PRELIMINARY OFFICIAL STATEMENT DATED MAY 16, 2019

\$12,500,000* ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO General Obligation Bonds, Series 2019

NEW ISSUE Moody's Rating: Aaa Book-Entry Only Standard & Poor's Rating: AAA

DATED DATE: June 27, 2019 Due Date: August 1 as shown on next page

PURPOSE

The Bonds are being offered for the purpose of extending, bettering, altering, reconstructing, repairing and otherwise improving the Albuquerque Metropolitan Arroyo Flood Control Authority's ("Authority") flood control system.

THE BONDS

The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing August 1, 2019. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry Only System." The Finance and Administration Manager (or successor in function) of the Authority is the Registrar and Paying Agent for the Bonds.

OPTIONAL REDEMPTION

Bonds maturing on and after August 1, 2027 are subject to optional redemption on August 1, 2026, or anytime thereafter at par plus accrued interest to the redemption date.

SECURITY

The Bonds are general obligations of the Albuquerque Metropolitan Arroyo Flood Control Authority, New Mexico, payable from general (ad valorem) property taxes which are required to be levied against all taxable property within the Authority's without limitation as to rate or amount.

BOND AND TAX OPINION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX MATTERS" herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof; for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (b) is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see "TAX MATTERS" herein.

DELIVERY

When,	as and	if issued,	through	DTC's	facilities,	on or	about	June	27,	2019.

DATED: ______, 2019 *Preliminary, subject to change.

MATURITY SCHEDULE*

Maturing		Interest			Maturing		Interest		
August 1	Principal	<u>Rate</u>	<u>Yield</u>	CUSIP#	August 1	Principal	<u>Rate</u>	<u>Yield</u>	CUSIP#
2019	\$2,045,000				2024	\$1,270,000			
2020	800,000				2025	1,385,000			
2021	200,000				2026	1,315,000			
2022	1,300,000				2027	1,385,000			
2023	1,500,000				2028	1,300,000			

DEBT SERVICE REQUIREMENTS

		Series 20	19 Bonds	
Calendar Year	Outstanding Debt Service	Principal*	Est. Interest	Est. Debt Service
2019	\$9,670,050	\$2,045,000	\$55,165	\$11,770,215
2020	9,318,800	800,000	522,750	10,641,550
2021	9,239,550	200,000	482,750	9,922,300
2022	6,265,550	1,300,000	472,750	8,038,300
2023	3,995,300	1,500,000	407,750	5,903,050
2024	4,293,300	1,270,000	332,750	5,896,050
2025	4,252,050	1,385,000	269,250	5,906,300
2026	2,470,800	1,315,000	200,000	3,985,800
2027	1,339,000	1,385,000	134,250	2,858,250
2028	0	1,300,000	65,000	1,365,000
TOTAL	\$50,844,400	\$12,500,000	\$2,942,415	\$66,286,815

^{*}Preliminary, subject to change.

ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO

2600 Prospect, NE Albuquerque, New Mexico 87107 (505) 884-2215

BOARD OF DIRECTORS

Ronald D. Brown, Chair Bruce M. Thomson, Ph.D., P.E, Vice-Chair Deborah L. Stover, Secretary-Treasurer Tim Eichenberg, Assistant Secretary-Treasurer Cynthia D. Borrego, Director

ADMINISTRATION

Jerry M. Lovato, P.E., Executive Engineer Herman Chavez, CPA, Finance and Administration Manager

MUNICIPAL ADVISOR

George K. Baum & Company 6565 Americas Parkway, Suite 860 Albuquerque, New Mexico 87110 (505) 872-2320

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A. 500 4th Street, Suite 1000 Albuquerque, New Mexico 87102 (505) 848-1800

PAYING AGENT/REGISTRAR

Albuquerque Metropolitan Arroyo Flood Control Authority 2600 Prospect, NE Albuquerque, New Mexico 87107 (505) 884-2215

A Few Words About Official Statements

Official statements for municipal securities issues – like this one – contain the only "official" information about a particular issue of municipal securities. This Official Statement is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("Rule 15c2-12"), this document constitutes an Official Statement of the Authority with respect to the Series 2019 Bonds that has been deemed "final" by the Authority as of its date, except for the omission of no more than the information permitted by Rule 15c2-12.

The information set forth or included in this Official Statement has been provided by the Authority and from other sources believed by the Authority to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Authority described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, was not requested and did not take part in the preparation of the Official Statement nor has such firm undertaken to independently verify any of the information contained herein. Such firm has no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to bond counsel for services rendered in connection with the issuance of the Bonds are contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the Authority and other relevant matters may change after the date of this Official Statement.

All document summaries are just that - they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the Authority or the Municipal Advisor.

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- A. Economic & Demographic Information
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- D. Official Notice of Bond Sale
- E. Form of Continuing Disclosure Undertaking

THE ISSUER

The Authority was organized under the Arroyo Flood Control Act, Sections 72-16-1 through 72-16-103, NMSA 1978. The Authority operates under a Board of Directors as a quasi-municipal corporation. The purpose of the Authority is to acquire and maintain a flood control system within its boundaries, in order to promote the health, safety, prosperity, security and general welfare of its inhabitants. Generally stated, the area of the Authority constitutes the portion of Bernalillo County bounded:

- on the east by the Cibola National Forestry boundary;
- on the south by the Isleta Indian Pueblo Grant boundary;
- on the west the divide between the Rio Grande and the Rio Puerco watersheds; and
- on the north by the Sandoval County line and the Sandia Pueblo Grant boundary.

SECURITY

The Bonds are general obligations of the Authority and paid from ad valorem taxes that are levied against all taxable property within the Authority. Neither the State nor the County has any responsibility to pay the debt service on the Bonds.

LIMITED ROLE OF AUDITORS

Except for the audited financial statements of the Authority for the year ended June 30, 2018, contained in Appendix B, this Official Statement presents unaudited financial and statistical information from Authority records and other sources.

PURPOSE

The Albuquerque Metropolitan Arroyo Flood Control Authority will issue Bonds for the purpose of extending, bettering, altering, reconstructing, repairing and otherwise improving the Authority's flood control system. The Bonds represent the second increment of bonds authorized at an election held by the Authority on November 8, 2016.

THE BONDS

The Bonds are general obligation bonds to be issued by the Authority in the total principal amount of \$12,500,000 and are dated the date of delivery. The Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the inside cover page of this Official Statement payable semiannually on February 1 and August 1 each year, commencing on August 1, 2019, and maturing serially, as set forth on the inside cover page of this Official Statement.

Authorization

The Bonds are being issued pursuant to the Board's powers under Section 72-16-1 through Section 72-16-103, NMSA 1978, as amended and supplemented, the Constitution and other laws of the State, and the Bond Resolution.

Bond Registrar and Paving Agent

The Authority will serve as the Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

The Bonds will be issued in book-entry only form through the facilities of the Depository Trust Company, New York, New York.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the fifteenth day of the month preceding the interest

payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

Prior Redemption

Bonds maturing on and after August 1, 2027 are subject to optional redemption on August 1, 2026, or anytime thereafter at par plus accrued interest to the redemption date.

Exchange or Transfer of Bonds

Books for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same interest rate and maturity in other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds that the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar may require the payment by the owner of any Bond requesting exchange or transfer of any tax or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

SECURITY AND REMEDIES

The Bonds are general obligations of the Authority payable from ad valorem taxes that may be levied against all taxable property within the boundaries of the Authority without limitation of rate or amount. The Board of County Commissioners of Bernalillo County is obligated to levy and collect upon all taxable property within the Authority a tax levy sufficient, together with other legally available revenues, to meet the debt service on the Bonds. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the property and enforced by sale of the property. Neither the State nor the County has any responsibility to pay the debt service on the Bonds.

Legal Matters

Various State laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no assurance that there will not be any change, interpretation of, or addition to the applicable laws, provisions, and regulations that would have a material effect, directly or indirectly, on the affairs of the Authority.

Limitations on Remedies Available to Owners of Bonds

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Authority in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty

of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Section 72-16-1 et seq., NMSA 1978, as amended, limits the powers of the Authority to incur general obligation debt extending beyond the fiscal year (e.g., by issuing additional bonds). The Authority must submit any proposition to create such a debt to a vote of the qualified electors of the Authority, and a majority of those voting must vote in favor of creating the debt. The total outstanding general obligation debt of the Authority may not exceed \$80,000,000.

The assessed valuation of taxable property within the Authority is \$15,931,512,861 for the 2018 tax year. (See "TAX BASE - Analysis of Assessed Valuation" herein.)

2018 Assessed Valuation ⁽¹⁾	\$15,931,512,861
2018 Estimated Actual Valuation ⁽²⁾	\$47,794,538,580
Total Bonded Debt Outstanding (including the Series 2019 Bonds)	\$57,095,000
Less Debt Service Fund Balance	7,252,360
NET DEBT	\$49,842,640
Ratio of Estimated Net Debt to 2018 Assessed Valuation	0.3129%
Ratio of Estimated Net Debt to 2018 Estimated Actual Valuation	0.1043%
Per Capita Net Bonded Debt:	\$73.44
Est. Population ⁽³⁾ :	678,701

- (1) Certified Assessed Value as of October 6, 2018 (Source: DFA Local Government Division & Bernalillo County Treasurer's Office)
- (2) Estimated Actual Valuation was computed by multiplying the Assessed Valuation by three.
- (3) Source: U.S. Census Bureau, Quickfacts (Bernalillo County)

Statement of Estimated Direct and Overlapping Debt

The following is a calculation which is useful to investors in assessing the debt load and per capita debt of the Authority payable from property taxes. In addition to the outstanding debt of the Authority, the calculation takes into account debt attributable to other taxing entities that are the responsibility of taxpayers within the boundaries of the Authority.

Ratio of Estimated Direct & Overlapping Debt to 2018 Assessed Valuation:	9.02%
Ratio of Estimated Direct & Overlapping Debt to 2018 Estimated Actual Valuation:	3.01%
Per Capita Direct & Overlapping Debt:	\$2,118

Direct and Overlapping Debt

	2018 Assessed	G/O Debt	<u>Percent</u>	
<u>Entity</u>	<u>Valuation</u>	Outstanding	<u>Applicable</u>	<u>Amount</u>
State of NM	\$60,698,948,670	\$411,525,000	26.25%	\$108,012,016
City of Albuquerque	13,666,023,452	440,576,000	100%	440,576,000
Bernalillo County	16,601,184,746	108,595,000	95.97%	104,214,408
CNM Community College	19,203,499,342	117,165,000	82.96%	97,201,852
Village of Los Ranchos	274,718,685	2,465,000	100%	2,465,000
Albuquerque PSD	16,888,932,115	627,740,000	100%	627,740,000
Subtotal				\$1,380,209,276
AMAFCA	15,931,512,860	57,095,000	100%	57,095,000
Total Direct and Overlapping				\$1,437,304,276

Source: New Mexico Department of Finance and Administration

Outstanding Debt

The Authority has issued debt in the past for various capital improvements. A list of outstanding issues not including the Bonds, follows:

	Original		Principal	
Series	Amount Issued	Final Maturity	Outstanding	
2012	\$10,000,000	08/01/2019	\$1,500,000	
2014	12,500,000	08/01/2021	7,800,000	
2015	12,500,000	08/01/2022	9,100,000	
2016	12,500,000	08/01/2025	9,350,000	
2017	12,500,000	08/01/2026	6,990,000	
2018	12,500,000	08/01/2026	9,855,000	
	\$72,500,000		\$44,595,000	_

Source: Albuquerque Metropolitan Arroyo Flood Control Authority

TAX BASE

Analysis of Assessed Valuation

Assessed valuation of property within the Authority is calculated as follows: of the total estimated actual valuation of all taxable property in the Authority, 33-1/3% is legally subject to ad valorem taxes. The actual value of personal property within the Authority is determined by the County Assessor. The actual value of certain corporate property within the Authority is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division.

After deduction of certain personal exemptions, the 2018 Assessed Valuation is \$15,931,512,861. Below is a history of Assessed Valuation.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assessments					
Value of Land	\$5,264,949,919	\$5,178,576,419	\$5,067,045,191	\$5,036,527,346	\$4,975,012,970
Improvements	12,521,826,751	12,046,517,727	11,596,238,280	11,198,367,681	10,927,906,361
Personal Property	491,780,769	476,803,792	453,923,440	437,523,297	421,979,993
Mobile Homes	39,549,941	40,227,008	40,235,980	39,900,905	41,310,830
Livestock	823,682	792,044	873,523	1,296,833	643,266
Assessor's Total Valuation	\$18,318,931,062	\$17,742,916,990	\$17,158,316,414	\$16,713,616,062	\$16,366,853,420
Less Exemptions					
Head of Family	188,713,481	189,666,168	190,403,775	191,112,077	188,041,586
Veterans	306,621,766	295,472,658	287,302,579	276,295,754	262,859,525
Other	2,345,217,693	2,307,740,543	2,241,946,701	2,253,700,937	2,176,382,747
Total Exemptions	\$2,840,552,940	\$2,792,879,369	\$2,719,653,055	\$2,721,108,768	\$2,627,283,858
Assessors Net Valuation	\$15,478,378,122	\$14,950,037,621	\$14,438,663,359	\$13,992,485,294	\$13,739,569,562
Central Assessed	453,134,739	487,992,412	484,785,455	465,509,090	469,109,765
Total Assessed Valuation	\$15,931,512,861	\$15,438,030,033	\$14,923,448,814	\$14,457,994,384	\$14,208,679,327
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	\$12,225,431,975	\$11,726,593,706	\$11,234,417,245	\$10,794,783,246	\$10,514,280,082
Non-Residential	3,706,080,886	3,711,436,327	3,689,031,569	3,663,211,138	3,694,399,245
	\$15,931,512,861	\$15,438,030,033	\$14,923,448,814	\$14,457,994,384	\$14,208,679,327

Source: Bernalillo County Assessor's Office – Abstracts.

History of Assessed Valuation

The following is a history of Assessed Valuation for the Authority compared with the City of Albuquerque and Bernalillo County.

Tax Year	<u>AMAFCA</u>	City of Albuquerque	Bernalillo County
2018	\$15,931,512,861	\$13,666,037,017	16,601,198,646
2017	15,438,030,033	13,143,779,520	\$15,592,904,243
2016	14,923,448,814	12,661,825,249	15,119,077,244
2015	14,457,994,384	12,243,670,185	14,835,047,140
2014	14,208,679,327	12,091,681,855	14,504,259,537

Source: New Mexico Department of Finance and Administration – Certificate of Property Tax Rates.

Tax Rates

Operational (Residential)	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bernalillo County	7.022	6.996	7.090	7.245	7.254
City of Albuquerque	6.253	6.241	6.339	6.493	6.494
AMAFCA - Operational	0.172	0.171	0.173	0.177	0.177
Albuquerque PSD #12	0.267	0.266	0.270	0.275	0.276
Total	\$13.714	\$13.674	\$13.872	\$14.190	\$14.201
Debt Service (Residential)					
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Bernalillo County	1.265	1.265	1.265	1.265	1.265
City of Albuquerque	4.976	4.976	4.976	4.976	4.976
AMAFCA – Debt Service	0.675	0.675	0.675	0.675	0.675
Albuquerque PSD #12	4.118	4.101	4.061	4.436	10.531
UNM Hospital-Operational	6.400	6.400	6.198	6.334	6.342
Central NM Community College	2.799	2.789	2.776	3.381	3.377
Total	\$21.593	\$21.566	\$21.311	\$22.427	\$28.526
Total (Residential)					
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Bernalillo County	8.490	8.463	8.561	8.721	8.531
City of Albuquerque	11.229	11.217	11.315	11.469	11.470
AMAFCA	0.847	0.846	0.848	0.852	0.852
Albuquerque PSD #12	10.473	10.452	10.487	10.531	10.531
UNM Hospital	6.400	6.400	6.198	6.334	6.342
Central NM Community College	3.799	3.789	3.776	3.381	3.377
Total Residential	\$41.681	\$41.681	\$42.550	\$42.640	\$42.420
Total Non-Residential in City of					
Albuquerque	\$46.833	\$46.833	\$46.788	\$46.336	\$46.132
Village of Los Ranchos					
Residential	\$31.522	\$31.464	\$31.382	\$31.327	\$31.141
Non-Residential	\$36.313	\$36.313	\$36.268	\$35.816	\$35.612

Source: State of New Mexico, Department of Finance & Administration.

Major Taxpayers

The 10 largest taxpayers in Bernalillo County have a combined assessed valuation of \$379,895,338, which represents 2.27% of the 2018 Assessed Valuation. This table is useful in assessing the concentration risk of the tax base.

Taxpayer	Business	2018 Assessed Valuation
PNM Electric	Electric Utility	\$179,951,377
NM Gas	Gas Utility	44,725,955
Comcast	Cable Provider	35,469,693
Qwest	Telephone	26,600,480
Verizon Wireless	Cellular	23,798,083
Southwest Airlines	Airline	18,130,563
AT&T Mobility	Cellular	16,011,560
BNSF	Railroad	15,262,868
CC Rio Grande	Other Mineral	11,294,776
T-Mobile	PCS	8,649,983
		\$379,895,338

Top Ten Centrally Assessed Values

Source: New Mexico Taxation and Revenue Department

Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value", as defined by Statute, divided by such prior property tax year's total taxable property value, but if that percentage is less than 100 percent, then the growth control fact is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed five percent) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. The growth control factor applies to authorized operating levies and to authorized capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.

Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which experienced large increases in residential property values prior to 1997), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 (amended in 2003 and 2008) and are codified as Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

- 1. To property that is being valued for the first time;
- 2. To physical improvements made to the property in the preceding year;
- 3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
- 4. When a change occurs in the zoning or use of the property; and
- 5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

The Statutory Valuation Cap on Residential Increases has been challenged in a number of venues. The New Mexico Court of Appeals ruled that the Statutory Valuation Cap on Residential Increases is constitutional in March 2012, and the New Mexico Supreme Court affirmed that ruling in June of 2014. The Legislature considered various bills dealing with the Statutory Valuation Cap on Residential Increases in recent legislative sessions, but no bills have been enacted into law. To the extent that court or legislative action is taken or a further Constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property.

Section 7-36-21.3 NMSA 1978 fixes valuations for property taxation purposes for single-family dwellings occupied by low-income owners who are sixty-five years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled and upon filing of a claim for entitlement with the county assessor. The Section 7-36-21.3 limitation does not apply:

- 1. To property that is being valued for the first time;
- 2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
- 3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Tax Collections

General (ad valorem) taxes for all units of government are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are payable to the County Treasurer in two installments due on November 10 of the year in which the tax bill was prepared and mailed, and on April 10 of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent 30 days after the date on which they are due.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (5%) of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, fifty percent (50%) of the property tax due or fifty dollars (\$50.00), whichever is greater, shall be added as a penalty

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53, NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for which taxes are delinquent.

Tax Collections on Local and Centrally Assessed Property in Bernalillo County

	Net Taxes		
Tax	Charged To	Taxes Collected as	Percentage
Year	Treasurer	of March 2019	Collected
2018	\$711,263,041	\$419,299,283	58.95%
2017	685,290,238	675,092,819	98.51%
2016	662,962,921	658,025,358	99.26%
2015	641,206,724	639,221,925	99.69%
2014	627,177,951	625,762,069	99.77%
2013	613,745,743	612,578,372	99.81%
2012	601,722,051	600,670,867	99.83%
2011	592,574,757	591,609,643	99.84%
2010	584,127,224	582,875,028	99.79%
2009	593,349,549	592,105,631	99.79%

Source: Bernalillo County Treasurer.

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THE AUTHORITY

The Authority is a political subdivision of the State created and organized for the purpose of operating and maintaining a flood control system in the Albuquerque Metropolitan Area, New Mexico

Powers

The Authority was created by Laws 1963, Chapter 311 of the State of New Mexico, compiled as Section 72-16-1 through 72-16-103, NMSA 1978, as amended and supplemented (the "Act"). The Authority is authorized, empowered and directed, subject to the provisions of Section 7 (72-16-7 NMSA 1978) of the Albuquerque Metropolitan Arroyo Flood Control Act, to acquire, equip, maintain and operate a flood control system for the benefit of the Authority and the inhabitants thereof. The flood control system consists of such facilities as the Board may determine. Members of the Board serve without compensation for six-year terms of office in non-partisan elections held every two years at the time of the regular local election under the direction of the Bernalillo County Clerk.

Board of Directors and Administration

The Board may exercise the following powers:

- A. Fix the time and place at which its regular meetings will be held within the Authority and provide for the calling and holding of special meetings;
- B. Adopt and amend or otherwise modify bylaws and rules for procedure;
- C. Select one director as chair of the Board and president of the Authority, and another director as vice chair of the Board and vice president of the Authority, and choose a secretary and a treasurer of the Board and Authority, each of which two positions may be filled by a person who is, or is not, a director, and both of which positions may, or may not, be filled by one person;
- D. Prescribe by resolution a system of business administration and create all necessary offices and establish and reestablish the powers, duties and compensation of all officers and employees;
- E. Require and fix the amount of all official bonds necessary or desirable and convenient in the opinion of the board for the protection of the funds and property of the authority, subject to the provisions of the Act;
- F. Prescribe a method of auditing and allowing or rejecting claims and demands;
- G. Provide a method for the letting of contracts on a fair and competitive basis for the construction of works, any facility or any project or any interest therein or the performance or furnishing of labor, materials or supplies as required in the Act;
- H. Designate an official newspaper published in the authority in the English language and direct additional publication in any newspaper where it deems that the public necessity may so require; and
- I. Make and pass resolutions and orders on behalf of the Authority not repugnant to the provisions of the Act necessary or proper for the government and management of the affairs of the Authority, for the execution of the powers vested in the Authority and for carrying into effect the provisions of that act.

The current Board officers and members are as follows:

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Ronald D. Brown., Chair; District 4; term expires December 31, 2019.

Bruce M. Thomson, Ph.D, P.E., Vice Chair; District 5; term expires December 31, 2023.

Deborah L. Stover, Secretary-Treasurer, District 1; term expires December 31, 2021.

Tim Eichenberg, Assistant Secretary-Treasurer; District 3; term expires December 31, 2019.

Cynthia D. Borrego, Director; District 2; term expires December 31, 2021.
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The operations and programs of the Authority are administered by the executive engineer.

Jerry M. Lovato, P.E., Executive Engineer. In July 2010, the Board of Directors appointed Mr. Lovato as the Executive Engineer. Prior to his appointment, Mr. Lovato served as the Drainage Engineer from February 2006 through June 2010. In addition, he also served as AMAFCA's Field Engineer from February 2000 through January 2006. Before his

employment with AMAFCA, Mr. Lovato was a Civil Engineer for the U.S. Army Corps of Engineers. Mr. Lovato is a registered professional engineer. He earned a Bachelor of Science degree and a Master of Science degree in Civil Engineering from the University of New Mexico.

Herman Chavez, CPA, Finance and Administration Manager. In February 2015, Herman was hired as the Finance and Administration Manager. He has 17 years of total experience in public accounting serving as an audit manager for both regional and local accounting firms, including six years as the audit manager responsible for the AMAFCA audit. Herman is a Certified Public Accountant and earned his Bachelor of Accountancy from the University of San Diego.

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FINANCES OF THE AUTHORITY

General Fund Revenues, Expenditures and Changes in Fund Balances

The following is a history of General Fund Revenues, Expenditures and Changes in Fund Balances based on a modified accrual accounting method.

Year Ending June 30	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$3,589,076	\$3,630,311	\$3,657,771	\$3,689,902	\$3,738,823
Investment income	\$9,127	\$9,948	\$18,882	\$39,943	\$95,740
Revenue from property sales	-	-	\$2,967	\$330	\$0
Other	\$42,458	\$32,071	\$114,656	\$24,300	\$27,603
Total Revenues	\$3,640,661	\$3,672,330	\$3,794,276	\$3,754,475	\$3,862,166
Expenditures:					
Current					
General government	\$1,340,434	\$1,468,858	\$1,544,459	\$1,554,037	\$1,529,457
Flood control	\$1,246,737	\$1,114,205	\$1,064,564	\$1,059,377	\$1,143,984
Planning/Research/R&D	\$693,349	\$854,293	\$945,377	\$995,714	\$877,167
Capital Outlay	\$147,890	\$292,642	\$516,054	\$260,581	\$34,430
Debt Service	-	-	-	-	-
Reappraisal Fee	\$35,967	\$36,237	-	-	
Total Expenditures	\$3,464,377	\$3,766,235	\$4,070,454	\$3,869,709	\$3,585,038
Excess (deficiency) Revenues over	\$176,284	(\$93,905)	(\$276,178)	(\$115,234)	\$277,128
Exp	φ170,204	(ψ/3,/03)	(ψ270,170)	(\$113,234)	Ψ211,120
Other financing sources (uses)					
Operating transfer in/out	(\$254,000)	(\$100,000)	\$160,000	(\$2,712)	(\$208,000)
Loss on Investments	-	(\$1,595)	-	-	-
Net Change in Fund Balance	(\$77,716)	(\$195,500)	(\$116,178)	(\$117,946)	\$69,128
Fund Balance-Beginning	\$9,097,390	\$9,019,674	\$8,824,174	\$8,707,996	\$8,590,050
Fund Balance-Ending	\$9,019,674	\$8,824,174	\$8,707,996	\$8,590,050	\$8,659,178

Source: The figures above have been extracted from the Authority's audited financial statements FY2014-FY2018. Such figures are excerpts only and do not purport to be complete.

General Fund Balance Sheet

The following is a history of the General Fund Balance Sheet of the Authority based on a modified accrual accounting method:

Year Ending June 30	2014	2015	2016	2017	2018
Assets:					
Cash on hand & on deposit	\$24,186	\$171,983	\$209,509	\$243,519	\$91,159
Investments	\$9,509,077	\$8,757,482	\$8,766,283	\$8,528,606	\$8,744,087
Current property taxes & other receivables	\$294,358	\$302,145	\$258,911	\$249,433	\$252,196
	\$9,827,821	\$9,231,810	\$9,234,703	\$9,021,558	\$9,087,442
Liabilities:					
Accounts payable & accrued liabilities	\$369,894	\$204,547	\$362,308	\$272,457	\$263,099
Deferred revenues	\$233,398	\$203,089	\$164,399	\$159,051	\$165,165
Due to other funds	-	-	-	-	
Total Liabilities and deferred inflows	\$603,292	\$407,636	\$526,707	\$431,508	\$428,264
Fund Balances:					
Reserved:					
Petty Cash	\$200	\$200	-	-	-
Committed:					
Subsequent year's expenditures	-	-	\$1,083,289	\$1,085,893	\$1,103,658
Contingencies	-	-	\$5,043,208	\$5,042,407	\$5,102,477
Reserved for projects	\$3,900,000	\$3,900,000	\$2,468,364	\$2,332,980	\$2,316,874
Undesignated	\$5,050,383	\$4,923,974	\$113,135	\$128,770	\$136,169
Total Fund Balance	\$9,019,674	\$8,824,174	\$8,707,996	\$8,590,050	\$8,659,178
Total Liabilities, Fund Equity & Other Credits	\$9,827,821	\$9,231,810	\$9,234,703	\$9,021,558	\$9,087,442

Source: The figures above have been extracted from the Authority's audited financial statements FY2014-FY2018. Such figures are excerpts only and do not purport to be complete.

Statement of Net Assets

The presentation of the GASB-34 financial statements is presented below. For a more detailed explanation of the Authority's basic financial statements, statement reconciliation, and Management's Discussion and Analysis, see Appendix B.

ASSETS	2014	2015	2016	2017	2018
Current assets:					
Cash	\$210,424	\$198,706	\$505,250	\$371,881	\$129,052
Investments	\$37,136,873	\$39,950,193	\$46,050,693	\$54,410,693	\$53,500,753
Receivables, net of allowance	\$989,436	\$1,011,050	\$840,115	\$812,952	\$825,745
Total Current Assets	\$38,336,733	\$41,159,949	\$47,396,058	\$55,595,526	\$54,455,550
Capital assets, net of accumulated depreciations	\$152,351,095	\$155,853,279	\$154,510,278	\$174,593,308	\$179,286,741
Capital assets maintained under modified approach prospective	\$40,759,589	\$64,079,179	\$69,112,714	\$60,872,655	\$58,620,557
Other Assets	-	\$264,556	-	-	-
Total Capital Assets	\$193,110,684	\$219,932,458	\$223,622,992	\$235,465,963	\$237,907,298
Deferred Outflows of Resources	-	-	\$136,173	\$1,011,300	\$1,464,997
Total Assets & Deferred Outflows of Resources	\$231,447,417	\$261,356,963	\$271,155,223	\$289,072,789	\$293,827,845
LIABILITIES					
Current Liabilities:					
Accounts payable	\$1,311,902	\$596,021	\$593,357	\$1,319,376	\$977,526
Accrued payroll and taxes	\$233,398	\$101,841	\$113,623	\$129,318	\$41,658
Compensated absences payable, current portion	\$62,164	\$46,893	\$53,065	\$61,847	\$57,262
Bonds payable - current portion	\$8,649,095	\$8,675,000	\$9,300,000	\$12,657,112	\$10,507,377
Bond premium - current portion	-	-	\$424,582	-	-
Accrued interest payable	\$363,707	\$390,007	\$456,247	\$565,470	\$585,040
Other liabilities	-	-	-	\$25,200	\$26,253
Total Current Liabilities	\$10,620,266	\$10,170,840	\$10,940,874	\$14,758,323	\$12,195,116
Non-Current Liabilities					
Compensated absences payable - expected to be paid after one	\$69,038	\$101,775	\$97,006	\$98,196	\$80,062
Bonds payable, net of current portion	\$34,725,000	\$38,550,000	\$41,750,000	\$44,599,330	\$47,475,511
Bond Premium	\$1,050,926	\$1,406,648	\$1,785,133	-	-
Net Pension Liability	-	\$1,213,099	\$1,583,015	\$2,645,732	\$4,050,184
Total Non-current Liabilities	\$35,844,964	\$41,271,517	\$45,215,154	\$47,343,258	\$51,605,757
Total Liabilities	\$46,465,230	\$51,442,357	\$56,156,028	\$62,101,581	\$63,800,873
Deferred Inflows of Resources	-	-	\$55,550	\$26,261	\$509,830
NET ASSEIS					
Invested in capital assets, net of related debt	\$154,308,151	\$174,423,162	\$176,226,208	\$195,818,843	\$212,351,685
Restricted for:					
Debt Service	\$10,718,810	\$12,051,322	\$12,961,595	\$13,779,513	\$11,480,764
Capital Projects	\$15,647,586	\$18,450,917	\$24,213,767	\$2,113,026	\$2,071,286
Unrestricted	\$4,307,640	\$4,513,789	\$1,542,075	\$15,233,565	\$3,613,407
TO TAL NET ASSETS	\$184,982,187	\$209,439,190	\$214,943,645	\$226,944,947	\$229,517,142

Source: The figures above have been extracted from the Authority's audited financial statements FY2014-FY2018. Such figures are excerpts only and do not purport to be complete.

Statement of Activities

The presentation of the GASB-34 financial statements is presented below. For a more detailed explanation of the Authority's basic financial statements, statement reconciliation, and Management's Discussion and Analysis, see Appendix B.

Year Ending June 30	2014	2015	2016	2017	2018
	Net (Expense)				
	Revenue & Change in				
	Net Position				
Functions/Programs					
Governmental Activities:					
Flood control	(\$3,922,228)	(\$4,043,625)	(\$4,142,305)	(\$4,480,695)	(\$4,070,051)
General government	(\$1,448,259)	(\$1,539,855)	(\$1,576,782)	(\$1,616,442)	(\$1,560,467)
Planning, engineering, research & development	(\$691,081)	(\$854,293)	(\$945,377)	(\$995,714)	(\$4,196,701)
Capital outlay - intergovernmental	(\$1,437,361)	(\$3,147,424)	(\$1,169,052)	\$5,997,074	-
Interest on long-term debt	(\$815,980)	(\$649,688)	(\$717,601)	(\$840,647)	(\$910,834)
Total Governmental Activities	(\$8,314,909)	(\$10,234,885)	(\$8,551,117)	(\$1,936,424)	(\$10,738,053)
General Revenues:					
Property taxes	\$13,020,812	\$13,086,450	\$13,256,530	\$13,691,862	\$14,066,842
Investment	\$24,384	\$34,209	\$76,431	\$190,102	\$451,289
Capital Asset Contributions	-	-	-	-	\$800,449
Other	\$30,978	\$54,784	\$843,958	\$55,762	\$27,603
Total General Revenues	\$13,086,174	\$13,175,443	\$14,176,919	\$13,937,726	\$15,346,183
Changes in net position	\$4,771,265	\$2,940,558	\$5,625,802	\$12,001,302	\$4,608,130
Net Position - beginning of year	\$180,423,772	\$184,982,187	\$209,439,190	\$214,943,645	\$226,944,947
Restatement of prior years for bond issuance	-	-	(\$121,347)	-	(\$2,035,935)
Net Position - end of year	\$184,982,187	\$209,439,190	\$214,943,645	\$226,944,947	\$229,517,142

Source: The figures above have been extracted from the Authority's audited financial statements FY2014-FY2018. Such figures are excerpts only and do not purport to be complete.

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TAX MATTERS

General

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is excludable from net income for present State of New Mexico income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The Authority has made various representations and warranties with respect to, and has covenanted in the Bond Resolution and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the Authority as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the Municipal Advisor, the initial purchasers of the Bonds, nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The Authority has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the Authority, the Municipal Advisor, the initial purchasers of the Bonds, nor Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest. The amount of original issue discount deemed received by the holder is excludable from gross income of the holder for federal income tax purposes and is not an item of tax

preference for purposes of the federal alternative minimum tax imposed on individuals. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

LITIGATION

There is no litigation pending about the validity of the Bonds or the use of Bond proceeds, the corporate existence of the Authority or the titles of its officers or contesting or affecting the Authority's ability to receive taxes that could be used for Bond payments.

At the time of the original delivery of the Bonds, the Authority will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceedings are pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collection of taxes to pay the principal of and interest on the Bonds except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

RATINGS

Moody's Investors Service has assigned its municipal bond rating of "Aaa". The rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained only from Moody's Investors Services, Inc., 7 World Trade Center, New York, New York 10007, Telephone (212) 553-0300, website www.moodys.com. There is no assurance that such rating will be continued for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's Investors Services, Inc. if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") has assigned the Bonds a rating of "AAA". Such rating reflects only the views of such organization and are not a recommendation to buy, sell or hold the Bonds. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Telephone: (212) 438-2076.

THE MUNICIPAL ADVISOR

George K. Baum & Company is employed as Municipal Advisor to AMAFCA in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

LEGAL MATTERS

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished to the successful bidder at no cost to the successful bidder. A draft of the opinion of Bond Counsel is attached hereto as Appendix C.

CONTINUING DISCLOSURE UNDERTAKING

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, the Authority has undertaken to provide to the Municipal Securities Rulemaking Board (the "MSRB") MSRB's Electronic Municipal Market Access ("EMMA") its audited financial statements and certain financial and operating information. The Authority will provide financial information and operating data with respect to the Authority of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," and "FINANCES OF THE AUTHORITY." The Authority will update and provide this information by March 31 of each year, beginning in 2020.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the Authority's audited financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the Authority's audited annual financial statements.)

If the Authority changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than six months after the end of its new fiscal year. In addition, the Authority shall provide to EMMA timely notice of any failure to provide required annual financial information on or before the filing date.

The Authority's undertakings with respect to its outstanding General Obligation Bonds required the Authority to provide certain annual financial information and operating data under the sections "Finances of the Authority" (Statement of Revenues, Expenditures, and Changes in Fund Balances, General Fund Balance Sheet, Statement of Net Assets, Statement of Activities) by December 31 of each year. The information was available in the Authority's audited financial statements which were timely filed in accordance with the undertakings, and in the Official Statements for each series of the Authority's bonds, but the Authority did not specifically incorporate the tables by reference in its annual information filings for Fiscal Years ending June 30, 2012 through June 30, 2016. The information was filed as separate tables in a supplemental filing on April 4, 2017.

The Authority's undertakings with respect to debt issued prior to and including its Series 2011 General Obligation Bonds required the Authority to include an update to the table for Debt Service Requirements to Maturity. The Authority failed to provide this annual financial information and operating data for Fiscal Years ending June 30, 2012 through June 30, 2016. The information was filed on April 4, 2017.

Event Notices

The Authority shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or the Lease, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) tender offers; 13) Bankruptcy, insolvency, receivership or similar event of the Authority; 14) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry

into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and 15) Appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws.

In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Limitations and Amendments

The Authority may amend its undertaking from time to time without consent of the Bondholders, if the Authority delivers to EMMA an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance of the undertaking and the Authority with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the Authority's fiscal year). The undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the undertaking, or any provision thereof, will be null and void in the event the Authority delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Any failure of the Authority to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the undertaking shall be the sole remedy in the event the Authority fails to comply with the undertaking.

The Authority has previously made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is in substantial compliance with such agreements.

ADDITIONAL MATTERS

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the Authority located at 2600 Prospect NE, Albuquerque, New Mexico 87107 or at the offices of George K. Baum & Company, 6565 Americas Parkway, NE, Suite 860, Albuquerque, New Mexico 87110.

A LAST WORD

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The Authority has duly authorized the execution and delivery of this Official Statement.

By:_	/s/
	Chair, Board of Directors
By:_	/s/
	Secretary-Treasurer, Board of Directors

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE AUTHORITY

THE ECONOMY

Population

The following chart sets forth historical and projected population data for Albuquerque MSA and the State of New Mexico.

	Albuquerque	Bernalillo	State of
<u>Year</u>	<u>MSA</u>	County	New Mexico
2018	910,726	678,701	2,095,428
2017	909,906	676,773	2,088,070
2016	908,252	676,953	2,081,015
2015	907,301	676,685	2,085,109
2014	904,720	675,647	2,085,572
2013	903,502	674,942	2,085,287
2010	889,625	664,117	2,059,179
2000	729,649	556,678	1,819,046

Source: U.S. Census Bureau, U.S. Department of Commerce, Bureau of Economic Analysis, & Albuquerque Economic Development.

Per Capita Personal Income*

	Albuquerque	State of
<u>Year</u>	<u>MSA</u>	New Mexico
2017	\$28,229	\$25,257
2016	27,317	24,459
2015	26,683	24,012
2014	26,876	23,948
2013	26,769	23,763
2012	26,623	23,749
2011	26.436	23,537

^{*}All figures are subject to revision.

Source: U.S. Census Bureau.

Age Distribution

The following table sets forth a comparative age distribution profile for the City of Albuquerque MSA, and the State of New Mexico.

Percent of Population

	Albuquerque	State of
<u>Age</u>	<u>MSA</u>	New Mexico
0-19	25.5%	26.5%
20-24	7.1%	7.2%
25-44	28.7%	25.0%
45-64	24.6%	25.3%
65-Older	14.2%	15.8%

Source: U.S. Census Bureau, American Factfinder

Median Household Income

The following table sets forth a comparison of median household income for the City of Albuquerque MSA, and the State of New Mexico.

Median Household Income						
	Albuquerque	New				
<u>Year</u>	<u>MSA</u>	<u>Mexico</u>				
2017	\$49,878	\$46,718				
2016	48,127	45,674				
2015	47,030	44,963				
2014	47,413	44,968				
2013	47,989	44,927				
2012	47,399	44,886				

Source: U.S. Census Bureau.

Employment

The following table, derived from information supplied by New Mexico Workforce Solutions, presents information on employment within Albuquerque MSA and the State of New Mexico for the periods indicated below. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

	Albuquerque MSA		State o	f New Mexico
	Labor	Percent	Labor	Percent
<u>Year</u>	<u>Force</u>	<u>Unemployed</u>	<u>Force</u>	<u>Unemployed</u>
2018	429,850	4.7%	940,359	<u>4.9</u>
2017	433,285	5.5%	941,340	6.0%
2016	422,320	6.1%	927,355	6.7%
2015	415,937	6.2%	924,114	6.6%
2014	414,728	6.6%	922,388	6.7%
2013	415,510	6.8%	923,571	7.0%

Source: New Mexico Dept. Workforce Solutions.

Major Employers

Following is a list of major employers in the Albuquerque MSA.

EmployerBusinessUniversity of New MexicoEducationAlbuquerque Public SchoolsEducationKirtland AFBDefense

Sandia National Labs

Labs Research Development

Presbyterian Healthcare **UNM Hospital** Healthcare City of Albuquerque Government State of New Mexico Government Lovelace Healthcare Bernalillo County Government Rio Rancho Public Schools Education Sandia Resort & Casino Resort & Casino

PNM Electric Services Utilities Provider
Intel Corporation Semiconductor Manufacturer

Central NM Community College Education

T-Mobile Customer Service Center Blue Cross Blue Shield of NM Claims Processing Center

Isleta Hotel & Casino Casino & Resort
US Forest Service Shared Services Center

Heritage Home Healthcare Home-Based Healthcare Services

Lovelace Respiratory Research Institute Biomedical Research

Los Lunas Public Schools Education
Route 66 Casino Hotel Casino & Hotel

Honeywell Aerospace Aircrafts Avionics Manufacturer
Verizon Wireless Customer Service Center
Fidelity Investments Shared Services Center

Adelante Development Center Non-Profit

Source: Albuquerque Economic Development

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Covered Wage and Salary Employment by NAICS Code Classification

The following is a five year history of non-agricultural wage and salary employment (excluding military and proprietor employment) for the Albuquerque MSA as reported by the New Mexico of Workforce Solutions.

BERNALILLO COUNTY

Sector	<u>2013</u>	<u>2014</u>	<u>2015</u>	2016	<u>2017</u>
Grand Total	311,005	314,251	318,380	324,217	326,579
Total Private	247,469	251,321	254,962	259,690	262,343
Agriculture, Forestry, Fishing & Hunting	151	163	184	212	245
Mining	174	119	95	115	114
Utilities	780	795	786	849	935
Construction	16,714	17,186	17,349	18,305	196,963
Manufacturing	12,438	12,325	12,405	12,568	12,379
Wholesale Trade	10,635	10,846	10,867	10,740	10,766
Retail Trade	35,623	35,877	36,204	35,991	35,420
Transportation & Warehousing	6,870	6,734	6,801	6,819	6,857
Information	6,964	6,867	7,194	7,376	7,080
Finance & Insurance	10,068	10,405	10,768	11,056	11,505
Real Estate & Rental & Leasing	4,693	4,524	4,608	4,682	4,717
Professional & Technical Services	26,735	27,326	27,530	28,129	29,200
Management of Companies & Enterprises	3,162	3,178	3,323	3,456	3,519
Administrative & Waste Services	20,889	20,512	19,926	19,639	19,836
Educational Services	4,510	4,780	4,850	4,859	4,778
Health Care & Social Assistance	44,236	45,536	46,915	48,876	48,673
Arts, Entertainment & Recreation	3,746	3,722	3,956	4,159	4,346
Accommodation & Food Services	30,.481	31,746	32,654	33,104	33,401
Other Services, ex. Public Administration	8,60	8,680	8,546	8,756	8,879
Unclassified (1)	*	*	*	*	*
Total Government	63,537	62,931	63,418	64,527	64,236
Federal	14,010	13,716	13,698	13,852	13,888
State	19,368	19,744	20,369	21,419	21,145
Local	30,130	29,471	29,352	29,256	29,203

^{*} Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

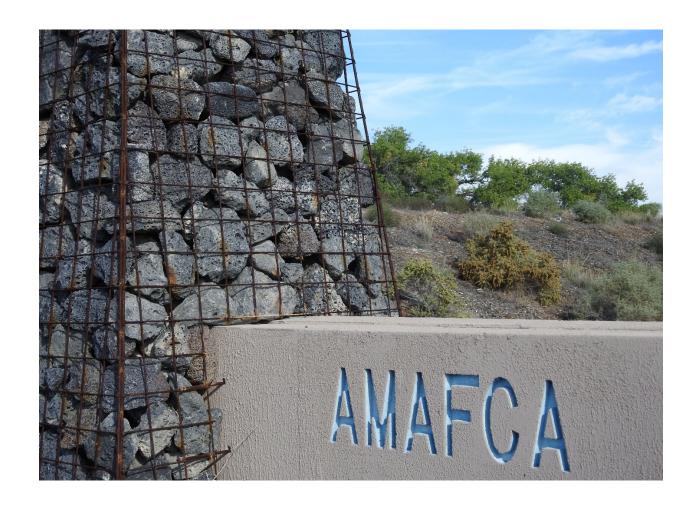
Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Dept. of Workforce Solutions.

⁽¹⁾ The unclassified category may include data for other industries that were withheld for reasons of confidentiality.

APPENDIX B

Excerpt of June 30, 2018 Audited Financial Statement



Albuquerque Metropolitan Arroyo Flood Control Authority
State of New Mexico

JUNE 30, 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

State of New Mexico

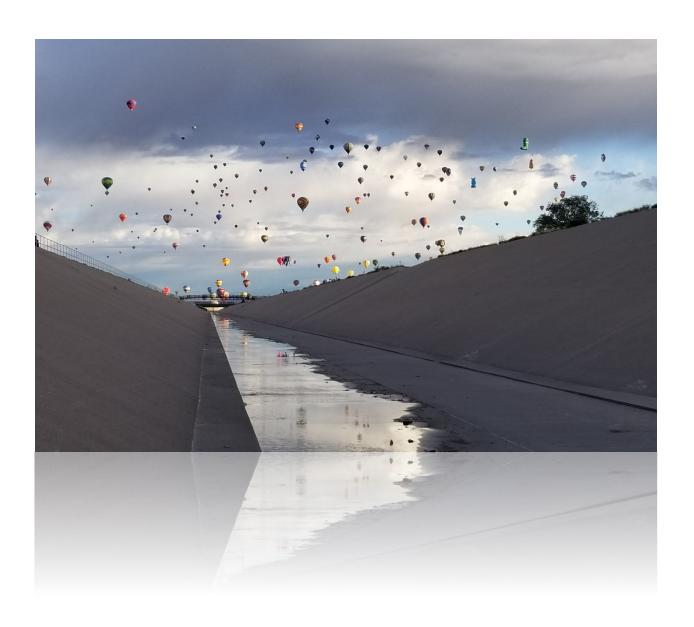
Albuquerque Metropolitan Arroyo Flood Control Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended: June 30, 2018

Prepared by:

Finance & Administration Department AMAFCA 2600 Prospect Ave NE Albuquerque, NM 87107



INTRODUCTORY SECTION

State of New Mexico Albuquerque Metropolitan Arroyo Flood Control Authority

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The 2018 AMAFCA Snowman salutes the flag while greeting travelers on I-40

Bruce M. Thomson, P.E., Chair Cynthia D. Borrego, Vice Chair Ronald D. Brown, Secretary-Treasurer Deborah L. Stover, Assistant Secretary-Treasurer Tim Eichenberg, Director

> Jerry M. Lovato, P.E. Executive Engineer

Albuquerque Metropolitan Arroyo Flood

Control



Authority 2600 Prospect N.E., Albuquerque, NM 87107

Phone: (505) 884-2215 Fax: (505) 884-0214
Website: www.amafca.ora

November 26, 2018

To the AMAFCA Board of Directors, Property Owners and Citizens served by the Albuquerque Metropolitan Arroyo Flood Control Authority (Authority or AMAFCA):

We are pleased to submit the AMAFCA Comprehensive Annual Financial Report for the fiscal year that ended June 30, 2018.

New Mexico State Statute 12-6-3, NMSA 1978 mandates that the financial affairs of the Authority'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.

Carr, Riggs, & Ingram, LLC, have issued an unmodified ("clean") opinion on the Authority's financial statements for the year ended June 30, 2018. Carr, Riggs, & Ingram, LLC have opined that AMAFCA has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America. 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 AMAFCA

The Authority was formed in 1963 by an Act of the New Mexico State Legislature to establish a public use and to promote the health, safety, prosperity, security and general welfare of the inhabitants of the Authority and the State of New Mexico. The enabling legislation allowed for the acquisition, improvement, maintenance and operation of flood control systems to protect residents in the urban area that meet or exceed Federal Emergency Management Agency (FEMA) standards and to address storm water quality by constructing and maintaining water quality structures that protect aquatic habitat in the Rio Grande as required by Environmental Protection Agency (EPA) and the US Fish and Wildlife.

LETTER OF TRANSMITTAL

June 30, 2018

The Authority is located within Bernalillo County and currently occupies 371 square miles, serves a population of approximately 675,000 and protects nearly \$15.4 billion of net taxable property value. AMAFCA is divided into five (5) geographic districts and is empowered to levy a property tax on real property located within its boundaries for operations and for voter-approved debt.

The Authority is governed by five (5) elected Directors from five (5) districts within its jurisdiction. Directors serve six (6) year terms and appoint an Executive Engineer as the Authority's Chief Administrative Officer. By May 31 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 serves as the foundation for the Authority's financial planning and control. The budget is prepared by fund and class or appropriation level (e.g., salaries and benefits, services and supplies) within each category present on the financial statements. The Authority may transfer resources between appropriation levels within the same fund at its discretion and with approval of the AMAFCA Board of Directors. Increase of resources or establishment of a new appropriation level requires approval by the AMAFCA Board of Directors and submittal to DFA for approval.

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.

The Authority provides a full range of services including the design and construction of flood control facilities; regulatory services which fulfill legal requirements associated with federal and state programs that relate to AMAFCA activities; watershed protection services; planning services that relate to land development and provide for the public's health and safety by contributing to orderly development and growth within the Authority's boundaries; the operation and maintenance of the Authority's fleet and facilities, land interests, and encroachment issues; information technology services which provide technical support to AMAFCA staff and provide information to the public; and administrative services which provide clerical, financial and personnel support to AMAFCA staff.

Local Economy

The Authority oversees a large portion of Bernalillo County, which includes the City of Albuquerque, the Village of Los Ranchos and unincorporated county communities. Bernalillo County is New Mexico's largest populated county according to the United States Census Bureau. It represents 32.4% of New Mexico's total population.

Although the Albuquerque urban area is still in recovery mode from the 2008 recession and lagging behind growth statistics, considering national indicators, the area continues to see slow but steady growth in both valuation and new development. We continue to see the County and City issue Industrial Revenue Bonds to spur private development, which in turn should lead to valuation increases throughout the region. We are also seeing growth in multi-family housing and health care facilities.

The economic driver in the Albuquerque urban area is the Governmental Sector; therefore, it is reasonable to anticipate a slow steady growth rate that may be below national predictions in the near

LETTER OF TRANSMITTAL

June 30, 2018

term. The Governmental Sector is not as volatile as other sectors in the economy; therefore, we conservatively expect that property tax billings will have a small steady growth. We continue to experience a 1-3% growth rate and anticipate the growth rate to remain unchanged for the foreseeable future. Property tax collections also remained steady (97% first year, over 99% total).

Long-term financial planning and major initiatives

As a matter of policy, AMAFCA's General Fund is required to maintain an operating cash reserve equal to three twelfths (3/12ths) its subsequent year (fiscal year ending 6/30/2019) operating budget (\$1,103,658 at 6/30/18). AMAFCA is also required to maintain one and a half percent (1.5%) of its total infrastructure as an infrastructure emergency reserve (\$3,460,128 at 6/30/2018). As of June 30, 2018, the General Fund's cash and investments totaled approximately \$8,835,000. As of June 30, 2018, AMAFCA had approximately \$2.4M available that was in excess of its minimum reserve requirements, which is approximately 60% of our FY19 General Fund budget. The vast majority of these funds are shown as restricted in the General Fund Balance Sheet since the original source of these funds are property taxes that only be spent on flood control activities. Over 99% of AMAFCA's budget is considered Flood Control Activities.

The Authority, with its financial advisors, has also developed a long-term debt plan to finance new construction and improvements to existing facilities. The plan, contingent upon voter approval, pays debt over an 8-10 year life to maintain low interest rates. Based on this plan, the Authority developed its 2018 Project Schedule, which highlights various flood control projects, including multi-agency projects, for the short and near term.

Relevant financial policies

The Authority has adopted a comprehensive set of financial policies and an internal control structure. The most recent being Resolution 2017-08 – Creation of the Acquisitions and Savings Fund. This fund was created to be used as the fund for acquiring capital assets and paying for known expenditures that do not occur on an annual basis, such as elections and aerial digital photography. It is also used to accumulate savings to pay for such expenditures. The creation of this fund also closed out the previous Building & Yard Improvements Fund.

Another significant policy is Resolution 2016-05 – Cash Reserves, which was passed by the Board of Directors in April 2016. The Authority has a total of \$5,042,407 of contingency reserves, of which \$826,157 remains available for any contingency but requires Board of Directors action to spend. This policy set up the following reserves and minimum amounts:

Operating Cash Reserves (3/12ths of operating budget)	\$ 1,103,658
Infrastructure Emergency Reserve (1.5% of total infrastructure)	3,460,128
Board of Directors Contingency	500,000
Executive Engineer Contingency	400,000
Insurance & Other Operating Reserve	200,000

LETTER OF TRANSMITTAL

June 30, 2018

AMAFCA has historically maintained a conservative approach to budgeting its revenues and expenditures. Over the past 10 years, on average, AMAFCA collects over 104% of its budgeted property taxes and spends less than 95% of its expenditures (approximately 86% for the fiscal year ended June 30, 2018).

Major initiatives

Over the past few years and again continuing in 2018, AMAFCA has utilized various forms of instrumentation to collect and monitor water quality data throughout the watershed. This monitoring is an addition to the water quality compliance sampling done by AMAFCA and others to comply with EPA's MS4 Watershed Based Permit. The data collected, when coupled with AMAFCA's continued public education, outreach, involvement and participation, suggests that progress in being made in the watershed relative to flood protection and water quality. In particular, E.coli is no longer listed as an impairment on NMED's most recent 303(d) list for 2 of the 3 assessment units along the Rio Grande.

Awards and Acknowledgements

Fiscal years ended June 30, 2016 and 2017, the Authority prepared a CAFR and the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR in both years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this CAFR will once again meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Authority has been rated "AAA" by the nation's top two rating agencies, Standard & Poor's and Moody's, for the last 15 years. Maintaining the ratings is due to a conservative approach to financial affairs as well as demonstrating stable leadership.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire AMAFCA staff. We wish to thank all AMAFCA 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 AMAFCA.

Respectfully submitted,

Jerry M. Lovato, P.E. Executive Engineer

Herman Chavez, CPA Finance & Administration Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Albuquerque Metropolitan Arroyo Flood Control Authority, New Mexico

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



OFFICIAL ROSTER

June 30, 2018

Board Members

Ronald D. Brown

Bruce M. Thomson

Chair

Vice-Chair

Deborah L. Stover Secretary-Treasurer

Tim Eichenberg Assistant Secretary-Treasurer

Cynthia D. Borrego Director

Administrative Staff

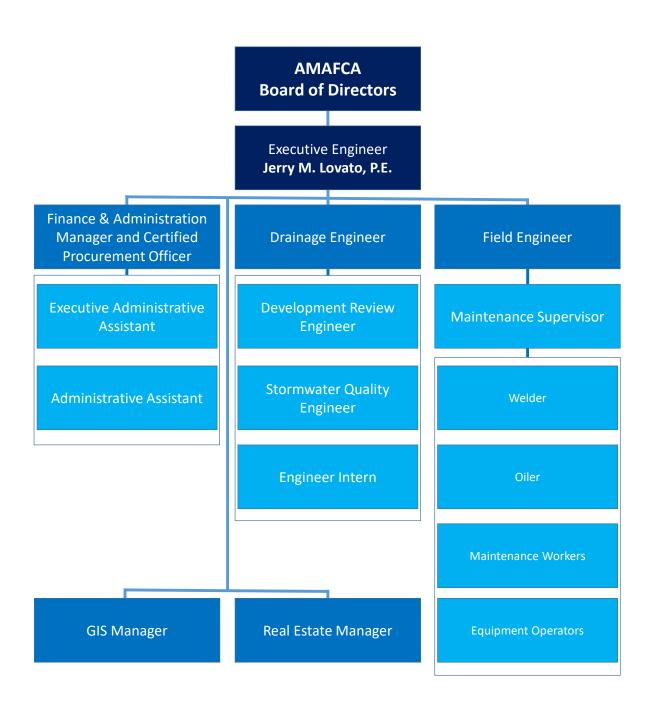
Jerry M. Lovato, P.E. Herman Chavez, CPA Executive Engineer

Finance & Administration Manager

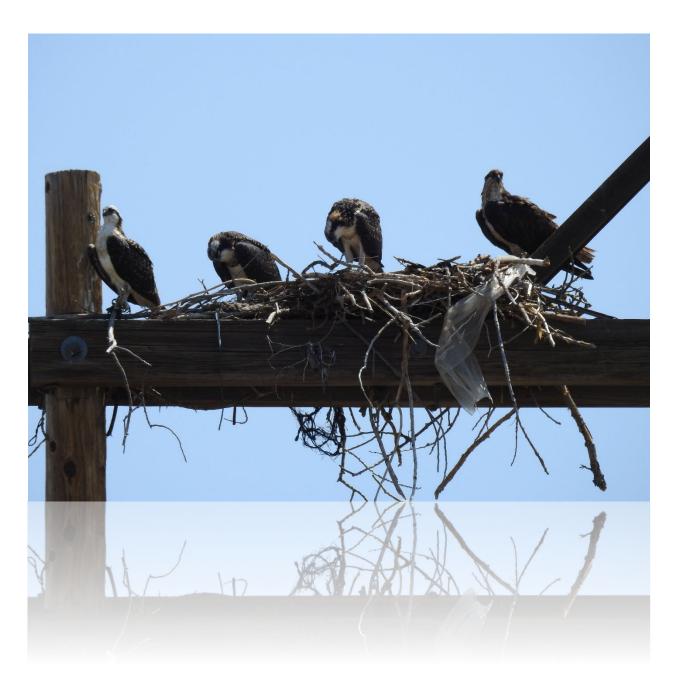


ORGANIZATIONAL CHART

June 30, 2018



FINANCIAL SECTION



 $A \ family \ of \ Osprey \ watch \ over \ the \ North \ Outfall \ of \ the \ North \ Diversion \ Channel$



INDEPENDENT AUDITORS' REPORT

Carr, Riggs & Ingram, LLC 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

(505) 883-2727 (505) 884-6719 (fax) CRIcpa.com

Wayne Johnson
New Mexico State Auditor
Board of Directors and Management
Albuquerque Metropolitan Arroyo Flood Control Authority
Albuquerque, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 aggregate remaining fund information of Albuquerque Metropolitan Arroyo Flood Control Authority, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund 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 7 through 16, the Schedule of Proportionate Share of the Net Pension Liability, Schedule of PERA Contributions, Schedule of Proportionate Share of the OPEB, Schedule of OPEB Contributions, and the Notes to the Required Supplementary Information on pages 69 and 70 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 Authority's basic financial statements and the budgetary comparison of the General Fund. The introductory section, the statistical section, the budgetary comparison schedules of the Debt Service, Capital Projects, and Acquisitions & Savings Funds, and the supporting schedules required by section 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Assets and Liabilities - Agency Funds, the Schedule of Changes in Assets and Liabilities - Agency Funds and the other supporting schedules required by Section 2.2.2 NMAC, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted

in the United States of America. In our opinion, the Schedule of Assets and Liabilities - Agency Funds, the Schedule of Changes in Assets and Liabilities - Agency Funds and the other supporting schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, Budgetary Comparison Schedules of the Debt Service, Capital Projects, and Acquisition & Savings Funds and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Can, Rigge & Ingram, L.L.C.

November 26 2018

State of New Mexico Albuquerque Metropolitan Arroyo Flood Control Authority REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS



The AMAFCA logo becomes a water quality feature on Calabacillas Arroyo at Grade Control Structure 1a1

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

Required Supplementary Information

June 30, 2018

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

Authority's Mission

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

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

Authority's Function

Operation and Maintenance: The Authority operates and maintains major facilities of the flood control system in the greater Albuquerque area. Operation and maintenance is administered by the Authority's Field Engineer and Maintenance Superintendent, who oversee an eleven-man crew and various contractors. The Field Engineer ensures AMAFCA facilities are flood-ready.

Drainage Master Planning and Design Management: The Authority has implemented a program to master-plan drainage facilities through a deliberate prioritization system. This planning activity is managed by the Drainage Engineer, with input from the Field, Development Review, and Stormwater Quality Engineers on staff. Design and construction of flood control projects are accomplished by five staff engineers on a project-management basis. The Authority generally contracts planning, design and construction managements with private consultants. Property and Right-of-Way acquisition needs are managed by the Real Estate Manager. Planning, design, property acquisition and construction are funded by general obligation bond proceeds.

Regulatory Function: The Authority has a regulatory responsibility to review drainage reports and project designs for all subdivision and development applications within its jurisdiction to ensure that said development plans are in concert with Drainage Master Planning for the watershed. Review and approval is conducted by the Development Review Engineer with oversight by the Drainage Engineer and Executive Engineer.

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

Required Supplementary Information

June 30, 2018

Financial Highlights

The financial position for the Authority has remained steady to slightly improved due to the contributions of infrastructure by outside entities on an entity wide level. The cash and investment position continues to remain strong as our reserves are fully funded, and the Authority has a strong cash position in each fund. The Authority's has set aside approximately \$5.1M for reserves, which is approximately \$550K more than minimum requirements. The following are some of the highlights that lead to this position:

- The financial position of the Authority is strong. As of June 30, 2018, the Authority's cash and investments available for flood control was about \$3.6M, which is approximately 86% of its fiscal year 2019 budget.
- The Authority added approximately \$8.4M to its June 30, 2017 Construction in Progress, and closed out approximately \$10.7M in projects, adding about \$7.3M of it to infrastructure. The Authority has approximately \$4.7M of on-going flood control projects as of June 30, 2018.
- The Authority is one of the highest rated government agencies in the state of New Mexico; for the 16th straight year, the Authority received a Standard & Poor's Rating Services of AAA and a AAA rating from Moody's Investors. The S&P rating included a 2-year positive outlook.
- Total cash and investments increased by approximately \$1.8M from the previous year. This
 increase is due to the completion and timing of progress payments made to contractors on
 various projects and the annual bond sale.
- The Authority experienced a decrease of its net pension liability of approximately \$330k, to a total net pension liability of approximately \$2.3M.
- The Authority implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation created a liability for future healthcare of about \$1.6M.
- The Authority early implemented GASB 84, *Fiduciary Activities*. This statement changes the presentation of the custodial (previously agency) funds from an "in & out" method to a modified accrual method. It also changes how it is presented in the report.
- The Authority also implemented GASB 83, *Certain Asset Retirement Obligations*. An analysis of the Authority's capital assets was complete and determined that there are no liabilities that are required to be recorded related to this standard.

Overview of Financial Statements

The Authority's financial statements are presented in three parts: government-wide financial statements, the fund financial statements and notes to the financial statements.

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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June 30, 2018

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The statement of net position presents information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflow of resources with the differences between the two reported as net position. Over time, increases in net position may serve as a useful indicator of whether or not the financial position of the Authority is improving or deteriorating. The statement of activities presents information showing how the Authority's net position has changed during the fiscal year. In this statement, all changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some times that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation.

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregate for specific activities or objectives. The Authority, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related requirements. The funds of the Authority are classified as either governmental funds or fiduciary funds, as described in the following sections.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the Authority's services are reported in governmental funds. Governmental fund statements focus on sources, uses and balances of cash and other financial assets that can readily be converted to cash and that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the Authority's mission. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it us useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Authority maintains individual governmental funds organized according to their type (debt service or capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all of the Authority's funds (all of which are considered major funds).

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the Authority. The Authority's fiduciary funds are reported as custodial funds. Since the resources of these funds are not available to support the Authority, they are not reflected in the government-wide financial statements.

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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June 30, 2018

The Authority as a whole:

Net Position: Table A-1 summarizes the Authority's net position for the fiscal year ended June 30, 2018 and 2017. Net position is presented on a consolidated basis in one column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations. The Authority did not have any business-type activities during the year ended June 30, 2018.

Table A-1
The Authority's Net Position

	Government Activities June 30, 2018	Government Activities June 30, 2017
Current assets	\$ 54,455,550	\$ 52,595,526
Capital assets, net of depreciation	237,907,298	235,465,963
	292,362,848	288,061,489
Deferred outflow of resources	1,464,997	1,011,300
Total assets & deferred outflow of		
resources	\$ 293,827,845	\$ 289,072,789
Current liabilities	\$ 12,195,116	\$ 14,758,323
Non-current liabilities	51,605,757	47,343,258
Total liabilities	63,800,873	62,101,581
Deferred inflow of resources	509,830	26,261
Net Position		
Net investment in capital assets	212,351,685	195,818,843
Restricted for:		
Debt service	11,480,764	13,779,513
Capital projects	2,071,286	2,113,026
Unrestricted	3,613,407	15,233,565
Total net position	229,517,142	226,944,947
Total liabilities, deferred inflows of		
resources, and net position	\$ 293,827,845	\$ 289,072,789

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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June 30, 2018

The Authority is authorized to levy ad valorem taxes on property within its boundaries. The Authority has two levies:

The *Operating Mill Levy* is used for the Authority's operation, maintenance and regulation of the local flood control system. On June 30, 2018, the Authority's operating mill levy was 0.171 for residential property and 0.477 mills for non-residential property.

The *Debt Service Mill Levy* is used to account for the accumulation of resources for, and the payment of, general long-term debt. At June 30, 2018, the Authority's Debt Service mill levy was 0.675 mills. Debt has historically been structured to maintain a level mill levy of 0.675. The Authority's Debt Service mill levy has remained the same since 1999.

The total ad valorem tax revenues of the Authority for the fiscal year ended June 30, 2018 were \$14,066,842 as compared to \$13,691,862 for the fiscal year ended June 30, 2017. The budget used conservative property values and collection rates in estimating revenues. The first year and total collections on property taxes remain strong, with first year collections being about 97% and eventually collecting about 99.7%.

Changes in Net Position: The Authority's changes in net position on the Statement of Activities for fiscal year 2018 was \$4,329,158, of which approximately \$800K is related to contributions of infrastructure from outside entities. The remainder is a result of timing variances of property tax collections and the spending of bond proceeds. In an ideal situation, those amounts be similar to each other.

The General Fund shows a \$69k increase in fund balance for the year ended June 30, 2018. The Authority anticipated a loss (budgeted a \$700K loss) but was able to control costs and revenues exceeded expectations. The Authority continues to budget at a deficit to utilize cash on deposit and to fund these deficits.

The Debt Service fund shows a \$2.3M decrease in fund balance. This is due to having excess cash at the end of fiscal year 2017 and using that cash to make debt payment on August 1, 2017.the premium on our bond sale being higher than anticipated and property tax collections being greater than our scheduled debt payments.

The Capital Projects Fund shows a \$4.4M increase to fund balance. This is due to our bond sale. Bond proceeds are recognized when received, and the projects related to the bond sale last multiple years. Bond proceeds were \$12.5M and disbursements of those and previous proceeds were approximately \$8.5M. The Authority has entered into agreements with outsides entities that calls for the Authority to provide joint funding of approximately \$10M for flood control projects. Funding for those projects have been set aside but as of June 30, 2018, but the outside entities have not met the requirements that require the Authority to pay the funding.

The Acquisitions & Savings Fund showed a \$8k increase to fund balance. In fiscal year 2018, the Acquisitions & Savings Fund received transfers from the General Fund totaling \$208k and either

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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acquired assets or services of approximately \$132k. The Authority has a detailed plan in place to use these funds on future known expenditures.

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

	Government Activities Year Ended June 30, 2018	Government Activities Year Ended June 30, 2017, as Restated
Program Revenues		
Revenue from jointly funded projects	\$ 106,915	\$ 592,813
General revenues		
Property taxes	14,066,842	
Capital asset contributions	800,449	, ,
Investment	451,289	190,102
Other	27,603	55,762
Total revenues	15,453,098	23,390,178
Expenses		
Flood control	4,070,051	4,480,695
Planning, engineering, R&D	4,303,616	4,451,092
General government	1,560,467	1,616,442
Interest on long-term debt	910,834	840,647
Total expenses	10,844,968	11,388,876
Change in net position	4,608,130	12,001,302
Beginning net position, as restated	224,909,012	212,907,710
Ending net position	\$ 229,517,142	\$ 224,909,012

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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June 30, 2018

Budgetary Performance

General Operating Fund Budget

The General Fund property tax revenues exceeded budgeted amounts by approximately \$116,000. This variance is related to the collection of delinquent property taxes, which is not considered as part of the budget of property tax revenues. Delinquent property taxes collected for the year ended June 30, 2018 was approximately \$119k.

The Authority continued its history trend of being under budget for expenditures. For the year ended June 30, 2018, the Authority was approximately 14% under budget. It should be noted that the Facilities Operations & Maintenance was about 12% under budget due to fuel costs and contract services being under budget. We purposely maintain budgets in these areas to anticipate unknown situations, such as gas prices increasing and the need to rent equipment due to maintenance requirements. Stormwater quality was under budget by 15% for similar reasons. We budgeted anticipating increased or maximum sampling and monitoring needs and actual requirements generally were lower than. General & Administrative costs were under budget by 24%. This is related to our restructuring of our insurance coverages by raising our deductibles (our fulling funding reserve allowed us to do this) and having a strong safety record that lowered our Workers Compensation Insurance.

The general fund did have minor budget adjustments. The adjustments were required to cover new service contracts as well as increased costs for legal ads.

Capital Assets – Debt Administration

Capital Assets

AMAFCA currently maintains facilities with an accumulative cost in excess of \$290,000,000. The facilities include 71 dams & ponds, 131 water quality improvement structures, and over 88 miles of channels, arroyos, and pipes. Current estimates indicate that replacing said facilities would be in excess of \$485,000,000.

Major projects completed/closed out or accepted for maintenance during fiscal year 2018 were:

West I-40 Ph. IV (\$4.4M)

The overall West I-40 Diversion Project has a long history as a collaborative effort between AMAFCA, other government agencies and private developers. The project illustrates the importance of creating large area-wide plans, coordinating work with private developers and enlisting the help of other government agencies.

The West I-40 Diversion Channel Phase IV Project completed the final portion of the West I-40 Diversion, which intercepts and diverts flood flows along the north side of Interstate 40 from the top of Nine Mile Hill to the Rio Grande, a seven-mile diversion facility. This last phase not only included an important drainage facility but will also contained a unique volcano water quality feature, which

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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will serve as part of the El Pedergal ("The Stoney Place") enhancement facilities for travelers and visitors driving into and out of the city.

West I-40 Diversion Channel Phase IV Project:

- Over 4000' of channel
- Over 6000' of multi-use trail
- Used reclaimed rocks and boulders from the existing area for the Volcano and other features
- One water quality "volcano" which erupts when it rains

The beginnings of the overall West I-40 Diversion Project were presented at the August 22, 1974 AMAFCA Board meeting, where the Board adopted the West Albuquerque Metropolitan Area Drainage Management Plan. AMAFCA commissioned the plan to analyze the watershed and facilitate the efficient use of funding for future drainage infrastructure on the West Mesa area of Albuquerque. Work on the overall West I-40 Diversion Project spanned nearly 45 years and included contributions from AMAFCA, NMDOT, Federal Highway Administration (FHWA), City of Albuquerque and Bernalillo County along with many private developers

Valle de Oro, 2nd Street Channels (\$1.7M)

As identified in the Southeast Valley Drainage and Water Quality Management Plan, new drainage outfalls are needed to help provide flood relief to the valley area which has limited drainage conveyances. In the Valle de Oro National Wildlife Refuge plan, stormwater will enter Valle de Oro and pass through several water quality structures/areas which will utilize naturalistic cleaning devices to gather trash, debris, sediment, and pollutants before they discharge to the Rio Grande Bosque.

AMAFCA constructed this first phase of a series of improvements that will collect and convey water to Valle de Oro Wildlife Refuge. The project included construction of 1500 feet of channel, 800 feet of pipe, and two 10'x8' concrete box culverts to help convey stormwater runoff in parallel to the MRGCD irrigation system and Second Street.

AMAFCA Telemetry (\$850K)

In FY 2018 deployed phase I of the Telemetry Project. The goal of the project is to provide remote measurement of the status of the AMAFCA flood control system. These data are collected at the AMAFCA office and then served to a public facing web page, providing near real time monitoring of rainfall and water levels. Highlights include:

- Real time video monitoring of the North Diversion Channel at a confluence near the AMAFCA offices.
- A radar gauge to monitor the water level in the North Diversion Channel.
- Five locations (Amole Dam, Don Felipe Dam, McCoy Dam, Piedras Marcadas Dam, and Raymac Dam) were selected for water level and rainfall measurement in near real time. This will provide an operational picture for each dam and allow quick decision making regarding the operation of each of these facilities.

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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June 30, 2018

At the Hahn Arroyo water quality structure, water level and rainfall are also measured. This
location also provides a camera that produces still images at set intervals for observation of
the water quality structure.

Please see Note D - Changes in Capital Assets (page 45) for more information on Capital Assets.

Debt Administration

The Authority is one of the highest rated government agencies in the state of New Mexico; for the 16th straight year, the Authority received a Standard & Poor's Rating Services of AAA and a AAA rating from Moody's Investors. The S&P rating included a 2-year positive outlook.

The Authority's legal debt limit is \$80,000,000. Total bonded debt is made up of seven series of general obligation bonds (Series 2011, 2012, 2014, 2015, 2016, 2017 and 2018) which are scheduled to be retired gradually over the next ten years. The total proceeds of these seven series of bonds are \$82,500,000. At June 30, 2018, the Authority's outstanding principal debt was \$54,625,000 resulting in a legal debt margin of 69% of the \$80,000,000 total general obligation bonding capacity. Total outstanding principal and interest at June 30, 2018 was \$61,576,578 versus \$60,293,214 at June 30, 2017. The increase is due to the sale of the \$12,500,000 bond issue. The Authority paid \$12,125,000 in principal and \$1,328,014 for the period ending June 30, 2018.

In June 2018, the Authority sold the first \$12.5M of the \$25M authorized in 2016. The effective interest rate on that sale was 2.40%.

In November 2018, authorization was granted by the voters for the Authority to issue up to \$25M of additional debt.

On August 1, 2018, the Authority paid \$10,030,000 of principal, leaving a remaining balance of \$44,595,000, and \$1,494,573 of interest.

Please see Note E – General Obligation Bonds Payable & Premiums (page 49) for information on Debt Administration.

Economic Factors and Next Year's Budgets and Rates

Residential ad valorem property tax rates decreased from the prior year. The total ad valorem property rate for property tax year 2018 as passed by the Board of Directors is 0.852 (.177 for operations and .675 for debt) for residential, which is the same as property tax year 2017. This rate was adjusted by NM Department of Finance and Administration (NMDFA) to 0.847 for residential through the Yield Control Act. The total non-residential ad valorem property tax rate in fiscal year 2018 was also not adjusted by the Board of Directors and remains at 1.152. The debt service ad valorem property tax rate of 0.675 has remained constant since 1999 and has not seen a rate increase since 1991.

The Authority's fiscal year 2019 adopted budget for the general fund includes estimated property tax revenues of about \$3,798,000, which is an increase from the fiscal year 2018 actual property tax

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

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revenues of about \$3,739,000. The Authority does not anticipate conditions that would cause decreases in revenues, but takes a conservative approach as it relates to collections, a 97% collection rate.

The Authority total budgeted expenditures remained steady, having a minimal decrease of about \$40k. This appears contrary to the local economy. Locally, we are noticing price increases in health insurance (12%) and in fuel, materials and general construction costs (2-5%). To plan for those increased costs, the Authority continues to identify areas to can with stand budget cuts so specific areas with increased costs can afford steady or increased budgets. This approach as allowed the Authority to maintain a relatively steady budget overall.

In anticipation of NMDFA requiring the Authority (FY20) to utilize is Local Government Budget Management System (LGBMS), starting in FY19, the Authority began budgeting utilizing the requirements of LGBMS. This had no effect how the FY19 budget was developed but required a "crosswalk" to LGBMS categories.

Contacting the Authority's Financial Management

This financial report is designed to provide a more understandable and useful overview of the Authority and its finances and to demonstrate the Authority's prudent use of all funding it receives. If you have any questions about this report or need additional financial information, contact:

The Albuquerque Metropolitan Arroyo
Flood Control Authority
2600 Prospect, NE
Albuquerque, NM 87107
(505) 884-2215
www.amafca.org



FINANCIAL STATEMENTS

Government-Wide Statement of Net Position June 30, 2018

ASSETS

	Governmental Activities
CURRENT ASSETS	
Cash and cash equivalents	\$ 129,052
Investments	53,500,753
Property tax receivables, net of allowance	825,745
Total current assets	54,455,550
CAPITAL ASSETS	
Capital assets not being depreciated	58,620,557
Capital assets being depreciated, net	179,286,741
Total capital assets	237,907,298
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	1,296,296
Contributions subsequent to measurement - pension	139,436
Contributions subsequent to measurement - OPEB	29,265
Total deferred outflows of resources	1,464,997
Total assets and deferred outflows of resources	\$ 293,827,845

^{*}The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Government-Wide Statement of Net Position

June 30, 2018

LIABILITIES AND NET POSITION

LIABILITIES AND NET POSITION	
	Governmental
	Activities
LIABILITIES	
Current liabilities	
Accounts payable	\$ 977,526
Accrued payroll and taxes	41,658
Other liabilities	26,253
Compensated absences payable, current portion	57,262
Bonds payable, current portion	10,507,377
Accrued interest payable	585,040
Total current liabilities	12,195,116
Noncurrent liabilities	
Compensated absences payable - expected to	
be paid after one year	80,062
Bonds payable, net of current portion	47,475,511
Net pension liability	2,313,958
Net OPEB Healthcare liability	1,614,275
Net OPEB life insurance liability	121,951
Total noncurrent liabilities	51,605,757
Total liabilities	63,800,873
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	142,426
Deferred inflows of resources - OPEB	367,404
Total deferred inflows of resources	509,830
NET POSITION	
Net investment in capital assets	212,351,685
Restricted	
Debt service	11,480,764
Capital projects	2,071,286
Unrestricted	3,613,407
Total net position	229,517,142
Total liabilities, deferred inflows, and net position	\$ 293,827,845

^{*}The accompanying notes are an integral part of these financial statements.



FINANCIAL STATEMENTS

Government-Wide Statement of Activities For Fiscal Year Ended June 30, 2018

		Expenses	Program Revenues Capital Contributions and Revenue from Jointly Funded Projects		R	Net (Expense) Revenue and Changes in Net Position
Governmental activities:						
Flood control	\$	(4,070,051)	\$	-	\$	(4,070,051)
Planning, engineering, research						
and development		(4,303,616)		106,915		(4,196,701)
General government		(1,560,467)		-		(1,560,467)
Long-term debt, interest and fees		(910,834)	-	-		(910,834)
Total governmental activities	\$	(10,844,968)	\$	106,915		(10,738,053)
General revenues:						
Property taxes						14,066,842
Capital asset contributions						800,449
Investment						451,289
Other						27,603
Total general revenues						15,346,183
Changes in net position						4,608,130
Net position, beginning of year as previously	y repo	orted				226,944,947
Restatement of prior years for implementation	on of	GASB 75 - OF	PEB liabil	ities		(2,035,935)
Net position, beginning of year as restated						224,909,012
Net position, end of year					\$:	229,517,142

^{*}The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds

June 30, 2018

ASSETS

		General Fund		Debt Service Fund	Ca	apital Projects Fund		equisitions 2 Savings Fund	G	Total rovernmental Funds
ASSETS	Φ.	200			Φ.		•		Φ.	200
Petty cash	\$	200	\$	-	\$	-	\$	-	\$	200
Cash in bank		90,959		2,494		35,159		240		128,852
Investments		8,744,087		11,249,680		33,118,465		388,521		53,500,753
Property taxes (net) & other receivables		252,196		573,549						825,745
Total assets	\$	9,087,442	\$	11,825,723	\$	33,153,624	\$	388,761	\$	54,455,550
		LIABILITIE	S AN	ND FUND BA	LAN	ICES				
LIABILITIES										
Accounts payable	\$	220,188	\$	-	\$	757,338	\$	-	\$	977,526
Accrued payroll and taxes		41,658		-		-		-		41,658
Other liabilities		1,253		-		25,000		-		26,253
									-	
Total liabilities		263,099		-		782,338		-		1,045,437
Deferred Inflows		165,165		344,959				-		510,124
Total liabilities and deferred inflows		428,264		344,959		782,338		-		1,555,561
FUND BALANCES										
Restricted										
Flood control construction										
and maintenance		2,316,874		-		-		-		2,316,874
Debt service		-		11,480,764		-		-		11,480,764
Capital projects		-		, , -		32,371,286		-		32,371,286
Committed						, ,				, ,
Subsequent year's expenditures		1,103,658		-		-		-		1,103,658
Contingencies		5,102,477								5,102,477
Building and improvements		-		-		-		388,761		388,761
Unassigned										,
General		136,169		-		-				136,169
Total fund balances		8,659,178		11,480,764		32,371,286		388,761		52,899,989
Total liabilities and fund balances	\$	9,087,442	\$	11,825,723	\$	33,153,624	\$	388,761	\$	54,455,550

FINANCIAL STATEMENTS

Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities June 30, 2018

Total fund balance - governmental funds	\$ 52,899,989
Amounts reported for governmental activities in the statement of net position are different because:	
Delinquent property taxes receivable net of allowance for doubtful accounts are not considered available financial resources and therefore are reported as deferred inflows	
in fund financial statements.	510,124
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet. These assets consist of:	
Total capital assets	301,539,641
Less accumulated depreciation	(63,632,343)
The net pension liability and related items are not reported in the funds,	
the following are adjustments related to the net pension liability:	
Deferred outflows - contributions subsequent to measurement	139,436
Deferred outflows - related to net pension liability	1 206 206
investment earnings Net pension liability	1,296,296 (2,313,958)
Deferred Inflows - related to net pension liability	(142,426)
The net OPEB liabilities and related items are not reported in the funds,	
the following are adjustments related to the net OPEB liabilities:	
Deferred outflows - contributions subsequent to measurement	29,265
Net OPEB liability - heathcare	(1,614,275)
Deferred Inflows - related to net OPEB liability - healthcare	(367,404)
Net OPEB liability - life insurance	(121,951)
Some liabilities are not due and payable in the current	
period and, therefore, are not reported in the funds:	
Compensated absences payable	(137,324)
Accrued interest payable	(585,040)
General obligation bonds are not due and payable in the current	
period and, therefore, are not reported in the funds. Bond	
premium costs are amortized for governmental activities, but are a current other financing source in fund financial statements	
fund financial statements.	
General obligation bonds	(54,625,000)
Total bond premium	(5,305,665)
Less accumulated amortization	 1,947,777
Net position of governmental activities (Statement of Net Position)	\$ 229,517,142

FINANCIAL STATEMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For Fiscal Year Ended June 30, 2018

	General Fund	 Debt Service Fund	Са	npital Projects Fund	equisitons Savings Fund	G	Total sovernmental Funds
REVENUES							
Property taxes	\$ 3,738,823	\$ 10,307,408	\$	-	\$ -	\$	14,046,231
Investments	95,740	58,661		292,817	4,071		451,289
Revenue from jointly funded projects	-	-		106,915	-		106,915
Other	 27,603	 -		-	 -		27,603
Total revenues	3,862,166	10,366,069		399,732	4,071		14,632,038
EXPENDITURES							
Current							
General government	1,529,457	-		-	-		1,529,457
Flood control	1,143,984	-		-	-		1,143,984
Planning, engineering, research							
and development	877,167	-		-	30,000		907,167
Capital outlay	34,430	_		8,482,481	101,831		8,618,742
Debt service							
Bond principal retirement	-	12,125,000		-	-		12,125,000
Interest and fixed charges	-	1,328,014		-	-		1,328,014
Bond issuance costs	 -	 		95,362	 		95,362
Total expenditures	3,585,038	 13,453,014		8,577,843	 131,831		25,747,726
Excess (deficiency) of revenues							
over expenditures	277,128	(3,086,945)		(8,178,111)	(127,760)		(11,115,688)
OTHER FINANCING SOURCES AND USES							
Operating transfers in	-	-		-	208,000		208,000
Operating transfers out	(208,000)	-		-	-		(208,000)
Face amount from bond sales	-	-		12,500,000	-		12,500,000
Bond premium issuance	 -	 788,196		95,362	 		883,558
Total other financing sources and uses	(208,000)	 788,196		12,595,362	 208,000		13,383,558
Net change in fund balances	69,128	(2,298,749)		4,417,251	80,240		2,267,870
Fund balances, beginning of year	 8,590,050	 13,779,513		27,954,035	308,521		50,632,119
Fund balances, end of year	\$ 8,659,178	\$ 11,480,764	\$	32,371,286	\$ 388,761	\$	52,899,989

^{*}The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Activities

For Fiscal Year Ended June 30, 2018

Net change in fund balances - governmental funds	\$ 2,267,870
Amounts reported for governmental activities in the statement of activities are different because:	
In the governmental funds, proceeds from long-term debt are reported as revenues	(12,500,000)
In the governmental funds, payments from long-term debt are reported as expenditures	12,125,000
Bond premium is not amortized for fund financial statement purposes, but is for governmental activities - current year amortization	532,112
Bond premiums are included as other revenues for fund financial statement purposes, but are capitalized for governmental activities	(883,558)
In the statement of activities, certain operating expenses - compensated absences payable and accrued interest payable are measured by the amounts incurred during the year. In the governmental funds, however expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year was:	
Compensated absences payable Accrued interest payable	22,719 (19,570)
In the governmental funds, pension expense is the actual contributions made to PERA, in the entity wide statements, amounts are shown as a net pension liability, deferred outflows (net of subsequent contributions), and deferred revenues. The net adjustment for the year was: In the governmental funds, OPEB expense is the actual contributions	640,041
made to NMRHCA and for life insurance, in the entity wide statements, amounts are shown as a net OPEB liability, deferred outflows, and deferred inflows. The net adjustment for the year was:	(38,430)
Delinquent property taxes receivable, net of allowance for doubtful accounts, are not available financial resources and therefore are reported as deferred inflows in the fund financial statements.	
The decrease in the net receivable for the year was: The governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were:	20,611
Excess of capital outlay expenditures which were capitalized over noncapitalized Depreciation	5,222,293 (3,581,407)
In the statement of activities, turnkey contributed projects are recorded as revenues. These revenues are not recorded in the governmental fund statements.	800,449
Changes in net position of governmental activities (statement of activities)	\$ 4,608,130

^{*}The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund

For Fiscal Year Ended June 30, 2018

	Budget Original	Budget Final	Actual Amount Budgetary Basis	Variance Positive (Negative)
Revenues				(0)
Property taxes	\$ 3,623,259	3,623,259	3,738,823	115,564
Revenue - other	40,000	40,000	123,343	83,343
Total revenues	3,663,259	3,663,259	3,862,166	198,907
Expenditures				
Salary and related payroll costs	2,462,403	2,462,403	2,166,705	295,698
Facilities operations and maintenance	604,063	624,063	547,177	76,886
Stormwater quality	325,400	325,400	275,928	49,472
Planning, Engineering, and R&D	134,868	134,868	96,981	37,887
General & Administrative	292,156	294,056	220,926	73,130
Professional Services	76,300	76,300	62,024	14,276
Information Technology	110,563	129,563	93,283	36,280
Governmental affairs	144,820	147,320	122,014	25,306
Total expenditures	4,150,573	4,193,973	3,585,038	608,935
Excess (deficiency) of revenues over expenditures before other financing sources and uses	(487,314)	(530,714)	277,128	807,842
Other financing sources and uses				
Transfers from other funds Transfers to other funds Emergency contingency	(208,000)	(208,000)	(208,000)	- - -
Total other financing and uses	(208,000)	(208,000)	(208,000)	
Net change in fund balance	(695,314)	(738,714)	69,128	807,842
Fund Balance, beginning of year	8,590,050	8,590,050	8,590,050	<u>-</u>
Fund Balance, end of year	\$ 7,894,736	7,851,336	8,659,178	807,842

^{*}The accompanying notes are an integral part of these financial statements.



FINANCIAL STATEMENTS

Statement of Fiduciary Net Position - Fiduciary Funds June 30, 2018

	Ditch & Water		Stormwater		Total				
	Agency &	Safety Task		Mid Rio		Quality		Custodial	
	Area Wide		Force	Grande CMC		Coordinator		Funds	
ASSETS									
Cash in bank	\$ 1,269,116	\$	69,927	\$	34,483	\$	112,851	\$	1,486,377
Total assets	 1,269,116		69,927		34,483		112,851		1,486,377
LIABILITIES									
Accounts payable	 393,245		3,383				18,120		414,748
Total liabilities	 393,245		3,383				18,120		414,748
NET POSITION									
Restricted									
Other Organizations	 875,871		66,544		34,483		94,731		1,071,629
Total net position	\$ 875,871	\$	66,544	\$	34,483	\$	94,731	\$	1,071,629

^{*}The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of Changes in Fiduciary Net Position – Fiduciary Funds June 30, 2018

		Agency & .rea Wide	Sa	h & Water fety Task Force		Mid Rio		ormwater Quality oordinator		Total Custodial Funds
ADDITIONS Contributions										
Project funding	\$	1,560,000	\$		\$		\$		\$	1,560,000
Participation	φ	1,500,000	φ	31,750	φ	-	φ	160,211	φ	191,961
Investments		1,360		2		_		100,211		1,362
Other		1,500		-		_		10,015		10,015
Oulei	-							10,013		10,013
Total additions		1,561,360		31,752		-		170,226		1,763,338
DEDUCTIONS										
Construction		1,412,950		-		-		-		1,412,950
Profressional services		169,785		36,869		26,144		25,332		258,130
Educational outreach		-		-		-		120,770		120,770
Lab costs		-		-		8,322		-		8,322
Other		295		600		-		-		895
Total deductions		1,583,030		37,469		34,466		146,102		1,801,067
Net increase(deficiency) in										
fiduciary net position		(21,670)		(5,717)		(34,466)		24,124		(37,729)
Net Position, beginning of year		1,147,567		88,531		68,949		109,135		1,414,182
Restatement, note M		(250,026)		(16,270)		-		(38,528)		(304,824)
Net Position, beginning of year, as restated		897,541		72,261		68,949		70,607		1,109,358
Net position, end of year	\$	875,871	\$	66,544	\$	34,483	\$	94,731	\$	1,071,629



NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Function and Definition of Entity

The Albuquerque Metropolitan Arroyo Flood Control Authority (the Authority or AMAFCA) was created by the Arroyo Flood Control Act of 1963 (the Act) and is governed by such laws created thereunder designated as 72-16-1 to 72-16-103. The Act provides for organization of the governing body and offices; provides for flood control facilities; specifies provisions relating to powers, duties, privileges, liabilities, loans, securities, taxes, revenues, and finances; and prescribes interactions with other government bodies and agencies.

The Authority is governed by a "Board of Directors" (Board) which consists of five qualified electors elected for six-year staggered terms. The Board elects one member as chairman, one as vice-chairman, one as secretary-treasurer, and one as assistant secretary-treasurer. The Board appoints an Executive Engineer as administrator of all Authority affairs, who serves at the pleasure of the Board.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Authority's financial statements would be misleading or incomplete if not included.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. Governmental Accounting Standards Board (GASB) Statement No. 61,

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

effective for fiscal year 2013 further requires a financial benefit or burden relationship be present in addition to fiscal dependency between the primary government and the organization to be included as a component unit. In addition, GASB 80 requires that a component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member.

There were no component units of the Albuquerque Metropolitan Arroyo Flood Control Authority during the year June 30, 2018.

The financial statements for the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

2. Basic Financial Statements

The basic financial statements include both government-wide (based on the Authority as a whole) and fund financial statements. The reporting model focus is on either the Authority as a whole or on major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental funds. In the government-wide Statement of Net Position, the governmental activities are reflected on a full accrual economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. During the year ended June 30, 2018, the Authority adopted GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, GASB Statement No. 81 Irrevocable Split-Interest Agreements, GASB Statement No. 85 Omnibus, and GASB Statement No. 86 Certain Debt Extinguishment Issues. These four Statements are required to be implemented as of June 30, 2018, if applicable. During the year ended June 30, 2018, the Authority early implemented GASB Statement No. 83 Certain Asset Retirement Obligations, and GASB Statement 84 Fiduciary Activities.

GASB Statement No. 75 is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB Statement No. 75 has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

GASB Statement No. 84 is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments on their role as fiduciaries.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function. Only revenues from jointly funded projects are considered program revenues. The Authority includes three functions: flood control, general government, and planning, engineering, design, research and development.

The net cost (by function) is normally covered by general revenues (taxes, inter-governmental revenues, investment, etc.). Historically, the previous model did not summarize or present net cost by function or activity. The Authority does not currently employ indirect cost allocation systems. The Authority's policy for when an expense is incurred for purposes for which both restricted and unrestricted net position are available is to utilize the restricted net position first. No such expenses occurred during the year ended June 30, 2018.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

The only program revenue is funds received from outside sources related to specific projects. It is described in the financial statements as revenue from jointly funded projects and is considered program specific grants and contributions.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the government or business-type categories. Non-major (by category) or fund type are summarized into a single column. The General Fund, the Debt Service Fund, the Capital Projects Fund, and the Acquisitions & Savings Fund have been classified as major funds. There were no non-major funds.

The Governmental Fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Authority's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Internal activity among the various funds is eliminated in the government-wide financial statements. There were no interfund balances at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

The Authority's Fiduciary Funds (Custodial Funds) are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

3. Basis of Presentation

The financial transactions of the Authority are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

Governmental accounting principles specify minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the Authority, all funds have been classified as major funds.

GOVERNMENTAL FUND TYPES

The focus of Governmental Fund measurement (in the financial statements) is based upon determination of financial position and changes in the financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the Authority.

General Fund. The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund also includes funds designated for contingencies.

Debt Service Fund. The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term principal, interest, and related costs on bond holdings.

Capital Projects Fund. The Capital Projects Fund is used to account for financial resources from bond issuances to be used for the acquisition of major capital facilities and related costs.

Acquisitions & Savings Fund. The Acquisition & Savings Fund, a capital projects fund considered to be a major fund by the Authority, is used to account for financial resources to be used for costs associated with general capital outlay as well as savings for significant non-capital expenditures that do not occur on an annual basis.

Fiduciary Funds. The Authority had Custodial funds during the year ended June 30, 2018. The *Custodial funds* are used to account for assets that the Authority holds for others – including:

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

Middle Rio Grande MS4 CMC Fund – This is used to account for the pooling of funds by various entities to meet compliance requirements related to the MS4 Permit and the sampling of storm water.

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

NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide Statement of Net Position.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditure/expenses are recognized in the accounts and reported in the financial statement. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, and the Fiduciary Fund financial statements are presented on an accrual basis of accounting. The Governmental Funds in the fund financial statements are presented on a modified accrual basis.

Modified Accrual. All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and the Authority uses traditional 60 days after year-end as the period in which they have to be received. Property taxes are recognized when levied, net of estimated refunds and uncollectible amounts. Expenditures are generally recognized under modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due. In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

5. Budgetary Accounting

Budgets for all funds are adopted on the modified accrual basis of accounting, which conforms to accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level. At year-end, budgeted appropriations lapse. The Board approves the original budget at a public meeting for which legal notices are published. The public is invited to comment at the meeting. Within each fund, transfers may be made between line items with the approval of the Authority's Board. Transfers between funds and any increase in the original budget, in addition to approval by the Authority's Board, must be presented to the Local Government Division of the New Mexico Department of Finance and Administration for their approval. The original budget, approved by the Authority's Board and the Local Government Division, may be subsequently amended if approved by the Authority's Board and the Local Government Division. Actual expenditures for each budget may not legally exceed the appropriations in total, including budgeted beginning cash balances. The Authority's budget for the fiscal year ended June 30, 2018 was properly approved by the Authority's Board and by the Local Government Division. It was subsequently amended.

6. Investments

The Authority has invested funds in the New Mexico State Treasurer's Local Government Investment Pool (Pool). The investments are valued at amortized costs based on quoted market prices as of the valuation date.

7. Compensated Absences

Employees of the Authority accrue both sick leave and vacation leave as a function of service. In the event of termination, employees receive payments for accumulated vacation. In the event of retirement, employees receive payment for accumulated vacation and sick leave or take the accumulated vacation and sick leave prior to retirement. Employees may also, at their option (each November), convert sick leave to vacation leave or receive cash according to predetermined ratios. The following ratios are to be utilized:

- 1. Sick leave accumulation over 500 hours may be converted at the following ratios:
 - Three hours of sick leave to one hour of vacation leave, or
 - Three hours of sick leave to one hour of cash payment.
- 2. Sick leave accumulation over 850 hours may be converted at the following ratios:
 - Two hours of sick leave to one hour of vacation leave, or
 - Two hours of sick leave to one hour of cash payment.
- 3. Sick leave accumulation over 1,200 hours must be converted at the following ratios:
 - Three hours of sick leave for two hours of vacation leave, or
 - Three hours of sick leave to two hours of cash payments.

Compensated absences payables of \$137,324 have been recorded in the government-wide financial statements. Of the \$137,324, \$57,252 is considered the current portion while \$80,072 is considered

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

the long-term portion, which is expected to be paid after one year. The compensated absence payable has been valued using the pay levels in effect at June 30, 2018 and does not include estimated payroll tax and fringe benefit costs. The amount also does not include any sick leave that is eligible to be converted to vacation leave, cash or for payment upon retirement. The General Fund is the only fund which has been and which will be used to liquidate compensated absences liabilities.

	June 30, 2017		Additions		Deletions		June 30, 2018		Due Within One Year	
Compensated absences payable	\$	160,043	\$	110,287	\$	133,006	\$	137,324	\$	57,262

8. Capital Assets

Property, plant, and equipment purchased or acquired, including software, are carried at historical cost or estimated historical cost. Contributed assets are recorded at the acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Authority's capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000 per 12-6-10 NMSA 1978. However, all capital outlay purchases may not necessarily be capitalized.

The Authority does not capitalize interest in regard to any of its capital assets. It is in normal activity that AMAFCA obtain ownership of facilities constructed by others and to give ownership to other Governmental Agencies. When AMAFCA obtains ownership, it is recorded as a capital contribution. When AMFCA gives up ownership, it is included as part of Noncapitalized project costs.

Depreciation on all depreciable assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Authority utilizes Internal Revenue Service guidelines and other guidelines to estimate the useful lives on fixed assets as follows:

Vehicles, furniture and office equipment,	
including software and construction equipment	5 to 7 years
Telemetry Equipment	5 to 40 years
Buildings and improvements	40 years
Infrastructure	70 years

9. Revenues and Expenditures

Substantially all governmental fund revenues are accrued, except the only property taxes accrued in the fund financial statements are those actually received within sixty days of year-end. Expenditures are recognized when related fund liability is incurred.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

10. Net Position

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

Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is the general obligation bonds issued to finance the Authority construction projects. The Authority's debt related to Capital Outlay is \$55,855,613. The Authority includes unpsent bond proceeds in the amount of \$30,300,000 in the calculation of net investment in capital assets.

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

Unrestricted – represent the residual assets of the Authority, which are not restricted.

11. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable Fund Balance Includes amounts that cannot be spent because they are
 either not in spendable form, or, for legal or contractual reasons, must be kept intact. This
 classification includes inventories, prepaids, deposits with vendors, assets held for sale,
 and long-term receivables.
- Restricted Fund Balance Restricted funds are either externally imposed (such as debt covenants, grantor, contributors or other governments) or are imposed by law (constitutionally or enabling legislation).
- Committed Fund Balance The Authority's Committed Funds require formal action of the Board of Directors by resolution that identifies the specific circumstances under which their resources may be expended.
- Assigned Fund Balance Amounts that are constrained by the Authority's expressed
 intent to use resources for specific purposes but do not meet the criteria to be classified as
 restricted or committed. Intent can be stipulated by the governing body or by an official to
 whom that authority has been given. With the exception of the General Fund, this is the
 residual fund balance classification for all governmental funds with positive balances.
- *Unassigned Fund Balance* This is the residual classification of the General Fund. Only the General Fund can report a positive "unassigned fund balance". Other governmental funds might report a negative balance in this classification.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Fund Balance for Subsequent Years Expenditures. In April 2016, the AMAFCA Board of Directors adopted Resolution 2016-05 – Cash Reserves that requires a minimum fund balance in the general fund of 25% of the General Fund's subsequent year's budget, less any capital outlay to be funded via transfer from the Acquisitions & Savings fund (\$4,414,632) to ensure the Authority maintains an adequate cash flow position.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates in the Authority's financial statements include the allowance for uncollectible accounts, expected useful lives of capital assets, current portion of accrued compensated absences, and actuarial estimates included in the calculation of the net pension liability and net OPEB liability.

13. Deferred Inflows

Receivables which do not meet the "available" criteria for revenue recognition under the modified accrual basis of accounting are recorded as deferred inflows. Deferred inflows at June 30, 2018 is attributable to the following:

Delinquent property taxes

\$510,124

14. 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 New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA's. 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.

15. OPEB - Healthcare

For purposes of measuring the net OPEB Healthcare liability, deferred outflows of resources and deferred inflows of resources related to this 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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

as they are reported by NMRCHA's. For this purpose, NMRCHA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. OPEB – Life Insurance

For purposes of measuring the net liability related to OPEB for life insurance, the Authority utilized an alternative measurement method based on a valuation date of June 30, 2017. The Authority participates in the same plan as the City of Albuquerque and demographics of the Authority is similar to the City of Albuquerque, therefore, the Authority utilized the valuation report prepared for the City. Using the valuation report, the Authority calculated a per participant liability of \$3,695 and applied it to the Authority's 33 total members (22 active and 11 retired) to calculate the liability as of June 30, 2018 of \$121,951.

The plan is administered through The Hartford, Group Benefits Division. The Authority covers the full cost of retiree life insurance coverage. The current premium rate is \$0.35 per \$1,000 of life insurance for retired employees, regardless of age. The total expense for the authority for the year ended June 30, 2018 was \$3,517. The Authority contributed \$1,096 to the plan for the year ended June 30, 2018. The face amount of life insurance coverage is based on each employee's annual compensation in the year preceding retirement. Coverage amounts, for those retiring after 2008 are equal to:

Final Basic Annual Pay Coverage

\$25,000 but less than \$50,000 $\frac{1}{2}$ basic annual pay

Over \$50,000 \$25,000

Those retiring prior to 2008 are on a detailed coverage scale utilizing 12 final basic annual pay categories with coverage ranging from \$3,00 - \$25,000.

17. Noncash Capital Contributions

The Authority's purpose is to provide a flood control system for the benefit of property within the boundaries of the Authority. Pursuant to Authority policies and practices, certain infrastructure assets including land, easements, dams, ponds, and drainage channels are contributed to the Authority. These contributions may come from other governmental entities or from private parties whose development activities are subject to the oversight of the Authority. These assets are then the continuing responsibility of the Authority. The Authority records the fair market value of these assets at the date of contribution as program revenues and as capital outlay expenditures.

18. Asset Retirement Obligations

For the year ended June 30, 2018, the Authority implemented GASB 83. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Authority has no such assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

19. Subsequent Events

Subsequent events have been evaluated through November 26, 2018, the date at which the financials were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2018. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE B – CASH AND INVESTMENTS

The Albuquerque Metropolitan Arroyo Flood Control Authority invests its funds in accordance with resolutions adopted by its Board of Directors. Pursuant to Section 72-16-22, NMSA 1978, the Authority may deposit any of its funds in any banking institution and may invest its funds in its own securities or federal securities by direct purchase. The Board of Directors has the authority to determine the amount of collateral to be provided on its deposits in accordance with applicable state statutes.

Effective March 22, 1990, the Board adopted a new resolution, which differentiates banks wherein deposits may be maintained into two classes as determined by the State Investment Office. The two classes consist of "Class A" and "Class B" banks, which require 50%, respectively, of uninsured bank deposits to be collateralized. Collateral pledged by a bank on deposits is required to be held at another bank and cannot be released without the Authority's permission. The Authority currently requires 50% collateral after considering FDIC insurance on its deposits with Wells Fargo. At June 30, 2018, 70% of the cash balance was insured by either FDIC insurance or pledged collateral.

The following schedule shows the reconciliation between the amounts reflected by the Authority's financial institutions and the amounts reflected in the financial statements under the caption "Cash" in the government-wide financial statements.

Balances as reflected by financial institutions at June 30, 2018:

Wells Fargo, Albuquerque, NM - all are demand deposit accounts except	
for Ditch and Water Safety accounts	
Cash balances per depository at June 30, 2018:	
Checking and unassigned accounts	\$ 181,195
Construction / Capital Projects	114,371
Debt Service Account	2,494
Acquistions & Savings Account	240
Storm Quality Education	156,415
Ditch & Water Safety Task Force	69,927
Mid Rio Grande MS4 CMC	34,484
Area Wide Maintenance	446
Area Wide Maintenance Savings	 1,268,670
Total deposits	1,828,242
Less outstanding checks and adjustments, all accounts	(213,013)
Less agency funds - cash and savings accounts	 (1,486,377)
Net carrying value at June 30, 2018	\$ 128,852
Shown as:	
General Fund	\$ 90,959
Debt Service Fund	2,494
Capital Projects Fund	35,159
Acquisitions & Savings Fund	 240
Total cash per government-wide financial statements	\$ 128,852

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy regarding custodial credit risk is to comply with its Resolution described earlier and with Section 6-10-17, NMSA (1978). As of June 30, 2018, 100% of the Authority's deposits were insured. See Schedule of Pledged Collateral on page 123.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States Government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States Government or are agencies sponsored by the United States Government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amount deposited in the fund and the length of time the amounts in the Pool were invested. Participation in the Local Government Investment Pool is voluntary. The Authority has no control over the State Treasurer's investment pools and provides the following disclosure provided by the State Treasurer's office concerning the Authority's investment in the *New MexiGROW LGIP*:

June 30, 2018

New MexiGROW LGIP	AAAm rated	\$53,500,753	50 day WAM (R) and
			100 day WAM (F)

Following are the investment amounts by fund that are included in the State Treasurer Local Government Investment Pool as of June 30, 2018:

General Fund	\$ 8,744,087
Debt Service Fund	11,249,680
Capital Projects Fund	33,118,465
Acquisitions & Savings Fund	 388,521
Total governmental funds	\$ 53,500,753

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE C - PROPERTY TAXES AND PROPERTY TAX RECEIVABLES

Property taxes are payable to the County Treasurer in two equal installments, due on November 10 of the year in which the tax bill was prepared and on April 10 of the following year. Pursuant to Section 7-38-38, NMSA 1978, property taxes are delinquent if not paid within thirty days after the date on which they are due. Property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes. Taxes on real property are a lien against the real property on which the taxes are delinquent.

Article VIII, Section 2 of New Mexico Constitution limits the total ad valorem taxes for operational purpose levied by all overlapping governmental units within Bernalillo County to \$20.00 per \$1,000 assessed value. This limitation does not apply to special levies, such as levies for bond issues, authorized at an election by a majority of the qualified voters within Bernalillo County.

The Authority has, as of June 30, 2018, a mill levy of 0.675 mills per thousand of assessed value, which related to debt service of general obligation bonds in the Debt Service Fund. The Authority also has for the General Fund imposed operating levies of 1.171 mills per \$1,000 of assessed value on all residential property and 0.477 mills per \$1,000 of assessed value of nonresidential property within the Authority's boundaries. Section 7-37-7.1, NMSA 1978 limits the allowable increase in property taxes for operating purposes from the preceding year, but it does not limit any debt service levy. Specifically, no property tax rate or assessment for operating purposes shall be set which exceeds the prior year's tax revenue plus a percent, not in excess of five percent, determined by a specific general business indicator plus any net new increase in assessed value.

Property taxes receivable arise from tax levies which were levied and which are to be collected by the Bernalillo County Treasurer. The following are the receivables outstanding at June 30, 2018:

Receivables	
Current property taxes	\$ 315,621
Delinquent property taxes, net of allowance	
of \$91,838 for doubtful accounts	510,124
Total receivables	\$ 825,745

Of the property taxes noted above, \$87,031 in the General Fund and \$228,590 in the Debt Service Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$510,124 have been recorded in the government-wide financial statements, which includes receivables for all uncollected levied taxes. Delinquent property taxes do not represent measurable available resources so they are considered deferred inflows in the fund financial statements. Delinquent property taxes are secured by liens operating as a matter of law and are considered collectible except as provided for above. It is reasonably possible that certain property taxes may be collected over periods greater than 1 year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE D - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	June 30, 2017	Additions	Transfers	Sales or Other Dispositions	June 30, 2018
Capital assets not being depreciated					
Infrastructure:					
Land acquisition	\$ 53,885,875	\$ -	\$ -	\$ -	\$ 53,885,875
Building & yard - construction in progress	42,679	_	-	_	42,679
Construction in progress	6,944,101	8,482,481	(7,338,130)	(3,396,449)	4,692,003
Total capital assets not being					
depreciated	60,872,655	8,482,481	(7,338,130)	(3,396,449)	58,620,557
Capital assets being depreciated					
Operations:					
Furniture and fixtures	106,549	34,430	-	-	140,979
Maintenance tools and automotive					
equipment	2,079,444	54,644	-	-	2,134,088
Stormwater quality equipment	27,656	-	-	-	27,656
Telemetry Equipment	-	-	850,979	-	850,979
Office and maintenance buildings	1,755,418	47,187	-	-	1,802,605
Infrastructure:					
Utility relocations	2,036,609	-	-	-	2,036,609
Dams, channels and other					
improvements	228,638,568	800,449	6,487,151		235,926,168
Total capital assets being depreciated	234,644,244	936,710	7,338,130		242,919,084
Total capital assets	295,516,899	9,419,191	-	(3,396,449)	301,539,641
Less accumulated depreciation					
Furniture and fixtures	(88,976)	(9,137)	-	-	(98,113)
Maintenance tools and automotive equipment	(1,407,247)	(154,767)	-	-	(1,562,014)
Stormwater quality equipment	(2,766)	(5,531)	-	-	(8,297)
Telemetry Equipment	-	(69,542)	-	-	(69,542)
Office and maintenance buildings	(623,758)	(44,592)	-	-	(668,350)
Infrastructure	(57,928,189)	(3,297,838)			(61,226,027)
Total accumulated depreciation	(60,050,936)	(3,581,407)			(63,632,343)
Capital assets, net of accumulated					
depreciation	\$235,465,963	\$ 5,837,784	\$ -	\$ (3,396,449)	\$ 237,907,298

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Depreciation was charged as follows to these functions:

General government	\$ 53,729
Flood control	 3,527,678
	 _
Total depreciation	\$ 3,581,407

Construction in progress as of June 30, 2018, consisted of the following:

Project	June 30, 2017	Additions	Transfers to Capital Assets	Deletions	June 30, 2018
Agency Area-wide					
Engineering	_	_	_	_	_
Construction	-	1,560,000	-	(1,560,000)	
SE Valley Drain SD DMP					
Land	-	-	-	-	-
Engineering	265,644	-	-	(265,644)	
Black Mesa Phase 1a					
Land	-	-	-	-	-
Engineering	832,449	191,577	-	-	1,024,026
Construction	-	-	-	-	=
SW Valley Flood Reduction Phase II					
Land	3,650	-	-	-	3,650
Engineering	104,034	63,855	-	-	167,889
Construction	-	-	-	-	-
Boca Negra EAP					
Engineering	294,853	-	-	-	294,853
Calabacillas West Branch DMP					
Engineering	348,483	5,363	-	-	353,846
Upper Piedras Marcadas Watershed					
Engineering	263,169	6,402	-	(269,571)	
Amole-Hubbell Dam System Analysis					
Engineering	129,443	8,349	-	-	137,792

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

5		4.4454	Transfers to	D 1 4	
Project	June 30, 2017	Additions	Capital Assets	Deletions	June 30, 2018
Telemetry Project Phase I					
Engineering	330,666	49,613	(380,279)	-	
Construction	252,048	218,652	(470,700)	-	-
Valle De Oro Drainage Design					
Engineering	400,004	7,683	_	-	407,687
Construction	-	-	-	-	-
San Mateo to Moon Mini DMP					
Engineering	243,332	32,241	-	(275,573)	-
West I-40 Phase IV					
Engineering	451,422	100,692	(515,519)	(36,595)	-
Construction	2,095,011	2,043,934	(3,920,981)	(217,964)	-
Pino Dam EAP Phase II					
Engineering	16,437	5,656	-	-	22,093
Tijeras Arroyo Facility Plan					
Engineering	252,188	37,475	_	(289,663)	-
Construction	-	-	-	-	-
Calabacillas Facility Plan 2016					
Engineering	235,214	51,796	-	(287,010)	-
Construction	-	-	-	-	=
Boca Negra DMP Update					
Engineering	108,197	118,827	-	-	227,024
Construction	-	-	-	-	= .
Louisiana Gibson Drainage					
Engineering	119,427	295,285	-	-	414,712
Construction	-	191,990	-	-	191,990
Hamilton Dam					
Engineering	22,520	-	-	-	22,520
Construction	-	-	-	-	= .
AMAFCA Misc Project 2017					
Engineering	66,798	21,361	(88,159)	-	-
Construction	-	258,233	(258,233)	-	=
Bear Arroyo WQ Improvements					
Engineering	52,808	219,965	-	-	272,773
Construction	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

			Transfers to		
Project	June 30, 2017	Additions	Capital Assets	Deletions	June 30, 2018
Calabacillas 1A1 Grade Control Structu	re				
Engineering	38	239,777	-	-	239,815
Construction	-	695,989	-	-	695,989
South Pino Assessment					
Engineering	37,075	-	-	-	37,075
Construction	-	-	-	-	-
Las Ventanas Water Quality					
Engineering	-	70,879	-	-	70,879
Construction	-	-	-	-	-
Tijeras Sediment Structure Ph II					
Engineering	-	63,267	-	-	63,267
Construction	-	-	-	-	-
VDO Drainage 2nd Street Channels					
Engineering	19,191	290,058	(309,249)	-	-
Construction	-	1,423,773	(1,395,010)	(28,763)	-
Montano Levee Improvement Project					
Engineering	-	12,028	-	(12,028)	-
Construction	-	-	-	-	-
Miscellaneous AMAFCA Construction	Project 2018				
Engineering	-	31,645	-	-	31,645
Construction	-	-	-	-	-
Chamisa Pond Expansion					
Engineering	-	11,056	-	-	11,056
Construction	-	-	-	-	-
Dallas Regional Storm Drain					
Engineering	-	1,422	-	-	1,422
Construction	-	-	-	-	-
Misc Project					
Non-capitalized expenditures		153,638		(153,638)	
Total construction in progress	\$ 6,944,101	\$8,482,481	\$ (7,338,130)	\$ (3,396,449)	\$ 4,692,003

All of the financing required for the construction and engineering services projects listed will be provided by funds obtained through the prior issuance of general obligation bonds and the use of the Capital Project Fund revenues.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

The detail of construction in progress deletions and project additions is as follows:

Transfers to Infrastructure	\$ 6,487,151
Transfers to Telemetry	850,979
Add cooperative project contributions	800,449
2018 capital asset additions	\$ 8,138,579
Land	\$ -
Stormwater quality equipment	-
Telemetry	850,979
Utility relocations	-
Dams, channels and other improvements	7,287,600
2018 project additions	\$ 8,138,579

The Authority has commitments for construction, professional services, and joint funding agreements of approximately \$11,761,000 as of June 30, 2018. These commitments can be cancelled at any time with notification.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE & PREMIUMS

The change in general obligation bonds payable is as follows:

	Ji	une 30, 2017	Additions	Deletions	Jı	ane 30, 2018	Due Within One Year
General obligation bonds							
payable	\$	54,250,000	\$ 12,500,000	\$ (12,125,000)	\$	54,625,000	\$ 10,030,000
Bond premium		4,607,878	883,558	(185,771)		5,305,665	-
Bond premium amortization		(1,601,436)	(532,112)	185,771		(1,947,777)	477,377
Total	\$	57,256,442	\$ 12,851,446	\$ (12,125,000)	\$	57,982,888	\$ 10,507,377

All bonds are general-purpose obligation bonds, which are to be retired with future property tax levies for this purpose. Those property tax levies are accumulated in the Debt Service Fund, which is the fund used to make principal and interest payments. The general obligation bonds allow for the extension, betterment, alteration, reconstruction, repair and other improvements of the flood control system within AMAFCA's jurisdiction. This includes planning and research on existing or new facilities, facilities owned by other entities but within AMAFCA's system, and re-mapping of flood plains, which may or may not become capital assets of AMAFCA.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

The legal debt limit for the Authority is \$80,000,000 while the total general obligation debt on June 30, 2018 was \$54,625,000. The resulting legal debt margin is \$25,375,000.

The following is the detail for each issue outstanding at June 30, 2018:

Series 2011

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

		Annual Requirements							
Year ended June 30,	Principal]	Interest	Total				
2019	\$	\$ 1,925,000		19,250	\$	1,944,250			
	\$	1,925,000	\$	19,250	\$	1,944,250			

Series 2012

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

	Annual Requirements							
Year ended June 30,	Principal]	Interest	Total			
2019 2020	\$	1,500,000 1,500,000	\$	45,000 15,000	\$	1,545,000 1,515,000		
	\$	3,000,000	\$	60,000	\$	3,060,000		

Series 2014

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

	Annual Requirements							
Year ended June 30,		Principal		Interest		Total		
2019	\$	1,500,000	\$	215,250	\$	1,715,250		
2020		2,000,000		189,000		2,189,000		
2021		2,700,000		133,500		2,833,500		
2022		3,100,000		46,500		3,146,500		
	\$	9,300,000	\$	584,250	\$	9,884,250		

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Series 2015

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

	Annual Requirements								
Year ended June 30,	 Principal		Interest	Total					
2019	\$ 1,000,000	\$	283,000	\$	1,283,000				
2020	2,100,000		241,500		2,341,500				
2021	2,600,000		171,000		2,771,000				
2022	2,100,000		100,500		2,200,500				
2023	2,300,000		34,500		2,334,500				
	\$ 10,100,000	\$	830,500	\$	10,930,500				

Series 2016

Original amount: \$12,500,000 Interest rate - 2.0% to 4.0%

		Annual Requirements							
Year ended June 30,		Principal		Interest	Total				
2019	\$	700,000	\$	294,000	\$	994,000			
2020		800,000		275,000		1,075,000			
2021		900,000		249,500		1,149,500			
2022		1,500,000		206,000		1,706,000			
2023		1,250,000		151,000		1,401,000			
2024		1,400,000		98,000		1,498,000			
2025		1,750,000		52,500		1,802,500			
2026		1,750,000		17,500		1,767,500			
	<u></u>					_			
	\$	10,050,000	\$	1,343,500	\$	11,393,500			

Series 2017

Original amount: \$12,500,000 Interest rate - 4.0% to 5.0%

	Annual Requirements								
Year ended June 30,	d June 30, Prir		incipal Interest			Total			
2019	\$	760,000	\$	364,700	\$	1,124,700			
2020		790,000		329,750		1,119,750			
2021		825,000		289,375		1,114,375			
2022		470,000		257,000		727,000			
2023		890,000		223,000		1,113,000			
2024		930,000		177,500		1,107,500			
2025		980,000		129,750		1,109,750			
2026		1,025,000		79,625		1,104,625			
2027		1,080,000		27,000		1,107,000			
						_			
	\$	7,750,000	\$	1,877,700	\$	9,627,700			

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Series 2018

Original amount: \$12,500,000

Interest rate - 5.0%

			Annua	Annual Requirements				
Year ended June 30,	Principal			Interest		Total		
2019	\$	2,645,000	\$	273,373	\$	2,918,373		
2020		895,000		419,175		1,314,175		
2021		940,000		373,300		1,313,300		
2022		990,000		325,050		1,315,050		
2023		1,035,000		274,425		1,309,425		
2024		1,090,000		221,300		1,311,300		
2025		1,145,000		165,425		1,310,425		
2026		1,200,000		106,850		1,306,850		
2027		1,260,000		57,980		1,317,980		
2028		1,300,000		19,500		1,319,500		
			-					
	\$	12,500,000	\$	2,236,378	\$	14,736,378		

Total All Series

	Annual Requirements						
Year ended June 30,	Principal			Interest		Total	
		_		_		_	
2019	\$	10,030,000	\$	1,494,573	\$	11,524,573	
2020		8,085,000		1,469,425		9,554,425	
2021		7,965,000		1,216,675		9,181,675	
2022		8,160,000		935,050		9,095,050	
2023		5,475,000		682,925		6,157,925	
2024		3,420,000		496,800		3,916,800	
2025		3,875,000		347,675		4,222,675	
2026		3,975,000		203,975		4,178,975	
2027		2,340,000		84,980		2,424,980	
2028		1,300,000		19,500		1,319,500	
	Ф	54 625 000	Ф	(051 550	Ф	(1.57(.57)	
	\$	54,625,000	\$	6,951,578	\$	61,576,578	

Bond premiums of \$3,305,665 (\$883,558 in current year) have been capitalized in the government-wide financial statements and are being amortized using straight-line against interest expense over the life of the related bonds payable, which results in materially correct accumulated amortization and amortization expense.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE F - PUBLIC EMPLOYEES' RETIREMENT PLAN

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-1 8, NMSA I 978), 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 PERA Fund, unless specifically excluded.

Benefits provided. Benefits are generally available at age 65 with five or 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.

TIFR 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Contributions. The Authority participates in the Municipal Plan 3. The plan requires an employee contribution percentage of 14.65% and employer contribution percentage of 9.55%. The Pension Factor per year of Service is 3.0% for Tier I members and 2.5% for Tier II members. The Pension Maximum as a Percentage of the Final Average Salary is 90%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the Authority reported a liability of \$2,313,958 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The employer's name's proportion of the net pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the employer's name's proportion was 0.1684%, which was an increase of 0.0028% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer's name recognized a negative pension expense of \$500,555. At June 30, 2018, employer's name reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred		Deferred		
	O	utflows of	Inflows of		
	R	esources	Resources		
the Authority's contributions subsequent to the measurement date	\$	139,486	\$	-	
Differences between expected and actual experience		90,923		118,514	
Changes in assumptions		106,708		23,912	
Net difference between projected and actual earnings on pension plan investments		189,846		-	
Changes in proportion and differences between the Authority contributions and proportionate share of contributions		908,769		_	
Total	\$	1,435,732	\$	142,426	

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

\$139,486 reported as deferred outflows of resources related to pensions resulting from employer's name'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 pension expense as follows:

Year ended		
June 30:		
2010	Ф	405.550
2019	\$	497,573
2020		635,345
2021		76,384
2022		(55,482)
2023		-
Thereafter		-

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board for use in the June 30, 2016 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:

		Long Term
	Target	Expected Real
ALL FUNDS - Asset Class	Allocation %	Rate of Return %
Global Equity	43.50	7.39
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100%	

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 employer name's proportionate share of the net pension liability to changes in the discount rate. The following presents the employer name's proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the *employer name*'s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.51%)	(7.51%)	(8.51%)
the Authority's proportionate share of the			
net pension liability	\$ 3,626,737	\$ 2,313,958	\$ 1,222,200

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY 17 PERA financial report. The report is available at http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report.

Payables to the pension plan. The Authority has \$0 in payables due to NM PERA.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE G – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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 of eligible retirees.

Employees covered by benefit terms. At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership

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

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 \$29,265 for the year ended June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB. At June 30, 2018 the Authority reported a liability of \$1,614,275 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined y an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the Authority's proportion was .0346 percent.

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$38,430. At June 30, 2018, the Authority reported outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		eferred		Deferred
	Outflows of		Inflows of	
	Re	esources	Resources	
the Authority's contributions subsequent to the measurement date	\$	29,265	\$	-
Differences between expected and actual experience		-		61,947
Changes in assumptions		-		282,235
Net difference between projected and actual earnings on pension plan investments		-		23,222
Changes in proportion and differences between the Authority contributions and proportionate share of contributions				
Total	\$	29,265	\$	367,404

Deferred outflows of resources totally \$29,265 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:

Year ended June 30:	
2019	\$ 78,113
2020	78,113
2021	78,113
2022	78,113
2023	54 952

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

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

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

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

	Long Term
Asset Class	Rate of Return
U.S. core fixed income	4.10
U.S. equity - large cap	9.10
Non U.S emerging markets	12.20
Non U.S developed equities	9.80
Private equity	13.80
Credit and structured finance	7.30
Real estate	6.90
Absolute return	6.10
U.S. equity - small/mid cap	9.10

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their

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NOTES TO FINANCIAL STATEMENTS

June 30, 2018

beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

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

1%	Current	1%
Decrease	Discount Rate	Increase
(2.81%)	(3.81%)	(4.81%)
\$ 1,902,677	\$ 1,614,275	\$ 1,306,471

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

1%	Current	1%
Decrease	Trend Rate	Increase
\$ 1,372,134	\$ 1,614,275	\$ 1,803,145

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

Payable Changes in the Net OPEB Liability. At June 30, 2018, the Authority did not have any reported payables for outstanding contributions due to NMRHCA.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE H – TRANSFERS

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

<u>Fund</u>	<u>To</u>	<u>Amount</u>
Major Fund:		
General Fund	Acquisitions & Savings	\$208,000

NOTE I – FUND BALANCES – DESIGNATED FOR CONTINGENCIES

In April 2016, the Board of Directors passed Resolution 2016-05 - Cash Reserves. In addition to creating a reserve for subsequent year's expenditures, it also created the following contingency reserves:

Infrastructure Emergency Reserve – Can only be used by Board Action for emergency purposes. The reserve must be at least 1.5% of the total cost of the most recently audit AMAFCA infrastructure, which is \$3,460,128 as of June 30, 2018. This reserve was fully funded as of June 30, 2018.

Board of Directors Contingency Reserve – Will be used at Board discretion for flood control purposes. Board Action is require to use or make an adjustment to the balance. The balance as of June 30, 2018 was \$500,000.

Executive Engineer Contingency Reserve – Can be utilized by the Executive Engineer without Board approval, generally for "stop-gap" or emergency purposes. The balance as of June 30, 2018 was \$400,000.

Insurance & Other Operating Reserve – Can be utilized by the Executive Engineer for funding unplanned and unbudgeted expenses that are unusual in nature or infrequent in occurrence. The balance as of June 30, 2018 was \$200,000.

The Authority has an additional \$826,157 that has been designated for contingencies by the Board of Directors and has not been placed into the categories above. This funding is considered to be excess of minimum funding requirements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE J - 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 which the Authority carries insurance policies for the Fiscal Year ending June 30, 2018 as follows:

Worker's Compensation

a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020W
c.	Amount of coverage	Unlimited
d.	Expiration date	6/30/18
e.	Premium paid	\$29,139

Property

30103		
a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020P
c.	Amount of coverage	Scheduled Values
d.	Expiration date	6/30/18
e.	Premium paid	\$6,028

General Liability

JIUI	ar Blasility		
a.	Name of insurance agent	New Mexico Self-Insurers' Fund	
b.	Policy Number	4020L	
c.	Amount of coverage	400,000/750,000 per person/occurrence	
		\$300,000 medical, \$100,000 property	
d.	Expiration date	6/30/18	
e.	Premium paid	\$13.214	

Auto Liability

a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020L
c.	Amount of coverage	\$400,000/\$750,000 per person/occurrence
		\$300,000 medical, \$100,000 property
d.	Expiration date	6/30/18
e.	Premium paid	\$33,804
octor's Liability Coverage – separate bond		

Director's Liability Coverage – separate bond		
a. Name of insurance agent	CNA Surety, P.O. Box 5176	

и.	rianic of mourance agent	C1111 Dailety, 1.0. Don 0110
		Sioux Falls, SD 57117-5176
b.	Policy Number	Bond NO. 0601 68998232
c.	Amount of coverage	\$10,000 for each director
d.	Expiration date	6/30/18
e.	Premium paid	\$250

Civil Rights

i itigiits		
a.	Name of insurance agent	New Mexico Self-Insurers' Fund
b.	Policy Number	4020L
c.	Amount of coverage	Tort limits (\$1,000,000)
d.	Expiration date	6/30/18
e.	Premium paid	\$5,748

The Authority has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Authority which

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

exceeds the insurance coverage, the Authority would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential loss. The address of the New Mexico Self-Insurers' Fund is 1231 Paseo de Peralta, Santa Fe, New Mexico 87501.

At June 30, 2018, no unpaid claims have been filed which exceed the policy limits. To the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Albuquerque Metropolitan Arroyo Flood Control Authority. Coverages for all policies reported here also remain in effect for the year ending June 30, 2019.

NOTE K – SIGNIFICANT ESTIMATES

The Authority records property tax revenues based on the amounts collected by the Bernalillo County Treasurer in June that are remitted to the Authority in July and August and deferred revenues on property taxes based on information provided by the Bernalillo County Treasurer's Office. An estimated receivable of \$917,583 at June 30, 2018 was recorded by the Authority. An estimated allowance for doubtful accounts of \$91,838 was also provided in conjunction with this receivable, resulting in a net amount recorded of \$825,745.

Depreciation on capital assets is a second significant estimate. Depreciation expense totaled \$3,315,450 for the year ended June 30, 2018.

The Net Pension Liability and related deferred inflows and outflows are based on an actuarial study, see Note F for details.

The Net OPEB liability and related deferred inflows are based on an actuarial study, see Note G for details.

The current portion of Compensated Absences is estimated based on anticipated usage of accrued hours. The Authority estimates that employees will utilize the hours they have accrued up to 40 hours in the subsequent year.

NOTE L - NEW ACCOUNTING STANDARDS IMPLEMENTATION

The Authority has evaluated pronouncements through GASB 90 and do not believe any have a significant impact to the Authority's financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE M – RESTATEMENTS

GASB 74/75

For the year ended June 30, 2018, the Authority implemented GASB Statement No. 74/75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The Statement revises existing guidance for governments that provide their employees with postemployment benefits other than pensions. A principal change is the requirement to record a government's pro rata share of unfunded actuarial accrued liability (UAAL) on its financial statements for multiemployer cost sharing plan. The Authority is a participating member of the New Mexico Retiree Health Care Fund (RHCF) administered by the Retiree Health Care Authority (RHCA), a multiemployer cost-sharing plan. The Authority also participates in an Life Insurance program for retirees. The Authority FY 18 government wide financial statements contain a restatement to beginning equity to establish the liability related to this standard as of June 30, 2017. The restatement is as follows:

Net adjustment for OPEB – Healthcare	\$ 1,917,501
Net adjustment for OPEB – Life insurance	 118,434
Total	\$ 2,035,935

GASB 84

For the year ended June 30, 2018, the Authority implemented GASB Statement No.84 "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of implementing GASB 84, the Authority converted the accounting of these funds from a cash to modified accrual basis. As part of this conversion, restated beginning Net Position to included accounts payables that were not included as part of the cash method. The adjustments to each fiduciary fund is as follows:

Agency & Area Wide – Accounts Payable	\$ 250,026
Ditch & Water Safety Task Force –	
Accounts Payable	16,270
Stormwater Quality Coordinator –	
Accounts Payable	 $38,\!528$
Total	\$ 304,824

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE N – TAX ABATEMENTS

The following are Industrial Revenue Bonds affecting the Authority:

Other Entities Disclosure - AMAFCA - Fiscal					
Year Ended June 30, 2018					
Agency number for Agency making the disclosure (Abating Agency)	5001	5001	5001	5001	5001
Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Abating Agency Type	County	County	County	County	County
Tax Abatement Agreement Name	Desert Willow Apartments Project	CCC&S Family Project (dated 11/1/2016)	Lease Agreement between Bernalillo County and Lowe's Home Centers, Inc.	SBS Technologies, Inc. Corporate Headquarters Project	West Publishing Corporation Project
Name of agency affected by abatement	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo
agreement (Affected Agency)	Flood Control Authority	Flood Control Authority	Flood Control Authority	Flood Control Authority	Flood Control Authority
Agency number of Affected Agency	4003	4003	4003	4003	4003
Agency type of Affected Agency	Special District	Special District	Special District	Special District	Special District
Recipient(s) of tax abatement	Desert Willow Limited Partnership	CCC&S Family LLC	Lowe's Home Centers, Inc.	Brunacini Development LTD. CO.	West Publishing Corporation, Southwest Tiburon LLC
Tax abatement program (name and brief	Multifamily Housing Refunding Revenue Bonds Series 2008), replacing Series 1998.	IRB - Taxable Industrial Revenue Bonds, Series 2016	IRB - Taxable Industrial Revenue Bonds (Series 2011)	Taxable Industrial Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2004A)
description)	Dool Droposty Toy	Real and personal property	Personal property tax	Real Property, Personal	Real Property, Personal
Specific Tax(es) Being Abated	Real Property Tax	tax exemption	exemption	Property, Gross Receipts/Compensating Tax	Property, Gross Receipts/Compensating Tax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
		Real Property tax :	Real Property tax :		
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a			Personal Property tax :		
result of the tax abatement agreement	Real Property tax : \$2,662.54	Real Property tax : \$781.59	\$4382.62	Real Property tax : \$2,752.52	Real Property tax : \$2,453 17
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	none	none	none	none	none
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	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

5001	5001	5001	5001	5001	5001
Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
County	County	County	County	County	County
Sennheiser New Mexico LLC Project	Tempur Production USA, Inc. Project	Verizon Wireless (VAW) LLC Facilities Project	New Mexico Food Distributors, Inc. Project	CFV Solar Test Laboratory, Inc. Project	US Foods, Inc. Project
Albuquerque Metro Arroyo Flood Control Authority	Albuquerque Metro Arroyo Flood Control Authority	Albuquerque Metro Arroyo Flood Control Authority	Albuquerque Metro Arroyo Flood Control Authority	Albuquerque Metro Arroyo Flood Control Authority	Albuquerque Metro Arroyo Flood Control Authority
4003	4003	4003	4003	4003	4003
Special District	Special District	Special District	Special District	Special District	Special District
Sennheiser New Mexico LLC	Tempur Production USA, Inc.	Verizon Wireless (VAW) LLC, Coors/Central Realty LLC	New Mexico Food Distributors, Inc.	CFV Solar Test Laboratory, Inc.	US Foods, Inc.
Taxable Industrial Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2005A and 2005B)	Taxable Industrial Revenue Bonds (Series 2006A)	Taxable Variable Rate Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2010)	Taxable Industrial Revenue Bonds (Series 2011)
Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property Tax	Real Property, Personal Property Tax	Real Property, Personal Property Tax
NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
Real Property tax : \$0 Personal Property tax : \$0	Real Property tax : \$13,737.94 Personal Property tax : \$3,304.26	Real Property tax : \$7,596.04	Real Property tax : \$1,142.88 Personal Property tax : \$449.92	Real Property tax : \$0 Personal Property tax : \$0	Real property tax : \$4,70.84 Personal Property tax : \$0
none	none	none	none	none	none
N/A	N/A	N/A	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

Other Entities Disclosure - AMAFCA - Fiscal Year Ended June 30, 2018				
Agency number for Agency making the disclosure (Abating Agency)	5001	5001	5001	5001
Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Abating Agency Type	County	County	County	County
Tax Abatement Agreement Name	Vitality Works, Inc. Project	Friedman Recycling Project	Admiral Beverage Corporation Project	Silver Moon Lodge Project
Name of agency affected by abatement	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo
agreement (Affected Agency)	Flood Control Authority	Flood Control Authority	Flood Control Authority	Flood Control Authority
Agency number of Affected Agency	4003	4003	4003	4003
Agency type of Affected Agency	Special District	Special District	Special District	Special District
Recipient(s) of tax abatement	Vitality Works, Inc.	Friedman Recycling of Albuquerque, LLC	Admiral Beverage Corporation	Silver Moon Lodge LLLP
Tax abatement program (name and brief description)	Taxable Industrial Revenue Bonds (Series 2011)	Taxable Industrial Revenue Bonds (Series 2012A and 2012B and 2012C)	Taxable Industrial Revenue Bonds (Series 2012)	New Mexico Multifamily Housing Revenue Bonds (Series 2013A and 2013B)
Specific Tax(es) Being Abated	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property Tax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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 For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Real Property tax : \$2,688.81 none	Real Property tax \$729.52 none	Real Property tax : \$5,423.92 Personal Property tax \$138.09 none	Real Property tax : \$2,317.19 none
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	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

5001	5001	5001	5001	5001
Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
County	County	County	County	County
Glenrio Project	Rodgers/JSR Holdings Project	United Poly Systems Project dated 2014)	The Tortilla Building, LLC Project	Hotel Chaco Project
Albuquerque Metro Arroyo	Albuquerque Metro Arroyo	Albuq. Metro Arroyo Flood	Albuquerque Metro Arroyo	Albuquerque Metro Arroyo
Flood Control Authority	Flood Control Authority	Control Authority	Flood Control Authority	Flood Control Authority
4003	4003	4003	4003	4003
Special District Glenrio LLLP	Special District JSR Holdings, LLC	Special District Gold Mesa Investments	Special District The Tortilla Building, LLC (lesee) and Flagship Food Group North America LLC (sublesee)	Special District Hotel Chaco, LLC
New Mexico Multifamily Housing Revenue Bonds (Series 2013)	Taxable Industrial Revenue Bonds (Series 2014)	Taxable Industrial Revenue Bonds	Industrial Development Project	Taxable Industrial Revenue Bonds (Series 2015A)
Real Property Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax
NMSA §7-37-6	NMSA §7-37-6	NMSA 7-37-6	NMSA §7-37-6	NMSA §7-37-6
Real Property tax : \$4,566.31		Personal Property tax : \$934.26	Real Property tax : \$2,121.54 Personal Property tax : \$1,287.17	Real Property tax : \$256.91
none	none	none	none	none
N/A	N/A	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

Other Entities Disclosure - AMAFCA - Fiscal Year Ended June 30, 2018					
Agency number for Agency making the disclosure (Abating Agency)	5001	5001	5001	5001	5001
Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Abating Agency Type	County	County	County	County	County
Abating Agency Type	County	County	County	County	County
Tax Abatement Agreement Name	The Village at Avalon Project (dated 12/1/2015)	Harrington Project 2015	Wagner Equipment Project (dated 12/1/2015)	General Mills Operations Project (dated 11/1/2016)	NM Food Distributors Project (dated 12/29/2015)
	Alberta Adados Assessa Florad	Albert Market America Florid	Album Adama Amaria Fland	Album Adatus America Florid	Album Adatus Assess Flored
Name of agency affected by abatement	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood
agreement (Affected Agency)	Control Authority	Control Authority	Control Authority	Control Authority	Control Authority
Agency number of Affected Agency	4003	4003	4003	4003	4003
Agency type of Affected Agency	Special District	Special District	Special District	Special District	Special District
Recipient(s) of tax abatement	Village at Avalon Apartments	Harrington Properties	Wagner Equipment Co	General Mills Operations LLC	Karsten Tortilla Factory
Tax abatement program (name and brief description)	Series 2015 Multifamily Housing Revenue Bonds.	Taxable Industrial Revenue Bonds	Taxable Industrial Revenue Bonds (Series 2015)	Taxable Industrial Revenue Bonds (Series 2016)	Taxable Industrial Revenue Bonds (Series 2015)
Specific Tax(es) Being Abated	Real Property Tax	Real Property Tax	Real Property Tax	Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal Property, Gross Receipts/Compensating Tax
Authority under which abated tax would have been paid to Affected Agency	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA §7-37-6
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 For any Payments in Lieu of Taxes (PILOTS) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Real Property tax : \$1,836.64 none	Real Property tax : \$341.11 none	Real Property tax : \$783.17 none	Personal Property tax : \$0 Gross Receipts tax : \$0 none	Real Property tax : \$1,024.37 none
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	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

5001	5001	5001	5001	5001	5001
Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
County	County	County	County	County	County
Los Poblanos Project (dated 3/1/2016)	MCT Balloon Fiesta Industrial Park Project (dated 12/31/2016)	New Beginnings Senior Living Project (dated 12/1/2016)	One Central Entertainment Hub Project	Rio Bravo Brewing Project dated 2/1/2016)	Rio Vista Apartments Project (dated 11/1/2016)
Albuq. Metro Arroyo Flood Control Authority	Albuq. Metro Arroyo Flood Control Authority	Albuq. Metro Arroyo Flood Control Authority	Albuq. Metro Arroyo Flood Control Authority	Albuq. Metro Arroyo Flood Control Authority	Albuq. Metro Arroyo Flood Control Authority
4003	4003	4003	4003	4003	4003
Special District	Special District	Special District	Special District	Special District	Special District
Rembe Family, LLC	Mart-Nair Investments (Affiliated with MCT Industries and MCT Devel)	New Beginnings Senior Living LLC	One Central Associates	DRB Properties and Rio Bravo Brewing Co	Rio Housing Associates
IRB - Taxable Industrial Revenue Bonds (Series 2016)	IRB - Taxable Industrial Revenue Bonds, Series 2016 B	IRB - Taxable Industrial Revenue Bonds (Series 2016)	IRB - Taxable Industrial Revenue Bonds, Series 2016B	IRB - Taxable Industrial Revenue Bonds (Series 2016)	IRB - Taxable Industrial Revenue Bonds (Series 2016)
Real and personal property tax exemption	Real and personal property tax exemption	Real and personal property tax exemption	Real and personal property tax exemption	Real and personal property tax exemption	Real and personal property tax exemption
NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6
Real Property tax : \$2,392.07 Personal Property tax : \$65.59	Real Property tax : \$,4193.10	Real Property tax : \$58.82	Real Property tax : \$174.97	Real Property tax : \$336.58 Personal Property tax : \$439.03	Real Property tax : \$667.74
none	none	none	none	none	none
N/A	N/A	N/A	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

Other Entities Disclosure - AMAFCA - Fiscal Year Ended June 30, 2018				
Agency number for Agency making the disclosure (Abating Agency)	5001	5001	5001	452
Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	New Mexico Hospital Equipment Loan Council
Abating Agency Type	County	County	County	State Agency
Abating Agency Type	County	County	County	State Agency
Tax Abatement Agreement Name	Lease Agreement between Bernalillo County and UR Silver LLC	Valencia Retirement Apartments Project (1/1/2000)	Cottonwood Apartment Project	Lease Agreement (New Mexico Hospital Equipment Loan Council/Lovelace Health System, Inc. dated 10/1/2011; 'Lovelace Heart Hospital')
Name of agency affected by abatement	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood	Albuq. Metro Arroyo Flood	Albuquerque Metro Arroyo Flood
agreement (Affected Agency)	Control Authority	Control Authority	Control Authority	Control Authority
Agency number of Affected Agency	4003	4003	4003	4003
Agency type of Affected Agency	Special District	Special District	Special District	Special District
Recipient(s) of tax abatement	UR Silver LLC	Valencia Limited Partnership	GSL Properties	Lovelace Health System, Inc.
Tax abatement program (name and brief	IRB - Taxable Industrial Revenue Bonds (Series 2014A)	Multi-Family Refunding Revenue Bonds (Senior Series 2001A) and MFRR Bonds (Jr Subord Series 2001C)	Multi-Family Refunding Revenue Bonds (Series 2006A) and Taxable Multi- Family Housing Revenue Bonds	New Mexico Hospital Equipment Loan Act (New Mexico Statue 58-23- 29)
description)				
Specific Tax(es) Being Abated	Real and personal property tax exemption	Real and Personal Property Tax	Real and Personal Property Tax	Property Tax
Authority under which abated tax would have been paid to Affected Agency	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-37-6	NMSA 7-38
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	Real Property tax: \$2,012.02	Real Property tax : \$3,024.01	Real Property tax : \$3,670.62	Est. Property Tax = \$7,548.51
For any Payments in Lieu of Taxes (PILOTs) or	. , , ,		. , . , . ,	. , . ,
similar payments receivable by the Affected				
Agency in association with the foregone tax	none	none	none	none
revenue, list the amount of payments received		one	one	onc
in the current fiscal year				
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	N/A	N/A
GASD 11, cite the regal basis for such omission	1	l .	l .	

NOTES TO FINANCIAL STATEMENTS

452	6004	6004	6004
New Mexico Hospital Equipment Loan Council	City Of Albuquerque	City Of Albuquerque	City Of Albuquerque
State Agency	Municipal Government	Municipal Government	Municipal Government
Lease Agreement (New Mexico Hospital Equipment Loan Council/Lovelace Health System, Inc. dated 12/1/2007; 'Lovelace Women's Hospital Project')	General Mills IRB	General Tech IRB	Hotel Adaluz IRB
Albuquerque Metro Arroyo Flood Control Authority	AMAFCA Operating and Debt	AMAFCA Operating and Debt	AMAFCA Operating and Debt
4003	4003	4003	4003
Special District	Flood Control District	Flood Control District	Flood Control District
Lovelace Health System, Inc.	General Mills	General Tech	Hotel Adaluz
New Mexico Hospital Equipment Loan Act (New Mexico Statue 58-23-29)	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS
Property Tax	Property Tax	Property Tax	Property Tax
	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year
NMSA 7-38	Article VIII state statutes property tax	Article VIII state statutes property tax	Article VIII state statutes property tax
	AMAFCA	AMAFCA	AMAFCA
	AND THE	Annual II (MT)	ANNUT OF
This cannot be Estimated	\$15,750.00	\$1,869.00	\$5,933.00
none	none	none	none
N/A	N/A	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

Other Entities Disclosure - AMAFCA - Fiscal Year Ended June 30, 2018				
Agency number for Agency making the disclosure (Abating Agency)	6004	6004	6004	
Abating Agency Name	City Of Albuquerque	City Of Albuquerque	City Of Albuquerque	
Abating Agency Type	Municipal Government	Municipal Government	Municipal Government	
Tax Abatement Agreement Name	Hotel Parq IRB	Karsten IRB	Ktech (currently owned by Raytheon) IRB	
Name of agency affected by abatement	AMAFCA Operating and Debt	AMAFCA Operating and Debt	AMAFCA Operating and Debt	
agreement (Affected Agency)	4002	4002	4003	
Agency number of Affected Agency	4003	4003	4003	
Agency type of Affected Agency	Flood Control District	Flood Control District	Flood Control District	
Recipient(s) of tax abatement	Hotel Parq	Karsten	Ktech (currently owned by Raytheon)	
Tax abatement program (name and brief description)	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3- 2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3- 2-15 INDUSTRIAL REVENUE BOND PROJECTS	
Specific Tax(es) Being Abated	Property Tax	Property Tax	Property Tax	
	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	
Authority under which abated tax would have been paid to Affected Agency	Article VIII state statutes property tax	Article VIII state statutes property tax	Article VIII state statutes property tax	
	AMAFCA	AMAFCA	AMAFCA	
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	\$4,072.00	\$2,301.00	\$4,431.00	
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	none	none	none	
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	N/A	

NOTES TO FINANCIAL STATEMENTS

6004	6004	6004	6004
City Of Albuquerque	City Of Albuquerque	City Of Albuquerque	City Of Albuquerque
Municipal Government	Municipal Government	Municipal Government	Municipal Government
Sun Healthcare IRB	CVI Laser	El Encanto/Bueno Foods IRB	Emcore IRB
AMAFCA Operating and Debt	AMAFCA Operating and Debt	AMAFCA Operating and Debt	AMAFCA Operating and Debt
4003	4003	4003	4003
Flood Control District	Flood Control District	Flood Control District	Flood Control District
Sun Healthcare	CVI Laser	El Encanto/Bueno Foods	Emcore
State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS	State of New Mexico Statutes Article 32 Industrial Revenue Bonds City of Albuquerque Code of Ordinances § 3-2-15 INDUSTRIAL REVENUE BOND PROJECTS
Property Tax	Property Tax	Property Tax	Property Tax
The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico. There was no abatement for non-property taxes in the current year	The recipient can also apply for abatement of compensating tax on purchase of equpments and investment tax credits from the state of new mexico
Article VIII state statutes property tax	Article VIII state statutes property tax	Article VIII state statutes property tax	Article VIII state statutes property tax
AMAFCA	AMAFCA	AMAFCA	AMAFCA
\$5,237.00	\$925.00	\$1,606.00	\$5,592.09
none	none	none	none
N/A	N/A	N/A	N/A

APPENDIX C

Form of Bond Counsel Opinion

[Form of Bond Counsel Opinion]

, 2019
, 2017

Albuquerque Metropolitan Arroyo Flood Control Authority Albuquerque, New Mexico

Re: \$12,500,000 Albuquerque Metropolitan Arroyo Flood Control Authority General Obligation Bonds, Series 2019

Ladies and Gentlemen:

We have acted as bond counsel to the Albuquerque Metropolitan Arroyo Flood Control Authority (the "Authority") in connection with the issuance of its \$12,500,000 General Obligation Bonds, Series 2019 (the "Bonds"). We have examined the proceedings and the law under authority of which the Bonds are issued.

Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights:

- 1. The Bonds constitute valid and binding general obligations of the Authority and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property within the Authority subject to ad valorem taxes levied by the Authority, which taxes are unlimited as to rate or amount.
- 2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of calculating the alternative minimum tax imposed on individuals under provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.
- 3. The Bonds and income from the Bonds are exempt from taxation by the State of New Mexico or any political subdivision thereof.

Other than as described in this opinion, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

The opinions expressed herein represent our legal judgment based upon existing legislation as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions

and are not a guarantee of a result, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation. Our engagement with respect to the Bonds has concluded with their execution and delivery. We disclaim any obligation to update this opinion.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds.

Respectfully Submitted,

APPENDIX D

Official Notice of Bond Sale

OFFICIAL NOTICE OF BOND SALE

\$12,500,000 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY GENERAL OBLIGATION BONDS SERIES 2019

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Directors of the Albuquerque Metropolitan Arroyo Flood Control Authority (the "Board" and the "Authority," respectively), will receive and publicly open sealed or electronic transmission (at the option of the bidder) bids at the offices of the Authority, 2600 Prospect Avenue, N.E., Albuquerque, New Mexico, at the hour of 11:00 a.m., prevailing Mountain Time, on the 23rd day of May, 2019, for the purchase of Albuquerque Metropolitan Arroyo Flood Control Authority General Obligation Bonds, Series 2019 (the "Bonds"). If submitted electronically, bids must be submitted via BIDCOMP/PARITY BIDDING SYSTEM ("i-Deal" f/k/a "Dalcomp" or the "Qualified Electronic Bid Provider") as further provided herein. The Board will meet in regular session starting at 10:00 a.m., on May 23, 2019 at 2600 Prospect Avenue, N.E., Albuquerque, New Mexico, to take action, after bids are received, to award the Bonds.

The Bonds will be issued in the aggregate amount of \$12,500,000, in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery, and will be payable to the registered owner thereof as of the record date at his address as it appears on the registration books initially kept by the Authority, as registrar and paying agent for the Bonds (the "Registrar/Paying Agent"). The Bonds will be issued in book-entry only form through the facilities of the Depository Trust Company, New York, New York. The Bonds will be issued in one series, will be numbered consecutively from one upwards as requested by the purchaser and will mature in regular order of maturity on August 1 of each year and in the amounts as follows:

\$12,500,000 ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY GENERAL OBLIGATION BONDS SERIES 2019

Year Maturing	
(August 1)	Amount Maturing
2019	\$2,045,000
2020	800,000
2021	200,000
2022	1,300,000
2023	1,500,000
2024	1,270,000
2025	1,385,000
2026	1,315,000
2027	1,385,000
2028	1,300,000

The Bonds maturing on and after August 1, 2027 are subject to redemption prior to maturity, in whole or in part, at any time on or after August 1, 2026, at par value.

Interest shall be bid in multiples of 1/20th or 1/8th percentum and only one interest rate may be bid for each maturity of the Bonds. A zero interest rate may not be specified and the rate of interest on any bond may not exceed the rate of interest on any other bond by more than two percent (2%) per annum. The maximum interest rate on the Bonds shall not exceed ten percent (10%) per annum and the maximum net effective interest rate shall not exceed ten percent (10%) per annum.

Interest on the Bonds shall be evidenced until maturity by only one interest rate per maturity, the first of which shall be payable August 1, 2019 and thereafter on each August 1 and February 1 until maturity. It is permissible to bid a different rate of interest for each different maturity of the Bonds, but no bid shall specify more than one interest rate for each maturity of

Bonds. Except as limited above, there is no limit on the number of different interest rates that may be bid on the Bonds.

Only unconditional bids will be considered. Not later than 2:30 p.m. (prevailing Mountain Time) on May 23, 2019, the successful bidder must send an electronic wire transfer to such account as the Authority and/or Municipal Advisor shall specify in immediately available funds a good faith deposit in an amount equal to 2% of the principal amount of the Bonds (\$250,000). If such wire transfer is not received from the successful bidder by 2:30 p.m. (prevailing Mountain Time), on May 23, 2019, the next best bidder may be awarded the Bonds. No interest on the deposit will accrue to the successful bidder. The deposit will be applied to the purchase price of the Bonds.

The Authority reserves the right, after receipt of bids, to adjust the principal amount and maturity schedule for the Bonds by increasing or decreasing the principal amount of one or more maturities, no later than two (2) hours following receipt of bids to establish and maintain the desired property tax mill levy rate for repayment of the Bonds; notice of any adjustment will be given promptly to the successful bidder and any adjustment will be done in a "spread neutral" manner.

The Board will take action on the Bonds by awarding the Bonds, or rejecting all bids on the Bonds, not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of the bids. If the successful bidder or bidders shall fail or neglect to complete the purchase of the Bonds within 30 days following the acceptance of its bid, or within 10 days after the Bonds are made ready and are offered for delivery, whichever is later, the amount of the good faith deposit relating to the Bonds shall be forfeited to the Authority, and in that event the Board may accept the bid of the one making the next best bid for the Bonds should such bidder elect to purchase the Bonds on that basis. Delivery of the Bonds will be made to the successful bidder or

bidders through the facilities of the Depository Trust Company in New York, New York, on or about June 27, 2019, at the expense of the Authority or elsewhere with the consent of the Authority and at the request and expense of the purchaser; PROVIDED, HOWEVER, that if, for any reason, delivery of the Bonds cannot be made within 60 days after opening of bids, the successful bidder shall have the right to purchase the Bonds during the next succeeding 30 days upon the same terms, or at the request of the successful bidder, during the next succeeding 30 days, the good faith deposit will be returned and such bidder shall be relieved of any further obligation.

All bids shall specify: (a) the lowest rate of interest and the amount of the premium, if any, at and for which the bidder will purchase the Bonds, or (b) the lowest rate of interest at which the bidder will purchase the Bonds at par. The Bonds will not be sold for less than par and no discount or commission will be allowed or paid on the sale of the Bonds. No premium may be bid in an amount that exceeds 8% of the total principal amount of the Bonds. Any bid which specifies split interest rates will not be considered. The right is reserved to waive irregularities in bids except that no bid shall be considered which is received after the time herein prescribed for the opening of bids. Proposals may be submitted either electronically or by sealed bid. Proposals which are not submitted electronically should be enclosed in a sealed envelope marked on the outside "Proposal for Purchase of Albuquerque Metropolitan Arroyo Flood Control Authority General Obligation Bonds, Series 2019," and addressed to the Board of Directors of the Albuquerque Metropolitan Arroyo Flood Control Authority, 2600 Prospect Avenue, N.E., Albuquerque, New Mexico 87107.

Any electronic bids shall be submitted via i-Deal/Parity no later than the time designated herein for the receipt of bids. During the electronic bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders

may change or withdraw their bids at any time up to the time herein designated for receipt of bids. Electronic bids may only be submitted through the Qualified Electronic Bid Provider. If any provisions in this Official Notice of Bond Sale conflict with information or terms provided or required by the Qualified Electronic Bid Provider, this Official Notice of Bond Sale (and any amendments hereto) shall control. Each bidder who bids electronically shall be solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Authority nor the Qualified Electronic Bid Provider shall have any duty or obligations to provide or assure such access to any bidder, and neither the Authority nor the Qualified Electronic Bid Provider shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of the Qualified Electronic Bid Provider. The Authority is using the Qualified Electronic Bid Provider as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Bonds.

Further information about the Qualified Electronic Bid Provider, including any fees charged, may be obtained from i-Deal/Parity, 1359 Broadway, 2nd Floor, New York, NY 10018, Phone (212)849-5021 Fax (212)404-8153.

The Authority will apply and pay for a Moody's Investor's Service, Inc., rating and a Standard & Poor's rating on the Bonds.

The best bid for the Bonds will be determined by deducting the amount of the premium bid, if any, from the total amount of interest which the Authority would be required to pay from the date of the Bonds to their maturity dates at the interest rate or rates specified in the bid and the Bonds will be awarded on the basis of the lowest true interest cost to the Authority, which shall

mean that rate which, as of the date of the Bonds, discounts semi-annually all future payments on account of principal and interest on the Bonds to the price bid.

The Bonds will be awarded to the best bidder considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Board to reject all bids. If there are two or more equal bids at not less than par which are the best bids received, the Board shall determine which bid is to be accepted.

Upon delivery, the good faith deposit of the successful bidder (without accrued interest) will be credited against the purchase price and the balance shall be paid in federal funds. The applicable CUSIP numbers will be printed on the Bonds; provided that an incorrect CUSIP number printed on any Bond or the absence of any CUSIP number on any Bond shall not constitute cause to refuse delivery of the Bonds.

The Bonds will constitute general obligation debt of the Authority, and shall be payable from general ad valorem taxes which may be levied against all taxable property within the Authority.

In order to assist the purchaser in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), at the time of delivery of the Bonds, the Authority will undertake, pursuant to a written agreement, to provide annual financial information and notices of certain material events.

The Authority will prepare a Preliminary Official Statement relating to the Bonds which will be deemed by the Authority to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a Final Official Statement as defined below. The Authority will prepare a final Official Statement ("Final Official Statement") as soon as practicable

after the date of award to the successful bidder. The Authority will provide to the successful bidder 50 copies of the Final Official Statement on or before seven business days following the date of the award to the successful bidder. The Final Official Statement will be dated as of the date of the award of the Bonds to the successful bidder and will be final as of that date. At the time of closing, the Authority will certify that the Final Official Statement does not contain any untrue statement of material facts and does not omit any material facts required to be stated or necessary to make the statements in the Official Statement not misleading. The Authority authorizes the successful bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

The winning bidder shall assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at closing an "issue price" or similar certificate, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Authority and Bond Counsel. All actions to be taken by the Authority to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority's municipal advisor identified herein and any notice or report to be provided to the Authority may be provided to the Authority's municipal advisor.

- (a) The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:
- (i) the Authority shall disseminate a Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
 - (ii) all bidders shall have an equal opportunity to bid;

- (iii) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Authority anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements described above in subparagraph (a) are not satisfied, the Authority shall so advise the winning bidder. The Authority may determine to treat (i) the first price at which 10% of each maturity of the Bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Authority if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Authority shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule during the Holding Period, as defined in subparagraph (c)(ii) below. Bids will <u>not</u> be subject to cancellation in the event that the Authority determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

(b) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid

submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the Holding Period, as defined in subparagraph (c)(ii) below.

- (c) The following terms are defined below:
- (i) Hold-the-Offering-Price Maturity means a maturity of the Bonds of which less than 10% has been sold to the Public on the Sale Date.
- (ii) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (b) the date on which the winning bidder sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Holding-the-Offering-Price Maturity.
- (iii) Maturity means Bonds with the same credit and payment terms. Bond with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (iv) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (v) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is expected to be May 23, 2019.

(vi) Underwriter means (i) any person that agrees pursuant to a written contract

with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate

in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written

contract directly or indirectly with a person described in clause (i) of this paragraph to participate

in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a

retail distribution agreement participating in the initial sale of the Bonds to the to the Public).

The validity and legality of the Bonds will be approved by Modrall, Sperling, Roehl, Harris

& Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, whose approving opinion, together with

the printed Bonds and a complete transcript of the legal proceedings, including a certificate stating

that no litigation affecting the validity of the Bonds is pending, will be furnished to the purchaser

without charge. Bond Counsel will also provide an opinion substantially in the form included in the

Preliminary Official Statement to the effect that, under existing law, the interest on the Bonds (i) is excluded

from gross income for federal income tax purposes and is not a specific preference item for purposes of the

federal alternative minimum tax imposed on individuals, and (ii) is exempt from State of New Mexico

income taxation.

The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265 (b)(3)

of the Code.

The purchaser of the Bonds, by submitting its bid, agrees to provide a certificate including

information as to bona fide initial offering prices to the public and sales of the Bonds and a certified

determination of yield on the Bonds under the Code, as and at the time requested by the Financial

Advisor and Bond Counsel.

DATED at Albuquerque, New Mexico, this 25th day of April, 2019.

ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY

[SEAL]	By
	Ronald D. Brown, Chair
ATTEST:	
By	
Deborah L. Stover, Secretary - Treasurer	

APPENDIX E

Form of Continuing Disclosure Undertaking

FORM OF CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Albuquerque Metropolitan Arroyo Flood Control Authority ("Authority"), in connection with the issuance of the \$12,500,000 Albuquerque Metropolitan Arroyo Flood Control Authority, New Mexico, General Obligation Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to Resolutions of the Authority adopted on April 25, 2019 and May 23, 2019, respectively (collectively, the "Resolution"). Pursuant to the Resolution, to allow the underwriters of the Bonds to comply with the Rule (defined below), the Authority is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

- (a) "Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the Authority, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type included in the sections of the Official Statement entitled "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," and "FINANCES OF THE AUTHORITY." Annual Financial Information may, but is not required to, include Audited Financial Statements.
- (b) "Audited Financial Statements" means the Authority's annual financial statements prepared in accordance with GAAP for governmental units as prescribed from time to time by GASB, which financial statements have been audited by such auditor as may then be required or permitted by the laws of the State.
- (c) "EMMA" means the MSRB's Electronic Municipal Market Access system located on the MSRB website at emma.msrb.org.
- (d) "Event Information" means the information delivered pursuant to section 3(d) of this Undertaking.
- (e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street NW, Suite 1000, Washington, DC 20005, phone (202) 838-1500.
- (f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.
 - (g) "Report Date" means March 31 of each year, beginning in 2020.

- (h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.
 - (i) "SEC" means the Securities and Exchange Commission.
 - (j) "State" means the State of New Mexico.

Section 3. <u>Provision of Annual Financial Information and Reporting of Event</u> Information.

- (a) The Authority, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.
- (b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the Authority, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.
- (c) The Authority, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.
- (d) The Authority, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:
 - (i) principal and interest payment delinquencies;
 - (ii) non-payment related defaults;
 - (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) unscheduled draws on credit enhancements reflecting financial difficulties:
 - (v) substitution of credit or liquidity providers, or their failure to perform;
 - (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

- (vii) modifications to rights of holders of the Bonds;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or a similar event with respect to the Authority or an obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material, and;
- (xv) tender offers.
- Section 4. <u>Method of Transmission</u>. Unless otherwise required by law and subject to technical and economic feasibility, the Authority will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB and the SEC.
- Section 5. <u>Enforcement</u>. The obligations of the Authority under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The Authority's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners with respect to such a breach.
- Section 6. <u>Term.</u> The Authority's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the Authority is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of

competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

- Section 7. <u>Amendments</u>. The Authority may amend this Undertaking from time to time, without the consent of any Owner, upon the Authority's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:
- (a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, a change in the identity, nature or status of the Authority;
- (b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
 - (c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

- Section 8. <u>Beneficiaries</u>. This Undertaking binds and inures to the sole benefit of the Authority and the Owners and creates no rights in any other person or entity.
- Section 9. <u>Special Funds.</u> This Undertaking shall be subject to availability of necessary funds from annual revenues of the Authority and shall not be deemed to create a general obligation indebtedness of the Authority.
- Section 10. <u>Governing Law.</u> This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: June 27, 2019

ALBUQUERQUE METROPOLITAN ARROYO FLOOD CONTROL AUTHORITY

By:_	/s/
•	Chair, Board of Directors
By:	/s/
-	Secretary/Treasurer, Board of Directors