets	886,813	1,246,997	1,345,360
Less accumulated amortization	(225,649)	(335,317)	(467,779)
Capital assets, net	69,709,546	71,899,801	75,401,029

Major additions during the 2015 fiscal year include acquisition of approximately 199 acres of needed right of way as well as 122 acres of donated right of way for future flood control facilities for an approximate value of \$1.4 million. In addition to our semiannual routine maintenance of all our facilities, SCAFCA completed two improvements in the Corrales Heights area of the Authority's jurisdiction. SCAFCA also began construction on the several improvements in the 2015 fiscal year which include the Harvey Jones Channel Improvements, the Black Arroyo Wildlife Park bridge & trails - Phase 1, the Lower Montoyas Water Quality Feature and the Rosko's Water Harvesting Shade Structure. These projects will be completed in the 2016 fiscal year. SCAFCA also began planning and designing other improvement projects which are planned to be constructed in the 2016 fiscal year. These projects include the Montoyas Bank stabilization project, Upper SLO Dam, Calle Baack Drainage Improvements, the Black Arroyo Wildlife Park bridge & trails - Phase 2 and the Alberta Phase II Improvements.



# Southern Sandoval County Arroyo Flood Control Authority

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Management Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

## **General Long Term Debt**

The Authority issues general obligation bonds after approval of voters is obtained. Debt issuances are used to finance specific public works and flood control infrastructure projects.

The Authority has never defaulted on any of its debts or other obligations. Listed below is repayment information for the Authority's total general obligation debt as of June 30, 2015.

Year Ended June 30	Principal		Interest		Totals
2016		2,371,520		804,469	3,175,989
2017		2,372,915		692,106	3,065,021
2018		2,409,353		607,252	3,016,605
2019		2,535,833		549,427	3,085,260
2020		2,712,358		476,689	3,189,047
2021-2025		11,861,316		1,170,195	13,031,511
2026-2030.		1,496,739		117,213	1,613,952
2031-2035		238,406		17,876	256,282
Total		25,998,440		4,435,227	30,433,667

The Authority issued bonds during FY 2015 totaling \$8.395 Million. This issuance consisted of \$1,250,000 to be used for planned capital projects and \$3,540,000 refunding of SSCAFCA's Series 2005 and 2005A bonds as well as \$3,605,000 advance refunding of SSCAFCA's Series 2007 and 2007A bonds. The total economic gain from the refunding and advance refunding was approximately \$239,000. The Authority also made regularly scheduled principal and interest payments as required.

## **Future Trends**

SSCAFCA will begin planning a bond election in December 2015. The Authority has issued the \$18 million in bonding authority approved by the voters in 2008 and with the recent focus on construction, these funds are nearly expended. We will continue to aggressively seeking external funding sources to use as a match for the future bond funds.

SSCAFCA is also focusing on enhancing in-house design services with the incorporation of a Civil Drafter to complete full plan sets for construction, reducing our reliance on third party consultants.

We expect that the assessed valuation in its jurisdiction will increase modestly in the next tax year as a result of new commercial and residential construction as well as aggressive efforts by the Sandoval County Assessor's office to make sure all new construction is properly accounted for on the County's tax rolls.

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Statement of Net Position  
June 30, 2015

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 183,927
Unrestricted investments	6,646,706
Receivables:	
Ad valorem assessments	420,161
Intergovernmental	1,136,984
Interest	747
Prepaid assets	<u>23,283</u>
 Total current assets	 <u>8,411,808</u>
Noncurrent assets	
Restricted investments	2,217,026
Capital assets	
Land and easements	33,092,196
Construction in progress	4,483,036
Depreciable buildings, furniture, equipment, and flood control system, net	36,948,217
Intangible assets, net	<u>877,580</u>
 Total noncurrent assets	 <u>77,618,055</u>
 Total assets	 <u>86,029,863</u>
 <b>Deferred Outflows of Resources</b>	
Employer contributions subsequent to the measurement date	<u>150,710</u>
 Total deferred outflows of resources	 <u>150,710</u>
 Total assets and deferred outflows of resources	 <u>\$ 86,180,573</u>

The accompanying notes are an integral part of these financial statements

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 170,429
Accrued payroll	34,687
Accrued compensated absences	47,547
Accrued interest	365,765
Current portion of long-term debt	<u>2,371,520</u>
Total current liabilities	<u>2,989,948</u>
Noncurrent liabilities	
Accrued compensated absences	15,206
Bond premiums, net of accumulated amortization of \$178,111	392,354
General obligation bonds payable	23,626,920
Net pension liability	<u>652,170</u>
Total noncurrent liabilities	<u>24,686,650</u>
Total liabilities	<u>27,676,598</u>
<b>Deferred Inflows of Resources</b>	
Change in experience	442
Net difference between projected and actual investment earnings	<u>255,146</u>
Total deferred inflows of resources	<u>255,588</u>
<b>Net Position</b>	
Net investment in capital assets	49,010,235
Restricted for:	
Debt service	3,859,117
Capital projects	2,644,569
Unrestricted	<u>2,734,466</u>
Total net position	<u>58,248,387</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 86,180,573</u>

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**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Statement of Activities  
 For the year ended June 30, 2015

Exhibit A-2

	<u>Governmental Activities</u>
<b>Program Expenses</b>	
Public Works	
Personnel services	\$ 778,826
Employee benefits	287,347
General and administrative expenses	409,155
Contractual operating and maintenance services	711,102
Depreciation and amortization	881,323
Interest	860,493
Bond issuance costs	<u>76,757</u>
 Total program expenses	 4,005,003
<b>Program Revenues</b>	
Capital contributions	<u>313,925</u>
 Total program revenues	 <u>313,925</u>
<b>Capital Grants</b>	
Public works capital grants	<u>794,481</u>
 Total capital grants	 <u>794,481</u>
 Net (expense) revenue - Public Works	 <u>(2,896,597)</u>
<b>General Revenues</b>	
Ad valorem assessments	5,209,963
Investment income	9,454
Miscellaneous revenues	63,218
Loss on disposal of assets	<u>(38,324)</u>
 Total general revenues	 <u>5,244,311</u>
 Change in net position	 <u>2,347,714</u>
 Total net position - beginning of year	 56,706,660
 Restatement pursuant to adoption of GASB Statement No. 68 - Note 17	 <u>(805,987)</u>
 Beginning net position, as restated	 <u>55,900,673</u>
 Total net position - end of year	 <u><u>\$ 58,248,387</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Balance Sheet  
Governmental Funds  
June 30, 2015

Exhibit B-1

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 183,927	\$ -	\$ -	\$ 183,927
Investments	3,259,599	2,217,026	3,387,107	8,863,732
Receivables				
Ad valorem assessments	172,888	247,273	-	420,161
Intergovernmental	-	-	1,136,984	1,136,984
Interest	197	240	310	747
Prepaid assets	23,283	-	-	23,283
Due from other funds	404,887	958,563	391,095	1,754,545
<i>Total assets</i>	<u>\$ 4,044,781</u>	<u>\$ 3,423,102</u>	<u>\$ 4,915,496</u>	<u>\$ 12,383,379</u>
<i>Liabilities</i>				
Accounts payable	\$ 6,539	\$ -	163,890	\$ 170,429
Accrued payroll	34,687	-	-	34,687
Due to other funds	1,270,590	-	483,955	1,754,545
<i>Total liabilities</i>	<u>1,311,816</u>	<u>-</u>	<u>647,845</u>	<u>1,959,661</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	149,036	210,968	-	360,004
Unavailable revenue - intergovernmental	-	-	768,738	768,738
<i>Total deferred inflows of resources</i>	<u>149,036</u>	<u>210,968</u>	<u>768,738</u>	<u>1,128,742</u>
<i>Fund balances</i>				
Nonspendable:				
Prepaid expenses	23,283	-	-	23,283
Spendable				
Restricted for:				
Debt service	-	3,212,134	-	3,212,134
Capital projects	-	-	3,498,913	3,498,913
Assigned	750,000	-	-	750,000
Unassigned	1,810,646	-	-	1,810,646
<i>Total fund balances</i>	<u>2,583,929</u>	<u>3,212,134</u>	<u>3,498,913</u>	<u>9,294,976</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,044,781</u>	<u>\$ 3,423,102</u>	<u>\$ 4,915,496</u>	<u>\$ 12,383,379</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Governmental Funds  
 Reconciliation of the Balance Sheet to the Statement of Net Position  
 June 30, 2015

Exhibit B-1  
 Page 2 of 2

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	9,294,976
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		75,401,029
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		360,004
Certain amounts receivable under grant agreements are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		768,738
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		150,710
Deferred inflows of resources related to changes in assumptions		(442)
Deferred inflows of resources related to investment experience		(255,146)
Accrued interest is not due and payable with current financial resources therefore are not reported in the funds		(365,765)
Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds		(25,998,440)
Bond premiums		(392,354)
Compensated absences		(62,753)
Net pension liability		(652,170)
Total net position	\$	58,248,387

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2015

Exhibit B-2

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<i>Revenues</i>				
Ad valorem assessments	\$ 2,092,865	\$ 3,143,245	\$ -	\$ 5,236,110
Federal grants	-	-	3,519,862	3,519,862
State grants	-	-	1,148,567	1,148,567
Interest	4,239	1,159	4,056	9,454
Miscellaneous	13,218	-	50,000	63,218
<i>Total revenues</i>	<u>2,110,322</u>	<u>3,144,404</u>	<u>4,722,485</u>	<u>9,977,211</u>
<i>Expenditures</i>				
Current				
Public works	1,970,295	-	250,757	2,221,052
Capital outlay	4,449	-	4,102,502	4,106,951
Debt service				
Principal	-	5,700,000	-	5,700,000
Interest	-	808,613	-	808,613
<i>Total expenditures</i>	<u>1,974,744</u>	<u>6,508,613</u>	<u>4,430,016</u>	<u>12,913,373</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>135,578</u>	<u>(3,364,209)</u>	<u>292,469</u>	<u>(2,936,162)</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	1,755,630	1,755,630
Proceeds of refunding bonds	-	7,145,000	-	7,145,000
Bond premiums	-	267,561	40,301	307,862
Payment to refunded bond escrow agent	-	(3,701,724)	-	(3,701,724)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,710,837</u>	<u>1,795,931</u>	<u>5,506,768</u>
<i>Net change in fund balances</i>	135,578	346,628	2,088,400	2,570,606
<i>Fund balances - beginning</i>	<u>2,448,351</u>	<u>2,865,506</u>	<u>1,410,513</u>	<u>6,724,370</u>
<i>Fund balances - ending</i>	<u>\$ 2,583,929</u>	<u>\$ 3,212,134</u>	<u>\$ 3,498,913</u>	<u>\$ 9,294,976</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2015

Exhibit B-2  
 Page 2 of 2

Amounts reported for governmental activities in the statement of activities  
 are different because:

Net change in fund balances - total governmental funds	\$	2,570,606
<p>Governmental funds report capital outlays as expenditures. However in              the statement of activities, the cost of those assets is allocated over their              estimated useful lives and reported as depreciation expense:</p>		
Capital assets reported as capital outlay expenditures		4,106,951
Donated capital assets		313,925
Depreciation of assets		(748,861)
Amortization of assets		(132,462)
Book value of disposed capital assets		(38,324)
<p>Revenues in the statement of activities that do not provide current financial              resources are not reported as revenue in the funds:</p>		
Change in unavailable revenue related to property taxes receivable		(26,147)
Change in unavailable revenue related to grants receivable		(3,873,947)
Change in unavailable revenue related to loan proceeds		550,228
<p>Governmental funds report Authority pension contributions as expenditures. However,              in the Statement of Activities, the cost of pension benefits earned net of employee              contributions is reported as pension expense:</p>		
Authority pension contributions		150,710
Pension expense		(101,771)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial              resources to governmental funds, while the repayment of the principal of long-term              debt consumes the current financial resources of governmental funds. Neither              transaction, however, has any effect on net position. Also, governmental funds              report the effect of premiums, discounts, and similar items when debt is first issued,              whereas these amounts are deferred and amortized in the statement of activities:</p>		
Bond proceeds		(8,395,000)
Loan proceeds		(1,055,858)
Bond premiums capitalized		(307,862)
Payment to escrow agent for advance refunding		3,701,724
Recognition of full-accrual interest expense		(114,430)
Amortization of bond premiums		62,550
Increase in the reserve for compensated absences		(14,318)
Defeasement of debt in current refunding		3,625,000
Principal payments on bonds		2,075,000
Change in net position of governmental activities	\$	<u>2,347,714</u>

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Exhibit C-1

Southern Sandoval County Arroyo Flood Control Authority  
General FundStatement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Ad valorem assessments	\$ 2,005,581	\$ 2,005,581	\$ 2,068,406	\$ 62,825
Interest income	4,450	4,450	4,042	(408)
Miscellaneous	-	-	14,882	14,882
<i>Total revenues</i>	<u>2,010,031</u>	<u>2,010,031</u>	<u>2,087,330</u>	<u>77,299</u>
<i>Expenditures</i>				
Salaries	724,191	724,191	742,677	(18,486)
Benefits and taxes	326,674	326,674	326,829	(155)
Administrative fees	55,000	55,000	51,753	3,247
Audit expense	20,000	20,000	15,663	4,337
Board meetings and elections	19,000	19,000	7,327	11,673
Contractual services	361,500	361,500	265,013	96,487
Education outreach	60,000	60,000	36,757	23,243
Environmental permitting	46,000	46,000	5,143	40,857
Insurance and bonds	105,000	105,000	98,603	6,397
Legal ads and notices	12,500	12,500	3,811	8,689
Maintenance and fuel	42,000	42,000	49,814	(7,814)
Membership fees	17,100	17,100	9,935	7,165
Miscellaneous	3,096	3,096	1,671	1,425
Occupancy expenses	22,100	22,100	21,368	732
Office supplies and printing	31,300	31,300	16,318	14,982
Paying agent expense	4,000	4,000	2,367	1,633
Planning, engineering and construction	135,500	135,500	408	135,092
ROW acquisition and costs	25,000	25,000	2,938	22,062
Property tax	50,000	50,000	3,228	46,772
Staff training and travel	30,500	30,500	16,637	13,863
Operations and maintenance	1,159,500	1,159,500	237,965	921,535
Furniture and equipment and rental	11,000	11,000	13,922	(2,922)
Computers, software and mapping	56,100	56,100	29,444	26,656
Capital furniture and equipment	10,000	10,000	2	9,998
<i>Total expenditures</i>	<u>3,327,061</u>	<u>3,327,061</u>	<u>1,959,593</u>	<u>1,367,468</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,317,030)</u>	<u>(1,317,030)</u>	<u>127,737</u>	<u>1,444,767</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,317,030	1,317,030	-	1,317,030
<i>Total other financing sources (uses)</i>	<u>1,317,030</u>	<u>1,317,030</u>	<u>-</u>	<u>1,317,030</u>
<i>Net change in fund balances</i>	-	-	127,737	127,737
<i>Fund balances - beginning of year</i>	-	-	2,450,086	2,450,086
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,577,823</u>	<u>\$ 2,577,823</u>
<i>Net change in fund balance (non-GAAP budgetary basis)</i>			127,737	
Adjustments to revenues for property tax and interest accruals			22,992	
Adjustments to expenditures for accounts payable and payroll accruals			(15,151)	
<i>Net change in fund balances (GAAP Basis)</i>			<u>\$ 135,578</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies**

Southern Sandoval County Arroyo Flood Control Authority, “the Authority”, was created by the Arroyo Flood Control Act and is governed by such New Mexico law designated as 72-19-1 to 72-19-103 NMSA 1978. The purpose of the Act is to provide a flood control system for the benefit of property within the boundaries of the Authority within Southern Sandoval County, New Mexico. The Act provides for the organization of the Authority and its governing body and officers; 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 a political subdivision of the State of New Mexico and a body corporate and politic, as well as a quasi-municipal corporation.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority’s financial statements. The financial statements and notes are the representation of the Authority’s management that is responsible for the financial statements. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2015, the County adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity*

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted investment income, and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by property taxes levied on the Authority's constituents. Expenditures include all costs associated with the daily operations of the Authority except for those items included in other funds.

The *Debt Service Fund* is used to account for the accumulation of resources and the payment of interest and principal on long-term general obligation bonds.

The *Capital Projects Fund* is used to account for the financial resources used for the acquisition and construction of major flood control system projects and related costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.



**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position*

**Deposits and Investments:** The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2015, the Authority maintained a balance of \$8,863,732 in the LGIP.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Authority receives monthly income from a tax levy in Sandoval County. The funds are collected by the County Treasurer and are remitted to the Authority the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July 2015 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015. Period of availability is deemed to be thirty days subsequent to year end.

Grant receivables are recorded for reimbursement-basis grants when expenditures for which reimbursement is expected, but has not yet been received, have been incurred. The period of availability for these revenues is deemed to be thirty days subsequent to year end; amounts collected after that time are recorded as deferred inflows of resources.

**Capital Assets:** Capital assets, which include land and easements, buildings and improvements, furniture, equipment vehicles, and flood control system assets, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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

The Authority owns certain infrastructure assets including dams, ponds and drainage channels. The Authority also owns title to various sections of land and has drainage easements associated with their infrastructure. The property rights underneath and around all major facilities have been capitalized at actual or estimated historical cost or fair market value for contributed assets.

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)*

Intangible assets which have a cost of \$5,000 or more at the date placed in service are capitalized, representing the costs of process and operations and maintenance manuals, watershed management plans, drainage facility plans, various educational materials, and emergency action plans. Intangible assets are amortized on a straight-line basis over estimated useful lives of 5 to 10 years.

Construction in progress represents projects for which expenditures have occurred, but which have not been placed in service.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the Authority are depreciated or amortized, as applicable, using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Office furniture and equipment	7-12
Computer equipment and software	7-8
Motor vehicles	10
Dams, ponds, flood control systems	70
Fencing	5-10
Intangible assets	5-10

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has one type of item that qualifies for reporting in this category: employer contributions subsequent to the measurement date in the amount of \$150,710. This amount is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources in the next period and will reduce the net pension liability in the next period.

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Authority has two items, which arise under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable revenue – intergovernmental grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The Authority has recorded \$360,004 related to property taxes considered “unavailable” and \$768,738 related to intergovernmental grants considered “unavailable”. In addition, the Authority has two types of items presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)*

liability. Accordingly, the items, change in experience in the amount of \$442 and Net difference between projected and actual investment earnings in the amount of \$255,146, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences:** Qualified employees are entitled to accumulate amounts of annual leave which is payable to the employee upon termination or retirement. Annual leave accrues at the rate of eighty hours per year for employees with five or fewer years of service. Employees with five to ten years of service accrue annual leave at the rate of one hundred and twenty hours per year. Employees with ten to fifteen years of service accrue annual leave at the rate of one hundred and sixty hours per year. Employees with over fifteen years of service accrue annual leave at the rate of two hundred hours per year. The maximum accrual of annual leave is 280 hours. At June 30, 2015, accrued vested annual leave totaled \$62,753.

Qualified employees are entitled to accumulate sick leave. Sick leave accrues at the rate of one hundred and four hours per year. Sick leave hours in excess of 1,200 hours shall be forfeited at the end of each calendar year. Upon termination, all accumulated sick leave will be forfeited.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Balance Classification Policies and Procedures:** The Authority has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the Authority's highest level of decision-making authority is the Board of Directors. The formal action that is required to be taken to establish a fund balance commitment is the Board of Directors.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)*

For assigned fund balance, the Board of Directors or an official or body to which the Board of Directors delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the Authority considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Authority considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2015, the nonspendable fund balance in the governmental funds consists of amounts associated with prepaid expense contracts in the amount of \$23,283 that is not in spendable form.

**Restricted, Committed and Assigned Fund Balance:** At June 30, 2015, the restricted fund balance on the governmental funds balance sheet is made up of \$3,212,134 for the payment of future debt service expenditures and \$3,498,913 for future capital outlay projects.

The Authority has not committed any portions of fund balance to specific purposes.

As of June 30, 2015, the general fund assigned fund balance includes, in accordance with state budget guidance an amount equal to 1/12 of budgeted expenditures for the year ended June 30, 2016, or \$320,790. The Authority also assigns a portion of fund balance for specific future use, not available for appropriation or expenditure totaling \$429,210. The Board of Directors of the Authority via resolution is authorized to assign fund balances that the Authority intends to use for specific purposes.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “debt service and capital projects” are described on page 32.
- c. Unrestricted Net Position: Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)*

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority are management's estimate of depreciation on assets over their estimated useful lives, the net pension liability and related amounts, and the current portion of accrued compensated absences.

*E. Revenues*

**Tax Revenues:** The Authority receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Authority recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

The Authority records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The Authority recognized \$5,236,110 in tax revenues in the governmental fund financial statements during the year ended June 30, 2015. Property taxes recorded in the Debt Service Fund are intended to service the Authority's debt service expenditures and provide for the accumulation of resources required for future debt service expenditures.

**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 described as noncash capital contributions and as capital expenditures when received. For the year ended June 30, 2015, donated assets amounted to \$313,925 and are reported as capital contributions in the Statement of Activities.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

The Authority follows defined procedures in establishing the budgetary data reflected in the financial statements. Each year the Authority determines amounts required for construction, maintenance, operations and debt service expenditures. Budget amounts are as originally adopted and as amended by the Board of Directors, and approved by the State of New Mexico Department of Finance and Administration (DFA). The Authority submits a proposed budget to the Local Government Division for the DFA for the fiscal year commencing the following July 1. The DFA must approve the budget prior to its legal enactment.

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**NOTE 2. Stewardship, Compliance and Accountability (continued)**

To meet legal compliance, actual expenditures cannot exceed the total budgeted expenditures for the fund. Adjustments to the budget must be submitted to and approved by DFA in the form of a “budget adjustment request”. All budget appropriations lapse at year end. The Authority does not use encumbrances.

The budget is prepared on the cash basis, which differs from GAAP. Budgetary comparisons presented in these financial statements are on this Non-GAAP cash budgetary basis.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The appropriated budget for the year ended June 30, 2015 was properly amended by the Authority’s Board of Directors throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	Budgeted Funds:	
General Fund	(1,317,030)	(1,317,030)
Debt Service Fund	106,455	(7,230,157)
Capital Projects Fund	(2,258,692)	(2,258,692)

The Authority is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

**NOTE 3. Deposits and Investments**

The Authority has adopted an Investment Policy that addressed investment interest rate and credit risks by specifying suitable and authorized investments, defining investment diversification and maturity parameters, and requiring collateralization of investments held at financial institutions.

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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**NOTE 3. Deposits and Investments (continued)**

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

*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 does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$241,645 of the Authority's bank balance of \$491,645 was subject to custodial credit risk, all of which was uninsured. \$241,645 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Authority's name.

The collateral pledged is listed on Schedule III on this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Authority or political subdivision of the State of New Mexico.

	<u>Wells Fargo Bank, N.A.</u>
Amount of deposits	\$ 491,645
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	241,645
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	<u>241,645</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50%)	\$ 120,823
Pledged securities	<u>1,164,493</u>
Over (under) collateralized	<u>\$ 1,043,671</u>

Reconciliation to the Statements of Net Position

The carrying amount of deposits and investments shown above are included in the Authority's statement of net position as follows:

Cash and cash equivalents per Exhibit A-1	\$ 183,927
Add: outstanding checks and other reconciling items	307,918
Less: Petty cash	<u>(200)</u>
Bank balance of deposits	<u>\$ 491,645</u>

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**NOTE 3. Deposits and Investments (continued)**

**Investments**

Credit Risk

As of June 30, 2015, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.(F), 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 amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2015, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
New MexicGROW LGIP	77.7 days	<u>\$ 8,863,732</u>	AAAM

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2015, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property taxes	\$ 172,888	\$ 247,273	\$ -	\$ 420,161
Intergovernmental:				
Federal grants	-	-	944,470	944,470
State grants	-	-	192,514	192,514
Interest	197	240	310	747
Totals	<u>\$ 173,085</u>	<u>\$ 247,513</u>	<u>\$ 1,137,294</u>	<u>\$ 1,557,892</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$360,004 and grant revenues in the amount of \$768,738 that were not collected within the period of availability have been reported as deferred inflows of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.



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**NOTE 5. Interfund Receivables, Payables, and Transfers**

The Authority records temporary interfund receivables and payables as the General Fund cash account is used for Capital Projects Fund expenditures until funds are physically transferred between investment and bank accounts. In addition, for certain capital project and disaster cleanup projects, expenditures may be paid from the Capital Projects Fund and later reimbursed by the General Fund. The composition of interfund balances at June 30, 2015 is as follows:

	<b>Due from other funds</b>	<b>Due to other funds</b>
Capital Projects Fund	\$ 391,095	\$ 483,955
Debt Service Fund	958,563	-
General Fund	404,887	1,270,590
Total	\$ 1,754,545	\$ 1,754,545

All interfund balances are intended to be repaid within one year.

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2014	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2015
Capital assets not being depreciated:				
Land and easements				
Operating land	\$ 228,500	\$ -	\$ -	\$ 228,500
Fee simple and easement land	30,839,122	2,088,404	63,830	32,863,696
Total land and easements	31,067,622	2,088,404	63,830	33,092,196
Construction in progress	2,502,551	4,106,951	2,126,466	4,483,036
Total capital assets not being depreciated	33,570,173	6,195,355	2,190,296	37,575,232
Capital assets being depreciated:				
Building and improvements	3,296,510	-	-	3,296,510
Furniture, equipment and vehicles	483,279	-	61,838	421,441
Flood control system - dams, ponds and drainage channels	43,457,123	286,274	-	43,743,397
Total capital assets being depreciated	47,236,912	286,274	61,838	47,461,348
Less accumulated depreciation:				
Building and improvements	568,942	83,731	-	652,673
Furniture, equipment and vehicles	291,739	33,937	54,694	270,982
Flood control system - dams, ponds and drainage channels	8,958,283	631,193	-	9,589,476
Total accumulated depreciation	9,818,964	748,861	54,694	10,513,131
Depreciable assets, net of depreciation	37,417,948	(462,587)	7,144	36,948,217
Intangible assets	1,246,997	98,362	-	1,345,359
Less accumulated amortization	335,317	132,462	-	467,779
Intangible assets, net of amortization	911,680	(34,100)	-	877,580
Total capital assets, net of depreciation and amortization	\$ 71,899,801	\$ 5,698,668	\$ 2,197,440	\$ 75,401,029

The Authority received donated assets in the amount of \$313,925 during the year ended June 30, 2015.

For the year ended June 30, 2015, depreciation expense of \$748,861 and amortization expense of \$132,462 were charged to the Public Works function.

**STATE OF NEW MEXICO**  
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**NOTE 7. Long-term Debt**

The Authority issues general obligation bonds to provide funds for the acquisition and construction of flood control facilities. The original amount of general obligation bonds issued in prior years was \$33,860,000. During the year, GO bonds totaling \$1,055,858, related to the Clean Water State Revolving Fund Loan/Grant Program, were issued for improvement and construction of flood control facilities within the boundaries of the Authority. General obligation bonds are direct obligations and pledge the full faith and credit of the Authority. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2015 are for governmental activities. Ad valorem assessments have been levied for debt service and are pledged to service the general obligation bonds. These revenues are recorded in the Debt Service Fund, and \$550,228 of the proceeds were considered unavailable as they were not received within the period of availability, but were receivable from the grantor at June 30, 2015.

Also during the year ended June 30, 2015, GO bonds totaling \$8,395,000 were issued. This issuance consisted of \$1,250,000 of bonds sold for use in capital projects and infrastructure construction; \$3,540,000 of bonds sold to refund the Series 2005 and Series 2005A bonds in a current refunding transaction ; and \$3,605,000 of bonds sold to refund the Series 2007 and Series 2007A bonds in an advance refunding transaction.

The current refunding, totaling \$3,540,000, resulted in the following: the Series 2005 bonds were refunded in the amount of \$1,900,000, at a bond yield of 0.713%, resulting in a net savings of \$118,177.84; and the Series 2005 bonds were refunded in the amount of \$1,640,000, at a bond yield of 0.913%, resulting in a net savings of \$121,337.73. The total economic gain from this transaction is \$239,515.57, with a 6.61% savings on refunded principal. The Authority has reviewed GASB 65.5 through GASB 65.7 and any deferred outflows related to this transaction have been deemed immaterial.

The advance refunding, totaling \$3,605,000, resulted in the following: the Series 2007 bonds were refunded in the amount of \$1,570,000, at a bond yield of 1.054%, resulting in a net savings of \$81,226.21; and the Series 2007a bonds were refunded in the amount of \$2,035,000, at a bond yield of 1.149%, resulting in a net savings of \$104,572.26. The total economic gain from this transaction is \$185,798.47, with a 5.20% savings on refunded principal. The Authority has reviewed GASB 65.5 through GASB 65.7 and any deferred outflows related to this transaction have been deemed immaterial. At June 30, 2015, \$350,000 and \$800,000, respectively, were still outstanding on the Series 2007 and Series 2007A bonds.

Bonds outstanding at June 30, 2015, are comprised of the following:

Series 2007

\$4,000,000 issued February 1, 2007, with variable interest from 3.75% to 4.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2009, maturing August 1, 2020. \$ 350,000

Series 2007A

\$6,000,000 issued October 10, 2007, with variable interest from 3.65% to 4.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2008, maturing August 1, 2020. 800,000

Series 2009

\$4,000,000 issued February 18, 2009, with variable interest from 3.00% to 3.80% paid semi-annually in February and August, principal payments due annually commencing August 1, 2014, maturing August 1, 2022. 3,850,000

**(continued)**

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**NOTE 7. Long-term Debt (continued)**

<u>Series 2010A</u>	\$4,500,000 issued March 2, 2010, with variable interest from 3.00% to 4.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2016, maturing August 1, 2023.	4,500,000
<u>Refunding Series 2010B</u>	\$2,360,000 issued March 2, 2010, with interest of 3.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2010, maturing August 1, 2015.	200,000
<u>Series 2011</u>	\$2,500,000 issued March 1, 2011, with variable interest from 3.50% to 3.75% paid semi-annually in February and August, principal payments due annually commencing August 1, 2019, maturing August 1, 2024.	2,500,000
<u>Series 2012</u>	\$4,500,000 issued July 1, 2012, with interest of 2.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2014, maturing August 1, 2025.	4,300,000
<u>Series 2014</u>	\$8,395,000 issued August 16, 2014, with variable interest from 2.00% to 4.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2015, maturing August 1, 2028.	8,395,000
<u>NMED CWSRF GO Bond</u>	\$1,250,000 issued May 2, 2013, of which \$47,582 has been drawn down as of June 30, 2014. Interest of 3.0% and annual principal installments will become due within one year of the Project Completion date, but no later than one year after the date of the warrant of final disbursement from the NMED.	1,103,440
Total bonds payable		\$ 25,998,440

The following is a summary of the long-term debt and the activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Bonds payable	\$ 25,817,582	\$ 9,450,858	\$ 9,270,000	\$ 25,998,440	\$ 2,371,520
Compensated absences	48,435	52,323	38,005	62,753	47,547
Total	\$ 25,866,017	\$ 9,503,181	\$ 9,308,005	\$ 26,061,193	\$ 2,419,067

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**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 2,371,520	\$ 804,469	\$ 3,175,989
2017	2,372,915	692,106	3,065,021
2018	2,409,353	607,252	3,016,605
2019	2,535,833	549,427	3,085,260
2020	2,712,358	476,689	3,189,047
2021-2025	11,861,316	1,170,195	13,031,511
2026-2030	1,496,739	117,213	1,613,952
2031-2035	238,406	17,876	256,282
	<u>\$ 25,998,440</u>	<u>\$ 4,435,227</u>	<u>\$ 30,433,667</u>

Compensated Absences – Administrative employees of the Authority are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2015, compensated absences increased \$14,318 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

**NOTE 8. Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters. The Authority carries commercial insurance for these risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims, excluding insurance deductibles, resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9. Pension Plan – Public Employees Retirement Association**

**Plan Description:** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

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June 30, 2015

**NOTE 9. Pension Plan – Public Employees Retirement Association (continued)**

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and Southern Sandoval County Arroyo Flood Control Authority are established in State Statute under Chapter 10, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf)

The PERA coverage option that applies to Southern Sandoval County Arroyo Flood Control Authority is the Municipal General Division. Statutorily required contributions to the pension plan from Southern Sandoval County Arroyo Flood Control Authority were \$69,125, and employer paid member benefits that were “picked up” by the employer were \$81,585.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. Southern Sandoval County Arroyo Flood Control Authority’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Municipal General Division,** at June 30, 2015, the Authority reported a liability of \$652,170 for its proportionate share of the net pension liability. At June 30, 2014, the Authority’s proportion was 0.0836 percent, which was unchanged from its proportion measured as of June 30, 2013 due to the insignificance of the difference.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 9. Pension Plan – Public Employees Retirement Association (continued)**

For the year ended June 30, 2015, the Authority recognized PERA Fund Municipal General Division pension expense of \$101,771. At June 30, 2015, the Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Changes in assumptions	\$ -	\$ 442
Net difference between projected and actual earnings on pension plan investments	-	255,146
Authority's contributions subsequent to the measurement date	150,710	
Total	\$ 150,710	\$ 255,588

\$150,710 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (63,896)
2017	(63,896)
2018	(63,896)
2019	(63,896)
2020	(4)
Thereafter	-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 9. Pension Plan – Public Employees Retirement Association (continued)**

The long term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority’s net pension liability in the PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Authority's proportionate share of the net pension liability	\$ 1,229,487	\$ 652,170	\$ 206,165

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** At June 30, 2015 there were no contributions due and payable to PERA for the Authority.



**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 10. 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 postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare 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 postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribution 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Authority's contribution to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$14,477, \$13,572, and \$13,025, respectively, which equal the required contributions for each year.

**NOTE 11. Contingent Liabilities**

The Authority is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

The Authority's flood control system is designed to withstand storms of certain levels of severity based on historical climate data. As climate change continues to impact weather and climate conditions, these predictions based on historical data may become less reliable. The flood control system continues to be challenged with unexpectedly heavy storms, which result in high repair, maintenance, and cleaning costs. The future effects of climate change on the Authority's systems and infrastructure assets is not presently determinable, but could have an adverse affect on the Authority.

The Authority is currently investigating the potential effects of climate change in partnership with the Mid Region Council of Governments. The Authority will incorporate more conservative design measures into new designs to address climate change based on the results of the investigation and is developing new design concepts for flood control facilities that will be more resilient to climate change effects.

**NOTE 12. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balances. No funds maintained a deficit fund balance at June 30, 2015.
- B. Excess of expenditures over appropriations. No fund's expenditures exceeded its budgeted authority for the year ended June 30, 2015.
- C. Designated cash appropriations in excess of available balance. No funds displayed designated cash balances in excess of available balances for the year ended June 30, 2015.

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Notes to Financial Statements  
 June 30, 2015

**NOTE 13. Commitments**

The Authority had multiple construction projects ongoing as of the year ended June 30, 2015 that are to continue into the following fiscal year. These projects are as follows:

<u>Contractor</u>	<u>Project</u>	<u>Commitment</u>
Star Paving	Harvey Jones Channel Bridge Project	\$ 675,000
Meridian	Lower Montoyas Project	1,001,304
Smith Engineering	Lomitas Negras Phase II Design	194,210
BHI	Black Arroyo Phase II Design	6,012
Huitt Zollars	Alberta Road Phase II	34,610
HDR	Calle Baack Drainage Imp. Design	50,000
		<u>\$ 1,961,136</u>

In addition, the Authority has made commitments for the following projects:

<u>Contractor</u>	<u>Project</u>	<u>Commitment</u>
Vital Construction	Black Arroyo Trails Construction Project	\$ 813,392
Smith Engineering	Upper SLO Design	110,121
Smith Engineering	Upper SLO Construction OS	150,000
CWA	Arroyo Safety Project	166,000
		<u>\$ 1,239,513</u>

The Authority also anticipates that the following projects will be undertaken in the near future. The amounts below are estimates.

<u>Contractor</u>	<u>Project</u>	<u>Commitment</u>
Unknown	Alberta Road Phase II Construction OS	\$ 60,000
Unknown	Alberta Road Phase II Construction	1,400,000
Unknown	Upper SLO Construction	1,750,000
Unknown	Montoyas Bank Stabilization Construction	370,000
Unknown	Calle Baack Drainage Imp. Construction	303,000
Unknown	Arroyo Rain Gauge Network	75,000
PG Enterprises	Venada Outfall Improvements	65,000
Unknown	Corrales Heights Dam Access Road	45,000
Pascetti	Black Arroyo Shade Structure	25,000
Unknown	Rainbow ROW Acquisition	80,000
Unknown	Trib A ROW Acquisition	45,000
Unknown	Saratoga Dam ROW Acquisition	20,000
Unknown	North Hills ROW Acquisition	25,000
Unknown	Badger Dam ROW Acquisition	220,000
Unknown	Unser Dam ROW Acquisition	160,000
Unknown	Calabacillas CA_09P ROW Acquisition	75,000
		<u>\$ 4,718,000</u>

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 14. Restricted Net Position**

The government-wide statement of net position reports \$6,503,686 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see page 32.

**NOTE 15. Restatement of Fund Balance**

The County has restated government-wide statement of net position in the amount of (\$805,987) for the implementation of GASB Statement No. 68 and GASB Statement No. 71. The adjustment reflects a beginning net pension liability of (\$942,643) and a beginning deferred outflow of resources, employer contributions subsequent to the measurement date of \$136,656.

**NOTE 16. Deferred Compensation Plan**

The Authority has adopted a deferred compensation plan. All of the Authority's full-time employees are eligible to participate. The International City Management association Retirement Corporation is the plan administrator. The plan provides for retirement benefits. Employees may elect to defer any percentage of pre-income tax income up to a federally imposed annual dollar amount. Participation is voluntary. Participants direct their funds into a variety of funds held by Vantage Trust Funds. Accounts are 100% vested at all times.

**NOTE 17. Joint Powers Agreements**

**JPA#14-21**

Participants

Village of Corrales

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations

Village of Corrales

Description

Plan, design, and construct drainage improvements in the Village of Corrales to address flooding and soil erosion issues affecting Salce Park.

Effective Dates

May 22, 2014 until project completion or two years from effective date, whichever is later.

Project Costs

Total estimated amount of project: \$282,398

Total estimated amount to be contributed by SCAFCA: \$282,398

Amount Contributed in Current Fiscal Year (SSCAFCA): \$0

Audit Responsibility

Village of Corrales

Government Agency where Revenues and Expenditures are Reported

Village of Corrales

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 17. Joint Powers Agreements (continued)**

**MOA Village of Corrales**

Participants

Village of Corrales

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations

Village of Corrales

Description

Provide storage facilities at the Village Fire Station for a trash pump, trailer and hoses (the "equipment") for use in emergency flooding events and other emergency demands.

Effective Dates

From October 25, 2011 to October 25, 2018, with a possible four-year extension upon expiration. Either party may terminate the MOA upon 30 day written notice.

Project Costs

Total estimated amount of project: Unknown

Total estimated amount to be contributed by SSCAFCA: None

Amount Contributed in Current Fiscal Year (SSCAFCA): None

Audit Responsibility

Village of Corrales

Government Agency where Revenues and Expenditures are Reported

Village of Corrales

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 17. Joint Powers Agreements (continued)**

**Intergovernmental Agreement Regarding the Operation, Function and Funding of the Storm Water Team**

Participants

Bernalillo County

City of Albuquerque (COA)

Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA)

New Mexico Department of Transportation (NMDOT)

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations

Storm Water Team, made up of members of the above

Description

To fund and provide for the operations of the Storm Water Team, which serves as the focal point on public education and outreach regarding storm water quality in the Albuquerque Reach of the Rio Grande watershed, which is the area that drains to the Rio Grande between Algodones and Isleta Pueblo.

Effective Dates

Indefinite term, beginning November 26, 2008, and amended January 22, 2013.

Project Costs

Total estimated amount of project: Unknown

Total estimated amount to be contributed by SSCAFCA: \$10,000

Amount Contributed in Current Fiscal Year (SSCAFCA): \$0

Audit Responsibility

Above agencies, to the extent of their contributions

Government Agency where Revenues and Expenditures are Reported

Above agencies, to the extent of their contributions.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 17. Joint Powers Agreements (continued)**

**Intergovernmental Agreement for the Middle Rio Grande Stormwater MS4 Technical Advisory Group**

Participants

City of Rio Rancho

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Village of Corrales

Town of Bernalillo

University of New Mexico

Responsible Party for Operations

Middle Rio Grande MS4 Technical Advisory Group (MS4TAG), made up of members of the above

Description

To assist the above parties with technical issues regarding compliance with the MS4 Permit (issued by the EPA) and to fund and provide for the operations of the MS4TAG, to exchange technical information regarding compliance with the MS4 Permit, exchange ideas among Parties regarding compliance efforts, and exchange information regarding illicit discharges detected within each Party's jurisdiction.

Effective Dates

From October 7, 2013, to the date the MS4 Permit is terminated or expires, whichever occurs first.

Project Costs

No financial obligation is created by this agreement.

Audit Responsibility

No audit responsibility is created by this agreement.

Government Agency where Revenues and Expenditures are Reported

No revenues or expenditures are anticipated as a result of this agreement.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 17. Joint Powers Agreements (continued)**

**Intergovernmental Agreement Regarding Flood Control Infrastructure**

Participants

Central New Mexico Community College (CNM)

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations

SSCAFCA

Description

To facilitate development of both the Upper SLO Dam and the CNM-RR Campus; the dam requires construction on a piece of real property owned by CNM to be used for the CNM-RR Campus.

Effective Dates

January 16, 2014 to the completion of the project.

Project Costs

No project costs are contemplated in this agreement.

Amount Contributed in Current Fiscal Year (SSCAFCA): None

Audit Responsibility

SSCAFCA

Government Agency where Revenues and Expenditures are Reported

SSCAFCA

**Joint Powers Agreement with the Town of Bernalillo for Street Improvements in the Town of Bernalillo (Calle Baack Road Improvements)**

Participants

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Town of Bernalillo

Responsible Party for Operations

SSCAFCA

Description

To assist the Town of Bernalillo in designing and constructing Calle Baack Road Improvements.

Effective Dates

June 8, 2015 through December 31, 2015

Project Costs

Total estimated amount of project: \$353,000

Total estimated amount to be contributed by SSCAFCA: \$353,000

Amount Contributed in Current Fiscal Year (SSCAFCA): \$0

Audit Responsibility

SSCAFCA

Government Agency where Revenues and Expenditures are Reported

SSCAFCA



**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Financial Statements  
June 30, 2015

**NOTE 18. Federal and State Grants**

The Authority participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Authority.

**NOTE 19. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 19, 2015, which is the date on which the financial statements were issued.

**NOTE 20. Subsequent Pronouncements**

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Authority will implement this standard during the fiscal year ended June 30, 2016. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Authority's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Authority is still evaluating how this pronouncement will effect the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Authority will implement this standard during the fiscal year ended June 30, 2016. The Authority expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Authority will implement this standard during the fiscal year ended June 30, 2017. The Authority is still evaluating how this pronouncement will effect the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 of PERA Fund Municipal General Division  
 Public Employees Retirement Association (PERA) Plan  
 Last 10 Fiscal Years\*

		2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u> )
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net pension liability		0.0836%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability	\$	652,170
Southern Sandoval County Arroyo Flood Control Authority's covered-employee payroll	\$	678,617
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll		96.10%
Plan fiduciary net position as a percentage of the total pension liability		81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Southern Sandoval County Arroyo Flood Control Authority will present information for those years for which information is available.

See independent auditors' report  
 See notes to required supplementary information

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Authority's Contributions  
 Public Employees Retirement Association (PERA) Plan  
 PERA Fund Municipal General Division  
 Last 10 Fiscal Years\*

	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 150,710
Contributions in relation to the contractually required contribution	<u>(150,710)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered-employee payroll	\$ 723,826
Contributions as a percentage of covered-employee payroll	21%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Southern Sandoval County Arroyo Flood Control Authority will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.*** Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at: [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

**SUPPLEMENTARY INFORMATION**

## STATE OF NEW MEXICO

Statement B-1

Southern Sandoval County Arroyo Flood Control Authority  
Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year ended June 30, 2015

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Ad valorem assessments	\$ 3,022,905	\$ 3,022,905	\$ 3,144,240	\$ 121,335
Interest income	1,000	1,000	919	(81)
<i>Total revenues</i>	<u>3,023,905</u>	<u>3,023,905</u>	<u>3,145,159</u>	<u>121,254</u>
<i>Expenditures</i>				
<i>Debt service</i>				
Principal	2,075,000	9,411,612	5,700,000	3,711,612
Interest	842,450	842,450	808,613	33,837
<i>Total expenditures</i>	<u>2,917,450</u>	<u>10,254,062</u>	<u>6,508,613</u>	<u>3,745,449</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>106,455</u>	<u>(7,230,157)</u>	<u>(3,363,454)</u>	<u>3,866,703</u>
<i>Other financing sources (uses)</i>				
Budgeted increase in cash	(106,455)	(106,455)	-	106,455
Proceeds of refunding bonds	-	7,336,612	7,145,000	(191,612)
Bond premiums	-	-	267,561	267,561
Payment to refunded bond escrow agent	-	-	(3,701,724)	(3,701,724)
<i>Total other financing sources (uses)</i>	<u>(106,455)</u>	<u>7,230,157</u>	<u>3,710,837</u>	<u>(3,519,320)</u>
<i>Net change in fund balances</i>	-	-	347,383	347,383
<i>Fund balances - beginning of year</i>	-	-	2,828,206	2,828,206
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,175,589</u>	<u>\$ 3,175,589</u>
<i>Net change in fund balances (non-GAAP Basis)</i>			347,383	
Adjustments to revenues for property tax and interest accruals			(755)	
No adjustments to expenditures			-	
<i>Net change in fund balances (GAAP Basis)</i>			<u>\$ 346,628</u>	

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-2

Southern Sandoval County Arroyo Flood Control Authority  
Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year ended June 30, 2015

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
State grants	\$ 5,557,041	\$ 5,557,041	\$ 1,079,451	\$ (4,477,590)
Federal grants	-	-	3,220,819	3,220,819
Miscellaneous revenue	-	-	50,000	50,000
Interest income	2,000	2,000	3,745	1,745
<i>Total revenues</i>	<u>5,559,041</u>	<u>5,559,041</u>	<u>4,354,015</u>	<u>(1,205,026)</u>
<i>Expenditures</i>				
Operations and maintenance	-	-	250,757	(250,757)
Capital outlay	7,817,733	7,817,733	4,404,160	3,413,573
Bond issuance costs	-	-	76,757	(76,757)
<i>Total expenditures</i>	<u>7,817,733</u>	<u>7,817,733</u>	<u>4,731,674</u>	<u>3,086,059</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,258,692)</u>	<u>(2,258,692)</u>	<u>(377,659)</u>	<u>1,881,033</u>
<i>Other financing sources (uses)</i>				
Designated cash	2,258,692	2,258,692	-	(2,258,692)
Bond proceeds	-	-	40,301	(40,301)
Bond premiums	-	-	1,755,630	1,755,630
<i>Total other financing sources (uses)</i>	<u>2,258,692</u>	<u>2,258,692</u>	<u>1,795,931</u>	<u>(543,363)</u>
<i>Net change in fund balances</i>	-	-	1,418,272	1,337,670
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,875,975</u>	<u>1,875,975</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,294,247</u>	<u>\$ 3,213,645</u>
<i>Net change in fund balances (non-GAAP Basis)</i>			1,418,272	
Adjustments to revenues for grant and interest income accruals			368,470	
Adjustments to expenditures for accounts payable accruals and capital contributions			<u>301,658</u>	
<i>Net change in fund balances (GAAP Basis)</i>			<u>\$ 2,088,400</u>	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Collateral Pledged By Depository  
 For Public Funds  
 June 30, 2015

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2015	Location of Safekeeper
<b>Wells Fargo Bank, N.A.</b>					
	FNMA FNMS 3.000%	12/1/2026	3138E2NF8	\$ 798,368	BNY Mellon, One Wall Street, NY NY
	FNMA FNMS 3.000%	1/1/2043	3138MRLD1	37,148	BNY Mellon, One Wall Street, NY NY
	FNMA FNMS 4.000%	9/1/2043	3138X3XX5	162,003	BNY Mellon, One Wall Street, NY NY
	FNMA FNMS 3.500%	3/1/2042	31418ADH8	<u>166,974</u>	BNY Mellon, One Wall Street, NY NY
	Total Wells Fargo Bank, N.A.			<u>1,164,493</u>	
	Total Pledged Collateral			<u><u>\$ 1,164,493</u></u>	

See the accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Deposit and Investment Accounts  
 June 30, 2015

Schedule IV

Bank Account Type/Name	Wells Fargo Bank	State Treasurer's Office	Total
Checking - Operational	\$ 491,645	\$ 8,863,732	\$ 9,355,377
Total on deposit	491,645	8,863,732	9,355,377
Reconciling items	(307,918)	-	(307,918)
Reconciled balance	\$ 183,727	\$ 8,863,732	9,047,459
Plus: Petty cash			200
Total deposits and investments			\$ 9,047,659
Cash and cash equivalents and investments per financial statements:			
Governmental Activities Cash and cash equivalents - Exhibit A-1			\$ 183,927
Governmental Activities Unrestricted Investments - Exhibit A-1			6,646,706
Governmental Activities Restricted Investments - Exhibit A-1			2,217,026
Total cash			\$ 9,047,659

See accompanying independent auditors' report

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015

Prepared by: Southern Sandoval County  
 Arroyo Flood Control Authority

Title: Fiscal Services Director

Date: 9/30/2015

<b>RFB/ RFP #</b>	<b>Type of Procurement</b>	<b>Awarded Vendor</b>	<b>\$ Amount of Awarded Contract</b>	<b>\$ Amount of Amended Contract</b>
IFB 2014-03	Sealed Bid	American Fence	On-call	N/A
IFB 2014-03	Sealed Bid	American Fence	N/A	N/A
IFB 2014-04	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-04	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-04	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-05	Sealed Bid	Star Paving	N/A	N/A
IFB 2014-05	Sealed Bid	Star Paving	N/A	N/A
IFB 2014-05	Sealed Bid	Star Paving	N/A	N/A
IFB 2014-05	Sealed Bid	Star Paving	N/A	N/A
IFB 2014-05	Sealed Bid	Star Paving	\$418,729	\$588,800
IFB 2014-05	Sealed Bid	Star Paving	N/A	N/A
IFB 2014-06	Sealed Bid	Carreon Construction, LLC	N/A	N/A
IFB 2014-06	Sealed Bid	Carreon Construction, LLC	N/A	N/A
IFB 2014-06	Sealed Bid	Carreon Construction, LLC	\$94,608	\$202,198
IFB 2014-07	Sealed Bid	Multiple Vendors	N/A	N/A
IFB 2014-07	Sealed Bid	Heads Up Landscaping	On-call	N/A
IFB 2014-07	Sealed Bid	Santiago's Native Landscaping, LLC	On-call	N/A
IFB 2014-07	Sealed Bid	Black Forest Tree Service	On-call	N/A
IFB 2014-07	Sealed Bid	Multiple Vendors	N/A	N/A
IFB 2014-07	Sealed Bid	Multiple Vendors	N/A	N/A
IFB 2014-07	Sealed Bid	Multiple Vendors	N/A	N/A
IFB 2014-07	Sealed Bid	Multiple Vendors	N/A	N/A

See independent auditors' report.

<b>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</b>	<b>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b>	<b>Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A</b>	<b>Brief Description of the Scope of Work</b>
American Fence 9634 2nd St NW, Albuquerque, NM	Y	N	Fencing and Fence Repair
Valley Fence P.O. Box 12312, Albuquerque, NM	Y	N	Fencing and Fence Repair
Star Paving 3109 Love Rd. SW, Albuquerque NM	Y	N	Black Arroyo Trail Construction Project
Albuquerque Asphalt, Inc. P.O. Box 66450, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
PG Enterprises, LLC 301 Murray SE, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
Century Club Construction, LLC 8201 Golf Course Rd. NW, Albuquerque, NM	Y	N	Harvey Jones Channel Improvements Phase II
H.O. Construction Inc. P.O. Box 9468, Albuquerque, NM	Y	N	Harvey Jones Channel Improvements Phase II
AUI Inc. P.O. Box 9825, Albuquerque, NM	Y	N	Harvey Jones Channel Improvements Phase II
Salls Brothers Construction, Inc. P.O. Box 66239, Albuquerque, NM	Y	N	Harvey Jones Channel Improvements Phase II
Star Paving 3109 Love Rd. SW, Albuquerque NM	N	N	Harvey Jones Channel Improvements Phase II
PG Enterprises, LLC 301 Murray SE, Albuquerque, NM	Y	N	Harvey Jones Channel Improvements Phase II
Star Paving 3109 Love Rd. SW, Albuquerque NM	Y	N	Corrales Heights 4 to 1 Pedestrian Trail Drainage Improvements
Century Club Construction, LLC 8201 Golf Course Rd. NW, Albuquerque, NM	Y	N	Corrales Heights 4 to 1 Pedestrian Trail Drainage Improvements
Carreon Construction, LLC 1009 17th St. NW, Rio Rancho, NM	Y	N	Corrales Heights 4 to 1 Pedestrian Trail Drainage Improvements
GM Emulsion 3607 Constellation Dr.#C, Albuquerque, NM	Y	N	General Facility Maintenance
Heads Up Landscaping P.O. Box 10597, Albuquerque, NM	Y	N	General Facility Maintenance
Santiago's Native Landscaping, LLC 4403 Padilla Rd SW, Albuquerque, NM	Y	N	General Facility Maintenance
Black Forest Tree Service 1428 Lakeview SW, Albuquerque, NM	Y	N	General Facility Maintenance
Maxtek Contractors, Inc. 2201 Phoenix Ave NE, Albuquerque, NM	Y	N	General Facility Maintenance
Century Club Construction, LLC 8201 Golf Course Rd. NW, Albuquerque, NM	Y	N	General Facility Maintenance
PG Enterprises, LLC 301 Murray SE, Albuquerque, NM	Y	N	General Facility Maintenance
Vital Consulting Group, LLC P.O. Box 20817, Albuquerque, NM	Y	N	General Facility Maintenance

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015

<b>RFB/ RFP #</b>	<b>Type of Procurement</b>	<b>Awarded Vendor</b>	<b>\$ Amount of Awarded Contract</b>	<b>\$ Amount of Amended Contract</b>
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2014-08	Sealed Bid	NONE- Cancelled	N/A	N/A
IFB 2015-01	Sealed Bid	Meridian Contractors	N/A	N/A
IFB 2015-01	Sealed Bid	Meridian Contractors	\$1,706,756	\$1,727,463
IFB 2015-01	Sealed Bid	Meridian Contractors	N/A	N/A
IFB 2015-01	Sealed Bid	Meridian Contractors	N/A	N/A
IFB 2015-01	Sealed Bid	Meridian Contractors	N/A	N/A
IFB 2015-01	Sealed Bid	Meridian Contractors	N/A	N/A
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	N/A	N/A
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	N/A	N/A
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	N/A	N/A
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	\$813,392	\$813,392
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	N/A	N/A
IFB 2015-02	Sealed Bid	Vital Consulting Group, LLC	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Contruction, Inc.	\$139,604	\$144,805
IFB 2015-03	Sealed Bid	Salls Brothers Contruction, Inc.	N/A	N/A

See independent auditors' report.



<b>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</b>	<b>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b>	<b>Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A</b>	<b>Brief Description of the Scope of Work</b>
TLC Plumbing 5000 Edith Blvd. NE, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Star Paving 3109 Love Rd. SW, Albuquerque NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Salls Brothers Construction, Inc. P.O. Box 66239, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
PG Enterprises, LLC 301 Murray SE, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Kimo Construction 3681 NM-47, Bosque Farms, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Albuquerque Asphalt, Inc. P.O. Box 66450, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Randy Senna Construction 6811 Huseman Place SW, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
Apple Mountain Construction 146 Camino Del Norte, Estancia, NM	Y	N	Black Arroyo Trail Construction Project - Rebid
RMCI Inc. P.O. Box 91447, Albuquerque, NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
Meridian Contractors 3223 Los Arboles NE, Albuquerque, NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
Salls Brothers Construction, Inc. P.O. Box 66239, Albuquerque, NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
Sparling Construction P.O. Box 90548, Albuquerque, NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
Star Paving 3109 Love Rd. SW, Albuquerque NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
AUI Inc. P.O. Box 9825, Albuquerque, NM	Y	N/A	Lower Montoyas Water Quality Feature Construction
Meridian Contractors 3223 Los Arboles NE, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
Star Paving 3109 Love Rd. SW, Albuquerque NM	Y	N	Black Arroyo Trail Construction Project
Albuquerque Asphalt, Inc. P.O. Box 66450, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
Vital Consulting Group, LLC P.O. Box 20817, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
Randy Senna Construction 6811 Huseman Place SW, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
RMCI Inc. P.O. Box 91447, Albuquerque, NM	Y	N	Black Arroyo Trail Construction Project
Salls Brothers Construction, Inc. P.O. Box 66239, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Sparling Construction P.O. Box 90548, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015

<b>RFB/ RFP #</b>	<b>Type of Procurement</b>	<b>Awarded Vendor</b>	<b>\$ Amount of Awarded Contract</b>	<b>\$ Amount of Amended Contract</b>
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
IFB 2015-03	Sealed Bid	Salls Brothers Construction, Inc.	N/A	N/A
RFP 2015-02	RFP	Cooney Watson & Associates, Inc.	\$166,571	\$166,571
RFP 2015-04	RFP	RBC Capital Markets	On-call	N/A
RFP 2015-05	RFP	Hughes Law, LLC	On-call	N/A
RFP 2015-05	RFP	Hughes Law, LLC	N/A	N/A

See independent auditors' report.

<b>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</b>	<b>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b>	<b>Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A</b>	<b>Brief Description of the Scope of Work</b>
Randy Senna Construction 6811 Huseman Place SW, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Maxtek Contractors, Inc. 2201 Phoenix Ave NE, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Sierra Valley Contractors, LLC P.O. Box 3831, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
CBKN Dirtworks, Inc. 45 Yerba Manza, Bernalillo, NM	Y	N/A	Patchogue Road Culvert Crossing
Vital Consulting Group, LLC P.O. Box 20817, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Carreon Construction, LLC 1009 17th St. NW, Rio Rancho, NM	Y	N/A	Patchogue Road Culvert Crossing
Frankling's Earthmoving, Inc. 2425 Jefferson St. NE, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Universal Constructors, Inc. P.O. Box 6008, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
TLC Plumbing 5000 Edith Blvd. NE, Albuquerque, NM	Y	N/A	Patchogue Road Culvert Crossing
Cooney Watson & Associates, Inc. 2201 San Pedro Dr. NE, Albuquerque, NM	Y	N	Marketing & Public Outreach Professional Services
RBC Capital Markets 630 Uptown Blvd NE, Ste 100, Albuquerque, NM	Y	N	Financial Advisor Professional Services
Hughes Law, LLC P.O. Box 1610, Albuquerque, NM	Y	Y	Bond Attorney Professional Services
Butler Snow 1801 California St. Suite 1500, Denver, CO	N	N	Bond Attorney Professional Services

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT**

Timothy M. Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Directors of  
The Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

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 budgetary comparison for the general fund of the Southern Sandoval County Arroyo Flood Control Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and related budgetary comparisons of the Authority, presented as supplementary information, and have issued our report thereon dated November 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 entity'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 charged 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 result 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.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 19, 2015

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**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, L.P.**  
Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT**

Timothy M. Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Directors of  
The Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the Southern Sandoval County Arroyo Flood Control Authority's (the "Authority") compliance of with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion on the Major Federal Program**

In our opinion, the Southern Sandoval County Arroyo Flood Control Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 19, 2015

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/ Passthrough Grantor/ Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction ** (Passed through the New Mexico Department of Transportation)	HJC DOT STPF	20.205	\$ 512,640
<b>Total U.S. Department of Transportation</b>			<u>512,640</u>
<b>Environmental Protection Agency</b>			
Clean Water State Revolving Fund ** (Passed through the New Mexico Environment Department)	CWSRF 018	66.458	1,055,858
<b>Total Environmental Protection Agency</b>			<u>1,055,858</u>
<b>U.S. Department of Homeland Security</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Passed through the New Mexico Department of Homeland Security and Emergency Management)	043-UN6WS-00	97.036	1,253,629
<b>Total U.S. Department of Homeland Security</b>			<u>1,253,629</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 2,822,127</u></u>

\*\* Denotes Major Federal Financial Assistance Program

See independent auditors' report  
See accompanying notes to schedule of expenditures of federal awards

**Notes to Schedule of Expenditures of Federal Awards**1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Southern Sandoval County Arroyo Flood Control Authority (the Authority) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

The Authority did not provide any federal awards to subrecipients during the year.

3. Loan and Loan Guarantee Programs

At June 30, 2015, the Authority had borrowed \$1,103,440 under the Clean Water State Revolving Fund program.

4. Federally Funded Insurance

For the year ended June 30, 2015, the Authority did not participate in any federally-funded insurance programs.

5. Non-Cash Assistance

For the year ended June 30, 2015, the Authority did not receive any non-cash federal assistance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,822,127
Total expenditures funded by other sources	<u>10,091,246</u>
Total expenditures	<u><u>\$ 12,913,373</u></u>

**STATE OF NEW MEXICO**  
 Southern Sandoval County Arroyo Flood Control Authority  
 Schedule of Findings and Questioned Costs  
 June 30, 2015

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |   |                |   |                 |       |        |  |   |  |        |  |                                  |  |  |
|---|----------------|---|-----------------|-------|--------|--|---|--|--------|--|----------------------------------|--|--|
| 1. Type of auditors' report issued  | Unmodified     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 2. Internal control over financial reporting:   |                |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| a. Material weakness identified?  | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| c. Noncompliance material to the financial statements noted?  | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 1. Internal control over major programs:  |                |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| a. Material weaknesses identified?  | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 2. Type of auditors' report issued on compliance for major programs   | Unmodified     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A0133?   | None noted     |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 4. Identification of major programs:  |                |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; padding-right: 20px;">CFDA<br/>Number</td> <td style="text-align: center; padding-right: 20px;">_____</td> <td style="text-align: center; padding-right: 20px;">Federal Program</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="text-align: center;">20.205</td> <td></td> <td style="text-align: center;">Highway Planning &amp; Construction Cluster</td> <td></td> </tr> <tr> <td style="text-align: center;">66.458</td> <td></td> <td style="text-align: center;">Clean Water State Revolving Fund</td> <td></td> </tr> </table> | CFDA<br>Number | _____                                   | Federal Program | _____ | 20.205 |  | Highway Planning & Construction Cluster |  | 66.458 |  | Clean Water State Revolving Fund |  |  |
| CFDA<br>Number  | _____          | Federal Program                         | _____           |       |        |  |   |  |        |  |                                  |  |  |
| 20.205  |                | Highway Planning & Construction Cluster |                 |       |        |  |   |  |        |  |                                  |  |  |
| 66.458  |                | Clean Water State Revolving Fund        |                 |       |        |  |   |  |        |  |                                  |  |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   | \$300,000      |   |                 |       |        |  |   |  |        |  |                                  |  |  |
| 6. Auditee qualified as low-risk auditee?   | No             |   |                 |       |        |  |   |  |        |  |                                  |  |  |

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Schedule of Findings and Questioned Costs  
June 30, 2015

Schedule VII  
Page 2 of 2

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

None noted.

**C. FINDINGS-FEDERAL AWARDS**

None noted.

**D. PRIOR YEAR AUDIT FINDINGS**

**FS 2014-001 Stale Dated Transaction Not Cancelled (Other Matter) – Resolved, Not Repeated**

**FS 2014-002 Designated Cash Appropriations Exceeded Prior Year Available Balances (Other Matter) – Resolved, Not Repeated**

**STATE OF NEW MEXICO**  
Southern Sandoval County Arroyo Flood Control Authority  
Other Disclosures  
June 30, 2015

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on December 1, 2015. In attendance were the following:

**Southern Sandoval County Arroyo Flood Control Authority**

Michael Obrey, Board Treasurer  
Charles Thomas, P.E., Executive Engineer  
Deborah Casaus, CPA, Fiscal Services Director

**Accounting & Consulting Group, LLP**

Robert Cordova, CPA  
Gwen Mansfield-Vogt, CPA

**Auditor Prepared Financial Statements**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of Southern Sandoval County Arroyo Flood Control Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.