OFFICIAL STATEMENT DATED SEPTEMBER 11, 2019

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO

\$3,000,000 - General Obligation Bonds, Series 2019A (the "Series 2019A Bonds") \$5,255,000 - General Obligation Refunding Bonds, Series 2019B (the "Series 2019B Bonds")

NEW ISSUE Moody's Rating: <u>"Aa2"</u>
Book-Entry Only Bank-Qualified

PURPOSE

Proceeds of the Series 2019A Bonds will be used for the purpose of (i) providing \$3,000,000 for extending, bettering, altering, reconstructing, repairing and otherwise improving the flood control system of the Southern Sandoval County Arroyo Flood Control Authority, New Mexico (the "Authority"); and (ii) to pay the costs of issuance relating to the Bonds. Proceeds of the Series 2019B Bonds will be used for the purpose of (1) currently refunding of the Authority's outstanding General Obligation Bonds, Series 2009 and General Obligation Bonds, Series 2010A (the "Refunded Bonds") and (2) paying costs of issuance of such bonds.

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"). The Bonds will be issuable as fully registered bonds without coupons in the denominations set forth herein. 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 February 1, 2020 and on each August 1 and February 1 thereafter until stated maturity or prior redemption. 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 BOKF, N.A. (the "Paying Agent"). Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Bonds - Book-Entry Only System", herein.

OPTIONAL REDEMPTION

The Series 2019A Bonds are subject to optional redemption prior to maturity.

The Series 2019B Bonds are not subject to optional redemption prior to maturity.

See "The Bonds- Prior Redemption."

SECURITY

The Bonds are general obligations of the Southern Sandoval County Arroyo Flood Control Authority, New Mexico, payable solely out of general (ad valorem) property taxes which are required to be levied against all taxable property in the Authority 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 continuous compliance with certain covenants set forth in the documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico and its political subdivisions (See "Tax Matters" herein.) The Authority will designate the Bonds as Qualified Tax-Exempt Obligations for purposes of Section 265(b)(3) of the Code.

DELIVERY When, as and if issued, through DTC's facilities, on or about September 24, 2019.

DATED DATE Date of Delivery

DUE DATE August 1 as shown on the following page:

This cover page is not intended to be a summary of the terms of, or the security for the Bonds. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

| General Obligation Bonds Series 2019A | | | | | | | | | |
|---------------------------------------|-----------|----------|--------|--------|----------|-----------|----------|--------|--------|
| Year | | | | | Year | | | | |
| Maturing | | Interest | | Cusip# | Maturing | | Interest | | Cusip# |
| (Aug. 1) | Principal | Rate | Yield | 843789 | (Aug. 1) | Principal | Rate | Yield | 843789 |
| 2021 | \$150,000 | 4.000% | 1.270% | GT9 | 2028 | \$245,000 | 4.000% | 1.600% | HA9 |
| 2022 | 150,000 | 4.000% | 1.300% | GU6 | 2029 | 245,000 | 4.000% | 1.640% | HB7 |
| 2023 | 245,000 | 4.000% | 1.320% | GV4 | 2030 | 245,000 | 4.000% | 1.690% | HC5 |
| 2024 | 245,000 | 3.500% | 1.370% | GW2 | 2031 | 245,000 | 4.000% | 1.750% | HD3 |
| 2025 | 245,000 | 4.000% | 1.430% | GX0 | 2032 | 245,000 | 4.000% | 1.850% | HE1 |
| 2026 | 245,000 | 4.000% | 1.500% | GY8 | 2033 | 250,000 | 4.000% | 1.950% | HF8 |
| 2027 | 245,000 | 4.000% | 1.540% | GZ5 | | | | | |

| General Obligation Refunding Bonds Series 2019B | | | | | | | | | |
|---|-------------|----------|--------|--------|----------|-------------|----------|--------|--------|
| Year | | | | | Year | | | | |
| Maturing | | Interest | | Cusip# | Maturing | | Interest | | Cusip# |
| (Aug. 1) | Principal | Rate | Yield | 843789 | (Aug. 1) | Principal | Rate | Yield | 843789 |
| 2020 | \$1,330,000 | 4.000% | 1.250% | HG6 | 2022 | \$1,620,000 | 4.000% | 1.300% | HJ0 |
| 2021 | 1,590,000 | 4.000% | 1.270% | HH4 | 2023 | 715,000 | 4.000% | 1.320% | HK7 |

CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriter, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO

1041 Commercial Dr, SE Rio Rancho, New Mexico 87124 (505) 892-5266

BOARD OF DIRECTORS

Chairman - Michael Obrey
Chair Pro Tem - James F. Fahey, Jr.
Secretary - Steve House
Treasurer - John Chaney
Chair Pro Tem (Alternate) Mark Conkling

ADMINISTRATION

Executive Engineer - Charles Thomas Fiscal Services Director - Debbie Casaus

FINANCIAL ADVISOR

RBC Capital Markets, LLC 6301 Uptown Blvd. NE, Suite 110 Albuquerque, New Mexico 87110 (505) 872-5999

PAYING AGENT/REGISTRAR

BOKF, N.A. 100 Sun Avenue NE, Suite 500 Albuquerque, New Mexico 87109 (505) 222-8447

BOND COUNSEL/DISCLOSURE COUNSEL

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

UNDERWRITER

George K Baum & Company 6565 Americas Pkwy, NE, Suite 860 Albuquerque, NM 87110 (505) 872-2320

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.

MARKET STABILIZATION

In connection with this Official Statement, the Underwriter may over-allot or effect transactions, which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriter is not obligated to do this and is free to discontinue it at any time.

The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the Authority, guarantees them.

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 statements relating to the Authority's future financial plans, receipt of future revenues and other matters that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "anticipate," "expect," and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forwardlooking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico is also serving as disclosure counsel to the Authority, and as such, has assisted in preparation of the Official Statement, has reviewed its contents and has participated in conferences with representatives of the Authority, the Financial Advisor, and the Underwriter to issue its disclosure opinion. 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 and disclosure counsel for services rendered in connection with the issuance of the Bonds is 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 Financial Advisor as follows:

Authority

Southern Sandoval County Arroyo Flood Control Authority 1041 Commercial Dr. SE Rio Rancho, New Mexico 87124 (505) 892-7246 Attention: Debbie Casaus

Financial Advisor

RBC Capital Markets, LLC 6301 Uptown Blvd. NE, Suite 110 Albuquerque, NM 87110 (505) 872-5999 Attention: Erik Harrigan

TABLE OF CONTENTS

| INTRODUCTION AND SUMMARY | 1 |
|--|----|
| The Financial Advisor | 1 |
| The Authority | 1 |
| Security | 1 |
| Financial Statements | 1 |
| Purpose | 2 |
| Selected Debt Ratios | 2 |
| THE BONDS | 3 |
| Authorization | 3 |
| Payment of Principal and Interest; Record Date | 3 |
| Prior Redemption | 3 |
| Notice of Redemption | 3 |
| Defeasance | 4 |
| Investments | 4 |
| Exchange or Transfer of Bonds | 4 |
| SECURITY AND REMEDIES | 5 |
| Legal Matters | 5 |
| Limitations on Remedies Available to Owners of Bonds | 5 |
| DEBT AND OTHER FINANCIAL OBLIGATIONS | 6 |
| Outstanding Debt | 6 |
| Debt Service Requirements to Maturity | 7 |
| Statement of Estimated Direct and Overlapping Debt | 7 |
| TAX BASE | 8 |
| Analysis of Assessed Valuation | 8 |
| History of Assessed Valuation | 8 |
| Major Taxpayers | 9 |
| Tax Rates | 10 |
| Yield Control Limitation | 11 |
| Developments Limiting Residential Property Tax Increases | 11 |
| Tax Collections on Locally Assessed and Centrally Assessed Property in Sandoval County | 12 |
| THE AUTHORITY | 13 |
| Powers | 13 |
| Board of Directors and Administration | 13 |

| Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund | 15 |
|--|--------|
| Balance Sheet – General Fund | 16 |
| Post-Employment Benefits – State Retiree Health Care Plan | 17 |
| TAX MATTERS | 17 |
| Tax Exemption | 17 |
| Internal Revenue Service Audit Program | 18 |
| Original Issue Discount | 18 |
| Original Issue Premium | 18 |
| CONTINUING DISCLOSURE UNDERTAKING | 19 |
| Annual Reports | 19 |
| Event Notices | 19 |
| Availability of Information from the MSRB | 20 |
| Limitations and Amendments | 20 |
| Compliance with Prior Undertakings | 20 |
| LITIGATION | 21 |
| RATING | 21 |
| UNDERWRITING | 21 |
| REGISTRATION AND QUALIFICATION OF THE BONDS FOR SALE | 22 |
| LEGAL MATTERS | 22 |
| ADDITIONAL MATTERS | 22 |
| FORWARD LOOKING STATEMENTS | 22 |
| OFFICIAL STATEMENT AUTHORIZATION | 22 |
| A LAST WORD | າາ |
| /\ L/\∪! YY∪\\U | ······ |

Appendices:

- A. Economic & Demographic Information
- B. June 30, 2018 Audited Financial Statements
- C. Book-Entry-Only System
- D. Form of Bond Counsel's Opinion
- E. Form of Continuing Disclosure Undertaking

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO

\$3,000,000 - General Obligation Bonds, Series 2019A (the "Series 2019A Bonds") \$5,255,000 - General Obligation Refunding Bonds, Series 2019B (the "Series 2019B Bonds")

INTRODUCTION AND SUMMARY

Thank you for your interest in learning more about the Southern Sandoval County Arroyo Flood Control Authority, New Mexico (the "Authority"), \$3,000,000 - General Obligation Bonds, Series 2019A (the "Series 2019A Bonds") and \$5,255,000 - General Obligation Refunding Bonds, Series 2019B (the "Series 2019B Bonds"). This Official Statement will tell you about the Bonds, their security and some of the risks involved in an investment in the Bonds.

Although the Authority has approved this Official Statement, it does not intend it to substitute for competent investment advice, tailored for your situation.

The Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof as described in the Bond Award to be adopted by the Authority on September 10, 2019 (the "Bond Award"). The Bonds mature and bear interest as presented on the cover page of this Official Statement.

The Financial Advisor

The Authority has retained RBC Capital Markets, LLC as Financial Advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

The Authority

The Authority was organized under the provisions of Article 19, Chapter 72 of the New Mexico Statutes Annotated, 1978 Compilation, codification and amendments thereto. 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 southern Sandoval County bounded:

- on the east by the Rio Grande;
- on the south by the Bernalillo and Sandoval County lines;
- on the west by the top of the Rio Puerco drainage; and
- on the north by the top of drainage that lies on the southern boundary of the Zia Indian Reservation and U.S. Highway 550 (formerly State Highway 44).

Security

The Bonds are secured by the Authority's full faith and credit and are general obligations of the Authority payable from ad valorem taxes to be levied, without limitation as to rate or amount, against all taxable property within the Authority. See "SECURITY AND REMEDIES."

Financial Statements

The Authority's audited financial statements for the year ended June 30, 2018, including opinions rendered thereon of certified public accountants, are attached as Appendix B.

Purpose

Proceeds of the Series 2019A Bonds will be used for the purpose of (i) providing \$3,000,000 for extending, bettering, altering, reconstructing, repairing and otherwise improving the flood control system of the Southern Sandoval County Arroyo Flood Control Authority, New Mexico (the "Authority"); and (ii) to pay the costs of issuance relating to the Bonds. Proceeds of the Series 2019B Bonds will be used for the purpose of (i) currently refunding of the Authority's outstanding General Obligation Bonds, Series 2009 and General Obligation Bonds, Series 2010A (the "Refunded Bonds") and (ii) paying costs of issuance of such bonds.

| | Series 2019A | Series 2019B | Combined |
|-------------------------|----------------|----------------|----------------|
| Sources | | | |
| Par Amount of Bonds | \$3,000,000.00 | \$5,255,000.00 | \$8,255,000.00 |
| Premium | 395,523.55 | 303,942.15 | 699,465.70 |
| Total | \$3,395,523.55 | \$5,558,942.15 | \$8,954,465.70 |
| Uses | | | |
| Deposit to Project Fund | \$3,000,000.00 | \$5,455,769.45 | \$8,455,769.45 |
| Cost of Issuance | 68,314.05 | 80,435.95 | 148,750.00 |
| Underwriter's Discount | 10,000.98 | 14,929.20 | 24,930.18 |
| Debt Service Fund | 317,208.52 | 7,807.55 | 325,016.07 |
| Total | \$3,395,523.55 | \$5,558,942.15 | \$8,954,465.70 |
| | · | | |

Selected Debt Ratios

| | <u>2018</u> |
|--|-----------------|
| 2018 Assessed Valuation | \$2,693,527,485 |
| 2018 Estimated Actual Valuation (1) | \$8,080,582,455 |
| Authority Net Debt as a Percentage of | |
| Assessed Valuation | 0.69% |
| Estimated Actual Valuation | 0.23% |
| Direct and Overlapping Debt as a Percentage of | |
| Assessed Valuation | 10.72% |
| Estimated Actual Valuation | 3.57% |
| Authority General Obligation Debt Outstanding | \$19,625,000 |
| (Including the Bonds) | \$19,023,000 |
| Authority Net General Obligation Debt | \$18,586,037 |
| Estimated Direct & Overlapping G/O Debt | \$288,847,950 |
| Estimated Population | 100,000 |
| Authority Net Debt Per Capita | \$185.86 |
| Direct and Overlapping Debt Per Capita | \$2,888.48 |

⁽¹⁾ Estimated actual valuation computed by multiplying the assessed valuation by three.

THE BONDS

The Series 2019A Bonds are General Obligation Bonds to be issued by the Authority in the total principal amount of \$3,000,000 and are dated the date of delivery of the Bonds. The Series 2019B Bonds are General Obligation Refunding Bonds issued by the Authority in the total principal amount of \$5,255,000 and are dated the date of delivery of the Bonds. 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 cover page of this Official Statement payable semiannually on February 1 and August 1 each year, commencing on February 1, 2020, and maturing serially, as set forth on the cover page of this Official Statement.

Authorization

The Bonds are being issued pursuant to the Board's powers under Section 72-19-1 through Section 72-19-103, NMSA 1978, as amended and supplemented, the Constitution and other laws of the State, the bond election held on November 8, 2016 (the "Bond Election") the Notice of Sale and Delegation of Authority Resolution adopted on August 23, 2019, and the Bond Award.

Bond Registrar and Paying Agent

BOKF, N.A. will serve as the Bond Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds (collectively, the "Paying Agent/Registrar").

Payment of Principal and Interest; Record Date

Subject to the provisions set forth in "Book-Entry-Only System" in Appendix C, 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 is 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

The Series 2019A Bonds maturing on or after August 1, 2027 may be redeemed prior to their scheduled maturities on August 1, 2026, or on any date thereafter in whole or, in part at the option of the Authority, with funds derived from any available and lawful source, and the Authority shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the Authority shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price of par, plus accrued interest to the date fixed for prepayment or redemption.

The Series 2019B Bonds are not subject to redemption prior to maturity

Notice of Redemption

Notice of prior redemption shall be given by the Registrar by sending a copy of such notice by registered or certified first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date, to the registered owners as shown on the registration books as of the date of selection of the bonds to be redeemed. Failure to give such notice by mailing to the registered owner of any Bond, any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds

While the Bonds remain under the Book-Entry Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system and on to the beneficial owners of the bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Beneficial owners of the bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "Book-Entry Only System" in Appendix C.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption have been met and money sufficient to pay the principal of and interest on the Bonds, to be redeemed shall have been received the Paying Agent/Registrar on or prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Authority, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such Bonds and Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Defeasance

The Bond Award provides for the defeasance of the Bonds and the termination of the pledge of taxes and revenues and all other general defeasance covenants in the Bond Award under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Award when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide

for such payment and when proper arrangements have been made by the Authority with the Paying Agent/Registrar/Escrow Agent or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues levied and pledged as provided in the Bond Award, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Award. Any money so deposited with the Paying Agent/Registrar/Escrow Agent or an eligible entity may at the discretion of the Authority also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Award, and all income from such Defeasance Securities received by the Paying Agent/Registrar/Escrow Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Authority.

Investments

Any escrow agreement or other instrument entered into between the Authority and the Paying Agent/Registrar/Escrow Agent or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar/Escrow Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar/Escrow Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the Authority.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

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 maturity or 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 secured by the Authority's full faith and credit and are general obligations of the Authority payable from ad valorem taxes to be levied against all taxable property within the Authority without limitation of rate or amount. It is the duty of the Board of County Commissioners of Sandoval County to levy all taxable property within the Authority the tax levy determined by the Authority to meet the debt service on the Bonds. The Treasurer of Sandoval County is charged with collecting the taxes and paying said taxes, monthly, to the Authority. 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 72-19-1 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 or creating the debt. The total indebtedness of the Authority may not exceed \$60,000,000.

The assessed valuation of taxable property within the Authority is \$2,693,527,485 for the tax year 2018, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division.

| 2018 Assessed Valuation | \$2,693,527,485 |
|---|-----------------|
| 2018 Estimated Actual Valuation (1) | 8,080,582,455 |
| Bonded Debt | |
| Outstanding Debt | \$11,370,000 |
| The Bonds | 8,255,000 |
| Total | \$19,625,000 |
| Less Principal (Sinking) Fund Balance (2) | (1,074,552) |
| NET DEBT | \$18,550,448 |
| Ratio of Estimated Net Debt to 2018 Assessed Valuation: | 0.69% |
| | |
| Ratio of Estimated Net Debt to 2018 Estimated Actual Valuation: | 0.23% |
| Per Capita Net Bonded Debt: | \$185.50 |
| Estimated Population: | 100,000 |
| | |

- (1) Estimated actual valuation was computed by multiplying the 2018 assessed valuation by three.
- (2) Actual debt service cash balance is approximately \$1,272,108 as of 8/15/2019
 A ratio of principal to interest indicates 85.01% of such cash is allocable to principal.

Outstanding Debt

The Authority has issued debt in the past for various capital improvements. A list of outstanding issues follows:

| Series | Amount Issued | Final Maturity | Principal Outstanding | |
|----------|------------------|-------------------|--------------------------|-----|
| 2009 | \$4,000,000 | 08/01/2022 | \$0 | (1) |
| 2010 | 6,945,000 | 08/01/2023 | - | (1) |
| 2011 | 2,500,000 | 08/01/2024 | 2,250,000 | |
| 2012 | 4,500,000 | 08/01/2025 | 3,425,000 | |
| 2013 (2) | 1,250,000 | 07/13/2036 | 1,055,000 | |
| 2014 | 8,395,000 | 08/01/2027 | 1,640,000 | |
| 2017 (2) | 500,000 | 08/01/2039 | 500,000 | |
| 2018 | 2,500,000 | 08/01/2031 | 2,500,000 | |
| 2019A | 3,000,000 | 08/01/2033 | 3,000,000 | |
| 2019B | 5,255,000 | 08/01/2023 | 5,255,000 | |
| | \$30,590,000 | | \$19,625,000 | |

- (1) Net of the Bonds to be refunded by the Series 2019B.
- (2) New Mexico Environmental Department Loan.

Debt Service Requirements to Maturity

The Authority schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues. Below is a summary of the currently scheduled principal and interest on the Authority's outstanding debt as well as the proposed principal and interest payments on the Bonds.

| Year | ar Present Requirements ⁽¹⁾ | | General Obligation Bonds Series 2019A | | General Obligation Refunding Bonds Series 2019B | | | Total Requirements | | | | |
|-------|--|-------------|--|-------------|--|-------------|-------------|--------------------|-------------|--------------|-------------|--------------|
| | Principal | Interest | P&I | Principal | Interest | P&I | Principal | Interest | P&I | Principal | Interest | Total P&I |
| 2020 | \$1,383,608 | \$328,396 | \$1,712,004 | | \$101,289 | \$101,289 | \$1,330,000 | \$179,254 | \$1,509,254 | \$2,713,608 | \$608,939 | \$3,322,547 |
| 2021 | 1,164,166 | 296,888 | 1,461,054 | \$150,000 | 118,775 | 268,775 | 1,590,000 | 157,000 | 1,747,000 | 2,904,166 | 572,663 | 3,476,829 |
| 2022 | 1,224,741 | 265,588 | 1,490,329 | 150,000 | 112,775 | 262,775 | 1,620,000 | 93,400 | 1,713,400 | 2,994,741 | 471,763 | 3,466,504 |
| 2023 | 1,685,333 | 231,221 | 1,916,554 | 245,000 | 106,775 | 351,775 | 715,000 | 28,600 | 743,600 | 2,645,333 | 366,596 | 3,011,929 |
| 2024 | 1,740,943 | 183,223 | 1,924,166 | 245,000 | 96,975 | 341,975 | | | | 1,985,943 | 280,198 | 2,266,141 |
| 2025 | 1,141,572 | 132,307 | 1,273,879 | 245,000 | 88,400 | 333,400 | | | | 1,386,572 | 220,707 | 1,607,279 |
| 2026 | 522,219 | 103,873 | 626,091 | 245,000 | 78,600 | 323,600 | | | | 767,219 | 182,473 | 949,691 |
| 2027 | 537,885 | 87,769 | 625,654 | 245,000 | 68,800 | 313,800 | | | | 782,885 | 156,569 | 939,454 |
| 2028 | 348,572 | 68,557 | 417,129 | 245,000 | 59,000 | 304,000 | | | | 593,572 | 127,557 | 721,129 |
| 2029 | 354,279 | 55,500 | 409,779 | 245,000 | 49,200 | 294,200 | | | | 599,279 | 104,700 | 703,979 |
| 2030 | 355,007 | 42,272 | 397,279 | 245,000 | 39,400 | 284,400 | | | | 600,007 | 81,672 | 681,679 |
| 2031 | 365,758 | 29,021 | 394,779 | 245,000 | 29,600 | 274,600 | | | | 610,758 | 58,621 | 669,379 |
| 2032 | 101,530 | 15,399 | 116,929 | 245,000 | 19,800 | 264,800 | | | | 346,530 | 35,199 | 381,729 |
| 2033 | 102,326 | 12,353 | 114,679 | 250,000 | 10,000 | 260,000 | | | | 352,326 | 22,353 | 374,679 |
| 2034 | 108,146 | 9,283 | 117,429 | | | | | | | 108,146 | 9,283 | 117,429 |
| 2035 | 108,990 | 6,039 | 115,029 | | | | | | | 108,990 | 6,039 | 115,029 |
| 2036 | 29,860 | 2,769 | 32,629 | | | | | | | 29,860 | 2,769 | 32,629 |
| 2037 | 30,756 | 1,873 | 32,629 | | | | | | | 30,756 | 1,873 | 32,629 |
| 2038 | 31,679 | 950 | 32,629 | | | | | | | 31,679 | 950 | 32,629 |
| 2039 | 32,629 | 979 | 33,608 | | | | | | | 32,629 | 979 | 33,608 |
| Total | \$11,370,000 | \$1,874,259 | \$13,244,259 | \$3,000,000 | \$979,389 | \$3,979,389 | \$5,255,000 | \$458,254 | \$5,713,254 | \$19,625,000 | \$3,311,901 | \$22,936,901 |

⁽¹⁾ Does not include the Refunded Bonds

Statement of Estimated Direct and Overlapping Debt

The following is a calculation used to assess the debt load and per capita debt of the Authority payable from property taxes. In addition to outstanding debt of the Authority, the calculation takes into account debt attributable to taxing entities which is the responsibility of taxpayers with the boundaries of the Authority. Revenue bonds are payable from sources other than property taxes and are not included in the totals below.

| | 2018 Assessed Value | G/O Debt Outstanding | Percent Applicable | Amount |
|------------------------------|------------------------|-------------------------|-----------------------|---------------|
| State of New Mexico | \$61,126,458,199 | \$490,910,000 | 4.41% | \$21,631,870 |
| Sandoval County | 3,599,893,245 | 18,875,000 | 74.82% | 14,122,733 |
| Albuquerque Public Schools | 16,888,934,115 | 558,985,000 | 15.95% | 89,149,585 |
| Central NM Community College | 19,203,499,342 | 100,985,000 | 12.99% | 13,121,299 |
| City of Rio Rancho | 2,230,753,048 | 21,955,000 | 82.82% | 18,182,916 |
| Rio Rancho School District | 2,314,565,227 | 121,710,000 | 85.93% | 104,586,174 |
| Village of Corrales | 391,559,707 | 1,260,000 | 14.54% | 183,167 |
| Town of Bernalillo | 193,344,800 | - | 7.18% | - |
| Bernalillo School District | 641,591,556 | 34,615,000 | 23.82% | 8,245,207 |
| The Authority | 2,693,527,485 | 19,625,000 | 100.00% | 19,625,000 |
| Total Direct & Overlapping | | \$1,368,920,000 | | \$288,847,950 |

Ratio of Estimated Direct & Overlapping Debt to 2018 Assessed Valuation
Ratio of Estimated Direct & Overlapping Debt to 2018 Estimated Actual Valuation
Per Capita Direct and Overlapping Debt

10.72% 3.57%

\$2,888.48

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. After deduction of certain personal exemptions, the 2018 assessed valuation is \$2,693,527,485. 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. The analysis of Assessed Valuation follows:

| | PREVIOUS YEAR | CURRENT T | AX YEAR | CENTRALLY | TOTAL |
|----------|---------------------|---------------|---------------|----------------|----------------|
| TAX YEAR | BASE ASSESSED VALUE | NET NEW VALUE | RE-APPRAISAL | ASSESSED VALUE | ASSESSED VALUE |
| 2010 | 2,705,598,798 | 80,983,862 | (126,445,068) | 62,279,046 | 2,722,416,638 |
| 2011 | 2,667,706,904 | 28,821,509 | (251,150,831) | 66,361,011 | 2,511,738,593 |
| 2012 | 2,509,185,714 | 51,609,536 | (129,394,116) | 69,589,061 | 2,500,990,195 |
| 2013 | 2,454,082,903 | 29,457,437 | (58,663,113) | 68,423,775 | 2,493,301,002 |
| 2014 | 2,454,784,470 | 58,744,659 | (80,260,887) | 70,030,206 | 2,503,298,448 |
| 2015 | 2,455,835,922 | 61,367,406 | (71,043,827) | 66,249,357 | 2,512,408,858 |
| 2016 | 2,468,616,239 | 86,517,448 | (52,284,746) | 69,564,387 | 2,572,413,328 |
| 2017 | 2,523,138,148 | 55,606,239 | (25,285,201) | 84,315,967 | 2,637,775,153 |
| 2018 | 2,557,309,218 | 48,875,821 | 33,217,307 | 54,125,139 | 2,693,527,485 |
| 2019 | 2,676,847,285 | 46,255,404 | 34,451,585 | 36,172,587 | 2,793,726,861 |

Source: Sandoval County Assessor's Office.

History of Assessed Valuation

The following is a ten-year history of assessed valuation for the Authority compared with Sandoval County.

| Tax | Authority | % | Sandoval |
|-------|----------------|--------|---------------|
| Year | Assessed Value | Change | County AV |
| 2010 | 2,722,416,638 | 0.59% | 3,433,909,053 |
| 2011 | 2,511,738,593 | -7.74% | 3,222,126,760 |
| 2012 | 2,500,990,195 | -0.43% | 3,190,167,061 |
| 2013 | 2,493,301,002 | -0.31% | 3,220,871,317 |
| 2014 | 2,503,298,448 | 0.40% | 3,247,428,521 |
| 2015 | 2,512,408,858 | 0.36% | 3,225,666,344 |
| 2016 | 2,572,413,328 | 2.39% | 3,362,599,236 |
| 2017 | 2,637,775,153 | 2.54% | 3,477,523,540 |
| 2018 | 2,693,527,485 | 2.11% | 3,599,891,245 |
| 2019* | 2,811,679,423 | 4.39% | 3,744,893,578 |

*Preliminary

Source: Sandoval County Assessor's Office.

Major Taxpayers

The ten largest centrally assessed taxpayers have a combined assessed valuation of \$131,639,864 which represents 4.89% of the 2018 assessed valuation of the Authority. This table is useful in assessing the concentration risk of the tax base.

| Name of Business | Type of Business | 2018 Valuation | % of AV |
|--------------------------------|---------------------|----------------|---------|
| Public Service Company of NM | Electric Utility | \$48,228,456 | 1.79% |
| Intel Corp. | Manufacturer | 20,020,514 | 0.74% |
| Presbyterian Healthcare | Medical | 19,653,110 | 0.73% |
| The Neighborhood in Rio Rancho | Assisted Living | 10,662,964 | 0.40% |
| New Mexico Gas Company | Gas Utility | 8,555,374 | 0.32% |
| Enchanted 528 Development | Developer | 5,147,491 | 0.19% |
| Tri-State Generation | Electric Generation | 4,913,961 | 0.18% |
| DE High Resort LLC | Developer | 4,904,690 | 0.18% |
| Cable One | Cable Provider | 4,824,386 | 0.18% |
| Sandia View LLC | Assisted Living | 4,728,918 | 0.18% |
| Total | | \$131,639,864 | 4.89% |

Source: Sandoval County Assessor's Office.

Tax Rates

The following table summarizes the tax rates on residential property located within the Authority for tax year 2018 and the previous four tax years.

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------------|------------------|------------|----------|----------|
| State of New Mexico | \$0.00 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Sandoval County | 6.455 | 6.383 | 6.354 | 6.339 | 6.240 |
| Authority | 0.828 | 0.828 | 0.828 | 0.828 | 0.828 |
| City of Rio Rancho | 7.525 | 7.492 | 7.449 | 7.426 | 7.307 |
| Rio Rancho Schools | 0.266 | 0.264 | 0.263 | 0.262 | 0.258 |
| Total | 15.074 | \$14.967 | \$14.894 | \$14.855 | \$14.633 |
| Over 20 Mill L | imit - Interest, P | rincipal, Judger | nent, etc. | | |
| State of New Mexico | \$1.36 | \$1.360 | \$1.360 | \$1.360 | \$1.360 |
| Sandoval County | 0.593 | 0.984 | 1.047 | 0.852 | 0.539 |
| Authority | 1.242 | 1.242 | 1.249 | 1.249 | 1.248 |
| City of Rio Rancho | 2.768 | 2.051 | 2.016 | 1.848 | 1.881 |
| Rio Rancho Schools | 10.544 | 10.540 | 10.540 | 10.540 | 10.537 |
| UNM Hospital | 0.000 | 0.000 | 4.250 | 4.250 | 4.250 |
| Central NM Community College (Operating) | 2.799 | 2.789 | 2.776 | 2.831 | 2.827 |
| Central NM Community College (Debt Service) | 1.000 | 1.000 | 1.000 | 0.550 | 0.550 |
| Total | 20.306 | \$19.966 | \$24.238 | \$23.480 | \$23.192 |
| | TOTAL L | EVY | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| State of New Mexico | \$1.360 | \$1.360 | \$1.360 | \$1.360 | \$1.360 |
| Sandoval County | 7.048 | 7.367 | 7.401 | 7.191 | 6.779 |
| Authority | 2.070 | 2.070 | 2.077 | 2.077 | 2.076 |
| City of Rio Rancho | 10.293 | 9.543 | 9.465 | 9.274 | 9.188 |
| Rio Rancho Schools | 10.810 | 10.804 | 10.803 | 10.802 | 10.795 |
| UNM Hospital | 0.000 | 0.000 | 4.250 | 4.250 | 4.250 |
| Central NM Community College | 3.799 | 3.789 | 3.776 | 3.381 | 3.377 |
| Total Residential in Rio Rancho | \$35.380 | \$34.933 | \$39.132 | \$38.335 | \$37.825 |

37.765

\$37.435

\$41.671

\$40.354

\$39.256

Source: New Mexico Department of Finance and Administration

Total Non-Residential in Rio Rancho

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%, then the growth control factor 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 5%) 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 any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt, including the Bonds.

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), 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 and were 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 (the "Statutory Valuation Cap on Residential Increases"). 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
- To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.
- 6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. The plaintiff has appealed the case to the New Mexico Supreme Court. The Supreme Court affirmed the decision by the Court of Appeals. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted any of the bills 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 in the Authority.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 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. 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 on Locally Assessed and Centrally Assessed Property in Sandoval County

Current 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.

| | | Net Taxes | | Current | Current/ | Current/Delinguent |
|-------------|----------------|-------------------------|---|----------------------------------|--------------------------------|----------------------------------|
| Tax Year | Fiscal Year | Charged to Treasurer | Current Tax Collections ⁽¹⁾ | Collections as a % of Net Levied | Delinquent Tax Collections (2) | Collections as a % of Net Levied |
| 2018 | 18/19 | \$119,987,464 | \$116,428,184 | 97.03% | \$116,428,184 | 97.03% |
| 2017 | 17/18 | 114,531,876 | 110,892,832 | 96.82% | 112,959,634 | 98.63% |
| 2016 | 16/17 | 124,318,657 | 120,420,512 | 96.86% | 123,735,470 | 99.53% |
| 2015 | 15/16 | 119,044,771 | 115,023,384 | 96.62% | 118,513,405 | 99.55% |
| 2014 | 14/15 | 115,903,449 | 111,651,378 | 96.33% | 115,503,595 | 99.66% |

⁽¹⁾ Current collections through June 30 of each year .

Source: Sandoval County Treasurer's Office.

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 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 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, 50% of the property tax due or \$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.

⁽²⁾ As of June 30, 2019.

THE AUTHORITY

The Authority is a quasi-municipal corporation and a political subdivision of the State created and organized for the purpose of operating and maintaining a flood control system in Southern Sandoval County, New Mexico.

Powers

The Authority is authorized, empowered and directed, subject to the provisions of Section 7 (72-19-7 NMSA 1978) of the Southern Sandoval County 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. When a comprehensive program for the acquisition of the flood control system satisfactory to the board is available, it shall be tentatively adopted. A public hearing on the proposed program shall be scheduled, and notice of the hearing shall be given by publication. After the hearing and any adjournments of that hearing which may be ordered, the board may either require changes to be made in the program as the board may consider desirable or the board may approve the program as prepared. If any substantial changes to the program are ordered at any time, a further hearing shall be held pursuant to notice which shall be given by publication. Members serve without compensation for six-year terms of office in non-partisan elections held every two years at the time of the general election under the director of the Sandoval 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 chairman of the board and president of the Authority, and another director as chairman pro tem of the board and president pro tem 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 re-establish 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 Section 13 (72-19-13 NMSA 1978) of the Southern Sandoval County Arroyo Flood Control 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 that 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 Southern Sandoval County Arroyo Flood Control Act (72-19-1 to 72-19-103 NMSA 1979), 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:

Michael Obrey, Chairman, term expires January 1, 2021;

James F. Fahey, Jr., Chair Pro Tem; term expires January 1, 2023;

Steven M. House, Secretary; term expires January 1, 2023;

John Chaney, Treasurer, term expires January 1, 2023;

Mark Conkling, Chair Pro Tem (Alternate); term expires January 1, 2023

The operations and programs of the Authority are administered by the Executive Engineer. Brief resumes for the Executive Engineer and Fiscal Services Director follow:

Charles Thomas, P.E., Executive Engineer. Charles (Chuck) Thomas was hired as Executive Engineer for the Southern Sandoval County Arroyo Flood Control Authority in July 2011. His previous professional experience includes serving as Director for the New Mexico Mining and Minerals Division (MMD) as well as the Division's Mine Reclamation Bureau Chief for the State of New Mexico.

Prior to working for MMD, he spent over eight years as the Chief Engineer for the Drinking Water Bureau for the New Mexico Environment Department where he implemented the Arsenic Rule and developed the Statewide Engineering Program for the Ground Water Quality Bureau in 2008. As a project manager for the City of Albuquerque, Chuck oversaw storm water projects that incorporated both multi-use and zero drainage discharge concepts.

Chuck has a Bachelor's of Science degree in Mining Engineering from the New Mexico Institute of Mining and Technology and is recipient of the Old Timers Award, presented annually to the top Mining Engineering graduate. He is a professional engineer registered in New Mexico since 1997.

Deborah Casaus, Fiscal Services Director. Ms. Casaus assumed the position of Fiscal Services Director in September 2009. Prior to this position, she served as the Authority's Accounting Officer. Before her employment with the Authority, Ms. Casaus was the Assistant Finance Director for the City of Las Vegas, New Mexico for 6 years. Ms. Casaus is a Certified Public Accountant and received her Bachelor of Arts in Business Administration from New Mexico Highlands University.

Statement of Revenues & Expenditures & Changes in Fund Balances - General Fund

Below is a five-year history of the Statement of Revenues & Expenditures & Changes in Fund Balances (General Fund only) for the Authority. See financial statements for the fiscal year ending June 30, 2018 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2018 and the prior four fiscal years can be downloaded from the State Auditor's website.

| Fiscal Year Ending June 30 Revenues: | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|---------------------|
| Ad valorem assessments | \$2,202,416 | \$2,157,565 | \$2,104,327 | \$2,092,865 | \$2,097,343 |
| Interest Grant revenue | 23,212 - | 10,925 - | 5,250 - | 4,239 | 1,822 - |
| Miscellaneous | 13,338 | 5,827 | 2,329 | 13,218 | 7,312 |
| Total revenues | \$2,238,966 | \$2,174,317 | \$2,111,906 | \$2,110,322 | \$2,106,477 |
| Expenditures: | | | | | |
| Capital outlay & projects | \$175,880 | \$126,643 | \$95,229 | \$4,449 | \$113,521 |
| Public Works | 2,094,245 | 2,137,772 | 1,970,906 | 1,970,295 | 2,084,908 |
| Total exenditures | \$2,270,125 | \$2,264,415 | \$2,066,135 | \$1,974,744 | \$2,198,429 |
| Excess (deficiency) of revenues over expenditures | (\$31,159) | (\$90,098) | \$45,771 | \$135,578 | (\$91,952) |
| Other financing sources (uses): Transfers in | _ | _ | _ | _ | _ |
| Transfers out | - | - | _ | _ | - |
| Total other financing sources (uses): | - | | - | - | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and | | | | | |
| other financing uses | (31,159) | (90,098) | 45,771 | 135,578 | (91,952) |
| Fund Balance, beginning of year | 2,539,602 | 2,629,700 | 2,583,929 | 2,448,351 | 2,540,303 |
| Fund Balance, end of year | \$ 2,508,443 | \$ 2,539,602 | \$ 2,629,700 | \$ 2,583,929 | <u>\$ 2,448,351</u> |

Source: The figures above have been extracted from the Authority's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for the year ended June 30, 2018 is attached as Appendix B.

Balance Sheet - General Fund

Below is a five-year history of the Balance Sheet for the General Fund for the Authority. See financial statements for the fiscal year ending June 30, 2018 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2018 and the prior four fiscal years can be downloaded from the State Auditor's website.

| Fiscal Year Ending June 30 ASSETS: | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|-----------------------|--------------------|--------------------|--------------------|
| Cash & Investments | \$2,556,318 | \$2,288,048 | \$2,656,823 | \$3,443,526 | \$3,374,073 |
| Receivables | 194,556 | 181,267 | 178,012 | 173,085 | 33,607 |
| Due from other Funds | - | 906,944 | - | 404,887 | 33,007 |
| Prepaid expenses | 766 | 900 | 530 | 23,283 | - |
| Total Assets | \$2,751,640 | \$3,377,159 | \$2,835,365 | \$4,044,781 | \$3,407,680 |
| LIABILITIES: | | | | | |
| Accounts payable | \$28,444 | \$116,626 | \$11,631 | \$6,539 | \$9,070 |
| Due to other funds | Ψ20,444 | 519,981 | 3,633 | 1,270,590 | 1,304,103 |
| Salaries & benefits payable | 41,081 | 42,587 | 44,210 | 34,687 | 17,681 |
| Total Liabilities | \$69,525 | \$679,194 | \$59,474 | \$1,311,816 | \$1,330,854 |
| Total Elabilities | \$69,525 | \$679,19 4 | \$39,474 | \$1,311,010 | Φ1,330,034 |
| Deferred Inflow | 173,672 | 158,363 | 146,191 | 149,036 | - |
| | | | | | |
| Fund balance: | | | | | |
| Reserved for subsequent years expendit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Prepaid expenses | \$766 | \$900 | \$530 | \$23,283 | |
| Unreserved, designated for | | | | | |
| subsequent year's expenditures | 322,398 | 336,848 | 330,798 | | - |
| Assigned | 427,602 | 413,152 | 419,202 | 750,000 | |
| Unreserved, undesignated | 1,757,677 | 1,788,702 | 1,879,170 | 1,810,646 | 2,076,826 |
| Total Equity | \$2,508,443 | \$2,539,602 | \$2,629,700 | \$2,583,929 | \$2,076,826 |
| Total liabilities, deferred inflows of | | | | | |
| resources, and fund balances | <u>\$2,751,640</u> | <u>\$3,377,159</u> | <u>\$2,835,365</u> | <u>\$4,044,781</u> | <u>\$3,407,680</u> |

Source: The figures above have been extracted from the Authority's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for the year ended June 30, 2018 is attached as Appendix B.

Post-Employment Benefits – State Retiree Health Care Plan

The Authority's employees participate in the Public Employees Retirement Fund (PERA Fund), a cost-sharing, multiple employer defined benefit pension plan. The PERA 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 Fund plan. The PERA coverage option that applies to the Authority is the Municipal General division. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org using the Audit Report Search function for agency 366. For more detailed information concerning the Authority's funding policy and contribution in connection with the pension plan, see "Note 9" in the audited financial statements of the Authority, for the fiscal year ending June 30, 2018, set forth in "Appendix B" hereto.

In addition to the PERA Fund, the Authority contributes to the New Mexico Retiree Health Care Fund, a cost sharing multiple employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The RHCA Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. For more detailed information concerning the Authority's funding policy and contributions in connection with the healthcare plan, see "Note 10" in the audited financial statements of the Authority, for the fiscal year ended June 30, 2018, set forth in "Appendix B" hereto.

TAX MATTERS

The Authority covenants for the benefit of the owners of the Bonds that it will not make any use of the proceeds of the Bonds, and Funds reasonably expected to be used to pay the principal of or interest on the Bonds, or any other funds of the Authority, and will include in gross income for federal income tax purposes not make use of the Project which (i) would cause the interest on the Bonds to become subject to federal income taxation under the Code or (ii) would subject the Authority to any penalties under Section 148 of the Code. The Authority also covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds or the projects funded with the Bonds if such action or omission (i) would cause the interest on the Bonds to become subject to federal income taxation under the Code or (ii) would subject the Authority to any penalties under Section 148 of the Code.

Tax Exemption

In the opinion of Modrall, Sperling, Roehl, Harris, & Sisk P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the Authority, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code and is not treated as an item of tax preference under Section 57 of the Code for purposes of alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, under existing law and assuming continuous compliance with certain covenants made by the Authority interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estates, and truts under the New Mexico Income Tax Act or for purposes of the tax imposed on corporations under New Mexico Corporate Income and Franchise Tax Act. Bond Counsel will

express no opinion regarding the other federal or New Mexico tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of the opinion of Bond Counsel is attached hereto as Appendix D.

The opinion of Bond Counsel will be based on and will assume continuous compliance with certain covenants of the Authority to be contained in the transcript of proceedings and which are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the Authority.

The Code prescribes a number of qualifications which must be met and conditions which must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The Authority covenants in the Bond Award to take all actions that may be required of it in order for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusions under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other items of income and expenses of the owner of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

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 includible 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 Authority, the Financial Advisor, or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. However, the Authority has covenanted in the Bond Award not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income, except to the extent described above, for the owners thereof for federal income tax purposes. None of the Authority, the Financial Advisor, or 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 with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at original issue discount should consult their tax advisor 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 advisor for an explanation of the amortization rules.

Qualified Tax-Exempt Obligations

The Bonds are designated in the Bond Award as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The Authority covenants that the Authority, having no "subordinate entities" with authority to issue obligations within the meaning of that Section of the Code, in or during the calendar year in which the Bonds are issued (i) will not designate as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of \$10,000,000, and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding \$10,000,000 unless the Authority receives an opinion of nationally recognized bond counsel that such designation or issuance, as applicable, will not cause the Bonds to cease to be "qualified tax-exempt obligations."

Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded, however, the Internal Revenue Service could take a contrary view. Were the Internal Revenue Service to conclude that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the obligations would not be "qualified tax-exempt obligations."

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Authority will undertake in the Bond Award to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrence of certain material events to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at www.emma.msrb.org.

Annual Reports

The Authority has undertaken to provide annually certain updated financial information and operating data to MSRB via the MSRB's Electronic Municipal Market Access ("EMMA) system. The information to be updated includes all quantitative 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 the subheadings "Statement of Revenues & Expenditures" and Changes in Fund Balances – General Fund," and "Balance Sheet – General Fund" under the heading "THE AUTHORITY". The Authority will update and provide this information by March 31 of each fiscal year beginning in 2020.

The Authority may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted the Rule. The updated 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 notice of such, and will provide unaudited financial statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles described in Appendix B or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation. A draft of the Continuing Disclosure Undertaking is attached hereto as Appendix E.

The Authority's current fiscal year end is June 30. Accordingly, it must provide updated information by March 31 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify MSRB of the change.

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; (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 status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material; (11) rating changes; defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

The purposes of the event identified as "12)" in the immediately preceding paragraph, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

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."

Availability of Information from the MSRB

The Authority has agreed to provide the foregoing information only to the MSRB. All documents provided by the Authority to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314 and its telephone number is (703) 797-6600.

Limitations and Amendments

The Authority has agreed to update information and to provide notices of events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

This continuing disclosure agreement may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the Authority, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Notice of Sale and Delgation of Authority Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the past five years, the Authority has complied in all material respects with its existing continuing disclosure agreements in accordance with SEC Rule 15c2-12 for its Series 2014 and Series 2018 Bonds which have a disclosure due date of March

31. Until recently, the Series 2009 Bonds were believed to be the only series with a disclosure due date of December 31. In 2017, it was discovered that Series 2010A, 2011 and 2012 also had a disclosure due date of December 31 not March 31 as previous filings reflect. While unaudited financials and annual operating data for FY2014 through FY2016 were filed before December 31 in connection with the Series 2009 Bonds, this information was not properly linked to all outstanding CUSIP numbers with a December 31 due date and a failure to file notice was not posted on EMMA as required. The operating data for FY2017 was filed five days late without a failure to file notice. Such notice was subsequently filed on September 10, 2019.

The Authority has implemented policies/procedures to ensure compliance with SEC Rule 15c2-12 and such policies/procedures were posted on EMMA on September 10, 2019. In addition, the Authority has retained a third party dissemination agent to assist in meeting its Continuing Disclosure Undertaking requirements.

LITIGATION

There is no litigation pending or threatened in connection with the validity of the Bonds or the use of the Bond proceeds, or the corporate existence of the Authority or the titles of the Authority's offices or contesting or affecting the Authority's ability to receive taxes that could be used for debt services payments on the Bonds.

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 is 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 Award or the Notice of Sale and Delgation of Authority Resolution adopted on August 23, 2019, the levying or collecting 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.

RATING

Moody's Investors Service, Inc. has rated the Bonds "Aa2." An explanation of the significance of the rating given by Moody's Investors Service, Inc. at 99 Church Street, New York, New York 10007. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that rating will be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have effect on the market price or marketability of the Bonds.

UNDERWRITING

George K. Baum & Company ("GKB") has agreed, subject to certain conditions, to purchase the Series 2019A Bonds and Series 2019B Bonds from the Authority pursuant to Bond Purchase Agreements (the "Bond Purchase Agreements") at a price of \$3,385,522.57 (being the par amount of the Series 2019A Bonds, plus a reoffering premium of \$395,523.55 and less an Underwriters' discount of \$10,000.98) and no accrued interest for the Series 2019A Bonds and \$5,544,012.95 (being the par amount of the Series 2019B Bonds, plus a reoffering premium of \$303,942.15 and less an Underwriters' discount of \$14,929.20) and no accrued interest for the Series 2019B Bonds. The Bond Purchase Agreements provides that the Underwriters will purchase all of the Series 2019A Bonds and Series 2019B Bonds if any are purchased. The prices at which the Series 2019A Bonds and Series 2019B Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the initial inside pages of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial prices to dealers and others.

The Series 2019A Bonds and Series 2019B Bonds are being purchased by GBK. On August 9, 2019, Stifel, Nicolaus & Company, Incorporated ("Stifel"), and GBK entered into an agreement for Stifel to acquire certain of the assets of GKB (the "Acquisition"). The Acquisition is currently expected to occur in early October 2019. If the Acquisition occurs before the closing date of the Series 2019A Bonds and Series 2019B Bonds, Stifel will replace GBK as the underwriter of the Series 2019A Bonds and Series 2019B Bonds.

REGISTRATION AND OUALIFICATION OF THE BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securites Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the securities acts of the State of New Mexico in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL MATTERS

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and the tax-exempt status of the Bonds will be furnished to the Underwriter (See "Tax Matters – Exemption herein"). A form of the opinion of Bond Counsel is attached hereto as Appendix D. The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Disclosure Counsel, opining as to compliance with SEC rule 10(b)(5) and certain information contained in this Official Statement will also be furnished to the Underwriter (see "A FEW WORDS ABOUT OFFICIAL STATEMENTS", herein).

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 1041 Commercial Drive SE, Rio Rancho NM 87124, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard NE, Suite 110, Albuquerque, New Mexico 87110.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward looking statements included in this Official Statement would prove to be accurate.

OFFICIAL STATEMENT AUTHORIZATION

The preparation of this Official Statement and its distribution have been authorized by the Authority in the Bond Award. The Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

A LAST WORD

| They are not representations of fact. They might not prinformation is to be construed as a contract with the requirement. | ove true. Neither this Official Statement nor any other written or oral stered owners of the Bonds. |
|---|---|
| By:Chairman, Board of Directors, Michael Obrey | |
| By:Secretary, Board of Directors, Steve House | |

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that.

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

THE ECONOMY

Population

The following chart sets forth historical and projected population data for the City of Rio Rancho, Sandoval County and the State.

| Census Year | City of Rio Rancho | Sandoval County | State of New Mexico |
|---|-----------------------|--------------------|------------------------|
| 1970 | - | - | 1,017,055 |
| 1980 | 9,985 | 87,962 | 1,303,143 |
| 1990 | 32,505 | 88,584 | 1,515,069 |
| 2000 | 51,765 | 90,639 | 1,826,280 |
| 2010 | 87,521 | 131,561 | 2,065,826 |
| 2018 | 98,802 | 144,971 | 2,081,015 |
| 2019 ⁽¹⁾ | 99,371 | 145,119 | 2,087,058 |
| 2024 ⁽²⁾ | 104,433 | 151,291 | 2,110,892 |
| Projected Growth 2019- 2024 ⁽²⁾ | 5.70% | 4.36% | 1.12% |

Estimates. Source: Spotlight, 2019.
 Projected. Source: Spotlight, 2019.

Age Distribution

The following table sets forth a comparative age distribution profile for Sandoval County, the State and the United States.

| Percent of Population | | | | | | |
|-----------------------|-----------------|---------------|------------------|--|--|--|
| Age Group | Sandoval County | New Mexico | United States | | | |
| 0 - 17 | 23.00% | 23.25% | 22.80% | | | |
| 18 - 24 | 8.80% | 9.65% | 9.80% | | | |
| 25 - 34 | 11.70% | 13.21% | 13.40% | | | |
| 35 - 44 | 12.50% | 11.99% | 12.60% | | | |
| 45 - 54 | 12.60% | 11.51% | 13.10% | | | |
| 55 and Older | 31.50% | 30.39% | 28.30% | | | |

Source: Spotlight, April 2019.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, nontoxic payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the estimated median household income level for Sandoval County compares favorably with the State and has consistently been at or above the national level.

| Effective Buying | Sandoval | New | United |
|-----------------------------------|----------|----------------|----------------|
| Income Group | County | Mexico | States |
| Under \$25,000 | 18.88% | 26.42% | 20.37% |
| \$25,000 - \$34,999 | 6.80% | 11.97% | 9.21% |
| \$35,000 - \$49,999 | 12.81% | 10.23% | 12.87% |
| \$50,000 - \$74,999 | 20.46% | 13.64% | 17.09% |
| \$75,000 & Over | 41.05% | 37.74% | 40.46% |
| 0045 F 4 M P 11 1 1 1 1 1 | Ф50.000 | #45.000 | #50.700 |
| 2015 Est. Median Household Income | \$58,982 | \$45,633 | \$53,706 |
| 2016 Est. Median Household Income | \$60,158 | \$45,445 | \$55,551 |
| 2017 Est. Median Household Income | \$61,579 | \$47,043 | \$57,462 |
| 2018 Est. Median Household Income | \$63,909 | \$48,044 | \$60,133 |
| 2019 Est. Median Household Income | \$63,442 | \$49,654 | \$60,336 |

Source: Spotlight, April 2019.

Gross Receipts

The following table shows the total reported and retail gross receipts generated in Sandoval County and the State for the past ten years. For the purposes of this table, gross receipts means the total amount of money received from selling property in the State of New Mexico, from leasing property employed in the State and from performing services in the State.

| | T | otal Reported Gross Rec | eipts Tax | |
|----------|---------------|-------------------------|------------------|-------------------|
| | Sandoval Co | ounty | State of New | Mexico |
| Fiscal — | (000's) | (000's) | (000's) | (000's) |
| Year | Retail | Total | Retail | Total |
| 2014 | \$609,814,818 | \$2,228,067,638 | \$24,395,913,091 | \$107,584,699,938 |
| 2015 | 772,296,981 | 2,710,403,930 | 27,481,308,472 | 119,726,977,705 |
| 2016 | 660,379,314 | 2,273,283,147 | 22,518,102,315 | 96,183,909,032 |
| 2017 | 637,620,925 | 2,236,644,128 | 22,390,695,699 | 95,100,482,944 |
| 2018 | 721,383,596 | 2,525,749,869 | 26,770,655,797 | 114,662,938,781 |

Source: New Mexico Taxation & Revenue Department.

Employment

The following table presents information on employment within Sandoval County, the State of New Mexico, and the United States for the periods indicated below. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

| Year ⁽¹⁾ | Sandov | al County | State of Ne | w Mexico | United States |
|---------------------|-------------|------------|-------------|------------|---------------|
| IGai | | % | | % | % |
| | Labor Force | Unemployed | Labor Force | Unemployed | Unemployed |
| 2019 (2) | 65,380 | 4.50% | 958,215 | 5.20% | 4.10% |
| 2018 | 64,411 | 4.00% | 933,947 | 4.40% | 3.70% |
| 2017 | 63,918 | 6.20% | 929,567 | 6.20% | 4.40% |
| 2016 | 63,545 | 6.60% | 927,355 | 6.70% | 4.90% |
| 2015 | 61,806 | 6.60% | 919,889 | 6.60% | 5.30% |
| 2014 | 61,217 | 7.20% | 918,206 | 6.50% | 6.20% |
| 2013 | 60,574 | 7.40% | 922,960 | 6.90% | 7.40% |
| 2012 | 60,524 | 7.80% | 928,050 | 7.10% | 8.10% |
| 2011 | 60,882 | 8.00% | 929,862 | 7.60% | 8.90% |
| 2010 | 60,901 | 8.00% | 936,088 | 8.10% | 9.60% |

⁽¹⁾ Numbers are annual averages.

Source: U.S. Bureau of Labor Statistics, June 2019.

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⁽²⁾ Data for the month of June 2019. Numbers are Preliminary.

Average Annual Employment by Major Industrial Sector

The New Mexico Department of Workforce Solutions publishes quarterly reports of annual employment and wages as classified according to the North American Industry Classification System (NAICS) including non-agricultural wage data.

| 2014 | 2015 | 2016 | 2017 | 2018 ⁽¹⁾ |
|--------|--|--|--|--|
| 21,340 | 21,532 | 21,345 | 22,738 | 22,775 |
| 3,370 | 3,219 | 3,258 | 3,415 | 4,294 |
| 2,857 | 3,017 | 3,491 | 4,573 | 4,265 |
| 20 | 24 | 31 | * | * |
| 499 | 453 | 467 | 292 | 805 |
| 1,570 | 1,542 | 1,462 | 1,621 | 1,693 |
| 317 | 316 | 247 | 246 | 3,456 |
| 450 | 457 | 437 | 408 | 559 |
| 2,464 | 2,890 | 3,155 | 3,593 | 4,171 |
| 649 | 596 | 218 | 166 | 199 |
| 55 | 33 | 30 | * | * |
| 3,447 | 3,277 | 2,393 | 2,306 | 2,581 |
| 90 | 103 | 101 | 120 | 127 |
| 568 | 595 | 596 | 596 | 568 |
| 850 | 836 | 784 | 780 | 915 |
| 400 | 406 | 428 | 418 | 440 |
| 2,931 | 3,045 | 3,281 | 3,332 | 3,459 |
| 376 | 336 | 283 | 296 | 418 |
| 61 | 60 | 62 | 65 | 89 |
| 366 | 328 | 621 | 439 | 368 |
| 7,514 | 7,627 | 7,810 | 7,755 | 8,101 |
| 28,854 | 29,159 | 29,155 | 30,493 | 30,876 |
| | 21,340 3,370 2,857 20 499 1,570 317 450 2,464 649 55 3,447 90 568 850 400 2,931 376 61 366 7,514 | 21,340 21,532 3,370 3,219 2,857 3,017 20 24 499 453 1,570 1,542 317 316 450 457 2,464 2,890 649 596 55 33 3,447 3,277 90 103 568 595 850 836 400 406 2,931 3,045 376 336 61 60 366 328 7,514 7,627 | 21,340 21,532 21,345 3,370 3,219 3,258 2,857 3,017 3,491 20 24 31 499 453 467 1,570 1,542 1,462 317 316 247 450 457 437 2,464 2,890 3,155 649 596 218 55 33 30 3,447 3,277 2,393 90 103 101 568 595 596 850 836 784 400 406 428 2,931 3,045 3,281 376 336 283 61 60 62 366 328 621 7,514 7,627 7,810 | 21,340 21,532 21,345 22,738 3,370 3,219 3,258 3,415 2,857 3,017 3,491 4,573 20 24 31 * 499 453 467 292 1,570 1,542 1,462 1,621 317 316 247 246 450 457 437 408 2,464 2,890 3,155 3,593 649 596 218 166 55 33 30 * 3,447 3,277 2,393 2,306 90 103 101 120 568 595 596 596 850 836 784 780 400 406 428 418 2,931 3,045 3,281 3,332 376 336 283 296 61 60 62 65 366 |

⁽¹⁾ Data as of 4th Quarter of 2018.

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

Source: New M exico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

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

Major Employers

Following is a list of major employers in the Albuquerque MSA which includes Sandoval County.

| Employer | Business | # of Employees |
|------------------------------|------------------------------|----------------|
| Albuquerque Public Schools | Education | 14,810 |
| Sandia National Labs | Science-Based Technology and | 12,258 |
| Kirtland Air Force Base* | Government | 10,125 |
| Presbyterian | Healthcare | 5,702 |
| City of Albuquerque | Government | 6,940 |
| UNM Hospital | Healthcare | 6,772 |
| State of New Mexico | Government | 4,950 |
| University of New Mexico | Education | 4,210 |
| Lovelace Health Systems | Healthcare | 3,236 |
| Bernalillo County | Government | 2,648 |
| Rio Rancho Public Schools | Education | 2,000 |
| Sandia Resort & Casino | Resort & Casino | 2,000 |
| Central NM Community College | Education | 1,840 |
| T-Mobile | Telecommunications | 1,750 |
| PNM Electric Services | Utilities | 1,500 |

^{*}Kirtland's employment number includes active duty military, guard reserve, civil service and contract employees. Source: Albuquerque Economic Development, Data as of April 2019

APPENDIX B

JUNE 30, 2018 AUDITED FINANCIAL STATEMENTS

Southern Sandoval County Arroyo Flood Control Authority State of New Mexico

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



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Southern Sandoval County Arroyo Flood Control Authority

State of New Mexico

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

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

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INTRODUCTORY SECTION

Southern Sandoval County Arroyo Flood Control Authority Table of Contents June 30, 2018

| INTRODUCTORY SECTION | |
|--|-------|
| Table of Contents | 6-7 |
| Letter of Transmittal | 8-16 |
| Principal Officials | 17 |
| Organizational Chart | 18 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 20-22 |
| Management's Discussion and Analysis | 23-31 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 34-35 |
| Statement of Activities | 37 |
| Fund Financial Statements: | |
| Governmental Funds - Balance Sheet | 38-39 |
| Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position | 41 |
| Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances | 42-43 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 45 |
| Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual: General Fund | 47 |
| Notes to Financial Statements | 48-83 |
| Required Supplementary Information | |
| Schedule of the Proportionate Share of the Net Pension Liability of PERA Fund | |
| Municipal General Division | 86-87 |
| Schedule of Contributions - Public Employees Retirement Association (PERA) Plan | 88-89 |
| Schedule of Proportionate Share of NET OPEB Liability of New Mexico Retiree Health Care Act Plan - New Mexico Retiree Health Care Authority (NMRHCA) Plan | 90 |
| Schedule of Contributions - New Mexico Retiree Health Care Authority (NMRHCA) Plan | 91 |
| Notes to Required Supplementary Information | 92 |
| Supporting Schedules | |
| Schedule of Deposit and Investment Accounts | 95 |
| Schedule of Collateral Pledged by Depository for Public Funds | 96-97 |

Southern Sandoval County Arroyo Flood Control Authority Table of Contents June 30, 2018

STATISTICAL SECTION **Financial Trends** Net Position by Component 102-103 Changes in Net Position 104-105 Changes in Fund Balances of Governmental Funds 106-107 Fund Balances of Governmental Funds 108-109 Revenue Capacity Taxable and Full Value of Property 110-111 **Property Tax Levies and Collections** 113 Property Tax Rates, Direct and Overlapping Governments 114-115 **Principal Property Taxpayers** 116-117 **Debt Capacity** Ratios of General Bonded Debt Outstanding 118-119 Direct and Overlapping Debt 121 Legal Debt Margin 122-123 Demographic and Economic Information **Demographic and Economic Statistics** 125 **Principal Employers** 126-127 **Operating Information** Full-Time Equivalent Employees by Function 128-129 130-131 Operating Indicators by Function **COMPLIANCE SECTION** Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 134-135 Schedule of Findings and Responses 136 Other Disclosures 137



Southern Sandoval County Arroyo Flood Control Authority

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

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

EXECUTIVE ENGINEER

Charles Thomas, P.E.

December 4, 2018

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

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

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

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

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

Profile of SSCAFCA

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

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

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

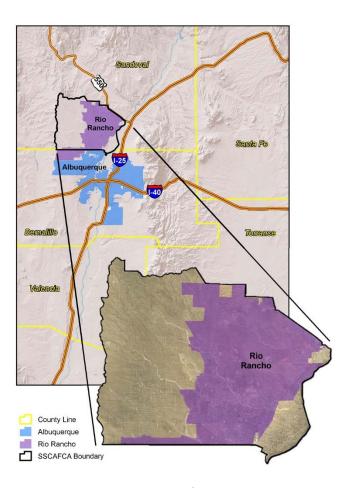


Figure 1 - Location of SSCAFCA.

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

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

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

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

THE MISSION OF SSCAFCA IS TO:

Protect citizens and property by implementing proven flood control solutions that:

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

SSCAFCA Goals and Commitments:

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

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

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

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

Local Economy

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

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

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

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

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

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

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

Long Term Planning and Major Initiatives

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

^{1 –} A Market Value Appraisal, Godfrey Appraisal Services, Inc., August 27, 2018

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

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

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

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

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





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

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

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

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

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

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

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

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

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

Figure 3 - Projects that have received Federal Funds.

Relevant Financial Policies

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

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

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

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

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

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

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

Acknowledgements

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

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

Respectfully,

Charles Thomas Executive Engineer Deborah Casaus Fiscal Service Director

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

Name Board of Directors

James F. Fahey Jr. Chariman

Steve House Chair Pro Tem

John Chaney Chair Pro Tem (Alternate)

Michael Obrey Treasurer

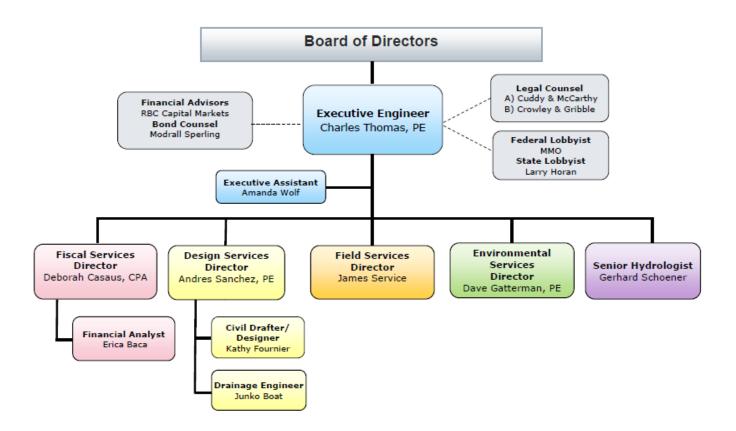
Mark Conkling Secretary

Officials

Charles Thomas, P.E. Executive Engineer

Deborah Casaus, CPA Fiscal Services Director

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



SSCAFCA Organizational Chart 2017

FINANCIAL SECTION



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

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

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund of Southern Sandoval County Arroyo Flood Control Authority (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change of Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 23 through 31 and the GASB required pension and OPEB schedules on pages 86 through 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's basic financial statements. The introductory section, the Supporting Schedules required by section 2.2.2 NMAC as listed in the table of contents, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority.

The Supporting Schedules required by section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Supporting Schedules required by section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

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

December 4, 2018

Our discussion and analysis of the Southern Sandoval County Arroyo Flood Control Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Authority's financial statements, which are listed in the table of contents.

review of the Authority's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2018. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the Authority as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the <u>Independent Auditor's Report</u>, <u>The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and a Schedule of Findings and Responses.</u>

About Southern Sandoval County Arroyo Flood Control Authority

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

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

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

SSCAFCA Goals and Commitments:

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

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

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

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

SSCAFCA Goals and Commitments (continued):

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

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

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

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

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

Significant Financial Highlights for the Year Ending June 30, 2018

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

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Position

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

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

GASB 34 rules require public entities to depreciate and amortize, as appropriate, capital assets. This statement includes accumulated depreciation of the Authority's capital assets in the amount of \$12,925,310, and accumulated amortization of \$871,998. The Authority utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Statement of Activities

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

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

FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The <u>Statement of Revenues and Expenditures and Changes in Fund Balances</u> guides the reader to a meaningful overall view for the Authority's revenue, expenditures and changes in fund balances. Total revenues were \$7,360,223. Total expenditures for the Authority were \$6,244,650. Total ending fund balance was \$6,739,531, for an increase of \$1,115,573 from the prior year. The increase is primarily due to revenue from grants that were received within the fiscal year for expenditures that were recognized in prior fiscal year, offset by debt payments and capital outlay expenditures.

Multi-Year Authority Revenues and Expenditures

A multi-year view of overall Authority revenues and expenditures indicates significant growth in both areas. The growth of both revenues and expenditures are commensurate with the growth of the local communities, resulting in higher property tax revenues and an increased need for flood control facilities in new developments and as existing infrastructure becomes overwhelmed. The 2014-2015 revenue and expenditure figures include the effects of a large bond issuance and the refunding of existing debt and may be considered an outlier year for both revenues and expenditures.

| Year | Total Revenues * | Increase % | Total Expenditures * | Increase % |
|-----------|------------------|------------|----------------------|------------|
| 2008-2009 | 12,751,922 | 5% | 11,035,928 | -13% |
| 2009-2010 | 7,346,003 | -42% | 6,559,060 | -41% |
| 2010-2011 | 5,622,353 | -23% | 6,115,651 | -7% |
| 2011-2012 | 10,547,110 | 88% | 6,987,962 | 14% |
| 2012-2013 | 6,028,108 | -43% | 11,025,396 | 58% |
| 2014-2015 | 19,185,703 | 218% | 16,615,097 | 51% |
| 2015-2016 | 8,428,977 | 13% | 9,938,992 | -7% |
| 2016-2017 | 7,029,945 | -63% | 9,190,948 | -45% |
| 2017-2018 | 7,360,223 | 4% | 6,244,650 | -30% |

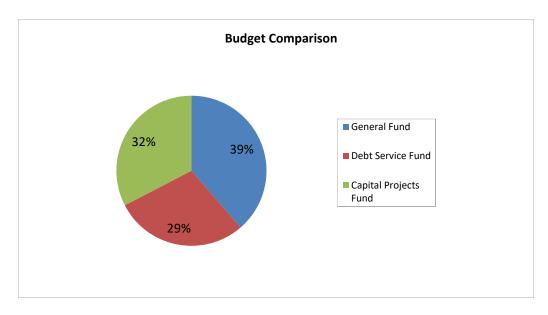
Note: Revenues include proceeds from and premiums on General Obligation Bonds and exclude cash carryovers; Expenditures include capital outlays and debt service payments.

The Budget

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

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

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



The reader will note that the General Fund represents 39% of the total fund budgeted expenditure amount. This fund provides the salary and benefits for the operations of the Authority, as well as most maintenance, storm clean-up, and education outreach services.

Revenue from this fund is substantially derived from property taxes assessed on property owners within the bounds of the area served by the Authority. The General Fund is explored later in the <u>Management Discussion and Analysis</u>.

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

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

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

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

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

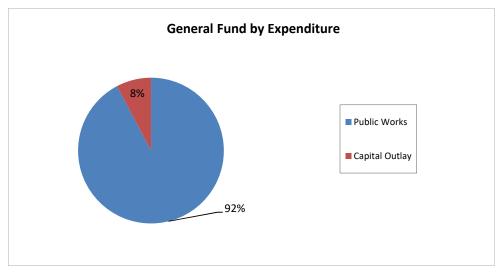
The General Fund

The General Fund revenues represents \$2,238,966 of the total \$7,360,223 in overall Authority revenues.

The following table displays historical revenues of the General Fund.

| Year | Revenues | Increase (Decrease) % |
|-----------|-----------|-----------------------|
| 2009-2010 | 2,081,882 | 35% |
| 2010-2011 | 2,169,920 | 4% |
| 2011-2012 | 2,355,818 | 9% |
| 2012-2013 | 2,108,958 | -10% |
| 2013-2014 | 2,086,306 | -1% |
| 2014-2015 | 2,110,322 | 1% |
| 2015-2016 | 2,111,906 | 0% |
| 2016-2017 | 2,174,317 | 3% |
| 2017-2018 | 2,238,966 | 3% |

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



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

Capital Assets

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

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

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

General Long Term Debt

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

The Authority has never defaulted on any of its debts or other obligations. Listed below is repayment information for the Authority's total general obligation debt as of June 30, 2018.

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

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

Future Trends

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

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

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

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

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

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Basic Financial Statements

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

| | Governmental Activities |
|--|----------------------------|
| Assets | Activities |
| Current assets: | |
| Cash and cash equivalents | \$ 575,800 |
| Unrestricted investments | 2,407,474 |
| Receivables: | |
| Ad valorem assessments | 394,556 |
| Intergovernmental | 437,293 |
| Other | 8,059 |
| Prepaid assets | 766 |
| Total current assets | 3,823,948 |
| Noncurrent assets: | |
| Restricted investments | 3,840,235 |
| Capital assets | 3,840,233 |
| Land and easements | 34,017,364 |
| Construction in progress | 2,548,797 |
| Depreciable buildings, furniture, equipment, and flood control system, | 2,540,757 |
| net | 43,404,881 |
| Intangible assets, net | 668,589 |
| meangine assets, net | 000,505 |
| Total noncurrent assets | 84,479,866 |
| Total assets | 88,303,814 |
| Deferred outflows of resources | |
| Related to pensions | 336,062 |
| Related to OPEB | 15,568 |
| Total deferred outflows of resources | 351,630 |
| Total assets and deferred outflows of resources | \$ 88,655,444 |

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

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

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

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

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

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

| Total Governmental Funds |
|--|
| \$ 575,800 6,247,709 |
| 394,556 437,293 7,829 230 766 |
| \$ 7,664,183 |
| \$ 97,772 41,081 138,853 |
| 348,274 437,525 785,799 |
| 766 |
| 3,872,446 |
| 322,398 786,244 1,757,677 6,739,531 |
| |

\$

7,664,183

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

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

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

| Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds Bond premiums, net of amortization Compensated absences Net pension liability Net OPEB liability | | 336,06 15,56 (78,40 (195,96 (256,35 (19,088,48 (247,28 (56,50 (1,273,77 (861,01 |
|---|----|--|
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred inflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds Bond premiums, net of amortization Compensated absences Net pension liability | | 15,56 (78,40 (195,96 (256,35 (19,088,48 (247,28 (56,50 (1,273,77 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred inflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds Bond premiums, net of amortization Compensated absences | | 15,56 (78,40 (195,96 (256,35 (19,088,48 (247,28 (56,50 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred inflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds Bond premiums, net of amortization | | 15,56 (78,40 (195,96 (256,35 (19,088,48 (247,28 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred inflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds | | 15,56 (78,40 (195,96 (256,35 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds: | | 15,56 (78,40 (195,96 (256,35 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current | | 15,56 (78,40 (195,96 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds Some liabilities, including bonds payable, the net pension liability | | 15,56 (78,40 (195,96 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources and therefore is not reported in the funds | | 15,56 (78,40 (195,96 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB Accrued interest is not due and payable with current financial resources | | 15,56 (78,40 (195,96 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions Deferred inflows of resources related to OPEB | | 15,56 (78,40 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB Deferred inflows of resources related to pensions | | 15,56 (78,40 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions Deferred outflows of resources related to OPEB | | 15,56 |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions | | • |
| applicable to future periods and, therefore, are not reported in the funds: Deferred outflows of resources related to pensions | | 336,06 |
| · | | |
| Deferred outflows and inflows of resources related to pensions and OPEB are | | |
| | | |
| revenue in the funds. | | 437,52 |
| for current-period expenditures and therefore are reported as unavailable | | |
| Certain amounts receivable under grant agreements are not available to pay | | |
| funds. | | 348,27 |
| Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the | | |
| | | 80,039,03 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 80,639,63 |
| Fund balances - total governmental funds | \$ | 6,739,53 |
| En ad balances de tal accessoratel Conda | , | 6 720 52 |

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

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

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

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

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

| different because: | | |
|--|-----|---|
| Net change in fund balances - total governmental funds | \$ | 1,115,573 |
| Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | | |
| Capital assets reported as capital outlay expenditures Donated capital assets Transfers of assets to outside governmental entity Loss on disposal of asset Depreciation of assets Amortization of assets Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds: | | 1,080,615 90,384 (190,583) (1,130) (892,450) (128,508) |
| Change in unavailable revenue related to property taxes receivable Change in unavailable revenue related to grants receivable | | (3,157) (1,306,412) |
| Governmental funds report Authority pension and OPEB contributions as expenditures. in the Statement of Activities, the cost of pension benefits and OPEB earned net of employee contributions is reported as pension expense: | How | rever, |
| Authority pension contributions Pension expense Authority OPEB contributions OPEB expense | | 74,338 (178,569) 15,568 (34,227) |
| The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: | | |
| Recognition of full-accrual interest expense Amortization of bond premiums Increase in the reserve for compensated absences Principal payments on bonds | | 18,290 47,952 (10,696) 2,406,520 |
| Change in net position of governmental activities | \$ | 2,103,508 |

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

Variances

| | | | | | | | | Favorable |
|---|-------|--------------------|----|--------------------|----|---------------------|-----|------------------|
| | | Budgeted Amounts | | | _ | nfavorable) | | |
| | | Original | | Final | | Actual | Fin | al to Actual |
| Revenues | | | | | _ | | _ | |
| Ad valorem assessments | \$ | 2,112,361 | \$ | 2,112,361 | \$ | 2,184,094 | \$ | 71,733 |
| Interest income | | 5,000 | | 5,000 | | 21,910 | | 16,910 |
| Miscellaneous Total revenues | | 2,117,361 | | 2,117,361 | | 13,223 2,219,227 | | 13,223 |
| | | 2,117,301 | | 2,117,301 | | 2,213,227 | | 101,800 |
| Expenditures | | 0.01 0.27 | | 001 027 | | 016 106 | | 45 741 |
| Salaries Benefits and taxes | | 861,927 363,653 | | 861,927 363,653 | | 816,186 356,938 | | 45,741 6,715 |
| Administrative fees | | 62,000 | | 62,000 | | 54,557 | | 7,443 |
| Audit expense | | 25,000 | | 25,000 | | 17,200 | | 7,443 |
| Board meetings and elections | | 18,000 | | 18,000 | | 7,376 | | 10,624 |
| Contractual services | | 390,000 | | 390,000 | | 150,672 | | 239,328 |
| Education outreach | | 83,000 | | 83,000 | | 40,226 | | 42,774 |
| Environmental permitting | | 37,500 | | 37,500 | | 2,541 | | 34,959 |
| Insurance and bonds | | 28,000 | | 28,000 | | 28,217 | | (217) |
| Legal ads and notices | | 12,500 | | 12,500 | | 774 | | 11,726 |
| Maintenance and fuel | | 75,500 | | 75,500 | | 53,761 | | 21,739 |
| Membership fees | | 23,100 | | 23,100 | | 12,577 | | 10,523 |
| Miscellaneous | | 6,993 | | 6,993 | | 5,124 | | 1,869 |
| Occupancy expenses | | 30,000 | | 30,000 | | 26,747 | | 3,253 |
| Office supplies and printing | | 21,000 | | 21,000 | | 12,886 | | 8,114 |
| Paying agent expense | | 2,000 | | 2,000 | | 1,369 | | 631 |
| Planning, engineering and construction | | 70,500 | | 70,500 | | 175,880 | | (105,380) |
| ROW acquisition and costs | | 51,000 | | 51,000 | | | | 51,000 |
| Property tax | | 10,000 | | 10,000 | | 743 | | 9,257 |
| Staff training and travel | | 52,000 | | 52,000 | | 20,781 | | 31,219 |
| Operations and maintenance | | 1,684,000 | | 1,684,000 | | 477,571 | | 1,206,429 |
| Furniture and equipment and rental | | 16,000 | | 16,000 | | 28,294 | | (12,294) |
| Computers, software and mapping Capital furniture and equipment | | 108,500 10,000 | | 108,500 10,000 | | 47,500 | | 61,000 10,000 |
| Total expenditures | | 4,042,173 | | 4,042,173 | | 2,337,920 | | 1,704,253 |
| Excess (deficiency) of revenues over expenditures | | (1,924,812) | | (1,924,812) | | (118,693) | | 1,806,119 |
| Other financing sources (uses) | | (1,32 1,012) | | (1,32 1,012) | | (110,033) | | 1,000,113 |
| Designated cash | | 1,924,812 | | 1,924,812 | | | | 1,924,812 |
| Total other financing sources (uses) | | 1,924,812 | | 1,924,812 | | | | 1,924,812 |
| Net change in fund balances | | - | | - | | (118,693) | | (118,693) |
| Fund balances - beginning of year | | | | | | 2,675,011 | | 2,675,011 |
| Fund balances - end of year | \$ | | \$ | | \$ | 2,556,318 | \$ | 2,556,318 |
| · · · · · · · · · · · · · · · · · · · | ٧ | | ٧ | | ٧ | | ٦ | 2,330,318 |
| Net change in fund balance (non-GAAP budgetary basis) Adjustments to revenues for property tax and interest ac | crus | lc | | | | (118,693) 19,739 | | |
| | | | | | | | | |
| Adjustments to expenditures for accounts payable and pa | ayrol | ii acciuals | | | ۲ | 67,795 | | |
| Net change in fund balances (GAAP Basis) | | | | | \$ | (31,159) | ı | |

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Southern Sandoval County Arroyo Flood Control Authority, "the Authority", was created by the Arroyo Flood Control Act and is governed by such New Mexico law designated as 72-19-1 to 72-19-103 NMSA 1978. The purpose of the Act is to provide a flood control system for the benefit of property within the boundaries of the Authority within Southern Sandoval County, New Mexico. The Act provides for the organization of the Authority and its governing body and officers; provides for flood control facilities; specifies provisions relating to powers, duties, privileges, liabilities, loans, securities, taxes, revenues and finances; and prescribes interactions with other government bodies and agencies. The Authority is a political subdivision of the State of New Mexico and a body corporate and politic, as well as a quasimunicipal corporation.

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

Financial Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

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

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the amortized cost of the pool shares. As of June 30, 2018, the Authority maintained a balance of \$6,247,709 in the LGIP.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Authority receives monthly income from a tax levy in Sandoval County. The funds are collected by the County Treasurer and are remitted to the Authority the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. Period of availability is deemed to be thirty days subsequent to year end.

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| Assets | Years |
|---|-------|
| Buildings and improvements | 40 |
| Furniture, equipment and vehicles | 7-12 |
| Flood control system - dams, ponds, drainage channels | 70 |
| Intangible assets | 5-10 |

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

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as inflows of resources (revenue) until that time. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Authority has two items which arise under the modified accrual basis of accounting which qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue intergovernmental grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The Authority has recorded \$348,274 related to property taxes considered "unavailable" and \$437,525 related to intergovernmental grants considered "unavailable". In addition, the Authority has two types of items related to pensions presented on the Statement of Net Position that qualify for reporting in this category: changes of assumptions of \$13,163 and differences between expected and actual experience of \$65,239. The Authority has three types of items related to OPEB that qualify for reporting in this category: changes of assumptions of \$150,538; the net difference between projected and actual investment earnings of \$12,386; and differences between expected and actual experience of \$33,041.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Compensated Absences: Qualified employees are entitled to accumulate amounts of annual leave which is payable to the employee upon termination or retirement. Annual leave accrues at the rate of eighty hours per year for employees with five or fewer years of serve. Employees with five to ten years of service accrue annual leave at the rate of one hundred and twenty hours per year. Employees with ten to fifteen years of service accrue annual leave at the rate of one hundred and sixty hours per year. Employees with over fifteen years of service accrue annual leave at the rate of two hundred hours per year. The maximum accrual of annual leave is 280 hours. At June 30, 2018, accrued vested annual leave totaled \$56,508.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Nonspendable Fund Balance: At June 30, 2018, the nonspendable fund balance in the governmental funds consists of amounts associated with prepaid expense contracts in the amount of \$766 that is not in spendable form.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- a. Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for debt service are described on page 51.
- c. Unrestricted Net Position: Net position that does not meet the definition of "restricted" or "net investment in capital assets."

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority are management's estimate of depreciation on assets over their estimated useful lives, the net pension liability and related amounts, and the current portion of accrued compensated absences.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

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

The Authority records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The Authority recognized \$5,445,688 in tax revenues in the governmental fund financial statements during the year ended June 30, 2018. Property taxes recorded in the Debt Service Fund are intended to service the Authority's debt service expenditures and provide for the accumulation of resources required for future debt service expenditures.

Noncash Capital Contributions: The Authority's purpose is to provide a flood control system for the benefit of property within the boundaries of the Authority. Pursuant to Authority policies and practices, certain infrastructure assets including land, easements, dams, ponds and drainage channels are contributed to the Authority. These contributions may come from other governmental entities or from private parties whose development activities are subject to the oversight of the Authority. These assets are then the continuing responsibility of the Authority.

The Authority records the fair market value of these assets at the date of contribution as program revenues described as noncash capital contributions and as capital expenditures when received. For the year ended June 30, 2018 donated assets amounted to \$90,384 and are reported as capital contributions in the Statement of Activities.

Newly Effective Pronouncements

This fiscal year, the following statements went into effect.

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

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 85, Omnibus 2017

GASB Statement No. 86, Certain Debt Extinguishment Issues

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

The appropriated budget for the year ended June 30, 2018 was properly amended by the Authority's Board of Directors throughout the year. These amendments resulted in the following changes:

| Excess (deficiency) of | | | | |
|---|-------------|--------|-------------|--|
| revenues over expenditures | | | | |
| Original F | | Final | | |
| | Budget | Budget | | |
| | | | | |
| \$ | (1,924,812) | \$ | (1,924,812) | |
| \$ | 183,809 | \$ | 183,809 | |
| \$ 229,528 \$ 779,5 | | | | |
| Original Budget Final Budge \$ (1,924,812) \$ (1,924,812) \$ 183,809 \$ 183 | | | | |

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

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

NOTE 3: DEPOSITS AND INVESTMENTS

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

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2018.

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

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$458,272 of the Authority's bank balance of \$708,272 was subject to custodial credit risk, all of which was uninsured. \$458,272 was collateralized by securities held by the pledging bank's trust department, not in the Authority's name. \$0 was uninsured and uncollateralized at June 30, 2018.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

Reconciliation to the Statements of Net Position

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

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

Investments

Credit Risk

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

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

As of June 30, 2018, the Authority had the following investments and maturities:

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

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

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

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

NOTE 4: ACCOUNTS RECEIVABLE

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

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

In accordance with GASB No. 33, property tax revenues in the amount of \$348,274 and grant revenues in the amount of \$437,525 that were not collected within the period of availability have been reported as deferred inflows of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 5: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Authority records temporary interfund receivables and payables as the General Fund cash account is used for Capital Projects Fund expenditures until funds are physically transferred between investment and bank accounts. In addition, for certain capital project and disaster cleanup projects, expenditures may be paid from the Capital Projects Fund and later reimbursed by the General Fund. There were no such balances at June 30, 2018.

NOTE 6: CAPITAL ASSETS

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

| | Balance June 30, 2017 | Additions and Transfers In | Deletions and Transfers Out | Balance June 30, 2018 |
|--|--------------------------|-------------------------------|--------------------------------|--------------------------|
| Capital assets not being depreciated: | 5d.1.c 50, 2017 | | Transfers Gut | June 30, 2018 |
| Land and easements: | | | | |
| Operating land | \$ 228,500 | \$ - | \$ - | \$ 228,500 |
| Fee simple and easement land | 33,607,558 | 251,606 | 70,300 | 33,788,864 |
| Total land and easements | 33,836,058 | 251,606 | 70,300 | 34,017,364 |
| Construction in progress | 2,477,656 | 1,080,614 | 1,009,473 | 2,548,797 |
| Total capital assets not being depreciated | 36,313,714 | 1,332,220 | 1,079,773 | 36,566,161 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 3,320,714 | - | 5,438 | 3,315,276 |
| Furniture, equipment, and vehicles | 421,441 | - | 36,853 | 384,588 |
| Flood control system - dams, | | | | |
| ponds, and drainage channels | 51,998,840 | 751,770 | 120,283 | 52,630,327 |
| Total capital assets being depreciated | 55,740,995 | 751,770 | 162,574 | 56,330,191 |
| Less accumulated depreciation: | | | | |
| Building and improvements | 782,545 | 97,950 | 4,308 | 876,187 |
| Furniture, equipment and vehicles | 319,422 | 23,075 | 36,853 | 305,644 |
| Flood control system - dams, | | | | |
| ponds and drainage channels | 10,972,054 | 771,425 | - | 11,743,479 |
| Total accumulated depreciation | 12,074,021 | 892,450 | 41,161 | 12,925,310 |
| Depreciable assets, net of depreciation | 43,666,974 | (140,680) | 121,413 | 43,404,881 |
| Intangible assets | 1,444,105 | 96,482 | - | 1,540,587 |
| Less accumulated amortization | 743,490 | 128,508 | - | 871,998 |
| Intangible assets, net of amortization | 700,615 | (32,026) | - | 668,589 |
| Total capital assets, net of | | | | |
| depreciation, and amortization | \$ 80,681,303 | \$ 1,159,514 | \$ 1,201,186 | \$ 80,639,631 |

NOTE 6: CAPITAL ASSETS (Continued)

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

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

NOTE 7: LONG-TERM DEBT

The Authority issues general obligation bonds to provide funds for the acquisition and construction of flood control facilities. The original amount of general obligation bonds issued in prior years, with balances outstanding at any time during the year ended June 30, 2018, was \$25,145,000. General obligation bonds are direct obligations and pledge the full faith and credit of the Authority. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2018 are for governmental activities. Ad valorem assessments have been levied for debt service and are pledged to service the general obligation bonds. These revenues are recorded in the Debt Service Fund, and are considered to be restricted for debt service.

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

Series 2009

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

\$ 3,300,000

Series 2010A

\$4,500,000 issued March 2, 2010, with variable interest from 3.00% to 4.00% paid semi-annually in February and August, principal payments due annually commencing August 1, 2016, maturing August 1, 2023.

3,700,000

Series 2011

\$2,500,000 issued March 1, 2011, with variable interest from 3.50% to 3.75% paid semi-annually in February and August, principal payments due annually commencing August 1, 2019, maturing August 1, 2024.

2,500,000

Series 2012

\$4,500,000 issued July 1, 2012, with interest of 2.00% paid semi-annually in Feburary and August, principal payments due annually commencing August 1, 2014, maturing August 1, 2025.

4,025,000

(continued)

NOTE 7: LONG-TERM DEBT (Continued)

Series 2014

\$8,395,000 issued August 16, 2014, with variable interest from 2.00% to 4.00% paid semi-annually in Feburary and August, principal payments due annually commencing August 1, 2015, maturing August 1, 2028.

\$ 4,360,000

NMED CWSRF GO Bond

\$1,250,000 issued May 2, 2013. Interest of 3.0% and annual principal installments will become due within one year of the Project Completion date, but no later than one year after the date of the warrant of final disbursement from the NMED. The first principal payment was due July 13, 2017. The debt matures on July 13, 2036.

1,203,480

Total bonds payable

\$ 19,088,480

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

| | Balance | | | | Balance | Due Within |
|----------------------|---------------|----|----------|--------------|---------------|-------------------|
| | June 30, 2017 | Α | dditions | Retirements | June 30, 2018 | One Year |
| Bonds payable | \$ 21,495,000 | \$ | - | Ψ 2, 100,320 | \$ 19,088,480 | \$ 2,352,915 |
| Compensated absences | 45,812 | | 60,002 | 49,306 | 56,508 | 50,651 |
| Total | \$ 21,540,812 | \$ | 60,002 | \$ 2,455,826 | \$ 19,144,988 | \$ 2,403,566 |

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

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

NOTE 7: LONG-TERM DEBT (Continued)

<u>Compensated Absences</u> – Administrative employees of the Authority are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased \$10,696 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8: RISK MANAGEMENT

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

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

NOTE 9: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Southern Sandoval County Arroyo Flood Control Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures in the PERA FY17 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf. The PERA coverage option that applies to the Authority is the Municipal General Division. Statutorily required contributions to the pension plan from the Authority were \$74,338 and \$85,527 in employer paid member benefits were "picked up" by the employer for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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

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

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

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

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

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

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

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date June 30, 2016

Actuarial cost method Entry Age Normal

Amortization method Level Percentage of Pay

Amortization period Solved for based on statutory rates

Asset valuation method 4 Year smoothed Market Value

Actuarial assumptions:

Investment rate of return 7.51% annual rate, net of investement expense

Projected benefit payment 100 years

Payroll growth 2.75% for the first 9 years, then 3.25% annual rate

Projected salary increases 2.75% to 14.00% annual rate

Includes inflation at 2.25% annual rate first 9 years, 2.75% all other years

Mortality assumption RP-2000 Mortality Tables (Combined table for healthy post-

retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018

using Scale AA.

Experience study dates July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010

through June 30, 2016 (economic)

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority's net pension liability in the PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

| | | | | Current | |
|--|----|------------|----|-------------|----------------|
| | | % Decrease | Di | scount Rate | 6 Increase |
| PERA Fund Municipal General Division | | (6.51%) | | (7.51%) | (8.51%) |
| Southern Sandoval Arroyo Flood Control | | | | | |
| Authority's proportionate share of the | | | | | |
| net pension liability | \$ | 1,996,428 | \$ | 1,273,776 | \$ 672,791 |

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

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

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

General Information about the OPEB

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

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

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

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

Plan Membership

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

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

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

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

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

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

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

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

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

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

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

Actuarial valuation date June 30, 2017

Actuarial cost method Entry age normal, level percent of pay, calculated on individual

employee basis

Asset valuation method Market value of assets

Actuarial assumptions:

Inflation 2.50% for ERB; 2.25% for PERA

Projected payroll increases 3.50%

Investment rate of return 7.25%, net of OPEB plan investment expense and margin for adverse

deviation including inflation

Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical

plan costs and 7.5% graded down to 4.5% over 12 for Medicare

medical plan costs

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

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

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

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

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

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

| | Current | | | | | |
|--|---------|-----------------------|----|-----------------------|----|-----------------------|
| | 19 | % Decrease (2.81%) | | count Rate (3.81%) | | 6 Increase (4.81%) |
| Southern Sandoval Arroyo Flood Control | | | | | | |
| Authority's proportionate share of the | | | | | | |
| net OPEB liability | \$ | 1,044,401 | \$ | 861,018 | \$ | 717,137 |

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

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

| | Current Trend | | | | | |
|--|---------------|----------|----|---------|----|------------|
| | 1% | Decrease | | Rates | 1% | 6 Increase |
| Southern Sandoval Arroyo Flood Control | | | | | | |
| Authority's proportionate share of the | | | | | | |
| net OPEB liability | \$ | 732,355 | \$ | 861,018 | \$ | 961,343 |

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

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

NOTE 11: CONTINGENT LIABILITIES

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

The Authority's flood control system is designed to withstand storms of certain levels of severity based on historical climate data. As climate change continues to impact weather and climate conditions, these predictions based on historical data may become less reliable because of more rapid changes to the historical data. As a result, the design standard used for a facility today may be significantly different in the future based on new data changing the historical statistical standard. The flood control system continues to be challenged with unexpectedly heavy storms, which result in high repair, maintenance, and cleaning costs. The future effects of climate change on the Authority's systems and infrastructure assets is not presently determinable, but could have an adverse effect on the Authority.

The Authority is currently investigating the potential effects of climate change in partnership with the Mid Region Council of Governments. The Authority will incorporate more conservative design measures into new designs to address climate change based on the results of the investigation and is developing new design concepts for flood control facilities that will be more resilient to climate change effects, such as targeting portions of the storm hydrograph rather than the entire hydrograph. By only targeting a portion of the flow, the corresponding change is likewise reduced.

NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balances. No funds maintained a deficit fund balance at June 30, 2018.
- B. Excess of expenditures over appropriations. No fund's expenditures exceeded its budgeted authority for the year ended June 30, 2018.
- C. Designated cash appropriations in excess of available balance. No funds displayed designated cash balances in excess of available balances for the year ended June 30, 2018.

NOTE 13: COMMITMENTS

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

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

NOTE 13: COMMITMENTS (Continued)

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

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

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

| Contractor Project | | Cor | nmitment |
|--------------------|---|-----|----------|
| CH2M | Black Arroyo Channel Stabilization Design | \$ | 90,000 |
| BHI | Lisbon Dam Design | | 90,250 |
| | | \$ | 180,250 |

NOTE 14: RESTRICTED NET POSITION

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

NOTE 15: DEFERRED COMPENSATION PLAN

The Authority has adopted a deferred compensation plan. All of the Authority's full-time employees are eligible to participate. The International City Management Association Retirement Corporation is the plan administrator. The plan provides for retirement benefits. Employees may elect to defer any percentage of pre-income tax income up to a federally imposed annual dollar amount. Participation is voluntary. Participants direct their funds into a variety of funds held by Vantage Trust Funds. Accounts are 100% vested at all times. Contributions for the year ended June 30, 2018 were \$0.

NOTE 16: JOINT POWERS AGREEMENTS

JPA#14-21

Participants
Village of Corrales
Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations Village of Corrales

Description

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

Effective Dates

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

Project Costs

Total estimated amount of project: \$282,398

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

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

Audit Responsibility Village of Corrales

Government Agency where Revenues and Expenditures are Reported Village of Corrales

NOTE 16: JOINT POWERS AGREEMENTS (Continued)

<u>Joint Powers Agreement with the Town of Bernalillo for Street Improvements in the Town of Bernalillo (Calle Baack Road Improvements)</u>

Participants

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Town of Bernalillo

Responsible Party for Operations

SSCAFCA

Description

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

Effective Dates

June 8, 2015 through December 31, 2017 (as amended)

Project Costs

Total estimated amount of project: \$353,000

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

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

Audit Responsibility

SSCAFCA

Government Agency where Revenues and Expenditures are Reported SSCAFCA

NOTE 17: TAX ABATEMENTS

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

| Agency number for Agency making the disclosure | I | |
|--|--|---|
| (Abating Agency) | 6147 | 6147 |
| Abating Agency Name | City of Rio Rancho | City of Rio Rancho |
| Abating Agency Type | Municipality (Home Rule) | Municipality (Home Rule) |
| rading right (1760 | mamorpanty (nome nate) | internospenty (tronic reacy |
| | | |
| Tax Abatement Agreement Name | Industrial Revenue Bond Project - Lease Agreement | Industrial Revenue Bond Project - Lease Agreement |
| Name of agency affected by abatement agreement | Southern Sandoval County Arroyo Flood Control | Southern Sandoval County Arroyo Flood Control |
| (Affected Agency) | Authority | Authority |
| Agency number of Affected Agency | 4096 | 4096 |
| Agency type of Affected Agency | Special District | Special District |
| Recipient(s) of tax abatement | Bank of America | Call, LLC |
| Tax abatement program (name and brief description) | Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America. | Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-leased to Safelite Solutions LLC. |
| Specific Tax(es) Being Abated | Property Taxes | Property Taxes |
| Authority under which abated tax would have been | | , |
| paid to Affected Agency | Property Tax Code NMSA Chapter 7 Articles 35-38 | Property Tax Code NMSA Chapter 7 Articles 35-38 |
| Gross dollar amount, on an accrual basis, by which the | | · |
| Affected Agency's tax revenues were reduced during | | |
| the reporting period as a result of the tax abatement | | |
| agreement | \$ 10,873.44 | \$ 12,267.18 |
| For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year | N/A | N/A |
| If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission | N/A | N/A |

NOTE 17: TAX ABATEMENTS (Continued)

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

NOTE 18: FEDERAL AND STATE GRANTS

The Authority participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Authority.

NOTE 19: RESTATEMENT OF NET POSITION

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

NOTE 20: SUBSEQUENT EVENTS

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

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

NOTE 21: SUBSEQUENT PRONOUNCEMENTS

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

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

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

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

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

NOTE 21: SUBSEQUENT PRONOUNCEMENTS (Continued)

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

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Required Supplementary Information

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

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

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

| | 2016 | | 2015 | |
|----|--------------------|----------------|--------------|--|
| N | leasurement | N | leasurement | |
| Da | te (As of and | Date (As of an | | |
| | for the Year | | for the Year | |
| | Ended | | Ended | |
| Ju | ine 30, 2015) | Ju | ne 30, 2014) | |
| | 0.0873% | | 0.0836% | |
| \$ | 890,099 | \$ | 652,170 | |
| \$ | 723,826 | \$ | 678,617 | |
| | 122.97% | | 96.10% | |
| | 76.99% | | 81.29% | |

Southern Sandoval County Arroyo Flood Control Authority Schedule of Contributions Public Employees Retirement Association (PERA) Plan PERA Fund Municipal General Division Last 10 Fiscal Years*

| | As of and for the Year Ended | | t | As of and for he Year Ended |
|---|---------------------------------|---------------|----|-----------------------------|
| | | June 30, 2018 | | June 30, 2017 |
| Contractually required contribution | \$ | 74,338 | \$ | 77,862 |
| Contributions in relation to the contractually required contribution | | (74,338) | | (77,862) |
| Contribution deficiency (excess) | \$ | - | \$ | |
| Southern Sandoval County Arroyo Flood Control Authority's covered payroll | \$ | 778,403 | \$ | 815,282 |
| Contributions as a percentage of covered payroll | | 9.55% | | 9.55% |

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

| As of and for | As of and fo | | | | |
|----------------|--------------|---------------|--|--|--|
| the Year Ended | tl | ne Year Ended | | | |
| June 30, 2016 | | June 30, 2015 | | | |
| \$ 73,765 | \$ | 69,125 | | | |
| (73,765) | | (69,125) | | | |
| \$ - | \$ | - | | | |
| | | | | | |
| \$ 772,413 | \$ | 723,826 | | | |
| 9.55% | | 9.55% | | | |

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

2018

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

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

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

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

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

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

Public Employees Retirement Association (PERA) Plan

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

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

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.3 0.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA__5507316_Final_per_Auditor_update____Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30,

Supporting Schedules

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

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

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

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

Location of Safekeeper

BNY Mellon, One Wall Street, NY NY BNY Mellon, One Wall Street, NY NY BNY Mellon, One Wall Street, NY NY THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

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

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

| Demographic and Economic Statistics1 | 25 |
|--------------------------------------|----|
| Principal Employers | 27 |

Operating Information

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

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

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

(ACCRUAL BASIS OF ACCOUNTING)

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

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

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

(ACCRUAL BASIS OF ACCOUNTING)

| Program Expenses | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|
| Public works: | | | | |
| Personnel services | \$ 826,117 | \$ 794,025 | \$ 858,377 | \$ 778,826 |
| Employee benefits | 479,189 | 459,618 | 326,698 | 287,347 |
| Planning and Engineering | - | - | - | - |
| General and Admin Expenses | 377,867 | 475,548 | 387,859 | 409,155 |
| Contractual Operating and Maintence Services | 610,642 | 521,739 | 499,509 | 711,102 |
| Depreciation and Amortization | 1,020,958 | 970,870 | 897,209 | 881,323 |
| Bond Issuance Costs | - | - | - | 76,757 |
| Interest | 532,277 | 576,443 | 612,008 | 860,493 |
| Total Program Expenses | 3,847,050 | 3,798,243 | 3,581,660 | 4,005,003 |
| Program Revenues | | | | |
| Capital Contributions | 90,384 | 48,634 | 5,671 | 313,925 |
| Total Program Revenues | 90,384 | 48,634 | 5,671 | 313,925 |
| Operating Grants | | | | |
| Public Works operating grants | _ | 3,065 | _ | _ |
| T done Works operating grants | | 3,003 | | |
| Total Operating Grants | - | 3,065 | - | |
| Capital Grants | | | | |
| Public works capital grants | 544,302 | 2,271,879 | 3,290,472 | 794,481 |
| Total Capital Grants | 544,302 | 2,271,879 | 3,290,472 | 794,481 |
| Net Revenue | (3,212,364) | (1,474,665) | (285,517) | (2,896,597) |
| General Revenues | | | | |
| Ad Valorem Assessments | 5,437,864 | 5,398,461 | 5,265,734 | 5,209,963 |
| Investment Income | 55,138 | 24,657 | 16,458 | 9,454 |
| Miscellaneous revenues | 13,453 | 5,827 | 2,329 | 63,218 |
| Transfer of asset to outside governmental entity | (190,583) | (1,597,381) | (226,239) | (38,324) |
| Transfer of asset to outside governmental entity | (150,505) | (1,337,301) | (220,233) | (30,324) |
| Total General Revenues | 5,315,872 | 3,831,564 | 5,058,282 | 5,244,311 |
| Change in Net Position | 2,103,508 | 2,356,899 | 4,772,765 | 2,347,714 |
| Restatement pursuant to GASB No.75 | (1,022,756) | _ | - | _ |
| Restatement pursuant to GASB No.68 | | - | - | (805,987) |
| Other restatements | - | - | - | - |
| Total Net Position - beginning of year | 65,378,051 | 63,021,152 | 58,248,387 | 55,900,673 |
| Total Net Position - End of Year | \$ 66,458,803 | \$ 65,378,051 | \$ 63,021,152 | \$ 58,248,387 |

| 2014 | | 2013 | 2012 | | 2011 | 2010 | 2009 | | |
|--------------------------|----|--------------------|------|--------------------|------|--------------------|--------------------------|----|--------------------|
| \$ 694,020 303,915 | \$ | 668,416 280,487 | \$ | 641,956 259,607 | \$ | 661,516 228,780 | \$ 633,770 244,684 | \$ | 625,365 211,735 |
| 460 700 | | - | | - | | - | 720,247 | | 611,725 |
| 460,799 | | 388,910 | | 549,236 | | 660,471 | 571,510 | | 501,442 |
| 3,567,215 | | 455,873 | | 411,119 | | 895,395 | 221,037 | | 190,344 |
| 844,554 | | 820,122 | | 806,169 | | 774,522 | 692,160 | | 603,127 |
| 864,112 | | 936,106 | | 926,451 | | 928,101 | 901,989 | | 810,072 |
| 6,734,615 | | 3,549,914 | | 3,594,538 | | 4,148,785 | 3,985,397 | | 3,553,810 |
| | | | | | | | | | |
| 83,610 | | 773,089 | | 737,318 | | 293,722 | 1,270,924 | | 4,387,236 |
| 83,610 | | 773,089 | | 737,318 | | 293,722 | 1,270,924 | | 4,387,236 |
| | | | | | | | | | |
| 3,030,484 | | - | | - | | - | - | | |
| 3,030,484 | | - | | - | | - | - | | |
| 4 502 020 | | | | | | | | | |
| 1,583,039 | | | | - | | - | - | | |
| 1,583,039 | | - | | - | | - | - | | |
| (2,037,482) | | (2,776,825) | | (2,857,220) | | (3,855,063) | (2,714,473) | | 833,426 |
| 5 200 427 | | 5 474 000 | | 4 762 404 | | 4.567.240 | 4 526 002 | | 2 044 244 |
| 5,209,137 | | 5,174,923 | | 4,762,101 | | 4,567,218 | 4,526,083 | | 3,811,211 |
| 7,895 | | 14,354 3,053 | | 14,389 | | - | 16,700 61,158 | | 59,372 |
| 150,757 - | | (2,696) | | (6,349) | | - | 01,136 | | - |
| | | (2,030) | | (0,545) | | | | | |
| 5,367,789 | | 5,189,634 | | 4,770,141 | | 4,567,218 | 4,603,941 | | 3,870,583 |
| 3,330,307 | | 2,412,809 | | 1,912,921 | | 712,155 | 1,889,468 | | 4,704,009 |
| - | | - | | - | | - | - | | - |
| - (218,082) | | - | | - | | - 412,834 | - | | - 288,449 |
| 53,376,353 | | 51,181,626 | | 49,268,705 | | 48,556,552 | 46,254,250 | | 41,550,241 |
| \$ 56,706,660 | \$ | 53,594,435 | \$ | 51,181,626 | \$ | 49,268,707 | \$ 48,143,718 | \$ | 46,254,250 |

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

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------|--------------|--------------|----------------------|--------------|
| Revenues | | | | |
| Ad valorem assessments | \$ 5,455,688 | \$ 5,398,461 | \$ 5,263,681 | \$ 5,236,110 |
| Federal grants | 1,836,174 | 272,094 | 1,183,155 | 3,519,862 |
| State grants | - | 1,328,906 | 1,266,565 | 1,148,567 |
| Interest | 55,023 | 24,657 | 16,458 | 9,454 |
| Capital contributions | - | - | - | - |
| Miscellaneous | 13,338 | 5,827 | 2,329 | 63,218 |
| Total revenues | 7,360,223 | 7,029,945 | 7,732,188 | 9,977,211 |
| Expenditures | | | | |
| Current: | | | | |
| Public works | 2,157,340 | 2,149,285 | 2,013,128 | 2,221,052 |
| Capital outlay | 1,080,615 | 4,035,920 | 4,893,370 | 4,106,951 |
| Debt service: | 1,060,013 | 4,033,920 | 4,033,370 | 4,100,931 |
| Principal | 2,406,520 | 2,325,000 | 2,325,000 | 5,700,000 |
| Interest | 598,519 | 669,195 | 2,323,000 707,494 | 808,613 |
| Bond issuance costs | 1,656 | 11,548 | 707,494 | 76,757 |
| Total expenditures | 6,244,650 | 9,190,948 | 9,938,992 | 12,913,373 |
| Total experiultures | 0,244,030 | 9,190,948 | 9,930,992 | 12,913,373 |
| Excess (deficiency) of revenues over | | | | |
| expenditures | 1,115,573 | (2,161,003) | (2,206,804) | (2,936,162) |
| | , -, | (, - ,, | (,, , | (/ / |
| Other financing sources (uses) | | | | |
| Equipment and property disposition | - | - | - | - |
| Bond proceeds | - | - | 696,789 | 1,755,630 |
| Proceeds of refunding bonds | - | - | - | 7,145,000 |
| Bond premiums | - | - | - | 307,862 |
| Payment to refunded bond escrow agent | - | - | - | (3,701,724) |
| Total other financing sources (uses) | - | - | 696,789 | 5,506,768 |
| | | | | _ |
| Net change in fund balances | 1,115,573 | (2,161,003) | (1,510,015) | 2,570,606 |
| | | | | |
| Fund balances - beginning | 5,623,958 | 7,784,961 | 9,294,976 | 6,724,370 |
| Fund balances - ending | \$ 6,739,531 | \$ 5,623,958 | ¢ 7.704.064 | \$ 9,294,976 |
| runu valances - enumg | 7 5,739,531 | \$ 5,623,958 | \$ 7,784,961 | 9,234,970 ډ |
| | | | | |

| 2014 | | | 2013 | | 2012 | | 2011 | | 2010 | | 2009 |
|------|--------------|----|------------|----|-----------|----|-------------|----|-------------|-----------|-------------|
| \$ | 5,217,198 | \$ | 5,222,366 | \$ | 4,870,646 | \$ | 4,499,511 | \$ | 4,426,118 | \$ | 3,643,895 |
| Y | 23,999 | Y | - | 7 | -,070,040 | Y | -,455,511 | Y | -,420,110 | Y | 852,646 |
| | 497,067 | | _ | | 34,400 | | 291,349 | | _ | | 1,621,959 |
| | 7,895 | | 14,354 | | 14,389 | | 15,331 | | 16,700 | | 59,372 |
| | 83,610 | | 773,089 | | 690,018 | | 2,373 | | 1,270,500 | | 1,903,231 |
| | 150,757 | | 3,053 | | 12,900 | | | | 424 | 9,400 | |
| | 5,980,526 | | 6,012,862 | | 5,622,353 | | 4,808,564 | | 5,713,742 | | 8,090,503 |
| | | | | | | | | | | | |
| | 5,022,602 | | 1,785,743 | | 1,884,870 | | 2,417,192 | | 2,524,817 | 2,524,817 | 2,115,401 |
| | 3,026,620 | | 2,412,219 | | 1,685,648 | | 1,682,118 | | 5,876,408 | | 8,631,811 |
| | 2,015,000 | | 1,845,000 | | 1,595,000 | | 1,520,000 | | 1,725,000 | | 1,130,000 |
| | 961,174 | | 894,475 | | 948,849 | | 903,108 | | 842,560 | | 829,707 |
| | - | | 50,525 | | 1,284 | | 36,642 | | 67,197 | | 41,647 |
| | 11,025,396 | | 6,987,962 | | 6,115,651 | | 6,559,060 | | 11,035,982 | | 12,748,566 |
| | (F. 044 970) | | (075 100) | | (402.208) | | (1.750.406) | | /F 222 240\ | | (4.659.063) |
| | (5,044,870) | | (975,100) | | (493,298) | | (1,750,496) | | (5,322,240) | | (4,658,063) |
| | | | | | | | | | | | |
| | - | | - | | - | | - | | 91,781 | | - |
| | 47,582 | | 4,500,000 | | - | | 2,500,000 | | 4,500,000 | | 4,000,000 |
| | - | | - | | - | | - | | 2,360,000 | | - |
| | - | | 34,248 | | - | | 37,439 | | 178,180 | | 12,736 |
| | - | | - | | - | | - | | (1,940,534) | | |
| | 47,582 | | 4,534,248 | | - | | 2,537,439 | | 5,189,427 | | 4,012,736 |
| | (4,997,288) | | 3,559,148 | | (493,298) | | 786,943 | | (132,813) | | (645,327) |
| | 11,721,658 | | 8,162,510 | | 8,655,808 | | 7,868,863 | | 8,001,676 | | 8,647,003 |
| \$ | 6,724,370 | \$ | 11,721,658 | \$ | 8,162,510 | \$ | 8,655,806 | \$ | 7,868,863 | \$ | 8,001,676 |
| | 27% | | 39% | | 42% | | 37% | | 23% | | 15% |

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

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

^{*} The Authority implemented GASB 54 in FY11.

| 2014 | 2013 | | 2012 | 2011* | 2010 | 2009 |
|-----------------|---------------|--------|---------|-----------------|-----------------|-----------------|
| | | | | | | |
| \$ - | \$ - | \$ | - | \$ 24,616 | \$ - | \$ - |
| - | - | | - | - | - | - |
| - | - | | - | - | - | - |
| 2,448,351 | 2,540,303 | 2,1 | .63,521 | 1,733,012 | - | - |
| - | - | | - | - | - | - |
| | | | | | | |
| - | - | | _ | - | 200 | 200 |
| - | - | | - | - | 1,426,515 | 1,199,853 |
| - | - | | - | - | - | |
| 2,448,351 | 2,540,303 | 2,1 | .63,521 | 1,757,628 | 1,426,715 | 1,200,053 |
| | | | | | | |
| | | | | | | |
| - | - | | - | - | - | - |
| 4,276,019 | 9,181,355 | 5,9 | 98,989 | 6,898,178 | - | - |
| - | - | | - | - | - | - |
| - | - | | - | - | - | - |
| - | - | | - | - | - | - |
| | | | | | | |
| _ | _ | | _ | _ | 6,442,148 | 6,801,623 |
| _ | _ | | _ | _ | - | - |
| | - | | | | | |
| 4,276,019 | 9,181,355 | 5,9 | 98,989 | 6,898,178 | 6,442,148 | 6,801,623 |
| \$ 6,724,370 | \$ 11,721,658 | \$ 8,1 | .62,510 | \$ 8,655,806 | \$ 7,868,863 | \$ 8,001,676 |

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

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

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

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

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

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

Collected within the

| | Collected Wit | nin the | | | |
|----------------|--|--------------------------------------|---|---|---|
| | Fiscal Year of t | the Levy | _ | Total Collection | ns to Date |
| Net Property | | Percentage | Collected in | | Percentage |
| Taxes Levied | Amount | of Levy | Subsequent Years | Amount | of Levy |
| SANDOVAL COUN | NTY ARROYO & FLOOD | CONTROL AL | JTHORITY - DEBT LEVY | 1 | |
| \$3,272,318.03 | \$3,187,729.36 | 97.4% | \$0.00 | \$3,187,729.36 | 97.4% |
| \$3,236,134.26 | \$3,066,682.79 | 94.8% | \$131,068.81 | \$3,197,751.60 | 98.8% |
| \$3,158,565.88 | \$3,030,855.92 | 96.0% | \$108,397.12 | \$3,139,253.04 | 99.4% |
| \$3,131,166.38 | \$3,006,856.74 | 96.0% | \$111,454.17 | \$3,118,310.91 | 99.6% |
| \$3,125,287.20 | \$2,995,855.62 | 95.9% | \$118,063.51 | \$3,113,919.13 | 99.6% |
| \$3,125,867.34 | \$3,005,432.34 | 96.1% | \$110,308.05 | \$3,115,740.39 | 99.7% |
| \$2,613,219.94 | \$2,465,800.98 | 94.4% | \$140,220.82 | \$2,606,021.80 | 99.7% |
| \$2,357,732.96 | \$2,184,239.56 | 92.6% | \$166,593.94 | \$2,350,833.50 | 99.7% |
| \$2,360,536.09 | \$2,190,778.14 | 92.8% | \$160,511.46 | \$2,351,289.60 | 99.6% |
| \$2,221,163.14 | \$2,094,653.84 | 94.3% | \$121,439.58 | \$2,216,093.42 | 99.8% |
| SANDOVAL COUN | NTY ARROYO & FLOOD | CONTROL AL | JTHORITY - OPERATIO | NAL LEVY | |
| \$2.190.640.79 | \$2.134.145.34 | 97.4% | \$0.00 | \$2.134.145.34 | 97.4% |
| . , , | | 94.8% | • | | 98.8% |
| | | 95.8% | | | 99.4% |
| \$2,081,989.68 | \$2,003,087.27 | 96.2% | \$70,371.16 | \$2,073,458.43 | 99.6% |
| \$2,081,148.14 | \$1,944,227.76 | 93.4% | \$129,372.20 | \$2,073,599.96 | 99.6% |
| \$2,080,177.06 | \$1,953,014.29 | 93.9% | \$120,435.00 | \$2,073,449.29 | 99.7% |
| \$2,200,147.87 | \$2,046,397.31 | 93.0% | \$147,418.96 | \$2,193,816.27 | 99.7% |
| \$2,205,143.49 | \$2,024,692.80 | 91.8% | \$173,493.40 | \$2,198,186.20 | 99.7% |
| \$2,119,566.33 | \$1,949,808.38 | 92.0% | \$160,974.96 | \$2,110,783.34 | 99.6% |
| | \$3,272,318.03 \$3,272,318.03 \$3,236,134.26 \$3,158,565.88 \$3,131,166.38 \$3,125,287.20 \$3,125,867.34 \$2,613,219.94 \$2,357,732.96 \$2,360,536.09 \$2,221,163.14 SANDOVAL COUN \$2,190,640.79 \$2,153,912.36 \$2,103,361.80 \$2,081,989.68 \$2,081,989.68 \$2,081,148.14 \$2,080,177.06 \$2,200,147.87 \$2,205,143.49 | Net Property Taxes Levied Amount | Taxes Levied Amount of Levy \$3,272,318.03 \$3,187,729.36 97.4% \$3,236,134.26 \$3,066,682.79 94.8% \$3,158,565.88 \$3,030,855.92 96.0% \$3,131,166.38 \$3,006,856.74 96.0% \$3,125,287.20 \$2,995,855.62 95.9% \$3,125,867.34 \$3,005,432.34 96.1% \$2,613,219.94 \$2,465,800.98 94.4% \$2,357,732.96 \$2,184,239.56 92.6% \$2,360,536.09 \$2,190,778.14 92.8% \$2,221,163.14 \$2,094,653.84 94.3% SANDOVAL COUNTY ARROYO & FLOOD CONTROL AL \$2,190,640.79 \$2,134,145.34 97.4% \$2,153,912.36 \$2,042,149.37 94.8% \$2,081,989.68 \$2,003,087.27 96.2% \$2,081,989.68 \$2,003,087.27 96.2% \$2,081,148.14 \$1,944,227.76 93.4% \$2,200,147.87 \$2,046,397.31 93.0% \$2,200,147.87 \$2,046,397.31 93.0% \$2,205,143.49 \$2,024,692.80 91.8% | Fiscal Year of the Levy Net Property Taxes Levied Amount Percentage of Levy Collected in Subsequent Years \$3,272,318.03 \$3,187,729.36 97.4% \$0.00 \$3,236,134.26 \$3,066,682.79 94.8% \$131,068.81 \$3,158,565.88 \$3,030,855.92 96.0% \$108,397.12 \$3,131,166.38 \$3,006,856.74 96.0% \$111,454.17 \$3,125,287.20 \$2,995,855.62 95.9% \$118,063.51 \$3,125,867.34 \$3,005,432.34 96.1% \$110,308.05 \$2,613,219.94 \$2,465,800.98 94.4% \$140,220.82 \$2,357,732.96 \$2,184,239.56 92.6% \$166,593.94 \$2,2357,732.96 \$2,184,239.56 92.6% \$160,511.46 \$2,2221,163.14 \$2,094,653.84 94.3% \$121,439.58 SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - OPERATION \$2,190,640.79 \$2,134,145.34 97.4% \$0.00 \$2,153,912.36 \$2,042,149.37 94.8% \$86,300.00 \$2,103,361.80 \$2,015,329.26 95.8% \$75,225.18 | Net Property Taxes Levied Amount Percentage of Levy Collected in Subsequent Years Amount \$3,272,318.03 \$3,187,729.36 97.4% \$0.00 \$3,187,729.36 \$3,272,318.03 \$3,066,682.79 94.8% \$131,068.81 \$3,197,751.60 \$3,158,565.88 \$3,030,855.92 96.0% \$108,397.12 \$3,139,253.04 \$3,11,166.38 \$3,006,856.74 96.0% \$111,454.17 \$3,118,310.91 \$3,125,287.20 \$2,995,855.62 95.9% \$118,063.51 \$3,113,919.13 \$3,125,867.34 \$3,005,432.34 96.1% \$110,308.05 \$3,115,740.39 \$2,613,219.94 \$2,465,800.98 94.4% \$140,220.82 \$2,606,021.80 \$2,357,732.96 \$2,184,239.56 92.6% \$166,593.94 \$2,350,833.50 \$2,360,536.09 \$2,190,778.14 92.8% \$160,511.46 \$2,351,289.60 \$2,221,163.14 \$2,094,653.84 94.3% \$121,439.58 \$2,216,093.42 SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - OPERATIONAL LEVY \$2,190,640.79 \$2,134,145.34 97.4% |

94.3%

\$86,948.97

\$1,585,783.62

99.8%

Source: Sandoval County Treasurer's Office

\$1,589,364.87

2009

\$1,498,834.65



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

Within 20 Mill Limit for General Purposes

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

Within 20 Mill Limit for General Purposes

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

Within 20 Mill Limit for General Purposes

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

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

Within 20 Mill Limit for General Purposes

| 2013 | 2012 | 2011 | 2010 | 2009 | | | |
|--------|--------|--------|--------|--------|--|--|--|
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | |
| 6.137 | 6.137 | 5.621 | 5.253 | 5.136 | | | |
| 0.828 | 0.828 | 0.844 | 0.784 | 0.753 | | | |
| 7.181 | 7.181 | 6.518 | 6.113 | 5.944 | | | |
| 0.254 | 0.254 | 0.230 | 0.216 | 0.210 | | | |
| 14.400 | 14.400 | 13.213 | 12.366 | 12.043 | | | |

Within 20 Mill Limit for General Purposes

| 1.360 | 1.360 | 1.362 | 1.530 | 1.150 |
|--------|--------|--------|--------|--------|
| 1.030 | 1.030 | 1.038 | 0.699 | 0.673 |
| 1.248 | 1.248 | 1.023 | 0.870 | 0.870 |
| 1.789 | 1.789 | 1.645 | 2.060 | 2.067 |
| 10.537 | 10.537 | 10.542 | 10.478 | 10.425 |
| 4.250 | 4.250 | 4.250 | 4.250 | 4.250 |
| 3.392 | 3.550 | 3.237 | 3.158 | 3.046 |
| | | | | |
| 23.606 | 23.764 | 23.097 | 23.045 | 22.481 |

Within 20 Mill Limit for General Purposes

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

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

2017

| Name of Business | Type of Business | 2017 Valuation | % of 2017 Valuation |
|--------------------------------|---------------------------------|---------------------|------------------------|
| Public Service Co. of NM | Electric Utility | \$ 48,228,456 | 1.83% |
| Intel Corp. | Manufacturer | 20,020,514 | 0.76% |
| Presbyterian Healthcare | Medical | 19,653,110 | 0.75% |
| The Neighborhood in Rio Rancho | Assisted Living Facility | 10,662,964 | 0.40% |
| NM Gas Company | Gas Utility | 8,555,374 | 0.32% |
| Enchanted 528 Development | Developer | 5,147,491 | 0.20% |
| Tri-State Generation | Electric Generation | 4,913,961 | 0.19% |
| DE High Resort LLC | Developer | 4,904,690 | 0.19% |
| Cable One | Cable Provider | 4,824,386 | 0.18% |
| Sandia View LLC | Assisted Living Facility | 4,728,918 | 0.18% |
| Total | | \$ 131,639,864 | |
| 2017 Assessed Valuation: | | \$ 2,637,775,153 | |

Source: Sandoval County Assessor's Office

| | 2000 | | |
|------------------------------|--------------------|------------------|-----------|
| | | | % of 2008 |
| Name of Business | Type of Business | 2008 Valuation | Valuation |
| Public Service Company of NM | Electric Utility | \$ 8,144,928 | 0.55% |
| La Farge | Gravel | 3,390,797 | 0.23% |
| Qwest | Telephone Utility | 3,313,022 | 0.22% |
| BN & SF | Railroad | 3,670,351 | 0.25% |
| Centex American Gypsum | Gypsum Wallboard | 2,840,683 | 0.19% |
| Public Service Company of NM | Gas Utility | 2,676,312 | 0.18% |
| Shell Cortez Pipeline | Pipeline | 1,090,529 | 0.07% |
| VoiceStream | Telecommunications | 329,852 | 0.02% |
| Mid-American Pipe | Pipeline | 757,232 | 0.05% |
| Davis Investments | Real Estate | 596,943 | 0.04% |
| Total | | \$ 26,810,649 | |

2008 Assessed Valuation

\$ 1,481,921,452

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

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

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (3) Population data was not availabe for this year only.
- (4) The Authority only has general obligation bonds outstanding. It does not have any business type activities or component units.

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

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

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

| | Assessed Valuation | Debt Outstanding | Percent Applicable to SSCAFCA | SSCAFCA Share of Debt |
|---|--|--|--|--|
| SSCAFCA | \$ 2,693,527,485 | \$ 19,505,000 | 100% | 19,505,000 |
| State of New Mexico Sandoval County Albuquerque Public Schools Central NM Community College City of Rio Rancho Rio Rancho School District Village of Corrales Town of Bernalillo Bernalillo School District | 60,268,947,927 3,599,891,245 16,890,032,033 19,204,597,260 2,230,753,048 2,314,565,227 342,167,760 193,344,800 641,591,556 | 411,525,000 (1) 10,935,000 615,955,000 117,165,000 27,350,000 121,135,000 | 4.47% 74.82% 15.95% 14.03% 82.82% 85.93% 12.70% 7.18% 23.82% | 18,391,791 8,181,837 98,229,045 16,432,896 22,651,002 104,092,073 |
| Subtotal Overlapping Debt | | | | 276,192,885 |
| Total Direct and Overlapping Debt | | | (| 295,697,885 |
| Ratios: SSCAFCA direct debt to assessed v | | | | |
| Total direct and overlapping debt | to assessed valuation | | 10.98% | |
| SSCAFCA direct debt to actual valu | | | | |
| Total direct and overlapping debt | | | | |
| SSCAFCA debt per capita | | | \$ 195.05 | |
| Direct and overlapping debt per ca | apita | | \$ 2,956.98 | |

⁽¹⁾ Preliminary Assessed Valuation.

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

⁽²⁾ Population 100,000

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

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

Total net debt applicable to the limit as a percentage of debt limit

31.81% 35.83% 39.70% 43.33%

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



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

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

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

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

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

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

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

Source: Unites States Census Bureau

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

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

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

Sources: *Rio Rancho Economic Development Corporation

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

^{(1) 2017} Data was the most current available.

⁽²⁾ used low end of employment range reported.

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------|------|------|------|------|------|------|------|
| Function | | | | | | | |
| General & Administrative | 5 | 5 | 6 | 7 | 7 | 6 | 7 |
| Planning and Engineering | 4 | 3 | 3 | 2 | 2 | 2 | 2 |
| | | | | | | | |
| | 9 | 8 | 9 | 9 | 9 | 8 | 9 |

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

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

| 2011 | 2010 | 2009 | | |
|------|------|------|--|--|
| | | | | |
| 7 | 7 | 6 | | |
| 2 | 4 | 3 | | |
| | | | | |
| 9 | 11 | 9 | | |

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

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

⁽¹⁾ Calendar Year

Sources: Various Authority's Departments.

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

⁽N/A) Not available for this year

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

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COMPLIANCE SECTION



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

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

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

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
The Office of Management and Budget and
The Board of Directors of
Southern Sandoval County Arroyo Flood Control Authority
Rio Rancho, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparison for the General Fund of the Southern Sandoval County Arroyo Flood Control Authority (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial, and have issued our report thereon dated December 4, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

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

December 4, 2018

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

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued Unmodified

2. Internal control over financial reporting:

a. Material weakness identified? None noted

b. Significant deficiencies identified not considered to be material weaknesses? None noted

c. Noncompliance material to the financial statements noted?

None noted

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None noted.

C. PRIOR YEAR AUDIT FINDINGS

None noted.

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

EXIT CONFERENCE

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

Southern Sandoval County Arroyo Flood Control Authority

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

Carr, Riggs & Ingram, LLC

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

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Southern Sandoval County Arroyo Flood Control Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

The Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of

DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect

Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among C-3 them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of bookentry- only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the Financial Advisor and the Underwriters believe to be reliable, but none of the Authority, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Authority, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Award and summarized under "The Bonds" in the Official Statement.

APPENDIX D

FORM OF BOND COUNSEL OPINION

John R. Cooney James M. Parker Arthur D. Melendres James P. Houghton Paul M. Fish R. E. Thompson Lynn H. Slade Douglas R. Vadnais Walter E. Stern III Martha G. Brown Tim I Fields Earl E. DeBrine, Jr. Timothy C. Holm Roberta Cooper Ramo Stuart R. Butzier Donald A DeCandia Margaret L. Meister Peter L. Franklin Jennifer A. Nova Zachary L. McCormick Marjorie A. Rogers Karen L. Kahn Christopher P. Muirhead Maria O'Brien Stan N. Harris Marco E. Gonzales Michelle A. Hernandez Jennifer G. Anderson Joan E. Drake Alex C. Walker Susan M. Bisona Emil J. Kiehne Brian K. Nichols Megan T. Muirhead Deana M. Bennett Tiffany L. Roach Martin Daniel M. Alsup Katherine E. McKinney Spencer I Edelman Nathan T. Nieman Christina C. Sheehan Anna E. Indahl Jeremy K. Harrison Sarah M. Stevenson Vanessa C. Kaczmarek Elizabeth A. Martinez Nadine E. Shea Chris H. Killion Kevin D. Pierce Sonya R. Burke Mia Kern Lardy Tomas J. Garcia Robin E. James Luke W. Holmen Ian W. Bearden Jennifer A. Kittleson Dominic A. Martinez

Nicole T. Russell Laura M. Unklesbay

Lance D. Hough

Moses B. Winston Carl W. Lisberger

Bayard Roberts IV



September 24, 2019

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com

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

Re: \$3,000,000 General Obligation Bonds, Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel to the Southern Sandoval County Arroyo Flood Control Authority (the "Authority") in connection with the issuance of its \$3,000,000 General Obligation Bonds, Series 2019A (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.

Southern Sandoval County Arroyo Flood Control Authority September 24, 2019 Page 2

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,

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John R. Cooney James M. Parker Arthur D. Melendres James P. Houghton Paul M. Fish R. E. Thompson Lynn H. Slade Douglas R. Vadnais Walter E. Stern III Martha G. Brown Tim I Fields Earl E. DeBrine, Jr. Timothy C. Holm Roberta Cooper Ramo Stuart R. Butzier Donald A DeCandia Margaret L. Meister Peter L. Franklin Jennifer A. Nova Zachary L. McCormick Marjorie A. Rogers Karen L. Kahn Christopher P. Muirhead Maria O'Brien Stan N. Harris Marco E. Gonzales Michelle A. Hernandez Jennifer G. Anderson Joan E. Drake Alex C. Walker Susan M. Bisong Emil J. Kiehne Brian K. Nichols Megan T. Muirhead Deana M. Bennett Tiffany L. Roach Martin Daniel M. Alsup Katherine E. McKinney Spencer I Edelman Nathan T. Nieman Christina C. Sheehan Anna E. Indahl Jeremy K. Harrison Sarah M. Stevenson Vanessa C. Kaczmarek Elizabeth A. Martinez Nadine E. Shea Chris H. Killion Kevin D. Pierce Sonya R. Burke Mia Kern Lardy Tomas J. Garcia Robin E. James Luke W. Holmen Ian W. Bearden Jennifer A. Kittleson Dominic A. Martinez Nicole T. Russell

Laura M. Unklesbay

Lance D. Hough

Moses B. Winston Carl W. Lisberger

Bayard Roberts IV



September 24, 2019

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com

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

Re: \$5,255,000 General Obligation Refunding Bonds, Series 2019B

Ladies and Gentlemen:

We have acted as bond counsel to the Southern Sandoval County Arroyo Flood Control Authority (the "Authority") in connection with the issuance of its \$5,255,000 General Obligation Refunding Bonds, Series 2019B (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.

Southern Sandoval County Arroyo Flood Control Authority September 24, 2019 Page 2

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,

 $C: \label{local-$

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Southern Sandoval County Arroyo Flood Control Authority (the "Authority"), in connection with the issuance of the \$3,000,000 Southern Sandoval County Arroyo Flood Control Authority, New Mexico, General Obligation Improvement Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to a notice of sale and delegation of authority resolution adopted on August 23, 2019 (the "Bond Resolution") and a Bond Award of the Authority signed by the Executive Engineer on September 10, 2019 (the "Bond Award") and together with the Bond Resolution, 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 the subheadings "Statement of Revenues & Expenditures & Changes in Fund Balances General Fund," and "Balance Sheet General Fund" under the heading "THE AUTHORITY". The Authority will update and provide this information by March 31 of each fiscal year beginning in 2020. 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) 8381500.
- (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 United States Securities and Exchange Commission.
 - (i) "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:
 - 1) principal and interest payment delinquency;
 - 2) non-payment related default, if material;
 - 3) unscheduled draw on debt service reserves reflecting financial difficulties;
 - 4) unscheduled draw on credit enhancements reflecting financial difficulties;
 - 5) substitution of credit or liquidity provider, or their failure to perform;
 - 6) adverse tax opinion, 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 notice or determination with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - 7) modification to rights of security holders, if material;

- 8) bond calls;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the security, if material;
- 11) rating change;
- 12) failure to provide event filing information as required;
- 13) tender offer/secondary market purchases;
- 14) merger, consolidation or acquisition and sale of all or substantially all assets;
- 15) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person;
- 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- 17) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- 18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

For purposes of the event identified as "12" above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(e) The Authority, or its designated agent, will provide in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the Authority to timely provide Annual Financial Information, including the Audited Financial Statements, as specified in sections 3(a) and 3(b); (ii) changes in the Authority's fiscal year-end; and (iii) amendment of this Undertaking.

- 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 Bond Award; (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.

| Dated: September 24, 2019 | SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY |
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| | By: |

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CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Southern Sandoval County Arroyo Flood Control Authority (the "Authority"), in connection with the issuance of the \$5,570,000 Southern Sandoval County Arroyo Flood Control Authority, New Mexico, General Obligation Refunding Bonds, Series 2019B (the "Bonds"). The Bonds are being issued pursuant to a notice of sale and delegation of authority resolution adopted on August 23, 2019 (the "Bond Resolution") and a Bond Award of the Authority signed by the Executive Engineer on September 10, 2019 (the "Bond Award") and together with the Bond Resolution, 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.

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| Dated: September 24, 2019 | SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY |
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| | By: |

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