

SUMMARY

Going into Fiscal Year 17, the District budgeted for deficit spending of \$330,573. We can report that we did not have to draw from reserves at the State Treasurer as originally thought. Revenues were higher than anticipated and expenditures were less than anticipated which resulted in a favorable budget to actual variance.

This report is broken down into two sections.

The first section entitled **Comparison of FY 16 to FY 17 Actual Revenues & Expenses** compares the revenue and expenditures of FY 16 to FY 17 by category with explanations of some of the variances. In addition, schedules have been provided to illustrate where the increases or decreases occurred. Immediately following the narrative is a one page report with the financial information. Additional detail can be provided if needed.

The second section will be the **FY 17 Budget to Actual**. This section will compare the original FY 17 budget to the final expenditures. This section is required by DFA as part of our reports. ***We did not exceed our total budget of \$20,104,528 which is the important part.***

COMPARISON OF FY 16 TO FY 17 ACTUAL REVENUES & EXPENSES

Comparing FY 16 to FY 17 revenues increased by \$679,550 while expenditures increased by \$34,463. Some of the major variances will be discussed below.

REVENUES

Ad Valorem revenues increased by \$1,082,875 with Bernalillo leading the way with an increase of \$715,605 and Valencia increasing by \$247,628. Detail is not available to determine how much is from the rate increase and how much is due to collection of delinquent accounts.

Revenues	Fiscal Year 2016 ACTUAL	Fiscal Year 2017 ACTUAL	Increase (Decrease) FY17 over FY16
SANDOVAL CO AD VALOREM REVENUE	\$ 1,267,068	\$ 1,364,029	\$ 96,961
BERNALILLO CO AD VALOREM REVENUE	10,367,955	11,083,560	715,605
SOCORRO CO AD VALOREM REVENUE	399,337	422,018	22,681
VALENCIA CO AD VALOREM REVENUE	3,251,453	3,499,082	247,628
TOTAL AD VALOREM REVENUE	\$ 15,285,813	\$ 16,368,688	\$ 1,082,875

Water Service Charge revenues increased by \$160,766 as reflected on the chart below. Valencia County had an increase of \$110,962 and the revenues from the water bank portion of fees for customers that got on the Water Bank the past fiscal year shows a \$37,777 increase.

Revenues	Fiscal Year 2016 ACTUAL	Fiscal Year 2017 ACTUAL	Increase (Decrease) FY17 over FY16
WATER SERVICE CHARGE SANDOVAL CO	\$ 95,440	\$ 106,472	\$ 11,031
WATER SERVICE CHARGE BERNALILLO CO	238,226	245,263	7,037
WATER SERVICE CHARGE VALENCIA CO	705,787	816,749	110,962
WATER SERVICE CHARGE SOCORRO CO	652,121	643,950	(8,171)
MISC WATER SERVICE CHARGE REVENUE	5,828	7,957	2,129
WATER BANK WATER SERVICE CHARGE	125,839	163,616	37,777
TOTAL	\$ 1,823,242	\$ 1,984,008	\$ 160,766

Interest on Investments more than doubled this past fiscal year from \$41,777 in FY 16 to \$85,994 in FY 17. The *average* amount invested with the State Treasurer increased by approximately \$1.4 M in the last fiscal year and the *average* interest rate more than doubled from .2574% to .5244% resulting in the increased revenue.

Contracts with Government Entities is up significantly from FY 16. The FY 16 revenue from the Alameda Drain was not received until FY 17 so the entire two years of payments are recorded in this past fiscal year accounting for the increase.

Other Revenue was up by \$153,430. Water bank admin fees increased by \$6,850 and lease payments increase by \$39,659, film licenses fees were \$23,000, turnout installation revenue was \$22,765 higher than FY 16 and asset disposal revenue was up \$57,896.

Operation and Capital Grants are down significantly as the result of two separate events. In FY 16 the \$1.5 million in revenue from the Water Trust Board for the San Acacia to Bosque Del Apache project was included in the revenues. There is no matching component in FY 17 and therefore revenues dropped by \$1.5 million. We also received an unexpected payment of \$320,251 from the Corps of Engineer as a partial reimbursement for the Albuquerque West Levee project resulting in a net decrease of \$1,234,761 in FY 17.

EXPENDITURES

Personnel and Benefits for FY 17 are relatively flat when compared to FY 16. The net of Personnel Services (Salaries) and Benefits is actually down by \$18,945.

Field Expenses are up slightly as a result of increased concrete/shotcrete usage and increased diesel charges.

General & Administrative Expenses increased by over \$382,132 mostly due to election costs of \$204,168 plus numerous small increases and decreases which make up the difference. Note, the election costs do not include advertising costs.

Capital Outlay increased by \$893,871 due to the decision to purchase additional heavy equipment with excess funds at year end.

Grants are down significantly and were discussed in the revenue section. In summary, FY 16 included the \$1.5 million for the San Acacia to Bosque Del Apache project. There is no matching component in FY 17.

Special Projects is a new category that focuses on some of the ongoing projects. FY 17 includes an additional \$175,000 for the Sandia to Isleta Pueblo Environmental Management Program,

\$25,000 for the Bernalillo to Belen project, \$40,564 for engineering services for the Corrales Siphon project.

Middle Rio Grande Conservancy District
Comparison of FY 16 to FY 17 Actual Revenues & Expenses
For the Periods Ended June 30, 2016 and 2017
(Unaudited)

Revenues	Fiscal Year 2016	Fiscal Year 2017	Increase (Decrease) FY17 over FY16
Ad Valorem Assessments	\$ 15,285,813	\$ 16,368,688	\$ 1,082,875
Water Service Revenue	1,823,242	1,984,008	160,766
Ad Valorem Interest & Delinquency	268,369	284,613	16,244
Interest on Investments	41,777	85,994	44,217
Contracts with Government Entities	774,410	1,231,189	456,780
Other Revenue	353,752	507,181	153,430
Operation and Capital Grants	1,555,012	320,251	(1,234,761)
Total Revenues	\$ 20,102,374	\$ 20,781,924	\$ 679,550

Expense	Fiscal Year 2016	Fiscal Year 2017	Increase (Decrease) FY17 over FY16
Personnel Services	8,343,890	8,317,399	(26,491)
Employee Benefits	3,743,804	3,751,350	7,546
Contractual O&M Services	676,774	668,158	(8,616)
Field Expenses	1,753,350	1,818,890	65,540
General & Administrative Expenses	2,198,123	2,580,254	382,132
Capital Outlays	834,304	1,728,176	893,871
Grants	1,554,432	67,980	(1,486,452)
Special Projects	239,547	446,481	206,934
Debt Payments	7,813	7,813	0
Total Expense	\$ 19,352,037	\$ 19,386,500	\$ 34,463

FY 17 BUDGET TO ACTUAL

Revenues exceeded the budgeted projections by \$1 million while expenses were lower than budgeted by \$925 thousand. These variances will be explained below.

Ad Valorem Revenues exceeded expectations by almost \$425 thousand due to increased revenues from Bernalillo and Valencia counties.

	Budget	FY 17 Revenues	Under Budget (Exceeded Budget)
SANDOVAL CO AD VALOREM	\$ 1,389,924	\$ 1,364,029	\$ 25,895
BERNALILLO CO AD VALOREM	10,898,606	11,083,560	(184,954)
SOCORRO CO AD VALOREM	429,530	422,018	7,512
VALENCIA CO AD VALOREM	3,226,050	3,499,082	(273,032)
TOTAL AD VALOREM	\$ 15,944,110	\$ 16,368,688	\$ (424,578)

Water Service Charge collections were up \$84 thousand due to increased collection from water bank customers. During the fiscal year we added 66 new customers.

Interest on Investments with the State Treasurer far exceeded the budgeted amounts. The *average* amount invested with the State Treasurer increased by approximately \$1.4 M in the last fiscal year and the *average* interest rate more than doubled from .2574% to .5244% resulting in the increased revenue.

Other revenue exceeded projections by \$180,131 primarily due to an increase water bank activity. Water Bank admin fees more than doubled expectations to \$16,650 and payments of the \$50 per acre fee was \$89 thousand more than expected. This can be attributed to the effort made to bring all acreage watered into compliance. Film license revenue was \$23 thousand or \$18 thousand more than budgeted. Also, the revenue received from the disposal of assets was \$25 thousand more than anticipated. The details of this activity can be seen on the chart on the following page:

	Budget	FY 17 Revenues	Under Budget (Exceeded Budget)
WATER BANK ADMIN FEES	\$ 7,500	\$ 16,650	\$ (9,150)
WATER BANK LEASES-FUND1	138,050	227,486	(89,436)
BOSQUE ACCESS FEES	20,000	27,674	(7,674)
TURNOUT INSTALLATIONS	70,000	91,156	(21,156)
MAP SALES	2,500	1,498	1,002
SCRAP SALES	8,000	-	8,000
ABQ RECYCLED METAL	-	1,300	(1,300)
BELEN RECYCLED METAL	-	2,441	(2,441)
LICENSE APPLICATION FEES	11,000	16,040	(5,040)
FILMING LICENSE	5,000	23,000	(18,000)
CONSTRUCTION SPCL USE LICENSE	-	400	(400)
PUMP OUT WATER LICENSE	-	1,600	(1,600)
PUMP IN WATER LICENSE	-	1,400	(1,400)
COMMERCIAL BOATING LICENSE	-	300	(300)
TURNOUT APPLICATION FEE	-	2,146	(2,146)
GAIN (LOSS) ASSET DISPOSAL	40,000	65,426	(25,426)
OTHER NON-CONTRACT REVENUE	25,000	28,666	(3,666)
TOTAL	\$ 327,050	\$ 507,181	\$ (180,131)

Expenditures were less than budgeted by over \$718 thousand.

Personnel Services and Employee Benefits were significantly under budget due to turnover in the field laborer and equipment operator areas. We also did not fill the Assistant Chief Engineer position which created savings.

General and Administrative Expenses and Special Projects need to be viewed as one for budget to actual purposes. The Special Projects category is a new one that focuses on ongoing projects; these expenses were budgeted in the General and Administrative category. Together these two categories were under budgeted by \$217,629. Savings can be found in the elections costs, employee education and travel and board consulting expenses (planned \$35,000 to look at possible election bill changes impacting MRGCD).

Capital Outlays exceeded the budget as a decision was made to purchase additional heavy equipment late in the fiscal year with budget savings.

Middle Rio Grande Conservancy District
Budget to Actual Comparison
For Fiscal Year 2017
(Unaudited)

Revenues	Budget	FY 17 Revenues	Under Budget (Exceeded Budget)
Ad Valorem Assessments	\$ 15,944,110	\$ 16,368,688	\$ (424,578)
Water Service Assessments	1,899,852	1,984,008	(84,156)
Ad Valorem Interest & Delinquency	270,000	284,613	(14,613)
Interest on Investments	30,000	85,994	(55,994)
Contracts with Government Entities	1,114,943	1,231,189	(116,246)
Other Revenue	327,050	507,181	(180,131)
Operation and Capital Grants	188,000	320,251	(132,251)
Total Revenues	\$ 19,773,955	\$ 20,781,924	\$ (1,007,969)

Expenses	Budget	FY 17 Expenditures	Under Budget (Exceeded Budget)
Personnel Services	\$ 8,731,115	\$ 8,317,399	\$ 413,716
Employee Benefits	4,088,118	3,751,350	336,768
Contractual O&M Services	668,156	668,158	(2)
Field Expenses	2,060,175	1,818,890	241,285
General & Administrative Expenses	3,244,364	2,580,254	664,110
Capital Outlays	1,204,600	1,728,176	(523,576)
Grants	108,000	67,980	40,020
Special Projects	0	446,481	(446,481)
Debt Payments	0	7,813	(7,813)
Total Expenses	\$ 20,104,528	\$ 19,386,500	\$ 718,028

Middle Rio Grande Conservancy District
Change in Cash Position from June 30, 2016 to June 30, 2017
(unaudited)

Bank Accounts	June 30, 2016	June 30, 2017	Increase (Decrease) 6/30/17 over 6/30/16
Wells Fargo Bank			
Fund 1-General Operating Acct	\$ 2,302,291	\$ 1,756,319	\$ (545,972)
Fund 1-Payroll Acct	96	-	(96)
Fund 1-Basic Flex Acct	4,584	2,951	(1,633)
Fund 1-Assessments Drawers	300	300	-
Fund 1- Petty Cash Acct	600	600	-
	<u>2,307,871</u>	<u>1,760,170</u>	<u>(547,701)</u>
Bank of America			
Fund 4-Endowment Fund -Checking Acct	627,989	632,266	4,277
Fund 5-Waterbank Fund-Checking Acct	603,853	604,094	241
	<u>1,231,842</u>	<u>1,236,360</u>	<u>4,518</u>
NMSTO			
Fund 1-General Operating Acct	9,441,211	12,835,772	3,394,561
Fund 4-Endowment Fund-Investment Acct	6,591,627	6,591,627	0
	<u>16,032,838</u>	<u>19,427,399</u>	<u>3,394,561</u>
Total Cash	\$ 19,572,551	\$ 22,423,929	\$ 2,851,378