



FISCAL YEAR ENDING JUNE
30, 20**25** **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, 2025

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, 2025
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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

June 30, 2025
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Southern Sandoval County Arroyo Flood Control Authority

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

BOARD OF DIRECTORS

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

EXECUTIVE ENGINEER

Dave Gatterman, P.E.

December 11, 2025

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, 2025. 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, 2025. 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.

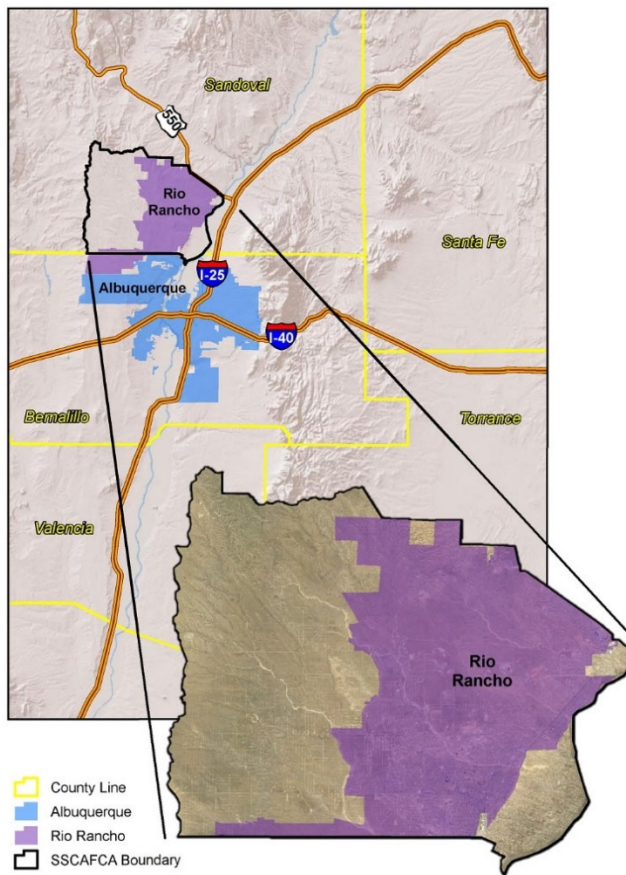


Figure 1 - Location of SCAFCA.

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 SCAFCA’s financial planning and control. SCAFCA 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 current 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

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 114,544 of the 133,806 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					
	2005	2010	2015	2020	2025
Sandoval County	89,908	107,104	132,370	147,046	157,468
Rio Rancho	66,407	87,521	94,171	104,046	114,544
Percentage RR	62.0%	66.1%	67.7%	70.7%	72.7%
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						
	2025	2030	2035	2040	2045	2050
Sandoval	157,468	164,648	169,117	170,460	169,575	166,753
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 six Watershed Management Plans, one for each major watershed in our jurisdiction. These plans identified the base hydrology and the flows to be expected under current 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 six years, to account changing development patterns in each watershed as well as updated hydrology from the National Oceanic and Atmospheric Administration. SSCAFCA has also been working with the City of Rio Rancho to implement administrative controls on development to limit the amount of runoff generated by development to that of pre-development conditions.

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 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



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.



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. In 2025, SSCAFCA initiated two targeted land acquisition projects. The goal of these projects is to acquire significant fractions of land located within the Lateral Erosion Envelope (LEE), greatly reducing the potential for development within these LEE areas and thereby reducing the future need for SSCAFCA to stabilize the grade and banks of the arroyo systems within these targeted areas.

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 or other government agencies. 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.

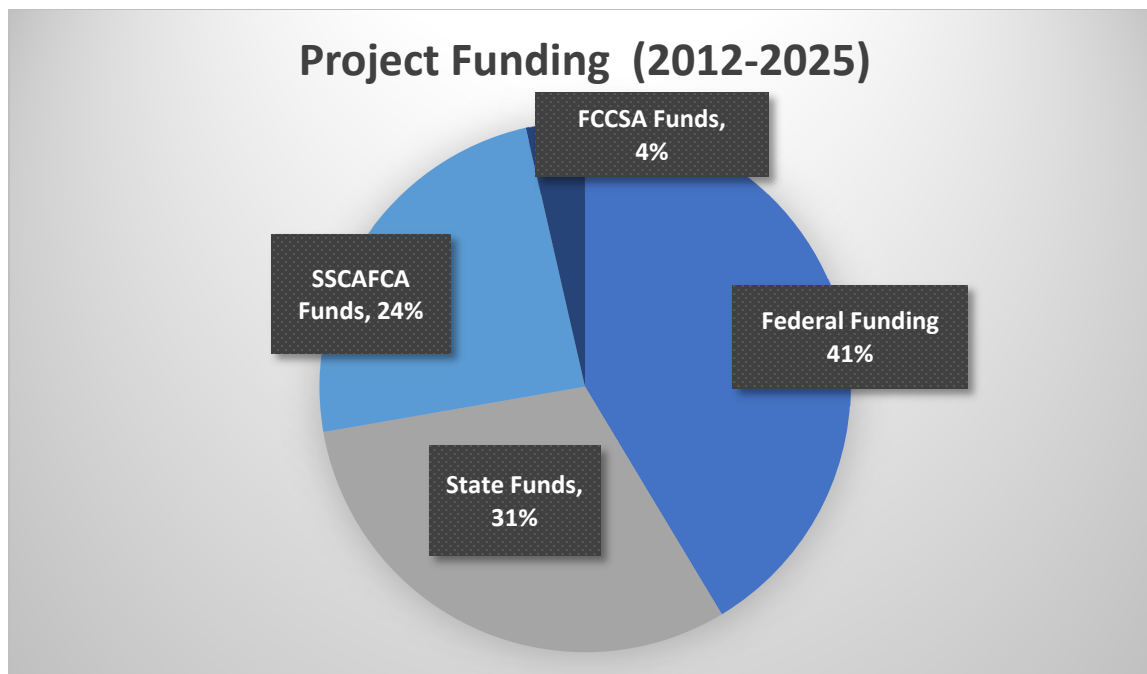
After the economic crash in the late 2000s, local development essentially came to a halt, with very little development activity, and more significantly, no development of needed drainage infrastructure being driven by private developers.

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 2025, SSCAFCA has \$25,048,441 outstanding in general obligation bonds and is 42% 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 2012-2025 (completed projects only)	
<i>Agency</i>	<i>Funding</i>
Federal Emergency Management Agency	\$12,851,360
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 multiple separate regional flood control projects throughout the jurisdiction. The New Mexico Department of Homeland Security and Emergency Management (NMDHSEM) is the state agency that SSCAFCA works with to obtain FEMA funding for projects. Our grant applications for funding for projects are still active and continue to work their way through the system toward award.

Federal Fund Portfolio (Awarded Grants), Not Fully Expended	
<i>Agency</i>	<i>Funding</i>
Federal Emergency Management Agency	\$3,206,331.44
U.S. Army Corps of Engineers	\$6,150,000.00
TOTAL FEDERAL FUNDING SPENT	\$9,356,331.44

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 four fiscal years, FY19 – FY24, 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 five 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 of this business plan, SSCAFCA has incorporated an Asset Management Policy, adopted by Resolution (Resolution 2014-22) in December of 2014.

SSCAFCA has maintained a very conservative fiscal management approach that incorporates several tenets: With the exception of Yield Control impacts, ensure each annual budget does not require an increase in taxes.

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 \$1,000,000. 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.

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 April 1, 2025, 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, 2025

Board of Directors

<u>Name</u>	<u>Title</u>
Cassandra D'Antonio	Chairman
John Chaney	Chair Pro Tem
Ronald Abramshe	Secretary/Treasurer
Maria (Bel) Marquez	Member
Michael Vidal	Member

Officials

David Gatterman	Executive Engineer
Deborah Casaus, CPA	Fiscal Services Director



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Reporting

Presented to

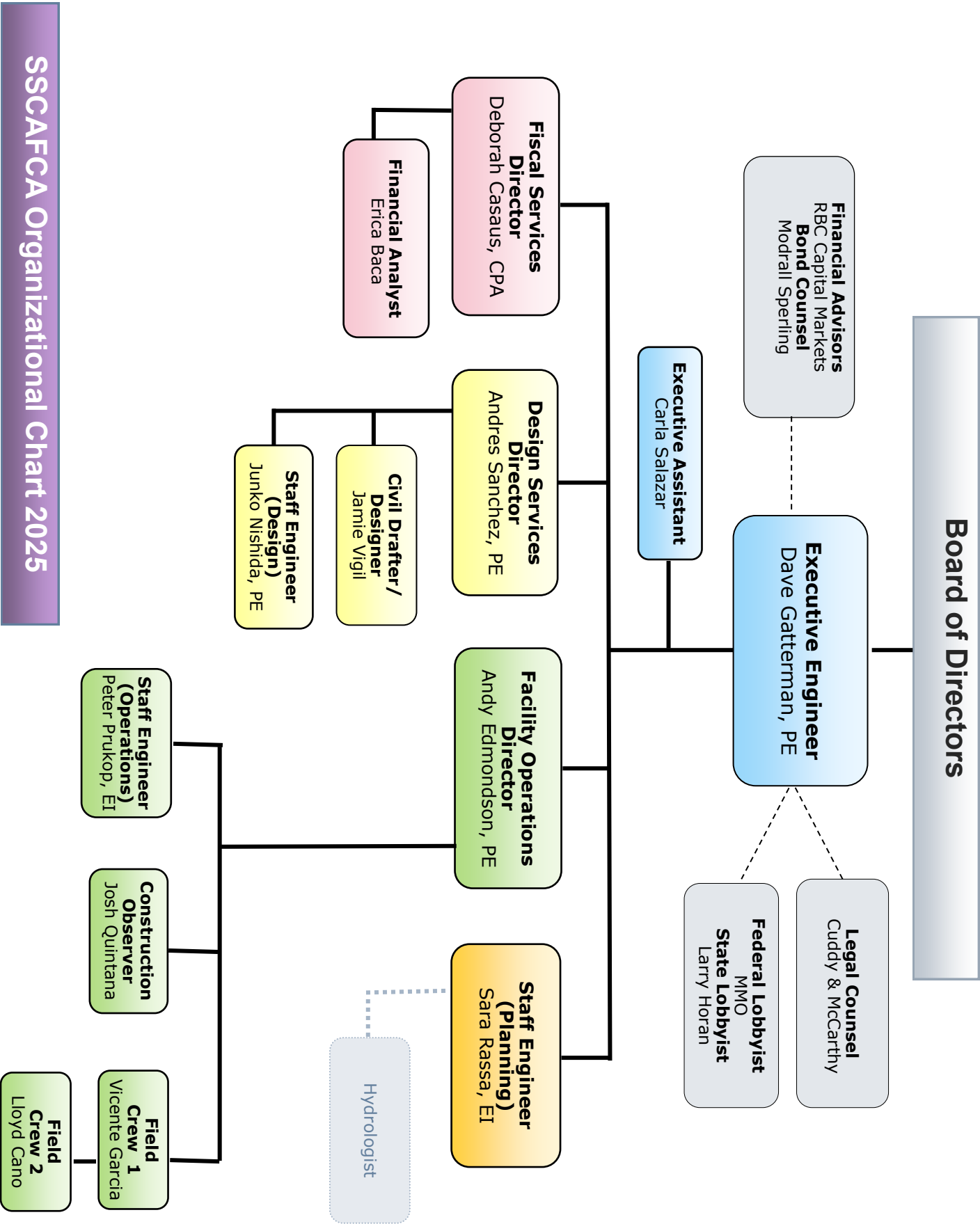
**Southern Sandoval County
Arroyo Flood Control Authority
New Mexico**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., CFE
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, 2025, 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, 2025, 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 Southern 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 Southern 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 Southern 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 Southern 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 Southern 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 15, 2025 on our consideration of the Southern 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 Southern 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 Southern 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 15, 2025

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2025 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, 2025. 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, 2025. 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, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance, 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. This fiscal year, staff began work on the second chapter of volume two of the criteria manual, pond design. 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 Trevino Channel and Athens Channel rehabilitation projects. SSCAFCA's construction team oversaw the completion of construction on the Sunset Channel rehabilitation project, and oversaw the beginning of construction on the Riparia Ponds project, Tortugas Channel improvements project, Upper Venada off-channel flood mitigation project and the Middle Venada Water Quality Facility project. SSCAFCA has completed the update of the hydrology and watershed management plan for the Venada Arroyo and began work on updating the Willow Creek watershed management plan. 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, 2025

The overall Net Position of the Authority increased from \$106,493,494 for the year ending June 30, 2024 to \$119,340,579 for the year ending June 30, 2025. This represents an increase in net position of \$12,887,580. Total cash and investments increased by \$6,324,439 primarily due to the proceeds of a \$7 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 \$4,938,187 resulting from the net effect of an increase in debt and a decrease 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, 2025
Unaudited

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Position

The Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the Authority has total net position of \$119,340,579 at June 30, 2025. The Authority has \$25,165,788 in cash and investments on hand as of June 30, 2025 compared to \$6,768,797 in accounts payable and other current liabilities. Net Position totaling \$6,755,604 is "restricted" for debt service and \$1,393,369 is restricted for capital projects. Net Position totaling \$5,204,512 is "unrestricted". The Authority's overall financial position improved between 2024 and 2025. Capital assets increased by \$9,197,771 due to construction of and purchases for flood control facilities.

	June 30, 2024	June 30, 2025
Assets		
Cash and Investments	\$ 18,841,349	\$ 25,165,788
Other Assets	1,760,679	4,016,807
Capital and Intangible Assets, net of depreciation and amortization	110,967,564	120,165,335
Total Assets	131,569,592	149,347,930
Deferred Outflows of Resources	552,520	559,454
Total Assets and Deferred Outflows of Resources	\$ 132,122,112	\$ 149,907,384
Liabilities		
Current Liabilities	5,087,187	6,768,797
Long Term Liabilities	20,039,541	23,410,778
Total Liabilities	25,126,728	30,179,575
Deferred Inflows of Resources	542,385	387,230
Total Liabilities and Deferred Inflows of Resources	\$ 25,669,113	\$ 30,566,805
Net Position		
Net Investment in Capital Assets	97,820,739	105,987,094
Restricted	6,467,385	8,148,973
Unrestricted	2,164,875	5,204,512
Total Net Position	\$ 106,452,999	\$ 119,340,579

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 \$20,787,695 and accumulated amortization of \$1,950,047. 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, 2025 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, 2025. As of June 30, 2025, the Authority had net position of \$119,340,579. The beginning total net position for the 2025 fiscal year is \$106,493,494 reflecting an increase in total net position of \$12,887,580 for the year ending June 30, 2025. 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 6% increase in the Authority's Assessed Valuation largely due to new construction. Expenses increased year-over-year by \$334,983. Otherwise, operations of the Authority did not change significantly from the prior year.

	June 30, 2024	June 30, 2025
Expenses for Governmental Activities	\$ 4,659,072	\$ 4,994,055
Less Capital Grants and Contributions	5,275,067	4,886,683
Net (Expenses) Revenues and Changes in Net Position	615,995	(107,372)
General Revenues		
Taxes - general and debt service	7,950,253	9,107,661
Interest and Earnings on Investments	627,851	788,147
Miscellaneous	84,161	781,438
Donated Capital	-	2,345,838
Loss on disposal on capital assets	-	(28,132)
Subtotal, General Revenues	8,662,265	12,994,952
Changes in Net Position	9,278,260	12,887,580
Net Position - Beginning	97,174,739	106,493,494
Restatement of prior year for implementation of GASB 101 Compensated Absences	-	(40,495)
Net Position, beginning of year as restated	97,174,739	106,452,999
Net Position - Ending	\$ 106,452,999	\$ 119,340,579

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2025
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 \$13,070,759. Total expenditures for the Authority were \$15,977,444. Total ending fund balance was \$22,893,852 for an increase of \$4,420,317 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 \$1,028,496 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 \$1,390,613 also resulting from increased ad valorem taxes which grew as a result of a 6% increase in the Authority's Assessed Valuation largely due to new construction. The fund balance in the Capital Projects fund increased by \$2,001,208 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.

Year	Total Revenues *	Increase %	Total Expenditures *	Increase %
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	7%	10,660,528	71%
2019-2020	12,607,066	67%	18,712,532	76%
2020-2021	8,331,030	42%	9,574,103	43%
2021-2022	15,300,446	84%	12,044,776	26%
2022-2023	17,685,289	16%	13,533,910	12%
2023-2024	20,049,745	13%	17,263,684	28%
2024-2025	13,070,759	-35%	15,977,444	-7%

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, 2025
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, 2025.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	6,586,314	2,742,850	3,843,464

The General Fund expenditures remained favorable to the final budget by \$3,843,464 or 58%. This difference was primarily in amounts budgeted for severe storm clean-up from general funds that was not needed during the 2024-25 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, 2025 Unaudited

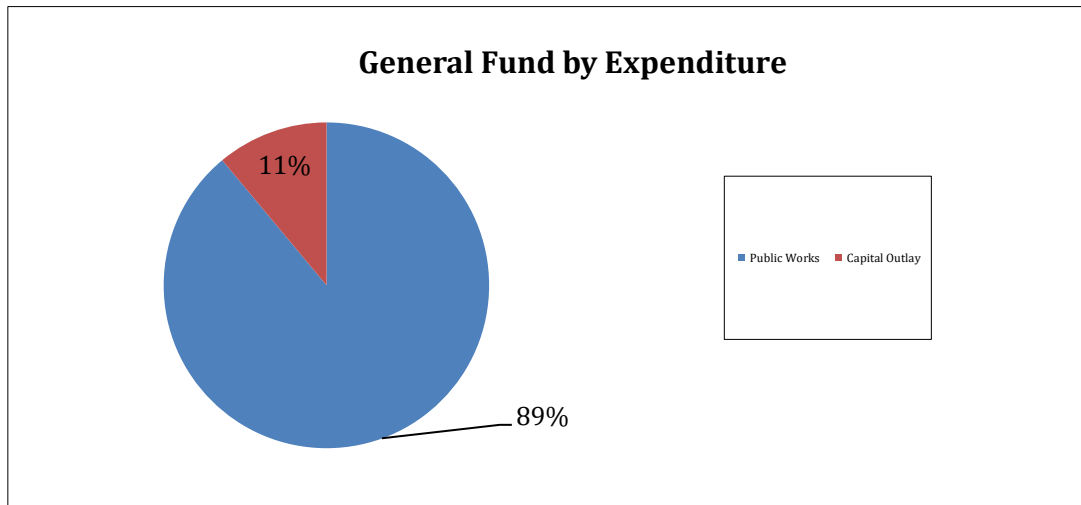
The General Fund

The General Fund revenues represents \$3,752,371 of the total \$13,070,759 in overall Authority revenues.

The following table displays historical revenues of the General Fund.

Year	Revenues	Increase (Decrease) %
2016-2017	2,174,317	3%
2017-2018	2,238,966	3%
2018-2019	2,306,497	3%
2019-2020	2,395,035	7%
2020-2021	2,398,280	0%
2021-2022	2,560,770	7%
2022-2023	2,935,625	15%
2023-2024	3,289,242	12%
2024-2025	3,752,371	14%

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 89% of the General Fund's expenditures for the 2025 fiscal year.

Southern Sandoval County Arroyo Flood Control Authority

Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2025 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, 2023	June 30, 2024	June 30, 2025
Land and easements		\$ 36,269,132	\$ 36,454,618	\$ 36,464,542
Construction in progress		4,624,740	7,876,306	11,051,907
Building and improvements		3,315,276	3,315,276	3,315,276
Furniture, equipment and vehicles		842,284	880,272	880,272
Flood control system - dams, ponds and drainage channels		76,163,611	81,122,073	88,527,031
Less accumulated depreciation		(18,153,732)	(19,397,360)	(20,787,695)
Intangible assets		2,356,429	2,535,697	2,664,049
Less accumulated amortization		(1,668,266)	(1,819,318)	(1,950,047)
Capital assets, net		\$ 103,749,474	\$ 110,967,564	\$ 120,165,335

Major additions during the 2025 fiscal year include acquisition of approximately 11.4 acres of needed right of way for future flood control facilities for an approximate value of \$293,124. 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, High Range Detention Pond and Sunset Channel projects. The constructed infrastructure added approximately \$4.85 Million in infrastructure. SSCAFCA also added one intangible asset totaling \$123,348. Further information can be obtained at Note 6.

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, 2025. Further information can be obtained at Note 7.

Year Ended June 30	Principal	Interest	Totals
2026	\$ 3,944,803	\$ 372,493	\$ 4,317,296
2027	3,970,127	293,746	4,263,873
2028	1,875,452	247,934	2,123,386
2029	1,685,780	206,828	1,892,608
2030	1,686,108	313,034	1,999,142
2031-2034	7,420,534	827,763	8,248,297
2036-2040	2,851,573	111,322	2,962,895
Total	\$ 23,434,377	\$ 2,373,120	\$ 25,807,497

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, 2025 Unaudited

Future Trends

SSCAFCA continues to seek external funding to support future drainage improvements. Recent disasters in the State of New Mexico, including the Calf Canyon/Hermits Peak fire, Ruidoso fires and flooding, and a Roswell flood event, 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 and state capital outlay dollars. Due to staff reductions and administrative changes at FEMA, review and award of these grants has been significantly slowed. However, the NMDHSEM has improved their internal processes and hired staff to assist and helping move these projects forward to the best of their ability. 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 595 Environmental Infrastructure funding. SSCAFCA continues to update our work plan with the USACE to include new projects for requested funding and work with our congressional delegation to provide funding to USACE for SSCAFCA projects. 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. Intel Corporation has invested significantly in their production facility in Rio Rancho, however, issues with Intel's financial position have limited staff growth in Rio Rancho. 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. As of the end of FY2025, Sandoval County is in the running to be the home of "Project Ranger", a Department of Defense weapon's manufacturing facility. If Sandoval County is selected for this facility, this could greatly increase employment possibilities in Rio Rancho, thereby increasing assessed valuation.

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**BASIC
FINANCIAL STATEMENTS**

SOUTHERN SANDOVAL ARROYO FLOOD CONTROL AUTHORITY

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 54,761
Investments	18,410,274
Receivables:	
Property taxes	414,102
Other receivables	3,602,054
Prepays	651
<i>Total current assets</i>	22,481,842
Noncurrent assets	
Restricted investments	6,700,753
Capital assets	142,903,077
Less: accumulated depreciation	(22,737,742)
<i>Total noncurrent assets</i>	126,866,088
<i>Total assets</i>	149,347,930
Deferred outflows of resources	
Deferred outflows - pension	455,281
Deferred outflows - OPEB	104,173
<i>Total deferred outflows of resources</i>	559,454
<i>Total assets and deferred outflows of resources</i>	\$ 149,907,384

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

	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 2,259,018
Accrued payroll	40,029
Accrued compensated absences	111,603
Unearned revenue	100,000
Accrued interest	293,380
Current portion of bonds and loan payable	<u>3,964,767</u>
<i>Total current liabilities</i>	<u>6,768,797</u>
Noncurrent liabilities	
Accrued compensated absences	78,363
Bonds and loan payable, net	21,083,674
Net pension liability	1,970,120
Net OPEB liability	<u>278,621</u>
<i>Total noncurrent liabilities</i>	<u>23,410,778</u>
<i>Total liabilities</i>	<u>30,179,575</u>
Deferred inflows of resources	
Deferred inflows - pension	104,324
Deferred inflows - OPEB	<u>282,906</u>
<i>Total deferred inflows of resources</i>	<u>387,230</u>
Net position	
Net investment in capital assets	105,987,094
Restricted for:	
Debt service	6,755,604
Capital projects	1,393,369
Unrestricted	<u>5,204,512</u>
<i>Total net position</i>	<u>119,340,579</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 149,907,384</u></u>

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

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Statement of Activities
For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Program Expenses	
Public works:	
Personnel services	\$ 1,152,461
Employee benefits	558,834
General and administrative expenses	431,950
Contractual operating and maintenance services	703,327
Depreciation and amortization	1,521,063
Interest costs	626,420
<i>Total program expenses</i>	<u>4,994,055</u>
Program Revenues	
Capital Grants and Contributions	4,886,683
<i>Total program revenues</i>	<u>4,886,683</u>
Net (Expense) Revenue - Governmental Activities	<u>(107,372)</u>
General revenues	
Taxes:	
Property taxes, levied for general purposes	3,286,108
Property taxes, levied for debt service	5,821,553
Investment income	788,147
Miscellaneous revenue	781,438
Donated capital	2,345,838
Gain (loss) on disposition of capital assets	(28,132)
<i>Total general revenues</i>	<u>12,994,952</u>
Change in net position	12,887,580
Net position, beginning	106,493,494
Net position, restatement (Note 20)	<u>(40,495)</u>
Net position, as restated	<u>106,452,999</u>
Net position, ending	<u><u>\$ 119,340,579</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, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Assets			
Cash and cash equivalents	\$ 54,761	\$ -	\$ -
Investments	5,232,477	6,700,753	13,177,797
Receivables:			
Property taxes	152,741	261,361	-
Other receivables	25,022	17,660	3,559,372
Prepays	651	-	-
Due from other funds	-	4,043	-
<i>Total assets</i>	<u>\$ 5,465,652</u>	<u>\$ 6,983,817</u>	<u>\$ 16,737,169</u>
Liabilities, deferred inflows of resources, and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 18,982	\$ -	\$ 2,240,036
Accrued payroll	40,029	-	-
Unearned revenue	-	-	100,000
Due to other funds	4,043	-	-
<i>Total liabilities</i>	<u>63,054</u>	<u>-</u>	<u>2,340,036</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	134,550	228,213	-
Unavailable revenue - grants	-	-	3,526,933
<i>Total deferred inflows of resources</i>	<u>134,550</u>	<u>228,213</u>	<u>3,526,933</u>
<i>Fund balances</i>			
Nonspendable:			
Prepays	651	-	-
Spendable:			
Restricted for:			
Debt service	-	6,755,604	-
Capital improvements	-	-	10,870,200
Committed to:			
Subsequent year's expenditures	636,825	-	-
Assigned to:			
Capital improvements	413,175	-	-
Unassigned	4,217,397	-	-
<i>Total fund balances</i>	<u>5,268,048</u>	<u>6,755,604</u>	<u>10,870,200</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,465,652</u>	<u>\$ 6,983,817</u>	<u>\$ 16,737,169</u>

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

Total

\$ 54,761
25,111,027

414,102
3,602,054
651
4,043

\$ 29,186,638

\$ 2,259,018
40,029
100,000
4,043

2,403,090

362,763
3,526,933

3,889,696

651

6,755,604
10,870,200

636,825

413,175
4,217,397

22,893,852

\$ 29,186,638

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 - Governmental Fund to the Statement of Net Position

June 30, 2025

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

Fund balances - total governmental funds	\$ 22,893,852
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	120,165,335
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	362,763
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.	3,526,933
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows- pension	588,478
Deferred outflows- OPEB	104,173
Deferred inflows- pension	(104,324)
Deferred inflows- OPEB	(282,906)
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	(189,966)
Accrued interest	(293,380)
Bond premiums	(1,294,370)
Bonds and loans payable	(23,754,071)
Net pension liability	(1,970,120)
Net OPEB liability	(278,621)
<i>Net position of governmental activities</i>	<u><u>\$ 119,473,776</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, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 3,285,628	\$ 5,804,151	\$ -
Intergovernmental:			
Federal capital grants	-	-	435,772
State capital grants	37,796	-	1,937,827
Investment income	201,345	131,363	455,439
Miscellaneous	227,602	-	553,836
<i>Total revenues</i>	<u>3,752,371</u>	<u>5,935,514</u>	<u>3,382,874</u>
<i>Expenditures</i>			
Current:			
Public works	2,423,141	-	291,264
Capital outlay	300,734	-	8,141,395
Debt service:			
Principal	-	4,124,442	-
Interest	-	557,211	-
Bond issuance costs	-	-	139,257
<i>Total expenditures</i>	<u>2,723,875</u>	<u>4,681,653</u>	<u>8,571,916</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,028,496</u>	<u>1,253,861</u>	<u>(5,189,042)</u>
<i>Other financing sources (uses)</i>			
Issuance of debt	-	-	7,000,000
Bond premium	-	136,752	149,250
Proceeds from sale of capital assets	-	-	41,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>136,752</u>	<u>7,190,250</u>
<i>Net change in fund balance</i>	1,028,496	1,390,613	2,001,208
<i>Fund balance - beginning of year</i>	<u>4,239,552</u>	<u>5,364,991</u>	<u>8,868,992</u>
<i>Fund balance - end of year</i>	<u><u>\$ 5,268,048</u></u>	<u><u>\$ 6,755,604</u></u>	<u><u>\$ 10,870,200</u></u>

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

Total	
\$	9,089,779
	435,772
	1,975,623
	788,147
	781,438
	13,070,759

	2,714,405
	8,442,129
	4,124,442
	557,211
	139,257
	15,977,444
	(2,906,685)

	7,000,000
	286,002
	41,000
	7,327,002
	4,420,317
	18,473,535
\$	22,893,852

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, 2025**

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

Net change in fund balances - total governmental funds	\$ 4,420,317
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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	8,313,782
Intangible assets	128,348
Donated capital	2,633,809
Depreciation expense	(1,390,334)
Amortization expense	(130,730)
Book value of disposed assets	(357,104)

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	480
Change in unavailable revenue related to grants receivable	2,424,539

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	122,967
Net pension expense	(233,202)
Authority OPEB contributions	21,901
Net OPEB income	70,165

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	(45,846)
Increase in accrued interest	(58,888)

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	(286,002)
Amortization of bond premiums	128,936
Issuance of debt	(7,000,000)
Principal payments on loans	4,124,442

<i>Change in net position of governmental activities</i>	<u><u>\$ 12,887,580</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, 2025

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 3,020,548	\$ 3,020,548	\$ 3,278,117	\$ 257,569
Intergovernmental:				
State capital grant	-	-	37,796	37,796
Investment income	40,000	40,000	203,536	163,536
Miscellaneous	2,000	2,000	232,631	230,631
<i>Total revenues</i>	<u>3,062,548</u>	<u>3,062,548</u>	<u>3,752,080</u>	<u>689,532</u>
<i>Expenditures</i>				
Salaries, benefits and taxes	1,621,241	1,621,241	1,579,935	41,306
Contractual services	559,500	559,500	267,909	291,591
County admin. fee	90,000	90,000	90,665	(665)
Audit fees	28,000	28,000	25,292	2,708
Bank charges	2,000	2,000	425	1,575
Board meetings expense	15,000	15,000	9,030	5,970
Equipment rental	1,000	1,000	-	1,000
Land Acq- ROW expense	300,000	300,000	300,734	(734)
Computers/software/mapping (<\$5000)	45,000	45,000	35,955	9,045
Insurance/bonds	35,000	35,000	21,821	13,179
Legal ads/notices	6,500	6,500	2,353	4,147
Maintenance -buildings, vehicles, & fuel	120,000	120,000	49,482	70,518
Membership fees	24,500	24,500	12,065	12,435
Tools and small equipment	25,000	25,000	46,628	(21,628)
Environmental permitting	120,000	120,000	100,677	19,323
Miscellaneous	3,563	3,563	-	3,563
Moving & storage	4,000	4,000	2,546	1,454
Office supplies	12,500	12,500	9,221	3,279
Paying agent/registrar	3,200	3,200	6,195	(2,995)
Printing/copying	5,500	5,500	3,773	1,727
Engineering/planning scenarios	225,000	225,000	10,634	214,366
Mapping	7,500	7,500	-	7,500
Property tax	9,000	9,000	2,854	6,146
Postage/freight	2,000	2,000	1,682	318
Small furniture/equipment (<\$5,000)	30,000	30,000	8,102	21,898
Staff mileage	1,000	1,000	198	802
Training	57,000	57,000	18,662	38,338
Subscriptions/books	5,500	5,500	1,572	3,928
Telephone	30,000	30,000	20,398	9,602
Utilities	9,000	9,000	4,244	4,756
Office renovations	30,000	30,000	-	30,000
Operation & maintenance - general	3,058,810	3,058,810	109,798	2,949,012
Vehicle	100,000	100,000	-	100,000
<i>Total expenditures</i>	<u>6,586,314</u>	<u>6,586,314</u>	<u>2,742,850</u>	<u>3,843,464</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>(3,523,766)</u>	<u>(3,523,766)</u>	<u>1,009,230</u>	<u>4,532,996</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	<u>3,523,766</u>	<u>3,523,766</u>	<u>-</u>	<u>(3,523,766)</u>
<i>Total other financing sources (uses)</i>	<u>3,523,766</u>	<u>3,523,766</u>	<u>-</u>	<u>(3,523,766)</u>
<i>Net change in fund balance</i>	-	-	1,009,230	1,009,230
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,273,965</u>	<u>4,273,965</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 5,283,195</u>	<u>\$ 5,283,195</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,009,230	
Adjustments to revenues for property tax and interest accruals.			(178,414)	
Adjustments to expenditures for accounts payable and payroll accruals.			<u>197,680</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 1,028,496</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, 2025

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, 2025

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, 2025

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, 2025

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.

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, 2025, the Authority maintained a balance of \$25,111,027 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 2025 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2025. 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, 2025

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, 2025

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: The Authority recognized a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. Under this standard, liabilities are recognized for two types of leave;

1. Leave that has not been used—leave which is (a) attributable to services already rendered by employees, (b) accumulates and is permitted to be carried over into future periods, and (c) is more likely than not to be used as time off or settled in cash or noncash upon termination or otherwise.
2. Leave that has been used but not yet paid or settled—such as when employees have taken leave but have not yet received payment (or noncash settlement) for that leave.

The liability includes salary-related payments that are directly and incrementally associated with compensated absences such as employer-paid payroll taxes.

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, 2025, accrued vested annual leave totaled \$189,966.

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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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)

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, 2025, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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)

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.

Unassigned: The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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 \$636,825, as a reserve for future expenditures. The Authority has also assigned fund balances of \$413,175 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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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)

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.

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, 2025 the Authority adopted GASB Statement No. 101 Compensated Absences, this pronouncement does not have a significant impact on these financial statements which is disclosed in Notes 7 and 20. The Authority also adopted Statement No. 102 Certain Risk Disclosures, this pronouncement does not 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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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

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, 2025 was properly amended by the Authority's Board of Directors throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (3,523,766)	\$ (3,523,766)
Debt Service	\$ 155,533	\$ 155,533
Capital Projects	\$ (9,237,062)	\$ (9,237,062)

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, 2025.

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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

Note 3. Deposits and Investments (continued)

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, 2025, no amounts of the Authority's bank balance of \$231,351 was subject to custodial risk. There were no amounts uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Authority's name. No amounts were uninsured and uncollateralized at June 30, 2025.

	Wells Fargo Bank
Amount of deposits	\$ 231,351
FDIC Coverage	<u>(231,351)</u>
Total uninsured public funds	<u>-</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the Authority's name	-
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ -
Pledged Collateral	<u>3,760,645</u>
Over (Under) collateralized	<u>\$ 3,760,645</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, 2025, 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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

Note 3. Deposits and Investments (continued)

As of June 30, 2025, the Authority had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
New Mexico Local Government Investment Pool	18 days (R); 75 days (F)	\$ 25,111,027	AAAm

**Based of Standard & Poor's rating

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

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

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.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

Note 3. Deposits and Investments (continued)

The following table sets forth by level within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2025:

<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
\$ 25,111,027	\$ -	\$ 25,111,027	\$ -

Reconciliation to the Statement of Net Position

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents	\$ 54,761
Investments	18,410,274
Restricted Investments	<u>6,700,753</u>
Total cash, investments, and cash equivalents	<u>25,165,788</u>
Add: outstanding checks and other reconciling items	176,790
Less: New Mexico Government Local Investment Pool	(25,111,027)
Less: Petty cash	<u>(200)</u>
Bank balance of deposits	<u>\$ 231,351</u>

Note 4. Receivables

Governmental Activities receivables as of June 30, 2025 are comprised of the following:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 152,741	\$ 261,361	\$ -	\$ 414,102
Total property taxes receivable	<u>152,741</u>	<u>261,361</u>	<u>-</u>	<u>414,102</u>
Other receivables:				
Federal grants	-	-	3,559,372	3,559,372
Interest	18,393	17,660	-	36,053
Reimbursement for Internship Program	<u>6,629</u>	<u>-</u>	<u>-</u>	<u>6,629</u>
Total due from other governments	<u>25,022</u>	<u>17,660</u>	<u>3,559,372</u>	<u>3,602,054</u>
Accounts receivable	<u>\$ 177,763</u>	<u>\$ 279,021</u>	<u>\$ 3,559,372</u>	<u>\$ 4,016,156</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$362,763 and grant revenues in the amount of \$3,526,933 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, 2025.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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. The Authority did have any interfund receivables and payables in the amount of \$4,043 and there were no transfers during the year ended 2025.

Note 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2025. Land, right of way, and construction in process are not subject to depreciation.

Governmental Activities:	Balance June 30, 2024	Additions	Deletions and Transfers	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 228,500	\$ -	\$ -	\$ 228,500
Fee simple and easement land	36,226,118	367,030	357,104	36,236,044
Construction in progress	7,876,306	8,442,130	5,266,528	11,051,908
Total not being depreciated	44,330,924	8,809,160	5,623,632	47,516,452
Capital assets being depreciated:				
Buildings and improvements	3,315,276	-	-	3,315,276
Furniture, equipment, and vehicles	880,272	-	-	880,272
Flood control system-dams, ponds, and drainage channels	81,122,073	7,404,959	-	88,527,032
Total being depreciated	85,317,621	7,404,959	-	92,722,580
Total capital assets	129,648,545	16,214,119	5,623,632	140,239,032
Accumulated depreciation:				
Buildings and improvements	1,462,795	97,768	-	1,560,563
Furniture, equipment, and vehicles	506,140	40,891	-	547,031
Flood control system-dams, ponds, and drainage channels	17,428,425	1,251,675	-	18,680,100
Total accumulated depreciation	19,397,360	1,390,334	-	20,787,694
Intangible assets	2,535,697	128,348	-	2,664,045
Less accumulated amortization	1,819,318	130,730	-	1,950,048
Intangible assets, net of amortization	716,379	(2,382)	-	713,997
Capital assets, net of depreciation, and amortization	\$ 110,967,564	\$ 14,821,403	\$ 5,623,632	\$ 120,165,335

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

Note 6. Capital Assets (continued)

Depreciation and amortization expense for the year ended June 30, 2025, was charged to the following functions:

Public works	<u>\$ 1,390,334</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, 2025, was \$44,210,000. General obligation bonds are direct obligations and pledge the full faith and credit of the Authority. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2025 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, 2025
2012 General Obligation Series 2	7/1/2012	8/1/2025	2.00%	\$ 4,500,000	\$ 625,000
2014 General Obligation Series 2	8/16/2014	8/1/2028	2.00-4.00%	8,395,000	540,000
NMED CWSR GO Bond	5/2/2013	7/13/2036	3.00%	1,250,000	799,377
General Obligation Series 2018	8/30/2018	8/1/2031	3.00-4.00%	2,500,000	1,825,000
General Obligation Series 2019A	9/24/2019	8/1/2031	3.00-4.00%	3,000,000	2,210,000
General Obligation Series 2021A	9/15/2021	8/1/2035	1.0-3.0%	5,000,000	3,345,000
General Obligation Series 2021B	9/15/2021	8/1/2024	3.00%	1,565,000	-
General Obligation Series 2022	9/15/2022	8/1/2035	3.5-4.0%	5,000,000	1,840,000
General Obligation Series 2024	5/7/2024	8/1/2037	4-5%	6,000,000	5,250,000
General Obligation Series 2025	5/15/2025	8/1/2038	4-5%	7,000,000	<u>7,000,000</u>
Total Bonds Payable					<u>\$ 23,434,377</u>

During the year ended June 30, 2025, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Bonds Payable	\$ 20,538,857	\$ 7,000,000	\$ 4,104,480	\$ 23,434,377	\$ 3,944,803
Loans Payable	339,656	-	19,962	319,694	19,964
Compensated absences	<u>144,120</u>	<u>45,846</u> *	<u>-</u>	<u>189,966</u>	<u>111,603</u>
Total	<u>\$ 21,022,633</u>	<u>\$ 7,045,846</u>	<u>\$ 4,124,442</u>	<u>\$ 23,944,037</u>	<u>\$ 4,076,370</u>

* The additions amount above is the net change for the Authority for fiscal year June 30, 2025.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

Note 7. Long-Term Debt (continued)

Bonds payable, net, as presented in the Statement of Net Position includes bond premiums of \$2,200,591 accumulated amortization of \$906,221. 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, 2025, consisted of the following bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 3,944,803	\$ 372,493	\$ 4,317,296
2027	3,970,127	293,746	4,263,873
2028	1,875,452	247,934	2,123,386
2029	1,685,780	206,828	1,892,608
2030	1,686,108	313,034	1,999,142
2031-2035	7,420,534	827,763	8,248,297
2036-2040	2,851,573	111,322	2,962,895
Total	<u>\$ 23,434,377</u>	<u>\$ 2,373,120</u>	<u>\$ 25,807,497</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, 2025 consisted of the following:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 19,964	\$ 32	\$ 19,996
2027	19,966	30	19,996
2028	19,968	28	19,996
2029	19,972	26	19,998
2030	19,972	24	19,996
2031-2035	99,890	89	99,979
2036-2040	99,940	40	99,980
2041-2045	20,022	2	20,024
Totals	<u>\$ 319,694</u>	<u>\$ 271</u>	<u>\$ 319,965</u>

Compensated Absences – During the fiscal year ended June 30, 2025, the Authority adopted the provisions of GASB Statement No. 101, Compensated Absences. As a result of this implementation, beginning net position was increased by \$40,495 in the government-wide financial statements, to recognize previously unrecorded compensated absences liabilities. Governmental fund statements were not impacted, as only mature compensated absences are recognized in those funds. Please refer to Note 20 for details on the restatement related to the implementation of GASBS No. 101.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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, 2025, 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, 2025.
- B. Excess of expenditures over appropriations. There were no funds expenditures were in excess of the budgeted appropriations for the year ended June 30, 2025.
- 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, 2025.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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 five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 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 5 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, 2025

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

Contributions – See PERA's annual comprehensive financial report that can be obtained on PERA's website for contribution description.

PERA Fund Contribution Rates and Pension Factors in effect during FY24						
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 \$25,000	Annual Salary greater than \$25,000		TIER 1	TIER 2	
Coverage Plan						
STATE PLAN						
State Plan 3	7.42%	10.92%	19.24%	3.0%	2.5%	100%
MUNICIPAL PLANS 1 - 4						
"Municipal Plan 1 (plan open to new employers)"	7.00%	9.50%	8.65%	2.0%	2.0%	100%
"Municipal Plan 2 (plan open to new employers)"	9.15%	11.65%	10.80%	2.5%	2.0%	100%
"Municipal Plan 3 (plan closed to new employers 6/95)"	13.15%	15.65%	10.80%	3.0%	2.5%	100%
"Municipal Plan 4 (plan closed to new employers 6/00)"	15.65%	18.15%	13.30%	3.0%	2.5%	100%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	9.50%	11.65%	2.0%	2.0%	100%
Municipal Police Plan 2	7.00%	9.50%	16.65%	2.5%	2.0%	100%
Municipal Police Plan 3	7.00%	9.50%	20.15%	2.5%	2.0%	100%
Municipal Police Plan 4	12.35%	14.85%	20.15%	3.0%	2.5%	100%
Municipal Police Plan 5	16.30%	18.80%	20.15%	3.5%	3.0%	100%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	12.00%	12.65%	2.0%	2.0%	100%
Municipal Fire Plan 2	8.00%	12.00%	19.15%	2.5%	2.0%	100%
Municipal Fire Plan 3	8.00%	12.00%	22.90%	2.5%	2.0%	100%
Municipal Fire Plan 4	12.80%	16.80%	22.90%	3.0%	2.5%	100%
Municipal Fire Plan 5	16.20%	20.20%	22.90%	3.5%	3.0%	100%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	19.15%	18.30%	3.0%	3.0%	100%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	100%
State Plan 3 - Peace Officer	7.42%	10.92%	19.24%	3.0%	3.0%	100%
Juvenile Correctional Officer Plan 2	4.78%	8.28%	28.37%	3.0%	3.0%	100%

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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, 2025, the Authority reported a liability of \$1,970,120 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2024 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2024.

There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2024.

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, 2025, the Authority's proportion was 0.0826 percent, which was a decrease of 0.0021 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Authority recognized pension expense of \$233,202. At June 30, 2025, 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	\$ 63,346	\$ -
Changes in proportion	-	96,977
Difference between expected and actual experience	187,102	7,347
Net difference between projected and actual earnings on pension plan investments	81,866	-
Authority's contributions subsequent to the measurement date	122,967	-
Total	<u>\$ 455,281</u>	<u>\$ 104,324</u>

\$122,967 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 subsequent fiscal period June 30, 2025 rather than in the current fiscal period. 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, 2025

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

Year ended June 30:

2026	\$	21,518
2027		184,679
2028		30,554
2029		(8,761)
Thereafter		-
Total	\$	<u>227,990</u>

Actuarial assumptions. The total pension liability in the June 30, 2022 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, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll for all divisions except for the Legislative division which is Level Dollar
Amortization Period	25 years
Actuarial Assumptions:	
Investment Rate of Return	7.25% per year, net of investment-related expenses (composed of an assumed 2.50% inflation rate and a 4.75% real rate of return)
Projected Salary increases	3.25% to 13.50% annual rate
Includes Inflation at	2.50%
Mortality Assumption	Pre-retirement mortality: PUB-2010 General Employees Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. For non-public safety group, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups. Post-retirement mortality (non-disabled): PUB-2010 General Mortality table, Below Median Income, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Experience Study Dates	The Board adopted new actuarial assumptions on May 30, 2024 based on the 2024 actuarial experience study prepared as of June 30, 2023. Experience study was conducted for July 1, 2018 to June 30, 2023.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2024. These assumptions were adopted by the Board use in the June 30, 2024 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, 2025

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	46.00%	3.90%
Risk Reduction & Mitigation	13.00%	2.20%
Credit Oriented Fixed Income	17.00%	2.30%
Real Assets to include Real Estate Equity	6.00%	2.60%
Multi-Risk Allocation	<u>18.00%</u>	5.90%
Total	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2024. 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>\$ 2,833,755</u>	<u>\$ 1,970,120</u>	<u>\$ 1,256,176</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, 2025, the Authority had payables to the plan in the amount of \$5,200.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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, 2024, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefit	12,552
Current active members	<u>93,595</u>
	<u>159,125</u>
Active membership	
State general	18,462
State police and corrections	1,260
Municipal general	17,283
Municipal police	3,169
Municipal fire	2,419
Educational Retirement Board	<u>51,002</u>
	<u>93,595</u>

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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 \$21,901 for the year ended June 30, 2024.

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

At June 30, 2025, the Authority reported a liability of \$278,621 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to June 30, 2024. The Authority’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2023. At June 30, 2024, the Authority’s proportion was 0.01561percent.

For the year ended June 30, 2025, the Authority recognized OPEB income of \$70,165. At June 30, 2025 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	\$ 2,986	\$ 29,103
Net difference between expected and actual investments on OPEB plan investments	2,491	-
Change of proportions	24,658	77,119
Change of assumptions	52,137	176,684
Authority’s contributions subsequent to the measurement date	<u>21,901</u>	<u>-</u>
Total	<u>\$ 104,173</u>	<u>\$ 282,906</u>

Deferred outflows of resources totaling \$21,901 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, 2025. 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, 2025

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

Year ended June 30:

2026	\$	(48,511)
2027		(70,953)
2028		(58,939)
2029		(23,947)
2030		1,716
Total	\$	<u>(200,634)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Validation date	June 30, 2023
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 16 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, 2025

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	1.6%
U.S. equity - large cap	6.9%
Non U.S. - emerging markets	8.7%
Non U.S. - developed equities	7.2%
Private equity	9.9%
Credit and structured finance	3.7%
Real estate	3.6%
Absolute return	3.2%
U.S. equity - small/mid cap	6.9%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 7% as of June 30, 2024. 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 Authority's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The 7.00% assumed investment return on plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability.

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 7% as of June 30, 2024, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net OPEB liability	\$ 351,360	\$ 278,621	\$ 218,994

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:

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 215,315	\$ 278,621	\$ 444,198

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, 2024.

Payable Changes in the Net OPEB Liability. At June 30, 2022, the Authority reported a payable of \$444 for outstanding contributions due to NMRHCA for the year ended June 30, 2025.

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

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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

Government Agency where Revenues and Expenditures are Reported
Village of Corrales

Participants
Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)
Town of Bernalillo

Responsible Party for Operations
SSCAFCA

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

Effective Dates
June 8, 2015 through December 31, 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, 2025

NOTE 14. Commitments

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

Contractor	Project	Balance @ 7/1/25 Project in CIP	Prob. Future Commitments ¹ 7/1/25	Classification: 1=Ongoing; 2=commitment made; 3=planned
CBKN	Middle Venada Water Quality Structure – Design/Construct	\$2,084,438	\$3,312,500	2
Compass	Industrial Park Water Quality Project - Construction	\$1,991,254	\$3,851,500	2
Salls	Upper Venada Arroyo Off-Channel flood control facility – Design/Construction	\$2,766	\$4,800,000	2
Unknown	Thermopylae Diversion Project – Design	\$0	\$4,500,000	1
Compass	Lisbon Channel stabilization (Southern to Ped Bridge) - Construction	\$0	\$1,863,000	2
Unknown	Lower Barranca Water Quality Facility – Design/Construction	\$0	\$2,206,000	3
Unknown	Montoyas Bank and Grade Stabilization, Broadmoor to Northern	\$0	\$3,700,000	3
City of Rio Rancho	ROW Exchange	\$0	\$150,000	2
CBKN	Riparia Pond - Construction	\$2,690,739	\$3,500,000	2
Unknown	Trevino Channel Rehabilitation - Construction	\$0	\$700,000	3
Unknown	Athens Channel Rehabilitation	\$0	\$600,000	3
Unknown	Sportsplex Dam Outlet Rehabilitation	\$0	\$1,000,000	3
Unknown	Maintenance Facility Construction	\$0	\$250,000	3
Unknown	La Barranca ROW Acquisition	\$0	\$2,000,000	2
Unknown	Middle Montoyas ROW Acquisition	\$0	\$1,500,000	3
SUM OF PROBABLE FUTURE COMMITMENTS			\$33,933,000	

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, 2025

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, 2025 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, 2025, 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 \$8,148,973 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, 2025, the date of the most recent statement of net position, have been evaluated for possible adjustment of the financial statements or disclosures is December 15, 2025, which is the date on which the financial statements were issued.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Notes to Financial Statements

June 30, 2025

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.	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call,
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, 2025

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, 2025

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. Restatement of Prior Period

At July 1, 2024, the Authority reported a change in accounting principle due to the implementation of GASB Statement No. 101 in the amount of \$40,495 in governmental activities.

	Change in Accounting Principle
Governmental Activities	
Net position, As previously reported July 1, 2024	\$ 106,493,494
Implementation of GASB Statement No. 101	<u>(40,495)</u>
Net position, as adjusted July 1, 2024	<u>\$ 106,452,999</u>

NOTE 21. Subsequent Accounting Pronouncements

In April 2024, GASB Statement No. 103 Financial Reporting Model Improvements, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority does not expect this pronouncement to have a material effect on the financial statements.

In September 2024, GASB Statement No. 104 *Disclosure of Certain Capital Assets*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority does not expect this pronouncement to have a material effect on the financial statements.

Earlier application of these statements and implementation guides is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

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*

	2025 Measurement Date (As of and for the year ended June 30, 2024)	2024 Measurement Date (As of and for the year ended June 30, 2023)	2023 Measurement Date (As of and for the year ended June 30, 2022)	2022 Measurement Date (As of and for the year ended June 30, 2021)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net pension liability	0.0826%	0.0847%	0.0945%	0.0958%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability	\$ 1,970,120	\$ 1,793,929	\$ 1,676,154	\$ 1,079,302
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 994,077	\$ 921,350	\$ 919,478	\$ 903,131
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net pension liability as a percentage of its covered payroll	198.19%	194.71%	182.29%	119.51%
Plan fiduciary net position as a percentage of the total pension liability	66.00%	67.26%	69.35%	77.25%

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

2021 Measurement Date (As of and for the year ended June 30, 2020)	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)
0.0898%	0.0818%	0.0962%	0.0927%	0.0902%	0.0873%
\$ 1,815,961	\$ 1,416,040	\$ 1,533,784	\$ 1,273,776	\$ 1,441,093	\$ 890,099
\$ 843,561	\$ 776,553	\$ 778,403	\$ 815,282	\$ 772,413	\$ 723,826
215.27%	182.35%	197.04%	156.24%	186.57%	122.97%
66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

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, 2025	As of and for the year ended June 30, 2024	As of and for the year ended June 30, 2023	As of and for the year ended June 30, 2022
Contractually required contribution	\$ 122,967	\$ 106,994	\$ 94,922	\$ 90,109
Contributions in relation to the contractually required contribution	(122,967)	(106,994)	(94,922)	(90,109)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	\$ 1,093,722	\$ 994,077	\$ 921,350	\$ 919,478
Contributions as a percentage of covered payroll	11.24%	10.76%	10.30%	9.80%

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

As of and for the year ended June 30, 2021	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
\$ 88,507	\$ 82,669	\$ 74,161	\$ 74,338	\$ 77,862	\$ 73,765
(88,507)	(82,669)	(74,161)	(74,338)	(77,862)	(73,765)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 903,131	\$ 843,561	\$ 776,553	\$ 778,403	\$ 815,282	\$ 772,413
9.80%	9.80%	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, 2025

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 ACFR. <https://www.nmpera.org/financial-overview/>.

Assumptions: The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2024 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*

	2025	2024	2023
	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,
	2024)	2023)	2022)
Southern Sandoval County Arroyo Flood Control Authority's proportion of the net OPEB liability (asset)	0.01561%	0.01612%	0.01810%
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability (asset)	\$ 278,621	\$ 274,554	\$ 418,470
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	994,077	921,350	919,478
Southern Sandoval County Arroyo Flood Control Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.03%	29.80%	45.51%
Plan fiduciary net position as a percentage of the total OPEB liability	46.99%	44.16%	33.33%

* 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.

2022 Measurement Date (As of and for the Year Ended June 30, 2021)	2021 Measurement Date (As of and for the Year Ended June 30, 2020)	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)
0.01874%	0.01758%	0.01686%	0.01826%	0.01900%
\$ 616,612	\$ 738,168	\$ 546,667	\$ 794,010	\$ 861,018
903,131	878,119	776,553	778,403	815,282
68.27%	84.06%	70.40%	102.01%	105.61%
25.39%	16.50%	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, 2025	As of and for the Year Ended June 30, 2024	As of and for the Year Ended June 30, 2023
Contractually required contribution	\$ 21,901	\$ 19,934	\$ 18,541
Contributions in relation to the contractually required contribution	<u>21,901</u>	<u>19,934</u>	<u>18,541</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Southern Sandoval County Arroyo Flood Control Authority's covered payroll	1,093,772	994,077	921,350
Contribution as a percentage of covered payroll	2.00%	2.01%	2.01%

* 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, 2024, changes in assumptions include adjustments resulting from an decrease in the discount rate from 6.22% to 7.00%.

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

As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021	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
\$ 18,466	\$ 18,103	\$ 17,078	\$ 14,953	\$ 15,568
18,466	18,103	17,078	14,953	15,568
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
919,478	903,131	878,119	776,553	778,403
2.01%	2.00%	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, 2025

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 4,791,215	\$ 4,791,215	\$ 5,788,404	\$ 997,189
Investment income	50,000	50,000	130,971	80,971
<i>Total revenues</i>	<u>4,841,215</u>	<u>4,841,215</u>	<u>5,919,375</u>	<u>1,078,160</u>
<i>Expenditures</i>				
Debt Service:				
Principal	4,124,443	4,124,443	4,124,442	1
Interest	561,239	561,239	557,211	4,028
<i>Total expenditures</i>	<u>4,685,682</u>	<u>4,685,682</u>	<u>4,681,653</u>	<u>4,029</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>155,533</u>	<u>155,533</u>	<u>1,237,722</u>	<u>1,082,189</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(155,533)	(155,533)	-	155,533
Bond proceeds	-	-	136,752	136,752
<i>Total other financing sources (uses)</i>	<u>(155,533)</u>	<u>(155,533)</u>	<u>136,752</u>	<u>292,285</u>
<i>Net change in fund balance</i>	-	-	1,374,474	1,374,474
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,330,322</u>	<u>5,330,322</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$ 6,704,796</u>	<u>\$ 6,704,796</u>
Net change in fund balance (non-GAAP budgetary basis)			1,374,474	
Adjustments to revenues for property taxes and bond proceeds and premiums.			16,139	
No adjustments to expenditures.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 1,390,613</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, 2025

	Budgeted Amounts			Variances
	Original	Final	Actual	Final to Actual
<i>Revenues</i>				
Intergovernmental:				
Federal capital grant	\$ 7,000,000	\$ 7,000,000	\$ 627,004	\$ (6,372,996)
State capital grant	3,025,000	3,025,000	2,023,078	(1,001,922)
Investment income	48,000	48,000	446,423	398,423
Miscellaneous	-	-	553,836	553,836
<i>Total revenues</i>	<u>10,073,000</u>	<u>10,073,000</u>	<u>3,650,341</u>	<u>(6,422,659)</u>
<i>Expenditures</i>				
Public works	66,809	66,809	61,110	5,699
Capital outlay	19,243,253	19,243,253	6,699,489	12,543,764
<i>Total expenditures</i>	<u>19,310,062</u>	<u>19,310,062</u>	<u>6,760,599</u>	<u>12,549,463</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,237,062)</u>	<u>(9,237,062)</u>	<u>(3,110,258)</u>	<u>6,126,804</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	9,237,062	2,237,062	-	(2,237,062)
Bond proceeds	-	7,000,000	7,095,000	95,000
Bond issuance costs	-	-	(85,007)	(85,007)
Proceeds from sale of capital assets	-	-	41,000	41,000
<i>Total other financing sources (uses)</i>	<u>9,237,062</u>	<u>9,237,062</u>	<u>7,050,993</u>	<u>(2,186,069)</u>
<i>Net change in fund balance</i>	-	-	3,940,735	3,940,735
<i>Fund balance - beginning of year</i>	-	-	9,237,062	9,237,062
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>\$13,177,797</u>	<u>\$ 13,177,797</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 3,940,735	
Adjustments to revenues for grant revenues and miscellaneous.			(128,210)	
Adjustments to expenditures for capital outlay expenditures.			<u>(1,811,317)</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 2,001,208</u>	

See independent auditors' report.

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SUPPORTING SCHEDULES

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule I

Schedule of Deposit and Investments

June 30, 2025

Bank Name/Account Name	Account Type	Bank Balance	Outstanding Checks	Book Balance
Wells Fargo Bank				
Checking-Operational	Checking	\$ 231,351	\$ 176,790	\$ 54,561
<i>Total Wells Fargo Bank</i>		<u>231,351</u>	<u>176,790</u>	<u>54,561</u>
NM State Treasurer's Office				
Investments- LGIP	Investment Pool	25,111,027	-	25,111,027
<i>Total NM State Treasurer's Office</i>		<u>25,111,027</u>	<u>-</u>	<u>25,111,027</u>
<i>Total</i>		<u>\$ 25,342,378</u>	<u>\$ 176,790</u>	<u>25,165,588</u>
Add: petty cash				<u>200</u>
<i>Total deposits and investments</i>				<u>\$ 25,165,788</u>
Deposits and investments per Statement of Net Position:				
		Cash and cash equivalents	\$ 54,761	
		Investments	18,410,274	
		Restricted Investments	<u>6,700,753</u>	
		<i>Total cash and investments</i>	<u>\$ 25,165,788</u>	

See independent auditors' report.

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule II

Schedule of Collateral Pledged by Depository

For Public Funds

June 30, 2025

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2025
Wells Fargo Bank				
	GNMA G2SF 5.000%	7/20/2053	36179YDJ0	<u>\$ 3,760,645</u>
	<i>Total Pledged Collateral</i>			<u><u>\$ 3,760,645</u></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	108-110
Changes in Fund Balances of Governmental Funds.....	110-111
Fund Balances of Governmental Funds	112-113

Revenue Capacity

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

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

Debt Capacity

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

Ratios of General Bonded Debt Outstanding	125
Direct and Overlapping Debt	126-127
Legal Debt Margin.....	128-129

Demographic and Economic Information

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

Demographic and Economic Statistics	131
Principal Employers	132-133

Operating Information

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

Full-Time Equivalent Employees by Function.....	134-135
Operating Indicators by Function	136-137

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

(ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	\$ 105,987,094	\$ 97,820,739	\$ 88,982,730	\$ 78,442,288
Restricted for:				
Debt Service	6,755,604	5,364,991	5,979,843	5,737,543
Capital Projects	1,393,369	1,102,394	926,586	4,150,955
Unrestricted	5,204,512	2,164,875	1,326,075	1,069,903
Total Net Position	<u>\$ 119,340,579</u>	<u>\$ 106,452,999</u>	<u>\$ 97,215,234</u>	<u>\$ 89,400,689</u>

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 77,190,727	\$ 71,959,491	\$ 65,385,172	\$ 61,303,870	\$ 58,891,070	\$ 55,013,438
5,189,303	4,806,642	4,231,436	3,920,398	3,156,120	3,443,342
1,293,607	2,505,008	1,039,384	-	-	-
485,872	93,978	207,551	1,234,535	3,330,861	4,564,372
<u>\$ 84,159,509</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>

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

(ACCRUAL BASIS OF ACCOUNTING)

Program Expenses	2025	2024	2023	2022
Public works:				
Personnel services	\$ 1,152,461	\$ 1,102,768	\$ 954,750	\$ 952,271
Employee benefits	558,834	490,765	421,179	358,030
Planning and engineering		-	-	-
General and administrative expenses	431,950	440,435	339,842	343,051
Contractual operating and maintenance services	703,327	763,119	502,789	216,259
Depreciation and amortization	1,521,063	1,411,060	1,337,914	1,308,737
Bond issuance costs	-	-	-	-
Interest costs	626,420	450,925	539,960	716,268
Total Program Expenses	\$ 4,994,055	\$ 4,659,072	\$ 4,096,434	\$ 3,894,616
Program Revenues				
Capital contributions	\$ -	\$ -	\$ -	\$ -
Total program revenues	\$ -	\$ -	\$ -	\$ -
Operating Grants				
Public works operating grants		\$ -	\$ -	\$ -
Total Operating Grants		\$ -	\$ -	\$ -
Capital Grants				
Public works capital grants	\$ 4,886,683	\$ 5,275,067	\$ 4,006,092	\$ 2,252,147
Total Capital Grants	\$ 4,886,683	\$ 5,275,067	\$ 4,006,092	\$ 2,252,147
Net Revenue	(107,372)	615,995	(90,342)	(1,642,469)
General Revenues				
Ad Valorem Assessments	\$ 9,107,661	\$ 7,950,253	\$ 7,226,268	\$ 6,502,838
Investment Income	788,147	627,851	480,034	21,517
Miscellaneous revenues	781,438	84,161	200,607	366,581
Transfer of asset to outside governmental entity		-	-	-
Donated Capital	2,345,838	-	-	-
Gain/(loss) on sale of capital assets	(28,132)	-	(2,022)	(7,287)
Total General Revenues	\$ 12,994,952	\$ 8,662,265	\$ 7,904,887	\$ 6,883,649
Change in Net Position	\$ 12,887,580	\$ 9,278,260	\$ 7,814,545	\$ 5,241,180
<i>Restatement pursuant to GASB No. 75</i>		\$ -	\$ -	\$ -
<i>Restatement pursuant to GASB No. 101</i>	\$ (40,495)	\$ -	\$ -	\$ -
Total Net Position - beginning of year	\$ 106,493,494	\$ 97,215,234	\$ 89,400,689	\$ 84,159,509
Total Net Position - End of Year	\$ 119,340,579	\$ 106,493,494	\$ 97,215,234	\$ 89,400,689

2021	2020	2019	2018	2017	2016
\$ 940,736	\$ 953,827	\$ 721,434	\$ 826,117	\$ 794,025	\$ 858,377
418,848	508,136	475,547	479,189	459,618	326,698
-	-	-	-	-	-
265,421	328,126	292,011	377,867	475,548	387,859
801,295	486,344	937,151	610,642	521,739	499,509
1,251,696	1,152,082	1,051,293	1,020,958	970,870	897,209
-	-	-	-	-	-
542,012	589,981	588,949	532,277	576,443	612,008
<u>\$ 4,220,008</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,384</u>	<u>\$ 48,634</u>	<u>\$ 5,671</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,384</u>	<u>\$ 48,634</u>	<u>\$ 5,671</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ -</u>
<u>\$ 2,778,338</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>\$ 2,778,338</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>(1,441,670)</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>
\$ 6,089,692	\$ 5,808,573	\$ 5,642,344	\$ 5,437,864	\$ 5,398,461	\$ 5,265,734
7,510	61,536	121,591	55,138	24,657	16,458
37,246	110,277	320,392	13,453	5,827	2,329
-	-	-	(190,583)	(1,597,381)	(226,239)
101,612	715,321				
-	-	(11,482)	-	-	-
<u>\$ 6,236,060</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>\$ 4,794,390</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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022,756)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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><u>\$ 84,159,509</u></u>	<u><u>\$ 79,365,119</u></u>	<u><u>\$ 70,863,543</u></u>	<u><u>\$ 66,458,803</u></u>	<u><u>\$ 65,378,051</u></u>	<u><u>\$ 63,021,152</u></u>

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

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2025	2024	2023	2022
Revenues				
Ad valorem assessments	\$ 9,089,779	\$ 7,904,926	\$ 7,252,465	6,498,685
Federal grants	435,772	650,529	3,424,204	770,446
State grants	1,975,623	4,448,730	1,157,714	821,517
Interest	788,147	627,851	480,034	21,517
Capital contributions				
Miscellaneous	781,438	84,161	186,607	366,581
Total revenues	13,070,759	13,716,197	12,501,024	8,478,746
Expenditures				
Current:				
Public works	2,484,252	2,733,243	2,263,422	2,092,873
Capital outlay	8,672,282	8,629,151	6,805,700	4,718,021
Debt service:				
Principal	4,124,442	5,249,119	3,803,798	4,508,195
Interest	557,211	514,639	543,015	540,091
Bond issuance costs	139,257	137,532	117,975	185,596
Total expenditures	15,977,444	17,263,684	13,533,910	12,044,776
Excess (deficiency) of revenues over expenditures	(2,906,685)	(3,547,487)	(1,032,886)	(3,566,030)
Other financing sources (uses)				
Donated capital				
Equipment and property disposition	41,000	-	14,000	
Bond proceeds	7,000,000	6,000,000	5,000,000	6,565,000
Proceeds of refunding bonds				
Bond premiums	286,002	333,548	170,265	256,700
Payment to refunded bond escrow agent				
Total other financing sources (uses)	7,327,002	6,333,548	5,184,265	6,821,700
Net change in fund balances	4,420,317	2,786,061	4,151,379	3,255,670
Fund balances - beginning	18,473,535	15,687,474	11,536,095	8,280,425
Fund balances - ending	\$ 22,893,852	\$ 18,473,535	\$ 15,687,474	\$ 11,536,095
Debt service as a percentage of non-capital expenditures	64%	67%	65%	69%

2021	2020	2019	2018	2017
6,050,744	5,856,448	5,642,344	\$ 5,455,688	\$ 5,398,461
1,157,390	5,986,971	501,222	1,836,174	272,094
1,078,140	591,834	1,281,069	-	1,328,906
7,510	61,536	121,591	55,138	24,657
-	-	-	-	-
37,246	110,277	320,392	13,223	5,827
<u>8,331,030</u>	<u>12,607,066</u>	<u>7,866,618</u>	<u>7,360,223</u>	<u>7,029,945</u>
2,194,762	1,993,477	2,308,512	2,157,341	2,149,285
4,079,947	7,836,752	5,187,300	1,080,614	4,035,920
2,695,833	8,134,353	2,532,915	2,406,520	2,325,000
603,561	604,066	577,496	598,519	669,195
-	143,884	54,305	1,656	11,548
<u>9,574,103</u>	<u>18,712,532</u>	<u>10,660,528</u>	<u>6,244,650</u>	<u>9,190,948</u>
<u>(1,243,073)</u>	<u>(6,105,466)</u>	<u>(2,793,910)</u>	<u>1,115,573</u>	<u>(2,161,003)</u>
101,612				
-	8,255,000	2,500,000	-	-
-	-	-	-	-
-	699,466	127,265	-	-
-	-	-	-	-
<u>101,612</u>	<u>8,954,466</u>	<u>2,627,265</u>		
(1,141,461)	2,849,000	(166,645)	1,115,573	(2,161,003)
<u>9,421,886</u>	<u>6,572,886</u>	<u>6,739,531</u>	<u>5,623,958</u>	<u>7,784,961</u>
<u>\$ 8,280,425</u>	<u>\$ 9,421,886</u>	<u>\$ 6,572,886</u>	<u>\$ 6,739,531</u>	<u>\$ 5,623,958</u>
60%	80%	57%	58%	58%

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

General Fund	2025	2024	2023	2022
Post GASB 54				
Nonspendable	\$ 651	\$ 3,793	\$ 1,363	\$ 12,546
Restricted	-	-	-	-
Committed	636,825	548,859	461,740	407,821
Assigned	413,175	201,141	288,260	342,179
Unassigned	4,217,397	3,485,759	2,666,701	2,387,463
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total General Fund	<u>\$ 5,268,048</u>	<u>\$ 4,239,552</u>	<u>\$ 3,418,064</u>	<u>\$ 3,150,009</u>
All other governmental funds				
Post GASB 54				
Nonspendable				
Restricted	17,625,804	14,233,983	12,269,410	8,386,086
Committed				
Assigned	-	-	-	-
Unassigned	-	-	-	-
Pre GASB 54				
Reserved	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	-	-	-	-
Total all other governmental funds	<u>17,625,804</u>	<u>14,233,983</u>	<u>12,269,410</u>	<u>8,386,086</u>
Total Fund Balance	<u>\$ 22,893,852</u>	<u>\$ 18,473,535</u>	<u>\$ 15,687,474</u>	<u>\$ 11,536,095</u>

2021	2020	2019	2018	2017	2016
\$ 11,995	\$ 12,665	\$ 500	\$ 766	\$ 900	\$ 530
-	-	-	-	-	-
369,358	330,369	315,922	322,398	336,848	330,798
380,642	419,631	434,078	427,602	413,152	419,202
1,877,748	1,646,990	1,505,345	1,757,677	1,788,702	1,879,170
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,639,743</u>	<u>\$ 2,409,655</u>	<u>\$ 2,255,845</u>	<u>\$ 2,508,443</u>	<u>\$ 2,539,602</u>	<u>\$ 2,629,700</u>

5,189,303	7,012,231	4,317,041	3,872,446	3,598,430	3,343,101
-	-	-	-	-	-
-	-	-	358,642	-	1,812,160
451,379	-	-	-	(514,074)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,640,682	7,012,231	4,317,041	4,231,088	3,084,356	5,155,261
<u>\$ 8,280,425</u>	<u>\$ 9,421,886</u>	<u>\$ 6,572,886</u>	<u>\$ 6,739,531</u>	<u>\$ 5,623,958</u>	<u>\$ 7,784,961</u>

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

<u>TAX YEAR</u>	<u>TOTAL ASSESSED VALUE</u>	<u>CENTRALLY ASSESSED VALUE</u>	<u>TOTAL ASSESSED VALUE (with Centrally Assessed Value)</u>	<u>TOTAL DIRECT TAX RATE</u>
2025	\$ 4,888,632,579	\$ 100,975,647	\$ 4,989,608,226	1.979
2024	\$ 4,565,485,790	\$ 96,072,280	\$ 4,661,558,070	2.001
2023	3,803,401,341	57,734,517	3,861,135,858	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

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
\$ 14,968,824,678	33%
\$ 13,696,457,370	33%
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%

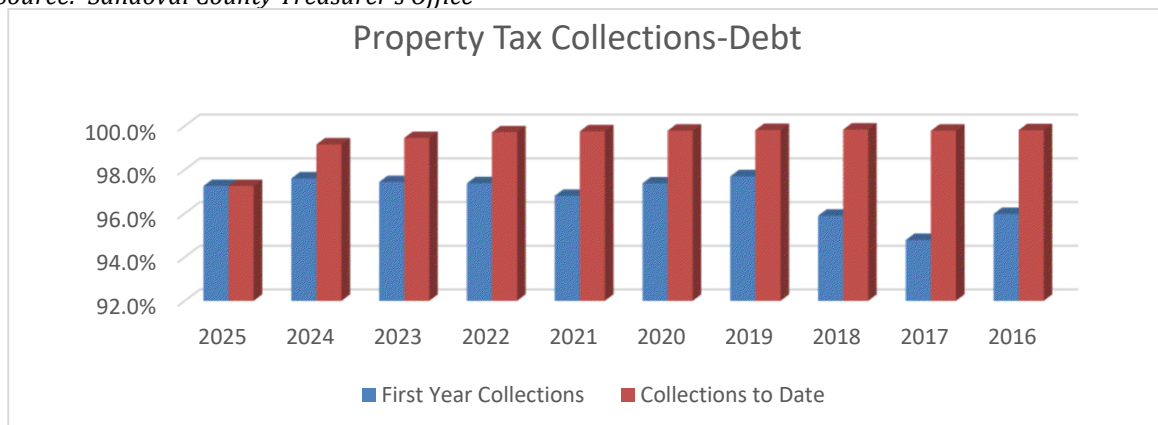
SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

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				
2025	\$5,842,804.05	\$5,682,471.27	97.3%	\$0.00
2024	\$4,881,954.89	\$4,764,766.09	97.6%	\$75,945.02
2023	\$4,419,335.86	\$4,305,964.20	97.4%	\$89,152.43
2022	\$3,961,532.95	\$3,857,770.62	97.4%	\$92,342.40
2021	\$3,708,283.67	\$3,589,740.58	96.8%	\$109,501.94
2020	\$3,519,395.23	\$3,427,049.69	97.4%	\$84,702.99
2019	\$3,379,221.74	\$3,301,451.39	97.7%	\$71,493.70
2018	\$3,271,170.64	\$3,136,807.37	95.9%	\$128,911.64
2017	\$3,235,496.50	\$3,066,682.79	94.8%	\$161,749.55
2016	\$3,158,001.89	\$3,030,855.92	96.0%	\$121,106.04

SOUTHERN SANDOVAL COUNTY ARROYO & FLOOD CONTROL AUTHORITY - OPERATIONAL LEVY

2025	\$3,294,321.24	\$3,209,933.02	97.4%	\$0.00
2024	\$3,083,667.88	\$3,008,338.62	97.6%	\$48,584.74
2023	\$2,827,020.79	\$2,753,762.54	97.4%	\$60,305.19
2022	\$2,529,541.16	\$2,463,475.10	97.4%	\$59,043.50
2021	\$2,386,350.27	\$2,311,805.59	96.9%	\$69,313.50
2020	\$2,360,135.93	\$2,298,030.19	97.4%	\$57,074.32
2019	\$2,259,057.79	\$2,207,084.70	97.7%	\$47,830.95
2018	\$2,189,875.02	\$2,100,121.42	95.9%	\$86,159.48
2017	\$2,153,488.70	\$2,042,149.37	94.8%	\$106,802.02
2016	\$2,102,986.92	\$2,015,329.26	95.8%	\$83,704.51

Source: Sandoval County Treasurer's Office

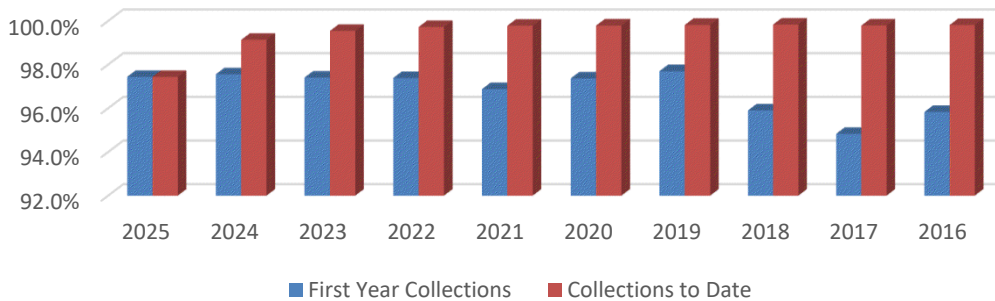


Total Collections to Date

Amount	Percentage of Levy
\$5,682,471.27	97.3%
\$4,840,711.11	99.2%
\$4,395,116.63	99.5%
\$3,950,113.02	99.7%
\$3,699,242.52	99.8%
\$3,511,752.68	99.8%
\$3,372,945.09	99.8%
\$3,265,719.01	99.8%
\$3,228,432.34	99.8%
\$3,151,961.96	99.8%

\$3,209,933.02	97.4%
\$3,056,923.36	99.1%
\$2,814,067.73	99.5%
\$2,522,518.60	99.7%
\$2,381,119.09	99.8%
\$2,355,104.51	99.8%
\$2,254,915.65	99.8%
\$2,186,280.90	99.8%
\$2,148,951.39	99.8%
\$2,099,033.77	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	2025	2024	2023	2022	2021
State of New Mexico	0	0	0	0.000	0.000
Sandoval County	5.765	5.901	6.089	6.170	6.284
SSCAFCA	0.737	0.755	0.779	0.791	0.798
City of Rio Rancho	6.636	6.791	7.004	7.116	7.278
Rio Rancho Schools	0.241	0.246	0.254	0.259	0.257
Contracting Hospital	0	0	0	0.000	0.000
Central NM Community College	2.706	2.733	2.79	2.775	2.763
Total	16.085	16.426	16.916	17.111	17.380

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
Sandoval County	0.368	1.084	0.606	0.74	0.852
SSCAFCA	1.242	1.246	1.246	1.246	1.246
City of Rio Rancho	2.771	2.771	2.772	2.77	2.77
Rio Rancho Schools	10.35	10.393	10.451	10.484	10.474
Central NM Community College	1.000	1.000	1.000	1.000	1.000
Total	17.091	17.854	17.435	17.600	17.702

TOTAL LEVY (Total Direct Rate)

City of Rio Rancho	2025	2024	2023	2022	2021
State of New Mexico	1.36	1.36	1.36	1.36	1.36
Sandoval County	6.133	6.985	6.695	6.91	7.136
SSCAFCA	1.979	2.001	2.025	2.037	2.044
City of Rio Rancho	9.407	9.562	9.776	9.886	10.048
Rio Rancho Schools	10.591	10.639	10.705	10.743	10.731
Contracting Hospital	1.72	1.76	1.816	1.84	1.839
Central NM Community College	3.706	3.733	3.79	3.775	3.763
Total Residential in Rio Rancho	34.896	36.04	36.167	36.551	36.921

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

2020	2019	2018	2017	2016
0.000	0.000	0.000	0.000	0.000
6.444	6.493	6.455	6.383	6.354
0.820	0.828	0.828	0.828	0.828
7.482	7.553	7.525	7.492	7.449
0.264	0.267	0.266	0.264	0.263
1.886	1.9	0.000	0.000	4.250
2.822	2.823	2.799	2.789	2.776
19.718	19.864	17.873	17.756	21.920

1.36	1.36	1.36	1.360	1.360
0.737	0.835	0.593	0.984	1.047
1.247	1.246	1.242	1.242	1.249
2.77	2.77	2.768	2.051	2.016
10.531	10.543	10.544	10.540	10.540
1.000	1.000	1.000	1.000	1.000
17.645	17.754	17.507	17.177	17.212

2020	2019	2018	2017	2016
1.36	1.36	1.360	1.360	1.360
7.181	7.328	7.048	7.367	7.401
2.067	2.074	2.070	2.070	2.077
10.252	10.323	10.293	9.543	9.465
10.795	10.81	10.810	10.804	10.803
1.886	1.9	0.000	0.000	4.250
3.822	3.823	3.799	3.789	3.776
37.363	37.618	35.380	34.933	39.132

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

	2025	2024	2023	2022
Operations	0.737	0.755	0.779	0.791
Debt Service	1.242	1.246	1.246	1.246

2021	2020	2019	2018	2017	2016
0.798	0.820	0.828	0.828	0.828	0.828
1.246	1.247	1.246	1.242	1.242	1.249

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

				2025
Tax Payer	Taxable Assessed Value	Rank	Percentage of Total Taxable Valuation	
Intel Corporation	\$ 432,353,229	1	73%	
Public Service Company of New Mexico	65,873,077	2	11%	
Presbyterian Healthcare Services	36,092,059	3	6%	
Wal-Mart Stores	12,228,410	4	2%	
Comcast of New Mexico	8,853,100	5	1%	
Cable One Inc.	8,619,756	6	1%	
New Mexico Gas Company	7,573,734	7	1%	
LGP 7700 Owner LLC	6,643,398	8	1%	
Enchanted Hills Boulevard LLC	6,491,386	9	1%	
Northland Links LLC	5,520,271	10	1%	
Public Service Company of New Mexico				
Presbyterian Healthcare Services				
The Neighborhood in Rio Rancho				
New Mexico Gas Company				
Walmart Stores				
Cable One Inc.				
De High Resort LLC Etal				
Enchanted 528 Development LLC				
Rio Rancho Retirement Residence				
Sandial View LLC				
Total Major Employers-Sandoval County*				<u>\$ 590,248,420</u>

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

*Sources: *Sandoval & Bernalillo County Assessor's Office*

2015 (A)

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

\$ 17,632,329	1	0.86%
16,288,711	2	0.79%
12,012,089	3	0.59%
7,611,498	4	0.37%
5,147,491	5	0.25%
4,883,785	6	0.24%
4,761,835	7	0.23%
4,696,796	8	0.23%
4,692,565	9	0.23%
4,682,814	10	0.23%

\$ 82,409,913

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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)
2025	25,048,441	6,700,753	18,347,688	0.55%	0.39%	163.06	3,322,645
2024	22,015,817	5,330,322	16,685,495	0.49%	0.36%	150.78	3,425,877
2023	21,056,311	5,936,215	15,120,096	0.44%	0.39%	139.91	3,425,877
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

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 2025 amounts are unavailable; therefore 2024 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 2024 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, 2025

	Assessed Valuation	Debt Outstanding	Percent Applicable to SSCAFCA	SSCAFCA Share of Debt
SSCAFCA	\$ 4,989,608,226	\$ 22,635,000	100%	<u>\$ 22,635,000</u>
State of New Mexico	112,757,519,845	558,775,000 (1)	4.43%	24,726,230
Sandoval County	6,280,024,629	8,840,000	79.45%	7,023,561
Albuquerque Public Schools (3)	23,112,658,976	517,510,000	2.63%	13,614,713
Central NM Community College (3)	27,471,565,384	157,630,000	17.91%	28,227,928
City of Rio Rancho	3,835,426,344	35,555,000	76.87%	27,330,519
Rio Rancho School District	4,358,906,408	105,735,000	87.36%	92,369,771
Village of Corrales	614,349,017	5,940,066	12.31%	731,375
Town of Bernalillo	293,517,656	-	5.88%	-
Bernalillo School District	934,406,892	27,085,000	18.73%	5,072,224
Subtotal Overlapping Debt				<u>199,096,321</u>
Total Direct and Overlapping Debt				<u><u>\$ 221,731,321</u></u>

Ratios:

SSCAFCA direct debt to assessed valuation	0.45%
Total direct and overlapping debt to assessed valuation	4.44%
SSCAFCA direct debt to actual valuation	0.15%
Total direct and overlapping debt to actual valuation	1.48%
SSCAFCA debt per capita (2)	\$ 201.16
Direct and overlapping debt per capita	\$ 1,970.52

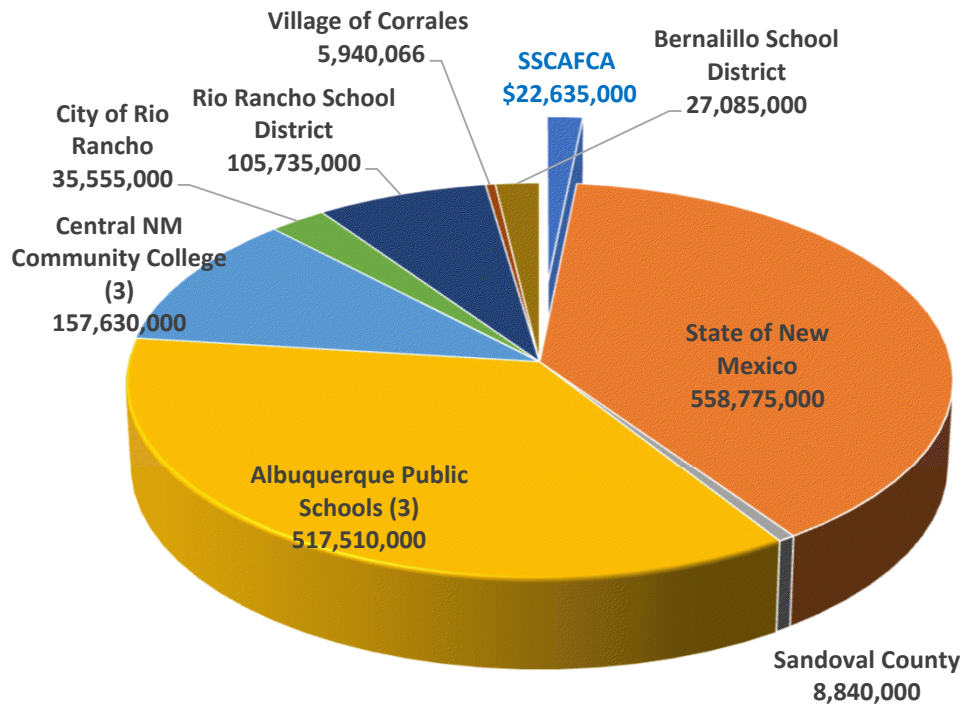
Source: Sandoval County Assessor's Office and individual entities.

(1) Preliminary Assessed Valuation.

(2) Population is based on 2024 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.

Debt Outstanding by Entity

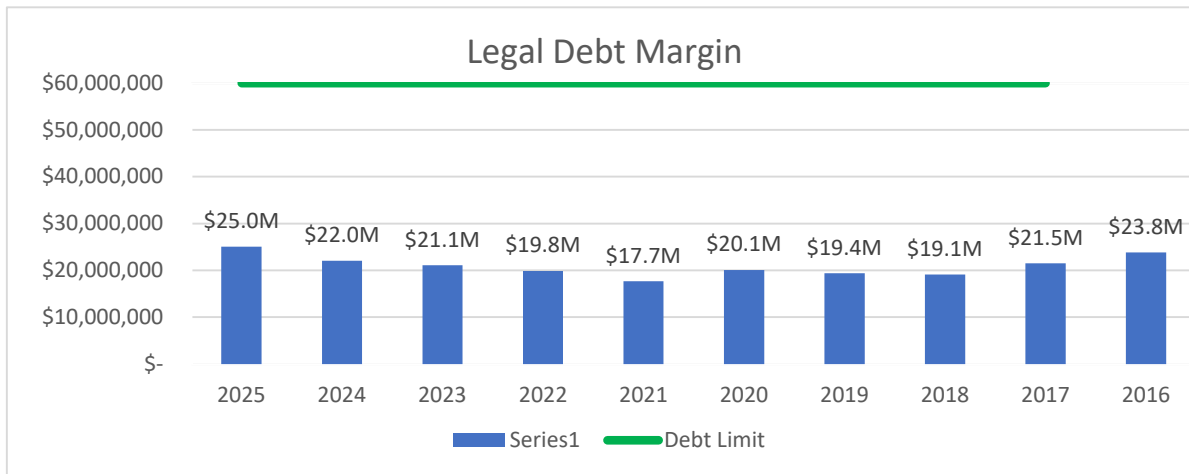


SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Debt Limit	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
Total net debt applicable to limit	<u>25,048,441</u>	<u>22,015,817</u>	<u>21,056,311</u>	<u>19,841,422</u>	<u>17,668,229</u>
Legal debt margin	<u>\$ 34,951,559</u>	<u>\$ 37,984,183</u>	<u>\$ 38,943,689</u>	<u>\$ 40,158,578</u>	<u>\$ 42,331,771</u>
Total net debt applicable to the limit as a percentage of debt limit	41.75%	36.69%	35.09%	33.07%	29.45%

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

2020	2019	2018	2017	2016
\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
<u>20,071,214</u>	<u>19,378,984</u>	<u>19,088,480</u>	<u>21,495,000</u>	<u>23,820,000</u>
<u>\$ 39,928,786</u>	<u>\$ 40,621,016</u>	<u>\$ 40,911,520</u>	<u>\$ 38,505,000</u>	<u>\$ 36,180,000</u>
33.45%	32.30%	31.81%	35.83%	39.70%



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

<u>Year</u>	<u>Population</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2024	112,524	3,322,645	52,969	4.4%
2023	110,660	3,425,877	55,343	3.9%
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%

Education

		<u>Percent</u>
Persons age 25 and older	77,960	N/A
9-12 grade, no diplomas	2,490	3%
High School Graduates	20,152	26%
Some college, no degree	19,653	25%
Bachelor degree	15,166	20%
Graduate or professional deg	9,409	12%

School Enrollment

Elementary School (grades 1-8)	12,584
High Schools	6,054
College or graduate school	7,388

Source: United 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

2024			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Intel Corporation	2,600	1	10%
Rio Rancho Public Schools	2,592	2	10%
Santa Ana Pueblo	2,500	3	9%
Presbyterian-Rust Medical Center	1,200	4	4%
HP, Inc.	750	5	3%
City of Rio Rancho	749	6	3%
Sandoval Regional Medical Center-UNM	650	7	2%
Sandoval County	580	8	2%
Bycon Corporation	450	9	2%
Bank of America	330	10	1%
Intel Corporation			
Rio Rancho Public Schools			
Pueblo of Sandia Casino			
HP, Inc.			
Sprint PCS			
City of Rio Rancho			
US Cotton Inc.			
Brycon Construction			
Alliance Data			
Convergys/Stream Data			
Total Major Employers-Sandoval County*	<u>12,401</u>		
Total Sandoval County Employment**	<u><u>37,680</u></u>		

Sources: **Sandoval Economic Alliance*
 ***Albuquerque Regional Economic Alliance*
 ****US Census Bureau*
 (A) Data unavailable for 2015; data for 2014 used for comparison.

2014 (A)		
<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><u>57,547</u></u>		

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

<u>Function</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General & Administrative	5	5	5	5	5
Planning and Engineering	5	5	5	5	5
Construction Observation	1	1	1	1	1
Field Maintenance	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	13	13	13	13	13

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
5	5	5	5	6
5	5	4	3	3
1	-	-	-	-
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
13	10	9	8	9

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

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

	2025	2024	2023
Finance			
Checks processed	673	714	776
Purchasing			
Number of RFP's and Bids Issued	4	10	9
Number of On-Call Engineering Task-Orders	6	8	9
Additional Task-Orders issued	22	17	9
Flood Control and Infrastructure			
Number of Citizen reported deficiencies	21	32	15
Number of Flood Control Facilities	97	93	91
Miles of Unlined Arroyos	96.2	96.2	96.2
Channel and Storm Drain	29.55	29.2	29.2
Acres of maintained real property	4,590	4,590	4,572
Vehicle Miles Driven	21,543	33,562	31,571
Maintenance work orders	226	301	174
Fencing Projects	28	2	2
Water Quality			
Number of Water Quality Structures	48	48	47
Cubic Yards of Sediment Removal (CY)	4,126	6,070	4,360
Cubic Yards of Trash/Debris Removal	57.62	98	95
Planning and Engineering			
Development Review	244	181	195
Annual Rainfall			
Annual Average Rainfall ⁽¹⁾	5.00	6.88	7.72
Monsoon Season Precipitation (cumulative inches June 1 - September 30) ⁽¹⁾	3.14	3.27	1.27

⁽¹⁾ Information was gathered from rain gauges located in the City of Rio Rancho. Average annual values represent calendar years from 2014 through 2024, with fiscal-year reporting beginning in 2023.

Monsoon data are reported by calendar year.

(N/A) Not available for this year

Sources: Various Authority's Departments.

2022	2021	2020	2019	2018	2017	2016
774	714	801	798	741	847	883
6	8	6	9	12	15	5
6	8	7	7	14	15	11
20	12	24	16	9	18	26
34	24	20	5	29	26	18
90	89	87	85	81	80	79
94.2	86.3	86.3	85.3	85.4	85.4	84.1
28.2	26.2	24.7	23.7	23.6	N/A	N/A
4,563	4,483	4,445	4,505	4,477	4,458	4,413
30,978	33,377	27,254	19,944	7,408	15,761	16,010
72	36	54	86	80	64	85
8	2	2	6	15	11	13
47	46	45	45	44	43	42
2,375	15,838	80,554	48,758	28,800	16,025	18,800
49	43	11.7	49.6	32	21	58
303	75	47	141	130	64	34
7.43	4.25	5.09	6.77	11.39	8.26	5.38
4.80	3.36	2.64	3.32	6.69	4.85	2.32

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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., CFE
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, 2025, 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 15, 2025.

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*.

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 15, 2025

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., CFE
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, 2025. 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, 2025.

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 15, 2025

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SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

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>				
Thermopylae Diversion	97.039	\$ 30,209	\$ -	\$ -
Pre-Disaster Mitigation Grant- MARS	97.047	1,753	-	-
Pre-Disaster Mitigation Grant- Honduras Flood Red	97.047	45,165	-	-
<i>Total U.S. Department of Homeland Security</i>		<u>77,127</u>	<u>-</u>	<u>-</u>
U.S. Department of the Army				
Design and Construction Assistance for the Upper Venada Drainage Improvements*	12.XXX	2,937,314	-	-
<i>Total U.S. Department of the Army</i>		<u>2,937,314</u>	<u>-</u>	<u>-</u>
 <i>Total Federal Financial Assistance</i>		 <u>\$ 3,014,441</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.

5 Reconciliation of Federal Revenues to the SEFA

Total Federal Expenditures	\$ 3,014,441
Less: Federal Unavailable Revenue	(2,578,669)
Total Federal Capital Grant Revenue	<u>\$ 435,772</u>

See independent auditors' report.

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
Schedule of Findings and Questioned Costs
June 30, 2025

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
12.XXX	Design and Construction Assistance for the Upper Venada Drainage Improvements

- | | |
|---|-----------|
| 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, 2025

Section II – Financial Statement Findings

None noted

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

None noted

Section IV – Federal Award Findings

None noted

Section V – Prior Year Audit Findings

2024-001 Late Audit Report – (Other Matters)- Resolved

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY

Other Disclosures

June 30, 2025

Exit Conference

An exit conference was held on December 15, 2025. In attendance were the following:

Representing the Southern Sandoval County Arroyo Flood Control Authority:

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

Representing Cordova CPAs LLC:

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