



FISCAL YEAR ENDING JUNE 30, 2019
COMPREHENSIVE ANNUAL FINANCIAL
REPORT

Southern Sandoval County Arroyo Flood Control Authority
Sandoval County, New Mexico

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Southern Sandoval County Arroyo Flood Control Authority

State of New Mexico

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

Prepared by

the Fiscal Services Department

Deborah Casaus, CPA, Fiscal Services Director

Erica Baca, Financial Specialist

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INTRODUCTORY SECTION

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

June 30, 2019

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

June 30, 2019

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Southern Sandoval County Arroyo Flood Control Authority

1041 Commercial Drive SE • Rio Rancho, NM 87124
Ph (505) 892-RAIN (7246) • Fax (505) 892-7241

BOARD OF DIRECTORS

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

EXECUTIVE ENGINEER

Charles Thomas, P.E.

December 3, 2019

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 SCAFCA Comprehensive Annual Financial Report for the fiscal year that ended June 30, 2019. New Mexico State Statute 12-6-3, NMSA 1978 mandates that the financial affairs of SCAFCA'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.

Cordova CPAs LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on SCAFCA's financial statements for the year ended June 30, 2019. 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 SCAFCA

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. SCAFCA 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 public entities, 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.

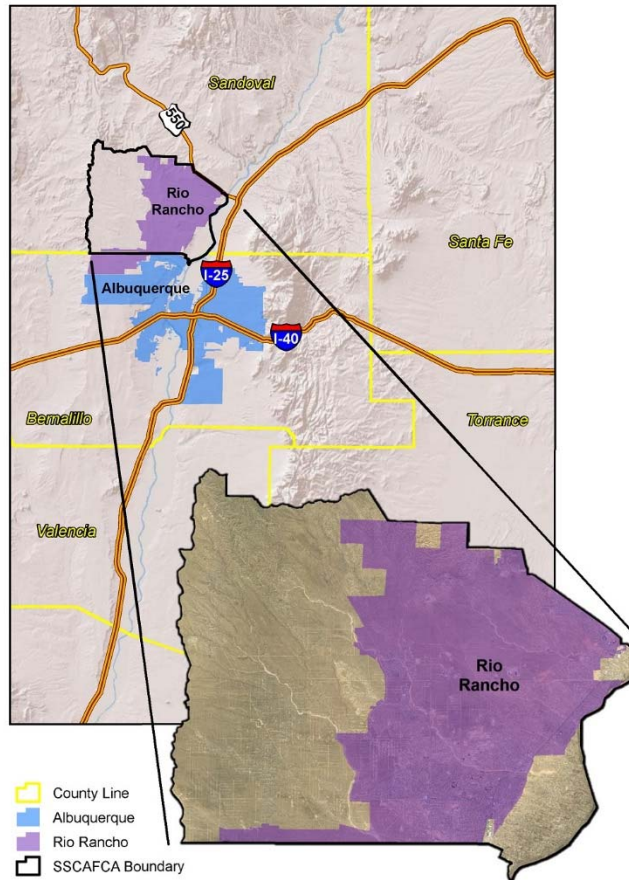


Figure 1 - Location of SSCAFCA.

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. SSCAFCA is empowered to levy a property tax on real property located within its boundaries for operations and voter-approved debt. 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 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) and evaluation and review of land development plans to ensure adherence to identified flood hydrology and hydraulics. SSCAFCA's standard of care is to provide 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. Unemployment in Sandoval County hit its low point in 2006/2007 and grew steadily, peaking in 2009 at 8.5 percent. In keeping with the overall economic recovery, the unemployment rate has declined to 6.7 percent. In 2010, there was an 8.26 percent increase in the number employed. In 2018, the unemployment rate dropped 1.2 percent. The labor force was stable from 2010 to 2015, but it has increased the last three years.

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.

GROSS RECEIPTS TAXES FROM RETAIL TRADE — CITY OF RIO RANCHO

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	Δ
2005	\$2,804,848	\$3,427,086	\$3,065,576	\$3,486,115	\$12,783,625	
2006	\$3,163,198	\$4,159,552	\$4,617,950	\$5,177,332	\$17,118,032	33.91%
2007	\$4,338,776	\$4,495,147	\$4,448,974	\$4,923,843	\$18,206,740	6.36%
2008	\$4,364,488	\$4,398,263	\$3,794,497	\$4,548,489	\$17,105,737	-6.05%
2009	\$4,053,571	\$4,263,475	\$4,140,992	\$4,804,680	\$17,262,718	0.92%
2010	\$3,980,610	\$4,793,287	\$3,935,972	\$4,582,357	\$17,292,226	0.17%
2011	\$4,198,441	\$4,555,896	\$4,032,419	\$4,687,760	\$17,474,516	1.05%
2012	\$4,333,985	\$4,197,766	\$4,373,454	\$4,380,018	\$17,285,223	-1.08%
2013	\$4,005,331	\$4,163,925	\$4,045,195	\$4,503,602	\$16,718,053	-3.28%
2014	\$3,965,160	\$3,951,688	\$4,472,187	\$5,049,418	\$17,438,453	4.31%
2015	\$4,168,028	\$4,760,437	\$4,608,246	\$4,641,203	\$18,177,914	4.24%
2016	\$4,582,497	\$4,733,452	\$3,064,086	\$5,195,747	\$17,575,782	-3.31%
2017	\$4,753,191	\$4,489,022	\$4,612,196	\$5,071,406	\$18,925,815	+7.68
2018	\$4,552,305	\$5,065,274	\$4,840,523	\$5,199,141	\$19,657,243	+3.86

Source: BBER & NM Taxation & Revenue

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. Gross receipts increased in four of the last five 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, SSCAFCA 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 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.

SSCAFCA has also continued refining the hydrology to ensure that we are projecting the most accurate information possible with regards to peak flows and total volume of storm flows. In order to be as efficient as possible with the limits funds available, accurate hydrologic information allows us to design and construct facilities that match our needs rather than using excessive safety factors to account for inaccurate hydrology.

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 3 - 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 the collapse, 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. Although we have been efficient in fiscal expenditures, SSCAFCA is not an agency with a large independent source of funds. The New Mexico State Authority creating SSCAFCA limits the amount of general obligation debt that SSCAFCA can have outstanding to \$60,000,000. Currently, as of 2019, SSCAFCA has \$19,940,000 outstanding in general obligation bonds and is 33.2% 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 constructed 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.

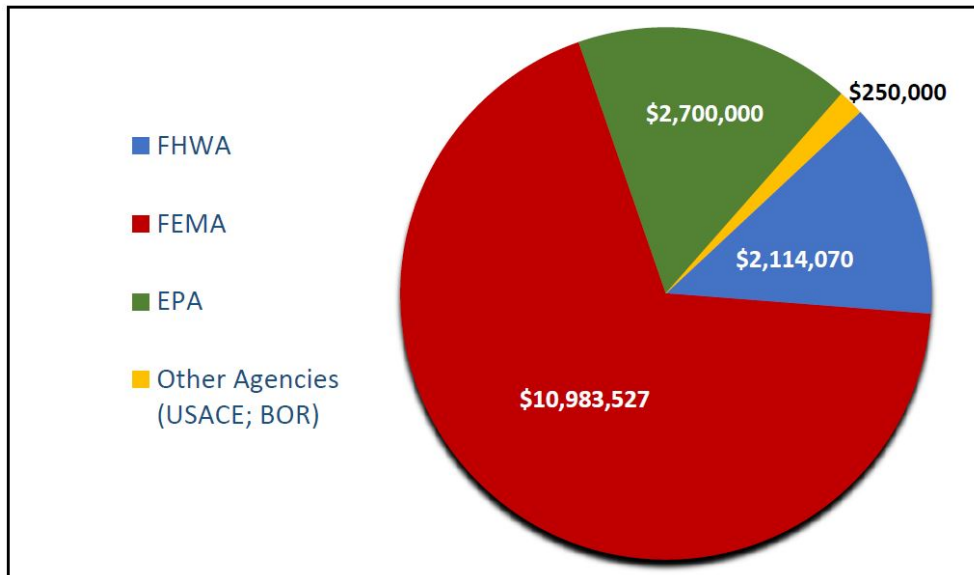
Following this in the late 1990s and early 2000s, several significant flood control facilities were created in partnership with local developers. These projects were necessary for several large-scale developments and were overseen by and turned over to SSCAFCA for long-term operation and maintenance.

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.

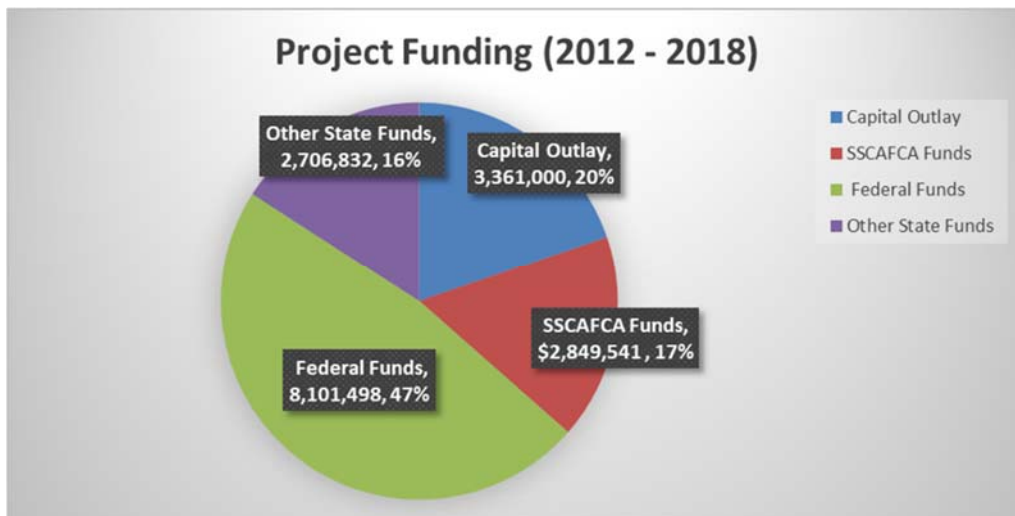
Considering the “new normal” created by the historic economic downturn, SSCAFCA evaluated its existing funding capacity and determined that SSCAFCA could not complete all the required flood control within the ideal timeframe independently. Starting in 2011, SSCAFCA began pursuing partnerships with local, 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 first chart shows the Federal Funding acquired to support regional flood control projects.

Federal Fund Portfolio (2012 – 2019)*

**Includes recently awarded projects and in-kind services*



The second graph shows how the varying fund sources have been leveraged together to successfully complete projects.



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.

SCAFCA 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

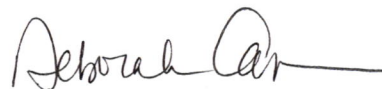
As of August 2, 2018, SSCAFCA is rated "Aa2" by Moody's. Significantly, in the analysis completed by Moody's, their analyst stated that SSCAFCA's credit rating is stable and our pension liability is manageable, with just a modest 'treadwater gap' relative to our revenues and reserves. As the State of 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

Official Roster

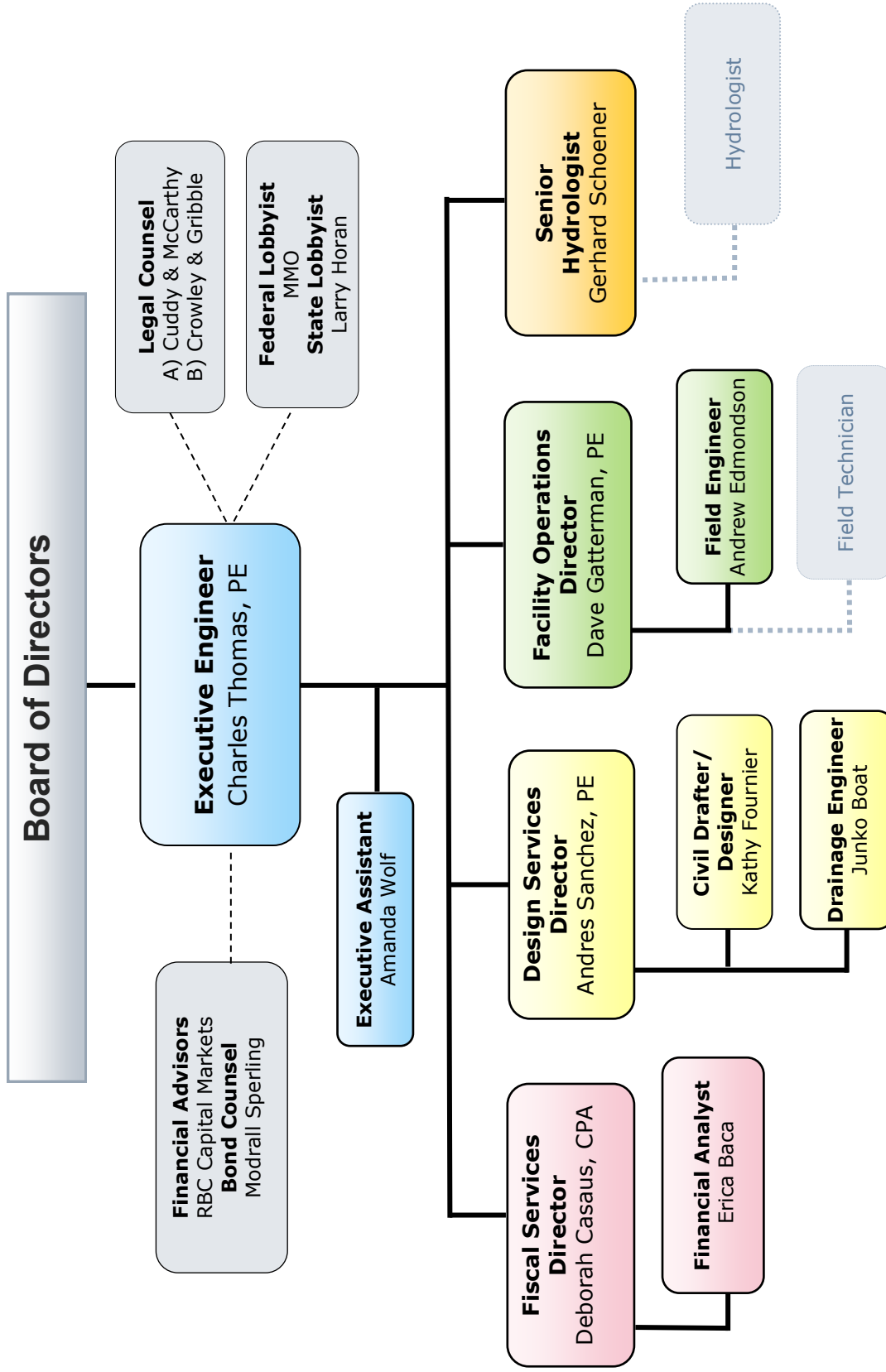
June 30, 2019

Board of Directors

<u>Name</u>	<u>Title</u>
Michael Obrey	Chairman
James Fahey	Chair Pro Tem
Mark Conkling	Chair Pro Tem (Alternate)
Steve House	Secretary
John Chaney	Treasurer

Officials

Charles Thomas, P.E.	Executive Engineer
Deborah Casaus, CPA	Fiscal Services Director



SSCAFCA Organizational Chart 2019

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Directors and Management
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, 2019, 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 misstatements, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the budgetary comparison of the General Fund of the Authority, as of June 30, 2019, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 23 through 31 and Schedules A-1 through B-2 and the notes to the Required Supplementary Information on pages 82 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, the budgetary comparisons for the capital projects and debt service funds, Supporting Schedules I through III required by 2.2.2 NMAC, the statistical section, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for the purposes of additional analysis and are not a required part of the basic financial statements

The budgetary comparisons for the capital projects and debt service funds, Supporting Schedules I through III required by 2.2.2 NMAC, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparisons for the capital projects and debt service funds, Supporting Schedules I through III required by 2.2.2 NMAC, the statistical section, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 21, 2019

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2019 Unaudited

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, 2019. Please read it in conjunction with the Authority's financial statements, which are listed in the table of contents.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the Authority's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2019. 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 potential.

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

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

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2019
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SSCAFCA Goals and Commitments (continued):

In the upcoming fiscal year, SSCAFCA has several goals. Internally, SSCAFCA will continue 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 comprehensive update of our Personnel Policy and creation of a formal Operations and Maintenance Policy. In the past year SSCAFCA staff completed a new database to track all maintenance and operations activity more accurately. SSCAFCA is also moving forward with updating our Development Process Manual to adopt a more accurate hydrology and incorporate needs from the Environmental Protection Agency (EPA) Municipal Separate Storm Sewer (MS4) Permit. A completed final draft of the new hydrology and manual have been completed and are being circulated for QA/QC from public agencies within our jurisdiction as well as to receive input from the consulting engineering community.

Over the past year, SSCAFCA staff did analyze options to reduce the "Treadwater Gap" for PERA and OPED, but we have decided to wait for potential solutions from the State Legislature. Governor Lujan-Grisham has made reduction of the unfunded PERA liability a priority of her Administration.

By aggressively seeking funding match opportunities and completing project preparation in advance, our construction pipeline is full, with twelve 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. SSCAFCA has sold an additional \$3 million in bonds funds this fiscal year, which has been allocated for most projects referenced here. We do not anticipate any further sale of bonds until Calendar year 2021.

Significant Financial Highlights for the Year Ending June 30, 2019

The overall Net Position of the Authority increased from \$66,458,803 for the year ending June 30, 2018 to \$70,863,543 for the year ending June 30, 2019. This represents an increase in net position of \$4,404,740. Total cash and investments decreased by \$31,910 primarily resulting from the delayed collection of receivables for federal grants, cash outflows for the purchase and construction of capital assets and debt payments as well as an extensive restoration of several of the Authority's flood control facilities. Deferred outflows and inflows increased due to actuarial changes in net pension and OPEB estimates. Total liabilities and deferred inflows of resources increased by \$494,247 resulting from the net effect of debt payments, increase in the net pension liability, and increase in short-term liabilities.

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2019
Unaudited

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 \$70,863,543 at June 30, 2019. The Authority has \$6,791,599 in cash and investments on hand as of June 30, 2019 compared to \$3,398,792 in accounts payable and other current liabilities. Net Position totaling \$5,270,820 is "restricted" for debt service. Net Position totaling \$207,551 is "unrestricted". The Authority's overall financial position improved between 2018 and 2019. Capital assets increased by \$4,124,525 due to construction of and purchases for flood control facilities.

	June 30, 2018	June 30, 2019
Assets		
Cash and Investments	\$ 6,823,509	\$ 6,791,599
Other Assets	840,674	1,556,031
Capital and Intangible Assets, net of depreciation and amortization	80,639,631	84,764,156
Total Assets	<u>88,303,814</u>	<u>93,111,786</u>
Deferred Outflows of Resources	351,630	442,645
Total Assets and Deferred Outflows of Resources	<u><u>\$ 88,655,444</u></u>	<u><u>\$ 93,554,431</u></u>
Liabilities		
Current Liabilities	2,978,777	3,398,792
Long Term Liabilities	18,943,497	19,003,881
Total Liabilities	<u>21,922,274</u>	<u>22,402,673</u>
Deferred Inflows of Resources	274,367	288,215
Total Liabilities and Deferred Inflows of Resources	<u><u>\$ 22,196,641</u></u>	<u><u>\$ 22,690,888</u></u>
Net Position		
Net Investment in Capital Assets	61,303,870	65,385,172
Restricted	3,920,398	5,270,820
Unrestricted	1,234,535	207,551
Total Net Position	<u><u>\$ 66,458,803</u></u>	<u><u>\$ 70,863,543</u></u>

GASB 34 rules now require public entities to depreciate and amortize, as appropriate, capital assets. This statement includes accumulated depreciation of the Authority's capital assets in the amount of \$13,818,891, and accumulated amortization of \$1,029,710. 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, 2019
Unaudited

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, 2019. As of June 30, 2019, the Authority had net position of \$70,863,543. The beginning total net position for the 2019 fiscal year is \$66,458,803 reflecting an increase in total net position of \$4,404,740 for the year ending June 30, 2019. The increase is primarily attributable to the sale of the Authority's General Obligation bonds, 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 \$219,335. Otherwise, operations of the Authority did not change significantly from the prior year.

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Expenses for Governmental Activities	\$ 3,847,050	\$ 4,066,385
Less Capital Grants and Contributions	634,686	2,398,280
Net (Expenses) Revenues and Changes in Net Position	<u>(3,212,364)</u>	<u>(1,668,105)</u>
General Revenues		
Taxes - general and debt service	5,437,864	5,642,344
Interest and Earnings on Investments	55,138	121,591
Miscellaneous	13,453	320,392
Loss on disposal on capital assets	-	(11,482)
Transfer of asset to outside governmental entity	(190,583)	-
Subtotal, General Revenues	<u>5,315,872</u>	<u>6,072,845</u>
Changes in Net Position	<u>2,103,508</u>	<u>4,404,740</u>
Net Position - Beginning	65,378,051	66,458,803
Restatement	<u>(1,022,756)</u>	<u>-</u>
Net Position - Ending	<u>\$ 66,458,803</u>	<u>\$ 70,863,543</u>

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2019
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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 \$7,866,618. Total expenditures for the Authority were \$10,660,528. Total ending fund balance was \$6,572,866, for a decrease of \$166,645 from the prior year. The decrease is primarily due to the expenditures for capital projects that had not been reimbursed from grantor in the fiscal year as well as an increase in one time expenditures for cleanup of the Authority's facilities. The fund balance in the General Operating fund decreased \$252,598 mainly attributed to the needed restoration of several of Authority's facilities. A one-time budgeted reserve was utilized for these expenditures. The fund balance in the Debt Service fund increased by \$370,443 resulting from increased ad valorem taxes. The fund balance in the Capital Projects fund decreased by \$284,490 which resulted from the delay of reimbursements from federally funded projects.

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 %
2010-2011	7,346,003	-39%	6,559,060	-49%
2011-2012	5,622,353	-23%	6,115,651	-7%
2012-2013	10,547,110	88%	6,987,962	14%
2013-2014	6,028,108	-43%	11,025,396	58%
2014-2015	19,185,703	218%	16,615,097	51%
2015-2016	8,428,977	-56%	9,938,992	-40%
2016-2017	7,029,945	-144%	9,190,948	-75%
2017-2018	7,360,223	-13%	6,244,650	-37%
2018-2019	7,866,618	7%	10,660,528	48%

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

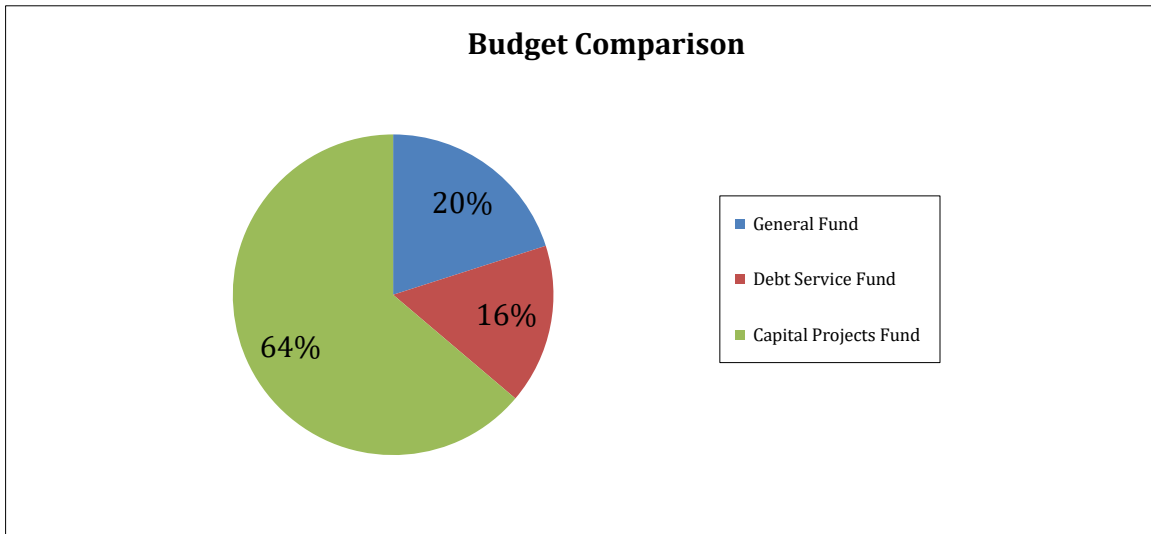
Authority budgets reflect the same growth as seen in the revenue and expenditures of the Authority. The State of New Mexico local government agency budget process is defined under state law and regulation. To enhance the process of developing a budget at the Authority level, the Authority utilizes goals 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
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The reader will note that the General Fund represents 24% 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, 2019.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	3,868,773	2,557,139	1,311,634
Debt Service	3,110,412	3,110,411	1
Capital Projects	12,308,417	4,788,294	7,520,123

The General Fund expenditures remained favorable to the final budget by \$1,311,634 or 66%. This difference was primarily in amounts budgeted for severe storm clean-up from general funds that was not needed during the 2018-19 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, 2019
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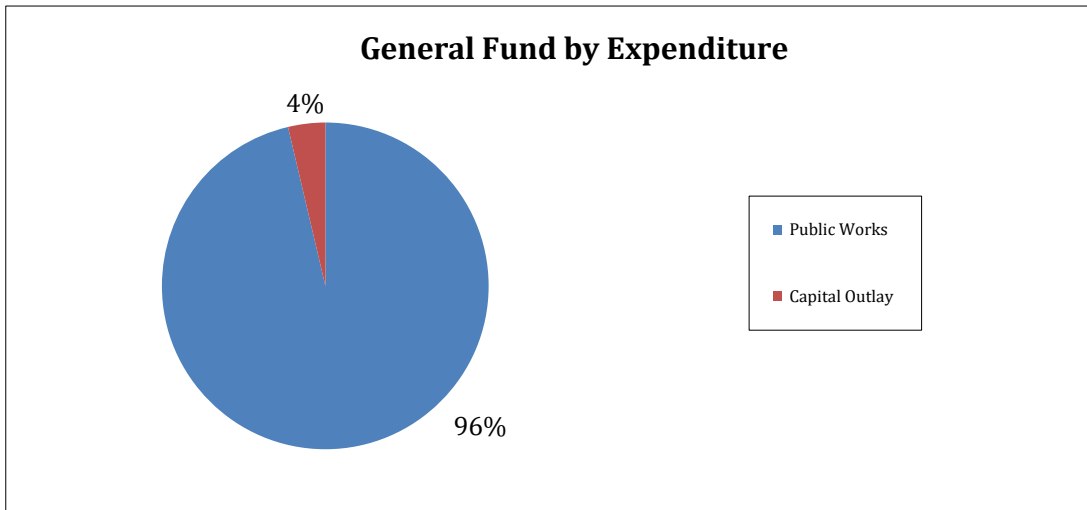
The General Fund

The General Fund revenues represents \$2,306,497 of the total \$7,866,618 in overall Authority revenues.

The following table displays historical revenues of the General Fund.

Year	Revenues	Increase (Decrease) %
2010-2011	2,169,920	41%
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	6%
2018-2019	2,306,497	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 96% of the General Fund's expenditures for the 2019 fiscal year.

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2019
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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, 2017	Balance June 30, 2018	Balance June 30, 2019
Land and easements	\$ 33,836,058	\$ 34,017,364	\$ 34,474,537
Construction in progress	2,477,656	2,548,797	3,777,617
Building and improvements	3,320,714	3,315,276	3,315,276
Furniture, equipment and vehicles	421,441	384,588	476,086
Flood control system - dams, ponds and drainage channels	51,998,840	52,630,327	55,946,172
Less accumulated depreciation	(12,074,021)	(12,925,310)	(13,818,891)
Intangible assets	1,444,105	1,540,587	1,623,069
Less accumulated amortization	(743,490)	(871,998)	(1,029,710)
Capital assets, net	\$ 80,681,303	\$ 80,639,631	\$ 84,764,156

Major additions during the 2019 fiscal year include acquisition of approximately 26.5 acres of needed right of way as well as 2.6 acres of donated right of way for future flood control facilities for an approximate value of \$468,700. In addition to our semiannual routine maintenance of all our facilities and the restoration of a few facilities, SSCAFCA completed several small improvements in its jurisdiction. SSCAFCA also completed construction on several projects in the Black Arroyo watershed totaling \$1.46 million as well as the Montoyas Arroyo Drop Structure and the Rainbow Pond Channel project. The constructed infrastructure added approximately \$3,316,000 in infrastructure. SSCAFCA also began construction on the Lomitas Negras PII project and began planning and designing other improvement projects which are planned to be constructed in the 2019-20 fiscal years. These projects include several phases of the Lisbon Dam Improvements, the Cactus Ponds Improvements and the Upper Bosque de Bernalillo construction projects all which will be primarily funded with federal grant funds and state grant funds. Further information can be obtained at Note 6.

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, 2019. Further information can be obtained at Note 7.

Year Ended June 30	Principal	Interest	Totals
2020	\$ 2,709,353	\$ 556,708	\$ 3,266,061
2021	2,715,833	479,869	3,195,702
2022	2,792,358	392,377	3,184,735
2023	2,878,929	296,434	3,175,363
2024	2,415,547	208,545	2,624,092
2025-2029	4,168,754	458,208	4,626,962
2030-2034	1,137,133	105,397	1,242,530
2035-2037	237,658	12,310	249,968
Total	\$ 19,055,565	\$ 2,509,848	\$ 21,565,413

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

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
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Future Trends

In addition to grant funds for capital projects, last year SSCAFCA received a grant from FEMA through their Cooperating Technical Partner (CTP) program in order to complete full inundation modelling of the entire jurisdiction. This inundation map has been completed and is being incorporated into our GIS mapping system. SSCAFCA will be submitting a subsequent grant application to update the inundation mapping to include existing infrastructure and increase the overall accuracy in developed areas.

Regarding future capital improvements, SSCAFCA has depleted the portfolio of conceptual project materials needed to seek future funding. This year SSCAFCA will be focusing on completing new conceptual designs for future projects as well as completion of construction projects that are fully funded and acquisition of needed rights-of-way (ROW).

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.

SSCAFCA will also continue 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 has implemented an internal maintenance program and will be hiring two field maintenance workers as well as a construction observer for capital projects. SSCAFCA will also be acquiring new equipment, including a skid-steer and 6-yard dump truck, to be used by the maintenance crew.

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 Los Diamantes development on the southern border of Rio Rancho. All three of these developments are a minimum of 450 new homes each. Additionally, one of the existing large employers in our area, Intel Corporation, has increased its workforce for the first time in many years. 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 ARROYO FLOOD CONTROL AUTHORITY

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 399,406
Investments	2,184,270
Receivables:	
Property taxes	395,440
Other receivables	1,160,091
Prepays	500
	<hr/>
<i>Total current assets</i>	4,139,707
	<hr/>
Noncurrent assets	
Restricted investments	4,207,923
Capital assets	99,612,757
Less: accumulated depreciation	(14,848,601)
	<hr/>
<i>Total noncurrent assets</i>	88,972,079
	<hr/>
<i>Total assets</i>	93,111,786
	<hr/>
Deferred outflows of resources	
Deferred outflows - pension	427,692
Deferred outflows - OPEB	14,953
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<i>Total deferred outflows of resources</i>	442,645
	<hr/>
<i>Total assets and deferred outflows of resources</i>	\$ 93,554,431
	<hr/> <hr/>

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

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 330,072
Accrued payroll expenses	42,884
Accrued compensated absences	48,672
Accrued interest	267,811
Current portion of bonds payable	<u>2,709,353</u>
<i>Total current liabilities</i>	<u>3,398,792</u>
Noncurrent liabilities	
Accrued compensated absences	6,456
Bonds payable, net	16,669,631
Net pension liability	1,533,784
Net OPEB liability	<u>794,010</u>
<i>Total noncurrent liabilities</i>	<u>19,003,881</u>
<i>Total liabilities</i>	<u>22,402,673</u>
Deferred inflows of resources	
Deferred inflows - pension	49,088
Deferred inflows - OPEB	<u>239,127</u>
<i>Total deferred inflows of resources</i>	<u>288,215</u>
Net position	
Net investment in capital assets	65,385,172
Restricted for:	
Debt service	4,231,436
Capital projects	1,039,384
Unrestricted	<u>207,551</u>
<i>Total net position</i>	<u>70,863,543</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 93,554,431</u>

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, 2019

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Program Expenses	
Public works:	
Personnel services	\$ 721,434
Employee benefits	475,547
General and administrative expenses	292,011
Contractual operating and maintenance services	937,151
Depreciation and amortization	1,051,293
Interest costs	588,949
<i>Total program expenses</i>	<u>4,066,385</u>
Program Revenues	
Capital Grants and Contributions	2,398,280
<i>Total program revenues</i>	<u>2,398,280</u>
Net (Expense) Revenue - Governmental Activities	<u>(1,668,105)</u>
General revenues	
Taxes:	
Property taxes, levied for general purposes	2,260,947
Property taxes, levied for debt service	3,381,397
Investment income	121,591
Miscellaneous revenue	320,392
Gain/(loss) on sale of capital assets	(11,482)
<i>Total general revenues</i>	<u>6,072,845</u>
Change in net position	4,404,740
Net position, beginning	<u>66,458,803</u>
Net position, ending	<u><u>\$ 70,863,543</u></u>

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Assets			
Cash and cash equivalents	\$ 399,406	\$ -	\$ -
Investments	1,905,256	4,207,923	279,014
Receivables:			
Property taxes	161,586	233,854	-
Other receivables	99,322	6,220	1,054,549
Prepays	<u>500</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 2,566,070</u>	<u>\$ 4,447,997</u>	<u>\$ 1,333,563</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 35,893	\$ -	\$ 294,179
Accrued payroll expenses	<u>42,884</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>78,777</u>	<u>-</u>	<u>294,179</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	142,819	205,108	-
Unavailable revenue - grants	<u>88,629</u>	<u>-</u>	<u>965,232</u>
<i>Total deferred inflows of resources</i>	<u>231,448</u>	<u>205,108</u>	<u>965,232</u>
<i>Fund balances</i>			
Nonspendable:			
Prepays	500	-	-
Spendable:			
Restricted for:			
Debt service	-	4,242,889	-
Capital improvements	-	-	74,152
Committed to:			
Subsequent year's expenditures	315,922	-	-
Assigned to:			
Capital improvements	434,078	-	-
Unassigned	<u>1,505,345</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>2,255,845</u>	<u>4,242,889</u>	<u>74,152</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,566,070</u>	<u>\$ 4,447,997</u>	<u>\$ 1,333,563</u>

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

Total

\$ 399,406
6,392,193

395,440
1,160,091
500

\$ 8,347,630

\$ 330,072
42,884

372,956

347,927
1,053,861

1,401,788

500

4,242,889
74,152

315,922

434,078
1,505,345

6,572,886

\$ 8,347,630

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

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$ 6,572,886
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	84,764,156
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	347,927
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.	1,053,861
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows- pension	427,692
Deferred outflows- OPEB	14,953
Deferred inflows- pension	(49,088)
Deferred inflows- OPEB	(239,127)
Certain liabilities, including loans and bonds payable and related components, accrued interest, the Net pension and OPEB liabilities, and current and long-term portions of accrued compensated absences, are not due and payable in the current current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(55,128)
Accrued interest	(267,811)
Bond premiums	(323,419)
Bonds payable	(19,055,565)
Net pension liability	(1,533,784)
Net OPEB liability	(794,010)
<i>Net position of governmental activities</i>	<u>\$ 70,863,543</u>

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 2,260,947	\$ 3,381,397	\$ -
Intergovernmental:			
Federal capital grants	-	-	501,222
State capital grants	-	-	1,281,069
Investment income	41,914	48,942	30,735
Miscellaneous	3,636	-	316,756
<i>Total revenues</i>	<u>2,306,497</u>	<u>3,430,339</u>	<u>2,129,782</u>
<i>Expenditures</i>			
Current:			
Public works	2,274,081	-	34,431
Capital outlay	285,014	-	4,902,286
Debt service:			
Principal	-	2,532,915	-
Interest	-	577,496	-
Bond issuance costs	-	-	54,305
<i>Total expenditures</i>	<u>2,559,095</u>	<u>3,110,411</u>	<u>4,991,022</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(252,598)</u>	<u>319,928</u>	<u>(2,861,240)</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	50,515	2,449,485
Bond premium	-	-	127,265
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>50,515</u>	<u>2,576,750</u>
<i>Net change in fund balance</i>	(252,598)	370,443	(284,490)
<i>Fund balance - beginning of year</i>	<u>2,508,443</u>	<u>3,872,446</u>	<u>358,642</u>
<i>Fund balance - end of year</i>	<u>\$ 2,255,845</u>	<u>\$ 4,242,889</u>	<u>\$ 74,152</u>

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

Total

\$	5,642,344
	501,222
	1,281,069
	121,591
	320,392
	<u>7,866,618</u>
	2,308,512
	5,187,300
	2,532,915
	577,496
	54,305
	<u>10,660,528</u>
	<u>(2,793,910)</u>
	2,500,000
	127,265
	<u>2,627,265</u>
	(166,645)
	<u>6,739,531</u>
\$	<u>6,572,886</u>

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

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
 Governmental Funds
 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, 2019

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

Net change in fund balances - total governmental funds	\$ (166,645)
--------------------------------------------------------	--------------

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 outlay additions reported in capital outlay expenditures	5,187,300
Depreciation expense	(893,581)
Amortization expense	(157,712)
Loss on disposition of asset	(11,482)

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

Change in deferred inflows related to the property taxes receivable	(347)
Change in unavailable revenue related to grants receivable	616,340

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

Authority pension contributions	74,161
Net pension expense	(213,225)
Authority OPEB contributions	14,953
Net OPEB expense	8,274

Expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds:

Decrease in accrued compensated absences	1,380
Increase in accrued interest	(11,453)

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 and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Original issue loan premium	(127,265)
Amortization of bond premiums	51,127
Loan proceeds	(2,500,000)
Principal payments on loans	2,532,915

<i>Change in net position of governmental activities</i>	\$ 4,404,740
----------------------------------------------------------	---------------------

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

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, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 2,117,655	\$ 2,117,655	\$ 2,260,490	\$ 142,835
Investment income	15,000	15,000	40,722	25,722
Miscellaneous	5,000	5,000	3,636	(1,364)
<i>Total revenues</i>	<u>2,137,655</u>	<u>2,137,655</u>	<u>2,304,848</u>	<u>167,193</u>
<i>Expenditures</i>				
Salaries, benefits and taxes	1,183,057	1,183,057	1,134,964	48,093
Contractual services	324,600	324,600	226,949	97,651
County admin. fee	62,000	62,000	56,411	5,589
Audit fees	25,000	25,000	13,484	11,516
Bank charges	3,000	3,000	2,072	928
Board meetings expense	13,000	13,000	4,642	8,358
Election expense	3,000	3,000	750	2,250
Equipment rental	1,000	1,000	-	1,000
Small computers/software/mapping	52,000	52,000	72,988	(20,988)
Insurance/bonds	28,000	28,000	26,212	1,788
Legal ads/notices	9,000	9,000	3,345	5,655
Maintenance - vehicles, & fuel	50,000	50,000	43,654	6,346
Membership fees	19,300	19,300	11,797	7,503
Environmental Permitting	112,000	112,000	68,124	43,876
Miscellaneous	626	626	-	626
Moving & storage	2,000	2,000	1,677	323
Office supplies	7,000	7,000	4,020	2,980
Paying agent/registrar	2,000	2,000	1,507	493
Printing/copying	11,000	11,000	4,794	6,206
Engineering/planning scenarios	85,200	85,200	34,928	50,272
ROW acquisition/appraisals/title exp./t:	43,000	43,000	2,500	40,500
Property tax	10,000	10,000	147	9,853
Postage/freight	3,000	3,000	1,314	1,686
Small furniture/equipment (<\$5000)	21,000	21,000	11,648	9,352
Staff mileage	1,000	1,000	56	944
Training	50,590	50,590	12,778	37,812
Subscriptions/books	4,400	4,400	897	3,503
Telephone	23,000	23,000	23,244	(244)
Utilities	7,000	7,000	5,609	1,391
Furniture/equipment (>\$5000)	15,000	15,000	5,940	9,060
Operation & maintenance - general	1,653,000	1,653,000	745,917	907,083
Vehicle	45,000	45,000	34,136	10,864
<i>Total expenditures</i>	<u>3,868,773</u>	<u>3,868,773</u>	<u>2,556,504</u>	<u>1,312,269</u>

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,731,118)</u>	<u>(1,731,118)</u>	<u>(251,656)</u>	<u>1,479,462</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	<u>1,731,118</u>	<u>1,731,118</u>	<u>-</u>	<u>(1,731,118)</u>
<i>Total other financing sources (uses)</i>	<u>1,731,118</u>	<u>1,731,118</u>	<u>-</u>	<u>(1,731,118)</u>
<i>Net change in fund balance</i>	-	-	(251,656)	(251,656)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,556,318</u>	<u>2,556,318</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 2,304,662</u>	<u>\$ 2,304,662</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (251,656)	
Adjustments to revenues for property tax and interest accruals.			1,649	
Adjustments to expenditures for accounts payable and payroll accruals.			<u>(2,591)</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (252,598)</u>	

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies

Southern Sandoval Authority 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 Authority, 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.

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 their integrity and objectivity. 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. The Governmental Accounting Standards Board (GASB) is the accepted standard—setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2019, the County adopted GASB Statements No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* as required by GAAP.

The more significant of the Authority’s accounting policies are described below.

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 Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

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 does not have any component units required to be reported under GASB Statements No. 61, and is not a component unit of another governmental agency.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority does not have any 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, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis by column and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is 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 and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 of time, reimbursement and contingencies imposed by the provider are met.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (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. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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 and other charges between the various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 such as assistance 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.

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 major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

The Authority has presented 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 or Fund Equity

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, 2019, the Authority maintained a balance of \$6,392,193 in the LGIP.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

The Authority receives monthly income from a tax levy in Sandoval County. The funds are collected by the County Treasurer and are remitted to the Authority the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be thirty days subsequent to year end.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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.

Prepaid Items: Prepaid expenditures include insurance and contract payments to vendors and reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 acquisition 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.

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

<u>Asset</u>	<u>Years</u>
Building and improvements	40
Furniture, equipment and vehicles	7-12
Flood control system – dams, ponds, drainage channels	70
Intangible assets	5-10

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes and unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in that 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, 2019, accrued vested annual leave totaled \$55,128.

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.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Unearned Revenues: There are two types of unearned revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The other type of unearned revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for unearned revenue.

Fund Balance Classification Policies and Procedures: 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.

When expenditures occur for purposes for which amounts in any of the spendable fund balance classification could be used, it is the Authority’s policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

Nonspendable Fund Balance: Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.

Restricted: Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).

Committed Fund Balance: Amounts constrained to specific purposes by the governmental entity’s highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Board of Directors takes the same highest-level action to remove or change the constraint. The establishment of a fund balance of commitment must be done through Board resolution or ordinance.

Assigned: Amounts constrained by the Authority intends to be used for a specific purpose. Intent can be expressed by the governing body (Board of Directors) or an official or body to which the governing body delegates authority.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Fund Balance for Subsequent Years Expenditures: The Authority also assigns a portion of fund balance for specific future use, not available for appropriation or expenditure totaling \$315,922, as a reserve for future expenditures. The Authority has also assigned fund balances of \$434,078 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.

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

- a. *Net investment in capital assets:* Net position invested in 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:* Consist of net position with constraints 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 "special revenue, debt service, and capital projects" is described on page 51.
- c. *Unrestricted net position:* All other net position items that do 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 Authority include management's estimate of the allowance for uncollectible accounts for property taxes, depreciation on assets over their estimated useful lives and 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 (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, 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, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Note 2. Stewardship, Compliance, and Accountability

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, 2019 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	
	Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,731,118)	\$ (1,731,118)
Debt Service	\$ 124,800	\$ 81,070
Capital Projects	\$ (6,037,368)	\$ (6,037,368)

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, 2019

Note 3. Deposits and Investments

State statute authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The Authority is not aware of any invested funds that did not meet the state investment requirements as of June 30, 2019.

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 nondemand 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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 per respective institution.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a 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). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution. At June 30, 2019, \$903,937 of the Authority’s bank balance of \$1,153,937 was subject to custodial risk, all of which was uninsured. \$903,937 was collateralized by securities held by the pledging bank’s trust department, not in the Authority’s name. No deposits were uninsured and uncollateralized at June 30, 2019.

	Wells Fargo Bank
Amount of deposits	\$ 1,153,937
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>903,937</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the Authority’s name	<u>903,937</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>
Collateral requirement (50% of uninsured funds)	\$ 451,969
Pledged Collateral	<u>1,166,855</u>
Over (Under) collateralized	<u><u>\$ 714,886</u></u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule II of this report. The types of collateral 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.

Investments

As of June 30, 2019, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

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

As of June 30, 2019, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
New Mexico Local Government Investment Pool	35 days (R); 112 days (F)	<u>\$ 6,392,193</u>	AAAM

**Based of Standard & Poor's rating

Interest Rate Risk—Investments. The Authority does not have a formal policy limiting investment maturities that would help 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 the highest credit rating, the concentration is not viewed to be an additional risk by the Authority.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 3. Deposits and Investments (continued)

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2019:

<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>\$ 6,392,193</u>	<u>\$ -</u>	<u>\$ 6,392,193</u>	<u>\$ -</u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 399,406
Investments per Exhibit A-1	2,184,270
Restricted Investments per Exhibit A-1	<u>4,207,923</u>
 Total cash, investments, and cash equivalents	 <u>6,791,599</u>
 Add: outstanding checks and other reconciling items	 754,731
Less: New Mexico Government Local Investment Pool	(6,392,193)
Less: Petty cash	<u>(200)</u>
 Bank balance of deposits	 <u><u>\$ 1,153,937</u></u>

Note 4. Receivables

Governmental Activities receivables as of June 30, 2019 are comprised of the following:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Taxes receivable:				
Property taxes	\$ 161,586	\$ 233,854	\$ -	\$ 395,440
Total taxes receivable	<u>161,586</u>	<u>233,854</u>	<u>-</u>	<u>395,440</u>
Due from other governments:				
Federal grants	95,569	-	1,053,898	1,149,467
Interest	<u>3,753</u>	<u>6,220</u>	<u>651</u>	<u>10,624</u>
Total due from other governments	<u>99,322</u>	<u>6,220</u>	<u>1,054,549</u>	<u>1,160,091</u>
 Accounts receivable	 <u><u>\$ 260,908</u></u>	 <u><u>\$ 240,074</u></u>	 <u><u>\$ 1,054,549</u></u>	 <u><u>\$1,555,531</u></u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$347,927 and grant revenues in the amount of \$1,053,861 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements as of June 30, 2019.

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, 2019.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2019. Land, right of way, and construction in process are not subject to depreciation.

Governmental Activities:	Balance		Deletions and	Balance
	June 30, 2018	Additions	Adjustments	June 30, 2019
Capital assets not being depreciated:				
Land	\$ 228,500	\$ -	\$ -	\$ 228,500
Fee simple and easement land	33,788,864	468,655	11,482	34,246,037
Construction in progress	2,548,797	1,802,317	573,497	3,777,617
Total not being depreciated	<u>36,566,161</u>	<u>2,270,972</u>	<u>584,979</u>	<u>38,252,154</u>
Capital assets being depreciated:				
Buildings and improvements	3,315,276	-	-	3,315,276
Furniture, equipment, and vehicles	384,588	91,498	-	476,086
Flood control system-dams, ponds, and drainage channels	52,630,327	3,315,845	-	55,946,172
Total being depreciated	<u>56,330,191</u>	<u>3,407,343</u>	<u>-</u>	<u>59,737,534</u>
 Total capital assets	 <u>92,896,352</u>	 <u>5,678,315</u>	 <u>584,979</u>	 <u>97,989,688</u>
Accumulated depreciation:				
Buildings and improvements	876,187	97,768	-	973,955
Furniture, equipment, and vehicles	305,644	25,430	-	331,074
Flood control system-dams, ponds, and drainage channels	11,743,479	770,383	-	12,513,862
Total accumulated depreciation	<u>12,925,310</u>	<u>893,581</u>	<u>-</u>	<u>13,818,891</u>
 Intangible assets	 1,540,587	 82,482	 -	 1,623,069
Less accumulated amortization	871,998	157,712	-	1,029,710
Intangible assets, net of amortization	<u>668,589</u>	<u>(75,230)</u>	<u>-</u>	<u>593,359</u>
 Capital assets, net of depreciation, and amortization	 <u>\$ 80,639,631</u>	 <u>\$ 4,709,504</u>	 <u>\$ 584,979</u>	 <u>\$ 84,764,156</u>

Depreciation and amortization expense for the year ended June 30, 2019, was charged to the following functions:

Public works	<u>\$ 1,051,293</u>
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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

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, 2019, was \$27,645,000. 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, 2019 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.

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2019</u>
General Obligation Series 2009	2/18/2009	8/1/2022	3.00-3.80%	\$ 4,000,000	\$ 2,925,000
General Obligation Series 2010A	3/2/2010	8/1/2023	3.00-4.00%	4,500,000	3,350,000
General Obligation Series 2011	3/1/2011	8/1/2024	3.50-3.75%	2,500,000	2,500,000
2012 General Obligation Series 2012	7/1/2012	8/1/2025	2.00%	4,500,000	3,925,000
2014 General Obligation Series 2014A	8/16/2014	8/1/2028	2.00-4.00%	8,395,000	2,700,000
NMED CWSR GO Bond	5/2/2013	7/13/2036	3.00%	1,250,000	1,155,565
General Obligation Series 2018	8/30/2018	8/1/2031	3.00-4.00%	2,500,000	<u>2,500,000</u>
Total Bonds Payable					<u>\$19,055,565</u>

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Bonds Payable	\$19,088,480	\$ 2,500,000	\$ 2,532,915	\$19,055,565	\$ 2,709,353
Compensated absences	56,508	47,292	48,672	55,128	48,672
Total	<u>\$19,144,988</u>	<u>\$ 2,547,292</u>	<u>\$ 2,581,587</u>	<u>\$19,110,693</u>	<u>\$ 2,758,025</u>

Bonds payable, net, as presented in the Statement of Net Position includes unamortized bond premiums of \$323,419, bond premiums of \$697,730 with accumulated amortization of \$374,311.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

Note 7. Long-Term Debt (continued)

General Obligation Bonds

Bonds outstanding at June 30, 2019, consisted of the following bonds:

<u>Fiscal Year Ending</u> <u>June 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2020	\$ 2,709,353	\$ 556,708	\$ 3,266,061
2021	2,715,833	479,869	3,195,702
2022	2,792,358	392,377	3,184,735
2023	2,878,929	296,434	3,175,363
2024	2,415,547	208,545	2,624,092
2025-2029	4,168,754	458,208	4,626,962
2030-2034	1,137,133	105,397	1,242,530
2035-2037	<u>237,658</u>	<u>12,310</u>	<u>249,968</u>
 Total	 <u>\$ 19,055,565</u>	 <u>\$ 2,509,848</u>	 <u>\$ 21,565,413</u>

Compensated Absences – 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, 2019, compensated absences for governmental activities decreased \$1,380 from the prior year accrual.

GASB Statement No. 88, “*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*”, requires that the Authority provides certain disclosures related to debt. Obligations under the bonds for capital improvements related to flood control are not collateralized but do have property tax levies designed to meet the debt service requirements of the bonds. The GO Bonds agreements contain default provisions in which payment of all future interest and principal may be accelerated and become due immediately. Events of default include failure to observe covenants. The most significant covenants relate to the Authority completing its continuing disclosure requirements and the Authority properly using, and maintaining the capital purchases, and not taking any action that would adversely affect the tax-exempt status of the bonds.

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, 2019, 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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were no funds with a deficit fund balance for the year ended June 30, 2019.
- B. Excess of expenditures over appropriations. There were no funds expenditures were in excess of the budgeted appropriations for the year ended June 30, 2019.
- C. Designated cash appropriations in excess of available balances. There were no funds with designated cash appropriation in excess of available balances for the year ended June 30, 2019.

NOTE 10. Pension Plan – Public Employee Retirement Association of NM

Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided – Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members.

Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Contributions – See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

PERA Fund Division Municipal General: At June 30, 2019, the Authority reported a liability of \$1,533,784 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018.

There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018.

The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Authority’s proportion was 0.0962 percent, which was an increase of 0.0035 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of \$213,225. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 139,059	\$ 8,819
Changes in proportion	56,389	-
Difference between expected and actual experience	44,330	40,269
Net difference between projected and actual earnings on pension plan investments	113,753	-
Authority's contributions subsequent to the measurement date	<u>74,161</u>	<u>-</u>
Total	<u>\$ 427,692</u>	<u>\$ 49,088</u>

\$74,161 reported as deferred outflows of resources related to pensions resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Year ended June 30:

2019	\$ 190,705
2020	82,236
2021	25,687
2022	5,815
Thereafter	-
Total	<u>\$ 304,443</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

PERA	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The morality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward oneyear. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and 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, 2019

NOTE 10. Pension Plan – Public Employee Retirement Association of NM (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	<u>20.00%</u>	6.48%
Total	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Municipal General Division	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Authority’s proportionate share of the net pension liability	<u>\$ 2,363,459</u>	<u>\$ 1,533,784</u>	<u>\$ 847,926</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2019, the Authority had payables to the plan in the amount of \$7,215.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 11. 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	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 11. 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 \$23,297 for the year ended June 30, 2019.

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

At June 30, 2019, the Authority reported a liability of \$794,010 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018. At June 30, 2018, the Authority’s proportion was 0.01826 percent.

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$(8,274). At June 30, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 47,010
Net difference between expected and actual investments on OPEB plan investments	-	9,909
Change of proportions	-	33,970
Change of assumptions	-	148,238
Authority's contributions subsequent to the measurement	<u>14,953</u>	<u>-</u>
Total	<u>\$ 14,953</u>	<u>\$ 239,127</u>

Deferred outflows of resources totaling \$14,953 represent Authority 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:

2020	\$	(59,323)
2021		(59,323)
2022		(59,323)
2023		(47,452)
2024		(13,706)

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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% to 12.50%, based on years of service, including inflation
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
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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.

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

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. 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, 2029. 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 (3.87%) was applied. Thus, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(3.08%)</u>	<u>Rate</u>	<u>(5.08%)</u>
		<u>(4.08%)</u>	
Authority's proportionate share of the net OPEB liability	<u>\$ 960,939</u>	<u>\$ 794,010</u>	<u>\$ 662,432</u>

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	<u>\$ 671,216</u>	<u>\$ 794,010</u>	<u>\$ 890,282</u>

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, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the Authority reported a payable of \$894 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 12. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amount, if any, to be immaterial.

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.

NOTE 13. Joint Powers Agreements and Memorandums of Understanding

IPA#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, 2019

NOTE 13. Joint Powers Agreements and Memorandums of Understanding (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 SSCAFCA: \$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, 2019

NOTE 14. Commitments

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

Contractor	Project	Balance at 7/1/19- Project in CIP	Probable Future Commitments-1 7/1/19	Classification: 1 = ongoing project; 2 = commitment made and 3 = planned
AMREP	ROW purchase throughout watersheds-3	-	45,000	3
Smith Engineering	Lomas Negras Phase II Design-2	523,441	106,360	1
Salls	Lomas Negras Phase II Construction-2	1,107,157	2,861,260	1
CWA	Arroyo Safety Project-2	100,739	100,000	1
Unknown	Lisbon Channel Improvements-2	-	440,000	3
Unknown	Lisbon Dam Design-2	-	203,000	3
Unknown-Must be bid	Lisbon Dam Construction-2	-	1,000,000	3
Unknown-Must be bid	Romero Road Drainage Improvements	-	120,000	3
Unknown-Must be bid	Upper Bosque de Bernalillo-2	-	545,000	3
Occam	Cactus Ponds Design-2	226,727	180,000	1
Salls	Cactus Ponds Construction-2	-	2,224,853	3
Bureau of Reclamation Select Properties/Other	Lower Venada Channel Drainage Improv	-	281,000	3
N/A	Calabacillas Playa ROW-2	74,312	625,688	1
N/A	ROW purchase Remus Pond-(5) lots-3	-	55,000	3
Unknown	Industrial Park Water Quality Project-D	-	1,500,000	3
N/A	Honduras Pond ROW-(1) lot-3	-	87,000	3
N/A	LEE Line ROW Acquisition-(5) lots-3	-	65,000	3
N/A	Lomas Negras Phase III ROW Acquisit	-	15,000	3
		<u>\$2,032,376</u>	<u>\$ 10,454,161</u>	

- 1 Some listed in this column are probable commitments.
- 2 SSCAFCA has received grant funds to partially fund this project.
- 3 Proposed purchase ROW for future planned SSCAFCA facilities.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

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, 2019 were \$0.

NOTE 16. 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, 2019, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Authority.

NOTE 17. Restricted Net Position

The government-wide statement of net position reports \$5,270,820 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 and capital projects, see page 51.

NOTE 18. Subsequent Events

On September 24, 2019, the Authority issued General Obligation bonds totaling \$3,000,000. The bonds were issued with a premium of \$395,524 and an underwriters' discount of \$10,001 for total cash received in the amount of \$3,385,523. The funds are to be used for the construction of flood control infrastructure projects and the payment of issuance of \$68,314. Interest rates range from 3.5% to 4.0% and matures August 2033.

On September 24, 2019, the Authority issued General Obligation Refunding bonds totaling \$5,255,000. The bonds were issued with a premium of \$306,942 and an underwriters' discount of \$14,929 for total cash received in the amount of \$5,544,013. The funds are to be used for to refund the currently outstanding Series 2009 and 2010A bonds. Cost of issuance of \$80,436 will be retained by the Authority. Interest rate of 4.0% and matures August 2023.

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment of the financial statements or disclosures is November 21, 2019, which is the date on which the financial statements were issued.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 19. 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 Name	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 number 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 America \$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.	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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 19. Tax Abatements (continued)

For any payments in Lieu of Taxes (PILOTs) or similar payments receivable by the affected agency in association with the forgone 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
Agency number for Agency making the disclosure (Abating Agency)	6147	6147
Abating Agency Name	City of Rio Rancho	City of Rio Rancho
Abating Agency Name	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 number of affected agency	Special District	Special District
Recipient(s) of tax abatement	Titan City Center, LLC	Call, LLC
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 taxes on real property and personal property used in business

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2019

NOTE 19. Tax Abatements (continued)

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	\$ 39,462.13	\$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 forgone 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

NOTE 20. Subsequent Accounting Pronouncements

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The Authority is still evaluating the significance of the impact from this pronouncement on its financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The standard will be implemented during the fiscal year ended June 30, 2021. The Authority is still evaluating how this pronouncement will affect the financial statements.

In August 2019, GASB Statement No. 90, *Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. The Authority does not expect this pronouncement to have a material effect on the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Authority does not expect this pronouncement to have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
Schedule of the Authority's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2019	2018
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year	for the year
	ended	ended
	June 30, 2018)	June 30, 2017)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net pension liability	0.0962%	0.0927%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability	\$ 1,533,784	\$ 1,273,776
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 778,403	\$ 815,282
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability as a percentage	197.04%	156.24%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

* 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.

2017 Measurement Date (As of and for the year ended <u>June 30, 2016</u>)	2016 Measurement Date (As of and for the year ended <u>June 30, 2015</u>)	2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u>)
0.0902%	0.0873%	0.0836%
\$ 1,441,093	\$ 890,099	\$ 652,170
\$ 772,413	\$ 723,826	\$ 678,617
186.57%	122.97%	96.10%
69.18%	76.99%	81.29%

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule of the Authority's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal General Division
Last 10 Fiscal Years*

	As of and for the year ended <u>June 30, 2019</u>	As of and for the year ended <u>June 30, 2018</u>
Contractually required contribution	\$ 74,161	\$ 74,338
Contributions in relation to the contractually required contribution	<u>(74,161)</u>	<u>(74,338)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 776,553	\$ 778,403
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, 2017	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
\$ 77,862	\$ 73,765	\$ 69,125
<u>(77,862)</u>	<u>(73,765)</u>	<u>(69,125)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 815,282	\$ 772,413	\$ 723,826
9.55%	9.55%	9.55%

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

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
Notes to the Required Supplementary Information
June 30, 2019

PERA

Changes of benefit terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>.

Assumptions: The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org>.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
 Schedule of Proportionate Share of the Net OPEB Liability
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

Schedule B-1

	2019	2018
	Measurement Date	Measurement Date
	(As of and for the	(As of and for the
	Year Ended June	Year Ended June
	30, 2018)	30, 2017)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net OPEB liability (asset)	0.01826%	0.01900%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability (asset)	\$ 794,010	\$ 861,018
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	778,403	815,282
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	102.01%	105.61%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Southern Sandoval County Arroyo Flood Control Authority is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule B-2

Schedule of Contributions
 Retiree Health Care OPEB Plan
 Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 14,953	\$ 15,568
Contributions in relation to the contractually required contribution	14,953	15,568
Contribution deficiency (excess)	\$ -	\$ -
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	776,553	778,403
Contribution as a percentage of covered payroll	1.93%	2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Southern Sandoval County Arroyo Flood Control Authority is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

RHC Plan

Changes of Benefit Terms

Recent changes in benefits are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Changes of Assumptions

Changes in actuarial assumptions are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at www.nmrhca.state.nm.us or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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SUPPLEMENTARY INFORMATION

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Statement C-1

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 3,176,482	\$ 3,176,482	\$ 3,380,611	\$ 204,129
Investment income	15,000	15,000	46,973	31,973
<i>Total revenues</i>	<u>3,191,482</u>	<u>3,191,482</u>	<u>3,427,584</u>	<u>236,102</u>
<i>Expenditures</i>				
Debt Service:				
Principal	2,532,915	2,532,915	2,532,916	(1)
Interest	533,767	577,497	577,495	2
<i>Total expenditures</i>	<u>3,066,682</u>	<u>3,110,412</u>	<u>3,110,411</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>124,800</u>	<u>81,070</u>	<u>317,173</u>	<u>236,103</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(199,800)	(156,070)	-	156,070
Transfers in	75,000	75,000	-	(75,000)
<i>Total other financing sources (uses)</i>	<u>(124,800)</u>	<u>(81,070)</u>	<u>-</u>	<u>81,070</u>
<i>Net change in fund balance</i>	-	-	317,173	317,173
<i>Fund balance - beginning of year</i>	-	-	3,890,750	3,890,750
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 4,207,923</u>	<u>\$ 4,207,923</u>
Net change in fund balance (non-GAAP budgetary basis)			317,173	
Adjustments to revenues for property taxes.			53,270	
No adjustments to expenditures.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 370,443</u>	

See independent auditors' report.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Statement C-2

Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Intergovernmental:				
Federal capital grant	\$ 6,269,049	\$ 6,269,049	\$ 1,699,631	\$ (4,569,418)
Investment income	2,000	2,000	31,100	29,100
Miscellaneous	-	-	332,871	332,871
<i>Total revenues</i>	<u>6,271,049</u>	<u>6,271,049</u>	<u>2,063,602</u>	<u>(4,207,447)</u>
<i>Expenditures</i>				
Public works	34,431	34,431	34,431	-
Capital outlay	9,163,574	9,163,574	4,753,863	4,409,711
<i>Total expenditures</i>	<u>12,308,417</u>	<u>12,308,417</u>	<u>4,788,294</u>	<u>7,520,123</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,037,368)</u>	<u>(6,037,368)</u>	<u>(2,724,692)</u>	<u>3,312,676</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,462,368	3,462,368	-	(3,462,368)
Bond proceeds	2,500,000	2,500,000	2,576,750	76,750
Transfers in	75,000	75,000	-	(75,000)
<i>Total other financing sources (uses)</i>	<u>6,037,368</u>	<u>6,037,368</u>	<u>2,576,750</u>	<u>(3,460,618)</u>
<i>Net change in fund balance</i>	-	-	(147,942)	(147,942)
<i>Fund balance - beginning of year</i>	-	-	426,956	426,956
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 279,014</u>	<u>\$ 279,014</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (147,942)	
Adjustments to revenues for grant revenues.			66,180	
Adjustments to expenditures for capital outlay expenditures.			<u>(202,728)</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (284,490)</u>	

See independent auditors' report.

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SUPPORTING SCHEDULES

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule of Deposit and Investments

June 30, 2019

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>
Wells Fargo Bank		
Checking-Operational	Checking	\$ 1,153,937
<i>Total Wells Fargo Bank</i>		<u>1,153,937</u>
NM State Treasurer's Office		
Investments- LGIP	Investment Pool	6,392,193
<i>Total State Treasurer's Office</i>		<u>6,392,193</u>
<i>Total</i>		<u>\$ 7,546,130</u>

Add: petty cash

Total deposits and investments

Deposits and investments per financial statements:

Cash and cash equivalents - Exhibit A-1

Investments - Exhibit A-1

Restricted Investments - Exhibit A-1

Total cash and investments

See independent auditors' report.

<u>Outstanding Checks</u>	<u>Book Balance</u>
\$ 754,731	\$ 399,206
<u>754,731</u>	<u>399,206</u>
-	6,392,193
-	<u>6,392,193</u>
<u>\$ 754,731</u>	<u>6,791,399</u>
	<u>200</u>
	<u>\$ 6,791,599</u>
	\$ 399,406
	2,184,270
	<u>4,207,923</u>
	<u>\$ 6,791,599</u>

See independent auditors' report.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule II

Schedule of Collateral Pledged by Depository

For Public Funds

June 30, 2019

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2019</u>
Wells Fargo Bank				
	FNMA FNMS 3.00%	6/1/2043	3138WYCX1	\$ 88,381
	FNMA FNMS 4.00%	9/1/2025	3140J8YC1	1,078,474
	<i>Total Pledged Collateral</i>			<u>\$ 1,166,855</u>

The location of the safekeeper of the above securities is BNY Mellon, One Wall Street, NY NY

See independent auditors' report.

STATISTICAL SECTION

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Index to the Statistical Section

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.....	112-113
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.....	119
Direct and Overlapping Debt.....	120-121
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)			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 65,385,172	\$ 61,303,870	\$ 58,891,070	\$ 55,013,438
Restricted for:				
Debt Service	4,231,436	3,920,398	3,156,120	3,443,342
Capital Projects	1,039,384	-	-	-
Unrestricted	<u>207,551</u>	<u>1,234,535</u>	<u>3,330,861</u>	<u>4,564,372</u>
Total Net Position	<u>\$ 70,863,543</u>	<u>\$ 66,458,803</u>	<u>\$ 65,378,051</u>	<u>\$ 63,021,152</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 49,010,235	\$ 45,919,491	\$ 38,989,713	\$ 43,001,396	\$ 40,527,997	\$ 40,191,647
3,859,117	3,090,266	4,489,912	3,693,106	2,189,199	2,263,690
2,644,569	5,387,670	4,978,630	2,305,883	4,572,055	4,067,735
<u>2,734,466</u>	<u>2,309,233</u>	<u>5,136,180</u>	<u>2,181,241</u>	<u>1,979,456</u>	<u>1,620,646</u>
<u>\$ 58,248,387</u>	<u>\$ 56,706,660</u>	<u>\$ 53,594,435</u>	<u>\$ 51,181,626</u>	<u>\$ 49,268,707</u>	<u>\$ 48,143,718</u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years

(ACCRUAL BASIS OF ACCOUNTING)

	2019	2018	2017	2016
Program Expenses				
Public works:				
Personnel services	\$ 721,434	\$ 826,117	\$ 794,025	\$ 858,377
Employee benefits	475,547	479,189	459,618	326,698
Planning and engineering	-	-	-	-
General and administrative expenses	292,011	377,867	475,548	387,859
Contractual operating and maintenance services	937,151	610,642	521,739	499,509
Depreciation and amortization	1,051,293	1,020,958	970,870	897,209
Bond issuance costs	-	-	-	-
Interest costs	588,949	532,277	576,443	612,008
Total Program Expenses	\$ 4,066,385	\$ 3,847,050	\$ 3,798,243	\$ 3,581,660
Program Revenues				
Capital contributions	\$ -	\$ 90,384	\$ 48,634	\$ 5,671
Total program revenues	\$ -	\$ 90,384	\$ 48,634	\$ 5,671
Operating Grants				
Public works operating grants	\$ -	\$ -	\$ 3,065	\$ -
Total Operating Grants	\$ -	\$ -	\$ 3,065	\$ -
Capital Grants				
Public works capital grants	\$ 2,398,280	\$ 544,302	\$ 2,271,879	\$ 3,290,472
Total Capital Grants	\$ 2,398,280	\$ 544,302	\$ 2,271,879	\$ 3,290,472
Net Revenue	(1,668,105)	(3,212,364)	(1,474,665)	(285,517)
General Revenues				
Ad Valorem Assessments	\$ 5,642,344	\$ 5,437,864	\$ 5,398,461	\$ 5,265,734
Investment Income	121,591	55,138	24,657	16,458
Miscellaneous revenues	320,392	13,453	5,827	2,329
Transfer of asset to outside governmental entity	-	(190,583)	(1,597,381)	(226,239)
Gain/(loss) on sale of capital assets	(11,482)	-	-	-
Total General Revenues	\$ 6,072,845	\$ 5,315,872	\$ 3,831,564	\$ 5,058,282
Change in Net Position	\$ 4,404,740	\$ 2,103,508	\$ 2,356,899	\$ 4,772,765
<i>Restatement pursuant to GASB No.75</i>	\$ -	\$ (1,022,756)	\$ -	\$ -
<i>Restatement pursuant to GASB No.68</i>	\$ -	\$ -	\$ -	\$ -
Total Net Position - beginning of year	\$ 66,458,803	\$ 65,378,051	\$ 63,021,152	\$ 58,248,387
Total Net Position - End of Year	\$ 70,863,543	\$ 66,458,803	\$ 65,378,051	\$ 63,021,152

2015	2014	2013	2012	2011	2010
\$ 778,826	\$ 694,020	\$ 668,416	\$ 641,956	\$ 661,516	\$ 633,770
287,347	303,915	280,487	259,607	228,780	244,684
-	-	-	-	-	720,247
409,155	460,799	388,910	549,236	660,471	571,510
711,102	3,567,215	455,873	411,119	895,395	221,037
881,323	844,554	820,122	806,169	774,522	692,160
76,757	-	-	-	-	-
860,493	864,112	936,106	926,451	928,101	901,989
\$ 4,005,003	\$ 6,734,615	\$ 3,549,914	\$ 3,594,538	\$ 4,148,785	\$ 3,985,397
\$ 313,925	\$ 83,610	\$ 773,089	\$ 737,318	\$ 293,722	\$ 1,270,924
\$ 313,925	\$ 83,610	\$ 773,089	\$ 737,318	\$ 293,722	\$ 1,270,924
\$ -	\$ 3,030,484	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 3,030,484	\$ -	\$ -	\$ -	\$ -
\$ 794,481	\$ 1,583,039	\$ -	\$ -	\$ -	\$ -
\$ 794,481	\$ 1,583,039	\$ -	\$ -	\$ -	\$ -
(2,896,597)	(2,037,482)	(2,776,825)	(2,857,220)	(3,855,063)	(2,714,473)
\$ 5,209,963	\$ 5,209,137	\$ 5,174,923	\$ 4,762,101	\$ 4,567,218	\$ 4,526,083
9,454	7,895	14,354	14,389	-	16,700
63,218	150,757	3,053	-	-	61,158
(38,324)	-	(2,696)	(6,349)	-	-
-	-	-	-	-	-
\$ 5,244,311	\$ 5,367,789	\$ 5,189,634	\$ 4,770,141	\$ 4,567,218	\$ 4,603,941
\$ 2,347,714	\$ 3,330,307	\$ 2,412,809	\$ 1,912,921	\$ 712,155	\$ 1,889,468
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (805,987)	\$ (218,082)	\$ -	\$ -	\$ 412,834	\$ -
\$55,900,673	\$53,376,353	\$51,181,626	\$49,268,705	\$48,556,552	\$46,254,250
\$58,248,387	\$56,706,660	\$53,594,435	\$51,181,626	\$49,268,707	\$48,143,718

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2019	2018	2017	2016
Revenues				
Ad valorem assessments	5,642,344	\$ 5,455,688	\$ 5,398,461	\$ 5,263,681
Federal grants	501,222	1,836,174	272,094	1,183,155
State grants	1,281,069	-	1,328,906	1,266,565
Interest	121,591	55,138	24,657	16,458
Capital contributions	-	-	-	-
Miscellaneous	320,392	13,223	5,827	2,329
Total revenues	7,866,618	7,360,223	7,029,945	7,732,188
Expenditures				
Current:				
Public works	2,308,512	2,157,341	2,149,285	2,013,128
Capital outlay	5,187,300	1,080,614	4,035,920	4,893,370
Debt service:				
Principal	2,532,915	2,406,520	2,325,000	2,325,000
Interest	577,496	598,519	669,195	707,494
Bond issuance costs	54,305	1,656	11,548	-
Total expenditures	10,660,528	6,244,650	9,190,948	9,938,992
Excess (deficiency) of revenues over expenditures	(2,793,910)	1,115,573	(2,161,003)	(2,206,804)
Other financing sources (uses)				
Equipment and property disposition				
Bond proceeds	2,500,000	-	-	696,789
Proceeds of refunding bonds	-	-	-	-
Bond premiums	127,265	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	2,627,265			696,789
Net change in fund balances	(166,645)	1,115,573	(2,161,003)	(1,510,015)
Fund balances - beginning	6,739,531	5,623,958	7,784,961	9,294,976
Fund balances - ending	\$ 6,572,886	\$ 6,739,531	\$ 5,623,958	\$ 7,784,961
Debt service as a percentage of non-capital expenditures	57%	58%	58%	60%

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 5,236,110	\$ 5,217,198	\$ 5,222,366	\$ 4,870,646	\$ 4,499,511	\$ 4,426,118
3,519,862	23,999	-	-	-	-
1,148,567	497,067	-	34,400	291,349	-
9,454	7,895	14,354	14,389	15,331	16,700
-	83,610	773,089	690,018	-	1,270,500
63,218	150,757	3,053	12,900	2,373	424
<u>9,977,211</u>	<u>5,980,526</u>	<u>6,012,862</u>	<u>5,622,353</u>	<u>4,808,564</u>	<u>5,713,742</u>
2,221,052	5,022,602	1,785,743	1,884,870	2,417,192	2,524,817
4,106,951	3,026,620	2,412,219	1,685,648	1,682,118	5,876,408
5,700,000	2,015,000	1,845,000	1,595,000	1,520,000	1,725,000
808,613	961,174	894,475	948,849	903,108	842,560
76,757	-	50,525	1,284	36,642	67,197
<u>12,913,373</u>	<u>11,025,396</u>	<u>6,987,962</u>	<u>6,115,651</u>	<u>6,559,060</u>	<u>11,035,982</u>
<u>(2,936,162)</u>	<u>(5,044,870)</u>	<u>(975,100)</u>	<u>(493,298)</u>	<u>(1,750,496)</u>	<u>(5,322,240)</u>
1,755,630	47,582	4,500,000	-	2,500,000	91,781
7,145,000	-	-	-	-	4,500,000
307,862	-	34,248	-	37,439	2,360,000
(3,701,724)	-	-	-	-	178,180
<u>5,506,768</u>	<u>47,582</u>	<u>4,534,248</u>	<u>-</u>	<u>2,537,439</u>	<u>(1,940,534)</u>
2,570,606	(4,997,288)	3,559,148	(493,298)	786,943	5,189,427
6,724,370	11,721,658	8,162,510	8,655,808	7,868,863	(132,813)
<u>\$ 9,294,976</u>	<u>\$ 6,724,370</u>	<u>\$ 11,721,658</u>	<u>\$ 8,162,510</u>	<u>\$ 8,655,806</u>	<u>\$ 7,868,863</u>
74%	37%	60%	57%	50%	50%

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

General Fund	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Post GASB 54				
Nonspendable	\$ 500	\$ 766	\$ 900	\$ 530
Restricted	-	-	-	-
Committed	315,922	322,398	336,848	330,798
Assigned	434,078	427,602	413,152	419,202
Unassigned	1,505,345	1,757,677	1,788,702	1,879,170
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total General Fund	<u>\$ 2,255,845</u>	<u>\$ 2,508,443</u>	<u>\$ 2,539,602</u>	<u>\$ 2,629,700</u>
All other governmental funds				
Post GASB 54				
Nonspendable				
Restricted	4,317,041	3,872,446	3,598,430	3,343,101
Committed	-	-	-	-
Assigned	-	358,642	-	1,812,160
Unassigned	-	-	(514,074)	-
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total all other governmental funds	<u>4,317,041</u>	<u>4,231,088</u>	<u>3,084,356</u>	<u>5,155,261</u>
Total Fund Balance	<u>\$ 6,572,886</u>	<u>\$ 6,739,531</u>	<u>\$ 5,623,958</u>	<u>\$ 7,784,961</u>

* The Authority implemented GASB 54 in FY11.

2015	2014	2013	2012	2011*	2010
\$ 23,283	\$ -	\$ -	\$ -	\$ 24,616	\$ -
-	-	-	-	-	-
750,000	2,448,351	2,540,303	2,163,521	1,733,012	-
1,810,646					
-	-	-	-	-	200
-	-	-	-	-	1,426,515
-	-	-	-	-	-
<u>\$ 2,583,929</u>	<u>\$ 2,448,351</u>	<u>\$ 2,540,303</u>	<u>\$ 2,163,521</u>	<u>\$ 1,757,628</u>	<u>\$ 1,426,715</u>

3,212,134	4,276,019	9,181,355	5,998,989	6,898,178	-
3,498,913	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	6,442,148
-	-	-	-	-	-
-	-	-	-	-	-
6,711,047	4,276,019	9,181,355	5,998,989	6,898,178	6,442,148
<u>\$ 9,294,976</u>	<u>\$ 6,724,370</u>	<u>\$ 11,721,658</u>	<u>\$ 8,162,510</u>	<u>\$ 8,655,806</u>	<u>\$ 7,868,863</u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
TAXABLE AND FULL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

<u>TAX YEAR</u>	<u>TOTAL ASSESSED VALUE</u>	<u>CENTRALLY ASSESSED VALUE</u>	<u>TOTAL ASSESSED VALUE (with Centrally Assessed Value)</u>
2019	\$ 2,757,554,274	\$ 66,549,283	\$ 2,824,103,557
2018	2,639,402,346	54,125,139	2,693,527,485
2017	2,553,459,186	84,315,967	2,637,775,153
2016	2,502,848,941	69,564,387	2,572,413,328
2015	2,446,159,501	66,249,357	2,512,408,858
2014	2,433,268,242	70,030,206	2,503,298,448
2013	2,424,877,227	68,423,775	2,493,301,002
2012	2,431,401,134	69,589,061	2,500,990,195
2011	2,445,377,582	66,361,011	2,511,738,593
2010	2,660,137,592	62,279,046	2,722,416,638

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.

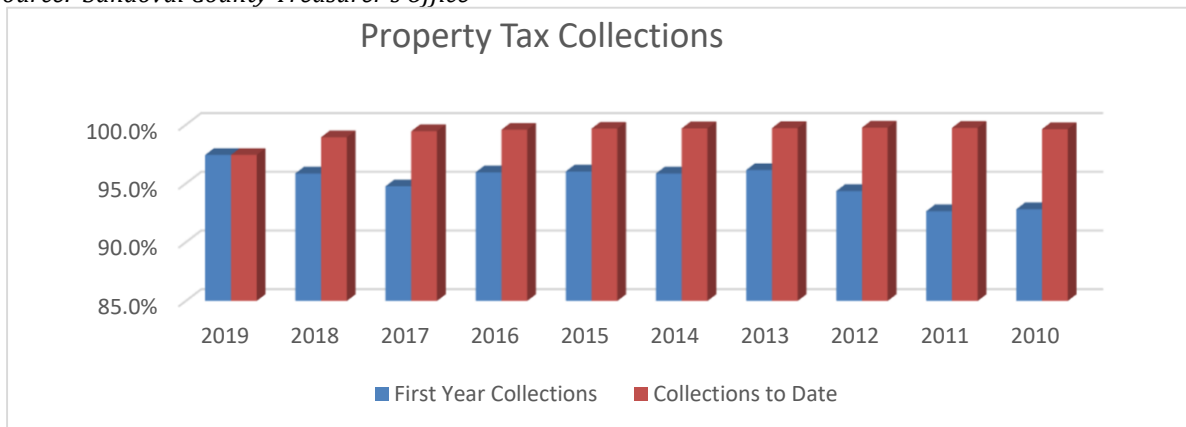
TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUATION	ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE
2.070	\$ 8,272,662,822	33%
2.070	7,918,207,038	33%
2.070	7,660,377,558	33%
2.077	7,508,546,823	33%
2.077	7,338,478,503	33%
2.076	7,299,804,726	33%
2.076	7,274,631,681	33%
2.076	7,294,203,402	33%
1.867	7,336,132,746	33%
1.654	7,980,412,776	33%

**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		Collected in Subsequent Years
		Amount	Percentage of Levy	
SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - DEBT LEVY				
2019	\$3,388,457.88	\$3,301,451.39	97.4%	\$0.00
2018	\$3,272,318.03	\$3,136,807.37	95.9%	\$49,986.26
2017	\$3,236,134.26	\$3,066,682.79	94.8%	\$151,899.26
2016	\$3,158,565.88	\$3,030,855.92	96.0%	\$114,417.44
2015	\$3,131,166.38	\$3,006,856.74	96.0%	\$114,218.80
2014	\$3,125,287.20	\$2,995,855.62	95.9%	\$119,999.49
2013	\$3,125,867.34	\$3,005,432.34	96.1%	\$111,703.82
2012	\$2,613,219.94	\$2,465,800.98	94.4%	\$141,173.22
2011	\$2,357,732.96	\$2,184,239.56	92.6%	\$167,403.65
2010	\$2,360,536.09	\$2,190,778.14	92.8%	\$161,099.31

SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - OPERATIONAL LEVY				
2019	\$2,265,216.75	\$2,207,084.70	97.4%	\$0.00
2018	\$2,190,640.79	\$2,100,121.42	95.9%	\$33,400.14
2017	\$2,153,912.36	\$2,042,149.37	94.8%	\$100,123.17
2016	\$2,103,361.80	\$2,015,329.26	95.8%	\$79,216.24
2015	\$2,081,989.68	\$2,003,087.27	96.2%	\$72,205.38
2014	\$2,081,148.14	\$1,944,227.76	93.4%	\$130,656.66
2013	\$2,080,177.06	\$1,953,014.29	93.9%	\$121,361.78
2012	\$2,200,147.87	2,046,397.31	93.0%	\$148,251.79
2011	\$2,205,143.49	2,024,692.80	91.8%	\$174,304.48
2010	\$2,119,566.33	1,949,808.38	92.0%	\$161,535.54

Source: Sandoval County Treasurer's Office



Total Collections to Date

Amount	Percentage of Levy
\$3,301,451.39	97.4%
\$3,237,715.62	98.9%
\$3,218,582.05	99.5%
\$3,145,273.36	99.6%
\$3,121,075.54	99.7%
\$3,115,855.11	99.7%
\$3,117,136.16	99.7%
\$2,606,974.20	99.8%
\$2,351,643.21	99.7%
\$2,351,877.45	99.6%

\$2,207,084.70	97.4%
\$2,166,921.70	98.9%
\$2,142,272.54	99.5%
\$2,094,545.50	99.6%
\$2,075,292.65	99.7%
\$2,074,884.42	99.7%
\$2,074,376.07	99.7%
\$2,194,649.10	99.8%
\$2,198,997.28	99.7%
\$2,111,343.92	99.6%

**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	2019	2018	2017	2016	2015
State of New Mexico	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.493	6.455	6.383	6.354	6.339
SSCAFCA	0.828	0.828	0.828	0.828	0.828
City of Rio Rancho	7.553	7.525	7.492	7.401	7.426
Rio Rancho Schools	0.267	0.266	0.264	0.263	0.262
Total	15.141	15.074	14.967	14.846	14.855

Over 20 Mill Limit-Interest, Principal, Judgement, etc.

State of New Mexico	1.36	1.36	1.360	1.360	1.360
Sandoval County	0.835	0.593	0.984	1.047	0.852
SSCAFCA	1.246	1.242	1.242	1.249	1.249
City of Rio Rancho	2.77	2.768	2.051	2.016	1.848
Rio Rancho Schools	10.543	10.544	10.540	10.540	10.540
UNM Hospital	2.823	0	0.000	4.250	4.250
Central NM Community College	1	3.799	3.789	3.776	3.381
Total	20.577	20.306	19.966	24.238	23.480

TOTAL LEVY

City of Rio Rancho	2019	2018	2017	2016	2015
State of New Mexico	1.36	1.360	1.360	1.360	1.360
Sandoval County	7.328	7.048	7.367	7.401	7.191
SSCAFCA	2.074	2.070	2.070	2.077	2.077
City of Rio Rancho	10.323	10.293	9.543	9.417	9.274
Rio Rancho Schools	10.81	10.810	10.804	10.803	10.802
UNM Hospital	1.9	0.000	0.000	4.250	4.250
Central NM Community College	3.823	3.799	3.789	3.776	3.381
Total Residential in Rio Rancho	37.618	35.380	34.933	39.084	38.335

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

2014	2013	2012	2011	2010
0.000	0.000	0.000	0.000	0.000
6.240	6.137	6.137	5.621	5.253
0.828	0.828	0.828	0.844	0.784
7.307	7.181	7.181	6.518	6.113
0.258	0.254	0.254	0.230	0.216
14.633	14.400	14.400	13.213	12.366

1.360	1.360	1.360	1.362	1.530
0.539	1.030	1.030	1.038	0.699
1.248	1.248	1.248	1.023	0.870
1.881	1.789	1.789	1.645	2.060
10.524	10.537	10.537	10.542	10.478
4.250	4.250	4.250	4.250	4.250
3.377	3.392	3.550	3.237	3.158
23.179	23.606	23.764	23.097	23.045

2014	2013	2012	2011	2010
1.360	1.360	1.360	1.362	1.530
6.779	7.167	7.167	6.659	5.952
2.076	2.076	2.076	1.867	1.654
9.188	8.970	8.970	8.163	8.173
10.782	10.791	10.791	10.772	10.694
4.250	4.250	4.250	4.250	4.250
3.377	3.392	3.550	3.237	3.158
37.812	38.006	38.164	36.31	35.411

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
PRINCIPAL PROPERTY TAXPAYERS
For the Current Year and Ten Years Ago

<u>2018</u>			
Tax Payer	Taxable Assessed Value	Rank	Percentage of Total Taxable Valuation
Public Service Company of New Mexico	\$ 21,544,306	1	
Intel Corporation	11,485,266	2	
The Neighborhood in Rio Rancho	10,803,438	3	
Presbyterian Healthcare Services	7,430,285	4	
New Mexico Gas Company	7,300,351	5	
Wal-Mart Stores East LTD Partnership	3,982,652	6	
RR Preimiere Reality LP	3,080,581	7	
Comenity Servicing LLC	3,016,710	8	
CTR Partnership LB	2,903,648	9	
Fulcrum Building LLC	2,852,187	10	
Lowe's Home Centers			
Wal-Mart Stores			
Centex American Gypsum			
Yates, Ronald G and Kimla			
American Holdings and Assests			
Presbyterian Healthcare Services			
Enchanged 528 Development			
Rio Rancho SPV LP			
Cherry Road LLC			
High Desert Investment Corp.			
 Total Major Employers-Sandoval County*	 \$ 74,399,424		

Sources: *Sandoval County Assessor's Office

2009

<u>Taxable</u>	<u>Percentage of Total</u>
<u>Assessed Value</u>	<u>Taxable Valuation</u>

6,122,114	28%
5,604,760	26%
2,840,683	13%
1,433,333	7%
1,126,707	5%
927,896	4%
896,595	4%
884,774	4%
862,383	4%
841,314	4%

\$ 21,540,559

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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 Service Fund	Total	Percentage of Personal Income (2)	Percentage of Total Assessed Taxable Value of Property (3)	Per Capita (4)	Personal Income (amounts expressed in thousands)
2019	19,055,565	4,207,923	14,847,642	0.59%	0.53%	151.48	2,516,215
2018	19,088,480	3,840,235	15,248,245	0.61%	0.57%	155.57	2,516,215
2017	21,495,000	3,156,120	18,338,880	0.76%	0.70%	190.70	2,410,354
2016	23,820,000	3,227,552	20,592,448	0.77%	0.80%	221.51	2,675,375
2015	25,998,440	2,217,026	23,781,414	0.96%	0.95%	259.04	2,474,657
2014	25,817,582	2,828,206	22,989,376	0.91%	0.92%	253.67	2,531,846
2013	27,785,000	2,674,544	25,110,456	1.04%	1.01%	281.83	2,412,684
2012	25,130,000	2,269,056	22,860,944	1.03%	0.91%	262.56	2,230,246
2011	26,725,000	2,334,533	24,390,467	1.15%	0.97%	289.14	2,114,189
2010	25,745,000	2,339,243	23,405,757	1.05%	0.86%	288.76	2,229,688

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

Sources:

- (1) *Presented net of original issuance discounts and premiums.*
- (2) *US Census Bureau for the City of Rio Rancho for 2019 amounts are unavailable; therefore 2018 were used and can be found in the Schedule of Demographic and Economic Statistics.*
- (3) *See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.*
- (4) *Population data was not available for this year only; therefore 2018 population was used and data can be found on the Schedule of Demographic and Economic Statistics.*

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
DIRECT AND OVERLAPPING DEBT
As of June 30, 2019

	Assessed Valuation	Debt Outstanding	Percent Applicable to SSCAFCA	SSCAFCA Share of Debt
SSCAFCA	\$ 2,824,103,557	\$ 19,055,565	100%	\$ 19,055,565
State of New Mexico	\$66,382,974,295	\$490,910,000 (1)	4.25%	20,884,582
Sandoval County	3,732,770,115	18,875,000	75.66%	14,280,267
Albuquerque Public Schools	17,476,514,827	558,985,000	16.16%	90,328,738
Central NM Community College	19,889,521,255	100,985,000	14.20%	14,338,812
City of Rio Rancho	2,314,308,156	21,955,000	81.95%	17,991,775
Rio Rancho School District	2,413,006,428	121,710,000	85.44%	103,993,004
Village of Corrales	410,426,057	1,260,000	14.53%	183,115
Town of Bernalillo	196,940,751	-	6.97%	-
Bernalillo School District	658,236,471	34,375,000	23.31%	8,012,057
Subtotal Overlapping Debt				<u>270,012,350</u>
Total Direct and Overlapping Debt				<u>\$ 289,067,915</u>

Ratios:

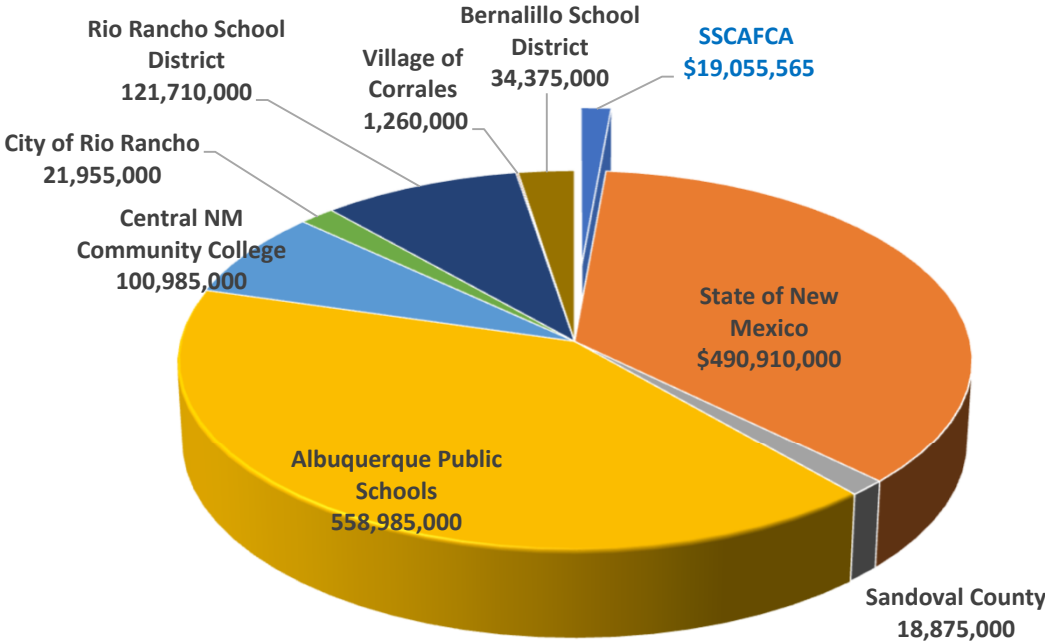
SSCAFCA direct debt to assessed valuation	0.67%
Total direct and overlapping debt to assessed valuation	10.24%
SSCAFCA direct debt to actual valuation	0.23%
Total direct and overlapping debt to actual valuation	3.49%
SSCAFCA debt per capita	\$ 194.41
Direct and overlapping debt per capita	\$ 2,949.19

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

(1) Preliminary Assessed Valuation.

(2) Population is based on 2018 Census data for City of Rio Rancho only, which is the most current data available.

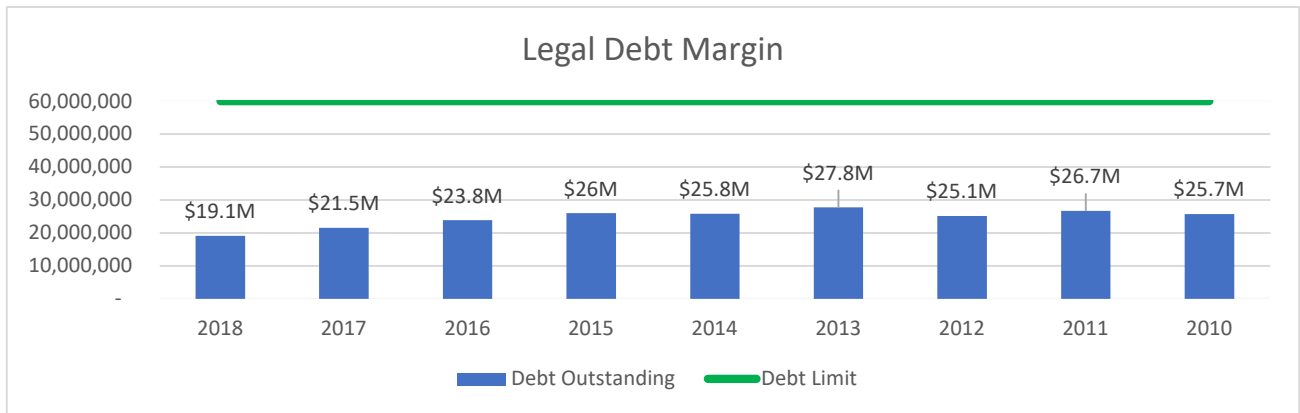
Debt Outstanding by Entity



SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Debt Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
Total net debt applicable to limit	19,055,565	19,088,480	21,495,000	23,820,000	25,998,440
Legal debt margin	\$ 40,944,435	\$ 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	31.76%	31.81%	35.83%	39.70%	43.33%

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



2014	2013	2012	2011	2010
\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
<u>25,817,582</u>	<u>27,785,000</u>	<u>25,130,000</u>	<u>26,725,000</u>	<u>25,745,000</u>
<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>
43.03%	46.31%	41.88%	44.54%	42.91%

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2018	98,016	\$ 2,516,215	\$ 27,383	7.2%
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%

Education

	<u>Population</u>	<u>Percent</u>
Persons age 25 and older	65,721	100%
9-12 grade, no diplomas	3,129	4.8%
High School Graduates	16,557	25%
Some college, no degree	18,392	28%
Bachelor degree	14,129	16.9%
Graduate or professional deg	4,917	7.5%

School Enrollment

Elementary School (grades 1-8)	11,591
High Schools	6,577
Collage or graduate school	6,887

Source: Unites States Census Bureau

*All Statistics gathered for City of Rio Rancho only

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
PRINCIPAL EMPLOYERS
For the Current Year and Ten Years Ago

2018 ⁽¹⁾				
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	
Rio Rancho Public Schools	2,127	1	4%	
Intel Corporation	1,200	2	2%	
Presbyterian Healthcare Services	1,000	3	2%	
HP, Inc.	720	4	1%	
City of Rio Rancho	700	5	1%	
University of NM Hospitals	425	6	1%	
Safelite Solutions, LLC	400	7	1%	
S&P Data, LLC	250	8	0%	
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*	7,322			
Total Sandoval County Employment**	59,550			

Sources: **Albuquerque Economic Development and City of Rio Rancho*
***Bureau of Business & Economic Research (BBER) and U. S. Census Bureau*

(1) 2018 Data was the most current available.
(2) used low end of employment range reported.

2009

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
1,838	2	3%
3,300	1	6%
633	6	1%
1,300	3	2%
800	4	1%
700	5	1%
620	7	1%
422	8	1%
406	9	1%
400	10	1%
<u>10,419</u>		
<u>55,189</u>		

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years**

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General & Administrative	5	5	5	6	7
Planning and Engineering	5	4	3	3	2
	10 ⁽¹⁾	9	8	9	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.

⁽¹⁾ Field Engineer was hired

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
7	6	7	7	7
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>4</u>
9	8	9	9	11

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Finance				
Checks processed	798	741	847	883
Purchasing				
Number of RFP's and Bids Issued ⁽¹⁾	9	12	15	5
Number of On-Call Engineering Task-Orders	7	14	15	11
Additional Task-Orders issued	16	9	18	26
Flood Control and Infrastructure				
Number of Citizen reported deficiencies	5	29	26	18
Number of Flood Control Facilities	85	81	80	79
Miles of Unlined Arroyos	85.3	85.4	85.4	84.1
Channel and Storm Drain	23.7	23.6	N/A	N/A
Acres of maintained real property	4505	4,477	4,458	4,413
Vehicle Miles Driven	19,944	7,408	15,761	16,010
Maintenance work orders	86	80	64	85
Fencing Projects	6	15	11	13
Water Quality				
Number of Water Quality Structures	45	44	43	42
Cubic Yards of Sediment Removal (CY)	48,758	28,800	16,025	18,800
Cubic Yards of Trash/Debris Removal	49.6	32	21	58
Planning and Engineering				
Development Review	141	130	64	34
Annual Rainfall				
Annual Average Rainfall ⁽²⁾	6.77	11.39	8.26	5.38
Monsoon Season Precipitation (cumulative inches June 1 - September 30) ⁽²⁾	3.32	6.69	4.85	2.32

⁽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.

2015	2014	2013	2012	2011	2010
919	942	832	830	992	1,180
11	10	6	7	6	5
19	28	18	7	46	49
32	59	21	8	13	8
27	N/A	N/A	N/A	N/A	N/A
77	72	71	71	70	65
84	81.6	76.1	72.5	49.7	49.7
N/A	N/A	N/A	N/A	N/A	N/A
4,371	3,781	3,712	3,391	2,396	2,378
15,813	13,600	11,010	9,066	5,588	2,887
89	214	88	98	68	50
7	10	11	6	5	0
40	38	37	37	37	32
550	N/A	226,842	N/A	N/A	122,000
78	143	170	50	N/A	N/A
71	77	9	N/A	N/A	N/A
12.74	7.43	7.77	3.37	5.9	9.15
5.69	4.99	6.1	1.92	3.31	4.18

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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

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Directors and Management
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 of the General Fund of Southern Sandoval County Arroyo Flood Control Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 21, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. 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 did not disclose 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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, NM
November 21, 2019

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FEDERAL FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Directors and Management
Southern Sandoval County Arroyo Flood Control Authority
Rio Rancho, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Southern Sandoval County Arroyo Flood Control Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2019. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Cordova CPAs LLC
Albuquerque, NM
November 21, 2019

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor or Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Homeland Security				
<i>Passed through State of New Mexico Department of Homeland Security and Emergency Management</i>				
Hazard Mitigation Grant-Lomas Negras Phase II	97.039 *	\$ 414,208	\$ -	\$ -
Hazard Mitigation Grant- Arroyo Safety	97.039 *	23,653	-	-
Hazard Mitigation Grant- Lisbon Channel Flood Prevention	97.039 *	63,117	-	-
Pre-Disaster Mitigation- Cactus	97.047	137,086	-	-
<i>Total U.S. Department of Homeland Security</i>		<u>638,064</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation				
<i>Passed through New Mexico Department of Transportation</i>				
Highway Planning and Construction - Lisbon Channel Access	20.205	367,746	-	-
<i>Total U.S. Department of Transportation</i>		<u>367,746</u>	<u>-</u>	<u>-</u>
U.S. Environmental Protection Agency				
<i>Passed through State of New Mexico Environmental Department</i>				
Capitalization Grant for Clean Water State Revolving Funds	66.458	104,633	-	-
<i>Total U.S. Environmental Protection Agency</i>		<u>104,633</u>	<u>-</u>	<u>-</u>
<i>Total Federal Financial Assistance</i>		<u>\$ 1,110,443</u>	<u>\$ -</u>	<u>\$ -</u>

* Denotes Major Federal Financial Assistance Program

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

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

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Southern Sandoval County Arroyo Flood Control Authority and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Loans

The Authority did not expend federal awards related to loans or loan guarantees during the year.

3. 10% de minimus Indirect Cost Rate

The Authority did not elect to use the allowed 10% indirect cost rate.

4. Federally Funded Insurance

The Authority has no federally funded insurance.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
Schedule of Findings and Questioned Costs
June 30, 2019

Section I – Summary of Auditors’ Results

Financial Statements:

- | | |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses 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 |

Federal Awards:

- | | |
|---------------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |

4. Identification of major programs:

CFDA Number	Federal Program
97.039	Hazard Mitigation Grant

- | | |
|-----------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
Schedule of Findings and Questioned Costs
June 30, 2019

Section II – Financial Statement Findings

None noted

Section III – Section 12-6-5 NMSA 1978 Findings

None noted

SECTION III – Federal Award Findings

None noted

Section IV – Prior Year Audit Findings

None noted

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Other Disclosures

June 30, 2019

Exit Conference

An exit conference was held on November 21, 2019. In attendance were the following:

Representing the Southern Sandoval County Arroyo Flood Control Authority:

James Fahey, Chair Pro Tem
Charles Thomas, P.E, Executive Engineer
Debbie Casaus, CPA, Fiscal Services Director
Erica Baca, Business Operations Specialist

Representing Cordova CPAs:

Robert Cordova, CPA, Principal