



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

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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.

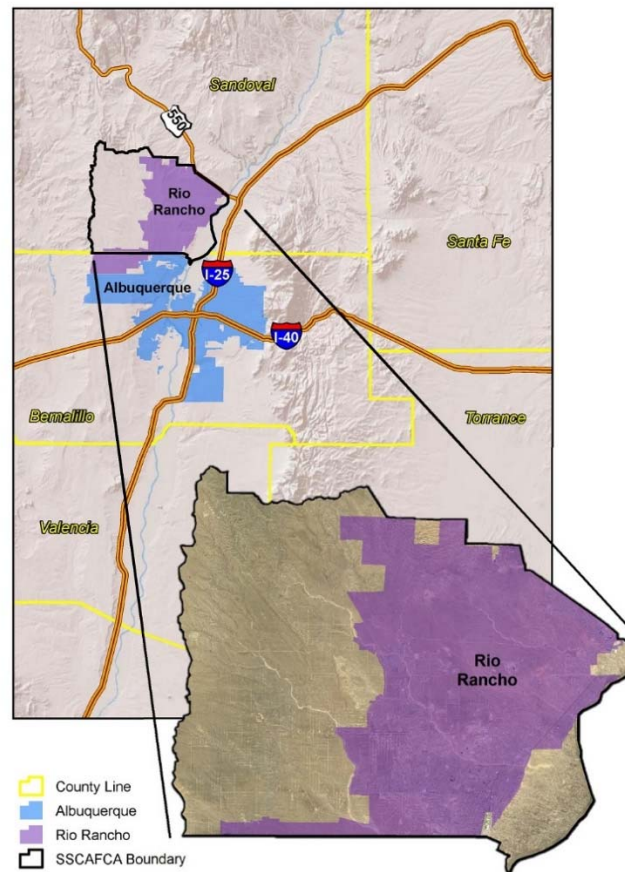


Figure 1 - Location of SSCAFCA.

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. SSCAFCA's standard of care is to provide for the health, safety and welfare of its citizens.

THE MISSION OF SSCAFCA IS TO:

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

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

SSCAFCA Goals and Commitments:

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

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

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

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

Population

The SSCAFCA jurisdiction covers a wide variety of population densities, ranging from a full urban setting to large open space areas with minimal population and services. The largest 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 SSCAFCA.

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.

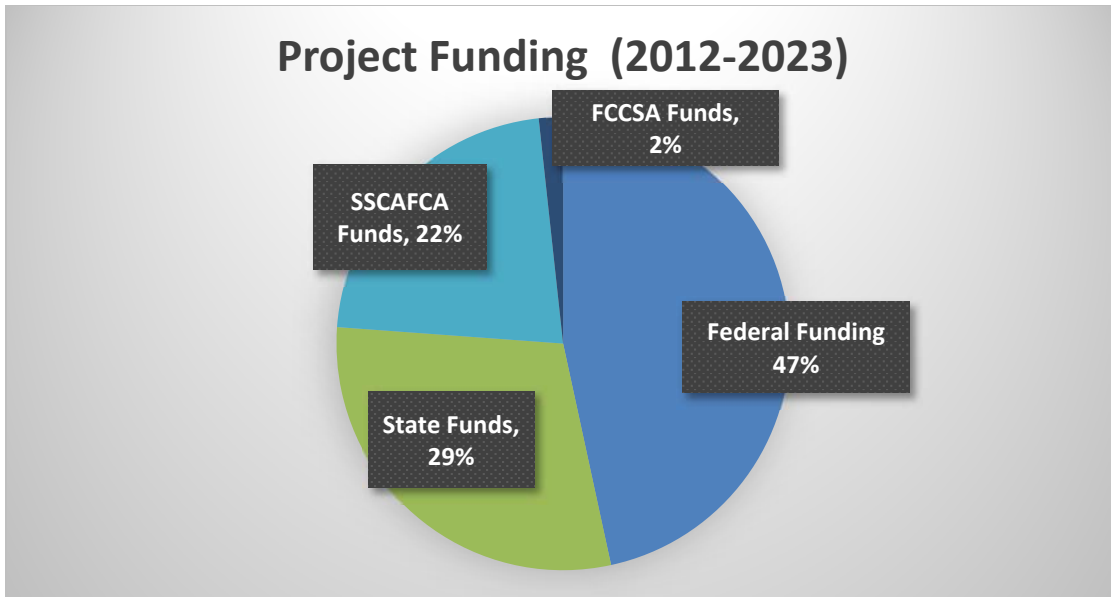
After the economic crash in the late 2000s, local development essentially came to a halt, with very little development activity, and more significantly, no development of needed drainage infrastructure being driven by private developers.

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.



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.

Federal Fund Portfolio 2012-2023 (completed projects only)	
<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
TOTAL FEDERAL FUNDING SPENT	\$17,470,567.00

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.

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

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 1/12th of budgeted annual expenditures.

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

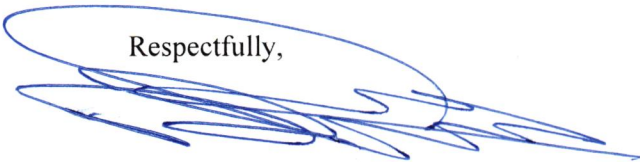
As of August 17, 2022, SSCAFCA is rated "Aa2" by Moody's. Significantly, in the analysis completed by Moody's,

“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

<u>Name</u>	<u>Title</u>
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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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

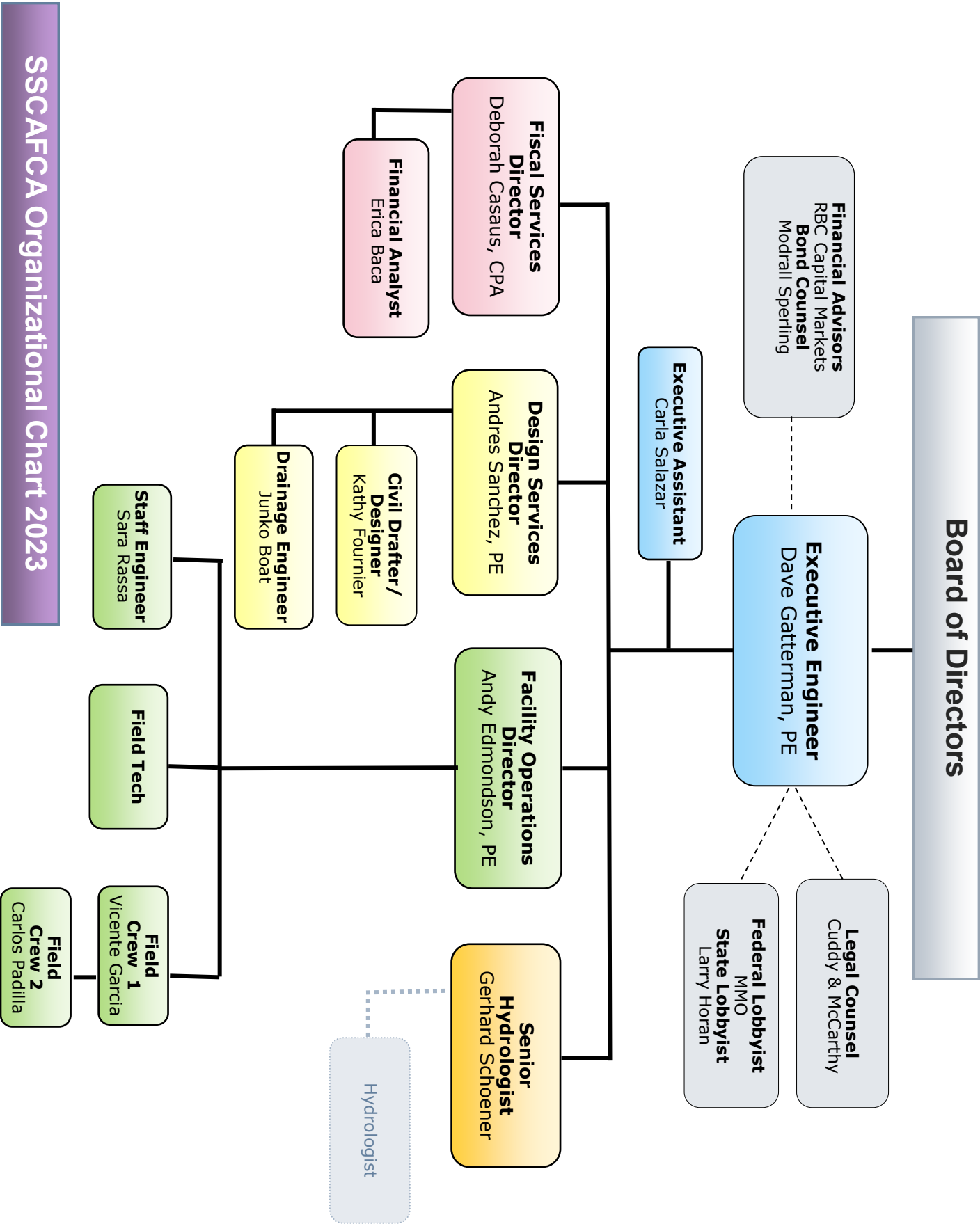
**Southern Sandoval County
Arroyo Flood Control Authority
New Mexico**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is stylized, with a large, looped "C" at the beginning.

Cordova CPAs LLC
Albuquerque, New Mexico
December 12, 2023

Southern Sandoval County Arroyo Flood Control Authority

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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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

	June 30, 2022	June 30, 2023
Assets		
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
Total Assets	112,954,221	121,300,614
Deferred Outflows of Resources	467,605	513,501
Total Assets and Deferred Outflows of Resources	\$ 113,421,826	\$ 121,814,115
Liabilities		
Current Liabilities	4,476,681	6,182,079
Long Term Liabilities	18,665,257	17,938,540
Total Liabilities	23,141,938	24,120,619
Deferred Inflows of Resources	879,199	478,262
Total Liabilities and Deferred Inflows of Resources	\$ 24,021,137	\$ 24,598,881
Net Position		
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
Total Net Position	\$ 89,400,689	\$ 97,215,234

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

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
Expenses for Governmental Activities	\$ 3,894,616	\$ 4,096,434
Less Capital Grants and Contributions and other gains	2,252,147	4,018,070
Net (Expenses) Revenues and Changes in Net Position	(1,642,469)	(78,364)
General Revenues		
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)	-
Subtotal, General Revenues	6,883,649	7,892,909
Changes in Net Position	5,241,180	7,814,545
Net Position - Beginning	84,159,509	89,400,689
Net Position - Ending	\$ 89,400,689	\$ 97,215,234

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

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

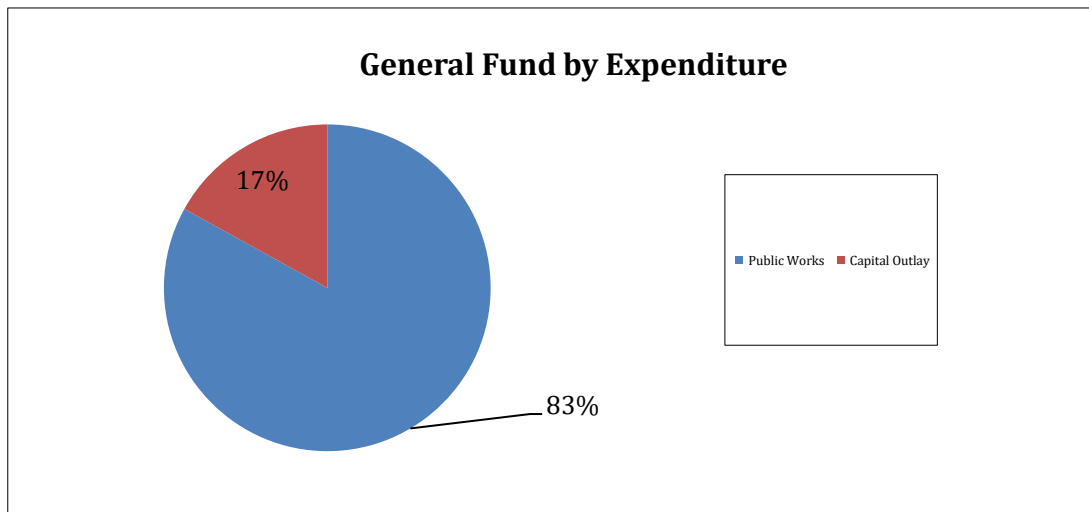
The General Fund

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

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

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

	<u>Governmental Activities</u>
Liabilities	
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
<i>Total current liabilities</i>	6,182,079
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
<i>Total noncurrent liabilities</i>	17,938,540
<i>Total liabilities</i>	24,120,619
Deferred inflows of resources	
Deferred inflows - pension	55,345
Deferred inflows - OPEB	422,917
<i>Total deferred inflows of resources</i>	478,262
Net position	
Net investment in capital assets	88,982,730
Restricted for:	
Debt service	5,979,843
Capital projects	926,586
Unrestricted	1,326,075
<i>Total net position</i>	97,215,234
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 121,814,115

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>
Program Expenses	
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>
Program Revenues	
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>
Net (Expense) Revenue - Governmental Activities	<u>(78,364)</u>
General revenues	
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>
Assets			
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	-	-
<i>Total assets</i>	<u>\$ 3,621,896</u>	<u>\$ 6,171,980</u>	<u>\$ 7,805,480</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 46,543	\$ -	\$ 441,111
Accrued payroll expenses	32,471	-	-
Unearned revenue	-	-	100,000
Due to other funds	-	-	48,216
<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
<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	-	-
<i>Total fund balances</i>	<u>3,418,064</u>	<u>5,979,843</u>	<u>6,289,567</u>
<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)
<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><u>\$ 7,814,545</u></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.

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
<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)

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
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)

	Wells Fargo Bank
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:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
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><u>\$ 300,416</u></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><u>\$ 156,789</u></u>	<u><u>\$ 235,765</u></u>	<u><u>\$ 956,120</u></u>	<u><u>\$1,348,674</u></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.

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
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.

Governmental Activities:	Balance June 30, 2022	Additions	Deletions and Transfers	Balance June 30, 2023
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.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2023
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:

Governmental Activities:	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
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 of 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:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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:

Fiscal Year Ending June 30,	Principal	Interest	Total
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.

PERA Contribution Rates and Pension Factors in effect during FY22						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	9.92%	18.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
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%
MUNICIPAL POLICE PLANS 1 - 5						
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%
MUNICIPAL FIRE PLANS 1 - 5						
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%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.30%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	<u>94,922</u>	<u>-</u>
Total	<u>\$ 337,125</u>	<u>\$ 55,345</u>

\$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)

Year ended June 30:

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

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:

PERA FUND	
Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll for all divisions except for the Legislative division with is Level Dollar.
Amortization Period	25 years
Actuarial Assumptions:	
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:

PERA Fund Municipal General Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
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	\$	<u>(265,082)</u>

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
Actuarial assumptions:	
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 2059, 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 (4.42%)	Current Discount Rate (5.42%)	1% Increase (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:

	1% Decrease	Trend Rate Sensitivity Analysis 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:

Contractor	Project	Balance at 7/1/22- Project in CIP	Probable Future Commitments ¹ 7/1/22	Classification:
				1 = ongoing project; 2 = commitment made and 3 = planned
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
Sum of probable future commitments		\$ 958,916	\$33,437,051	

¹ = 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*

	2023	2022	2021
	Measurement	Measurement	Measurement
	Date (As of	Date (As of	Date (As of
	and for the	and for the	and for the
	year ended	year ended	year ended
	June 30,	June 30,	June 30,
	2022)	2021)	2020)
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.

2020 Measurement Date (As of and for the year ended June 30, 2019)	2019 Measurement Date (As of and for the year ended June 30, 2018)	2018 Measurement Date (As of and for the year ended June 30, 2017)	2017 Measurement Date (As of and for the year ended June 30, 2016)	2016 Measurement Date (As of and for the year ended June 30, 2015)	2015 Measurement Date (As of and for the year ended June 30, 2014)
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*

	As of and for the year ended June 30, 2023	As of and for the year ended June 30, 2022	As of and for the year ended June 30, 2021
Contractually required contribution	\$ 94,922	\$ 90,109	\$ 88,507
Contributions in relation to the contractually required	<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>	<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*

	2023	2022	2021
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the Year	for the Year	for the Year
	Ended June 30,	Ended June 30,	Ended June 30,
	2022)	2021)	2020)
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.

2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
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*

	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021
Contractually required contribution	\$ 18,541	\$ 18,466	\$ 18,103
Contributions in relation to the contractually required contribution	18,541	18,466	18,103
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.

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
<u>\$ 17,078</u>	<u>\$ 14,953</u>	<u>\$ 15,568</u>
<u>17,078</u>	<u>14,953</u>	<u>15,568</u>
<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

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<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

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
<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>	-	-	3,896,347	3,896,347
<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

Bank Name/Account Name	Account Type	Bank Balance
Wells Fargo Bank		
Checking-Operational	Checking	\$ 300,416
<i>Total Wells Fargo Bank</i>		<u>300,416</u>
NM State Treasurer's Office		
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		
<i>Total deposits and investments</i>		

Deposits and investments per Statement of Net Position:

Cash and cash equivalents

Investments

Restricted Investments

Total cash and investments

See independent auditors' report.

Outstanding Checks	Book Balance
<u>\$ 205,907</u>	<u>\$ 94,509</u>
<u>205,907</u>	<u>94,509</u>
<u>-</u>	<u>16,106,394</u>
<u>-</u>	<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

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2023
Wells Fargo Bank				
	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.

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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

	(ACCRUAL BASIS OF ACCOUNTING)			
	2023	2022	2021	2020
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	\$ 97,215,234	\$ 89,400,689	\$ 84,159,509	\$ 79,365,119

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 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
<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 NET POSITION
Last Ten Fiscal Years

	(ACCRUAL BASIS OF ACCOUNTING)		
	2023	2022	2021
Program Expenses			
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
Total Program Expenses	\$ 4,096,434	\$ 3,894,616	\$ 4,220,008
Program Revenues			
Capital contributions	\$ -	\$ -	\$ -
Total program revenues	\$ -	\$ -	\$ -
Operating Grants			
Public works operating grants	\$ -	\$ -	\$ -
Total Operating Grants	\$ -	\$ -	\$ -
Capital Grants			
Public works capital grants	\$ 4,006,092	\$ 2,252,147	\$ 2,778,338
Total Capital Grants	\$ 4,006,092	\$ 2,252,147	\$ 2,778,338
Net Revenue	(90,342)	(1,642,469)	(1,441,670)
General Revenues			
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)	-
Total General Revenues	\$ 7,904,887	\$ 6,883,649	\$ 6,236,060
Change in Net Position	\$ 7,814,545	\$ 5,241,180	\$ 4,794,390
<i>Restatement pursuant to GASB No.75</i>	\$ -	\$ -	\$ -
<i>Restatement pursuant to GASB No.68</i>	\$ -	\$ -	\$ -
Total Net Position - beginning of year	\$ 89,400,689	\$ 84,159,509	\$ 79,365,119
Total Net Position - End of Year	\$ 97,215,234	\$ 89,400,689	\$ 84,159,509

2020	2019	2018	2017	2016	2015	2014
\$ 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	-	-	-	-	-	-
<u>-</u>	<u>(11,482)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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)

	2023	2022	2021	2020
Revenues				
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
Total revenues	12,501,024	8,478,746	8,331,030	12,607,066
Expenditures				
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
Total expenditures	13,533,910	12,044,776	9,574,103	18,712,532
Excess (deficiency) of revenues over expenditures	(1,032,886)	(3,566,030)	(1,243,073)	(6,105,466)
Other financing sources (uses)				
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			-	-
Total other financing sources (uses)	5,184,265	6,821,700	101,612	8,954,466
Net change in fund balances	4,151,379	3,255,670	(1,141,461)	2,849,000
Fund balances - beginning	11,536,095	8,280,425	9,421,886	6,572,886
Fund balances - ending	\$ 15,687,474	\$ 11,536,095	\$ 8,280,425	\$ 9,421,886
Debt service as a percentage of non-capital expenditures	65%	69%	60%	80%

2019	2018	2017	2016	2015	2014
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	2023	2022	2021	2020
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	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 2,255,845	\$ 2,508,443	\$ 2,539,602	\$ 2,629,700	\$ 2,583,929	\$ 2,448,351

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
\$ 6,572,886	\$ 6,739,531	\$ 5,623,958	\$ 7,784,961	\$ 9,294,976	\$ 6,724,370

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

TAX YEAR	TOTAL ASSESSED VALUE	CENTRALLY ASSESSED VALUE	TOTAL ASSESSED VALUE (with Centrally Assessed Value)	TOTAL DIRECT TAX RATE
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.

ESTIMATED ACTUAL VALUATION	ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE
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%

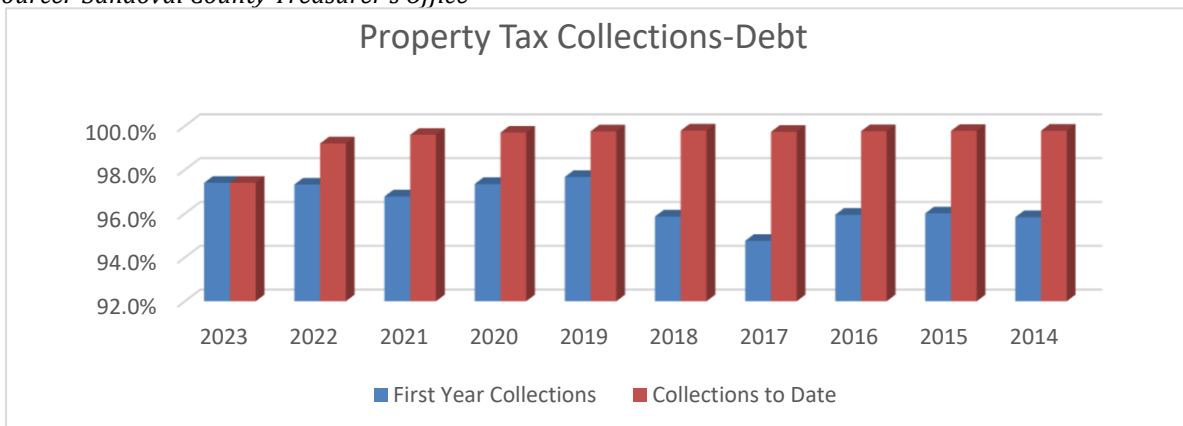
SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Net Property Taxes Levied	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount	Percentage of Levy	
SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - DEBT 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 - OPERATIONAL 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

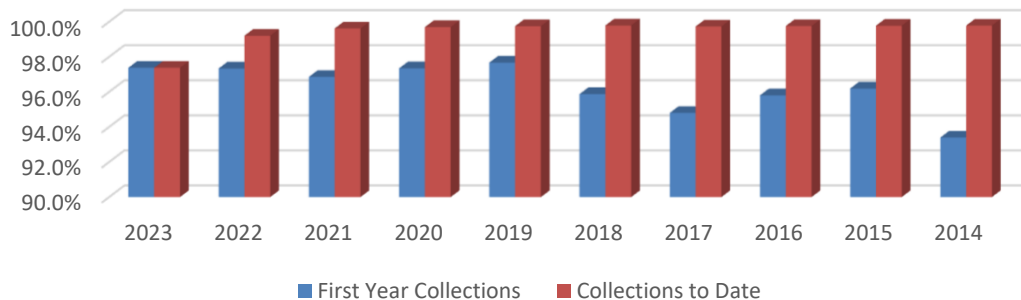


Total Collections to Date

Amount	Percentage of Levy
\$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%

Property Tax Collections-Operational



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)

Total Levy	2023	2022	2021	2020	2019	2018
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 Hospital	0	0.000	0.000	1.886	1.9	0.000
Central NM Community College	2.79	2.775	2.763	2.822	2.823	2.799
Total	16.916	17.111	17.380	19.718	19.864	17.873

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
Total	17.435	17.600	17.702	17.645	17.754	17.507

TOTAL LEVY (Total Direct Rate)

City of Rio Rancho	2023	2022	2021	2020	2019	2018
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 Hospital	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
Total Residential in Rio Rancho	36.167	36.551	36.921	37.363	37.618	35.380

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
34.933	39.132	38.335	37.825

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

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

2017	2016	2015	2014
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*

2014

Taxable Assessed Value	Rank	Percentage of Total Taxable Valuation
---------------------------	------	--

\$ 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%

\$ 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				183,075,399
Total Direct and Overlapping Debt				\$ 204,131,710

Ratios:

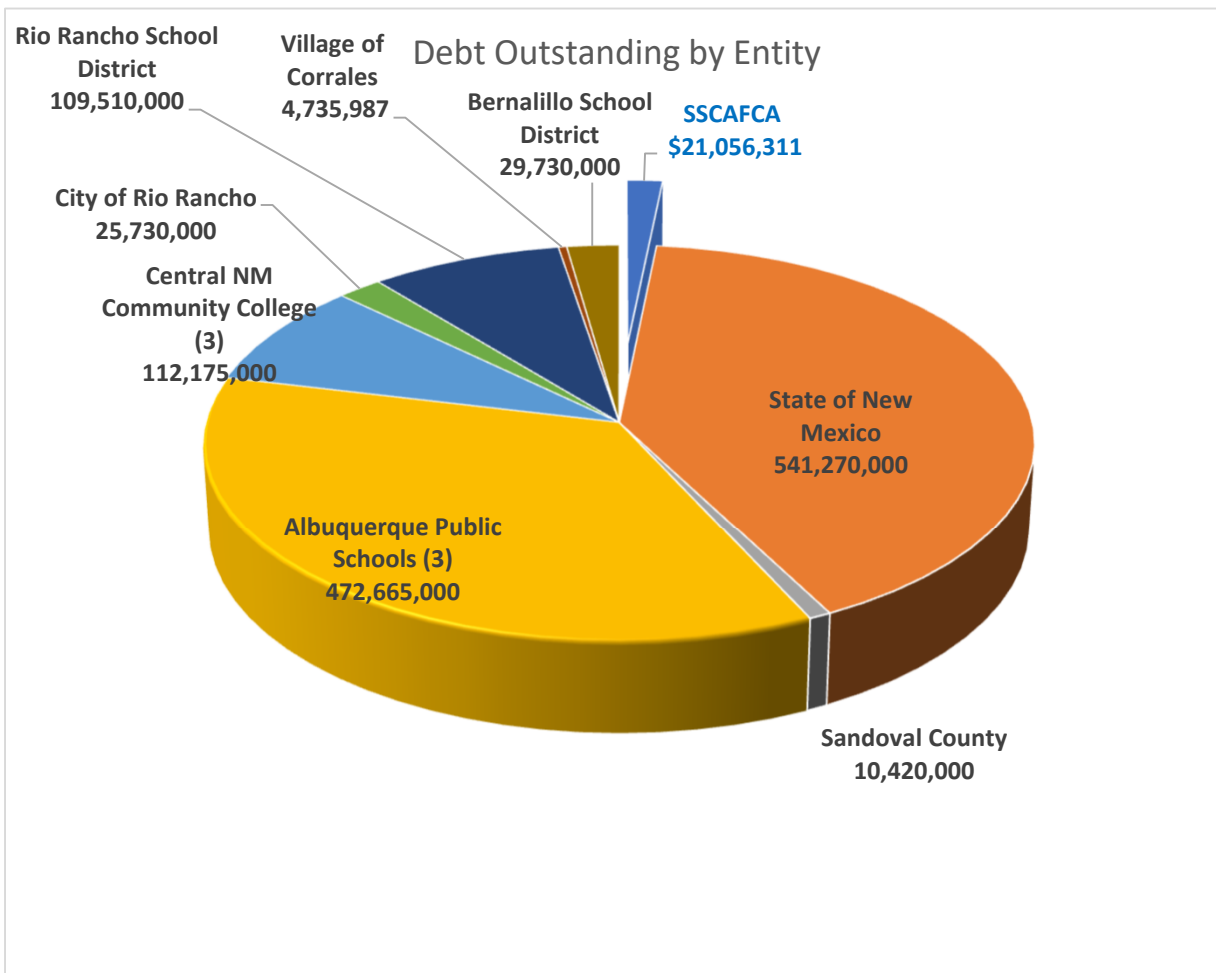
SSCAFCA direct debt to assessed valuation	0.54%
Total direct and overlapping debt to assessed valuation	5.23%
SSCAFCA direct debt to actual valuation	0.18%
Total direct and overlapping debt to actual valuation	1.74%
SSCAFCA debt per capita (2)	\$ 194.84
Direct and overlapping debt per capita	\$ 1,888.85

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.

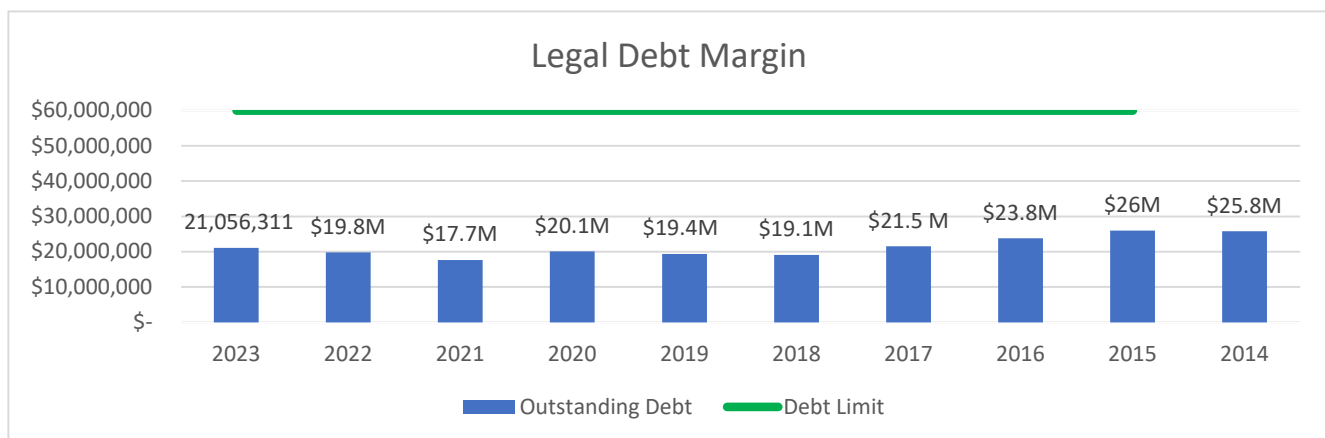
(3) Only a portion of the Assessed Valuation of these entities is located within the SSCAFCA boundaries.



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

	2023	2022	2021	2020	2019
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	35.09%	33.07%	29.45%	33.45%	32.30%

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



2018	2017	2016	2015	2014
\$ 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>
31.81%	35.83%	39.70%	43.33%	43.03%

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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 expresssed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Umemployment 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 dipolmas	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

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

	2023	2022	2021	2020
Finance				
Checks processed	776	774	714	801
Purchasing				
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
Flood Control and Infrastructure				
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
Water Quality				
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
Planning and Engineering				
Development Review	195	303	75	47
Annual Rainfall				
Annual Average Rainfall ⁽¹⁾	7.72	7.43	4.25	5.09
Monsoon Season Precipitation (cumulative inches June 1 - September 30) ⁽¹⁾	1.27	4.80	3.36	2.64

⁽¹⁾ 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
U.S. Department of Homeland Security				
<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>
U.S. Department of the Army				
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: | |

Assistance Listing Number	Federal Program
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