

## NOTICE

### SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

#### \$6,000,000<sup>1</sup> - General Obligation Bonds, Series 2024

Preliminary Official Statement,  
dated April 16, 2024

The Preliminary Official Statement, dated April 16, 2024 (the "Preliminary Official Statement") relating to the above-described bonds (the "Bonds") of the Southern Sandoval County Arroyo Flood Control Authority (the "Authority"), has been posted on the internet as a matter of convenience. Copies of the Preliminary Official Statement are available by contacting the municipal advisor, RBC Capital Markets, LLC, Erik Harrigan at (505) 872-5999. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat 11.0). Although this format should replicate the Preliminary Official Statement available from the Authority, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat 11.0 may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

*The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

For purposes of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement" that the Authority has deemed "final" as of its date in respect of the Bonds, except for certain pertinent information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

Preliminary Official Statement dated April 16, 2024

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<sup>1</sup> Preliminary. Subject to change.

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2024**

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO**

**\$6,000,000<sup>1</sup> - General Obligation Bonds, Series 2024**

**NEW ISSUE**  
**Book-Entry Only**

**Moody's Rating: "Aa2"**  
**See "RATINGS" herein**

<b>PURPOSE</b>	Proceeds of the Series 2024 Bonds will be used for the purpose of (i) providing \$6,000,000 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 such bonds.
<b>THE BONDS</b>	The Series 2024 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 August 1, 2024, 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. Bank of Albuquerque, 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.
<b>OPTIONAL REDEMPTION</b>	Bonds maturing on and after August 1, 2032 are subject to optional redemption on August 1, 2031, or anytime thereafter at par plus accrued interest to the redemption date. See "The Bonds- Prior Redemption."
<b>SECURITY</b>	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.
<b>BOND AND TAX OPINION</b>	In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024 Bonds (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2024 Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, interest on the 2024 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Series 2024 Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024 Bonds. 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.
<b>DELIVERY</b>	When, as and if issued, through DTC's facilities, on or about May 7, 2024.
<b>DATED DATE</b>	Date of Delivery
<b>DUE DATE</b>	August 1 as shown on the following page:

**Sealed and electronic bids will be opened at 9:00 AM, prevailing Mountain Time on Tuesday, April 23, 2024.**

\*Preliminary and subject to change. See "Official Notice of Bond Sale" for the Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

<sup>1</sup> Preliminary. Subject to change.

**General Obligation Bonds Series 2024<sup>(1)</sup>**

<b>Year Maturing (Aug. 1)</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Cusip # 843789</b>	<b>Year Maturing (Aug. 1)</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Cusip # 843789</b>
2024	\$750,000				2031	\$340,000			
2025	1,000,000				2032	340,000			
2026	500,000				2033	340,000			
2027	340,000				2034	340,000			
2028	340,000				2035	340,000			
2029	340,000				2036	340,000			
2030	340,000				2037	350,000			

(1) Preliminary, subject to change.

*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 Authority, or the Municipal 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**

Chair  
Chair Pro Tem  
Secretary/Treasurer  
Member  
Member

Cassandra D'Antonio  
John Chaney  
Ronald Abramshe  
Bel Marquez  
Michael Vidal

**ADMINISTRATION**

Executive Engineer  
Fiscal Services Director

David Gatterman  
Debbie Casaus

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

**DISSEMINATION AGENT**

Accu-Disclose, LLC  
6255 San Antonio Dr NE #93155  
Albuquerque, NM 87199  
(505) 280-8132

## 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.

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### 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.*

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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 forward-looking 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 Municipal 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 Municipal 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

#### **Municipal Advisor**

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

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# SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY, NEW MEXICO

## \$6,000,000<sup>1</sup> - General Obligation Bonds, Series 2024

### INTRODUCTION AND SUMMARY

Thank you for your interest in learning more about the Southern Sandoval County Arroyo Flood Control Authority, New Mexico (the "Authority"), \$6,000,000<sup>1</sup> - General Obligation Bonds, Series 2024. 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 March 21, 2024 (the "Bond Award"). The Bonds mature and bear interest as presented on the cover page of this Official Statement.

#### The Municipal Advisor

The Authority has retained RBC Capital Markets, LLC as Municipal Advisor (the "Municipal Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Municipal 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 Municipal 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, 2023, including opinions rendered thereon of certified public accountants, are attached as Appendix B.

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<sup>1</sup> Preliminary. Subject to change.



## Purpose

Proceeds of the Series 2024 Bonds will be used for the purpose of (i) providing \$6,000,000<sup>2</sup> 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.

## Selected Debt Ratios

Table 1

2023 Assessed Valuation	\$3,861,135,858
2023 Estimated Actual Valuation <sup>(1)</sup>	11,583,407,574
Bonded Debt	
Outstanding Debt (Including the Bonds) <sup>(2)</sup>	<u>19,675,000</u>
Total	19,675,000
Less Principal (Sinking) Fund Balance <sup>(3)</sup>	<u>(2,867,229)</u>
NET DEBT	16,807,771
Ratio of Estimated Net Debt to 2024 Assessed Valuation:	0.44%
Ratio of Estimated Net Debt to 2024 Estimated Actual Valuation:	0.15%
Per Capita Net Bonded Debt:	\$168.08
Estimated Population:	100,000

*(1) Estimated actual valuation was computed by adding exemptions to the assessed valuation and then multiplying by three.*

*(2) Preliminary. Subject to change.*

*(3) Actual debt service cash balance is approximately \$3,164,206 as of 2/29/2024*

*A ratio of principal to interest indicates 90.61% of such cash is allocable to principal.*

## THE BONDS

The Series 2024 Bonds are General Obligation Bonds to be issued by the Authority in the total principal amount of \$6,000,000<sup>2</sup> 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 August 1, 2024, 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"). Voters authorized the issuance of up to \$21,000,000 on November 1, 2016 and up to \$30,000,000 on November 7, 2023. The Series 2024 Bonds are being issued under \$4,555,787 of authorization provided by voters in 2016 and \$1,444,213 of authorization provided by voters in 2023. The Authority has issued \$16,444,213 in voter authorized bonds from the 2016 authorization and has not issued any amount from the 2023 authorization. After the Series 2024 issuance, the Authority will have \$0 left in the 2016 authorization, and \$28,555,787 left in the 2023 authorization.

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<sup>2</sup> Preliminary, subject to change.

## **Bond Registrar and Paying Agent**

BOKF, NA 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 2024 Bonds maturing on or after August 1, 2032 may be redeemed prior to their scheduled maturities on August 1, 2031, 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.

## **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.

## **RISK FACTORS**

### **Disclaimer Regarding Cyber Security Risks**

The Authority, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Authority may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Authority's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The Authority has never had a major cyber breach that resulted in a financial loss.

No assurance can be given that the Authority's current efforts to manage cyber threats and security will, in all cases, be successful. The Authority cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The Authority relies on other entities and service providers in the course of operating the Authority, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the Authority and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Climate Change and Natural Disasters**

The State could experience, and is susceptible to additional, weather events and natural disasters that could be deemed extreme including, without limitation, periods of heat, droughts, floods, mud slides, tornadoes and other wind conditions and wildfires, which could result in negative economic impacts on the State and the Participating School Districts. Such effects may be exacerbated by a longer term shift in the climate over several decades, commonly referred to as climate change. Numerous scientific studies on climate change show that, among other effects on the global ecosystem, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. As a result, the District could lose tax revenues and many residents, businesses, and governmental operations could be displaced. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and/or financial condition of the District. The State cannot predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or Participating School Districts.

## **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 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 of 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 \$3,861,135,858 for the tax year 2023, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division.

Table 2

2023 Assessed Valuation	\$3,861,135,858
2023 Estimated Actual Valuation <sup>(1)</sup>	\$11,583,407,574
Authority Net Debt as a Percentage of	
Assessed Valuation	0.44%
Estimated Actual Valuation	0.15%
Direct and Overlapping Debt as a Percentage of	
Assessed Valuation	5.16%
Estimated Actual Valuation	1.72%
Authority General Obligation Debt Outstanding (Including the Bonds)	\$19,675,000 <sup>(2)</sup>
Authority Net General Obligation Debt	\$16,807,771
Estimated Direct & Overlapping G/O Debt	\$199,056,579
Estimated Population	100,000
Authority Net Debt Per Capita	\$168.08
Direct and Overlapping Debt Per Capita	\$1,990.57

*(1) Estimated actual valuation computed by adding exemptions to the assessed valuation and then multiplying by three.*

*(2) Preliminary, subject to change.*

## Outstanding Debt

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

Table 3

Series	Amount Issued	Final Maturity	Principal Outstanding
2012	4,500,000	08/01/2025	1,250,000
2014	8,395,000	08/01/2027	715,000
2018	2,500,000	08/01/2031	2,085,000
2019A	3,000,000	08/01/2033	2,455,000
2021A	5,000,000	08/01/2035	3,650,000
2021B	1,565,000	08/01/2024	580,000
2022	5,000,000	08/01/2035	2,940,000
2024	6,000,000	08/01/2037	6,000,000 <sup>(1)</sup>
	<b>35,960,000</b>		<b>19,675,000</b>

(1) Preliminary, subject to change

## 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.

Table 4

Year	Present Requirements			General Obligation Bonds Series 2024 <sup>(1)</sup>			Total Requirements		
	Principal	Interest	P&I	Principal	Interest	P&I	Principal	Interest	Total P&I
2024	\$3,290,000	\$420,731	\$3,710,731	\$750,000	\$28,359	\$778,359	\$4,040,000	\$449,091	\$4,489,091
2025	1,780,000	315,619	2,095,619	1,000,000	72,188	1,072,188	2,780,000	387,806	3,167,806
2026	1,155,000	263,881	1,418,881	500,000	233,750	733,750	1,655,000	497,631	2,152,631
2027	1,170,000	224,644	1,394,644	340,000	206,250	546,250	1,510,000	430,894	1,940,894
2028	980,000	182,319	1,162,319	340,000	187,550	527,550	1,320,000	369,869	1,689,869
2029	980,000	152,269	1,132,269	340,000	168,850	508,850	1,320,000	321,119	1,641,119
2030	980,000	122,219	1,102,219	340,000	150,150	490,150	1,320,000	272,369	1,592,369
2031	985,000	91,788	1,076,788	340,000	131,450	471,450	1,325,000	223,238	1,548,238
2032	720,000	60,775	780,775	340,000	112,750	452,750	1,060,000	173,525	1,233,525
2033	725,000	40,363	765,363	340,000	94,050	434,050	1,065,000	134,413	1,199,413
2034	475,000	20,219	495,219	340,000	75,350	415,350	815,000	95,569	910,569
2035	435,000	9,694	444,694	340,000	56,650	396,650	775,000	66,344	841,344
2036				340,000	37,950	377,950	340,000	37,950	377,950
2037				350,000	19,250	369,250	350,000	19,250	369,250
<b>Total</b>	<b>\$13,675,000</b>	<b>\$1,904,519</b>	<b>\$15,579,519</b>	<b>\$6,000,000</b>	<b>\$1,574,547</b>	<b>\$7,574,547</b>	<b>\$19,675,000</b>	<b>\$3,479,066</b>	<b>\$23,154,066</b>

(1) 5.50% interest rate used for illustrational purposes. Preliminary, subject to change.

## 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.

Table 5

	2023 Assessed Value	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$110,879,706,059	\$541,270,000	3.48%	\$18,848,508
Sandoval County	5,082,477,123	10,420,000	75.97%	7,916,029
Albuquerque Public Schools	20,786,255,779	472,665,000	2.56%	12,105,127
Central NM Community College	24,108,727,247	112,175,000	15.99%	17,935,990
City of Rio Rancho	3,204,145,301	25,730,000	82.98%	21,351,919
Rio Rancho School District	3,322,471,468	109,510,000	86.05%	94,232,336
Village of Corrales	532,343,764	4,735,987	13.79%	652,962
Town of Bernalillo	247,277,102	-	6.40%	-
Bernalillo School District	823,229,593	29,730,000	21.32%	6,338,709
SSCAFCA	3,861,135,858	19,675,000	100.00%	19,675,000 <sup>(1)</sup>
<b>Total Direct &amp; Overlapping</b>				<b>\$199,056,579</b>

(1) Includes the 2024 Bonds. Preliminary, subject to change.

# 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 2023 assessed valuation is \$3,861,135,858. 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:

Table 6

TAX YEAR	PREVIOUS YEAR	CURRENT TAX YEAR		CENTRALLY	TOTAL
	BASE ASSESSED VALUE	NET NEW VALUE	RE-APPRAISAL	ASSESSED VALUE	ASSESSED VALUE
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	66,549,283	2,824,103,557
2020	2,778,612,751	49,986,855	159,811,145	94,971,970	3,083,382,721
2021	2,909,738,418	74,769,622	78,042,204	91,341,465	3,153,891,709
2022	3,169,495,146	115,272,580	187,087,923	54,381,488	3,526,237,137
2023	3,467,579,465	122,509,587	213,312,289	57,734,517	3,861,135,858

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.

Table 7

Tax Year	Authority Assessed Value	% Change	Sandoval County AV	% Change
2014	\$2,503,298,448	0.40%	\$3,247,428,521	0.82%
2015	2,512,408,858	0.36%	3,225,666,344	-0.67%
2016	2,572,413,328	2.39%	3,362,599,236	4.25%
2017	2,637,775,153	2.54%	3,477,523,540	3.42%
2018	2,693,527,485	2.11%	3,599,891,245	3.52%
2019	2,824,103,557	4.85%	3,732,770,115	3.69%
2020	3,083,382,721	9.18%	3,897,811,663	4.42%
2021	3,153,891,709	2.29%	4,132,267,960	6.02%
2022	3,526,237,137	11.81%	4,439,917,992	7.45%
2023	3,861,135,858	9.50%	5,082,477,123	14.47%

Source: Sandoval County Assessor's Office.



## Major Taxpayers

The ten largest centrally assessed taxpayers have a combined assessed valuation of \$178,709,299 which represents 4.63% of the 2023 assessed valuation of the Authority. This table is useful in assessing the concentration risk of the tax base.

Table 8

Name of Business	Type of Business	2023 Valuation	% of AV
Public Service Company of NM	Electric Utility	\$61,428,139	1.59%
Presbyterian Healthcare	Medical	32,444,278	0.84%
Intel Corporation	Manufacturer	29,244,708	0.76%
Wal-Mart Stores	Retail	11,627,483	0.30%
Cable One Inc	Cable/Internet	9,262,746	0.24%
New Mexico Gas Company	Gas Utility	9,121,439	0.24%
Enchanted Hills Boulevard LLC	Shopping Center	8,691,982	0.23%
Sandia View LLC	Assisted Living	5,863,204	0.15%
Northland Links LLC	Apartment	5,520,271	0.14%
EP Country Club Drive LLC	Apartment	5,505,049	0.14%
<b>Total</b>		<b>\$178,709,299</b>	<b>4.63%</b>

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 2023 and the previous four tax years.

Table 9

<b>Within 20 Mill Limit for General Purposes</b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Sandoval County	6.089	6.170	6.284	6.444	6.493
Authority	0.779	0.791	0.798	0.820	0.828
City of Rio Rancho	7.004	7.116	7.278	7.482	7.553
Rio Rancho Schools	0.254	0.259	0.257	0.264	0.267
Central NM Community College (Operating)	2.790	2.775	2.763	2.822	2.823
<b>Total</b>	<b>\$16.916</b>	<b>\$17.111</b>	<b>\$17.832</b>	<b>\$17.832</b>	<b>\$17.964</b>
<b>Over 20 Mill Limit - Interest, Principal, Judgement, etc.</b>					
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Sandoval County	0.606	0.740	0.852	0.737	0.835
Authority	1.246	1.246	1.247	1.247	1.246
City of Rio Rancho	2.772	2.770	2.770	2.770	2.770
Rio Rancho Schools	10.451	10.484	10.474	10.531	10.543
Central NM Community College (Debt Service)	1.000	1.000	1.000	1.000	1.000
<b>Total</b>	<b>\$17.435</b>	<b>\$17.600</b>	<b>\$17.645</b>	<b>\$17.645</b>	<b>\$17.754</b>
<b>TOTAL LEVY</b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Sandoval County	6.695	6.910	7.136	7.181	7.328
Authority	2.025	2.037	2.044	2.067	2.074
City of Rio Rancho	9.776	9.886	10.048	10.252	10.323
Rio Rancho Schools	10.705	10.743	10.731	10.795	10.810
UNM Hospital	1.816	1.840	1.839	1.886	1.900
Central NM Community College	3.790	3.775	3.763	3.822	3.823
<b>Total Residential in Rio Rancho</b>	<b>\$36.167</b>	<b>\$36.551</b>	<b>\$36.921</b>	<b>\$37.363</b>	<b>\$37.618</b>

Source: New Mexico Department of Finance and Administration

## 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
5. 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.

Table 10

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections <sup>(1)</sup>	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections <sup>(2)</sup>	Current/Delinquent Collections as a % of Net Levied
2022	22/23	\$157,850,066	\$153,229,924	97.07%	\$153,229,924	97.07%
2021	21/22	\$144,304,219	\$139,859,626	96.92%	\$142,943,050	99.06%
2020	20/21	\$134,831,632	\$129,969,551	96.39%	\$134,144,219	99.49%
2019	19/20	131,742,870	127,693,224	96.93%	131,223,611	99.61%
2018	18/19	119,816,354	116,428,185	97.17%	119,422,853	99.67%

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

(2) Current/delinquent collections are through June 2023.

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.

## 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 chair of the board and president of the Authority, and another director as chair 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:

*Cassandra D'Antonio.*, Chair, term expires January 1, 2027;

*John Chaney*, Chair Pro Tem, term expires January 1, 2025;

*Ronald Abramshe*, Secretary/Treasurer, term expires January 1, 2025;

*Bel Marquez*, Member; term expires January 1, 2029;

*Michael Vidal*, Member; term expires January 1, 2029;

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

Dave Gatterman, P.E., Executive Engineer. David Gatterman, P.E., Executive Engineer. David (Dave) Gatterman was hired as Executive Engineer for the Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA) in February 2022. Prior to this appointment, Dave was the Facility Operations Director for SSCAFCA, overseeing operations and maintenance budgets and work plans, managing capital improvement projects for the agency, developing grant applications for external funding, and overseeing environmental permitting for the agency.

Prior to working for SSCAFCA, Dave spent six years as the Bureau Chief of Design and Development for the New Mexico State Parks Division of the State of New Mexico, Energy, Minerals, and Natural Resources Department. In this role, he managed capital outlay funds from various state and federal sources for capital improvements at New Mexico State Parks. Additionally, he oversaw all planning operations for the Division and land acquisition and development of proposed new State Parks. Prior to being Bureau Chief for the Division, Dave was the Parks Engineer, responsible for the design and construction of water and wastewater improvements at State Parks throughout New Mexico.

Dave has a Bachelor's of Science Degree in Civil Engineering from the University of New Mexico. He has been a licensed Professional Engineer in the State of New Mexico since 2000.

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, 2023, attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2023, and the prior four fiscal years can be downloaded from the State Auditor's website.

Table 11

Fiscal Year Ending June 30	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>					
Ad valorem assessments	\$2,828,936	\$2,532,608	\$2,372,224	\$2,367,527	\$2,260,947
Interest	99,528	5,935	2,194	20,231	41,914
Grant revenue				-	-
Miscellaneous	<u>7,161</u>	<u>22,227</u>	<u>23,862</u>	<u>7,277</u>	<u>3,636</u>
Total revenues	\$2,935,625	\$2,560,770	\$2,398,280	\$2,395,035	\$2,306,497
<b>Expenditures:</b>					
Capital outlay & projects	\$452,366	\$25,533	\$2,146,775	\$173,391	\$285,014
Public Works	<u>2,215,204</u>	<u>2,024,971</u>	<u>21,417</u>	<u>2,067,834</u>	<u>2,274,081</u>
Total expenditures	\$2,667,570	\$2,050,504	\$2,168,192	\$2,241,225	\$2,559,095
Excess (deficiency) of revenues over expenditures	\$268,055	\$510,266	\$230,088	\$153,810	(\$252,598)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	268,055	510,266	230,088	153,810	(252,598)
Fund Balance, beginning of year	<u>3,150,009</u>	<u>2,639,743</u>	<u>2,409,655</u>	<u>2,255,845</u>	<u>2,508,443</u>
Fund Balance, end of year	<u>\$ 3,418,064</u>	<u>\$ 3,150,009</u>	<u>\$ 2,639,743</u>	<u>\$ 2,409,655</u>	<u>\$ 2,255,845</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, 2023 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, 2023 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2023 and the prior four fiscal years can be downloaded from the State Auditor’s website.

Table 12

Fiscal Year Ending June 30	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS:</b>					
Cash & Investments	\$3,415,528	\$3,160,799	\$1,228,600	\$2,494,641	\$2,304,662
Receivables	156,789	150,603	152,442	146,544	260,908
Due from other Funds	48,216	-	1,766,053	45,808	-
Prepaid expenses	1,363	12,546	11,995	12,665	500
<b>Total Assets</b>	<b>\$3,621,896</b>	<b>\$3,323,948</b>	<b>\$3,159,090</b>	<b>\$2,699,658</b>	<b>\$2,566,070</b>
<b>LIABILITIES:</b>					
Accounts payable	\$46,543	\$11,496	\$19,419	\$10,430	\$35,893
Due to other funds	-	-	227,338	97,015	-
Salaries & benefits payable	32,471	27,811	138,782	60,385	42,884
<b>Total Liabilities</b>	<b>\$79,014</b>	<b>\$39,307</b>	<b>\$385,539</b>	<b>\$167,830</b>	<b>\$78,777</b>
Deferred Inflow	124,818	134,632	133,808	122,173	231,448
Fund balances:					
Prepaid expenses	\$1,363	\$12,546	\$11,995	\$12,665	\$500
Unreserved, designated for subsequent year's expenditures	461,740	407,821	369,358	330,369	315,922
Assigned	288,260	342,179	380,642	419,631	434,078
Unreserved, undesignated	2,666,701	2,387,463	1,877,748	1,646,990	1,505,345
<b>Total Equity</b>	<b>\$3,418,064</b>	<b>\$3,150,009</b>	<b>\$2,639,743</b>	<b>\$2,409,655</b>	<b>\$2,255,845</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$3,621,896</u></b>	<b><u>\$3,323,948</u></b>	<b><u>\$3,159,090</u></b>	<b><u>\$2,699,658</u></b>	<b><u>\$2,566,070</u></b>

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, 2023 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 10" in the audited financial statements of the Authority, for the fiscal year ending June 30, 2020, 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](http://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, 2023, 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 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, Spering, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Series 2024 Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on Series 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax imposed for the owners thereof. However, for tax years beginning after December 31, 2022, interest on the 2024 Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as

enacted and construed, that interest on the Series 2024 Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series 2024 Bonds. The Authority has made various representations and warranties with respect to, and has covenanted in the resolution authorizing issuance of the Series 2024 Bonds and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Series 2024 Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Series 2024 Bonds being included in gross income from the date of issue of the Series 2024 Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2024 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Series 2024 Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2024 Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Series 2024 Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Series 2024 Bonds issued prior to enactment. Each purchaser of the Series 2024 Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

### **New Corporate Alternative Minimum Tax**

On August 12, 2022, Congress passed the Inflation Reduction Act of 2022, H.R. 5376 (the "IRA"), and sent such legislation on to President Biden; the President signed the IRA into law on Tuesday, August 16, 2022. Among the law's various provisions is a new corporate alternative minimum tax. Corporations (other than S corporations, Regulated Investment Companies and Real Estate Investment Trusts) which report "adjusted financial statement income" averaging at least \$1,000,000,000 over a preceding three tax year period will face an alternative minimum federal tax liability of 15% of current adjusted financial statement income. Interest on tax-exempt obligations, such as the Bonds, is included within the calculation of "adjusted financial statement income" for purposes of the new alternative minimum tax. The IRA applies to tax years beginning after December 31, 2022.

### **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 Municipal 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 Municipal 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](http://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 the tables 1 - 12 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 2025.

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, and tender offers; (9) 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 Authority or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the Authority or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the Authority 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 Authority, 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 Authority, 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 Delegation 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.

## **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 Delegation 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. may be obtained from 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.

## **REGISTRATION AND QUALIFICATION OF THE BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities 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, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, 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**

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

By: \_\_\_\_\_  
Chair, Board of Directors

By: \_\_\_\_\_  
Secretary, Board of Directors

## **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.

Table 13

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	49,797	90,639	1,819,046
2010	87,521	131,561	2,059,179
2021	102,365	149,396	2,155,877
2022	104,742	152,696	2,126,179
2024 <sup>(1)</sup>	110,433	156,330	2,117,948
2029 <sup>(1)</sup>	117,114	164,319	2,137,700
<b>Projected Growth 2024-2029<sup>(2)</sup></b>	<b>6.05%</b>	<b>5.11%</b>	<b>0.93%</b>

1) Estimates. Source: Spotlight, February 2024.

2) Projected. Source: Spotlight, February 2024.

## Age Distribution

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

Table 14

Age Group	Percent of Population		
	Sandoval County	New Mexico	United States
0 - 17	21.48%	21.40%	20.10%
18 - 24	9.26%	9.70%	9.50%
25 - 34	10.44%	12.50%	14.20%
35 - 44	12.27%	12.50%	13.90%
45 - 54	11.78%	11.00%	11.70%
55 and Older	34.77%	32.90%	30.60%

Source: Spotlight, February 2024.



## 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 of New Mexico.

Table 14

Effective Buying Income Group	Sandoval County	New Mexico	United States
Under \$25,000	10.77%	21.01%	15.66%
\$25,000 - \$34,999	5.46%	8.87%	7.25%
\$35,000 - \$49,999	11.33%	12.16%	10.82%
\$50,000 - \$74,999	20.29%	17.08%	15.83%
\$75,000 & Over	52.15%	40.88%	50.40%
2020 Est. Median Household Income	\$57,767	\$49,385	\$65,228
2021 Est. Median Household Income	55,794	49,658	67,086
2022 Est. Median Household Income	73,678	55,028	72,191
2023 Est. Median Household Income	76,644	57,526	73,336
2024 Est. Median Household Income	78,299	60,814	75,781

Source: *Spotlight, February 2024.*

## 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.

Table 15

Fiscal Year	Total Reported Gross Receipts Tax			
	Sandoval County		State of New Mexico	
	Retail	Total	Retail	Total
2020	\$450,012,689	\$2,564,568,563	\$16,409,852,459	\$80,200,008,306
2021	502,126,260	2,570,093,596	17,858,042,289	73,760,062,595
2022	629,378,477	3,252,885,279	16,634,688,935	72,895,961,670
2023	600,750,005	3,880,912,972	16,385,595,101	77,791,110,291
2024 <sup>(1)</sup>	183,804,583	1,350,743,646	5,080,707,200	25,034,180,360

Source: *New Mexico Taxation & Revenue Department.*

(1) Data as of third quarter of 2023

## 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.

Table 16

Year <sup>(1)</sup>	Sandoval County		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2014	61,217	7.20%	918,206	6.50%	6.20%
2015	61,806	6.60%	919,889	6.60%	5.30%
2016	63,545	6.60%	927,355	6.70%	4.90%
2017	65,112	6.10%	946,386	6.10%	4.40%
2018	66,038	4.90%	947,642	4.90%	3.90%
2019	67,492	5.00%	960,239	5.00%	3.70%
2020	66,585	8.20%	935,705	8.10%	8.10%
2021	67,732	6.60%	943,357	6.80%	5.40%
2022	68,055	3.80%	947,025	4.00%	3.80%
2023 <sup>(2)</sup>	69,727	3.70%	969,428	3.60%	3.70%

(1) Numbers are annual averages.

(2) Data for the month of December 2023. Numbers are Preliminary.

Source: U.S. Bureau of Labor Statistics, February 2024.

## 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.

Table 17

<b>Sandoval County</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 <sup>(1)</sup></b>
Accommodation and Food Services	3,362	3,002	3,253	3,745	4,163
Administrative and Waste Services	4,269	3,443	3,135	2,422	2,279
Agriculture, Forestry, Fishing & Hunting	66	70	76	81	88
Arts, Entertainment, and Recreation	285	185	229	297	322
Construction	1,864	1,599	1,550	2,093	2,638
Educational Services	258	214	231	298	332
Finance and Insurance	514	507	453	513	558
Health Care and Social Assistance	3,796	3,669	3,963	4,056	4,402
Information	149	112	125	160	122
Management of Companies and Enterprises	57	57	78	99	121
Manufacturing	2,974	3,179	3,162	3,328	3,602
Mining	96	99	106	109	104
Other Services, Ex. Public Admin	635	582	656	721	810
Professional and Technical Services	934	1,043	1,036	1,120	1,169
Real Estate and Rental and Leasing	431	426	426	434	421
Retail Trade	3,244	3,331	3,452	3,514	3,560
Transportation and Warehousing	293	294	250	278	318
Utilities	63	63	56	58	65
Wholesale Trade	389	405	405	394	411
<b>Total Private</b>	<b>23,679</b>	<b>22,280</b>	<b>22,642</b>	<b>23,720</b>	<b>25,484</b>
Government	7,963	7,286	7,296	6,896	7,703
<b>Total</b>	<b>31,642</b>	<b>29,566</b>	<b>29,938</b>	<b>30,616</b>	<b>33,187</b>

(1) Data as of 3rd Quarter of 2023.

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

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

## Major Employers

Following is a list of major employers provided by the Sandoval Economic Alliance.

Table 18

Employer	Business	# of Employees
Kirtland Air Force Base*	Air Force Materiel Command	33,500
Sandia National Labs	Science-Based Technologies that Support National Security	15,500
Albuquerque Public Schools	Public School District	15,261
Presbyterian Health System	Hospital/Medical Services	14,000
UNM Hospital	Hospital/Medical Services	8,232
University of New Mexico	Educational Institution	8,010
City of Albuquerque	Government	6,500
State of New Mexico	Government	4,950
Amazon	Warehousing & Distribution	3,500
Lovelace Health Systems	Hospital/Medical Services	3,450
Intel Corp.	Manufacturing	2,760
Bernalillo County	Government	2,450
NM Veterans Affairs Healthcare System	Hospital/Medical Services	2,100
Central New Mexico Community College	Educational Institution	2,097
PNM Resources	Utilities Provider	1,537

\*Kirtland's employment number includes active duty military, guard reserve, civil service and contract employees.

Source: Albuquerque Economic Development, December 2023.

**APPENDIX B**

**JUNE 30, 2023 AUDITED FINANCIAL STATEMENTS**



FISCAL YEAR ENDING JUNE 30,  
**2023 ANNUAL** COMPREHENSIVE  
FINANCIAL REPORT

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

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**Southern Sandoval County Arroyo Flood Control Authority**

**State of New Mexico**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2023**

Prepared by

the Fiscal Services Department

Deborah Casaus, CPA, Fiscal Services Director

Erica Baca, Financial Specialist



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## **INTRODUCTORY SECTION**

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

June 30, 2023

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# SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

June 30, 2023

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# *Southern Sandoval County Arroyo Flood Control Authority*

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

## BOARD OF DIRECTORS

Ron Abramshe  
John Chaney  
Mark Conkling  
Cassandra D'Antonio  
James F. Fahey Jr.

## EXECUTIVE ENGINEER

David Gatterman, P.E.

December 12, 2023

### **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, 2023. 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.

Cordova CPAs LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on SSCAFCA's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

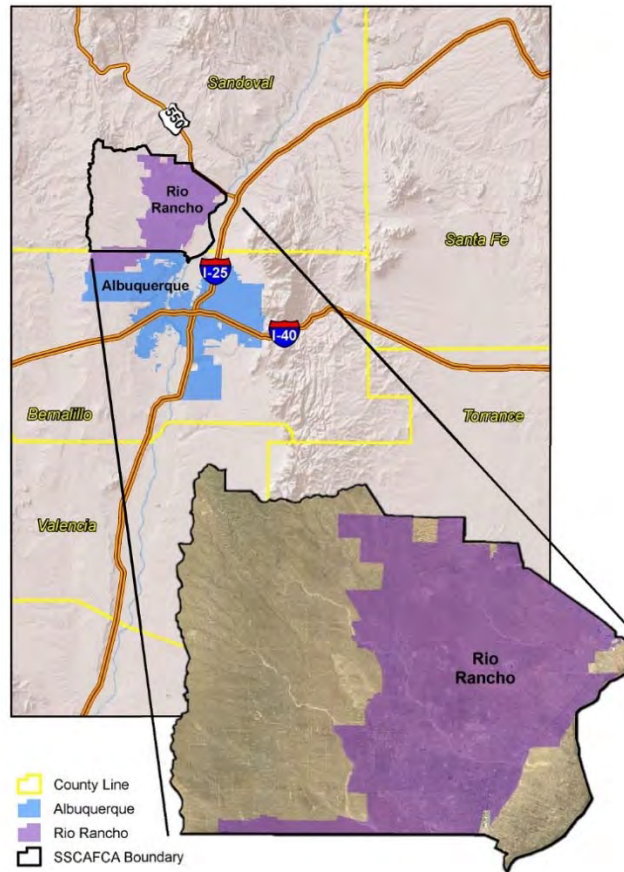
Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis is a supplement to this letter of transmittal and should be read in conjunction 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 public entities, including the Village of Corrales, the Town of Bernalillo and the City of Rio Rancho. SSCAFCA's boundaries are a mix of political and geographical. On the east SSCAFCA is bound by the Rio Grande and our western boundary is the Rio Puerco Watershed divide. To the north and south, the boundaries are political and include Bernalillo County to

the south and the Santa Ana and Zia Pueblos on the north. The SSCAFCA jurisdiction covers approximately 187.3 square miles and serves a total population of approximately 116,590, based on estimated 2020 Census data. This is shown below.



*Figure 1 - Location of SSCAFCA.*

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

The annual budget is a critical piece of SSCAFCA’s financial planning and control. SSCAFCA is empowered to levy a property tax on real property located within its boundaries for operations and voter-approved debt. The budget is prepared by fund (e.g., Operations, Debt Service and Construction) and category (e.g., Executive, Administrative, Engineering, Environmental, Field Operations). The budget is utilized by DFA to set the operational and debt service mil levy rates, considering budgetary needs as well as conforming to the New Mexico Property Tax Yield Control Act.

SSCAFCA provides a full range of services including the development of regional hydrology for both current and future conditions; 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 Park Management Plan) and evaluation and review of land development plans to ensure adherence to identified flood hydrology and hydraulics. SSSCAFCA's standard of care is to provide for the health, safety and welfare of its citizens.

**THE MISSION OF SSSCAFCA 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.

Population

The SSSCAFCA 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 population base in the jurisdiction is driven by the City of Rio Rancho, which is home to approximately 104,046 of the 116,590 in population served by SSSCAFCA.

In 2000, Rio Rancho accounted for 58 percent of the population of Sandoval County, and for several years it has been New Mexico's fastest growing city. Rio Rancho increased in population from 32,910 in 1990 to 51,765 in 2000 to 87,521 in 2010, to 104,046 in the recently completed 2020 census. The following table shows historic and current population for Sandoval County and Rio Rancho.

### POPULATION GROWTH

	2000	2005	2010	2015	2020
Sandoval County	89,908	107,104	132,370	139,157	147,069
Rio Rancho	51,765	66,407	87,521	94,171	104,046
Percentage RR	57.6%	62.0%	66.1%	67.7%	70.7%

Source: BBER/U.S. Census Bureau

Growth in Sandoval County and Rio Rancho has slowed in recent years. From 2000 to 2010, county population increased 3.94 percent per year (compounded), and Rio Rancho’s population grew at an annual rate of 5.39 percent. From 2010 to 2020, county growth has slowed to 1.16 percent per year, and Rio Rancho’s growth has slowed to 1.56 percent per year. Since 2005, Rio Rancho has consistently captured over 60 percent of the total county population. BBER’s projection of Sandoval County population growth is shown in the following table.

### POPULATION GROWTH PROJECTIONS

	2010	2020	2025	2030	2035	2040
Sandoval	132,535	147,069	154,322	161,141	167,281	172,862

Source: UNM Geospatial and Population Studies

Population growth is an important metric for SSCAFCA, as it is a direct measure for the number of households that will require assessment for future flood control facilities and an indirect measure related to budget stability. With SSCAFCA’s budget based on a mill levy of property taxes, an increasing population generally means an increase in revenue for SSCAFCA, although many other factors may override this metric.

### Long Term Planning and Major Initiatives

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

With limited bonding authority (e.g. \$60 million), SSCAFCA has developed a long-term plan to successfully address the flood control needs with our jurisdiction.

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

Beginning in the late 1990s and continuing into the 2000s, SSCAFCA developed five Watershed Management Plans, one 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. SSCAFCA has begun to update these plans on a regular basis, with a target of updating each plan every five years, to account changing development patterns in each watershed as well as updated hydrology from the National Oceanic and Atmospheric Administration.

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

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

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

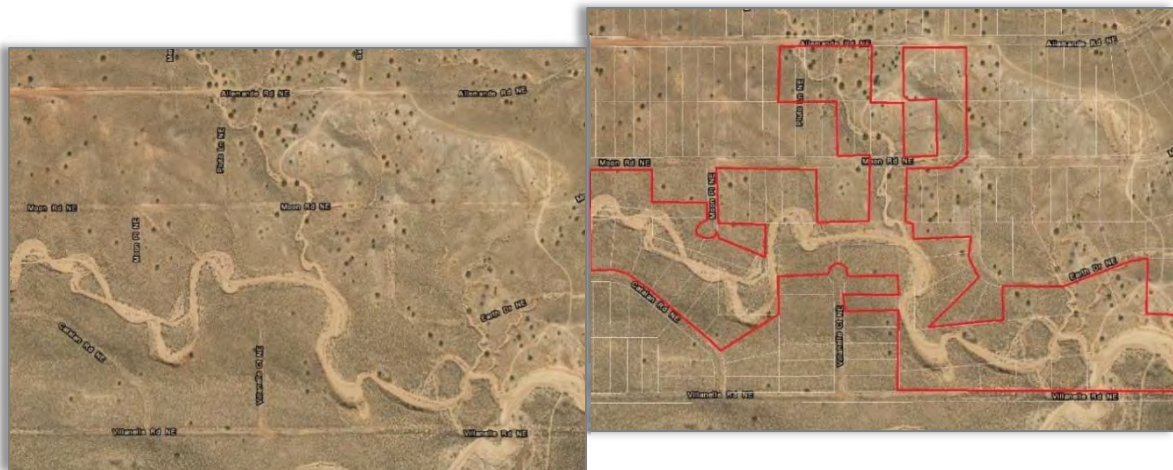


Figure 2 - These two images show the impacts of the existing subdivision of seemingly vacant land that complicated ROW acquisition. The red outline identifies the parcels that would need to be acquired to capture the arroyo.

acquisition needs to begin the process of “chasing” the dynamic meandering of the arroyos. Further acquisition of adjacent parcels, many of them outside of any existing drainage footprint or floodplain, ran into significant difficulty in the 2000s as land speculation was at an all-time high in the years leading up to the eventual economic collapse in 2008. Prior to the collapse,

some vacant parcels were being appraised as high as \$100,000 per acre, even without the presence of any utilities or public infrastructure within a one-mile radius.

Following the economic downturn, land speculation came to an abrupt halt and property values have decreased significantly, allowing SSCAFCA to move forward with acquisition of parcels necessary for regional flood control projects again.

### ***Partnerships.***

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

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

After the economic crash in the late 2000s, 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.

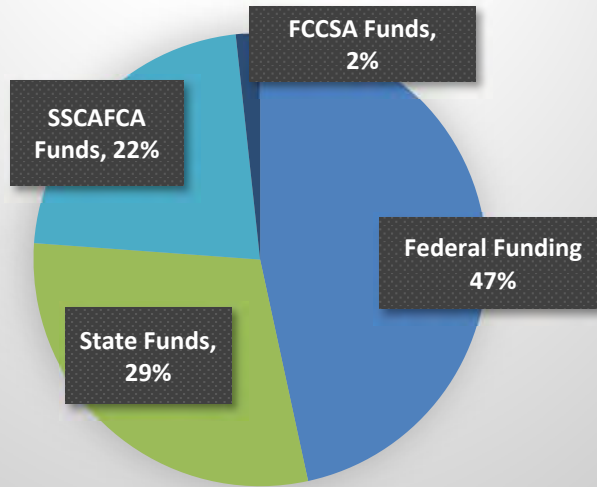
Considering the “new normal” created by the historic economic downturn, SSCAFCA evaluated its existing funding capacity and determined that SSCAFCA could not complete all the required flood control within the ideal timeframe independently.

There is a significant amount of need in terms of flood control projects. Although we have been efficient in fiscal expenditures, SSCAFCA is not an agency with a large independent source of funds. The New Mexico Statute Authority creating SSCAFCA limits the amount of general obligation debt that SSCAFCA can have outstanding to \$60,000,000. Currently, as of November 2022, SSCAFCA has \$22,560,000 outstanding in general obligation bonds and is 38% bonded to capacity, limiting our available funds.

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.

This first chart shows how the varying fund sources have been leveraged together to successfully complete projects by showing the overall combination of fund sources used on projects.

## Project Funding (2012-2023)



NOTE: FCCSA = Flood Control Cost Share Agreements with private entities

The following table identifies the Federal Funding acquired, and associated fund sources, to support regional flood control projects.

<b>Federal Fund Portfolio 2012-2023 (completed projects only)</b>	
<i>Agency</i>	<i>Funding</i>
Federal Emergency Management Agency	\$12,300,497
Bureau of Reclamation	\$356,000.00
Federal Highway Administration	\$2,114,070.00
Environmental Protection Agency	\$2,700,000.00
<b>TOTAL FEDERAL FUNDING SPENT</b>	<b>\$17,470,567.00</b>

SSCAFCA continues to leverage local funds with federal and state grant dollars to construct regional flood control projects. This does not include active grant applications with FEMA for seven separate regional flood control projects throughout the jurisdiction.

<b>Federal Fund Portfolio (Awarded Grants)</b>	
<i>Agency</i>	<i>Funding</i>
Federal Emergency Management Agency	\$550,863.00
U.S. Army Corps of Engineers	\$6,150,000.00
<b>TOTAL FEDERAL FUNDING SPENT</b>	<b>\$6,700,863.00</b>

On the operational side, sediment removal from SSCAFCA facilities has provided a unique opportunity for partnership, particularly with the past few years of increasing development. SSCAFCA has enacted a policy to provide sediment from our facilities to contractors for their use free of charge. This has resulted in significant savings in the maintenance budget. In the past three fiscal years, FY19 – FY23, SSCAFCA removed 150,773 cubic yards of sediment. Of that amount, SSCAFCA was able to defray removal costs for all but 18,174 cubic yards.

Based on a typical removal and disposal cost of \$8.00 per cubic yard, this is a total savings of \$1,060,792 over those three years.

### Relevant Financial Policies

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

SSCAFCA has operated under a Business Plan that has been updated bi-annually since 2009. As part 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. This fund balance is currently \$600,000
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 1/12<sup>th</sup> 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 FY24.

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

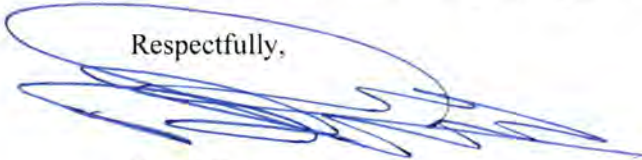
As of August 17, 2022, SSCAFCA is rated "Aa2" by Moody's. Significantly, in the analysis completed by Moody's,

*“SSCAFCA’s credit profile benefits from a large tax base which is expected to continue growing over the near-term given development within Rio Rancho, the county’s largest city. The credit profile is further supported by healthy reserves which are expected to remain stable given conservative budget and fiscal management. The authority’s debt burden is low and its pension liabilities are manageable despite a tread water gap relative to operating revenues.”*

As the State of New Mexico was downgraded in recent history 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,



David Gatterman  
Executive Engineer



Deborah Casaus  
Fiscal Service Director

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Official Roster

June 30, 2023

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
Ronald Abramshe	Chairman
Cassandra D'Antonio	Chair Pro Tem
John Chaney	Secretary
Mark Conkling	Treasurer
James F. Fahey, Jr.	Member

**Officials**

David Gatterman	Executive Engineer
Deborah Casaus, CPA	Fiscal Services Director

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Arroyo Flood Control Authority  
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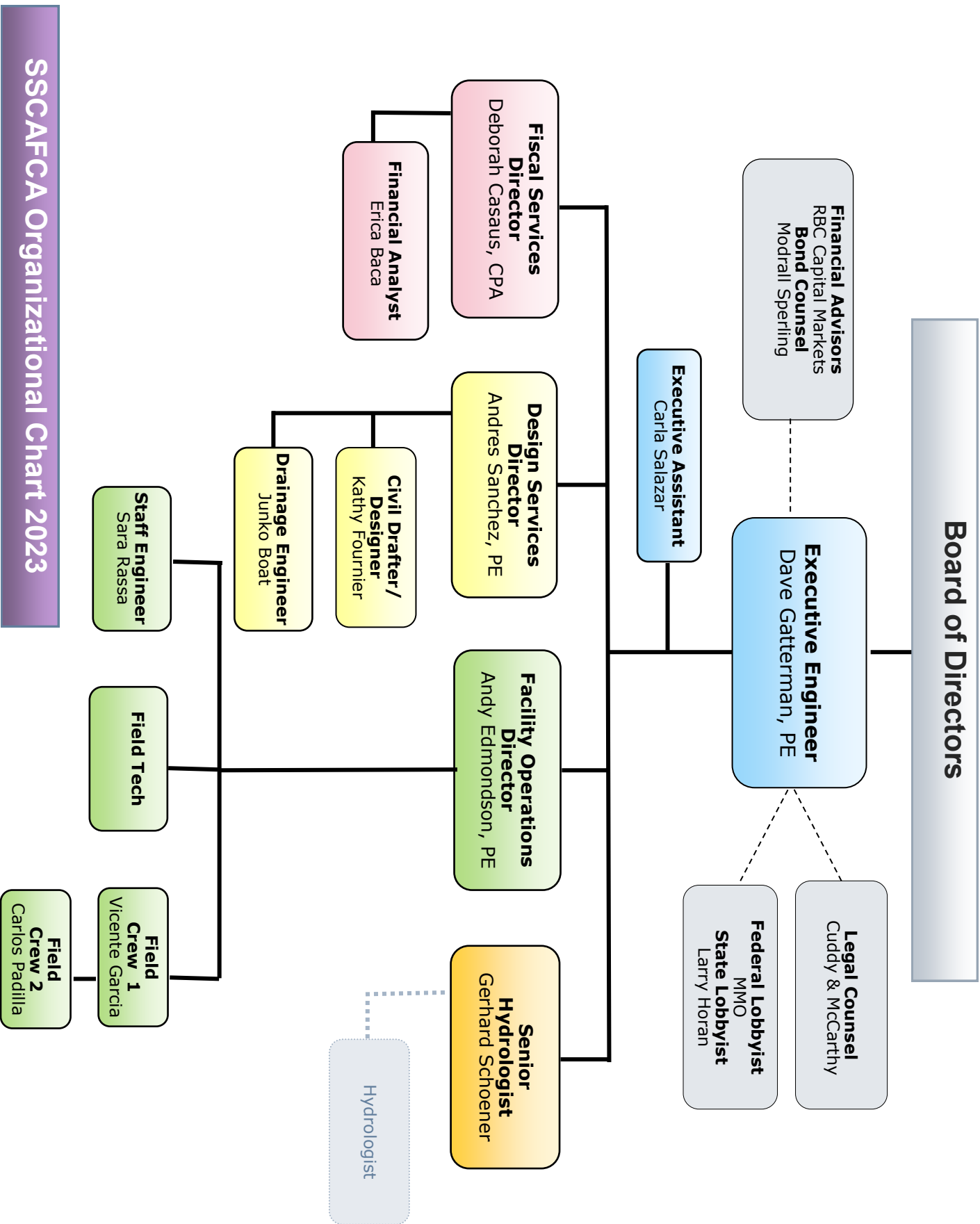
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO





SSCAFCA Organizational Chart 2023

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Directors and Management  
Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2023, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the budgetary comparison of the General Fund of Southern Sandoval County Arroyo Flood Control Authority, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sandoval County Arroyo Flood Control Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sandoval County Arroyo Flood Control Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sandoval County Arroyo Flood Control Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sandoval County Arroyo Flood Control Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 25 through 33 and Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 84 through 93 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandoval County Arroyo Flood Control Authority's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules I and II required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Expenditures of Federal Awards and the Supporting Schedules I and II required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of the Sandoval County Arroyo Flood Control 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 Sandoval County Arroyo Flood Control 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 Sandoval County Arroyo Flood Control Authority's internal control over financial reporting and compliance.



Cordova CPAs LLC  
Albuquerque, New Mexico  
December 12, 2023

# Southern Sandoval County Arroyo Flood Control Authority

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## Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2023 Unaudited

Our discussion and analysis of the Southern Sandoval County Arroyo Flood Control Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Authority's financial statements, which are listed in the table of contents.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the Authority's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2023. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the Authority as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

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

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

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

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

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

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

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

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

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

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

# Southern Sandoval County Arroyo Flood Control Authority

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Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

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

SSCAFCA continues to work on internal policies and guidance documents to improve business practices related to our flood control function. Work continues on the criteria manual, which will provide design guidance for SSCAFCA-owned and operated facilities, regardless whether they are constructed by SSCAFCA or by a developer for future SSCAFCA ownership and operation.

SSCAFCA also continues to actively design and construct projects within the jurisdiction. In the past year, SSCAFCA internal design staff has completed designs for the Lower Venada arroyo improvements project, the Stallion Channel Access project, and largely completed design on the pedestrian bridge stabilization project. SSCAFCA's design consultants began work on the Nightglow Avenue flood risk reduction project and the Thermopylae Diversion project. SSCAFCA's construction team oversaw the completion of construction of the Lower Montoays Bank Stabilization Project, Ivory Channel Improvements Project, the Lower Venada arroyo improvements project and began construction of the High Range Detention Pond.

SSCAFCA has completed the update of the hydrology and watershed management plan for the Coronado Arroyo and began work on updating the Calabacillas Arroyo watershed management plan. The new format also includes an inundation evaluation of key road crossings. Previously, the documents only identified undersized crossing structures. The new planning documents now include an inundation map which will identify the areas most likely to be flooded when the crossing structure is over-topped.

SSCAFCA continues to aggressively pursue external funding sources to leverage local design and construction funds. SSCAFCA has active grant applications with the New Mexico Water Trust Board, the Federal Emergency Management Agency, and the U.S. Army Corps of Engineers as well as active, funded grants with each of those agencies.

## **Significant Financial Highlights for the Year Ending June 30, 2023**

The overall Net Position of the Authority increased from \$89,400,689 for the year ending June 30, 2022 to \$97,215,234 for the year ending June 30, 2023. This represents an increase in net position of \$7,814,545. Total cash and investments increased by \$3,429,538 primarily due to the proceeds of a \$5 Million general obligation bond sale as well as an increase in collections of property taxes. Deferred outflows increased while deferred inflows decreased due to actuarial changes in net pension and OPEB estimates. Total liabilities and deferred inflows of resources increased by \$577,744 resulting from the net effect of a decrease in debt and an increase in the net pension liabilities and an increase in short term liabilities.

# Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **GOVERNMENT WIDE FINANCIAL STATEMENTS**

### **Statement of Net Position**

The Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Assets</b>		
Cash and Investments	\$ 12,771,565	\$ 16,201,103
Other Assets	1,898,946	1,350,037
Capital and Intangible Assets, net of depreciation and amortization	98,283,710	103,749,474
<b>Total Assets</b>	<u>112,954,221</u>	<u>121,300,614</u>
<b>Deferred Outflows of Resources</b>	467,605	513,501
<b>Total Assets and Deferred Outflows of Resources</b>	<u><b>\$ 113,421,826</b></u>	<u><b>\$ 121,814,115</b></u>
<b>Liabilities</b>		
Current Liabilities	4,476,681	6,182,079
Long Term Liabilities	18,665,257	17,938,540
<b>Total Liabilities</b>	<u>23,141,938</u>	<u>24,120,619</u>
<b>Deferred Inflows of Resources</b>	879,199	478,262
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><b>\$ 24,021,137</b></u>	<u><b>\$ 24,598,881</b></u>
<b>Net Position</b>		
Net Investment in Capital Assets	78,442,288	88,982,730
Restricted	9,888,498	6,906,429
Unrestricted	1,069,903	1,326,075
<b>Total Net Position</b>	<u><b>\$ 89,400,689</b></u>	<u><b>\$ 97,215,234</b></u>

GASB 34 rules now require public entities to depreciate and amortize, as appropriate, capital assets. This statement includes accumulated depreciation of the Authority's capital assets in the amount of \$18,153,730, and accumulated amortization of \$1,668,266. The Authority utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.



# Southern Sandoval County Arroyo Flood Control Authority

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Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **Statement of Activities**

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the Authority's net position for the fiscal year ending June 30, 2023. As of June 30, 2023, the Authority had net position of \$97,215,234. The beginning total net position for the 2023 fiscal year is \$89,400,689 reflecting an increase in total net position of \$7,814,545 for the year ending June 30, 2023. The increase is primarily attributable to the sale of the Authority's General Obligation bonds, the acquisition and construction of capital assets, partially funded by grants from the Federal and State government, and an increase of property tax revenue, which grew as a result of a 10% increase in the Authority's Assessed Valuation largely due to new construction. Expenses increased year-over-year by \$201,818. Otherwise, operations of the Authority did not change significantly from the prior year.

	June 30, 2022	June 30, 2023
<b>Expenses for Governmental Activities</b>	\$ 3,894,616	\$ 4,096,434
Less Capital Grants and Contributions and other gains	2,252,147	4,018,070
<b>Net (Expenses) Revenues and Changes in Net Position</b>	<b>(1,642,469)</b>	<b>(78,364)</b>
<b>General Revenues</b>		
Taxes - general and debt service	6,502,838	7,226,268
Interest and Earnings on Investments	21,517	480,034
Miscellaneous	366,581	186,607
Loss on disposal on capital assets	(7,287)	-
<b>Subtotal, General Revenues</b>	<b>6,883,649</b>	<b>7,892,909</b>
<b>Changes in Net Position</b>	<b>5,241,180</b>	<b>7,814,545</b>
<b>Net Position - Beginning</b>	<b>84,159,509</b>	<b>89,400,689</b>
<b>Net Position - Ending</b>	<b>\$ 89,400,689</b>	<b>\$ 97,215,234</b>

# Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **FUND FINANCIAL STATEMENTS**

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances guides the reader to a meaningful overall view for the Authority's revenue, expenditures and changes in fund balances. Total revenues were \$17,685,289. Total expenditures for the Authority were \$13,533,910. Total ending fund balance was \$15,687,474 for an increase of \$4,151,379 from the prior year. The increase is primarily due to the bond proceeds from the general obligation bonds. The fund balance in the General Operating fund increased by \$268,055 mainly attributed to an increase in ad valorem taxes as well as lower than projected expenditures. The fund balance in the Debt Service fund increased by \$242,300 also resulting from increased ad valorem taxes which grew as a result of a 10% increase in the Authority's Assessed Valuation largely due to new construction. The fund balance in the Capital Projects fund increased by \$3,641,024 as net result of bond proceeds and an increase in capital expenditures from the proceeds of the bond sale.

### **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 %
2014-2015	19,185,703	218%	16,615,097	51%
2015-2016	8,428,977	-56%	9,938,992	-40%
2016-2017	7,029,945	-17%	9,190,948	-8%
2017-2018	7,360,223	5%	6,244,650	-32%
2018-2019	7,866,618	11%	10,660,528	71%
2019-2020	12,607,066	-54%	18,712,532	-86%
2020-2021	8,331,030	-34%	9,574,103	-49%
2021-2022	15,300,446	84%	12,044,776	26%
2022-2023	17,685,289	16%	13,533,910	12%

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

# Southern Sandoval County Arroyo Flood Control Authority

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Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **The Budget**

The 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.

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

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2023.

### **MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE**

Fund Type	Final Budget	Actual	Variance
General	4,900,850	2,664,810	2,236,040

The General Fund expenditures remained favorable to the final budget by \$2,236,040 or 46%. This difference was primarily in amounts budgeted for severe storm clean-up from general funds that was not needed during the 2022-23 fiscal year, facility improvements postponed and lower-than-expected expenditures for contractual services.

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

# Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

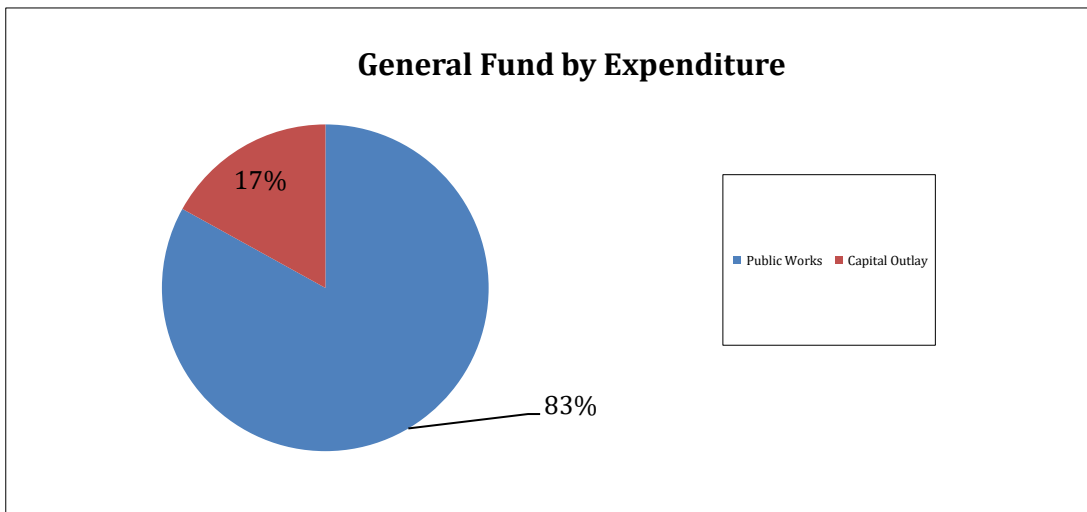
## **The General Fund**

The General Fund revenues represents \$2,935,625 of the total \$17,685,289 in overall Authority revenues.

The following table displays historical revenues of the General Fund.

Year	Revenues	Increase (Decrease) %
2014-2015	2,110,322	1%
2015-2016	2,111,906	0%
2016-2017	2,174,317	3%
2017-2018	2,238,966	3%
2018-2019	2,306,497	6%
2019-2020	2,395,035	4%
2020-2021	2,398,280	<1%
2021-2022	2,560,770	7%
2022-2023	2,935,625	15%

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 83% of the General Fund's expenditures for the 2023 fiscal year.

# Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **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, 2021	June 30, 2022	June 30, 2023
Land and easements	\$ 35,463,020	\$ 35,928,575	\$ 36,269,132
Construction in progress	2,680,385	4,262,485	4,624,740
Building and improvements	3,315,276	3,315,276	3,315,276
Furniture, equipment and vehicles	844,386	854,400	842,284
Flood control system - dams, ponds and drainage channels	67,749,466	70,209,988	76,163,611
Less accumulated depreciation	(15,884,281)	(17,018,744)	(18,153,732)
Intangible assets	2,058,798	2,243,208	2,356,429
Less accumulated amortization	(1,368,095)	(1,511,480)	(1,668,266)
Capital assets, net	\$ 94,858,955	\$ 98,283,708	\$ 103,749,474

Major additions during the 2023 fiscal year include acquisition of approximately 14.61 acres of needed right of way for future flood control facilities for an approximate value of \$342,579. In addition to our semiannual routine maintenance of all our facilities and the restoration of a few facilities, SSCAFCA completed construction on two large flood control projects, Lower Ivory Channel and Lower Montoyas Channel Stabilization projects. The constructed infrastructure added approximately \$5.95 Million in infrastructure. SSCAFCA also added two intangible assets totaling \$113,221. Further information can be obtained at Note 6.

## **General Long Term Debt**

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

The Authority has never defaulted on any of its debts or other obligations. Listed below is repayment information for the Authority's total general obligation debt as of June 30, 2023. Further information can be obtained at Note 7.

Year Ended June 30	Principal	Interest	Totals
2024	\$ 5,229,159	\$ 514,602	\$ 5,743,761
2025	3,354,480	372,493	3,726,973
2026	1,844,803	293,746	2,138,549
2027	1,220,127	247,934	1,468,061
2028	1,235,452	206,828	1,442,280
2029-2033	4,977,203	550,184	5,527,387
2034-2037	1,906,792	53,498	1,960,290
Total	\$ 19,768,016	\$ 2,239,285	\$ 22,007,301

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

# Southern Sandoval County Arroyo Flood Control Authority

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Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2023  
Unaudited

## **Future Trends**

SSCAFCA continues to seek external funding to support future drainage improvements. The recent 2022 severe wildfire season, including the Calf Canyon/Hermits Peak fire, has created a large pool of funding available for FEMA Hazard Mitigation projects within the State of New Mexico. SSCAFCA has coordinated closely with the New Mexico Department of Homeland Security and Emergency Management (NMDHSEM) to identify and provide grant applications for available funding to leverage local capital outlay dollars. Due to severe congestion in the NMDHSEM system and a lack of staff, award of these grants has been delayed, however, SSCAFCA anticipates ultimately receiving significant grant funding for project implementation.

Additionally, SSCAFCA continues to pursue federal funding through the U.S. Army Corps of Engineers (USACE) in their Section 593 Environmental Infrastructure funding. During the last Water Resources Development Act legislation in Congress, the USACE received additional authority in Section 593, a section of the bill targeted at funding environmental infrastructure in the Middle Rio Grande. In future budget cycles, it is likely that this section will receive additional funding. SSCAFCA will continue to work with USACE Albuquerque District personnel to provide priority projects for consideration in the work plan.

In addition to federal grant funding sources, significant resources are being made available by the State of New Mexico Water Trust Board and State Legislative capital outlay grants. SSCAFCA is diligently pursuing the application for grant funding to supplement both federal grant programs as well as match with local bond dollars.

SSCAFCA has been successful in leveling out bond sales during the past several years. In 2023, SSCAFCA was successful in seeking an additional \$30 million of bonding authority during the local election cycle. SSCAFCA currently plans to sell bonds in a measured, consistent manner over the next 10 years. However, should the need arise for additional local bond funds, SSCAFCA may consider selling additional bonding authority as needed. SSCAFCA will sell the last of its bonding authority from the previous authorization during the first half of 2024. Future bond sales will be done using the authorization obtained in 2023.

Development and property values within our jurisdiction remain strong. Demand for homes has increased significantly, driving several large developments to proceed regardless of higher interest rates for home loans. Additionally, Intel Corporation has announced that it will be expanding employment at the Rio Rancho plant site in the near future, which will drive additional growth. Barring any unexpected downturn in the local economy, we expect development to accelerate in the coming years, which will increase pressure to construct necessary drainage improvement to account for the development.

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**BASIC  
FINANCIAL STATEMENTS**



**SOUTHERN SANDOVAL ARROYO FLOOD CONTROL AUTHORITY**

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 94,709
Investments	10,170,179
Receivables:	
Property taxes	357,404
Other receivables	991,270
Prepays	1,363
	<hr/>
<i>Total current assets</i>	11,614,925
	<hr/>
Noncurrent assets	
Restricted investments	5,936,215
Capital assets	123,571,470
Less: accumulated depreciation	(19,821,996)
	<hr/>
<i>Total noncurrent assets</i>	109,685,689
	<hr/>
<i>Total assets</i>	121,300,614
	<hr/>
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	337,125
Deferred outflows - OPEB	176,376
	<hr/>
<i>Total deferred outflows of resources</i>	513,501
	<hr/>
<i>Total assets and deferred outflows of resources</i>	\$ 121,814,115
	<hr/> <hr/>

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

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 487,654
Accrued payroll expenses	32,471
Accrued compensated absences	63,090
Unearned revenue	100,000
Accrued interest	254,139
Current portion of bonds and loan payable	5,244,725
	<hr/>
<i>Total current liabilities</i>	6,182,079
	<hr/>
Noncurrent liabilities	
Accrued compensated absences	32,330
Bonds and loan payable, net	15,811,586
Net pension liability	1,676,154
Net OPEB liability	418,470
	<hr/>
<i>Total noncurrent liabilities</i>	17,938,540
	<hr/>
<i>Total liabilities</i>	24,120,619
	<hr/>
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	55,345
Deferred inflows - OPEB	422,917
	<hr/>
<i>Total deferred inflows of resources</i>	478,262
	<hr/>
<b>Net position</b>	
Net investment in capital assets	88,982,730
Restricted for:	
Debt service	5,979,843
Capital projects	926,586
Unrestricted	1,326,075
	<hr/>
<i>Total net position</i>	97,215,234
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 121,814,115
	<hr/> <hr/>

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

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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Statement of Activities  
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Governmental Activities</u>
<b>Program Expenses</b>	
Public works:	
Personnel services	\$ 954,750
Employee benefits	421,179
General and administrative expenses	339,842
Contractual operating and maintenance services	502,789
Depreciation and amortization	1,337,914
Interest costs	539,960
<i>Total program expenses</i>	<u>4,096,434</u>
<b>Program Revenues</b>	
Capital Grants and Contributions	4,006,092
Gain on disposition of capital assets	11,978
<i>Total program revenues</i>	<u>4,018,070</u>
<b>Net (Expense) Revenue - Governmental Activities</b>	<b><u>(78,364)</u></b>
<b>General revenues</b>	
Taxes:	
Property taxes, levied for general purposes	2,802,739
Property taxes, levied for debt service	4,423,529
Investment income	480,034
Miscellaneous revenue	186,607
<i>Total general revenues</i>	<u>7,892,909</u>
Change in net position	7,814,545
Net position, beginning	<u>89,400,689</u>
Net position, ending	<u><u>\$ 97,215,234</u></u>

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 94,709	\$ -	\$ -
Investments	3,320,819	5,936,215	6,849,360
Receivables:			
Property taxes	140,390	217,014	-
Other receivables	16,399	18,751	956,120
Prepays	1,363	-	-
Due from other funds	48,216	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 3,621,896</u>	<u>\$ 6,171,980</u>	<u>\$ 7,805,480</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<i>Liabilities</i>			
Accounts payable	\$ 46,543	\$ -	\$ 441,111
Accrued payroll expenses	32,471	-	-
Unearned revenue	-	-	100,000
Due to other funds	-	-	48,216
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	<u>79,014</u>	<u>-</u>	<u>589,327</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	124,818	192,137	-
Unavailable revenue - grants	-	-	926,586
	<hr/>	<hr/>	<hr/>
<i>Total deferred inflows of resources</i>	<u>124,818</u>	<u>192,137</u>	<u>926,586</u>
<i>Fund balances</i>			
Nonspendable:			
Prepays	1,363	-	-
Spendable:			
Restricted for:			
Debt service	-	5,979,843	-
Capital improvements	-	-	6,289,567
Committed to:			
Subsequent year's expenditures	461,740	-	-
Assigned to:			
Capital improvements	288,260	-	-
Unassigned	2,666,701	-	-
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	<u>3,418,064</u>	<u>5,979,843</u>	<u>6,289,567</u>
	<hr/>	<hr/>	<hr/>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,621,896</u>	<u>\$ 6,171,980</u>	<u>\$ 7,805,480</u>

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

**Total**

\$ 94,709  
16,106,394

357,404  
991,270  
1,363  
48,216

\$ 17,599,356

\$ 487,654  
32,471  
100,000  
48,216

668,341

316,955  
926,586

1,243,541

1,363

5,979,843  
6,289,567

461,740

288,260  
2,666,701

15,687,474

\$ 17,599,356

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

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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

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

Fund balances - total governmental funds	\$ 15,687,474
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	103,749,474
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	316,955
Certain amounts receivable under grant agreements are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	926,586
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows- pension	337,125
Deferred outflows- OPEB	176,376
Deferred inflows- pension	(55,345)
Deferred inflows- OPEB	(422,917)
Certain liabilities, including loans and bonds payable and related components, accrued interest, the Net pension and OPEB liabilities, and current and long-term portions of accrued compensated absences, are not due and payable in the current current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(95,420)
Accrued interest	(254,139)
Bond premiums	(928,679)
Bonds and loans payable	(20,127,632)
Net pension liability	(1,676,154)
Net OPEB liability	(418,470)
	<hr/>
<i>Net position of governmental activities</i>	<u><u>\$ 97,215,234</u></u>

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



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 2,828,936	\$ 4,423,529	\$ -
Intergovernmental:			
Federal capital grants	-	-	3,424,204
State capital grants	-	-	1,157,714
Investment income	99,528	122,722	257,784
Miscellaneous	7,161	-	179,446
<i>Total revenues</i>	<u>2,935,625</u>	<u>4,546,251</u>	<u>5,019,148</u>
<i>Expenditures</i>			
Current:			
Public works	2,215,204	-	48,218
Capital outlay	452,366	-	6,353,334
Debt service:			
Principal	-	3,803,798	-
Interest	-	543,015	-
Bond issuance costs	-	-	117,975
<i>Total expenditures</i>	<u>2,667,570</u>	<u>4,346,813</u>	<u>6,519,527</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>268,055</u>	<u>199,438</u>	<u>(1,500,379)</u>
<i>Other financing sources (uses)</i>			
Issuance of debt	-	42,862	4,957,138
Bond premium	-	-	170,265
Proceeds from sale of capital assets	-	-	14,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>42,862</u>	<u>5,141,403</u>
<i>Net change in fund balance</i>	268,055	242,300	3,641,024
<i>Fund balance - beginning of year</i>	<u>3,150,009</u>	<u>5,737,543</u>	<u>2,648,543</u>
<i>Fund balance - end of year</i>	<u>\$ 3,418,064</u>	<u>\$ 5,979,843</u>	<u>\$ 6,289,567</u>

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

**Total**

\$ 7,252,465  
3,424,204  
1,157,714  
480,034  
186,607  
12,501,024

2,263,422  
6,805,700

3,803,798  
543,015  
117,975  
13,533,910

(1,032,886)

5,000,000  
170,265  
14,000  
5,184,265

4,151,379

11,536,095

\$ 15,687,474

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

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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$ 4,151,379
--	--------------

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense:

Capital outlay additions reported in capital outlay expenditures	6,692,479
Intangible assets	113,221
Depreciation expense	(1,181,127)
Amortization expense	(156,787)
Book value of disposed assets	(2,022)

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

Change in deferred inflows related to the property taxes receivable	(26,198)
Change in unavailable revenue related to grants receivable	(575,826)

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

Authority pension contributions	94,922
Net pension expense	(163,250)
Authority OPEB contributions	18,541
Net OPEB income	97,910

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

Increase in accrued compensated absences	(3,262)
Increase in accrued interest	(30,546)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position. Also, governmental funds  
report the effect of premiums and similar items when debt is first issued, whereas  
these amounts are deferred and amortized in the Statement of Activities:

Original issue loan premium	(170,265)
Amortization of bond premiums	151,578
Issuance of debt	(5,000,000)
Principal payments on loans	3,803,798

<i>Change in net position of governmental activities</i>	<u>\$ 7,814,545</u>
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The accompanying notes are an integral part of these financial statements.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 2,401,360	\$ 2,401,360	\$ 2,825,527	\$ 424,167
Investment income	2,000	2,000	86,851	84,851
Miscellaneous	2,000	2,000	7,161	5,161
<i>Total revenues</i>	<u>2,405,360</u>	<u>2,405,360</u>	<u>2,919,539</u>	<u>514,179</u>
<i>Expenditures</i>				
Salaries, benefits and taxes	1,421,999	1,421,999	1,416,128	5,871
Contractual services	506,900	506,900	265,574	241,326
County admin. fee	75,000	75,000	72,438	2,562
Audit fees	28,500	28,500	20,957	7,543
Bank charges	3,200	3,200	293	2,907
Board meetings expense	13,500	13,500	5,390	8,110
Election expense	850	850	-	850
Equipment rental	1,000	1,000	-	1,000
Land Acq- ROW expense	100,000	100,000	10,108	89,892
Computers/software/mapping (>\$5000)	37,000	37,000	26,282	10,718
Insurance/bonds	25,000	25,000	9,486	15,514
Legal ads/notices	5,700	5,700	4,044	1,656
Maintenance -buildings, vehicles, & fuel	105,000	105,000	65,479	39,521
Membership fees	17,450	17,450	9,629	7,821
Tools and small equipment	4,000	4,000	2,377	1,623
Enviromental permitting	80,000	80,000	56,750	23,250
Miscellaneous	8,001	8,001	7,591	410
Moving & storage	2,000	2,000	2,097	(97)
Office supplies	12,000	12,000	9,853	2,147
Paying agent/registrar	2,000	2,000	2,102	(102)
Printing/copying	5,500	5,500	3,725	1,775
Engineering/planning scenarios	180,000	180,000	8,677	171,323
Mapping	7,500	7,500	-	7,500
Property tax	9,000	9,000	3,558	5,442
Postage/freight	2,000	2,000	1,613	387
Small furniture/equipment (<\$5,000)	17,000	17,000	9,669	7,331
Staff mileage	1,000	1,000	-	1,000
Training	52,000	52,000	7,127	44,873
Subscriptions/books	4,750	4,750	1,083	3,667
Telephone	32,000	32,000	21,836	10,164
Utilities	7,000	7,000	6,894	106
Operation & maintenance - general	2,052,000	2,052,000	580,027	1,471,973
Vehicle	82,000	82,000	34,023	47,977
<i>Total expenditures</i>	<u>4,900,850</u>	<u>4,900,850</u>	<u>2,664,810</u>	<u>2,236,040</u>

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,495,490)</u>	<u>(2,495,490)</u>	<u>254,729</u>	<u>2,750,219</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	<u>2,495,490</u>	<u>2,495,490</u>	<u>-</u>	<u>(2,495,490)</u>
<i>Total other financing sources (uses)</i>	<u>2,495,490</u>	<u>2,495,490</u>	<u>-</u>	<u>(2,495,490)</u>
<i>Net change in fund balance</i>	-	-	254,729	254,729
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,160,799</u>	<u>3,160,799</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 3,415,528</u>	<u>\$ 3,415,528</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 254,729	
Adjustments to revenues for property tax and interest accruals.			16,086	
Adjustments to expenditures for accounts payable and payroll accruals.			<u>(2,760)</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 268,055</u>	

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

## SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2023

### **Note 1. Summary of Significant Accounting Policies**

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

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

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority’s financial statements. The financial statements and notes are the representation of the Authority’s management that is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

#### **Financial Reporting Entity.**

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units.

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

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

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. Governmental Accounting Standards Board (GASB) Statement No. 61, effective for fiscal year 2013 further requires a financial benefit or burden relationship be present in addition to fiscal dependency between the primary government and the organization to be included as a component unit.

## **SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

### **Note 1. Summary of Significant Accounting Policies (continued)**

In addition, GASB Statement No. 80 requires that a component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member.

Based upon the application of these criteria, the Authority does not have any component units required to be reported under GASB Statement No. 61 and is not a component unit of another governmental agency.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority does not have any business-type activities.

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

#### **Measurement Focus and Basis of Accounting**

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



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

**Measurement Focus and Basis of Accounting (continued)**

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

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

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

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

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Authority's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Authority's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Authority facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Under the requirements of GASB Statement No. 34, the Authority is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

**Measurement Focus and Basis of Accounting (continued)**

The Authority has presented the following major governmental funds:

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

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

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

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity**

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

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the amortized cost of the pool shares. As of June 30, 2023, the Authority maintained a balance of \$16,106,394 in the LGIP.

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

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

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

The Authority receives monthly income from a tax levy in Sandoval County. The funds are collected by the County Treasurer and are remitted to the Authority the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July 2023 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2023. Period of availability is deemed to be thirty days subsequent to year end.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

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

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

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

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

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

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

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

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

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

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

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

**Compensated Absences:** Qualified employees are entitled to accumulate amounts of annual leave which is payable to the employee upon termination or retirement. Annual leave accrues at the rate of eighty hours per year for employees with five or fewer years of service. Employees with five to ten years of service accrue annual leave at the rate of one hundred and twenty hours per year. Employees with ten to fifteen years of service accrue annual leave at the rate of one hundred and sixty hours per year. Employees with over fifteen years of service accrue annual leave at the rate of two hundred hours per year. The maximum accrual of annual leave is 280 hours. At June 30, 2023, accrued vested annual leave totaled \$95,420.

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

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

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

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

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2023, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

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

**Fund Balance Classification Policies and Procedures:** For committed fund balance, the Authority’s highest level of decision-making authority is the Board of Directors. The formal action that is required to be taken to establish a fund balance commitment is the Board of Directors.

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

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

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

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

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

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

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

**Fund Balance for Subsequent Years Expenditures:** The Authority also assigns a portion of fund balance for specific future use, not available for appropriation or expenditure totaling \$461,740, as a reserve for future expenditures. The Authority has also assigned fund balances of \$288,260 in the Capital Projects Fund for purchase, construction, improvement, and maintenance of flood control system assets. The Board of Directors of the Authority via resolution is authorized to assign fund balances that the Authority intends to use for specific purposes.

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

- a. *Net investment in capital assets:* Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position:* Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" is described on page 53.
- c. *Unrestricted net position:* All other net position items that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

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

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

**Newly Adopted Accounting Pronouncements:** During the year ended June 30, 2023 the Authority adopted GASB Statements No.91, Conduit Debt Obligations, No. 93 Replacement of Interbank Offered Rates, No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, No. 96 Subscription-Based Information Technology Arrangements, No. 98, The Annual Comprehensive Financial Report, No. 99 Omnibus 2022. The Authority's accounting policy for accounting for Right of Use Assets and related liabilities under GASB Statement No. 96 is to capitalize amounts more than \$25,000. None of these pronouncements have a significant impact on these financial statements.

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

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

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

The budget is prepared on the cash basis, which differs from GAAP. Budgetary comparisons presented in these financial statements are on this Non-GAAP cash budgetary basis. The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The appropriated budget for the year ended June 30, 2023 was properly amended by the Authority's Board of Directors throughout the year. These amendments resulted in the following changes:

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

	<b>Excess (deficiency) of revenues over expenditures Operating income (loss)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Funds:		
General Fund	\$ (2,495,490)	\$ (2,495,490)
Debt Service	\$ (411,207)	\$ (411,207)
Capital Projects	\$ (3,896,347)	\$ (3,896,347)

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**

State statute authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The Authority is not aware of any invested funds that did not meet the state investment requirements as of June 30, 2023.

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

The rate of interest in nondemand interest-bearing accounts shall be set by the state board of finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

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

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution. At June 30, 2023, \$50,416 of the Authority’s bank balance of \$300,416 was subject to custodial risk. \$1,898 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Authority’s name. \$48,518 was uninsured and uncollateralized at June 30, 2023.



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 300,416
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>50,416</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the Authority's name	<u>1,898</u>
Uninsured and uncollateralized	<u>\$ 48,518</u>
Collateral requirement (50% of uninsured funds)	\$ 25,208
Pledged Collateral	<u>1,898</u>
Over (Under) collateralized	<u>\$ (23,310)</u>

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

**Investments**

As of June 30, 2023, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

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

As of June 30, 2023, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
New Mexico Local Government Investment Pool	22 days ( R ); 86 days ( F )	<u>\$ 16,106,394</u>	AAAM

\*\*Based of Standard & Poor's rating

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

*Interest Rate Risk*—Investments. The Authority does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration of Credit Risk*—Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Authority. Since the Authority only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the Authority.

**Fair Value Measurement**

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

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

The following table sets forth by level within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2023:

<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>\$ 16,106,394</u>	<u>\$ -</u>	<u>\$ 16,106,394</u>	<u>\$ -</u>

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

**Reconciliation to the Statement of Net Position**

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents	\$ 94,709
Investments	10,170,179
Restricted Investments	<u>5,936,215</u>
 Total cash, investments, and cash equivalents	 <u>16,201,103</u>
 Add: outstanding checks and other reconciling items	 205,907
Less: New Mexico Government Local Investment Pool	(16,106,394)
Less: Petty cash	<u>(200)</u>
 Bank balance of deposits	 <u>\$ 300,416</u>

**Note 4. Receivables**

Governmental Activities receivables as of June 30, 2023 are comprised of the following:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receivables:				
Property taxes	<u>\$ 140,390</u>	<u>\$ 217,014</u>	<u>\$ -</u>	<u>\$ 357,404</u>
Total property taxes receivable	<u>140,390</u>	<u>217,014</u>	<u>-</u>	<u>357,404</u>
Other receivables:				
Federal grants	-	-	956,120	956,120
Interest	<u>16,399</u>	<u>18,751</u>	<u>-</u>	<u>35,150</u>
Total due from other governments	<u>16,399</u>	<u>18,751</u>	<u>956,120</u>	<u>991,270</u>
 Accounts receivable	 <u>\$ 156,789</u>	 <u>\$ 235,765</u>	 <u>\$ 956,120</u>	 <u>\$1,348,674</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$316,955 and grant revenues in the amount of \$926,586 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements as of June 30, 2023.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

<b>Due from other funds</b>	<b>Due to other funds</b>	<b>Amount</b>
General Fund	Capital Projects Fund	<u>\$ 48,216</u>

**Note 6. Capital Assets**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2023. Land, right of way, and construction in process are not subject to depreciation.

<b>Governmental Activities:</b>	<b>Balance</b>		<b>Deletions and</b>	<b>Balance</b>
	<b>June 30, 2022</b>	<b>Additions</b>	<b>Transfers</b>	<b>June 30, 2023</b>
Capital assets not being depreciated:				
Land	\$ 228,500	\$ -	\$ -	\$ 228,500
Fee simple and easement land	35,700,075	342,579	2,022	36,040,632
Construction in progress	4,262,485	1,851,746	1,489,491	4,624,740
Total not being depreciated	<u>40,191,060</u>	<u>2,194,325</u>	<u>1,491,513</u>	<u>40,893,872</u>
Capital assets being depreciated:				
Buildings and improvements	3,315,276	-	-	3,315,276
Furniture, equipment, and vehicles	854,400	34,023	(46,141)	842,282
Flood control system-dams, ponds, and drainage channels	70,209,989	5,953,622	-	76,163,611
Total being depreciated	<u>74,379,665</u>	<u>5,987,645</u>	<u>(46,141)</u>	<u>80,321,169</u>
 Total capital assets	 <u>114,570,725</u>	 <u>8,181,970</u>	 <u>1,445,372</u>	 <u>121,215,041</u>
Accumulated depreciation:				
Buildings and improvements	1,267,259	97,768	-	1,365,027
Furniture, equipment, and vehicles	475,684	48,720	(46,141)	478,263
Flood control system-dams, ponds, and drainage channels	15,275,801	1,034,639	-	16,310,440
Total accumulated depreciation	<u>17,018,744</u>	<u>1,181,127</u>	<u>(46,141)</u>	<u>18,153,730</u>
 Intangible assets	 2,243,208	 113,221	 -	 2,356,429
Less accumulated amortization	1,511,479	156,787	-	1,668,266
Intangible assets, net of amortization	<u>731,729</u>	<u>(43,566)</u>	<u>-</u>	<u>688,163</u>
 Capital assets, net of depreciation, and amortization	 <u>\$ 98,283,710</u>	 <u>\$ 6,957,277</u>	 <u>\$ 1,491,513</u>	 <u>\$ 103,749,474</u>

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**Note 6. Capital Assets (continued)**

Depreciation and amortization expense for the year ended June 30, 2023, was charged to the following functions:

Public works	<u>\$ 1,181,127</u>
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**Note 7. Long-Term Debt**

The Authority issues general obligation bonds to provide funds for the acquisition and construction of flood control facilities. The original amount of general obligation bonds issued in prior years, with balances outstanding at any time during the year ended June 30, 2023, was \$19,768,016. 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, 2023 are for governmental activities. Ad valorem assessments have been levied for debt service and are pledged to service the general obligation bonds. These revenues are recorded in the Debt Service Fund and are considered to be restricted for debt service.

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2023</u>
2012 General Obligation Series 2012	7/1/2012	8/1/2025	2.00%	4,500,000	\$ 1,875,000
2014 General Obligation Series 2014A	8/16/2014	8/1/2028	2.00-4.00%	8,395,000	890,000
NMED CWSR GO Bond	5/2/2013	7/13/2036	3.00%	1,250,000	928,016
General Obligation Series 2018	8/30/2018	8/1/2031	3.00-4.00%	2,500,000	2,345,000
General Obligation Series 2019A	9/24/2019	8/1/2031	3.00-4.00%	3,000,000	2,700,000
General Obligation Series 2019B	9/24/2019	8/1/2023	4%	5,255,000	715,000
General Obligation Series 2021A	9/15/2021	8/1/2035	1.0-3.0%	5,000,000	4,200,000
General Obligation Series 2021B	9/15/2021	8/1/2024	3.00%	1,565,000	1,115,000
General Obligation Series 2022	9/15/2022	8/1/2035	3.5-4.0%	5,000,000	<u>5,000,000</u>
Total Bonds Payable					<u>\$19,768,016</u>

During the year ended June 30, 2023, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<b>Governmental Activities:</b>	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2023</b>	<b>Due Within One Year</b>
Bonds Payable	\$18,551,856	\$ 5,000,000	\$ 3,783,840	\$19,768,016	\$ 5,229,159
Loans Payable	379,574	-	19,958	359,616	15,566
Compensated absences	92,158	66,352	63,090	95,420	63,090
Total	<u>\$19,023,588</u>	<u>\$ 5,066,352</u>	<u>\$ 3,866,888</u>	<u>\$20,223,052</u>	<u>\$ 5,307,815</u>

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**Note 7. Long-Term Debt (continued)**

Bonds payable, net, as presented in the Statement of Net Position includes bond premiums of \$1,595,806 accumulated amortization of \$667,127. 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.

**General Obligation Bonds**

Bonds outstanding at June 30, 2023, consisted of the following bonds:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2024	\$ 5,229,159	\$ 514,602	\$ 5,743,761
2025	3,354,480	372,493	3,726,973
2026	1,844,803	293,746	2,138,549
2027	1,220,127	247,934	1,468,061
2028	1,235,452	206,828	1,442,280
2029-2033	4,977,203	550,184	5,527,387
2034-2037	1,906,792	53,498	1,960,290
Total	<u>\$ 19,768,016</u>	<u>\$ 2,239,285</u>	<u>\$ 22,007,301</u>

**Note Payable- CWSRF**

During the year ended June 30, 2021 the Authority recorded debt in the amount of \$394,326. This is from grant proceeds which was converted into a loan which is now showing as a long term debt balance on the government wide financial statements. Interest is 2.56% maturing June 24, 2041. Loans payable at June 30, 2023 consisted of the following:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 15,566	\$ 10,934	\$ 26,500
2025	16,033	10,467	26,500
2026	16,514	9,986	26,500
2027	17,009	9,490	26,499
2028	17,519	8,980	26,499
2029-2033	95,803	36,696	132,499
2034-2038	111,062	21,435	132,497
2039-2041	70,110	4,542	74,652
Totals	<u>\$ 359,616</u>	<u>\$ 112,530</u>	<u>\$ 472,146</u>

Compensated Absences - Employees of the Authority are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2023, compensated absences for governmental activities increased \$3,262 from the prior year accrual.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**Note 7. Long-Term Debt (continued)**

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

**NOTE 8. Risk Management**

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

During the year ended June 30, 2023, 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. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds. There were no funds with a deficit fund balance for the year ended June 30, 2023.
- B. Excess of expenditures over appropriations. There were no funds expenditures were in excess of the budgeted appropriations for the year ended June 30, 2023.
- C. Designated cash appropriations in excess of available balances. There were no funds with designated cash appropriation in excess of available balances for the year ended June 30, 2023.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

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

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

**TIER II**

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



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

<b>PERA Contribution Rates and Pension Factors in effect during FY22</b>						
<b>Coverage Plan</b>	<b>Employee Contribution Percentage</b>		<b>Employer Contribution Percentage</b>	<b>Pension Factor per year of Service</b>		<b>Pension Maximum as a Percentage of the Final Average Salary</b>
	<b>Annual Salary less than \$20,000</b>	<b>Annual Salary greater than \$20,000</b>		<b>TIER 1</b>	<b>TIER 2</b>	
<b>STATE PLAN</b>						
State Plan 3	7.42%	9.92%	18.24%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5 %	7.65%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.65%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.65%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	19.15%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.15%	3.0%	2.5%	90%
Municipal Police Plan 5	16.30%	17.80%	19.15%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	11.0%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	11.0%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	11.0%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.80%	15.8%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.20%	19.2%	21.90%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.30%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.60%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	9.92%	18.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	7.28%	27.37%	3.0%	3.0%	90%

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

**PERA Fund Division Municipal General:** At June 30, 2023, the Authority reported a liability of \$1,676,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2022.

There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Authority's proportion was 0.09450 percent, which was a decrease of 0.00129 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Authority recognized pension expense of \$163,250. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ -
Changes in proportion	69,602	14,582
Difference between expected and actual experience	6,719	40,763
Net difference between projected and actual earnings on pension plan investments	165,882	-
Authority's contributions subsequent to the measurement date	94,922	-
<b>Total</b>	<b>\$ 337,125</b>	<b>\$ 55,345</b>

\$94,922 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

<b>Year ended June 30:</b>	
2024	\$ 81,852
2025	34,181
2026	(60,150)
2027	130,975
Thereafter	-
<b>Total</b>	<b><u>\$ 186,858</u></b>

*Actuarial assumptions.* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

<b>PERA FUND</b>	
<b>Actuarial Valuation Date</b>	June 30, 2021
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage of Payroll for all divisions except for the Legislative division with is Level Dollar.
<b>Amortization Period</b>	25 years
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	7.25% annual rate
Projected Salary increases	3.25% to 13.50% annual rate
Includes Inflation at	2.50%
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generational. For non- public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50%	1.00%
Credit Oriented Fixed Income	15.00%	4.45%
Real Assets to include Real Estate Equity	20.00%	5.10%
Multi-Risk Allocation	<u>10.00%</u>	6.65%
Total	100.00%	

*Discount rate.* A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

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

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

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

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Authority’s proportionate share of the net pension liability	<u>\$ 2,536,381</u>	<u>\$ 1,676,154</u>	<u>\$ 961,534</u>

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

**Payables to the pension plan.** At June 30, 2023, the Authority had payables to the plan in the amount of \$8,470.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan**

*General Information about the OPEB*

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

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

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

**Employees covered by benefit terms** – At June 30, 2022, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	53,092
Inactive and eligible for deferred benefit	11,759
Current active members	<u>92,520</u>
	<u>157,371</u>
Active membership	
State general	18,691
State police and corrections	1,919
Municipal general	20,357
Municipal police	1,573
Municipal fire	756
Educational Retirement Board	<u>49,224</u>
	<u>92,520</u>

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Authority were \$18,541 for the year ended June 30, 2023.

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

At June 30, 2023, the Authority reported a liability of \$418,470 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2022. The Authority’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2022. At June 30, 2022, the Authority’s proportion was 0.01810 percent.

For the year ended June 30, 2023, the Authority recognized OPEB income of \$97,910. At June 30, 2023 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 6,960	\$ 62,026
Net difference between expected and actual investments on OPEB plan investments	5,770	-
Change of proportions	55,814	50,684
Change of assumptions	89,291	310,207
Authority's contributions subsequent to the measurement	<u>18,541</u>	<u>-</u>
Total	<u>\$ 176,376</u>	<u>\$ 422,917</u>

Deferred outflows of resources totaling \$18,541 represent Authority contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

**Year ended June 30:**

2024	\$	(92,301)
2025		(59,166)
2026		(26,292)
2027		(51,319)
2028		(36,004)
Total	\$	(265,082)

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Validation date	June 30, 2021
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
<b>Actuarial assumptions:</b>	
Inflation	2.30% for ERB; 2.50% for PERA members
Projected payroll increases	3.25% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, 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 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	0.4%
U.S. equity - large cap	6.6%
Non U.S. - emerging markets	9.2%
Non U.S. - developed equities	7.3%
Private equity	10.6%
Credit and structured finance	3.1%
Real estate	3.7%
Absolute return	2.5%
U.S. equity - small/mid cap	6.6%

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 5.42% as of June 30, 2022. 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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2052, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% 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, calculated using the discount rate of 5.42% as of June 30, 2022, as well as what the Fund’s net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	(4.42%)	Rate (5.42%)	(6.42%)
Authority's proportionate share of the net OPEB liability	\$ 520,760	\$ 418,470	\$ 336,914

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

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 335,303	\$ 418,470	\$ 489,349



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

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

***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, 2022.

**Payable Changes in the Net OPEB Liability.** At June 30, 2022, the Authority reported a payable of \$1,018 for outstanding contributions due to NMRHCA for the year ended June 30, 2023.

**NOTE 12. Contingent Liabilities**

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

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

**NOTE 13. Joint Powers Agreements and Memorandums of Understanding**

IPA#14-21

Participants

Village of Corrales

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Responsible Party for Operations

Village of Corrales

Description

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

Effective Dates

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

Project Costs

Total estimated amount of project: \$282,398

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

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

Audit Responsibility

Village of Corrales

Government Agency where Revenues and Expenditures are Reported

Village of Corrales

Participants

Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Town of Bernalillo

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 13. Joint Powers Agreements and Memorandums of Understanding (continued)**

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, 2020 (as amended)

Project Costs  
Total estimated amount of project: \$353,000  
Total estimated amount to be contributed by SSCAFCA: \$353,000

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

Audit Responsibility  
SSCAFCA

Government Agency where Revenues and Expenditures are Reported  
SSCAFCA

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 14. Commitments**

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

<b>Contractor</b>	<b>Project</b>	<b>Balance at 7/1/22- Project in CIP</b>	<b>Probable Future Commitments<sup>1</sup> 7/1/22</b>	<b>Classification: 1 = ongoing project; 2 = commitment made and 3 = planned</b>
USACE	Middle Venada Water Quality Structure – Design/Construct		\$3,312,500	2
Unknown	High Range Pond Construction		\$3,723,483	2
USACE	Industrial Park Water Quality Project - Construction		\$3,851,500	2
Pate Construction	Lower Venada Arroyo Bank Stabilization - Construction	\$859,566	\$2,348,219	1
USACE	Upper Venada Arroyo Off-Channel flood control facility – Design/Construction		\$4,800,000	2
Smith	Thermopylae Diversion Project – Design		\$264,849.50	1
Unknown	Lisbon Channel stabilization (Southern to Ped Bridge) - Construction		\$1,850,000	3
Unknown	Thermopylae Diversion Project Construction		\$2,000,000	3
Smith	Nightglow Avenue Risk Reduction Project - Design	\$99,350	\$165,499	1
Unknown	Lower Barranca Water Quality Facility – Design/Construction		\$2,206,000	3
Unknown	Montoyas Bank and Grade Stabilization, Broadmoor to Northern		\$3,700,000	3
City of Rio Rancho	ROW Exchange		\$150,000	3
Unknown	Riparia Pond - Construction		\$3,000,000	3
Unknown	Athens Channel Rehabilitation		\$250,000	3
Unknown	Black Arroyo Bridge Abutment Stabilization		\$300,000	
Unknown	Maintenance Facility Construction		\$250,000	3
Compass Engineering	Stallion Channel Access		\$265,000	3
Unknown	Sunset Channel Rehabilitation		\$1,000,000	3
			<hr/>	
	Sum of probable future commitments	\$ 958,916	\$33,437,051	
			<hr/> <hr/>	

<sup>1</sup> = Probable future commitments includes projects where there currently exists a contractual obligation to complete work, a grant agreement with a funding agency to complete work, or a grant application has been made and the agency is reasonably certain that grant funding has been awarded.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**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, 2023 were \$0.

**NOTE 16. Federal and State Grants**

The Authority participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Authority.

**NOTE 17. Restricted Net Position**

The government-wide statement of net position reports \$6,906,429 restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for debt service and capital projects, see page 53.

**NOTE 18. Subsequent Events**

The date to which events occurring after June 30, 2023, the date of the most recent statement of net position, have been evaluated for possible adjustment of the financial statements or disclosures is December 12, 2023, which is the date on which the financial statements were issued.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 19. Tax Abatements**

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

Agency number for Agency making the disclosure (Abating Agency)	6147	6147
Abating Agency Name	City of Rio Rancho	City of Rio Rancho
Abating Agency Name	Municipality(Home Rule)	Municipality(Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project- Lease Agreement	Industrial Revenue Bond Project- Lease Agreement
Name of Agency affected by abatement agreement (Affected agency)	Southern Sandoval County Arroyo Flood Control Authority	Southern Sandoval County Arroyo Flood Control Authority
Agency number of affected agency	4096	4096
Agency number of affected agency	Special District	Special District
Recipient(s) of tax abatement	Bank of America	Call, LLC
Tax Abatement Program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of America \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.	Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-leased to Safelite Solutions LLC.
Specific Tax(es) being abated	Property Taxes	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 10,873.44	\$ 12,267.18

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 19. Tax Abatements (continued)**

For any payments in Lieu of Taxes (PILOTs) or similar payments receivable by the affected agency in association with the forgone tax revenue, list the amount of payments received in the current fiscal year	N/A	N/A
If the abating agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	N/A
Agency number for Agency making the disclosure (Abating Agency)	6147	6147
Abating Agency Name	City of Rio Rancho	City of Rio Rancho
Abating Agency Name	Municipality(Home Rule)	Municipality(Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project- Lease Agreement	Industrial Revenue Bond Project- Lease Agreement
Name of Agency affected by abatement agreement (Affected agency)	Southern Sandoval County Arroyo Flood Control Authority	Southern Sandoval County Arroyo Flood Control Authority
Agency number of affected agency	4096	4096
Agency number of affected agency	Special District	Special District
Recipient(s) of tax abatement	Titan City Center, LLC	Call, LLC
Tax Abatement Program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.	Intel Corporation Project
Specific Tax(es) being abated	Property Taxes	Property taxes on real property and personal property used in business

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Notes to Financial Statements

June 30, 2023

**NOTE 19. Tax Abatements (continued)**

Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 39,462.13	\$384,309.53 reduction for 2017 Debt Service levy proceeds and \$256,206.36 reduction for Operational levy proceeds.
For any payments in Lieu of Taxes (PILOTs) or similar payments receivable by the affected agency in association with the forgone tax revenue, list the amount of payments received in the current fiscal year	N/A	N/A
If the abating agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A	N/A

**NOTE 20. Subsequent Accounting Pronouncements**

In June 2022, GASB Statement No. 100 Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2023. The Authority does not expect this pronouncement to have a material effect on the financial statements.

In June 2022, GASB Statement No. 101 Compensated Absences, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. The Authority does not expect this pronouncement to have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
	<b>Date (As of</b>	<b>Date (As of</b>	<b>Date (As of</b>
	<b>and for the</b>	<b>and for the</b>	<b>and for the</b>
	<b>year ended</b>	<b>year ended</b>	<b>year ended</b>
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2022)</b>	<b>2021)</b>	<b>2020)</b>
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net pension liability	0.0945%	0.0958%	0.0898%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability	\$ 1,676,154	\$ 1,079,302	\$ 1,815,961
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 919,478	\$ 903,131	\$ 843,561
Southern Sandoval County Arroyo Flood Control	182.29%	119.51%	215.27%
Plan fiduciary net position as a percentage of the total pension liability	69.35%	77.25%	66.36%

\* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Southern Sandoval County Arroyo Flood Control Authority is not available prior to fiscal year 2015, the year the statement requirements became effective.

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

<b>2020 Measurement Date (As of and for the year ended June 30, 2019)</b>	<b>2019 Measurement Date (As of and for the year ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the year ended June 30, 2017)</b>	<b>2017 Measurement Date (As of and for the year ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the year ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the year ended June 30, 2014)</b>
0.0818%	0.0962%	0.0927%	0.0902%	0.0873%	0.0836%
\$ 1,416,040	\$ 1,533,784	\$ 1,273,776	\$ 1,441,093	\$ 890,099	\$ 652,170
\$ 776,553	\$ 778,403	\$ 815,282	\$ 772,413	\$ 723,826	\$ 678,617
182.35%	197.04%	156.24%	186.57%	122.97%	96.10%
70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

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

	<b>As of and for the year ended June 30, 2023</b>	<b>As of and for the year ended June 30, 2022</b>	<b>As of and for the year ended June 30, 2021</b>
Contractually required contribution	\$ 94,922	\$ 90,109	\$ 88,507
Contributions in relation to the contractually required contribution	<u>(94,922)</u>	<u>(90,109)</u>	<u>(88,507)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 921,350	\$ 919,478	\$ 903,131
Contributions as a percentage of covered payroll	10.30%	9.80%	9.80%

\* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of the information is available. Complete information for Southern Sandoval County Arroyo Flood Control Authority is not available prior to fiscal year 2015, the year the statement requirements became effective.

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

As of and for the year ended June 30, 2020	As of and for the year ended June 30, 2019	As of and for the year ended June 30, 2018	As of and for the year ended June 30, 2017	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
\$ 82,669	\$ 74,161	\$ 74,338	\$ 77,862	\$ 73,765	\$ 69,125
<u>(82,669)</u>	<u>(74,161)</u>	<u>(74,338)</u>	<u>(77,862)</u>	<u>(73,765)</u>	<u>(69,125)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 843,561	\$ 776,553	\$ 778,403	\$ 815,282	\$ 772,413	\$ 723,826
9.80%	9.55%	9.55%	9.55%	9.55%	9.55%

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

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
Notes to the Required Supplementary Information  
June 30, 2023

**PERA**

*Changes of benefit terms:* The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFAR. <https://www.nmpera.org/financial-overview/>.

*Assumptions:* The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2022 report is available at <http://www.nmpera.org>.

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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule of Proportionate Share of the Net OPEB Liability

Retiree Health Care OPEB Plan

Last 10 Fiscal Years\*

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
	<b>Date (As of and</b>	<b>Date (As of and</b>	<b>Date (As of and</b>
	<b>for the Year</b>	<b>for the Year</b>	<b>for the Year</b>
	<b>Ended June 30,</b>	<b>Ended June 30,</b>	<b>Ended June 30,</b>
	<b>2022)</b>	<b>2021)</b>	<b>2020)</b>
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net OPEB liability (asset)	0.01810%	0.01874%	0.01758%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability (asset)	\$ 418,470	\$ 616,612	\$ 738,168
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	919,478	903,131	878,119
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	45.51%	68.27%	84.06%
Plan fiduciary net position as a percentage of the total OPEB liability	33.33%	25.39%	16.50%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for available years.

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

<b>2020 Measurement Date (As of and for the Year Ended June 30, 2019)</b>	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
0.01686%	0.01826%	0.01900%
\$ 546,667	\$ 794,010	\$ 861,018
776,553	778,403	815,282
70.40%	102.01%	105.61%
18.92%	13.14%	11.34%

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



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

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

	<u>As of and for the Year Ended June 30, 2023</u>	<u>As of and for the Year Ended June 30, 2022</u>	<u>As of and for the Year Ended June 30, 2021</u>
Contractually required contribution	\$ 18,541	\$ 18,466	\$ 18,103
Contributions in relation to the contractually required contribution	<u>18,541</u>	<u>18,466</u>	<u>18,103</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	921,350	919,478	903,131
Contribution as a percentage of covered payroll	2.01%	2.01%	2.00%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for available years.

**Notes to Required Supplementary Information**

**RHC Plan**

In the total OPEB liability measured as of June 30, 2022, changes in assumptions include adjustments resulting from an decrease in the discount rate from 3.62% to 5.42%.

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

<b>As of and for the Year Ended June 30, 2020</b>	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
<u>\$ 17,078</u>	<u>\$ 14,953</u>	<u>\$ 15,568</u>
17,078	14,953	15,568
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
878,119	776,553	778,403
1.94%	1.93%	2.00%

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

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## **SUPPLEMENTARY INFORMATION**

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule C-1

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<i>Revenues</i>				
Taxes:				
Property	\$ 3,932,606	\$ 3,932,606	\$ 4,418,296	\$ 485,690
Investment income	3,000	3,000	107,451	104,451
<i>Total revenues</i>	<u>3,935,606</u>	<u>3,935,606</u>	<u>4,525,747</u>	<u>590,141</u>
<i>Expenditures</i>				
Debt Service:				
Principal	3,803,798	3,803,798	3,803,798	-
Interest	543,015	543,015	543,015	-
<i>Total expenditures</i>	<u>4,346,813</u>	<u>4,346,813</u>	<u>4,346,813</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(411,207)</u>	<u>(411,207)</u>	<u>178,934</u>	<u>590,141</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	411,207	411,207	-	(411,207)
Bond proceeds	-	-	42,862	42,862
<i>Total other financing sources (uses)</i>	<u>411,207</u>	<u>411,207</u>	<u>42,862</u>	<u>(368,345)</u>
<i>Net change in fund balance</i>	-	-	221,796	221,796
<i>Fund balance - beginning of year</i>	-	-	5,714,419	5,714,419
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 5,936,215</u>	<u>\$ 5,936,215</u>
Net change in fund balance (non-GAAP budgetary basis)			221,796	
Adjustments to revenues for property taxes and bond proceeds and premiums.			20,504	
No expenditures for expenditures.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 242,300</u>	

See independent auditors' report.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule C-2

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<i>Revenues</i>				
Intergovernmental:				
Federal capital grant	\$ 4,800,000	\$ 4,800,000	\$ 4,581,918	\$ (218,082)
Investment income	3,000	3,000	229,900	226,900
Miscellaneous	-	-	179,535	179,535
<i>Total revenues</i>	<u>4,803,000</u>	<u>4,803,000</u>	<u>4,991,353</u>	<u>188,353</u>
<i>Expenditures</i>				
Public works	75,000	75,000	48,216	26,784
Capital outlay	8,624,347	8,624,347	7,140,340	1,484,007
<i>Total expenditures</i>	<u>8,699,347</u>	<u>8,699,347</u>	<u>7,188,556</u>	<u>1,510,791</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,896,347)</u>	<u>(3,896,347)</u>	<u>(2,197,203)</u>	<u>1,699,144</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,896,347	(1,103,653)	-	1,103,653
Bond proceeds	-	5,000,000	5,088,000	88,000
Proceeds from sale of capital assets	-	-	14,000	14,000
<i>Total other financing sources (uses)</i>	<u>3,896,347</u>	<u>3,896,347</u>	<u>5,102,000</u>	<u>1,205,653</u>
<i>Net change in fund balance</i>	-	-	2,904,797	2,904,797
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,896,347</u>	<u>3,896,347</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 6,801,144</u>	<u>\$ 6,801,144</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 2,904,797	
Adjustments to revenues for grant revenues and transfers.			67,198	
Adjustments to expenditures for capital outlay expenditures.			<u>669,029</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 3,641,024</u>	

See independent auditors' report.

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## **SUPPORTING SCHEDULES**



**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule of Deposit and Investments

June 30, 2023

<b>Bank Name/Account Name</b>	<b>Account Type</b>	<b>Bank Balance</b>
<b>Wells Fargo Bank</b>		
Checking-Operational	Checking	\$ 300,416
<i>Total Wells Fargo Bank</i>		<u>300,416</u>
<b>NM State Treasurer's Office</b>		
Investments- LGIP	Investment Pool	16,106,394
<i>Total NM State Treasurer's Office</i>		<u>16,106,394</u>
<i>Total</i>		<u><u>\$ 16,406,810</u></u>

Add: petty cash

*Total deposits and investments*

Deposits and investments per Statement of Net Position:

Cash and cash equivalents

Investments

Restricted Investments

*Total cash and investments*

See independent auditors' report.

<u>Outstanding Checks</u>	<u>Book Balance</u>
\$ 205,907	\$ 94,509
<u>205,907</u>	<u>94,509</u>
-	16,106,394
-	<u>16,106,394</u>
<u>\$ 205,907</u>	<u>16,200,903</u>
	<u>200</u>
	<u>\$ 16,201,103</u>
	\$ 94,709
	10,170,179
	<u>5,936,215</u>
	<u>\$ 16,201,103</u>

See independent auditors' report.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule II

Schedule of Collateral Pledged by Depository

For Public Funds

June 30, 2023

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2023</u>
<b>Wells Fargo Bank</b>	GNMA G2SF 4.5%	11/20/2052	36179XLG9	\$ 1,898
	<i>Total Pledged Collateral</i>			<u>\$ 1,898</u>

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

See independent auditors' report.

## **STATISTICAL SECTION**

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## Index to the Statistical Section

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

### Financial Trends

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

Net Position by Component.....	106-107
Changes in Net Position .....	108-109
Changes in Fund Balances of Governmental Funds.....	110-111
Fund Balances of Governmental Funds .....	112-113

### 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.....	114-115
Property Tax Levies and Collections.....	116-117
Property Tax Rates, Direct and Overlapping Governments.....	118-119
Historical Property Tax Rates .....	120-121
Principal Property Taxpayers .....	122-123

### 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.....	125
Direct and Overlapping Debt.....	126-127
Legal Debt Margin.....	128-129

### Demographic and Economic Information

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

Demographic and Economic Statistics .....	131
Principal Employers .....	132-133

### 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.....	134-135
Operating Indicators by Function .....	136-137

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

	<b>(ACCRUAL BASIS OF ACCOUNTING)</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Governmental activities				
Net investment in capital assets	\$ 88,982,730	\$ 78,442,288	\$ 77,190,727	\$ 71,959,491
Restricted for:				
Debt Service	5,979,843	5,737,543	5,189,303	4,806,642
Capital Projects	926,586	4,150,955	1,293,607	2,505,008
Unrestricted	1,326,075	1,069,903	485,872	93,978
Total Net Position	<u>\$ 97,215,234</u>	<u>\$ 89,400,689</u>	<u>\$ 84,159,509</u>	<u>\$ 79,365,119</u>

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 65,385,172	\$ 61,303,870	\$ 58,891,070	\$ 55,013,438	\$ 49,010,235	\$ 45,919,491
4,231,436	3,920,398	3,156,120	3,443,342	3,859,117	3,090,266
1,039,384	-	-	-	2,644,569	5,387,670
207,551	1,234,535	3,330,861	4,564,372	2,734,466	2,309,233
<b>\$ 70,863,543</b>	<b>\$ 66,458,803</b>	<b>\$ 65,378,051</b>	<b>\$ 63,021,152</b>	<b>\$ 58,248,387</b>	<b>\$ 56,706,660</b>



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

**(ACCRUAL BASIS OF ACCOUNTING)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Program Expenses</b>			
Public works:			
Personnel services	\$ 954,750	\$ 952,271	\$ 940,736
Employee benefits	421,179	358,030	418,848
Planning and engineering	-	-	-
General and administrative expenses	339,842	343,051	265,421
Contractual operating and maintenance services	502,789	216,259	801,295
Depreciation and amortization	1,337,914	1,308,737	1,251,696
Bond issuance costs	-	-	-
Interest costs	539,960	716,268	542,012
<b>Total Program Expenses</b>	<b>\$ 4,096,434</b>	<b>\$ 3,894,616</b>	<b>\$ 4,220,008</b>
<b>Program Revenues</b>			
Capital contributions	\$ -	\$ -	\$ -
Total program revenues	\$ -	\$ -	\$ -
<b>Operating Grants</b>			
Public works operating grants	\$ -	\$ -	\$ -
<b>Total Operating Grants</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Capital Grants</b>			
Public works capital grants	\$ 4,006,092	\$ 2,252,147	\$ 2,778,338
<b>Total Capital Grants</b>	<b>\$ 4,006,092</b>	<b>\$ 2,252,147</b>	<b>\$ 2,778,338</b>
<b>Net Revenue</b>	<b>(90,342)</b>	<b>(1,642,469)</b>	<b>(1,441,670)</b>
<b>General Revenues</b>			
Ad Valorem Assessments	\$ 7,226,268	\$ 6,502,838	\$ 6,089,692
Investment Income	480,034	21,517	7,510
Miscellaneous revenues	186,607	366,581	37,246
Transfer of asset to outside governmental entity	-	-	-
Donated Capital	-	-	101,612
Gain/(loss) on disposition of capital assets	11,978	(7,287)	-
<b>Total General Revenues</b>	<b>\$ 7,904,887</b>	<b>\$ 6,883,649</b>	<b>\$ 6,236,060</b>
<b>Change in Net Position</b>	<b>\$ 7,814,545</b>	<b>\$ 5,241,180</b>	<b>\$ 4,794,390</b>
<i>Restatement pursuant to GASB No.75</i>	\$ -	\$ -	\$ -
<i>Restatement pursuant to GASB No.68</i>	\$ -	\$ -	\$ -
<b>Total Net Position - beginning of year</b>	<b>\$ 89,400,689</b>	<b>\$ 84,159,509</b>	<b>\$ 79,365,119</b>
<b>Total Net Position - End of Year</b>	<b>\$ 97,215,234</b>	<b>\$ 89,400,689</b>	<b>\$ 84,159,509</b>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 953,827	\$ 721,434	\$ 826,117	\$ 794,025	\$ 858,377	\$ 778,826	\$ 694,020
508,136	475,547	479,189	459,618	326,698	287,347	303,915
-	-	-	-	-	-	-
328,126	292,011	377,867	475,548	387,859	409,155	460,799
486,344	937,151	610,642	521,739	499,509	711,102	3,567,215
1,152,082	1,051,293	1,020,958	970,870	897,209	881,323	844,554
-	-	-	-	-	76,757	-
589,981	588,949	532,277	576,443	612,008	860,493	864,112
<u>\$ 4,018,496</u>	<u>\$ 4,066,385</u>	<u>\$ 3,847,050</u>	<u>\$ 3,798,243</u>	<u>\$ 3,581,660</u>	<u>\$ 4,005,003</u>	<u>\$ 6,734,615</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,384</u>	<u>\$ 48,634</u>	<u>\$ 5,671</u>	<u>\$ 313,925</u>	<u>\$ 83,610</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,384</u>	<u>\$ 48,634</u>	<u>\$ 5,671</u>	<u>\$ 313,925</u>	<u>\$ 83,610</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,030,484</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,030,484</u>
<u>\$ 5,824,365</u>	<u>\$ 2,398,280</u>	<u>\$ 544,302</u>	<u>\$ 2,271,879</u>	<u>\$ 3,290,472</u>	<u>\$ 794,481</u>	<u>\$ 1,583,039</u>
<u>\$ 5,824,365</u>	<u>\$ 2,398,280</u>	<u>\$ 544,302</u>	<u>\$ 2,271,879</u>	<u>\$ 3,290,472</u>	<u>\$ 794,481</u>	<u>\$ 1,583,039</u>
<u>1,805,869</u>	<u>(1,668,105)</u>	<u>(3,212,364)</u>	<u>(1,474,665)</u>	<u>(285,517)</u>	<u>(2,896,597)</u>	<u>(2,037,482)</u>
\$ 5,808,573	\$ 5,642,344	\$ 5,437,864	\$ 5,398,461	\$ 5,265,734	\$ 5,209,963	\$ 5,209,137
61,536	121,591	55,138	24,657	16,458	9,454	7,895
110,277	320,392	13,453	5,827	2,329	63,218	150,757
-	-	(190,583)	(1,597,381)	(226,239)	(38,324)	-
715,321	(11,482)	-	-	-	-	-
<u>\$ 6,695,707</u>	<u>\$ 6,072,845</u>	<u>\$ 5,315,872</u>	<u>\$ 3,831,564</u>	<u>\$ 5,058,282</u>	<u>\$ 5,244,311</u>	<u>\$ 5,367,789</u>
<u>\$ 8,501,576</u>	<u>\$ 4,404,740</u>	<u>\$ 2,103,508</u>	<u>\$ 2,356,899</u>	<u>\$ 4,772,765</u>	<u>\$ 2,347,714</u>	<u>\$ 3,330,307</u>
\$ -	\$ -	\$ (1,022,756)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (805,987)	\$ (218,082)
<u>\$ 70,863,543</u>	<u>\$ 66,458,803</u>	<u>\$ 65,378,051</u>	<u>\$ 63,021,152</u>	<u>\$ 58,248,387</u>	<u>\$ 55,900,673</u>	<u>\$ 53,376,353</u>
<u>\$ 79,365,119</u>	<u>\$ 70,863,543</u>	<u>\$ 66,458,803</u>	<u>\$ 65,378,051</u>	<u>\$ 63,021,152</u>	<u>\$ 58,248,387</u>	<u>\$ 56,706,660</u>

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

**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>				
Ad valorem assessments	\$ 7,252,465	6,498,685	6,050,744	5,856,448
Federal grants	3,424,204	770,446	1,157,390	5,986,971
State grants	1,157,714	821,517	1,078,140	591,834
Interest	480,034	21,517	7,510	61,536
Capital contributions			-	-
Miscellaneous	186,607	366,581	37,246	110,277
<b>Total revenues</b>	<b>12,501,024</b>	<b>8,478,746</b>	<b>8,331,030</b>	<b>12,607,066</b>
<b>Expenditures</b>				
Current:				
Public works	2,263,422	2,092,873	2,194,762	1,993,477
Capital outlay	6,805,700	4,718,021	4,079,947	7,836,752
Debt service:				
Principal	3,803,798	4,508,195	2,695,833	8,134,353
Interest	543,015	540,091	603,561	604,066
Bond issuance costs	117,975	185,596	-	143,884
<b>Total expenditures</b>	<b>13,533,910</b>	<b>12,044,776</b>	<b>9,574,103</b>	<b>18,712,532</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,032,886)</b>	<b>(3,566,030)</b>	<b>(1,243,073)</b>	<b>(6,105,466)</b>
<b>Other financing sources (uses)</b>				
Donated capital			101,612	
Equipment and property disposition	14,000			
Bond proceeds	5,000,000	6,565,000	-	8,255,000
Proceeds of refunding bonds			-	-
Bond premiums	170,265	256,700	-	699,466
Payment to refunded bond escrow agent			-	-
<b>Total other financing sources (uses)</b>	<b>5,184,265</b>	<b>6,821,700</b>	<b>101,612</b>	<b>8,954,466</b>
<b>Net change in fund balances</b>	<b>4,151,379</b>	<b>3,255,670</b>	<b>(1,141,461)</b>	<b>2,849,000</b>
<b>Fund balances - beginning</b>	<b>11,536,095</b>	<b>8,280,425</b>	<b>9,421,886</b>	<b>6,572,886</b>
<b>Fund balances - ending</b>	<b>\$ 15,687,474</b>	<b>\$ 11,536,095</b>	<b>\$ 8,280,425</b>	<b>\$ 9,421,886</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>65%</b>	<b>69%</b>	<b>60%</b>	<b>80%</b>

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
5,642,344	\$ 5,455,688	\$ 5,398,461	\$ 5,263,681	\$ 5,236,110	\$ 5,217,198
501,222	1,836,174	272,094	1,183,155	3,519,862	23,999
1,281,069	-	1,328,906	1,266,565	1,148,567	497,067
121,591	55,138	24,657	16,458	9,454	7,895
-	-	-	-	-	83,610
320,392	13,223	5,827	2,329	63,218	150,757
<u>7,866,618</u>	<u>7,360,223</u>	<u>7,029,945</u>	<u>7,732,188</u>	<u>9,977,211</u>	<u>5,980,526</u>
2,308,512	2,157,341	2,149,285	2,013,128	2,221,052	5,022,602
5,187,300	1,080,614	4,035,920	4,893,370	4,106,951	3,026,620
2,532,915	2,406,520	2,325,000	2,325,000	5,700,000	2,015,000
577,496	598,519	669,195	707,494	808,613	961,174
54,305	1,656	11,548	-	76,757	-
<u>10,660,528</u>	<u>6,244,650</u>	<u>9,190,948</u>	<u>9,938,992</u>	<u>12,913,373</u>	<u>11,025,396</u>
<u>(2,793,910)</u>	<u>1,115,573</u>	<u>(2,161,003)</u>	<u>(2,206,804)</u>	<u>(2,936,162)</u>	<u>(5,044,870)</u>
2,500,000	-	-	696,789	1,755,630	47,582
-	-	-	-	7,145,000	-
127,265	-	-	-	307,862	-
-	-	-	-	(3,701,724)	-
<u>2,627,265</u>			<u>696,789</u>	<u>5,506,768</u>	<u>47,582</u>
(166,645)	1,115,573	(2,161,003)	(1,510,015)	2,570,606	(4,997,288)
<u>6,739,531</u>	<u>5,623,958</u>	<u>7,784,961</u>	<u>9,294,976</u>	<u>6,724,370</u>	<u>11,721,658</u>
<u>\$ 6,572,886</u>	<u>\$ 6,739,531</u>	<u>\$ 5,623,958</u>	<u>\$ 7,784,961</u>	<u>\$ 9,294,976</u>	<u>\$ 6,724,370</u>
57%	58%	58%	60%	74%	37%

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

General Fund	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Post GASB 54				
Nonspendable	\$ 1,363	\$ 12,546	\$ 11,995	\$ 12,665
Restricted	-	-	-	-
Committed	461,740	407,821	369,358	330,369
Assigned	288,260	342,179	380,642	419,631
Unassigned	2,666,701	2,387,463	1,877,748	1,646,990
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total General Fund	<u>\$ 3,418,064</u>	<u>\$ 3,150,009</u>	<u>\$ 2,639,743</u>	<u>\$ 2,409,655</u>
All other governmental funds				
Post GASB 54				
Nonspendable				
Restricted	12,269,410	8,386,086	5,189,303	7,012,231
Committed				
Assigned	-	-	-	-
Unassigned	-	-	451,379	-
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total all other governmental funds	<u>12,269,410</u>	<u>8,386,086</u>	<u>5,640,682</u>	<u>7,012,231</u>
Total Fund Balance	<u>\$ 15,687,474</u>	<u>\$ 11,536,095</u>	<u>\$ 8,280,425</u>	<u>\$ 9,421,886</u>

2019	2018	2017	2016	2015	2014
\$ 500	\$ 766	\$ 900	\$ 530	\$ 23,283	\$ -
-	-	-	-	-	-
315,922	322,398	336,848	330,798		
434,078	427,602	413,152	419,202	750,000	2,448,351
1,505,345	1,757,677	1,788,702	1,879,170	1,810,646	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,255,845</u>	<u>\$ 2,508,443</u>	<u>\$ 2,539,602</u>	<u>\$ 2,629,700</u>	<u>\$ 2,583,929</u>	<u>\$ 2,448,351</u>

4,317,041	3,872,446	3,598,430	3,343,101	3,212,134	4,276,019
-	-	-	-	3,498,913	-
-	358,642	-	1,812,160	-	-
-	-	(514,074)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,317,041	4,231,088	3,084,356	5,155,261	6,711,047	4,276,019
<u>\$ 6,572,886</u>	<u>\$ 6,739,531</u>	<u>\$ 5,623,958</u>	<u>\$ 7,784,961</u>	<u>\$ 9,294,976</u>	<u>\$ 6,724,370</u>

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

<u>TAX YEAR</u>	<u>TOTAL ASSESSED VALUE</u>	<u>CENTRALLY ASSESSED VALUE</u>	<u>TOTAL ASSESSED VALUE (with Centrally Assessed Value)</u>	<u>TOTAL DIRECT TAX RATE</u>
2023	3,803,401,341	99,270,204	3,902,671,545	2.025
2022	3,471,855,649	54,381,488	3,526,237,137	2.037
2021	3,062,550,244	91,341,465	3,153,891,709	2.044
2020	2,988,410,751	94,971,970	3,083,382,721	2.067
2019	2,757,554,274	66,549,283	2,824,103,557	2.074
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

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.

<u>ESTIMATED ACTUAL VALUATION</u>	<u>ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE</u>
11,410,204,023	33%
10,415,566,947	33%
9,187,650,732	33%
8,965,232,253	33%
8,272,662,822	33%
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%



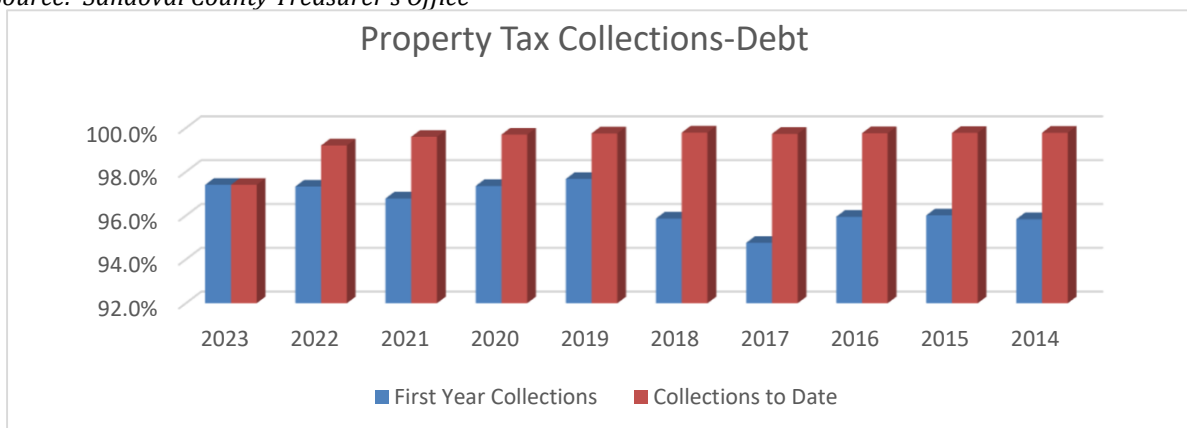
**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

Fiscal Year	Net Property Taxes Levied	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount	Percentage of Levy	
2023	\$4,420,620.58	\$4,305,964.20	97.4%	\$0.00
2022	\$3,963,664.05	\$3,857,770.62	97.3%	\$74,271.62
2021	\$3,709,095.57	\$3,589,740.58	96.8%	\$104,477.56
2020	\$3,520,197.05	\$3,427,049.69	97.4%	\$82,466.68
2019	\$3,380,050.58	\$3,301,451.39	97.7%	\$70,314.02
2018	\$3,271,954.06	\$3,136,807.37	95.9%	\$128,345.06
2017	\$3,236,310.60	\$3,066,682.79	94.8%	\$160,975.37
2016	\$3,158,815.12	\$3,030,855.92	95.9%	\$120,369.25
2015	\$3,131,682.58	\$3,006,856.74	96.0%	\$117,827.39
2014	\$3,126,003.22	\$2,995,855.62	95.8%	\$123,389.13

**SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - DEBT LEVY**

2023	\$2,827,873.44	\$2,753,762.54	97.4%	\$0.00
2022	\$2,530,880.76	\$2,463,475.10	97.3%	\$47,334.35
2021	\$2,386,816.17	\$2,311,805.59	96.9%	\$65,944.16
2020	\$2,360,668.78	\$2,298,030.19	97.3%	\$55,529.45
2019	\$2,259,610.35	\$2,207,084.70	97.7%	\$46,998.69
2018	\$2,190,397.29	\$2,100,121.42	95.9%	\$85,736.12
2017	\$2,154,028.38	\$2,042,149.37	94.8%	\$106,140.42
2016	\$2,103,526.02	\$2,015,329.26	95.8%	\$83,162.20
2015	\$2,082,311.69	\$2,003,087.27	96.2%	\$74,599.60
2014	\$2,081,622.37	\$1,944,227.76	93.4%	\$132,905.66

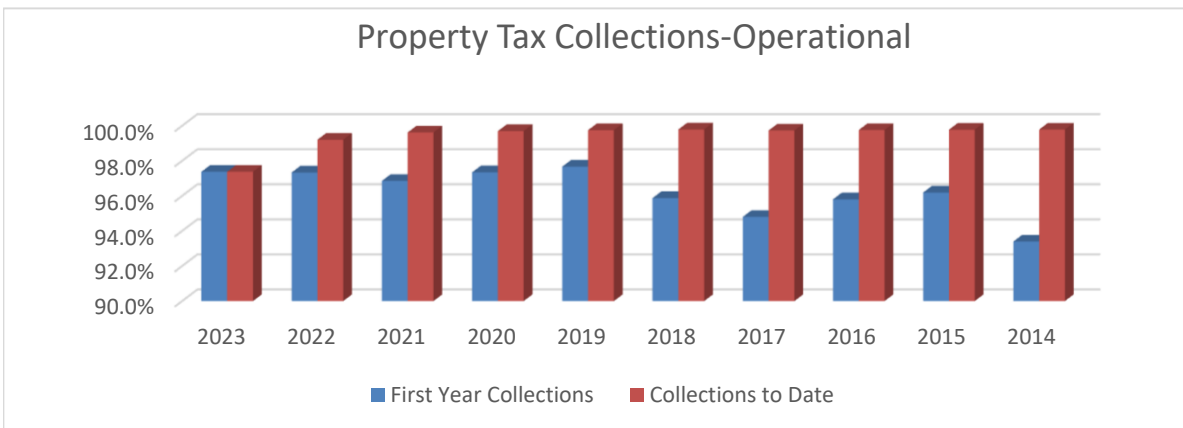
Source: Sandoval County Treasurer's Office



**Total Collections to Date**

<b>Amount</b>	<b>Percentage of Levy</b>
\$4,305,964.20	97.4%
\$3,932,042.24	99.2%
\$3,694,218.14	99.6%
\$3,509,516.37	99.7%
\$3,371,765.41	99.8%
\$3,265,152.43	99.8%
\$3,227,658.16	99.7%
\$3,151,225.17	99.8%
\$3,124,684.13	99.8%
\$3,119,244.75	99.8%

\$2,753,762.54	97.4%
\$2,510,809.45	99.2%
\$2,377,749.75	99.6%
\$2,353,559.64	99.7%
\$2,254,083.39	99.8%
\$2,185,857.54	99.8%
\$2,148,289.79	99.7%
\$2,098,491.46	99.8%
\$2,077,686.87	99.8%
\$2,077,133.42	99.8%



**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 (For Operations)**

<b>Total Levy</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
State of New Mexico	0	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.089	6.170	6.284	6.444	6.493	6.455
SSCAFCA	0.779	0.791	0.798	0.820	0.828	0.828
City of Rio Rancho	7.004	7.116	7.278	7.482	7.553	7.525
Rio Rancho Schools	0.254	0.259	0.257	0.264	0.267	0.266
Contracting Hosptial	0	0.000	0.000	1.886	1.9	0.000
Cental NM Community College	2.79	2.775	2.763	2.822	2.823	2.799
<b>Total</b>	<b>16.916</b>	<b>17.111</b>	<b>17.380</b>	<b>19.718</b>	<b>19.864</b>	<b>17.873</b>

**Over 20 Mill Limit-Interest, Principal, Judgement, etc. (for Debt Service)**

State of New Mexico	1.36	1.36	1.36	1.36	1.36	1.36
Sandoval County	0.606	0.74	0.852	0.737	0.835	0.593
SSCAFCA	1.246	1.246	1.246	1.247	1.246	1.242
City of Rio Rancho	2.772	2.77	2.77	2.77	2.77	2.768
Rio Rancho Schools	10.451	10.484	10.474	10.531	10.543	10.544
Central NM Community College	1.000	1.000	1.000	1.000	1.000	1.000
<b>Total</b>	<b>17.435</b>	<b>17.600</b>	<b>17.702</b>	<b>17.645</b>	<b>17.754</b>	<b>17.507</b>

**TOTAL LEVY (Total Direct Rate)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>City of Rio Rancho</b>						
State of New Mexico	1.36	1.36	1.36	1.36	1.36	1.360
Sandoval County	6.695	6.91	7.136	7.181	7.328	7.048
SSCAFCA	2.025	2.037	2.044	2.067	2.074	2.070
City of Rio Rancho	9.776	9.886	10.048	10.252	10.323	10.293
Rio Rancho Schools	10.705	10.743	10.731	10.795	10.81	10.810
Contracting Hosptial	1.816	1.84	1.839	1.886	1.9	0.000
Central NM Community College	3.79	3.775	3.763	3.822	3.823	3.799
<b>Total Residential in Rio Rancho</b>	<b>36.167</b>	<b>36.551</b>	<b>36.921</b>	<b>37.363</b>	<b>37.618</b>	<b>35.380</b>

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

2017	2016	2015	2014
0.000	0.000	0.000	0.000
6.383	6.354	6.339	6.240
0.828	0.828	0.828	0.828
7.492	7.449	7.426	7.307
0.264	0.263	0.262	0.258
0.000	4.250	4.250	4.250
2.789	2.776	2.831	2.827
17.756	21.920	21.936	21.710

1.360	1.360	1.360	1.360
0.984	1.047	0.852	0.539
1.242	1.249	1.249	1.248
2.051	2.016	1.848	1.881
10.540	10.540	10.540	10.537
1.000	1.000	0.550	0.550
17.177	17.212	16.399	16.115

2017	2016	2015	2014
1.360	1.360	1.360	1.360
7.367	7.401	7.191	6.779
2.070	2.077	2.077	2.076
9.543	9.465	9.274	9.188
10.804	10.803	10.802	10.795
0.000	4.250	4.250	4.250
3.789	3.776	3.381	3.377
<b>34.933</b>	<b>39.132</b>	<b>38.335</b>	<b>37.825</b>

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
**HISTORICAL PROPERTY TAX RATES**  
**Last Ten Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operations</b>	0.779	0.791	0.798	0.820	0.828	0.828
<b>Debt Service</b>	1.246	1.246	1.246	1.247	1.246	1.242

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.828	0.828	0.828	0.828
1.242	1.249	1.249	1.248

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

2023			
Tax Payer	Taxable Assessed Value	Rank	Percentage of Total Taxable Valuation
Public Service Company of New Mexico	\$ 61,428,139	1	34%
Presbyterian Healthcare Services	32,444,278	2	18%
Intel Corporation	29,244,708	3	16%
Wal-Mart Stores	11,627,483	4	7%
Cable One Inc.	9,262,746	5	5%
New Mexico Gas Company	9,121,439	6	5%
Enchanted Hills Boulevard LLC	8,691,982	7	5%
Sandial View LLC	5,863,204	8	3%
Northland Links LLC	5,520,271	9	3%
EP Country Club Drive LLC	5,505,049	10	3%
PNM			
Wal-Mart Stores			
Sandial View LLC			
High Resort LLC Etal			
Pulte Homes of New Mexico			
Lowe's Home Centers			
Rio Rancho I Community Inc			
Meadowlark Apartments			
Enchanted Vista Phase II Ltd			
Rio Rancho SPV LP			
Total Major Employers-Sandoval County*	\$ 178,709,299		

*Note: Reflects Taxpayers within the Sandoval County Districts 11N, 2A/2AC, and 94IN/OUT*

*Sources: \*Sandoval County Assessor's Office*

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2014

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

\$ 14,277,309	1	30%
5,121,699	2	11%
4,682,814	3	10%
4,623,141	4	10%
4,287,331	5	9%
3,966,083	6	8%
3,333,039	7	7%
2,854,740	8	6%
2,740,386	9	6%
2,474,431	10	5%

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\$ 48,360,973



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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income (2)	Percentage of Total Assessed Taxable Value of Property (3)	Net General Bonded Debt Per Capita (4)	Personal Income (amounts expressed in thousands)
2023	21,056,311	5,936,215	15,120,096	0.48%	0.39%	139.91	3,171,334
2022	19,841,422	5,714,419	14,127,003	0.45%	0.40%	133.48	3,171,334
2021	17,668,229	5,159,864	12,508,365	0.42%	0.41%	118.18	2,998,457
2020	20,071,214	4,768,842	15,302,372	0.53%	0.50%	147.07	2,892,861
2019	19,378,984	4,207,923	15,171,061	0.53%	0.54%	153.00	2,843,212
2018	19,088,480	3,840,235	15,248,245	0.61%	0.57%	155.57	2,516,215
2017	21,495,000	3,156,120	18,338,880	0.76%	0.70%	190.70	2,410,354
2016	23,820,000	3,227,552	20,592,448	0.77%	0.80%	221.51	2,675,375
2015	25,998,440	2,217,026	23,781,414	0.96%	0.95%	259.04	2,474,657
2014	25,817,582	2,828,206	22,989,376	0.91%	0.92%	253.67	2,531,846

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

**Sources:**

- (1) *Presented net of original issuance discounts and premiums.*
- (2) *US Census Bureau for the City of Rio Rancho for 2023 amounts are unavailable; therefore 2022 were used and can be found in the Schedule of Demographic and Economic Statistics.*
- (3) *See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.*
- (4) *Population data was not available for this year only; therefore 2022 population was used and data can be found on the Schedule of Demographic and Economic Statistics.*

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
**DIRECT AND OVERLAPPING DEBT**  
**As of June 30, 2023**

	Assessed Valuation	Debt Outstanding	Percent Applicable to SSCAFCA	SSCAFCA Share of Debt
SSCAFCA	\$ 3,902,671,545	\$ 21,056,311	100%	\$ 21,056,311
State of New Mexico	88,883,819,114	541,270,000 (1)	4.39%	23,765,845
Sandoval County	5,082,477,123	10,420,000	76.79%	8,001,185
Albuquerque Public Schools (3)	20,786,255,779	472,665,000	2.56%	12,100,224
Central NM Community College (3)	24,108,727,247	112,175,000	15.99%	17,936,783
City of Rio Rancho	3,204,145,301	25,730,000	82.10%	21,124,673
Rio Rancho School District	3,322,471,468	109,510,000	85.13%	93,229,432
Village of Corrales	532,343,764	4,735,987	13.64%	646,012
Town of Bernalillo	247,277,102	-	6.34%	-
Bernalillo School District	823,229,593	29,730,000	21.09%	6,271,247
Subtotal Overlapping Debt				<u>183,075,399</u>
Total Direct and Overlapping Debt				<u>\$ 204,131,710</u>

**Ratios:**

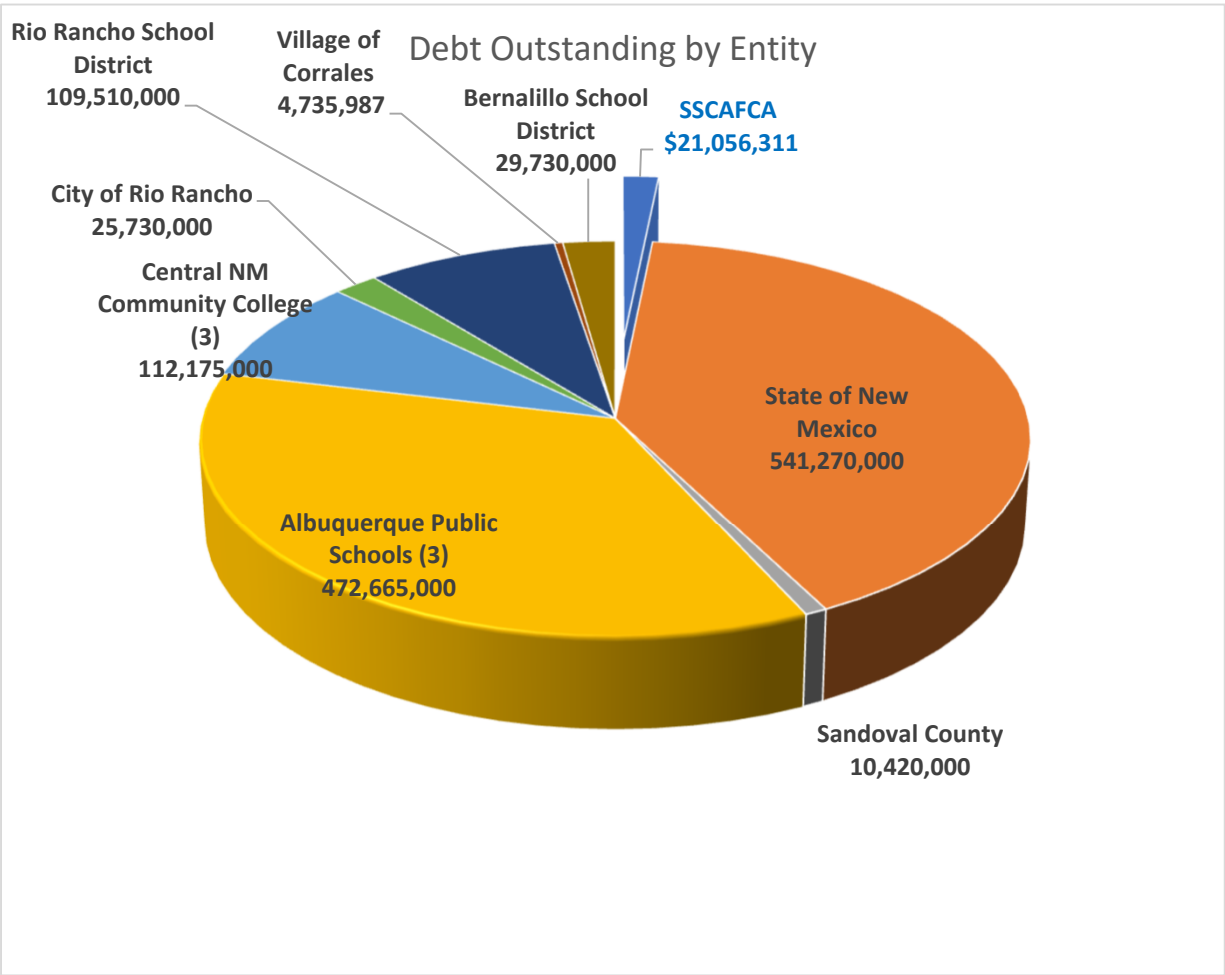
SSCAFCA direct debt to assessed valuation	0.54%
Total direct and overlapping debt to assessed valuation	5.23%
SSCAFCA direct debt to actual valuation	0.18%
Total direct and overlapping debt to actual valuation	1.74%
SSCAFCA debt per capita (2)	\$ 194.84
Direct and overlapping debt per capita	\$ 1,888.85

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

(1) Preliminary Assessed Valuation.

(2) Population is based on 2022 Census data for City of Rio Rancho only, which is the most current data available.

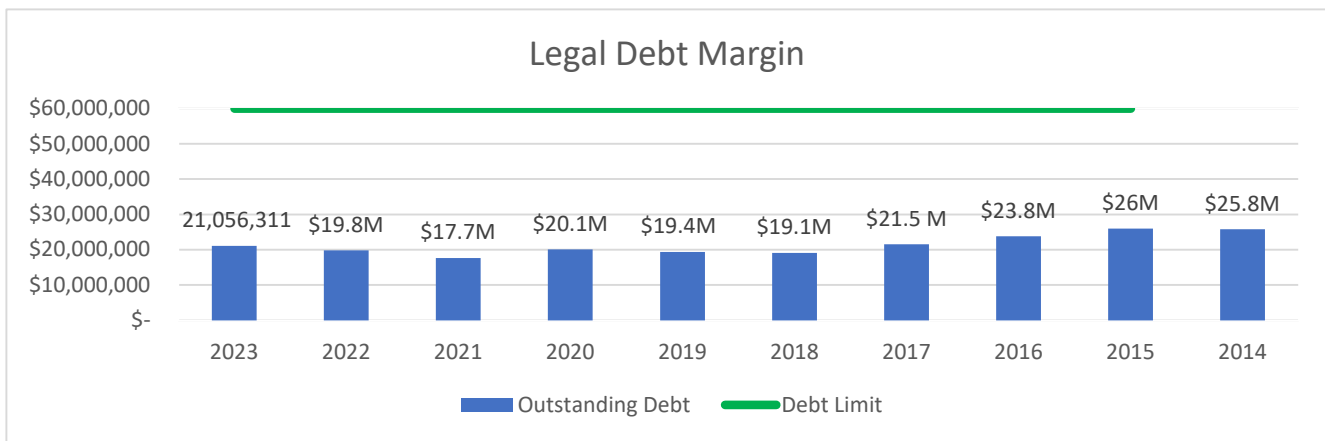
(3) Only a portion of the Assessed Valuation of these entities is located within the SSCAFCA boundaries.



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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Debt Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
Total net debt applicable to limit	<u>21,056,311</u>	<u>19,841,422</u>	<u>17,668,229</u>	<u>20,071,214</u>	<u>19,378,984</u>
Legal debt margin	<u>\$ 38,943,689</u>	<u>\$ 40,158,578</u>	<u>\$ 42,331,771</u>	<u>\$ 39,928,786</u>	<u>\$ 40,621,016</u>
Total net debt applicable to the limit as a percentage of debt limit	<b>35.09%</b>	<b>33.07%</b>	<b>29.45%</b>	<b>33.45%</b>	<b>32.30%</b>

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



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
<u>19,088,480</u>	<u>21,495,000</u>	<u>23,820,000</u>	<u>25,998,440</u>	<u>25,817,582</u>
<u>\$ 40,911,520</u>	<u>\$ 38,505,000</u>	<u>\$ 36,180,000</u>	<u>\$ 34,001,560</u>	<u>\$ 34,182,418</u>
<b>31.81%</b>	<b>35.83%</b>	<b>39.70%</b>	<b>43.33%</b>	<b>43.03%</b>

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2022	108,072	\$ 3,171,334	40,153	3.9%
2021	105,839	2,998,457	35,557	9.1%
2020	104,046	2,892,861	30,135	9.5%
2019	99,159	2,843,212	35,765	4.7%
2018	98,016	2,516,215	27,383	7.2%
2017	96,168	2,410,354	25,064	5.7%
2016	92,966	2,675,375	28,778	9.2%
2015	91,807	2,474,657	26,955	7.6%
2014	90,627	2,531,846	27,937	6.7%
2013	89,098	2,412,684	27,079	8.8%

**Education**

		<u>Percent</u>
Persons age 25 and older	75,100	N/A
9-12 grade, no diplomas	3,469	5%
High School Graduates	19,025	25%
Some college, no degree	18,251	25%
Bachelor degree	17,100	23%
Graduate or professional deg	8,853	12%

**School Enrollment**

Elementary School (grades 1-8)	11,614
High Schools	5,991
Collage or graduate school	5,906

Source: Unites States Census Bureau

\*All Statistics gathered for City of Rio Rancho only



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

				2022
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	
Rio Rancho Public Schools	2,830	1	10%	
Intel Corporation	1,800	2	7%	
Presbyterian Healthcare Services	1,135	3	4%	
City of Rio Rancho	700	4	3%	
Brycon Construction	150	5	1%	
The Neighborhood in Rio Rancho	125	6	0%	
Waste Management	65	7	0%	
Perfection Honda	51	8	0%	
The ASK Academy	35	9	0%	
Turtle Mountain Brewing Co.	25	10	0%	
Intel Corporation				
Rio Rancho Public Schools				
Intel Subcontractors				
HP, Inc.				
Sprint PCS				
Bank of America				
City of Rio Rancho				
eTelecare Global Solutions				
Brycon Construction				
Sandoval County				
Total Major Employers-Sandoval County*	<u>6,916</u>			
Total Sandoval County Employment**	<u>27,513</u>			

**Sources:** *\*Albuquerque Business First and City of Rio Rancho Budget document*  
*\*\*Bureau of Business & Economic Research (BBER) and U. S. Census Bureau (estimated)*

**Notes:** *Not all entities had updated employee information for fiscal year 2022*

<u>2013</u>		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
3,300	1	6%
2,000	2	3%
1,800	3	3%
860	4	1%
800	5	1%
650	6	1%
250	7	0%
196	8	0%
150	9	0%
150	10	0%
<u>10,156</u>		
<u>57,547</u>		

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

<b><u>Function</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>General &amp; Administrative</b>	5	5	5	5	5
<b>Planning and Engineering</b>	5	5	5	5	5
<b>Construction Observation</b>	1	1	1	1	
<b>Field Maintenance</b>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u></u>
	13	13	13	13	10

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
5	5	6	7	7
4	3	3	2	2
<u>9</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>

**Note 1:** Also employed but not included, fifteen part-time interns employed at different intervals.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Finance</b>				
Checks processed	776	774	714	801
<b>Purchasing</b>				
Number of RFP's and Bids Issued	9	6	8	6
Number of On-Call Engineering Task-Orders	9	6	8	7
Additional Task-Orders issued	9	20	12	24
<b>Flood Control and Infrastructure</b>				
Number of Citizen reported deficiencies	15	34	24	20
Number of Flood Control Facilities	91	90	89	87
Miles of Unlined Arroyos	96.2	94.2	86.3	86.3
Channel and Storm Drain	29.2	28.2	26.2	24.7
Acres of maintained real property	4572	4,563	4,483	4,445
Vehicle Miles Driven	31,571	30,978	33,377	27,254
Maintenance work orders	174	72	36	54
Fencing Projects	2	8	2	2
<b>Water Quality</b>				
Number of Water Quality Structures	47	47	46	45
Cubic Yards of Sediment Removal (CY)	4360	2,375	15,838	80,554
Cubic Yards of Trash/Debris Removal	95	49	43	11.7
<b>Planning and Engineering</b>				
Development Review	195	303	75	47
<b>Annual Rainfall</b>				
Annual Average Rainfall <sup>(1)</sup>	7.72	7.43	4.25	5.09
Monsoon Season Precipitation (cumulative inches June 1 - September 30) <sup>(1)</sup>	1.27	4.80	3.36	2.64

<sup>(1)</sup> Information gathered from rain gauges in City of Rio Rancho. Average annual value reflects calendar year for 2012-2020 and fiscal year starting in 2021.

(N/A) Not available for this year

Sources: Various Authority's Departments.

2019	2018	2017	2016	2015	2014
798	741	847	883	919	942
9	12	15	5	11	10
7	14	15	11	19	28
16	9	18	26	32	59
5	29	26	18	27	N/A
85	81	80	79	77	72
85.3	85.4	85.4	84.1	84	81.6
23.7	23.6	N/A	N/A	N/A	N/A
4,505	4,477	4,458	4,413	4,371	3,781
19,944	7,408	15,761	16,010	15,813	13,600
86	80	64	85	89	214
6	15	11	13	7	10
45	44	43	42	40	38
48,758	28,800	16,025	18,800	550	N/A
49.6	32	21	58	78	143
141	130	64	34	71	77
6.77	11.39	8.26	5.38	12.74	7.43
3.32	6.69	4.85	2.32	5.69	4.99

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## **COMPLIANCE SECTION**



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

**INDEPENDENT AUDITORS' REPORT**

Joseph M. Maestas, P.E.  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Directors and Management  
Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparison of the General Fund of Southern Sandoval County Arroyo Flood Control Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of finding and questioned costs as item 2023-001.

## **Authority's Responses to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

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Cordova CPAs LLC  
Albuquerque, NM  
December 12, 2023

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**FEDERAL FINANCIAL ASSISTANCE**

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

### INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Directors and Management  
Southern Sandoval County Arroyo Flood Control Authority  
Rio Rancho, New Mexico

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

##### *Opinion on Each Major Federal Program*

We have audited Southern Sandoval County Arroyo Flood Control Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southern Sandoval County Arroyo Flood Control Authority's major federal programs for the year ended June 30, 2023. Southern Sandoval County Arroyo Flood Control Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern Sandoval County Arroyo Flood Control Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

##### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southern Sandoval County Arroyo Flood Control Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southern Sandoval County Arroyo Flood Control Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southern Sandoval County Arroyo Flood Control Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southern Sandoval County Arroyo Flood Control Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southern Sandoval County Arroyo Flood Control Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southern Sandoval County Arroyo Flood Control Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southern Sandoval County Arroyo Flood Control Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southern Sandoval County Arroyo Flood Control Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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Cordova CPAs LLC  
Albuquerque, NM  
December 12, 2023

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**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor or Pass- Through Grantor / Program Title	Assistance Listing Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<b>U.S. Department of Homeland Security</b>				
<i>Passed through State of New Mexico Department of Homeland Security and Emergency Management</i>				
Hazard Mitigation Grant-Riparia Pond	97.039	\$ 100,083	\$ -	\$ -
Thermopylae Diversion	97.039	859	-	-
Pre-Disaster Mitigation Grant- Nightglow	97.047	* 74,513	-	-
Pre-Disaster Mitigation Grant- Lower Montoyas Stabilization	97.047	* 2,178,978	-	-
<i>Total U.S. Department of Homeland Security</i>		<u>2,354,433</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of the Army</b>				
Design and Construction Assistance for the Upper Venada Drainage Improvements	12.XXX	58,167	-	-
<i>Total U.S. Department of the Army</i>		<u>58,167</u>	<u>-</u>	<u>-</u>
 <i>Total Federal Financial Assistance</i>		 <u>\$ 2,412,600</u>	 <u>\$ -</u>	 <u>\$ -</u>

\* Denotes Major Federal Financial Assistance Program

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

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

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

**2 Loans**

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

**3 10% de minimus Indirect Cost Rate**

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

**4 Federally Funded Insurance**

The Authority has no federally funded insurance.

See independent auditors' report.

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
Schedule of Findings and Questioned Costs  
June 30, 2023

**Section I – Summary of Auditors’ Results**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted?                     | None Noted |

*Federal Awards:*

- |   |                                      |                        |        |                               |  |
|---|--------------------------------------|------------------------|--------|-------------------------------|--|
| 1. Internal control over major programs:  |                                      |                        |        |                               |  |
| a. Material weaknesses identified?  | None noted                           |                        |        |                               |  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None noted                           |                        |        |                               |  |
| 2. Type of auditors’ report issued on compliance for major programs   | Unmodified                           |                        |        |                               |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?   | None noted                           |                        |        |                               |  |
| 4. Identification of major programs:  |                                      |                        |        |                               |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Assistance Listing<br/>Number</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">97.047</td> <td style="text-align: center;">Pre-Disaster Mitigation Grant</td> </tr> </table> | <u>Assistance Listing<br/>Number</u> | <u>Federal Program</u> | 97.047 | Pre-Disaster Mitigation Grant |  |
| <u>Assistance Listing<br/>Number</u>  | <u>Federal Program</u>               |                        |        |                               |  |
| 97.047  | Pre-Disaster Mitigation Grant        |                        |        |                               |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   | \$750,000                            |                        |        |                               |  |
| 6. Auditee qualified as low-risk auditee?   | Yes                                  |                        |        |                               |  |

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**  
Schedule of Findings and Questioned Costs  
June 30, 2023

**Section II – Financial Statement Findings**

None noted

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

**2023-001 Pledged Collateral – (Other Matters)**

*Condition:* Deposits at one bank were not collateralized in accordance with State of New Mexico Statutes. At June 30, 2023, the Authority has under collateralized deposits in the amount of \$23,310 with one financial institution.

*Criteria:* The State of New Mexico requires that any bank designated a deposit of public money shall deliver pledged collateral with a value equal to one half the amount of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the Authority (Section 6-10-17 NMSA 1978). Monitoring collateralization of the Authority's funds is essential in ensuring compliance with the State of New Mexico Statutes.

*Effect:* Lack of proper monitoring of pledged collateral could result in loss of Authority's funds if the financial institutions encounter financial difficulties.

*Cause:* The Authority received a significant deposit at the end of the fiscal year which caused them to go over the FDIC insured amount and they were not aware they were undercollateralized.

*Auditors' Recommendations:* We recommend that the Authority ensure that all balances at the Authority's bank be collateralized by pledged securities if the balances exceed \$250,000.

*Agency Response:* We concur with the finding and will contact our bank to discuss possible solutions to this, one such solution may be having them pledge additional funds so that this does not occur again.

Person responsible for corrective action: Fiscal Services Director  
Timeframe: Early 2024

**Section IV – Federal Award Findings**

None noted

**Section V – Prior Year Audit Findings**

None noted

**SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY**

Other Disclosures

June 30, 2023

**Exit Conference**

An exit conference was held on December 12, 2023. In attendance were the following:

**Representing the Southern Sandoval County Arroyo Flood Control Authority:**

Ronald Abramshe, Chairman  
David Gatterman, P.E, Executive Engineer  
Debbie Casaus, CPA, Fiscal Services Director  
Erica Baca, Business Operations Specialist

**Representing Cordova CPAs:**

Robert Cordova, CPA, Principal  
Lorie Gutierrez, Accounting Services Manager

## 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](http://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**

## Form of Bond Counsel Opinion

April 30, 2024

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

Re: \$6,000,000 General Obligation Bonds, Series 2024

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 \$6,000,000 General Obligation Bonds, Series 2024 (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 imposed on individuals or certain corporations for purposes of calculating the alternative minimum tax. We call your attention, however, to the fact that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Internal Revenue Code of 1986 as amended (the "Code").

Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

3. The Bonds and income from the Bonds are exempt from taxation by the State of New Mexico or any political subdivision thereof.

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

The opinions expressed herein represent our legal judgment based upon existing legislation as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a result, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation. Our engagement with respect to the Bonds has concluded with their execution and delivery. We disclaim any obligation to update this opinion.

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

Respectfully Submitted,

## APPENDIX E

### CONTINUING DISCLOSURE UNDERTAKING

## Form of 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 \$6,000,000 Southern Sandoval County Arroyo Flood Control Authority, New Mexico, General Obligation Bonds, Series 2024 (the “Bonds”). The Bonds are being issued pursuant to a notice of sale and delegation of authority resolution adopted on March 21, 2024 (the “Bond Resolution”) and a Bond Award of the Authority signed by the Executive Engineer on April 16, 2024 (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” (tables 1 – 12). The Authority will update and provide this information by March 31 of each fiscal year beginning in 2025. 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](http://emma.msrb.org).

(d) “Event Information” means the information delivered pursuant to section 3(d) of this Undertaking.

(e) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street NW, Suite 1000, Washington, DC 20005, phone (202) 838-1500.

(f) “Official Statement” means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(g) “Report Date” means March 31 of each year, beginning in 2025.

(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.

(j) “State” means the State of New Mexico.

**Section 3. Provision of Annual Financial Information and Reporting of Event 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. Method of Transmission. 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. Enforcement. 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. Term. 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. Amendments. 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. Beneficiaries. 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. Special Funds. 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. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Dated: April 30, 2024

SOUTHERN SANDOVAL COUNTY ARROYO  
FLOOD CONTROL AUTHORITY

By: \_\_\_\_\_  
Chair

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**APPENDIX F**

**OFFICIAL NOTICE OF SALE**

## OFFICIAL NOTICE OF BOND SALE

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Directors of the Southern Sandoval County Arroyo Flood Control Authority (the “Board” and the “Authority,” respectively), will receive and publicly open sealed or electronic transmission (at the option of the bidder) bids at the offices of the Authority, 1041 Commercial Dr. SE, Rio Rancho, New Mexico 87124, at the hour of 9:00 a.m., prevailing Mountain Time, on the 23<sup>rd</sup> day of April, 2024, or such other date as the Chair and/or Vice-Chair of the Board determine, for the purchase of Southern Sandoval County Arroyo Flood Control Authority General Obligation Bonds, Series 2024, (the “Bonds”). If submitted electronically, bids must be submitted via BIDCOMP/PARITY BIDDING SYSTEM (“i-Deal” f/k/a “Dalcomp” or the “Qualified Electronic Bid Provider”) as further provided herein. The Chair and/or Vice-Chair of the Board will thereafter take action to award the Bonds and certify to the Board in writing that the final terms comply with the parameters and conditions established in the Notice of Sale Resolution adopted by the Board on March 21, 2024.

The Bonds will be issued in the aggregate amount of \$6,000,000 General Obligation Bonds, Series 2024 in denominations of \$5,000 or any integral multiple thereof, will be dated the date of their delivery, and will be payable to the registered owner thereof as of the record date at his address as it appears on the registration books initially kept by BOKF, NA, as registrar and paying agent for the Bonds (the “Registrar/Paying Agent”). The Bonds will be issued in book-entry only form through the facilities of the Depository Trust Company, New York, New York. The Bonds will be issued in one series, will be numbered consecutively from one upwards as requested by the purchaser and will mature in regular order of maturity on August 1 of each year and in the amounts as follows:

### **General Obligation Improvement Bonds Series 2024**

<u>Years Maturing (August 1)</u>	<u>Amounts Maturing*</u>
2024	\$ 750,000
2025	1,000,000
2026	500,000
2027	340,000
2028	340,000
2029	340,000
2030	340,000
2031	340,000
2032	340,000
2033	340,000
2034	340,000
2035	340,000
2036	340,000
2037	350,000
<b>TOTAL</b>	<b>\$6,000,000</b>

\*Subject to Change

The Bonds maturing on and after August 1, 2032 are subject to redemption prior to maturity, in whole or in part, at any time on or after August 1, 2031, at par value.

Interest shall be bid in multiples of 1/20th or 1/8th percentum and only one interest rate may be bid for each maturity of the Bonds. A zero interest rate may not be specified and the rate of interest on any bond may not exceed the rate of interest on any other bond by more than two percent (3%) per annum. The maximum interest rate on the Bonds shall not exceed ten percent (10%) per annum and the maximum net effective interest rate shall not exceed ten percent (10%) per annum.

Interest on the Bonds shall be evidenced until maturity by only one interest rate per maturity, the first of which shall be payable August 1, 2024 and thereafter on each February 1 and August 1 until maturity. It is permissible to bid a different rate of interest for each different maturity of the Bonds, but no bid shall specify more than one interest rate for each maturity of Bonds. Except as limited above, there is no limit on the number of different interest rates that may be bid on the Bonds.

Only unconditional bids will be considered. Not later than 2:30 p.m. (prevailing Mountain Time) on the date bids for the Bonds are taken, or such other date as the Chair and/or Vice-Chair of the Board determine, the successful bidder must send an electronic wire transfer to such account as the Authority and/or Municipal Advisor shall specify in immediately available funds a good faith deposit in an amount equal to 2% of the principal amount of the Bonds (\$120,000). If such wire transfer is not received from the successful bidder by 2:30 p.m. (prevailing Mountain Time), on date bids for the Bonds are taken, the next best bidder may be awarded the Bonds. No interest on the deposit will accrue to the successful bidder. The deposit will be applied to the purchase price of the Bonds.

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

The Chair and/or Vice-Chair of the Board will take action on the Bonds by awarding the Bonds, or rejecting all bids on the Bonds, not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of the bids. If the successful bidder or bidders shall fail or neglect to complete the purchase of the Bonds within 30 days following the acceptance of its bid, or within 10 days after the Bonds are made ready and are offered for delivery, whichever is later, the amount of the good faith deposit relating to the Bonds shall be forfeited to the Authority, and in that event the Chair and/or Vice-Chair of the Board may accept the bid of the one making the next best bid for the Bonds should such bidder elect to purchase the Bonds on that basis. Delivery of the Bonds will be made to the successful bidder or bidders through the facilities of the Depository Trust Company in New York, New York, on or about May 7, 2024, at the expense of the Authority or elsewhere with the consent of the Authority and at the request and expense of the purchaser; PROVIDED, HOWEVER, that if,

for any reason, delivery of the Bonds cannot be made within 60 days after opening of bids, the successful bidder shall have the right to purchase the Bonds during the next succeeding 30 days upon the same terms, or at the request of the successful bidder, during the next succeeding 30 days, the good faith deposit will be returned and such bidder shall be relieved of any further obligation.

All bids shall specify: (a) the lowest rate of interest and the amount of the premium, if any, at and for which the bidder will purchase the Bonds, or (b) the lowest rate of interest at which the bidder will purchase the Bonds at par. The Bonds will not be sold for less than par and no discount or commission will be allowed or paid on the sale of the Bonds. Any bid which specifies split interest rates will not be considered. The right is reserved to waive irregularities in bids except that no bid shall be considered which is received after the time herein prescribed for the opening of bids. Proposals may be submitted electronically only. No sealed bids will be allowed.

Electronic bids shall be submitted via i-Deal/Parity no later than the time designated herein for the receipt of bids. During the electronic bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders may change or withdraw their bids at any time up to the time herein designated for receipt of bids. Electronic bids may only be submitted through the Qualified Electronic Bid Provider. If any provisions in this Official Notice of Bond Sale conflict with information or terms provided or required by the Qualified Electronic Bid Provider, this Official Notice of Bond Sale (and any amendments hereto) shall control. Each bidder who bids electronically shall be solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Authority nor the Qualified Electronic Bid Provider shall have any duty or obligations to provide or assure such access to any bidder, and neither the Authority nor the Qualified Electronic Bid Provider shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of the Qualified Electronic Bid Provider. The Authority is using the Qualified Electronic Bid Provider as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Bonds.

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

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

The best bid for the Bonds will be determined by deducting the amount of the premium bid, if any, from the total amount of interest which the Authority would be required to pay from the date of the Bonds to their maturity dates at the interest rate or rates specified in the bid and the Bonds will be awarded on the basis of the lowest true interest cost to the Authority, which shall mean that rate which, as of the date of the Bonds, discounts semi-annually all future payments on account of principal and interest on the Bonds to the price bid.

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

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

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

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

The Authority will prepare a Preliminary Official Statement relating to the Bonds which will be deemed by the Authority to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a Final Official Statement as defined below. The Authority will prepare a final Official Statement ("Final Official Statement") as soon as practicable after the date of award to the successful bidder. The Authority will provide to the successful bidder 50 copies, or such other number of copies as requested, of the Final Official Statement on or before seven business days following the date of the award to the successful bidder. The Final Official Statement will be dated as of the date of the award of the Bonds to the successful bidder and will be final as of that date. At the time of closing, the Authority will certify that the Final Official Statement does not contain any untrue statement of material facts and does not omit any material facts required to be stated or necessary to make the statements in the Official Statement not misleading. The Authority authorizes the successful bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

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

(a) The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

(i) the Authority shall disseminate a Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(iv) the Authority anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

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

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

(b) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold- the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the Holding Period, as defined in subparagraph (c)(ii) below.

(c) The following terms are defined below:

(i) Hold-the-Offering-Price Maturity means a maturity of the Bonds of which less than 10% has been sold to the Public on the Sale Date.

(ii) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (b) the date on which the winning bidder sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Holding-the-Offering-Price Maturity.

(iii) Maturity means Bonds with the same credit and payment terms. Bond with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iv) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(v) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is expected to be April 23, 2024.

(vi) Underwriter means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the to the Public).

The validity and legality of the Bonds will be approved by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, whose approving opinion, together with the printed Bonds and a complete transcript of the legal proceedings, including a certificate stating that no litigation affecting the validity of the Bonds is pending, will be furnished to the purchaser without charge. Bond Counsel will also provide an opinion substantially in the form included in the Preliminary Official Statement to the effect that, under existing law, the interest on the Bonds (i) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (ii) is exempt from State of New Mexico income taxation.

The Bonds are “qualified tax-exempt obligations” for purposes of Section 265 (b)(3) of the Code.

The purchaser of the Bonds, by submitting its bid, agrees to provide a certificate including information as to bona fide initial offering prices to the public and sales of the Bonds and a certified determination of yield on the Bonds under the Code, as and at the time requested by the Municipal Advisor and Bond Counsel.

DATED at Rio Rancho, New Mexico, this 21<sup>st</sup> day of March, 2024.



SOUTHERN SANDOVAL COUNTY  
ARROYO FLOOD CONTROL  
AUTHORITY

By: \_\_\_\_\_  
Chair

ATTEST

By: \_\_\_\_\_  
Secretary