

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



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RIGGS &
INGRAM

CPAs and Advisors

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**Southern Sandoval County
Arroyo Flood Control Authority**

State of New Mexico

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

Prepared by
the Fiscal Services Department
Deborah Casaus, CPA, Fiscal Services Director
Erica Baca, Financial Specialist

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Southern Sandoval County Arroyo Flood Control Authority
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INTRODUCTORY SECTION

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Southern Sandoval County Arroyo Flood Control Authority

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BOARD OF DIRECTORS

John Chaney
Mark Conkling
James F. Fahey Jr.
Steven M. House
Michael Obrey

EXECUTIVE ENGINEER

Charles Thomas, P.E.

December 4, 2018

To the Chairman, members of the Governing Board and Citizens of the Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA):

We are pleased to submit the SSCAFCA Comprehensive Annual Financial Report for the fiscal year that ended June 30, 2018. New Mexico State Statute 12-6-3, NMSA 1978 mandates that the financial affairs of SSCAFCA's records be thoroughly examined and audited each year by independent public accountants. The New Mexico State Auditor's Rule 2.2.2.9A states that local public bodies must submit audit reports for fiscal years ending June 30 to the State Auditor's Office by December 15 of that year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CRI, CPA's and Advisors, Certified Public Accountants, have issued an unmodified ("clean") opinion on SSCAFCA's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis is a supplement to this letter of transmittal and should be read in conjunction with it.

Profile of SSCAFCA

The Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA) is an independent corporate political body with an elected board empowered to undertake the acquisition, improvement, maintenance and operation of flood and storm water control facilities on streams and watersheds which enter, originate or cross the Authority's facilities. SSCAFCA was established in 1990 by New Mexico Statute Section 72-19-1 through 72-19-103.

SSCAFCA is located in southern Sandoval County, and its jurisdiction overlaps with several local jurisdictions, including the Village of Corrales, the Town of Bernalillo and

the City of Rio Rancho. SSCAFCA’s boundaries are a mix of political and geographical. On the East SSCAFCA is bound by the Rio Grande and our western boundary is the Rio Puerco Watershed divide. To the north and south, the boundaries are political and include Bernalillo County to the south and the Santa Ana and Zia Pueblos on the north. The SSCAFCA jurisdiction covers approximately 187.3 square miles and serves a total population of approximately 110,278, based on the 2010 Census data. This is shown below.

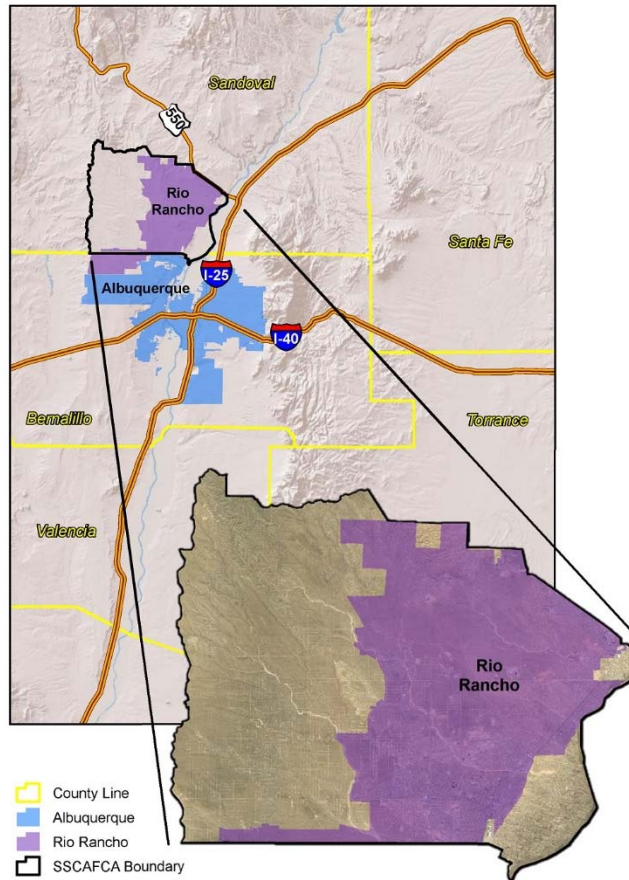


Figure 1 - Location of SSCAFCA.

SSCAFCA is governed by five (5) elected Directors that are “at large” within its jurisdiction. Directors serve six (6) year terms that are staggered every two years and appoint an Executive Engineer as the Authority's Chief Executive Officer. By June 1st, preceding the beginning of the fiscal year on July 1, the Directors are required to adopt an annual budget for the fiscal year. The budget is submitted to the New Mexico Department of Finance and Administration (DFA), Local Government Division, for review and approval.

The annual budget is a critical piece of SSCAFCA’s financial planning and control. The budget is prepared by fund (e.g., Operations, Debt Service and Construction) and category (e.g., Executive, Administrative, Engineering, Environmental, Field Operations). The budget is utilized by DFA to set the operational and debt service mil levy rates, taking into

account budgetary needs as well as conforming to the New Mexico Property Tax Yield Control Act. SSCAFCA is empowered to levy a property tax on real property located within its boundaries for operations and voter-approved debt.

SSCAFCA provides a full range of services including the design and construction of flood control facilities; compliance with the Environmental Protection Agency (EPA) Municipal Separate Storm Sewer System (MS4) Permit; watershed protection services through the development of regional Watershed Management Plans (e.g. Montoyas Arroyo Watershed Management Plan); evaluation and review of land development plans to ensure adherence to identified flood hydrology and hydraulics, for the health, safety and welfare of its citizens.

THE MISSION OF SSCAFCA 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.

Local Economy

The SSCAFCA jurisdiction covers a wide variety of population densities, ranging from a full urban setting to large open space areas with minimal population and services. The largest economic impact in the jurisdiction is driven by the City of Rio Rancho, which is home to almost 96,000 of the 110,278 in population served by SSCAFCA. Although the City has a very large population, it does not have a corresponding share of the commercial and industrial sectors.

While the majority of the City's residents work in Albuquerque, the commercial economy within Rio Rancho has also grown rapidly and continues to expand and diversify. Although the primary economic force has been the development and sale of homes, the success of this process and the resulting increase in population has resulted in very dramatic commercial and industrial growth since 1985. City officials and interested participants in

the market realize more than ever that this type of development is necessary to keep spending and tax dollars in Rio Rancho. Historically, Albuquerque has captured the vast majority of Rio Rancho resident’s spending and corresponding gross receipts taxes.

Consistent with an expanding population and housing base, employment in the county, and especially in Rio Rancho, experienced impressive growth in the middle 2000’s. Employment continued to increase through 2008. The recession and crises in real estate and financial markets interrupted previously steady growth, but only for a period of one year. Following a slight employment decline in 2009, employment growth resumed in 2010. Except for a fractional setback in 2012, employment has grown steadily since 2009. Between 2008 and 2017, the job count increased by more than 8,200, and the county has experienced annualized growth of 1.61% (compound).

Commercial growth, like shopping centers, must balance a fine line between being well located to serve their main customer base, and being in a broader over-built market. Most recent new commercial development appears to be as much a response to location as to the actual growth in Rio Rancho’s population. Despite the new construction that has taken place throughout the city, retail trade, as measured by gross receipts taxes, continues to suffer since the onset of the Great Recession in 2007, as seen in the following chart.

YEAR	Q-1	Q-2	Q-3	Q-4	TOTAL	% CHG
2008	\$135,116,064	\$133,486,345	\$80,832,402	\$114,694,607	\$464,129,418	-1.11%
2009	\$105,086,614	\$112,919,216	\$121,656,141	\$132,628,335	\$472,290,306	1.76%
2010	\$115,375,756	\$121,936,709	\$106,006,651	\$123,412,461	\$466,731,577	-1.18%
2011	\$112,029,031	\$117,973,447	\$103,725,729	\$115,902,349	\$449,630,556	-3.66%
2012	\$108,936,916	\$107,529,303	\$107,541,962	\$115,792,972	\$439,801,153	-2.19%
2013	\$104,535,178	\$109,241,011	\$103,559,745	\$118,964,914	\$436,300,848	-0.80%
2014	\$108,818,192	\$107,143,709	\$114,581,758	\$128,907,651	\$459,451,310	5.31%
2015	\$107,143,709	\$99,718,159	\$114,581,758	\$127,267,968	\$448,711,594	-2.34%
2016	\$129,508,116	\$118,626,858	\$78,248,407	\$130,589,116	\$456,972,497	1.84%
2017	\$122,851,989	\$107,947,096	\$112,604,173	\$128,722,676	\$472,125,934	3.32%

Although the huge growth in retail spending ended in 2006 and gross receipts trended down for a couple of years, localized spending has been relatively stable for the past decade. For the past 10 years, gross receipts have fallen within a narrow range of about \$436,000,000 and \$472,000,000. Gross receipts increased in three of the last four years, reflecting the strongest period of spending for at least the last decade¹.

Long Term Planning and Major Initiatives

SSCAFCA exists in a unique situation regarding our long-term planning efforts. As the newest entity to come into existence, SSSCAFCA has inherited a jurisdiction that has been undergoing development for up to 100 years, with a significant expansion on urbanization dating back to the late 1970s to present. There were no major regional flood management

¹ – *A Market Value Appraisal*, Godfrey Appraisal Services, Inc., August 27, 2018

strategies in place at the time of development, meaning SSCAFCA inherited a jurisdiction largely devoid of any significant flood control infrastructure on day one. With limited bonding authority (e.g. \$60 million), SSCAFCA has developed a long-term plan to successfully address the flood control needs with our jurisdiction.

Planning. Although it was very clear numerous flood control facilities were needed, until a complete regional hydrologic plan was developed for each watershed, it would have been impossible to accurately identify the location and scope of the needed infrastructure.

Beginning in the late 1990s and continuing into the 2000s, SSCAFCA developed five Watershed Management Plans for each major watershed in our jurisdiction. These plans identified the base hydrology and the flows to be expected currently as well as in fully developed conditions. Although full development of these watersheds is not an immediate threat, prudence dictated ensuring that all our facilities were developed to maximize the life cycle of each facility.

We have continued to add new Watershed Management Plans for smaller watershed basins within our jurisdiction as well as continuing to update the existing plans as new information becomes available. These documents have proven invaluable for planning our facilities as well as for our municipal partners and local private developers when they are planning needed drainage infrastructure at the local level.

Property Acquisition. Beginning in 2000, SSCAFCA began acquiring significant holdings in the five major arroyos represented within our jurisdiction. This was property that could not be developed and was essentially an administrative burden to the holding development company, AMREP. Although this was critical property to acquire, obtaining ownership of just the platted arroyo parcels did not allow for sufficient footprint to construct needed regional flood control projects. Also, as the platting was completed in the 1960s and the arroyos remained in a natural state, by the time SSCAFCA acquired the parcel, the arroyos had shifted their positions, sometimes shifting wholly out of the designated parcel. This created additional property acquisition needs to begin the process of “chasing” the dynamic meandering of the arroyos.



Figure 2 - These two images show the impacts of the existing subdivision of seemingly vacant land that complicated ROW acquisition. The red outline identifies the parcels that would need to be acquired to capture the arroyo.

Further acquisition of adjacent parcels, many of them outside of any existing drainage footprint or floodplain, ran into significant difficulty in the 2000s as land speculation was at an all-time high in the years leading up to the eventual economic collapse in 2008. Prior to this timeframe, some vacant parcels were being appraised as high as \$100,000 per acre, even without the presence of any utilities or public infrastructure within a one-mile radius. Following the economic downturn, land speculation came to an abrupt halt and property values have decreased significantly, allowing SSCAFCA to move forward with acquisition of parcels necessary for regional flood control projects again.

Partnerships. There is a significant amount of need in terms of flood control projects. However, although we have been effective, SSCAFCA is not an agency with a large independent source of funds. The New Mexico State constitution limits the amount of general obligation debt that SSCAFCA can have outstanding to \$60,000,000. Currently, as of 2017, SSCAFCA has \$23,820,000 outstanding in general obligation bonds and is 39.7% bonded to capacity, further limiting our available funds.

Existing flood control projects have been developed with the SSCAFCA jurisdiction in three distinct phases. In the early years of SSCAFCA, most of our facilities that we obtained ownership and responsibility for had been previously created independently by private developers. As such, many of these facilities required improvements to ensure that they met the standards adopted by SSCAFCA for permanent regional flood control facilities.

Following this in the late 1990s and early 2000s, several significant flood control facilities were created in partnership with local developers. These projects were necessary for several large-scale developments and were overseen by and turned over to SSCAFCA for long-term operation and maintenance.

After the economic crash, local development essentially came to a halt, with very little development activity, and more significantly, no development of needed drainage infrastructure being driven by private developers.

Considering the “new normal” created by the historic economic downturn, SSCAFCA evaluated its existing funding capacity and determined that SSCAFCA could not complete all the required flood control within the ideal timeframe independently. Starting in 2011, SSCAFCA began pursuing partnerships with local, state and federal public agencies to continue addressing the significant flood control deficiencies within our jurisdiction. These partnerships have been successful in the completion of several key flood control projects and have been invaluable to an agency with limited resources and a demonstrably great need for flood control projects to protect the citizens and property within our jurisdiction.

The table on the following page presents information on successful partnerships SSCAFCA is completing or has completed with Federal resources.

Federally Funded Projects				
Project Name	Federal Fund Source	Federal Share	Project Cost	Award Date
Harvey Jones Channel Improvements	FHWA Transportation Improvement Program	\$600,000.00	\$1,343,330	10/9/2013
Montoyas Bank Stabilization	FEMA Hazard Mitigation Grant	\$274,538.00	\$472,131	9/15/2015
Black Arroyo Bridge & Trails, Phase 1	FHWA Transportation Alternative Program	\$620,480.00	\$1,115,036	8/8/2014
Black Arroyo Bridge & Trails, Phase 2	FHWA Transportation Alternative Program	\$351,422.00	\$469,703	9/11/2015
Alberta Road Drainage Improvements	FEMA Hazard Mitigation Grant	\$1,171,445.00	\$1,811,422	2/4/2015
Lower Montoyas Water Quality Improvements	EPA Clean Water State Revolving Fund	\$2,000,000.00	\$2,138,190	3/5/2013
Lisbon Channel Access and Trail Improvements	FHWA Transportation Alternative Program	\$542,168.00	\$689,501	3/1/2017
Natural Playa Preservation	EPA Clean Water State Revolving Fund	\$700,000.00	\$700,000	10/11/2016
Lomitas Negras Flood Control, Phase 2	FEMA Hazard Mitigation Grant	\$4,064,881.00	\$5,419,841	3/15/2017
Cactus Ponds Flood Control	FEMA Pre-Disaster Mitigation	\$1,405,805.17	\$1,874,407	2/2/2018
Lisbon Dam & Channel Improvements	FEMA Hazard Mitigation Grant	\$1,221,253.00	\$1,744,648	3/1/2018

Figure 3 - Projects that have received Federal Funds.

Relevant Financial Policies

SSCAFCA has adopted a comprehensive set of financial policies and an internal control structure. The most obvious outcome of these policies and procedures was SSCAFCA's ability to weather the economic downturn with minimal hardship. As noted in the annual fiscal analysis presented elsewhere in this document, the assessed valuation for SSCAFCA was downgraded from Tax Year 2011 through Tax Year 2014. Since that time, SSCAFCA has only seen modest growth in the assessed valuation, significantly constraining budgetary flexibility.

SSCAFCA has operated under a Business Plan that has been updated bi-annually since 2009. As part of this business plan, SSCAFCA has incorporated an Asset Management Policy, adopted by Resolution (Resolution 2014-22) in December of 2014.

SSCAFCA has maintained a very conservative fiscal management approach that incorporates several tenets:

1. With the exception of Yield Control impacts, ensure each annual budget does not require an increase in taxes.
2. Creation and maintenance of a Large Storm Clean Out reserve line item within our Annual Operating Budget. These funds are reserved for use with large storm events that may require significant sediment removal.
3. Creation of a Reserve Balance of \$750,000 that can only be drawn with concurrence of the Board. This significantly exceeds the statutory reserve requirement of 1/12th of budgeted annual expenditures.

Although these strategies have been in place for many years and have functioned effectively, SSCAFCA intends to complete and approve a Resolution formally adopting these fiscal management policies during FY19.

Other key financial policies that SSCAFCA has adopted through resolution include:

- **Resolution 2014-11** - Approving Continuing Disclosure Compliance Procedures For Bonds Of The Authority; Other Matters Relating Thereto; And Ratifying Actions Previously Taken In Connection Therewith.
- **Resolution 2013-10** - Procurement Regulations Amendment. (This Resolution continues updated to our Procurement Regulations continued from Resolution 1994-4 and Resolution 2009-8).
- **Resolution 2010-8** – Investment Policy.

Acknowledgements

As of August 2, 2018, SSCAFCA is rated "Aa2" by Moody's. Significantly, in the analysis completed by Moody's, their analyst stated that SSCAFCA's credit rating is stable and our pension liability is manageable, with just a modest 'treadwater gap' relative to our revenues and reserves. As the State of New Mexico was recently downgraded due to an unfunded pension liability, it is clear that maintaining this rating is due to a conservative approach to financial affairs as well as stable leadership from the Board of Directors.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire SSCAFCA staff. We wish to thank all SSCAFCA employees for their assistance in providing data necessary to prepare this report. Credit is also due to current and past Directors for maintaining the highest standards of professionalism at SSCAFCA.

Respectfully,



Charles Thomas
Executive Engineer

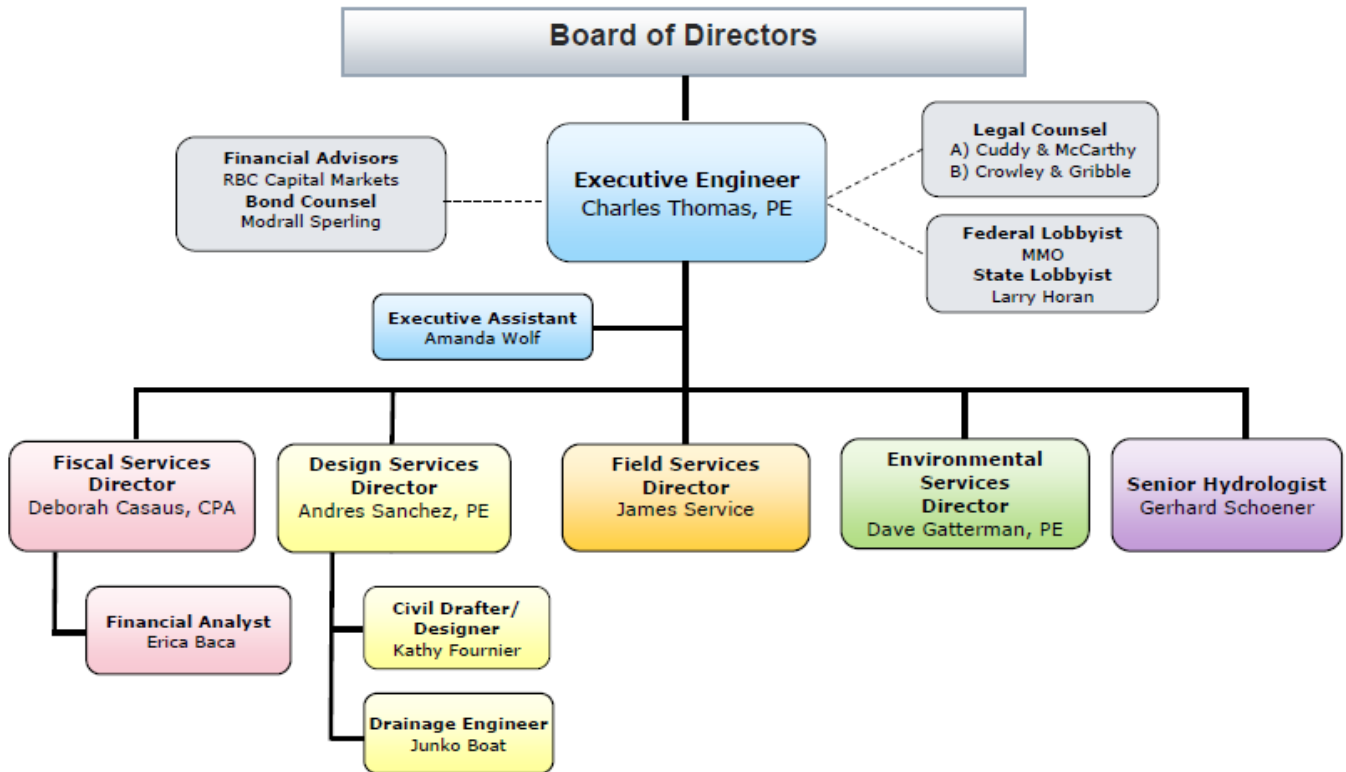


Deborah Casaus
Fiscal Service Director

Southern Sandoval County Arroyo Flood Control Authority
Principal Officials
June 30, 2018

<u>Name</u>		<u>Title</u>
	<u>Board of Directors</u>	
James F. Fahey Jr.		Chairman
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

**Southern Sandoval County Arroyo Flood Control Authority
Organizational Chart
June 30, 2018**



SSCAFCA Organizational Chart 2017

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Office of Management and Budget
To the Board of Directors of
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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements 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.

Auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2018, 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.

Change of Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the Authority adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 23 through 31 and the GASB required pension and OPEB schedules on pages 86 through 92 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. The introductory section, the Supporting Schedules required by section 2.2.2 NMAC as listed in the table of contents, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority.

The Supporting Schedules required by section 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 Supporting Schedules required by section 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 the statistical section 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 December 4, 2018 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 solely 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 effectiveness of the Authority's 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
December 4, 2018

Southern Sandoval County Arroyo Flood Control Authority Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2018

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, 2018. Please read it in conjunction with the Authority's financial statements, which are listed in the table of contents.

review of the Authority's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2018. 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, and a Schedule of Findings and Responses.

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

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 Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2018

SSCAFCA Goals and Commitments (continued):

the evaluation of our existing Personnel and Financial Policies to ensure they are in alignment with current laws and requirements, as well as providing a stable path forward through 2022. Identified additions include a formal Operations and Maintenance Policy, as well as investigating strategies to reduce our 'Treadwater Gap' created by unfunded liabilities with the state retirement system (PERA). This will also include updating our Development Process Manual to adopt a more accurate hydrology and incorporated needs from the Environmental Protection Agency (EPA) Municipal Separate Storm Sewer (MS4) Permit. Regarding capital improvements, SSCAFCA will continue focusing on completion of construction projects that are fully funded, acquisition of needed rights-of-way (ROW), and expanding the portfolio of projects with a completed conceptual design.

By aggressively seeking funding match opportunities and completing project preparation in advance, the construction pipeline is full, with up to five construction projects partially funded with other State or Federal Funds, scheduled to be completed during the next two calendar years. Ensuring timely completion and full compliance with general public funding requirements along with any additional specific reporting or administrative requirements of the various funding agencies and funding sources is our top priority.

Previously, SSCAFCA completed an evaluation comparing acquisition of ROW in areas threatened by arroyo lateral migration versus completing hardened bank stabilization. The evaluation showed that in many of the areas where there are no significant improvements, such as major utilities (water, electricity, gas), it is significantly more cost effective to acquire the ROW on a linear foot unit comparison. This has increased the overall ROW acquisition goal and will remain a priority for several years.

In support of these goals, SSCAFCA has received a grant from FEMA through their Cooperating Technical Partner (CTP) program in order to complete full inundation modelling of the entire jurisdiction. This will highlight all the areas where flooding is expected, allowing SSCAFCA to target previously unidentified ROW for acquisition or identify specific areas for new projects.

In order to support acceptance of SSCAFCA's research and evaluation of the impacts of climate change and the accuracy of various hydrologic methods for quantifying rainfall and associated runoff, SSCAFCA has completed research which has been independently peer reviewed and published in the American Society of Civil Engineers (ASCE) Journal of Hydrologic Engineering. Through a new grant with the US Army Corps of Engineers (USACE) in FY 19, we have also engaged the USACE to provide a technical review of our proposed changes, to verify their technical accuracy. These studies will form the basis of determination for proposed changes to our Development Process Manual.

Significant Financial Highlights for the Year Ending June 30, 2018

The overall Net Position of the Authority increased from \$65,378,051 for the year ending June 30, 2017 to \$66,458,803 for the year ending June 30, 2018. This represents an increase in net position of \$1,080,752. Beginning net position was restated by \$1,022,756 pursuant to adoption of GASB Statement No. 75. Total cash and investments increased by \$1,364,634 primarily resulting from the collection of receivables for federal and state grants, cash outflows for the purchase and construction of capital assets and debt payments. Total liabilities and deferred inflows of resources decreased by \$1,759,699 resulting from the net effect of debt payments, decrease in the net pension liability, addition of OPEB liability and changes in short-term liabilities.

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

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 \$66,458,803 at June 30, 2018. The Authority has \$6,823,509 in cash and investments on hand as of June 30, 2018 compared to \$2,978,777 in accounts payable and other current liabilities. Net Position totaling \$3,920,398 is "restricted" for debt service. Net Position totaling \$1,234,535 is "unrestricted". The Authority's overall financial position improved between 2017 and 2018. Capital assets decreased by \$41,672, due to construction of and purchases for flood control facilities offset by depreciation.

	June 30, 2017	June 30, 2018
Assets and Deferred Outflows of Resources		
Cash and Investments	\$ 5,458,875	\$ 6,823,509
Other Assets	2,650,595	840,674
Capital and Intangible Assets, net of depreciation and amortization	80,681,303	80,639,631
Deferred Outflows of Resources	543,619	351,630
Total Assets and Deferred Outflows of Resources	\$ 89,334,392	\$ 88,655,444
Liabilities and Deferred Inflows of Resources		
Current Liabilities	\$ 3,108,893	\$ 2,978,777
Long Term Liabilities	20,833,144	18,943,497
Deferred Inflows of Resources	14,304	274,367
Total Liabilities and Deferred Inflows of Resources	\$ 23,956,341	\$ 22,196,641
Net Position		
Net Investment in Capital Assets	\$ 58,891,070	\$ 61,303,870
Restricted	3,156,120	3,920,398
Unrestricted	3,330,861	1,234,535
Total Net Position	\$ 65,378,051	\$ 66,458,803

GASB 34 rules 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 \$12,925,310, and accumulated amortization of \$871,998. 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's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

Statement of Activities

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the Authority's net position for the fiscal year ending June 30, 2018. As of June 30, 2018, the Authority had net position of \$66,458,803. The beginning total net position for the 2018 fiscal year is \$65,378,051 reflecting an increase in total net position of \$1,080,752 (net of the restatement of \$1,022,756 for the implementation of GASB Statement No. 75) for the year ending June 30, 2018. The increase is primarily attributable to the acquisition and construction of capital assets, partially funded by grants from the Federal and State government, and receipt of property tax revenues. Expenses increased year-over-year by \$48,807. Otherwise, operations of the Authority did not change significantly from the prior year.

	June 30, 2017	June 30, 2018
Expenses for Governmental Activities	\$ 3,798,243	\$ 3,847,050
Less Operational Grants	3,065	-
Less Capital Grants and Contributions	2,320,513	634,686
Net (Expenses) Revenues and Changes in Net Position	(1,474,665)	(3,212,364)
General Revenues		
Taxes - general and debt service	5,398,461	5,437,864
Interest and Earnings on Investments	24,657	55,138
Miscellaneous	5,827	13,453
Transfer of asset to outside governmental entity	(1,597,381)	(190,583)
Subtotal, General Revenues	3,831,564	5,315,872
Changes in Net Position	2,356,899	2,103,508
Net Position - Beginning	63,021,152	65,378,051
Restatement	-	(1,022,756)
Net Position - Ending	\$ 65,378,051	\$ 66,458,803

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

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 \$7,360,223. Total expenditures for the Authority were \$6,244,650. Total ending fund balance was \$6,739,531, for an increase of \$1,115,573 from the prior year. The increase is primarily due to revenue from grants that were received within the fiscal year for expenditures that were recognized in prior fiscal year, offset by debt payments and capital outlay expenditures.

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. The 2014-2015 revenue and expenditure figures include the effects of a large bond issuance and the refunding of existing debt and may be considered an outlier year for both revenues and expenditures.

Year	Total Revenues *	Increase %	Total Expenditures *	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%
2015-2016	8,428,977	13%	9,938,992	-7%
2016-2017	7,029,945	-63%	9,190,948	-45%
2017-2018	7,360,223	4%	6,244,650	-30%

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

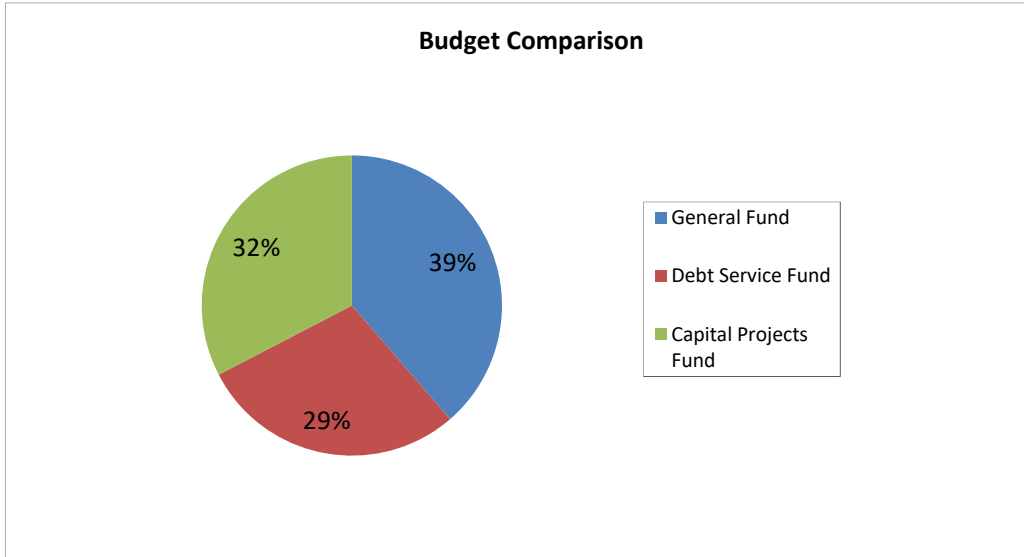
The Budget

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 special revenue funds with legally adopted budgets are required to be reported as a separate statement.

The major funds in this presentation are the General Fund, the Debt Service Fund, and the Capital Projects Fund. Only the General Fund is presented with a budgetary comparison statement in accordance with GASB 34. The following chart shows the overall proportion of the Authority's budget in each fund.

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**



The reader will note that the General Fund represents 39% 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](#).

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2018.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	4,042,173	2,337,920	1,704,253
Debt Service	3,005,039	3,005,039	-
Capital Projects	3,412,031	1,131,195	2,280,836

The General Fund expenditures remained favorable to the final budget by \$1,704,253 or 42%. This difference was primarily in amounts budgeted for severe storm clean-up from general funds that was not needed during the 2017-18 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.

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

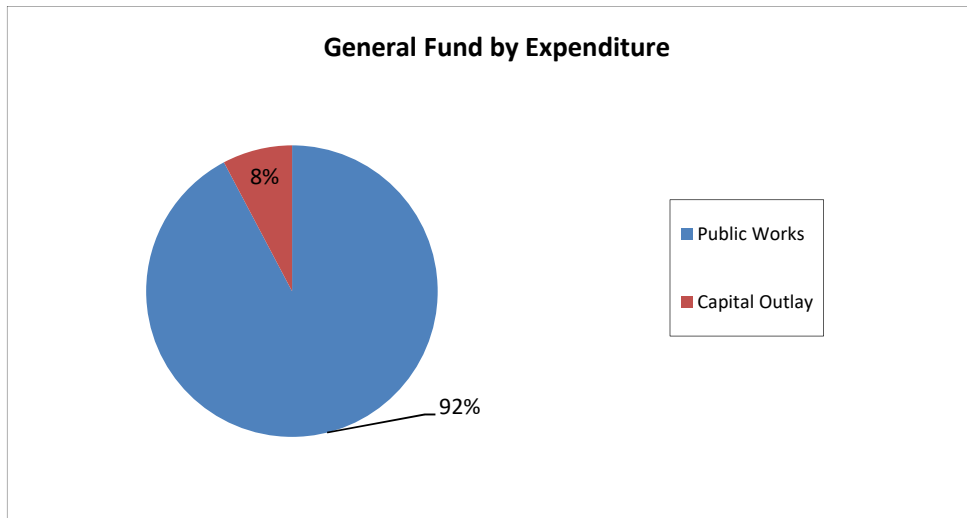
The General Fund

The General Fund revenues represents \$2,238,966 of the total \$7,360,223 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%
2015-2016	2,111,906	0%
2016-2017	2,174,317	3%
2017-2018	2,238,966	3%

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 92% of the General Fund's expenditures for the 2018 fiscal year.

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

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, 2016	Balance June 30, 2017	Balance June 30, 2018
Land and easements	\$ 33,487,899	\$ 33,836,058	\$ 34,017,364
Construction in progress	4,009,040	2,477,656	2,548,797
Building and improvements	3,296,510	3,320,714	3,315,276
Furniture, equipment and vehicles	421,441	421,441	384,588
Flood control system - dams, ponds and drainage channels	48,453,486	51,998,840	52,630,327
Less accumulated depreciation	(11,274,644)	(12,074,021)	(12,925,310)
Intangible assets	1,386,365	1,444,105	1,540,587
Less accumulated amortization	(603,476)	(743,490)	(871,998)
Capital assets, net	\$ 79,176,621	\$ 80,681,303	\$ 80,639,631

Major additions during the 2018 fiscal year include acquisition of approximately 10.7 acres of deeded right of way as well as 10.8 acres of donated right of way for future flood control facilities for an approximate value of \$348,000. In addition to our semiannual routine maintenance of all our facilities, SSCAFCA completed several small improvements in its jurisdiction. SSCAFCA also completed construction on the Corrales Heights Maintenance Road Extension, Black Arroyo Trail Phase 2, drainage improvements to Acapulco Road as well as a fencing project on Tarpon Road. The constructed infrastructure added approximately \$631,000 in infrastructure. As part of the SSCAFCA on-going cooperative effort with the other local governments in our jurisdiction, the Acapulco Road Improvements project was donated to the City of Rio Rancho who will maintain the infrastructure. The Acapulco Road Improvements project cost approximately \$120,000 which was funded with SSCAFCA bond dollars. SSCAFCA also began construction on the Lisbon Access Road as well as Rainbow Pond and began planning and designing other improvement projects which are planned to be constructed in the 2019-20 fiscal years. These projects include the Lomitas Negras Phase II, Cactus Ponds, Black Arroyo Bridge Protection and Lisbon Dam.

**Southern Sandoval County Arroyo Flood Control Authority
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018**

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, 2018.

Year Ended June 30	Principal	Interest	Totals
2019	\$ 2,532,915	\$ 568,522	\$ 3,101,437
2020	2,709,353	495,858	3,205,211
2021	2,700,833	423,643	3,124,476
2022	2,752,358	326,939	3,079,297
2023	2,778,929	318,140	3,097,069
2024-2028	4,959,906	267,009	5,226,915
2029-2033	341,877	66,864	408,741
2034-2038	312,309	20,319	332,628
Total	\$ 19,088,480	\$ 2,487,294	\$ 21,575,774

The Authority made regularly scheduled principal and interest payments as required.

Future Trends

SSCAFCA has now sold the first issue from the 2016 Bond election and is using those funds as match for several construction projects that have received state or federal grants.

In order to continue progress on SSCAFCA's public awareness, SSCAFCA has hired a public relations firm, The Waite Company, to begin assembling a public interface strategy.

SSCAFCA will also be working on increasing the peer recognition of SSCAFCA and SSCAFCA staff as experts in arid geography flood control. SSCAFCA will continue to complete case studies and research analysis to further define and enhance flood control in arid environments.

After a recent thorough evaluation of our existing assets, it has become clear that SSCAFCA has reached the point where using third party contractual resources to complete all required maintenance responsibilities is no longer cost effective. SSCAFCA will complete an analysis of the capital costs of starting an internal maintenance program as well as identifying the level of staffing to consider adding in the next year.

Locally, development is continuing to increase. There are three large development areas, the Mariposa Development in northwest Rio Rancho, the latest phase of Lomas Encantadas in northeast Rio Rancho and the newest is the Los Diamantes development on the southern border of Rio Rancho. All three of these developments are a minimum of 450 new homes each. This should continue the increase in the Assessed Valuation, which will have a net positive effect on SSCAFCA revenues.

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Basic Financial Statements

Southern Sandoval County Arroyo Flood Control Authority
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 575,800
Unrestricted investments	2,407,474
Receivables:	
Ad valorem assessments	394,556
Intergovernmental	437,293
Other	8,059
Prepaid assets	766
Total current assets	3,823,948
Noncurrent assets:	
Restricted investments	3,840,235
Capital assets	
Land and easements	34,017,364
Construction in progress	2,548,797
Depreciable buildings, furniture, equipment, and flood control system, net	43,404,881
Intangible assets, net	668,589
Total noncurrent assets	84,479,866
Total assets	88,303,814
Deferred outflows of resources	
Related to pensions	336,062
Related to OPEB	15,568
Total deferred outflows of resources	351,630
Total assets and deferred outflows of resources	\$ 88,655,444

The accompanying notes are an integral part of these financial statements.

	Governmental Activities
Liabilities	
Current liabilities:	
Accounts payable	\$ 97,772
Accrued payroll	41,081
Accrued compensated absences	50,650
Accrued interest	256,359
Current portion of long-term debt	2,532,915
Total current liabilities	2,978,777
Noncurrent liabilities:	
Accrued compensated absences	5,857
Bond premiums, net of accumulated amortization of \$323,184	247,281
General obligation bonds payable	16,555,565
Net pension liability	1,273,776
Net OPEB liability	861,018
Total noncurrent liabilities	18,943,497
Total liabilities	21,922,274
Deferred inflows of resources	
Related to pensions	78,402
Related to OPEB	195,965
Total deferred inflows of resources	274,367
Net position	
Net investment in capital assets	61,303,870
Restricted for:	
Debt service	3,920,398
Unrestricted	1,234,535
Total net position	66,458,803
Total liabilities, deferred inflows of resources, and net position	\$ 88,655,444

The accompanying notes are an integral part of these financial statements.

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Southern Sandoval County Arroyo Flood Control Authority
Statement of Activities
For the Year Ended June 30, 2018

	Governmental Activities
Program Expenses	
Public works:	
Personnel services	\$ 826,117
Employee benefits	479,189
General and administrative expenses	377,867
Contractual operating and maintenance services	610,642
Depreciation and amortization	1,020,958
Interest	532,277
Total program expenses	3,847,050
Program Revenues	
Capital contributions	90,384
Total program revenues	90,384
Capital Grants	
Public works capital grants	544,302
Total capital grants	544,302
Net (expense) revenue - Public Works	(3,212,364)
General Revenues	
Ad valorem assessments	5,437,864
Investment income	55,138
Miscellaneous revenues	13,453
Transfers of assets to outside governmental entity	(190,583)
Total general revenues	5,315,872
Change in net position	2,103,508
Total net position - beginning of year	65,378,051
Restatement pursuant to adoption of GASB Statement No. 75 - note 19	(1,022,756)
Beginning net position, as restated	64,355,295
Total net position - end of year	\$ 66,458,803

The accompanying notes are an integral part of these financial statements.

Southern Sandoval County Arroyo Flood Control Authority
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 575,800	\$ -	\$ -
Investments	1,980,518	3,840,235	426,956
Receivables:			
Ad valorem assessments	161,548	233,008	-
Intergovernmental	30,216	-	407,077
Interest	2,562	4,251	1,016
Miscellaneous	230	-	-
Prepaid assets	766	-	-
Total assets	\$ 2,751,640	\$ 4,077,494	\$ 835,049
Liabilities			
Accounts payable	28,444	-	69,328
Accrued payroll	41,081	-	-
Total liabilities	69,525	-	69,328
Deferred inflows of resources			
Unavailable revenue - property taxes	143,226	205,048	-
Unavailable revenue - intergovernmental	30,446	-	407,079
Total deferred inflows of resources	173,672	205,048	407,079
Fund balances			
Nonspendable:			
Prepaid expenses	766	-	-
Spendable:			
Restricted for:			
Debt service	-	3,872,446	-
Committed for:			
Subsequent years' expenditures	322,398	-	-
Assigned	427,602	-	358,642
Unassigned	1,757,677	-	-
Total fund balances	2,508,443	3,872,446	358,642
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,751,640	\$ 4,077,494	\$ 835,049

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds	
\$	575,800
	6,247,709
	394,556
	437,293
	7,829
	230
	766
	<hr/>
\$	7,664,183
	<hr/> <hr/>
\$	97,772
	41,081
	<hr/>
	138,853
	<hr/> <hr/>
	348,274
	437,525
	<hr/>
	785,799
	<hr/> <hr/>
	766
	3,872,446
	322,398
	786,244
	1,757,677
	<hr/>
	6,739,531
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\$	7,664,183
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The accompanying notes are an integral part of these financial statements.

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Southern Sandoval County Arroyo Flood Control Authority
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2018

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

Fund balances - total governmental funds	\$ 6,739,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	80,639,631
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	348,274
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.	437,525
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	336,062
Deferred outflows of resources related to OPEB	15,568
Deferred inflows of resources related to pensions	(78,402)
Deferred inflows of resources related to OPEB	(195,965)
Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds	(256,359)
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	(19,088,480)
Bond premiums, net of amortization	(247,281)
Compensated absences	(56,507)
Net pension liability	(1,273,776)
Net OPEB liability	(861,018)
Total net position	\$ 66,458,803

The accompanying notes are an integral part of these financial statements.

Southern Sandoval County Arroyo Flood Control Authority
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund
Revenues			
Ad valorem assessments	\$ 2,202,416	\$ 3,253,272	\$ -
Federal grants	-	-	1,836,174
Interest	23,212	25,783	6,028
Miscellaneous	13,338	-	-
Total revenues	2,238,966	3,279,055	1,842,202
Expenditures			
Current:			
Public works	2,094,245	-	63,095
Capital outlay	175,880	-	904,735
Debt service:			
Principal	-	2,406,520	-
Interest	-	598,519	-
Bond issuance costs	-	-	1,656
Total expenditures	2,270,125	3,005,039	969,486
Excess (deficiency) of revenues over expenditures	(31,159)	274,016	872,716
Net change in fund balances	(31,159)	274,016	872,716
Fund balances - beginning	2,539,602	3,598,430	(514,074)
Fund balances - ending	\$ 2,508,443	\$ 3,872,446	\$ 358,642

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds	
\$	5,455,688
	1,836,174
	55,023
	13,338
	<u>7,360,223</u>
	2,157,340
	1,080,615
	2,406,520
	598,519
	1,656
	<u>6,244,650</u>
	<u>1,115,573</u>
	1,115,573
	<u>5,623,958</u>
\$	<u><u>6,739,531</u></u>

The accompanying notes are an integral part of these financial statements.

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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, 2018

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

Net change in fund balances - total governmental funds	\$ 1,115,573
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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:

Capital assets reported as capital outlay expenditures	1,080,615
Donated capital assets	90,384
Transfers of assets to outside governmental entity	(190,583)
Loss on disposal of asset	(1,130)
Depreciation of assets	(892,450)
Amortization of assets	(128,508)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	(3,157)
Change in unavailable revenue related to grants receivable	(1,306,412)

Governmental funds report Authority pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits and OPEB earned net of employee contributions is reported as pension expense:

Authority pension contributions	74,338
Pension expense	(178,569)
Authority OPEB contributions	15,568
OPEB expense	(34,227)

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:

Recognition of full-accrual interest expense	18,290
Amortization of bond premiums	47,952
Increase in the reserve for compensated absences	(10,696)
Principal payments on bonds	2,406,520

Change in net position of governmental activities	\$ 2,103,508
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The accompanying notes are an integral part of these financial statements.

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Southern Sandoval County Arroyo Flood Control Authority
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem assessments	\$ 2,112,361	\$ 2,112,361	\$ 2,184,094	\$ 71,733
Interest income	5,000	5,000	21,910	16,910
Miscellaneous	-	-	13,223	13,223
Total revenues	2,117,361	2,117,361	2,219,227	101,866
Expenditures				
Salaries	861,927	861,927	816,186	45,741
Benefits and taxes	363,653	363,653	356,938	6,715
Administrative fees	62,000	62,000	54,557	7,443
Audit expense	25,000	25,000	17,200	7,800
Board meetings and elections	18,000	18,000	7,376	10,624
Contractual services	390,000	390,000	150,672	239,328
Education outreach	83,000	83,000	40,226	42,774
Environmental permitting	37,500	37,500	2,541	34,959
Insurance and bonds	28,000	28,000	28,217	(217)
Legal ads and notices	12,500	12,500	774	11,726
Maintenance and fuel	75,500	75,500	53,761	21,739
Membership fees	23,100	23,100	12,577	10,523
Miscellaneous	6,993	6,993	5,124	1,869
Occupancy expenses	30,000	30,000	26,747	3,253
Office supplies and printing	21,000	21,000	12,886	8,114
Paying agent expense	2,000	2,000	1,369	631
Planning, engineering and construction	70,500	70,500	175,880	(105,380)
ROW acquisition and costs	51,000	51,000	-	51,000
Property tax	10,000	10,000	743	9,257
Staff training and travel	52,000	52,000	20,781	31,219
Operations and maintenance	1,684,000	1,684,000	477,571	1,206,429
Furniture and equipment and rental	16,000	16,000	28,294	(12,294)
Computers, software and mapping	108,500	108,500	47,500	61,000
Capital furniture and equipment	10,000	10,000	-	10,000
Total expenditures	4,042,173	4,042,173	2,337,920	1,704,253
Excess (deficiency) of revenues over expenditures	(1,924,812)	(1,924,812)	(118,693)	1,806,119
Other financing sources (uses)				
Designated cash	1,924,812	1,924,812	-	1,924,812
Total other financing sources (uses)	1,924,812	1,924,812	-	1,924,812
Net change in fund balances	-	-	(118,693)	(118,693)
Fund balances - beginning of year	-	-	2,675,011	2,675,011
Fund balances - end of year	\$ -	\$ -	\$ 2,556,318	\$ 2,556,318
Net change in fund balance (non-GAAP budgetary basis)			(118,693)	
Adjustments to revenues for property tax and interest accruals			19,739	
Adjustments to expenditures for accounts payable and payroll accruals			67,795	
Net change in fund balances (GAAP Basis)			\$ (31,159)	

The accompanying notes are an integral part of these financial statements.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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.

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, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government’s operations.

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Authority's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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.

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Authority's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Authority's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Authority facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Authority reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Authority does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Under the requirements of GASB Statement No. 34, the Authority is required to present certain of its governmental funds as major based upon certain criteria. 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.

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 amortized cost of the pool shares. As of June 30, 2018, the Authority maintained a balance of \$6,247,709 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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

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 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. 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.

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

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
Furniture, equipment and vehicles	7-12
Flood control system - dams, ponds, drainage channels	70
Intangible assets	5-10

Deferred Outflows of Resources: In addition to assets, the balance sheet and statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to future periods and so will not be recognized as outflows of resources (expenditure) until that time. The Authority has five types of items related to pensions that qualify for reporting in this category: changes of assumptions of \$58,740; changes in proportion of \$48,428; differences between expected and actual experience of \$50,050; the net difference between projected and actual investment earnings of \$104,506; and employer contributions subsequent to the measurement date in the amount of \$74,338. The Authority has one type of item related to OPEB that qualifies for reporting in this category: employer contributions subsequent to the measurement date in the amount of \$15,568. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in future periods and will reduce the related liabilities in future periods.

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 future periods and so will not be recognized as inflows 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 deferred inflow 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 \$348,274 related to property taxes considered “unavailable” and \$437,525 related to intergovernmental grants considered “unavailable”. In addition, the Authority has two types of items related to pensions presented on the Statement of Net Position that qualify for reporting in this category: changes of assumptions of \$13,163 and differences between expected and actual experience of \$65,239. The Authority has three types of items related to OPEB that qualify for reporting in this category: changes of assumptions of \$150,538; the net difference between projected and actual investment earnings of \$12,386; and differences between expected and actual experience of \$33,041.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

These amounts are deferred and recognized as inflows 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, 2018, accrued vested annual leave totaled \$56,508.

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 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 expensed as incurred.

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

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.

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, 2018, the nonspendable fund balance in the governmental funds consists of amounts associated with prepaid expense contracts in the amount of \$766 that is not in spendable form.

Restricted, Committed and Assigned Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$3,872,446 for the payment of future debt service expenditures.

The Authority has presented committed fund balance in the general fund on the governmental funds balance sheet in the amount of \$322,398, which represents 1/12 of budgeted expenditures for the year ended June 30, 2019.

The Authority also assigns a portion of fund balance for specific future use, not available for appropriation or expenditure totaling \$427,602, as a reserve for future expenditures. The Authority has also assigned fund balances of \$358,642 in the Capital Projects Fund for purchase, construction, improvement, and maintenance of flood control system assets. The Board of Directors of the Authority via resolution is authorized to assign fund balances that the Authority intends to use for specific purposes.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

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 are described on page 51.
- c. Unrestricted Net Position: Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Tax Revenues: The Authority receives mill levy and ad-valorem tax revenues primarily for debt service and operational 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 \$5,445,688 in tax revenues in the governmental fund financial statements during the year ended June 30, 2018. 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, 2018 donated assets amounted to \$90,384 and are reported as capital contributions in the Statement of Activities.

Newly Effective Pronouncements

This fiscal year, the following statements went into effect.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 85, *Omnibus 2017*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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.

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, 2018 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	\$ (1,924,812)	\$ (1,924,812)
Debt Service Fund	\$ 183,809	\$ 183,809
Capital Projects Fund	\$ 229,528	\$ 779,528

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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, 2018.

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.

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, 2018, \$458,272 of the Authority's bank balance of \$708,272 was subject to custodial credit risk, all of which was uninsured. \$458,272 was collateralized by securities held by the pledging bank's trust department, not in the Authority's name. \$0 was uninsured and uncollateralized at June 30, 2018.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The collateral pledged is listed in 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.

		Wells Fargo Bank, N.A.
Amount of deposits	\$	708,272
FDIC coverage		(250,000)
Total uninsured public funds		458,272
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name		458,272
Uninsured and uncollateralized	\$	-
Collateral requirement (50%)	\$	229,136
Pledged securities		921,204
Over (under) collateralized	\$	692,068

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 Statement of Net Position	\$	575,800
Add: outstanding checks and other reconciling items		132,672
Less: petty cash		(200)
Bank balance of deposits	\$	708,272

Investments

Credit Risk

As of June 30, 2018, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2018, the Authority had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating
New MexicGROW LGIP	50 days (WAM(R)); 100 days (WAM(F))	\$ 6,247,709	AAAm

The Authority's investment in the LGIP is valued at amortized cost.

Interest Rate Risk – Investments. The Authority's policy is to limit investment maturities to 3 years or less, which helps to manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Authority. Since the Authority only purchases investments with high credit ratings, the additional concentration is not viewed to be an additional risk by the Authority. The Authority's polity related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMAA 1978).

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, are as follows:

	General	Debt Service	Capital Projects	Total
Property taxes	\$ 161,548	\$ 233,008	\$ -	\$ 394,556
Intergovernmental:				
Federal grants	30,216	-	369,475	399,691
State grants	-	-	37,602	37,602
Interest	2,562	4,251	1,016	7,829
Miscellaneous	230	-	-	230
Totals	\$ 194,556	\$ 237,259	\$ 408,093	\$ 839,908

In accordance with GASB No. 33, property tax revenues in the amount of \$348,274 and grant revenues in the amount of \$437,525 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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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. There were no such balances at June 30, 2018.

NOTE 6: CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2017	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2018
Capital assets not being depreciated:				
Land and easements:				
Operating land	\$ 228,500	\$ -	\$ -	\$ 228,500
Fee simple and easement land	33,607,558	251,606	70,300	33,788,864
Total land and easements	33,836,058	251,606	70,300	34,017,364
Construction in progress	2,477,656	1,080,614	1,009,473	2,548,797
Total capital assets not being depreciated	36,313,714	1,332,220	1,079,773	36,566,161
Capital assets being depreciated:				
Building and improvements	3,320,714	-	5,438	3,315,276
Furniture, equipment, and vehicles	421,441	-	36,853	384,588
Flood control system - dams, ponds, and drainage channels	51,998,840	751,770	120,283	52,630,327
Total capital assets being depreciated	55,740,995	751,770	162,574	56,330,191
Less accumulated depreciation:				
Building and improvements	782,545	97,950	4,308	876,187
Furniture, equipment and vehicles	319,422	23,075	36,853	305,644
Flood control system - dams, ponds and drainage channels	10,972,054	771,425	-	11,743,479
Total accumulated depreciation	12,074,021	892,450	41,161	12,925,310
Depreciable assets, net of depreciation	43,666,974	(140,680)	121,413	43,404,881
Intangible assets	1,444,105	96,482	-	1,540,587
Less accumulated amortization	743,490	128,508	-	871,998
Intangible assets, net of amortization	700,615	(32,026)	-	668,589
Total capital assets, net of depreciation, and amortization	\$ 80,681,303	\$ 1,159,514	\$ 1,201,186	\$ 80,639,631

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 6: CAPITAL ASSETS (Continued)

The Authority received donated assets in the amount of \$90,384 during the year ended June 30, 2018. The Authority transferred assets totaling \$190,583 to other governmental entities during the year ended June 30, 2018.

For the year ended June 30, 2018, depreciation expense of \$892,450 and amortization expense of \$128,508 were charged to the Public Works function.

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, with balances outstanding at any time during the year ended June 30, 2018, was \$25,145,000. 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, 2018 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 are considered to be restricted for debt service.

Bonds outstanding at June 30, 2018, are comprised of the following:

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.	\$ 3,300,000
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Series 2010A

\$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.	3,700,000
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Series 2011

\$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
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Series 2012

\$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.	4,025,000
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(continued)

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

Series 2014

\$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. \$ 4,360,000

NMED CWSRF GO Bond

\$1,250,000 issued May 2, 2013. 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. The first principal payment was due July 13, 2017. The debt matures on July 13, 2036. 1,203,480

Total bonds payable **\$ 19,088,480**

The following is a summary of the long-term debt and the activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 21,495,000	\$ -	\$ 2,406,520	\$ 19,088,480	\$ 2,352,915
Compensated absences	45,812	60,002	49,306	56,508	50,651
Total	\$ 21,540,812	\$ 60,002	\$ 2,455,826	\$ 19,144,988	\$ 2,403,566

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 2,532,915	\$ 568,522	\$ 3,101,437
2020	2,709,353	495,858	3,205,211
2021	2,700,833	423,643	3,124,476
2022	2,752,358	326,939	3,079,297
2023	2,778,929	318,140	3,097,069
2024-2028	4,959,906	267,009	5,226,915
2029-2033	341,877	66,864	408,741
2034-2037	312,309	20,319	332,628
	\$ 19,088,480	\$ 2,487,294	\$ 21,575,774

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

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, 2018, compensated absences decreased \$10,696 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. For part of the year, the Authority carried 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.

During the year ended June 30, 2018, the Authority was a member of and maintained insurance coverage through the New Mexico Self Insurers' Fund. New Mexico Municipal League organized and administers the Fund, which offers Workers' Compensation, general liability, law enforcement, civil rights, errors and omissions, auto liability, auto physical damage, and property and volunteer coverage to its members. The Authority pays insurance premiums to the Fund based on claim experience and the status of the pool. The Authority is not liable for more than the premiums paid.

NOTE 9: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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, 2017 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>.

Contributions. The contribution requirements of defined benefit plan members and the 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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures in the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>. The PERA coverage option that applies to the Authority is the Municipal General Division. Statutorily required contributions to the pension plan from the Authority were \$74,338 and \$85,527 in employer paid member benefits were “picked up” by the employer for the year ended June 30, 2018.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

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 preformed 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. The 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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

For PERA Fund Municipal General Division, at June 30, 2018, the Authority reported a liability of \$1,273,776 for its proportionate share of the net pension liability. At June 30, 2017, the Authority's proportion was 0.0927 percent, which increased by 0.0054 percent from its proportion measured as of June 30, 2016 of 0.0873 percent.

For the year ended June 30, 2018, the Authority recognized PERA Fund Municipal General Division pension expense of \$178,569. At June 30, 2018, the Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ 58,740	\$ 13,163
Changes in proportion and differences between Southern Sandoval County Arroyo Flood Control Authority's contributions and proportionate share of contributions	48,428	-
Net difference between projected and actual earnings on pension plan investments	104,506	-
Differences between expected and actual experience	50,050	65,239
Employer contributions subsequent to the measurement date	74,338	-
Total	\$ 336,062	\$ 78,402

\$74,338 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (60,565)
2020	(129,091)
2021	(24,208)
2022	30,542
2023	-
Thereafter	-

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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, 2016 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, 2017 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, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

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:

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.51 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 7.51% 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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Southern Sandoval Arroyo Flood Control Authority's proportionate share of the net pension liability	\$ 1,996,428	\$ 1,273,776	\$ 672,791

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2018 amounts due to PERA from the Authority totaled \$6,502.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

Plan description. Employees of the Authority are provided with OPEB through the Retiree Health Care Fund (“the Fund”)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (“NMRHCA”). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (“the Act”) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Authority were \$15,568 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Authority reported a liability of \$861,018 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2018, the Authority’s proportion was 0.01900 percent.

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$34,227. At June 30, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ -	\$ 150,538
Net difference between projected and actual earnings on pension plan investments	-	12,386
Differences between expected and actual experience	-	33,041
Employer contributions subsequent to the measurement date	15,568	-
Total	\$ 15,568	\$ 195,965

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Deferred outflows of resources totaling \$15,568 represent the Authority’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	41,664
2020		41,664
2021		41,664
2022		41,664
2023		29,309
Thereafter		-

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Southern Sandoval Arroyo Flood Control Authority's proportionate share of the net OPEB liability	\$ 1,044,401	\$ 861,018	\$ 717,137

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Southern Sandoval Arroyo Flood Control Authority's proportionate share of the net OPEB liability	\$ 732,355	\$ 861,018	\$ 961,343

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payables to the OPEB plan. At June 30, 2018, the Authority reported a payable of \$604 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

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 because of more rapid changes to the historical data. As a result, the design standard used for a facility today may be significantly different in the future based on new data changing the historical statistical standard. 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 effect 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, such as targeting portions of the storm hydrograph rather than the entire hydrograph. By only targeting a portion of the flow, the corresponding change is likewise reduced.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

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, 2018.
- B. Excess of expenditures over appropriations. No fund's expenditures exceeded its budgeted authority for the year ended June 30, 2018.
- 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, 2018.

NOTE 13: COMMITMENTS

The Authority had multiple construction projects ongoing as of the year ended June 30, 2018 that are to continue into the following fiscal year. These projects are as follows:

Contractor	Project	Commitment
CWA	Arroyo Safety Project	\$ 100,000
Wilson	Black Arroyo Bridget Protection Design	18,000
Occam	Cactus Ponds Design	180,000
N/A	Calabacillas Playa ROW	700,000
Wilson	Lisbon Channel Trail Design	55,000
Compass Engineering	Lisbon Trail Construction	420,300
Smith Engineering	Lomitas Negras Phase 3 Conceptual Design	38,679
N/A	Lomitas Negras Phase 3 ROW Acquisition	420,000
Smith Engineering	Lomitas Negras Phase II Design	400,000
PG Enterprises	Lower Montoyas Grade Control #3 Improvements	52,726
Cartesian Surveying	Lower Venada Topography	26,182
Gandy Dancer, LLC	Montego Ct. Drainage Improvements	116,152
HDR	Rainbow Pond Construction Observation	65,000
CBKN Dirtworks, Inc.	Rainbow Pond Construction	1,300,000
Select ROW	Rainbow Pond ROW Acquisition	25,000
CH2M	Star Heights Drainage Analysis	43,804
Select ROW	Tributary D Diversion ROW Acquisition	60,000
		\$ 4,020,843

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 13: COMMITMENTS (Continued)

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

Contractor	Project	Commitment
Unknown - Must be bid	Black Arroyo Bridge Protection	\$ 130,000
CDM Smith	Industrial Park Water Quality Project	155,000
Unknown - Must be bid	Lisbon Channel Drainage Improvements	500,000
AMREP	ROW purchase throughout watersheds	45,000
		\$ 830,000

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

Contractor	Project	Commitment
CH2M	Black Arroyo Channel Stabilization Design	\$ 90,000
BHI	Lisbon Dam Design	90,250
		\$ 180,250

NOTE 14: RESTRICTED NET POSITION

The government-wide statement of net position reports \$3,920,398 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for debt service, see page 51.

NOTE 15: 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. Contributions for the year ended June 30, 2018 were \$0.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 16: 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 SSCAFCA: \$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

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 16: JOINT POWERS AGREEMENTS (Continued)

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, 2017 (as amended)

Project Costs

Total estimated amount of project: \$353,000

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

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

Audit Responsibility

SSCAFCA

Government Agency where Revenues and Expenditures are Reported

SSCAFCA

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 17: TAX ABATEMENTS

The Authority has not negotiated any tax abatement agreements. The Authority is affected by tax abatements entered into by other entities, as follows:

Agency number for Agency making the disclosure (Abating Agency)	6147	6147
Abating Agency Name	City of Rio Rancho	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Southern Sandoval County Arroyo Flood Control Authority	Southern Sandoval County Arroyo Flood Control Authority
Agency number of Affected Agency	4096	4096
Agency type of Affected Agency	Special District	Special District
Recipient(s) of tax abatement	Bank of America	Call, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-leased to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 10,873.44	\$ 12,267.18
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	N/A

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 17: TAX ABATEMENTS (Continued)

Agency number for Agency making the disclosure (Abating Agency)	6147	5025
Abating Agency Name	City of Rio Rancho	Sandoval County, New Mexico
Abating Agency Type	Municipality (Home Rule)	County Government
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement	\$16,000,000,000 Sandoval County, New Mexico Taxable Industrial Revenue Bonds, (Intel Corporation Project), Series 2004 C3
Name of agency affected by abatement agreement (Affected Agency)	Southern Sandoval County Arroyo Flood Control Authority	Southern Sandoval County Arroyo Flood Control Authority
Agency number of Affected Agency	4096	4096
Agency type of Affected Agency	Special District	Flood Control Authority
Recipient(s) of tax abatement	Titan City Center, LLC	Intel Corporation
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.	Intel Corporation Project
Specific Tax(es) Being Abated	Property Taxes	Property Tax on real property and personal property used in business
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38	Property Tax Code [Articles 35 to 38 of Chapter 7 NMSA 1978]
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 39,462.31	\$384,309.53 reduction for 2017 Debt Service levy proceeds and \$256,206.36 reduction for Operational levy proceeds.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A	Not Applicable.
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	Not Applicable.

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, 2018, 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.

Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 19: RESTATEMENT OF NET POSITION

The objective of a net position restatement is to accurately reflect the prior period's net position and improve the relevancy and usefulness of financial information. During the year ended June 30, 2018, the Authority restated net position in the amount of (\$1,022,756) for the implementation of GASB 75 and the recognition of the OPEB liability and related deferred inflows and outflows of resources.

NOTE 20: SUBSEQUENT EVENTS

On August 30, 2018, the Authority issued bonds totaling \$2,500,000. The bonds were issued with a premium of \$144,026 and an underwriters' discount of \$16,761, for total cash received of \$2,627,265. The funds are to be used for construction of flood control infrastructure projects and the payment of issuance costs of \$76,750. Interest rates on the debt range from 3.00% to 4.00%.

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is December 4, 2018, which is the date on which the financial statements were issued.

NOTE 21: SUBSEQUENT PRONOUNCEMENTS


In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.



Southern Sandoval County Arroyo Flood Control Authority
Notes to Financial Statements
June 30, 2018

NOTE 21: SUBSEQUENT PRONOUNCEMENTS (Continued)

In June 2018, GASB Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

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Required Supplementary Information

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

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net pension liability	0.0927%	0.0902%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability	\$ 1,273,776	\$ 1,441,093
Southern Sandoval County Arroyo Flood Control Authority's covered-employee payroll	\$ 815,282	\$ 772,413
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability as a percentage of its covered payroll	156.24%	186.57%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%

* 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.*

2016	2015
Measurement	Measurement
Date (As of and	Date (As of and
for the Year	for the Year
Ended	Ended
June 30, 2015)	June 30, 2014)
0.0873%	0.0836%
\$ 890,099	\$ 652,170
\$ 723,826	\$ 678,617
122.97%	96.10%
76.99%	81.29%

*See independent auditors' report.
See notes to required supplementary information.*

Southern Sandoval County Arroyo Flood Control Authority
Schedule of 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, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 74,338	\$ 77,862
Contributions in relation to the contractually required contribution	(74,338)	(77,862)
Contribution deficiency (excess)	\$ -	\$ -
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 778,403	\$ 815,282
Contributions as a percentage of covered payroll	9.55%	9.55%

* 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.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 73,765	\$ 69,125
(73,765)	(69,125)
<hr/>	
<u>\$ -</u>	<u>\$ -</u>
\$ 772,413	\$ 723,826
9.55%	9.55%

*See independent auditors' report.
See notes to required supplementary information.*

**Southern Sandoval County Arroyo Flood Control Authority
 Schedule of the Proportionate Share of the Net OPEB Liability of
 New Mexico Retiree Health Care Act Plan
 New Mexico Retiree Health Care Authority (NMRHCA) Plan
 Last 10 Fiscal Years***

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net OPEB liability	0.0190%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability	\$ 861,018
Southern Sandoval County Arroyo Flood Control Authority's covered-employee payroll	\$ 815,282
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.61%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* 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.*

Southern Sandoval County Arroyo Flood Control Authority
Schedule of Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 15,568
Contributions in relation to the contractually required contribution	(15,568)
Contribution deficiency (excess)	\$ -
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 778,403
Contributions as a percentage of covered payroll	2.00%

* 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.*

Southern Sandoval County Arroyo Flood Control Authority
Notes to Required Supplementary Information
June 30, 2018

Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2016-PERA-Valuation-Report-FINAL.pdf> See the notes to the financial statements on the CAFR page 90 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA__5507316_Final_per_Auditor_update___Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30,

See independent auditors' report.

Supporting Schedules

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Southern Sandoval County Arroyo Flood Control Authority
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Account Type/Name	State Treasurer's		Total
	Wells Fargo Bank	Office	
Checking - Operational	\$ 708,272	\$ -	\$ 708,272
Investments - LGIP	-	6,247,709	6,247,709
Total on deposit	708,272	6,247,709	6,955,981
Reconciling items	(132,672)	-	(132,672)
Reconciled balance	\$ 575,600	\$ 6,247,709	6,823,309
Plus: Petty cash			200
Total deposits and investments			\$ 6,823,509
Cash and cash equivalents and investments per financial statements:			
Governmental Activities Cash and cash equivalents - Statement of Net Position		\$	575,800
Governmental Activities Unrestricted Investments - Statement of Net Position			2,407,474
Governmental Activities Restricted Investments - Statement of Net Position			3,840,235
Total		\$	6,823,509

See independent auditors' report.

Southern Sandoval County Arroyo Flood Control Authority
Schedule of Collateral Pledged By Depository for Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2017
Wells Fargo Bank, N.A.				
	FMAC FGPC 4.000%	11/1/2043	3128MJTQ3	\$ 788,259
	FMAC FGPC 3.000%	9/1/2026	3128PWMK1	8,865
	FNMA FNMS 3.000%	12/1/2025	3138A2CB3	124,080
Total Wells Fargo Bank, N.A.				921,204
Total Pledged Collateral				\$ 921,204

See independent auditors' report.



**Location
of Safekeeper**

BNY Mellon, One Wall Street, NY NY

BNY Mellon, One Wall Street, NY NY

BNY Mellon, One Wall Street, NY NY

See independent auditors' report.

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STATISTICAL SECTION

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Southern Sandoval County Arroyo Flood Control Authority
Index to the Statistical Section
June 30, 2018

The Statistical Section provides additional historical context and detail to aid in using the information in the Southern Sandoval County Arroyo Flood Control Authority’s financial statements and in understanding and assessing the Authority’s overall financial health.

Financial Trends

These schedules present trend information to help the reader understand how the Authority’s financial performance and fiscal health have changed over time.

Net Position by Component	102-103
Changes in Net Position	104-105
Changes in Fund Balances of Governmental Funds.....	106-107
Fund Balances of Governmental Funds	108-109

Revenue Capacity

These schedules contain information to help the reader assess the Authority’s capacity to raise revenue from the Authority’s most significant revenue source, property taxes.

Taxable and Full Value of Property	110-111
Property Tax Levies and Collections	113
Property Tax Rates, Direct and Overlapping Governments.....	114-115
Principal Property Taxpayers	116-117

Debt Capacity

These Schedules present information to help the reader understand and assess the Authority’s levels of outstanding debt and the Authority’s ability to issue additional debt in the future.

Ratios of General Bonded Debt Outstanding.....	118-119
Direct and Overlapping Debt	121
Legal Debt Margin	122-123

Demographic and Economic Information

These schedules present demographic and economic indicators to help the reader understand the environment within the Authority’s financial activities take place.

Demographic and Economic Statistics	125
Principal Employers.....	126-127

Operating Information

These schedules offer operating data to help the reader understand how the information in the Authority’s financial report relates to the services it provides and the activities it performs.

Full-Time Equivalent Employees by Function.....	128-129
Operating Indicators by Function.....	130-131

Southern Sandoval County Arroyo Flood Control Authority
Net Position by Component
Last Ten Fiscal Years

(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 61,303,870	\$ 58,891,070	\$ 55,013,438	\$ 49,010,235
Restricted for:				
Debt Service	3,920,398	3,156,120	3,443,342	3,859,117
Capital Projects	-	-	-	2,644,569
Unrestricted	1,234,535	3,330,861	4,564,372	2,734,466
Total Net Position	\$ 66,458,803	\$ 65,378,051	\$ 63,021,152	\$ 58,248,387

2014	2013	2012	2011	2010	2009
\$ 45,919,491	\$ 38,989,713	\$ 43,001,396	\$ 40,527,997	\$ 40,191,647	\$ 38,279,671
3,090,266	4,489,912	3,693,106	2,189,199	2,263,690	1,864,227
5,387,670	4,978,630	2,305,883	4,572,055	4,067,735	4,804,330
2,309,233	5,136,180	2,181,241	1,979,456	1,620,646	1,306,022
\$ 56,706,660	\$ 53,594,435	\$ 51,181,626	\$ 49,268,707	\$ 48,143,718	\$ 46,254,250

Southern Sandoval County Arroyo Flood Control Authority
Changes in Net Position
Last Ten Fiscal Years

(ACCRUAL BASIS OF ACCOUNTING)

Program Expenses	2018	2017	2016	2015
Public works:				
Personnel services	\$ 826,117	\$ 794,025	\$ 858,377	\$ 778,826
Employee benefits	479,189	459,618	326,698	287,347
Planning and Engineering	-	-	-	-
General and Admin Expenses	377,867	475,548	387,859	409,155
Contractual Operating and Maintenance Services	610,642	521,739	499,509	711,102
Depreciation and Amortization	1,020,958	970,870	897,209	881,323
Bond Issuance Costs	-	-	-	76,757
Interest	532,277	576,443	612,008	860,493
Total Program Expenses	3,847,050	3,798,243	3,581,660	4,005,003
Program Revenues				
Capital Contributions	90,384	48,634	5,671	313,925
Total Program Revenues	90,384	48,634	5,671	313,925
Operating Grants				
Public Works operating grants	-	3,065	-	-
Total Operating Grants	-	3,065	-	-
Capital Grants				
Public works capital grants	544,302	2,271,879	3,290,472	794,481
Total Capital Grants	544,302	2,271,879	3,290,472	794,481
Net Revenue	(3,212,364)	(1,474,665)	(285,517)	(2,896,597)
General Revenues				
Ad Valorem Assessments	5,437,864	5,398,461	5,265,734	5,209,963
Investment Income	55,138	24,657	16,458	9,454
Miscellaneous revenues	13,453	5,827	2,329	63,218
Transfer of asset to outside governmental entity	(190,583)	(1,597,381)	(226,239)	(38,324)
Total General Revenues	5,315,872	3,831,564	5,058,282	5,244,311
Change in Net Position	2,103,508	2,356,899	4,772,765	2,347,714
<i>Restatement pursuant to GASB No.75</i>	(1,022,756)	-	-	-
<i>Restatement pursuant to GASB No.68</i>	-	-	-	(805,987)
<i>Other restatements</i>	-	-	-	-
Total Net Position - beginning of year	65,378,051	63,021,152	58,248,387	55,900,673
Total Net Position - End of Year	\$ 66,458,803	\$ 65,378,051	\$ 63,021,152	\$ 58,248,387

	2014	2013	2012	2011	2010	2009
\$	694,020	\$ 668,416	\$ 641,956	\$ 661,516	\$ 633,770	\$ 625,365
	303,915	280,487	259,607	228,780	244,684	211,735
	-	-	-	-	720,247	611,725
	460,799	388,910	549,236	660,471	571,510	501,442
	3,567,215	455,873	411,119	895,395	221,037	190,344
	844,554	820,122	806,169	774,522	692,160	603,127
	-	-	-	-	-	-
	864,112	936,106	926,451	928,101	901,989	810,072
	6,734,615	3,549,914	3,594,538	4,148,785	3,985,397	3,553,810
	83,610	773,089	737,318	293,722	1,270,924	4,387,236
	83,610	773,089	737,318	293,722	1,270,924	4,387,236
	3,030,484	-	-	-	-	-
	3,030,484	-	-	-	-	-
	1,583,039	-	-	-	-	-
	1,583,039	-	-	-	-	-
	(2,037,482)	(2,776,825)	(2,857,220)	(3,855,063)	(2,714,473)	833,426
	5,209,137	5,174,923	4,762,101	4,567,218	4,526,083	3,811,211
	7,895	14,354	14,389	-	16,700	59,372
	150,757	3,053	-	-	61,158	-
	-	(2,696)	(6,349)	-	-	-
	5,367,789	5,189,634	4,770,141	4,567,218	4,603,941	3,870,583
	3,330,307	2,412,809	1,912,921	712,155	1,889,468	4,704,009
	-	-	-	-	-	-
	-	-	-	-	-	-
	(218,082)	-	-	412,834	-	288,449
	53,376,353	51,181,626	49,268,705	48,556,552	46,254,250	41,550,241
\$	56,706,660	\$ 53,594,435	\$ 51,181,626	\$ 49,268,707	\$ 48,143,718	\$ 46,254,250

Southern Sandoval County Arroyo Flood Control Authority
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Revenues				
Ad valorem assessments	\$ 5,455,688	\$ 5,398,461	\$ 5,263,681	\$ 5,236,110
Federal grants	1,836,174	272,094	1,183,155	3,519,862
State grants	-	1,328,906	1,266,565	1,148,567
Interest	55,023	24,657	16,458	9,454
Capital contributions	-	-	-	-
Miscellaneous	13,338	5,827	2,329	63,218
Total revenues	7,360,223	7,029,945	7,732,188	9,977,211
Expenditures				
Current:				
Public works	2,157,340	2,149,285	2,013,128	2,221,052
Capital outlay	1,080,615	4,035,920	4,893,370	4,106,951
Debt service:				
Principal	2,406,520	2,325,000	2,325,000	5,700,000
Interest	598,519	669,195	707,494	808,613
Bond issuance costs	1,656	11,548	-	76,757
Total expenditures	6,244,650	9,190,948	9,938,992	12,913,373
Excess (deficiency) of revenues over expenditures	1,115,573	(2,161,003)	(2,206,804)	(2,936,162)
Other financing sources (uses)				
Equipment and property disposition	-	-	-	-
Bond proceeds	-	-	696,789	1,755,630
Proceeds of refunding bonds	-	-	-	7,145,000
Bond premiums	-	-	-	307,862
Payment to refunded bond escrow agent	-	-	-	(3,701,724)
Total other financing sources (uses)	-	-	696,789	5,506,768
Net change in fund balances	1,115,573	(2,161,003)	(1,510,015)	2,570,606
Fund balances - beginning	5,623,958	7,784,961	9,294,976	6,724,370
Fund balances - ending	\$ 6,739,531	\$ 5,623,958	\$ 7,784,961	\$ 9,294,976
Debt service as a percentage of expenditures	48%	33%	31%	50%

	2014	2013	2012	2011	2010	2009
\$	5,217,198	\$ 5,222,366	\$ 4,870,646	\$ 4,499,511	\$ 4,426,118	\$ 3,643,895
	23,999	-	-	-	-	852,646
	497,067	-	34,400	291,349	-	1,621,959
	7,895	14,354	14,389	15,331	16,700	59,372
	83,610	773,089	690,018	-	1,270,500	1,903,231
	150,757	3,053	12,900	2,373	424	9,400
	5,980,526	6,012,862	5,622,353	4,808,564	5,713,742	8,090,503
	5,022,602	1,785,743	1,884,870	2,417,192	2,524,817	2,115,401
	3,026,620	2,412,219	1,685,648	1,682,118	5,876,408	8,631,811
	2,015,000	1,845,000	1,595,000	1,520,000	1,725,000	1,130,000
	961,174	894,475	948,849	903,108	842,560	829,707
	-	50,525	1,284	36,642	67,197	41,647
	11,025,396	6,987,962	6,115,651	6,559,060	11,035,982	12,748,566
	(5,044,870)	(975,100)	(493,298)	(1,750,496)	(5,322,240)	(4,658,063)
	-	-	-	-	91,781	-
	47,582	4,500,000	-	2,500,000	4,500,000	4,000,000
	-	-	-	-	2,360,000	-
	-	34,248	-	37,439	178,180	12,736
	-	-	-	-	(1,940,534)	-
	47,582	4,534,248	-	2,537,439	5,189,427	4,012,736
	(4,997,288)	3,559,148	(493,298)	786,943	(132,813)	(645,327)
	11,721,658	8,162,510	8,655,808	7,868,863	8,001,676	8,647,003
\$	6,724,370	\$ 11,721,658	\$ 8,162,510	\$ 8,655,806	\$ 7,868,863	\$ 8,001,676
	27%	39%	42%	37%	23%	15%

Southern Sandoval County Arroyo Flood Control Authority
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2018	2017	2016	2015
General Fund				
Post GASB 54				
Nonspendable	\$ 766	\$ 900	\$ 530	\$ 23,283
Restricted	-	-	-	-
Committed	322,398	336,848	330,798	-
Assigned	427,602	413,152	419,202	750,000
Unassigned	1,757,677	1,788,702	1,879,170	1,810,646
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total General Fund	2,508,443	2,539,602	2,629,700	2,583,929
All other governmental funds				
Post GASB 54				
Nonspendable	-	-	-	-
Restricted	3,872,446	3,598,430	3,343,101	3,212,134
Committed	-	-	-	3,498,913
Assigned	358,642	-	1,812,160	-
Unassigned	-	(514,074)	-	-
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total all other governmental funds	4,231,088	3,084,356	5,155,261	6,711,047
Total Fund Balance	\$ 6,739,531	\$ 5,623,958	\$ 7,784,961	\$ 9,294,976

* The Authority implemented GASB 54 in FY11.


	2014	2013	2012	2011*	2010	2009
\$	-	\$ -	\$ -	\$ 24,616	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,448,351	2,540,303	2,163,521	1,733,012	-	-
	-	-	-	-	-	-
	-	-	-	-	200	200
	-	-	-	-	1,426,515	1,199,853
	-	-	-	-	-	-
	2,448,351	2,540,303	2,163,521	1,757,628	1,426,715	1,200,053
	-	-	-	-	-	-
	4,276,019	9,181,355	5,998,989	6,898,178	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	6,442,148	6,801,623
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,276,019	9,181,355	5,998,989	6,898,178	6,442,148	6,801,623
\$	6,724,370	\$ 11,721,658	\$ 8,162,510	\$ 8,655,806	\$ 7,868,863	\$ 8,001,676

**Southern Sandoval County Arroyo Flood Control Authority
Taxable and Full Value of Taxable Property
Last Ten Fiscal Years**

TAX YEAR	TOTAL ASSESSED VALUE	CENTRALLY ASSESSED VALUE	TOTAL ASSESSED VALUE (with Centrally Assessed Value)	TOTAL DIRECT TAX RATE
2018	\$ 2,639,402,346	\$ 54,125,139	\$ 2,693,527,485	2.070
2017	2,553,459,186	84,315,967	2,637,775,153	2.070
2016	2,502,848,941	69,564,387	2,572,413,328	2.077
2015	2,446,159,501	66,249,357	2,512,408,858	2.077
2014	2,433,268,242	70,030,206	2,503,298,448	2.076
2013	2,424,877,227	68,423,775	2,493,301,002	2.076
2012	2,431,401,134	69,589,061	2,500,990,195	2.076
2011	2,445,377,582	66,361,011	2,511,738,593	1.867
2010	2,660,137,592	62,279,046	2,722,416,638	1.654
2009	2,658,789,361	47,581,706	2,706,371,067	1.623

Note: Levies are requested by the Board of Directors and set by the New Mexico Department of Finance and Administration. The Sandoval County Treasurer levies and collects the taxes and distributes to all taxing jurisdictions.

Source: Sandoval County Assessor's Office and NM Department of Finance and Administration.



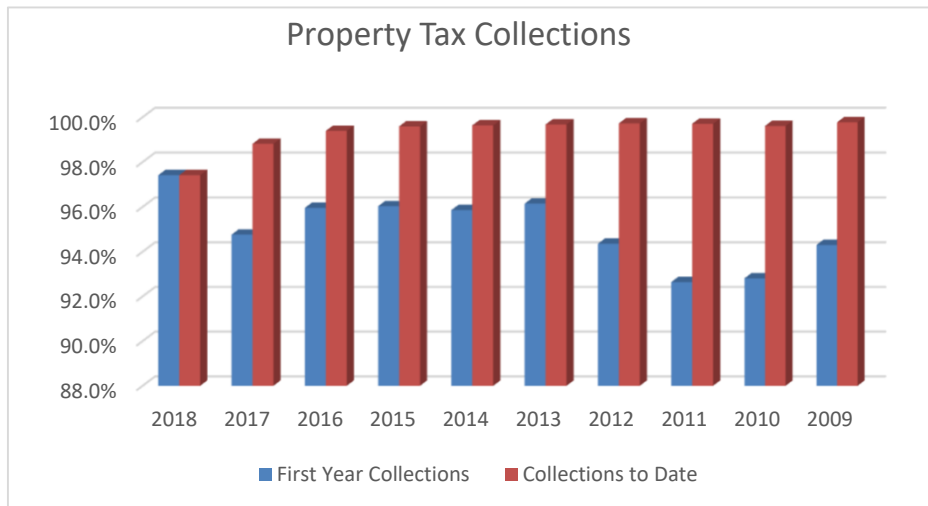
ESTIMATED ACTUAL VALUATION	ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE
\$ 7,918,207,038	33%
7,660,377,558	33%
7,508,546,823	33%
7,338,478,503	33%
7,299,804,726	33%
7,274,631,681	33%
7,294,203,402	33%
7,336,132,746	33%
7,980,412,776	33%
7,976,368,083	33%

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Southern Sandoval County Arroyo Flood Control Authority Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Net Property Taxes Levied	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - DEBT LEVY						
2018	\$3,272,318.03	\$3,187,729.36	97.4%	\$0.00	\$3,187,729.36	97.4%
2017	\$3,236,134.26	\$3,066,682.79	94.8%	\$131,068.81	\$3,197,751.60	98.8%
2016	\$3,158,565.88	\$3,030,855.92	96.0%	\$108,397.12	\$3,139,253.04	99.4%
2015	\$3,131,166.38	\$3,006,856.74	96.0%	\$111,454.17	\$3,118,310.91	99.6%
2014	\$3,125,287.20	\$2,995,855.62	95.9%	\$118,063.51	\$3,113,919.13	99.6%
2013	\$3,125,867.34	\$3,005,432.34	96.1%	\$110,308.05	\$3,115,740.39	99.7%
2012	\$2,613,219.94	\$2,465,800.98	94.4%	\$140,220.82	\$2,606,021.80	99.7%
2011	\$2,357,732.96	\$2,184,239.56	92.6%	\$166,593.94	\$2,350,833.50	99.7%
2010	\$2,360,536.09	\$2,190,778.14	92.8%	\$160,511.46	\$2,351,289.60	99.6%
2009	\$2,221,163.14	\$2,094,653.84	94.3%	\$121,439.58	\$2,216,093.42	99.8%
SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - OPERATIONAL LEVY						
2018	\$2,190,640.79	\$2,134,145.34	97.4%	\$0.00	\$2,134,145.34	97.4%
2017	\$2,153,912.36	\$2,042,149.37	94.8%	\$86,300.00	\$2,128,449.37	98.8%
2016	\$2,103,361.80	\$2,015,329.26	95.8%	\$75,225.18	\$2,090,554.44	99.4%
2015	\$2,081,989.68	\$2,003,087.27	96.2%	\$70,371.16	\$2,073,458.43	99.6%
2014	\$2,081,148.14	\$1,944,227.76	93.4%	\$129,372.20	\$2,073,599.96	99.6%
2013	\$2,080,177.06	\$1,953,014.29	93.9%	\$120,435.00	\$2,073,449.29	99.7%
2012	\$2,200,147.87	\$2,046,397.31	93.0%	\$147,418.96	\$2,193,816.27	99.7%
2011	\$2,205,143.49	\$2,024,692.80	91.8%	\$173,493.40	\$2,198,186.20	99.7%
2010	\$2,119,566.33	\$1,949,808.38	92.0%	\$160,974.96	\$2,110,783.34	99.6%
2009	\$1,589,364.87	\$1,498,834.65	94.3%	\$86,948.97	\$1,585,783.62	99.8%

Source: Sandoval County Treasurer's Office



**Southern Sandoval County Arroyo Flood Control Authority
Property Tax Rates, Direct and Overlapping Governments
Last Ten Fiscal Years**

Within 20 Mill Limit for General Purposes					
Total Levy	2018	2017	2016	2015	2014
State of New Mexico	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.455	6.383	6.354	6.339	6.240
SSCAFCA	0.828	0.828	0.828	0.828	0.828
City of Rio Rancho	7.525	7.492	7.401	7.426	7.307
Rio Rancho Schools	0.266	0.264	0.263	0.262	0.258
Total	15.074	14.967	14.846	14.855	14.633

Within 20 Mill Limit for General Purposes					
State of New Mexico	1.36	1.360	1.360	1.360	1.360
Sandoval County	0.593	0.984	1.047	0.852	0.539
SSCAFCA	1.242	1.242	1.249	1.249	1.248
City of Rio Rancho	2.768	2.051	2.016	1.848	1.881
Rio Rancho Schools	10.544	10.540	10.540	10.540	10.524
UNM Hospital	0	0.000	4.250	4.250	4.250
Central NM Community College	3.799	3.789	3.776	3.381	3.377
Total	20.306	19.966	24.238	23.480	23.179

Within 20 Mill Limit for General Purposes					
City of Rio Rancho	2018	2017	2016	2015	2014
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Sandoval County	7.048	7.367	7.401	7.191	6.779
SSCAFCA	2.070	2.070	2.077	2.077	2.076
City of Rio Rancho	10.293	9.543	9.417	9.274	9.188
Rio Rancho Schools	10.810	10.804	10.803	10.802	10.782
UNM Hospital	0.000	0.000	4.250	4.250	4.250
Central NM Community College	3.799	3.789	3.776	3.381	3.377
Total Residential in Rio Rancho	35.380	34.933	39.084	38.335	37.812

Source: State of New Mexico Department of Finance and Administration.

Within 20 Mill Limit for General Purposes				
2013	2012	2011	2010	2009
0.000	0.000	0.000	0.000	0.000
6.137	6.137	5.621	5.253	5.136
0.828	0.828	0.844	0.784	0.753
7.181	7.181	6.518	6.113	5.944
0.254	0.254	0.230	0.216	0.210
14.400	14.400	13.213	12.366	12.043

Within 20 Mill Limit for General Purposes				
1.360	1.360	1.362	1.530	1.150
1.030	1.030	1.038	0.699	0.673
1.248	1.248	1.023	0.870	0.870
1.789	1.789	1.645	2.060	2.067
10.537	10.537	10.542	10.478	10.425
4.250	4.250	4.250	4.250	4.250
3.392	3.550	3.237	3.158	3.046
23.606	23.764	23.097	23.045	22.481

Within 20 Mill Limit for General Purposes				
2013	2012	2011	2010	2009
1.360	1.360	1.362	1.530	1.150
7.167	7.167	6.659	5.952	5.809
2.076	2.076	1.867	1.654	1.623
8.970	8.970	8.163	8.173	8.011
10.791	10.791	10.772	10.694	10.635
4.250	4.250	4.250	4.250	4.250
3.392	3.550	3.237	3.158	3.046
38.006	38.164	36.31	35.411	34.524

**Southern Sandoval County Arroyo Flood Control Authority
Principal Property Taxpayers
Current Year and Nine Years Ago**

2017

Name of Business	Type of Business	2017 Valuation	% of 2017 Valuation
Public Service Co. of NM	Electric Utility	\$ 48,228,456	1.83%
Intel Corp.	Manufacturer	20,020,514	0.76%
Presbyterian Healthcare	Medical	19,653,110	0.75%
The Neighborhood in Rio Rancho	Assisted Living Facility	10,662,964	0.40%
NM Gas Company	Gas Utility	8,555,374	0.32%
Enchanted 528 Development	Developer	5,147,491	0.20%
Tri-State Generation	Electric Generation	4,913,961	0.19%
DE High Resort LLC	Developer	4,904,690	0.19%
Cable One	Cable Provider	4,824,386	0.18%
Sandia View LLC	Assisted Living Facility	4,728,918	0.18%
Total		\$ 131,639,864	

2017 Assessed Valuation: \$ 2,637,775,153

Source: Sandoval County Assessor's Office

2008

Name of Business	Type of Business	2008 Valuation	% of 2008 Valuation
Public Service Company of NM	Electric Utility	\$ 8,144,928	0.55%
La Farge	Gravel	3,390,797	0.23%
Qwest	Telephone Utility	3,313,022	0.22%
BN & SF	Railroad	3,670,351	0.25%
Centex American Gypsum	Gypsum Wallboard	2,840,683	0.19%
Public Service Company of NM	Gas Utility	2,676,312	0.18%
Shell Cortez Pipeline	Pipeline	1,090,529	0.07%
VoiceStream	Telecommunications	329,852	0.02%
Mid-American Pipe	Pipeline	757,232	0.05%
Davis Investments	Real Estate	596,943	0.04%
Total		\$ 26,810,649	
2008 Assessed Valuation		\$ 1,481,921,452	

Southern Sandoval County Arroyo Flood Control Authority
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt		Total	Percentage of Estimated Actual Taxable Value of	
		Service Fund			Property (2)	Per Capita
2018	19,088,480	3,840,235		15,248,245	0.57%	141.11
2017	21,495,000	3,156,120		18,338,880	0.70%	173.35
2016	23,820,000	3,227,552		20,592,448	0.80%	200.06
2015	25,998,440	2,217,026		23,781,414	0.95%	234.15
2014	25,817,582	2,828,206		22,989,376	0.92%	228.66
2013	27,785,000	2,674,544		25,110,456	1.01%	251.59
2012	25,130,000	2,269,056		22,860,944	0.91%	231.67
2011	26,725,000	2,334,533		24,390,467	0.97%	249.54
2010	25,745,000	2,339,243		23,405,757	0.86%	243.12
2009	22,510,000	1,965,078		20,544,922	0.76%	-


(1) Presented net of original issuance discounts and premiums.

(2) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(3) Population data was not available for this year only.

(4) The Authority only has general obligation bonds outstanding. It does not have any business type activities or component units.

Source: *The Authority's Financial Records, Fiscal Services Department*



Actual Taxable Value	Population
2,693,527,485	108,061
2,637,775,153	105,791
2,572,413,328	102,932
2,512,408,858	101,309
2,503,298,448	100,281
2,493,301,002	99,550
2,500,990,195	98,679
2,511,738,593	97,742
2,722,416,638	96,273
2,706,371,067	- ⁽³⁾

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Southern Sandoval County Arroyo Flood Control Authority
Direct and Overlapping Debt
As of December 2018

	Assessed Valuation	Debt Outstanding	Percent Applicable to SSCAFCA	SSCAFCA Share of Debt
SSCAFCA	\$ 2,693,527,485	\$ 19,505,000	100%	\$ 19,505,000
State of New Mexico	60,268,947,927	411,525,000 ⁽¹⁾	4.47%	18,391,791
Sandoval County	3,599,891,245	10,935,000	74.82%	8,181,837
Albuquerque Public Schools	16,890,032,033	615,955,000	15.95%	98,229,045
Central NM Community College	19,204,597,260	117,165,000	14.03%	16,432,896
City of Rio Rancho	2,230,753,048	27,350,000	82.82%	22,651,002
Rio Rancho School District	2,314,565,227	121,135,000	85.93%	104,092,073
Village of Corrales	342,167,760	-	12.70%	-
Town of Bernalillo	193,344,800	-	7.18%	-
Bernalillo School District	641,591,556	34,485,000	23.82%	8,214,241
Subtotal Overlapping Debt				276,192,885
Total Direct and Overlapping Debt				\$ 295,697,885

Ratios:

SSCAFCA direct debt to assessed valuation	0.72%
Total direct and overlapping debt to assessed valuation	10.98%
SSCAFCA direct debt to actual valuation	0.24%
Total direct and overlapping debt to actual valuation	3.66%
SSCAFCA debt per capita	\$ 195.05
Direct and overlapping debt per capita	\$ 2,956.98

(1) Preliminary Assessed Valuation.

(2) Population 100,000

Source: Sandoval County Assessor's Office and individual entities.

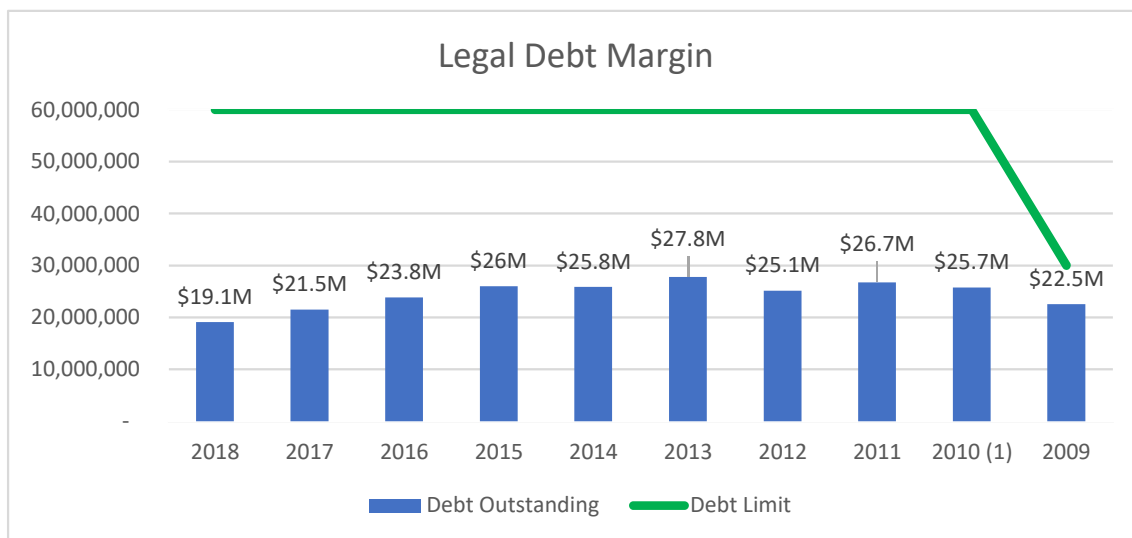
Southern Sandoval County Arroyo Flood Control Authority Legal Debt Margin Last Ten Fiscal Years

	2018	2017	2016	2015
Debt Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
Total net debt applicable to limit	19,088,480	21,495,000	23,820,000	25,998,440
Legal debt margin	\$ 40,911,520	\$ 38,505,000	\$ 36,180,000	\$ 34,001,560

Total net debt applicable to the limit as a percentage of debt limit	31.81%	35.83%	39.70%	43.33%
--	---------------	---------------	---------------	---------------

⁽¹⁾ Debt limit was increased through legislation to \$60,000,000 after FY2009.

Sources: The Authority's financial records, Fiscal Services Department, Sandoval County Assessor's Office.



2014	2013	2012	2011	2010⁽¹⁾	2009
\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 30,000,000
25,817,582	27,785,000	25,130,000	26,725,000	25,745,000	22,510,000
<u>\$ 34,182,418</u>	<u>\$ 32,215,000</u>	<u>\$ 34,870,000</u>	<u>\$ 33,275,000</u>	<u>\$ 34,255,000</u>	<u>\$ 7,490,000</u>

43.03% **46.31%** **41.88%** **44.54%** **42.91%** **75.03%**

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Southern Sandoval County Arroyo Flood Control Authority
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2017	96,168	\$ 2,410,354	\$ 25,064	5.7%
2016	92,966	2,675,375	28,778	9.2%
2015	91,807	2,474,657	26,955	7.6%
2014	90,627	2,531,846	27,937	6.7%
2013	89,098	2,412,684	27,079	8.8%
2012	87,068	2,230,246	25,615	7.0%
2011	84,355	2,114,189	25,063	10.5%
2010	81,056	2,229,688	27,508	6.8%
2009	76,199	2,015,082	26,445	5.2%
*2008	75,978	2,424,230	31,907	4.9%

Education	Percent
Persons age 25 and older	65,442 100%
9-12 grade, no diplomas	3,639 5.6%
High School Graduates	18,033 27.6%
Some college, no degree	16,901 25.8%
Bachelor degree	11,062 16.9%
Graduate or professional deg	7,048 10.8%

School Enrollment	
Elementary School (grades 1-8)	10,223
High Schools	5,446
College or graduate school	7,966

Source: Unites States Census Bureau

*All Statistics gathered for City of Rio Rancho only, with the exception of 2008. The data for 2008 was not available for the City of Rio Rancho, therefore, Sandoval County data was used.

**Southern Sandoval County Arroyo Flood Control Authority
Principal Employers
For the Current Year and Nine Years Ago**

Employer	2017 ⁽¹⁾		
	Employees	Rank	Percentage of Total County Employment
Rio Rancho Public Schools	2,213	1	4%
Intel Corporation	1,200	2	2%
Presbyterian Healthcare Services	800	3	1%
City of Rio Rancho	653	4	1%
HP, Inc.	650	5	1%
Safelite Solutions, LLC	600	6	1%
University of NM Hospitals	425	7	1%
S&P Data, LLC	375	8	1%
Wal-Mart (2)	250	9	0%
Veterans of Foreign Wars (2)	250	10	0%
Intel Subcontractors			
Sprint PCS			
Bank of America Banking Services			
e Telecare Global Solution			
Brycon Construction			
Sandoval County			
Victoria's Secret Catalogue			
Total Major Employers-Sandoval County*	7,416		
Total Sandoval County Employment**	58,868		

Sources: *Rio Rancho Economic Development Corporation

**Bureau of Business & Economic Research (BBER) and U. S. Census Bureau

(1) 2017 Data was the most current available.

(2) used low end of employment range reported.


2008		
Employees	Rank	Percentage of Total County Employment
1,838	2	3%
5,000	1	9%
651	6	1%
1,300	3	2%
800	4	1%
700	5	1%
600	7	1%
422	8	1%
406	9	1%
400	10	1%
<hr/>		
12,117		
<hr/>		
53,681		
<hr/> <hr/>		

**Southern Sandoval County Arroyo Flood Control Authority
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012
<u>Function</u>							
General & Administrative	5	5	6	7	7	6	7
Planning and Engineering	4	3	3	2	2	2	2
	9	8	9	9	9	8	9

Note 1: Throughout the 10-year period a part-time Watershed Scientist was employed, but not included in the above totals. Also employed but not included, eleven part-time interns employed at different intervals.

Source: The Authority's Financial/Human Resource Records, Fiscal Services Department



2011	2010	2009
7	7	6
2	4	3
<u>9</u>	<u>11</u>	<u>9</u>

Southern Sandoval County Arroyo Flood Control Authority
Operating Indicators by Function
Last Ten Fiscal Years

	2018	2017	2016	2015
Finance				
Checks processed	741	847	883	919
Purchasing				
Number of RFP's and Bids Issued ⁽¹⁾	12	15	5	11
Number of On-Call Engineering Task-Orders	14	15	11	19
Additional Task-Orders issued	9	18	26	32
Flood Control and Infrastructure				
Number of Citizen reported deficiencies	29	26	18	27
Number of Flood Control Facilities	81	80	79	77
Miles of Unlined Arroyos	85.4	85.4	84.1	84
Channel and Storm Drain	23.6	N/A	N/A	N/A
Acres of maintained real property	4,477	4,458	4,413	4,371
Vehicle Miles Driven	7,408	15,761	16,010	15,813
Maintenance work orders	80	64	85	89
Fencing Projects	15	11	13	7
Water Quality				
Number of Water Quality Structures	44	43	42	40
Cubic Yards of Sediment Removal (CY)	28,800	16,025	18,800	550
Cubic Yards of Trash/Debris Removal	32	21	58	78
Planning and Engineering				
Grading Plan Approvals	130	64	34	71
Annual Rainfall				
Annual Average Rainfall ⁽²⁾	11.39	8.26	5.38	12.74
Monsoon Season Precipitation (cumulative inches June 1 - September 30) ⁽²⁾	6.69	4.85	2.32	5.69

⁽¹⁾ Calendar Year

⁽²⁾ Information gathered from rain gauges in City of Rio Rancho.

(N/A) Not available for this year

Sources: Various Authority's Departments.

2014	2013	2012	2011	2010	2009
942	832	830	992	1,180	937
10	6	7	6	5	3
28	18	7	46	49	29
59	21	8	13	8	7
N/A	N/A	N/A	N/A	N/A	N/A
72	71	71	70	65	65
81.6	76.1	72.5	49.7	49.7	49.7
N/A	N/A	N/A	N/A	N/A	N/A
3,781	3,712	3,391	2,396	2,378	2,338
13,600	11,010	9,066	5,588	2,887	9,344
214	88	98	68	50	30
10	11	6	5	0	0
38	37	37	37	32	32
N/A	226,842	N/A	N/A	122,000	N/A
143	170	50	N/A	N/A	N/A
77	9	N/A	N/A	N/A	N/A
7.43	7.77	3.37	5.9	9.15	8.9
4.99	6.1	1.92	3.31	4.18	5.33

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COMPLIANCE SECTION

**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

Wayne A. Johnson
New Mexico State Auditor
The Office of Management and Budget and
The Board of Directors of
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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial, and have issued our report thereon dated December 4, 2018.

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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
December 4, 2018

Southern Sandoval County Arroyo Flood Control Authority
Schedule of Findings and Responses
June 30, 2018

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 |

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None noted.

C. PRIOR YEAR AUDIT FINDINGS

None noted.

Southern Sandoval County Arroyo Flood Control Authority
Other Disclosures
June 30, 2018

EXIT CONFERENCE

An exit conference was held on December 4, 2018. In attendance were the following:

Southern Sandoval County Arroyo Flood Control Authority

John Chaney – Board Chair Pro Tem (Alternate)
Charles Thomas, P.E. – Executive Engineer
Deborah Casaus, CPA – Fiscal Services Director
Erica Baca – Business Operations Specialist

Carr, Riggs & Ingram, LLC

Alan D. “A.J.” Bowers, Jr., CPA – Partner
Gwen Mansfield-Vogt, CPA – Audit Manager

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC 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.