### State of New Mexico Middle Rio Grande Conservancy District

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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### **INTRODUCTORY SECTION**

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# State of New Mexico Middle Rio Grande Conservancy District Official Roster June 30, 2023

### JUDGES OF THE DISTRICT COURT SECOND JUDICIAL DISTRICT OF THE STATE OF NEW MEXICO\*

| <u>Name</u>                  | <u>Division</u> | <u>Name</u>                      | <u>Division</u> |
|------------------------------|-----------------|----------------------------------|-----------------|
| Honorable William Parnall    | Division No. 1  | Honorable Stan Whitaker          | Division No. 2  |
| Honorable Brett R. Loveless  | Division No. 3  | Honorable Beatrice J. Brickhouse | Division No. 4  |
| Honorable Nancy J. Franchini | Division No. 5  | Honorable Daniel E. Ramczyk      | Division No. 6  |
| Honorable Alma C. Roberson   | Division No. 7  | Honorable Catherine Begaye       | Division No. 8  |
| Honorable Cindy Leos         | Division No. 9  | Honorable Bruce Fox              | Division No. 10 |
| Honorable Gerard Lavelle     | Division No. 11 | Honorable Elaine P. Lujan        | Division No. 12 |
| Honorable Lisa Chavez Ortega | Division No. 13 | Honorable Marie Ward             | Division No. 14 |
| Honorable Courtney Bryn      | Division No. 15 | Honorable Jennifer J.            | Division No. 16 |
| Honorable Erin B. O'Connell  | Division No. 17 | Honorable Denise Barela-         | Division No. 18 |
| Honorable Benjamin Chavez    | Division No. 19 | Honorable Britt M. Baca-Miller   | Division No. 20 |
| Honorable Alisa Hart         | Division No. 21 | Honorable Amber Chavez Baker     | Division No. 22 |
| Honorable Joshua A. Allison  | Division No. 23 | Honorable Debra Ramirez          | Division No. 24 |
| Honorable Jane Levy          | Division No. 25 | Honorable Joseph Montano         | Division No. 26 |
| Honorable Victor Lopez       | Division No. 27 | Honorable Clara Moran            | Division No. 28 |
| Honorable Lucy Solimon       | Division No. 29 |                                  |                 |

<sup>\*</sup>The Middle Rio Grande Conservancy District was created by the Second Judicial District Court of New Mexico through court order. The Conservancy Court resides within the Second Judicial District and has legal jurisdiction regarding the authorities and boundaries of the Middle Rio Grande Conservancy District.

# State of New Mexico Middle Rio Grande Conservancy District Official Roster June 30, 2023

### **BOARD OF DIRECTORS**

| <u>Name</u>                       | <b>County</b> | Position No. |
|-----------------------------------|---------------|--------------|
| Stephanie Russo Baca, Chairperson | Valencia      | 1            |
| Barbara Baca                      | At-Large      | 5            |
| John P. Kelly                     | Bernalillo    | 2            |
| Karen Dunning, Vice-Chair         | Bernalillo    | 3            |
| Joaquin Baca                      | Bernalillo    | 4            |
| Glen Duggins                      | Socorro       | 6            |
| Michael T. Sandoval               | Sandoval      | 7            |

### **OFFICERS**

| Jason Casuga                       | CEO/Chief Engineer      |
|------------------------------------|-------------------------|
| Pamela Fanelli CF                  | FO/Secretary/Treasurer  |
| Eric Zamora C                      | hief Operations Officer |
| Richard DeLoia Ch                  | ief Procurement Officer |
| Christine Nardi Hu                 | uman Resource Director  |
| Law & Resource Planning Associates | Chief Water Counsel     |
| Wiggins, Williams & Wiggins        | General Counsel         |



### **FINANCIAL SECTION**

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### INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E., New Mexico State Auditor
The Office of Management and Budget and
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, 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 the Middle Rio Grande Conservancy District (the "District"), as of and for the year ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District'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 for the general fund of the District, as of June 30, 2023 and June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

### **Emphasis of Matter**

### Change in Accounting Principle

As described in note 2 to the financial statements, in 2022 the Department adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

As described in note 2 to the financial statements, in 2021 the Department adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### 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 District'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.

### Auditors' 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 auditors' 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.
- 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 District'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 District'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 15 through 25, the GASB required pension schedules on pages 102 through 105, the GASB required other postemployment benefit schedules on pages 106 through 109, and the notes to the required supplementary information on page 110 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 District's basic financial statements. The accompanying 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), schedule of collateral pledged by depository for public funds, and schedule of deposit and investment accounts, 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, schedule of collateral pledged by depository for public funds, and schedule of deposit and investment accounts, 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 and other disclosures but does not include the basic financial statements and our auditors' 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 7, 2023 on our consideration of the District'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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Carr, Riggs & Ungram, L.L.C.

December 7, 2023

Management's Discussion and Analysis of the Middle Rio Grande Conservancy District's (the "District") annual financial report presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023 and June 30, 2022. Additional information about the District and its mission can be found in note 1.

The District operates, maintains, and manages irrigation, drainage, and river flood control in the Middle Rio Grande Valley. The District's primary sources of revenues are from ad valorem assessments, water service charges, water bank fees and miscellaneous revenue it collects from operations and maintenance contracts with governmental entities. The District also receives grant funding. The District is required to manage its expenditures within its revenues and any reserves available. In fiscal year 2023, the District kept the ad valorem mill rates at 5.0693 for residential property and 6.3334 for non-residential property. For the year ending June 30, 2023, water service charge assessments were assessed and levied at a uniform rate per acre of \$43.82. The District kept the water service charge rate at \$43.82 per acre in January of 2023 to be billed in fiscal year 2024.

The District experienced a difficult irrigation 2023 season. The snowpack was high resulting in high runoff. Due to the high runoff the District had levee issues in Valencia County which required the District to spend \$820 thousand on levee repairs.

The District was also unable to store water for late season use due to the ongoing rehabilitation of the El Vado Dam by the Bureau of Reclamation which is not expected to be complete until 2026. Without the ability to store water, the District's late season irrigation deliveries are highly depended on the amount of rain received during the monsoon season. The summer of 2023 was hot and dry, and monsoons did not provide significant supplemental water. New Mexico ended 2022 with approximately 92,000 acre feet of debt to the Rio Grande Compact. Due to the size of the compact debt, the District in 2023 committed to diverting 80% of irrigation demand while the river was fully connected to Elephant Butte Reservoir.

The District continues to believe that restoring the Low Flow Conveyance Channel to a functioning drain and developing an environmentally sound operational plan is critical to helping New Mexico manage its Compact delivery obligation. The District partnered with the Bureau of Reclamation to construct a new temporary outfall of the Low Flow Conveyance Channel at River Mile 60 in 2023.

Temporary pumping operations to Corrales irrigators continued in FY2023. The District was successful in securing a NM Water Trust Board Grant/Loan that will pay for the planning, design, and construction of a new siphon. A design for a new siphon is currently in development and construction is expected to begin in November 2024 and continue through February 2025. Temporary pumping operations will continue until the new siphon is in operation. The cost of the temporary pumping operations was \$1.2 million during fiscal year 2023.

The District spent \$1.7 million on equipment in fiscal year 2023. The District continues to commit to spend a minimum of \$1.0 million per year on equipment that is well beyond its useful life and supplement a larger spend through loans every four to five years.

The infrastructure of the District is almost 100 years old. Infrastructure failures continue and much of the equipment is well beyond its useful life. The Board of Directors approved a 1 mill increase for FY2024 dedicating it entirely to infrastructure, equipment, debt service and District match on grants. The District has created a plan to apply for grants to make the infrastructure funds go further.

The District continues to seek funding to assist with water distribution efficiency improvements and to study the impact of drought conditions. The goal is to create irrigation systems and on-farm efficiencies to reduce the amount of water needed for use by farmers while continuing to meet their demand for agricultural production.

### **FINANCIAL HIGHLIGHTS**

- The District's net position decreased by \$170 thousand from \$34.2 million in fiscal year 2022 to \$34.0 million in fiscal year 2023. Assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$34.0 million (net position). As of June 30, 2023, unrestricted net position totaled \$4.1 million.
- The District's long-term obligations excluding net pension and net OPEB liability decreased by \$389 thousand during the current fiscal year. Net pension liability and net OPEB liability increased by \$4.3 million.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$27.8 million. Of the total, \$15.1 million is available for spending at the District's discretion (sum of unassigned and assigned fund balances).
- As of June 30, 2023, the fund balance of the General Fund was \$27.1 million compared to \$20.1 million in fiscal year 2022. The increase is due to the transfer of the endowment funds totaling \$7.3 million from the special revenue fund to the general fund for investment purposes and the transfer of cash totaling \$443 thousand from the levee fund to the general fund to pay for a design agreement. Unassigned fund balance of the General Fund was \$10.9 million.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The District's basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information to the basic financial statements.

**Government-wide financial statements.** Government-wide financial statements report information about the District using accounting methods similar to those used by private-sector companies. The statement of net position provides information on the entire District's assets and liabilities while the statement of activities reflects all the District's revenues and expenses for the current year regardless of when cash is received or paid.

**Fund Financial Statements.** Fund financial statements include the balance sheet and statement of revenues, expenditures and changes in fund balances and provides more detailed information for the reader about how services were financed in the short-term as well as what remains for future spending. Fund financial statements provide detail about the District's most significant funds. This discussion and analysis should be read in conjunction with the financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because of the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Types of funds include general fund and a special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary individual and combining schedules.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

### **OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

### **Government-wide Financial Analysis**

Financial Highlights - Statement of Net Position

Below is a comparative analysis of the statement of net position for the most recently completed fiscal year and the prior fiscal year.

|  | 2022 |                                       |    |                                       |    |                                       |
|--|------|---------------------------------------|----|---------------------------------------|----|---------------------------------------|
|  |      | 2023                                  | (, | As restated)                          |    | Variance                              |
| Assets and deferred outflows of resources Current and other assets Capital assets, net of accumulated depreciation Deferred outflows | \$   | 31,312,651<br>30,902,758<br>4,184,072 | \$ | 32,115,318<br>30,146,573<br>3,077,406 | \$ | (802,667)<br>756,185<br>1,106,666     |
| Total assets and deferred outflows of resources  | \$   | 66,399,481                            | \$ | 65,339,297                            | \$ | 1,060,184                             |
| Liabilities and deferred inflows of resources Current liabilities  | \$   | 1,534,158                             | \$ | , ,                                   | \$ | (127,820)                             |
| Long-term liabilities Net pension liability and OPEB liability Deferred inflows  |      | 3,694,671<br>22,655,055<br>4,466,950  |    | 4,083,972<br>18,330,020<br>7,044,520  |    | (389,301)<br>4,325,035<br>(2,577,570) |
| Total liabilities and deferred inflows of resources  |      | 32,350,834                            |    | 31,120,490                            |    | 1,230,344                             |
| Net position   |      |                                       |    |                                       |    |                                       |
| Net investment in capital assets<br>Restricted<br>Unrestricted   |      | 29,393,936<br>546,090<br>4,108,621    |    | 29,300,692<br>1,433,964<br>3,484,151  |    | 93,244<br>(887,874)<br>624,470        |
| Total net position   |      | 34,048,647                            |    | 34,218,807                            |    | (170,160)                             |
| Total liabilities and net position   | \$   | 66,399,481                            | \$ | 65,339,297                            | \$ | 1,060,184                             |

- Total assets decreased by \$46 thousand which represents a decrease in current assets of \$803 thousand and an increase in capital assets of \$756 thousand.
- Deferred outflow of resources increased by \$1.1 million due to an increase in deferred outflows related to pensions of \$1.5 million and a decrease in deferred outflows related to OPEB liabilities of \$400 thousand.

### **OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

### Government-wide Financial Analysis (Continued)

• Total liabilities increased by \$3.8 million. Net pension liability increased by \$5.6 million and total OPEB liability decreased by \$1.3 million. Other liabilities decreased by \$517 thousand.

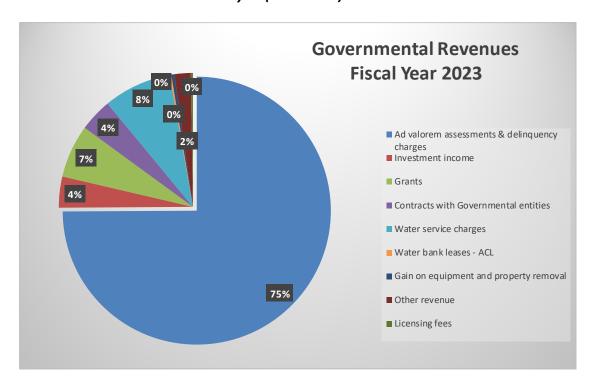
### Financial Highlights - Statement of Activities

Below is a comparative analysis of the statement of activities for the most recently completed fiscal year and the prior fiscal year.

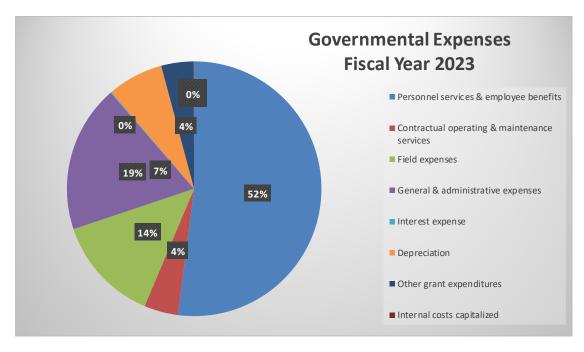
|                                      | 2023 |            | 2022 |            | Variance |             |
|--------------------------------------|------|------------|------|------------|----------|-------------|
| Program revenues                     |      |            |      |            |          |             |
| Charges for services                 | \$   | 1,231,630  | \$   | 1,168,394  | \$       | 63,236      |
| Operating grants and contributions   |      | 1,861,666  |      | 1,823,664  |          | 38,002      |
| General revenues                     |      |            |      |            |          |             |
| Ad valorem assessments               |      | 21,571,860 |      | 20,583,233 |          | 988,627     |
| Ad valorem interest                  |      | 206,481    |      | 178,810    |          | 27,671      |
| Water services charges               |      | 2,384,501  |      | 2,378,432  |          | 6,069       |
| Water bank fees                      |      | 58,734     |      | 41,263     |          | 17,471      |
| Investment income                    |      | 1,089,505  |      | 61,902     |          | 1,027,603   |
| Proceeds from sale of capital assets |      | 104,031    |      | 80,543     |          | 23,488      |
| Other revenue                        |      | 567,036    |      | 198,679    |          | 368,357     |
| Total revenue                        |      | 29,075,444 |      | 26,514,920 |          | 2,560,524   |
| E                                    |      |            |      |            |          |             |
| Expenses                             |      | 20 245 604 |      | 22 207 002 |          | F 0.47 000  |
| Public works                         |      | 29,245,604 |      | 23,397,802 |          | 5,847,802   |
| Total expenses                       |      | 29,245,604 |      | 23,397,802 |          | 5,847,802   |
| Increase (decrease) in net position  | \$   | (170,160)  | \$   | 3,117,118  | \$       | (3,287,278) |

### **OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

### Government-wide Financial Analysis (Continued)



Total revenues increased by 9.7% primarily due to increases in ad valorem assessments and investment income. Ad valorem revenue makes up 75% of the total revenue.



### **OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

### Government-wide Financial Analysis (Continued)

Program Expenses increased by 25% or \$5.8 million in fiscal year 2023 from fiscal year 2022. Employee wages and benefits increased by \$960 thousand, contractual operating and maintenance services increased by \$380 thousand, field expenses increased by \$1.0 million, general and administrative expenses increased by \$1.7 million, internal costs capitalized increased by \$223 thousand, and depreciation increased by \$197 thousand. Fiscal year 2022 General and administrative expenses included a credit adjustment of \$1.4 million that recorded a reduction of long-term debt. Personnel services and employee benefits accounted for 52% of the total expenses.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Districts financing requirements. Assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the District's governmental funds reported a fund balance of \$27.8 million, a decrease of \$645 thousand in comparison with the prior year. Of the total balance at year-end, \$1.1 million is non-spendable, \$533 thousand is restricted, \$11.1 million is committed, \$3.7 million is assigned, and \$11.3 million is unassigned. Unassigned fund balance is available for future spending of the District.

Revenues of governmental funds excluding other financing sources, totaled \$29.0 million in the fiscal year ended June 30, 2023, which represents an increase of \$2.6 million from the previous year of \$26.4 million. The primary reasons are as follows: Ad valorem assessments and delinquency charges increased \$979 thousand from the previous year, water service charges decreased by \$206 thousand, and contract and grant revenue increased by \$114 thousand followed by a small increase in other miscellaneous revenue of \$280 thousand. The District's governmental expenditures of \$29.9 million increased by \$3.1 million from the previous year of \$26.8 million. Current operations increased by \$3.9 million followed by a decrease of capital outlay of \$751 thousand.

**General Fund.** The General Fund is the District's chief operating fund. At the end of the current fiscal year, the total fund balance was \$27.1 million of which \$15.1 million is assigned and unassigned, \$10.4 million is committed, \$533 thousand is restricted and \$1.1 million is non-spendable. The net change in fund balance for the General fund for the current fiscal year was an increase of \$7.0 million. This was primarily due to a transfer from the Endowment Fund to the General Fund for investment purposes of \$7.2 million.

### **BUDGETARY HIGHLIGHTS**

The District prepares its budget each year using historical information combined with knowledge of activities planned for the following year. The budget undergoes internal scrutiny and adjustment by the Treasurer and the CEO. It is then submitted to the Finance Committee before going to the Board of Directors for review and approval. Once the budget is adopted by the Board, it is submitted to the Local Government Division of the State of New Mexico Department of Finance and Administration (DFA) for approval. The preliminary budget must be submitted by June 1<sup>st</sup> of each year and the final budget submitted by July 31<sup>st</sup> of the same year along with unaudited prior year financial statements approved by the Board. The DFA must approve the budget prior to its legal enactment. The original fiscal year budget as presented was approved by the District's Board of Directors and DFA. The expenditures of the general fund may not legally exceed the budget. The District does not adopt a legal budget for the special revenue fund as this fund only receives revenue from land sales which are infrequent and therefore difficult to budget.

The budgetary comparisons are presented in accordance with GAAP budgetary basis. Encumbrances for fiscal year ended June 30, 2023, totaling \$1,528,516 were carried forward to fiscal year 2024 as a reserve in fund balance.

**Budget to Actual General Fund.** The total surplus for the General Fund was \$6,974,369. For fiscal year ended June 30, 2023, the District budgeted for a deficit of \$2,189,477. Prior year encumbrances and the budgeted deficit totaled \$4,064,569. The General Funds realized a revenue deficit of \$4,625,949, an expenditure surplus of \$8,499,297. The primary reason for the surplus in revenue and expenditures was due to unrealized grant revenue and expenditures. Additionally, the District recorded an other financing source surplus of \$7,165,590. A transfer was made moving the Endowment Funds from the special revenue fund to the general fund for investment purposes. The transfer is eliminated on the government wide financials. After the reserve for encumbrances and the elimination of the transfer, the District realized an actual deficit of \$1,539,688.

### Change in Mill and Water Service Charge Rates

- The District kept the mill rates at 5.0693 for residential customers and 6.3334 for non-residential customers.
- The water service charge rates remained consistent at \$43.82 per acre in calendar year 2023. The rates were equalized with what it should have been relative to the statutory authority, and the Board planned to increase the water service charge rate each year based on the Consumer Price Index as provided in statute however, due to the economic impacts of inflation, the District kept the rate at \$43.82 for fiscal year 2024.
- Management continues to monitor its expenses and keeping them in line with needs and requirements of operations.

### **BUDGETARY HIGHLIGHTS (Continued)**

### **Ongoing District Commitments**

• The District entered into a design agreement with the United States Department of the Army Corps of Engineers (federal government) on the Middle Rio Grande Flood Protection, Bernalillo to Belen Project for the Mountain View Portion (Rio Bravo to Isleta Pueblo Northern Boundary). This project is discussed in detail in Note 12 of the Financial Statements.

### **District Contingencies**

• District employees and legal advisors participated over a number of years in the development of the 2016 biological opinion (BiOp) related to the silvery minnow, southwestern willow flycatcher, yellow billed cuckoo and the meadow jumping mouse. The biological opinion has a number of conservation measures that the District is working on with the Bureau of Reclamation as the lead federal agency and the NMISC as another partner where a number of commitments associated with this BiOp and related projects including the Isleta Diversion Dam settlement are a continuing component of the District's operating budget. In December of 2022 Wilde Earth Guardians filed a suit in federal court challenging the non-jeopardy 2016 Biological Opinion issued by Fish &Wildlife Service. MRGCD filed to intervene and MRGCD, Fish & Wildlife Service and the Bureau of Reclamation have been in negotiations with Wild Earth Guardians to reach a settlement.

### **Asset Management Plan**

- The District has created a Capital Equipment Replacement Plan that identifies the condition of the assets. A budget plan has been implemented to replace assets that are beyond their useful life.
- The District is in the process of creating an asset management plan that will provide a basis for a financial plan and an operational plan. The entire plan is expected to be completed within two years.

### Contract with the Bureau of Indian Affairs

• The District and BIA have a contract to perform operations and maintenance on the Six Middle Rio Grande Pueblos' facilities on trust lands. A contract amendment was signed that extends through February 28, 2024. The District has negotiated a new contract with updated values that will begin March 1st, 2024. Payment provision requires a minimum annual payment for services. Contract negotiations will begin for the Federal Fiscal Year of 2026 in the fall.

### **BUDGETARY HIGHLIGHTS (Continued)**

### Five Year Plan

• The Five-Year Forecast serves as a tool to communicate and assess the financial health of the District. The 5-Year Forecast has provides historical and projected financial data. Operational and infrastructure needs are considered using the District's Capital Investment Projects Plan. The plan is ongoing and is helping inform management and the Board about out-year operating budgets and capital outlay needs. Specific capital replacements and improvements are included within each budget proposal as a component of the annual budget as well as the longer-term capital acquisition strategies.

### CAPITAL ASSETS, RIGHT-TO-USE LEASE ASSETS, SUBSCRIPTION ASSETS, AND DEBT ADMINISTRATION

Capital Assets, Right-to-Use Lease Assets, and Subscription Assets. The District's capital assets, right-to-use lease assets, and subscription assets of the governmental activities as of June 30, 2023, total \$30.9 million net of accumulated depreciation and amortization. The increase in the current fiscal year totaled \$800 thousand. Additional information related to capital assets, right-to-use lease assets, and subscription assets can be found in the notes to the financial statements.

Capital assets, right-to-use lease assets, and subscription assets of the District's governmental activities are summarized as follows:

Conital access Dight to Use Lease Access

| Capital assets, Right-to-Use Lease Assets, |                  |    |              |
|--|------------------|----|--------------|
| Subscription Assets, net of accumulated    |                  |    | 2022         |
| depreciation and amortization              | 2023             | (/ | As restated) |
|  |                  |    |              |
| Land                                       | \$<br>554,999    | \$ | 484,882      |
| Construction in progress                   | 5,925,665        |    | 5,146,146    |
| Buildings and improvements                 | 2,717,489        |    | 2,803,937    |
| Grounds and yards                          | 41,669           |    | -            |
| Office furniture and equipment             | 271,333          |    | 317,272      |
| Computer software                          | 271,621          |    | 293,658      |
| Engineering equipment                      | 68,075           |    | 79,880       |
| Motor vehicles and trailers                | 2,291,108        |    | 2,592,506    |
| Weed and pest control equipment            | 144,002          |    | 123,582      |
| Heavy field equipment                      | 5,746,978        |    | 4,939,963    |
| Shop and field equipment                   | 44,224           |    | 39,135       |
| Infrastructure                             | 12,780,408       |    | 13,294,093   |
| Right-to-use lease assets                  | 10,747           |    | 21,493       |
| Subscription based assets                  | 34,440           |    | 10,026       |
|  |                  |    |              |
| Totals                                     | \$<br>30,902,758 | \$ | 30,146,573   |

CAPITAL ASSETS, RIGHT-TO-USE LEASE ASSETS, SUBSCRIPTION ASSETS, AND DEBT ADMINISTRATION (Continued)

**Debt Administration.** At the end of the current fiscal year, the District's governmental activities had a total \$2.6 million in long term obligations related to loans payable, leases payable, and settlement agreement. Loans payable is \$1.9 million of which \$360 thousand and is due or payable within the next fiscal year. Leases and subscription payable total \$46 thousand. The Isleta Dam settlement agreement liability is \$630 thousand as of June 30, 2023. Net pension liability increased from \$11.2 million in fiscal year 2022 to \$16.8 million in fiscal year 2023, or by \$5.6 million. The net OPEB liability decreased from \$7.1 million in fiscal year 2022 to \$5.9 million in fiscal year 2023, or by \$1.3 million.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

• The District approved a 1 mill increase and strictly dedicated it to Capital Investment, Debt Service, and District Match on grants. Subsequently, three additional funds have been set up. The 1 mill will go to a Capital Investment Fund and transfers will be made from the capital investment fund to the debt service or grants fund. The FY2024 budget is projecting a balanced budget in the General Fund, Debt Service Fund, and a small surplus in the Capital Investment Fund. Budgeted expenditures excluding transfers for all funds total \$45.6 million. The District forecasted 1.5% increases in Ad valorem revenues.

### **CONTACTING DISTRICT MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, legislators, and other stakeholders a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Middle Rio Grande Conservancy District 1931 Second Street SW P.O. Box 581 Albuquerque, NM 87103 (505) 247-0234 THIS PAGE INTENTIONALLY LEFT BLANK



### **BASIC FINANCIAL STATEMENTS**

### State of New Mexico Middle Rio Grande Conservancy District Statements of Net Position

|   | <b>Governmental Activities</b> |              |    |              |  |  |
|---|--------------------------------|--------------|----|--------------|--|--|
|   |                                | 202          |    |              |  |  |
| June 30,  |                                | 2023         | (/ | As restated) |  |  |
| Assets  |                                |              |    |              |  |  |
| Current assets                                  |                                |              |    |              |  |  |
| Cash and cash equivalents                       | \$                             | 1,686,324    | \$ | 1,050,374    |  |  |
| Investments                                     | 7                              | 15,640,401   | Υ  | 13,200,639   |  |  |
| Receivables                                     |                                | 13,010,101   |    | 13,200,033   |  |  |
| Ad valorem assessments, net                     |                                | 2,280,698    |    | 2,243,857    |  |  |
| Water service and delinquency charges, net      |                                | 235,401      |    | 341,184      |  |  |
| Intergovernmental                               |                                | 840,814      |    | 1,207,106    |  |  |
| Interest  |                                | 164,069      |    | 16,655       |  |  |
| Other   |                                | 93,018       |    | 10,170       |  |  |
| Inventory                                       |                                | 1,073,172    |    | 1,176,799    |  |  |
| Prepaid expenses                                |                                | 9,510        |    | 14,198       |  |  |
| Total current assets                            |                                | 22,023,407   |    | 19,260,982   |  |  |
| Total current assets                            |                                | 22,023,407   |    | 13,200,302   |  |  |
| Noncurrent assets                               |                                |              |    |              |  |  |
| Restricted cash and cash equivalents            |                                | 151,994      |    | 273,615      |  |  |
| Restricted investments                          |                                | 9,137,250    |    | 12,580,721   |  |  |
| Capital assets not being depreciated            |                                | 6,480,664    |    | 5,631,028    |  |  |
| Capital assets being depreciated                |                                | 50,265,043   |    | 48,848,079   |  |  |
| Less accumulated depreciation                   |                                | (25,888,136) |    | (24,364,053) |  |  |
| Right-to-use lease assets                       |                                | 32,239       |    | 32,239       |  |  |
| Subscription based assets                       |                                | 60,472       |    | 10,026       |  |  |
| Less accumulated amortization                   |                                | (47,524)     |    | (10,746)     |  |  |
| Total noncurrent assets                         |                                | 40,192,002   |    | 43,000,909   |  |  |
| Total assets                                    |                                | 62,215,409   |    | 62,261,891   |  |  |
|   |                                |              |    |              |  |  |
| Deferred outflows of resources                  |                                |              |    |              |  |  |
| Deferred outflows - pension                     |                                | 2,938,975    |    | 1,470,807    |  |  |
| Deferred outflows - OPEB                        |                                | 1,245,097    |    | 1,606,599    |  |  |
| Total deferred outflows of resources            |                                | 4,184,072    |    | 3,077,406    |  |  |
| Total assets and deferred outflows of resources | \$                             | 66,399,481   | \$ | 65,339,297   |  |  |

|   | <b>Governmental Activities</b> |            |            |             |
|---|--------------------------------|------------|------------|-------------|
|   |                                |            |            | 2022        |
| June 30,  |                                | 2023       | <b>(</b> A | s restated) |
| Linkillainn                                       |                                |            |            |             |
| Liabilities                                       |                                |            |            |             |
| Current liabilities                               | <b>,</b>                       | 500.053    | 4          | 226.664     |
| Accounts payable                                  | \$                             | 599,953    | \$         | 336,661     |
| Accrued payroll                                   |                                | 322,863    |            | 804,804     |
| Deposit held in trust                             |                                | 504,113    |            | 485,613     |
| Customer deposits                                 |                                | 71,500     |            | 34,900      |
| Unearned revenue                                  |                                | 35,729     |            | -           |
| Long-term liabilities, current                    |                                | 1,075,074  |            | 1,054,144   |
| Total current liabilities                         |                                | 2,609,232  |            | 2,716,122   |
| A1  |                                |            |            |             |
| Noncurrent liabilities                            |                                | 2 640 507  |            | 2 020 020   |
| Long-term liabilities, net of current portion     |                                | 2,619,597  |            | 3,029,828   |
| Net pension liability                             |                                | 16,804,291 |            | 11,204,514  |
| Other post employment benefit liability           |                                | 5,850,764  |            | 7,125,506   |
| Total noncurrent liabilities                      |                                | 25,274,652 |            | 21,359,848  |
| Total liabilities                                 |                                | 27,883,884 |            | 24,075,970  |
|   |                                | <u> </u>   |            |             |
| Deferred inflows of resources                     |                                | 000 404    |            | 4 745 040   |
| Deferred inflows - pension                        |                                | 982,401    |            | 4,745,848   |
| Deferred inflows - OPEB                           |                                | 3,484,549  |            | 2,298,672   |
| Total deferred inflows of resources               |                                | 4,466,950  |            | 7,044,520   |
| Not position                                      |                                |            |            |             |
| Net investment in capital assets                  |                                | 20 454 409 |            | 29,300,692  |
| Net investment in capital assets Unrestricted     |                                | 29,454,408 |            |             |
| Omestricted                                       |                                | 4,594,239  |            | 4,918,115   |
| Total net position                                |                                | 34,048,647 |            | 34,218,807  |
| Total liabilities, deferred inflows of resources, |                                |            |            |             |
| and net position                                  | \$                             | 66,399,481 | \$         | 65,339,297  |

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### State of New Mexico Middle Rio Grande Conservancy District Statements of Activities

|  |    | Governmental activities |    |                    |  |  |  |
|--|----|-------------------------|----|--------------------|--|--|--|
| For the Year Ended June 30,                    |    | 2023                    |    | 2022               |  |  |  |
| Program expenses                               |    |                         |    |                    |  |  |  |
| Public works                                   |    |                         |    |                    |  |  |  |
| Personnel services                             | \$ | 10,203,675              | \$ | 9,667,016          |  |  |  |
| Employee benefits                              | •  | 5,030,952               | •  | 4,608,071          |  |  |  |
| Contractual operating and maintenance services |    | 1,265,275               |    | 885,232            |  |  |  |
| Field expenses                                 |    | 3,951,131               |    | 2,953,273          |  |  |  |
| General and administrative expenses            |    | 5,490,568               |    | 2,814,226          |  |  |  |
| Interest expense                               |    | 34,833                  |    | 39,177             |  |  |  |
| Depreciation and amortization                  |    | 2,074,934               |    | 1,877,439          |  |  |  |
| Other grant expenditures                       |    | 1,208,758               |    | 790,881            |  |  |  |
| Internal costs capitalized                     |    | (14,522)                |    | (237,513)          |  |  |  |
|  |    | (= :/===/               |    | (==:,===)          |  |  |  |
| Total program expenses                         |    | 29,245,604              |    | 23,397,802         |  |  |  |
| Program revenues                               |    |                         |    |                    |  |  |  |
| Charges for services                           |    |                         |    |                    |  |  |  |
| Licensing fees                                 |    | 78,701                  |    | 91,658             |  |  |  |
| Operations and maintenance contracts           |    | -, -                    |    | , , , , , ,        |  |  |  |
| Federal  |    | 757,988                 |    | 757,984            |  |  |  |
| Local  |    | 394,941                 |    | 318,752            |  |  |  |
| Operating grants                               |    | ,-                      |    | , -                |  |  |  |
| Federal  |    | 894,986                 |    | 1,596,366          |  |  |  |
| State  |    | 960,409                 |    | 227,298            |  |  |  |
| Local  |    | 6,271                   |    |                    |  |  |  |
| Total program revenues                         |    | 3,093,296               |    | 2,992,058          |  |  |  |
| Net program (expenses) revenues                |    | (26,152,308)            |    | (20,405,744)       |  |  |  |
| General revenues                               |    |                         |    |                    |  |  |  |
| Ad valorem assessments                         |    | 21,571,860              |    | 20,583,233         |  |  |  |
| Ad valorem interest                            |    | 206,481                 |    | 178,810            |  |  |  |
| Water services charges                         |    | 2,384,501               |    | 2,378,432          |  |  |  |
| Water bank fees                                |    | 58,734                  |    | 41,263             |  |  |  |
| Investment income                              |    | 1,089,505               |    | 61,902             |  |  |  |
| Proceeds from sale of capital assets           |    | 104,031                 |    | 80,543             |  |  |  |
| Other revenue                                  |    | 567,036                 |    | 198,679            |  |  |  |
| Total general revenues                         |    | 25,982,148              |    | 23,522,862         |  |  |  |
| Change in net position                         |    | (170,160)               |    | 3,117,118          |  |  |  |
| Net position - beginning of year               |    | 34,218,807              |    | 31,101,689         |  |  |  |
|  |    |                         |    | <i>z=,===</i> ,000 |  |  |  |
| Net position - end of year                     | \$ | 34,048,647              | \$ | 34,218,807         |  |  |  |

### State of New Mexico Middle Rio Grande Conservancy District Balance Sheet - Governmental Funds

|  |              |              | Total Govern  | mental Funds             |
|--|--------------|--------------|---------------|--------------------------|
| June 30,   | General      | Levee Fund   | 2023          | 2022                     |
| Assets   |              |              |               |                          |
| Cash and cash equivalents  | \$ 1,838,318 | \$ -         | \$ 1,838,318  | \$ 1.323.989             |
| Investments  | 23,177,033   | 1,600,618    |               |                          |
| Receivables  | _0,_,,,      | _,000,0_0    | ,,,,,,,,      |                          |
| Ad valorem assessments, net  | 2,280,698    | _            | 2,280,698     | 2,243,857                |
| Water service and delinquency charges, net                         | 235,401      | _            | 235,401       | 341,184                  |
| Intergovernmental  | 840,814      | _            | 840,814       | 1,207,106                |
| Interest   | 157,398      | 6,671        | 164,069       | 16,655                   |
| Other  | 93,018       | 0,071        | 93,018        | 10,170                   |
| Inventory  | 1,073,172    | _            | 1,073,172     | 1,176,799                |
| ·  | 9,510        | _            | 9,510         |                          |
| Prepaid expenses Due from other funds                              | •            | -            | •             | 14,198                   |
| Due from other funds   | 433,000      | <u>-</u>     | 433,000       |                          |
| Total assets   | \$30,138,362 | \$ 1,607,289 | \$ 31,745,651 | \$ 32,115,318            |
| Liabilities, deferred inflows of resources, and fun<br>Liabilities | d balance    |              |               |                          |
| Accounts payable   | \$ 599,953   | \$ -         | \$ 599,953    | \$ 336,661               |
| Accrued payroll  | 322,863      | -            | 322,863       | 804,804                  |
| Deposits held in trust   | 522,005      | 504,113      | 504,113       | 485,613                  |
| Customer deposits  | 71,500       | 304,113      | 71,500        | 34,900                   |
| Unearned revenue   | 35,729       | _            | 35,729        | 54,500                   |
| Due to other funds   | 33,729       | 433,000      | 433,000       | _                        |
| Due to other rands   |              | +33,000      | +33,000       |                          |
| Total liabilities  | 1,030,045    | 937,113      | 1,967,158     | 1,661,978                |
| Deferred inflows of resources                                      |              |              |               |                          |
| Unavailable revenue  | 2,003,565    | -            | 2,003,565     | 2,032,969                |
|  |              |              |               |                          |
| Total deferred inflows of resources                                | 2,003,565    | -            | 2,003,565     | 2,032,969                |
| Fund balances  |              |              |               |                          |
| Nonspendable   | 1,082,682    | _            | 1,082,682     | 1,190,997                |
| Restricted   | 532,593      | _            | 532,593       | 1,423,523                |
| Committed  | 10,435,582   | 670,176      | 11,105,758    | 10,945,987               |
| Assigned   | 3,717,993    | -            | 3,717,993     | 3,964,468                |
| Unassigned   | 11,335,902   | -            | 11,335,902    | 10,895,396               |
| Total fund balances  | 27,104,752   | 670,176      | 27,774,928    | 28,420,371               |
|  | · · ·        | · ·          | · ·           | · · ·                    |
| Total liabilities, deferred inflows of                             | 400 400 000  | A 4 607 055  | A 04 74- 6-:  | 6 00 44 <del>-</del> 04- |
| resources, and fund balances                                       | \$30,138,362 | \$ 1,607,289 | \$ 31,/45,651 | \$ 32,115,318            |

### State of New Mexico Middle Rio Grande Conservancy District Balance Sheet - Governmental Funds

|  |                     | Endowment    | Total<br>Governmental |  |  |  |  |
|--|---------------------|--------------|-----------------------|--|--|--|--|
| June 30, 2022  | General             | Fund         | Funds                 |  |  |  |  |
| Assets   |                     |              |                       |  |  |  |  |
| Cash and cash equivalents  | \$ 1,323,989        | \$ -         | \$ 1,323,989          |  |  |  |  |
| Investments  | 17,006,546          | •            |                       |  |  |  |  |
| Receivables  |                     |              |                       |  |  |  |  |
| Ad valorem assessments, net  | 2,243,857           | -            | 2,243,857             |  |  |  |  |
| Water service and delinquency charges, net                               |                     | -            | 341,184               |  |  |  |  |
| Intergovernmental  | 1,207,106           | -            | 1,207,106             |  |  |  |  |
| Interest<br>Other  | 15,868              | 787          | 16,655                |  |  |  |  |
| Inventory  | 10,170<br>1,176,799 | -            | 10,170<br>1,176,799   |  |  |  |  |
| Prepaid expenses   | 14,198              | _            | 14,198                |  |  |  |  |
| Tropale onponent   |                     |              | _ :,===               |  |  |  |  |
| Total assets   | \$ 23,339,717       | \$ 8,775,601 | \$ 32,115,318         |  |  |  |  |
| Liabilities, deferred inflows of resources, and fund balance Liabilities |                     |              |                       |  |  |  |  |
| Accounts payable   | \$ 336,661          | \$ -         | \$ 336,661            |  |  |  |  |
| Accrued payroll  | 804,804             | -            | 804,804               |  |  |  |  |
| Deposits held in trust   | -                   | 485,613      | 485,613               |  |  |  |  |
| Customer deposits  | 34,900              | -            | 34,900                |  |  |  |  |
| Total liabilities  | 1,176,365           | 485,613      | 1,661,978             |  |  |  |  |
| Deferred inflows of resources  |                     |              |                       |  |  |  |  |
| Unavailable revenue  | 2,032,969           | _            | 2,032,969             |  |  |  |  |
| Total deferred inflavor of recourses                                     | 2 022 060           |              | 2 022 060             |  |  |  |  |
| Total deferred inflows of resources                                      | 2,032,969           | <u>-</u>     | 2,032,969             |  |  |  |  |
| Fund balances  |                     |              |                       |  |  |  |  |
| Nonspendable   | 1,190,997           | -            | 1,190,997             |  |  |  |  |
| Restricted   | 1,423,523           | -            | 1,423,523             |  |  |  |  |
| Committed  | 2,655,999           | 8,289,988    | 10,945,987            |  |  |  |  |
| Assigned   | 3,964,468           | -            | 3,964,468             |  |  |  |  |
| Unassigned   | 10,895,396          |              | 10,895,396            |  |  |  |  |
| Total fund balances  | 20,130,383          | 8,289,988    | 28,420,371            |  |  |  |  |
| Total liabilities, deferred inflows of resources,                        |                     |              |                       |  |  |  |  |
| and fund balances  | \$ 23,339,717       | \$ 8,775,601 | \$ 32,115,318         |  |  |  |  |

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## State of New Mexico Middle Rio Grande Conservancy District Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

|  | 2023   | 2022<br>(As restated)  |  |  |  |
|--|--|--|--|--|--|
| Fund balances - total governmental funds   | \$ 27,774,928  | \$ 28,420,371  |  |  |  |
| Amounts reported for governmental activities in the statement of are different because   | net position   |  |  |  |  |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds   | 30,857,571   | 30,115,054   |  |  |  |
| Right-to-use lease assets used in governmental activities are not fine resources and, therefore, are not reported in the funds   | nancial<br>10,747  | 21,493   |  |  |  |
| Subscription based information technology agreements used in governmental activities are not financial resources and, therefore, are not reported in the funds   | 34,440   | 10,026   |  |  |  |
| Other long-term assets (receivables) are not available to pay current period expenditures and therefore are deferred in the funds.   | 2,003,565  | 2,032,969  |  |  |  |
| Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therfore, are not reported in the funds.   |  |  |  |  |  |
| Deferred outflows - pension Deferred outflows - OPEB Deferred inflows - pension Deferred inflows - OPEB  | 2,938,975<br>1,245,097<br>(982,401)<br>(3,484,549)   | 1,470,807<br>1,606,599<br>(4,745,848)<br>(2,298,672)   |  |  |  |
| Certain liabilities, including loans payable, leases, SBITA, current and long-term portions of accrued compensated absences, net pension liability, and other post-employment benefit liability are not due and payable in the current period and, therefore, are not reported in the funds. |  |  |  |  |  |
| Compensated absences Loans payable Lease payable Subscription payable Settlement payable Net pension liability Other post-employment benefit liability   | (1,070,058)<br>(1,948,924)<br>(10,757)<br>(34,759)<br>(630,173)<br>(16,804,291)<br>(5,850,764) | (1,173,954)<br>(2,248,254)<br>(21,565)<br>(10,026)<br>(630,173)<br>(11,204,514)<br>(7,125,506) |  |  |  |
| Net position - governmental activities   | \$ 34,048,647  | \$ 34,218,807  |  |  |  |

### State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

|  |               |                  | Total Governmental Funds |               |
|--|---------------|------------------|--------------------------|---------------|
| For the Year Ended June 30,            | General       | Levee Fund       | 2023                     | 2022          |
| Revenues                               |               |                  |                          |               |
| Taxes                                  |               |                  |                          |               |
| Ad valorem taxes                       | \$ 21,561,894 | \$ -             | \$ 21,561,894            | \$ 20,610,485 |
| Ad valorem interest                    | 206,481       | -                | 206,481                  | 178,810       |
| Water service charges                  | 2,489,207     | _                | 2,489,207                | 2,282,470     |
| Water bank fees                        | 58,734        | _                | 58,734                   | 41,263        |
| Licensing fees                         | 78,701        | _                | 78,701                   | 91,658        |
| Investment income                      | 1,049,270     | 40,235           | 1,089,505                | 61,902        |
| Intergovernmental                      | 1,013,270     | 10,233           | 1,005,505                | 01,502        |
| Project contract revenue - federal     | 757,988       | _                | 757,988                  | 757,984       |
| Project contract revenue - local       | 394,941       | _                | 394,941                  | 318,752       |
| Operating and capital grants - federal | 894,986       | _                | 894,986                  | 1,596,366     |
| Operating and capital grants - state   | 960,409       | _                | 960,409                  | 227,298       |
| Operating and capital grants - local   | 6,271         | _                | 6,271                    | 227,230       |
| Other                                  | 501,700       | _                | 501,700                  | 221,534       |
| Other                                  | 301,700       |                  | 301,700                  | 221,334       |
| Total revenues                         | 28,960,582    | 40,235           | 29,000,817               | 26,388,522    |
| Expenditures                           |               |                  |                          |               |
| Current                                |               |                  |                          |               |
| Public works                           | 26,586,197    | 539              | 26,586,736               | 22,680,758    |
| Capital outlay                         | 2,841,079     | -                | 2,841,079                | 3,591,836     |
| Debt service                           | , ,           |                  | , ,                      | , ,           |
| Principal                              | 388,663       | -                | 388,663                  | 483,957       |
| Interest and other charges             | 34,833        | -                | 34,833                   | 39,177        |
| Total expenditures                     | 29,850,772    | 539              | 29,851,311               | 26,795,728    |
| Total expenditures                     | 23,030,772    | 333              | 23,631,311               | 20,733,720    |
| Excess (deficiency) of revenues over   | (890,190)     | 39,696           | (850,494)                | (407,206)     |
| Other financing sources (uses)         |               |                  |                          |               |
| Loan proceeds                          | 52,812        | _                | 52,812                   | 998,888       |
| Subscription proceeds                  | 50,446        | _                | 50,446                   | 330,000       |
| Proceeds from sale of capital assets   | 101,793       |                  | 101,793                  | 80,543        |
| Transfers in                           | 7,659,508     | _                | 7,659,508                | 80,343        |
| Transfers (out)                        | 7,059,506     | -<br>17 6E0 E09) | (7,659,508)              | -             |
| Transfers (out)                        | <u>-</u>      | (7,659,508)      | (7,059,506)              |               |
| Total other financing sources (uses)   | 7,864,559     | (7,659,508)      | 205,051                  | 1,079,431     |
| Net change in fund balances            | 6,974,369     | (7,619,812)      | (645,443)                | 672,225       |
| Fund balances - beginning of year      | 20,130,383    | 8,289,988        | 28,420,371               | 27,748,146    |
| Fund balances - end of year            | \$ 27,104,752 | \$ 670,176       | \$ 27,774,928            | \$ 28,420,371 |

# State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

|   |    |            |    |           |    | Total                                 |
|---|----|------------|----|-----------|----|---------------------------------------|
|   |    |            | En | downment  | G  | overnmental                           |
| For the Year Ended June 30, 2022                  |    | General    |    | Fund      |    | Funds                                 |
| Revenues  |    |            |    |           |    |                                       |
| Taxes   |    |            |    |           |    |                                       |
| Ad valorem taxes                                  | \$ | 20,610,485 | \$ | -         | \$ | 20,610,485                            |
| Ad valorem interest                               |    | 178,810    |    | -         |    | 178,810                               |
| Water service charges                             |    | 2,282,470  |    | -         |    | 2,282,470                             |
| Water bank fees                                   |    | 41,263     |    | -         |    | 41,263                                |
| Licensing fees                                    |    | 91,658     |    | -         |    | 91,658                                |
| Investment income                                 |    | 59,220     |    | 2,682     |    | 61,902                                |
| Intergovernmental                                 |    |            |    |           |    |                                       |
| Project contract revenue - federal                |    | 757,984    |    | -         |    | 757,984                               |
| Project contract revenue - local                  |    | 318,752    |    | -         |    | 318,752                               |
| Operating and capital grants - federal            |    | 1,596,366  |    | -         |    | 1,596,366                             |
| Operating and capital grants - state              |    | 227,298    |    | -         |    | 227,298                               |
| Other   |    | 221,534    |    | -         |    | 221,534                               |
| Total revenues                                    |    | 26,385,840 |    | 2,682     |    | 26,388,522                            |
| Expenditures                                      |    |            |    |           |    |                                       |
| Current   |    |            |    |           |    |                                       |
| Public works                                      |    | 22,680,226 |    | 532       |    | 22,680,758                            |
| Capital outlay                                    |    | 3,591,836  |    | -         |    | 3,591,836                             |
| Debt service                                      |    | -,,        |    |           |    | -, ,                                  |
| Principal   |    | 483,957    |    | _         |    | 483,957                               |
| Interest and other charges                        |    | 39,177     |    | _         |    | 39,177                                |
|   |    |            |    |           |    |                                       |
| Total expenditures                                |    | 26,795,196 |    | 532       |    | 26,795,728                            |
| Excess (deficiency) of revenues over expenditures |    | (409,356)  |    | 2,150     |    | (407,206)                             |
| Other financing sources (uses)                    |    |            |    |           |    |                                       |
| Loan proceeds                                     |    | 998,888    |    | -         |    | 998,888                               |
| Proceeds from sale of capital assets              |    | 80,543     |    | -         |    | 80,543                                |
| ·   |    |            |    |           |    | · · · · · · · · · · · · · · · · · · · |
| Total other financing sources (uses)              |    | 1,079,431  |    | -         |    | 1,079,431                             |
| Net change in fund balances                       |    | 670,075    |    | 2,150     |    | 672,225                               |
| Fund balances - beginning of year                 |    | 19,460,308 |    | 8,287,838 |    | 27,748,146                            |
| Fund balances - end of year                       | \$ | 20,130,383 | \$ | 8,289,988 | \$ | 28,420,371                            |
| ·   | ÷  | •          |    |           | ÷  |                                       |

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### State of New Mexico Middle Rio Grande Conservancy District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

|   | 2023                               | 2022                                |
|---|------------------------------------|-------------------------------------|
| Net change in fund balances - total governmental funds  | (645,443)                          | \$ 672,225                          |
| Amounts reported for governmental activities in the statement of activities are different because   |                                    |                                     |
| 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 expenditures Internal costs capitalized Depreciation expense  | 2,841,079<br>14,522<br>(2,038,156) | 3,591,836<br>237,513<br>(1,866,693) |
| Amortization expense  | (36,778)                           | (10,746)                            |
| Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.   |                                    |                                     |
| Change in unavailable revenue related to ad valorem assessments<br>Change in unavailable revenue related to water service charges<br>Changes in unavailable revenue related to customer promissory notes                                      | 9,966<br>(104,707)<br>65,337       | (27,252)<br>95,962<br>(22,855)      |
| The issuance of long-term debt (e.g. loans, leases, SBITA) 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. |                                    |                                     |
| Change in compensated absences  | 103,896                            | (13,089)                            |
| Change in leases payable  | 10,808                             | 10,674                              |
| Change in subscription based IT arrangements  | (25,713)                           | (10,026)                            |
| Change in settlement payable  | -                                  | 1,394,897                           |
| Loan proceeds   | (52,812)                           | (998,889)                           |
| Subscription proceeds   | (50,446)                           | -                                   |
| Principal payments  | 388,663                            | 483,957                             |
| Governmental funds report District pension and other post-employment benefit contributions as expenditures. However, in the statement of  |                                    |                                     |
| activities, the cost of pension and other post-employment benefits  |                                    |                                     |
| earned net of employee contributions is reported as pension or OPEB expense.  |                                    |                                     |
| Contributions subsequent to the measurement date - pension  | 1,026,079                          | 899,387                             |
| Pension expense   | (1,563,842)                        | (1,231,706)                         |
| OPEB expense  | (112,613)                          | (88,077)                            |
| ·   |                                    | • • •                               |
| Change in net position of governmental activities   | (170,160)                          | \$ 3,117,118                        |

# State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual General Fund

|                                  | Budgeted      | l Amounts     |               | Variances<br>Positive<br>(Negative) |
|----------------------------------|---------------|---------------|---------------|-------------------------------------|
| For the Year Ended June 30, 2023 | Original      | Final         | Actual        | Final to Actual                     |
| Revenues                         |               |               |               |                                     |
| Taxes                            |               |               |               |                                     |
| Ad Valorem assessments           | \$ 21,335,000 | \$ 21,335,000 | \$ 21,561,894 | \$ 226,894                          |
| Ad Valorem interest              | 245,000       | 245,000       | 206,481       | (38,519)                            |
| Water service charges            | 2,317,500     | 2,317,500     | 2,489,207     | 171,707                             |
| Water bank fees                  | 25,000        | 25,000        | 58,734        | 33,734                              |
| Licensing fees                   | 88,000        | 88,000        | 78,701        | (9,299)                             |
| Investment income                | 55,000        | 55,000        | 1,049,270     | 994,270                             |
| Project contract revenue         |               |               |               |                                     |
| Federal                          | 757,988       | 757,988       | 757,988       | -                                   |
| Local                            | 318,752       | 318,752       | 394,941       | 76,189                              |
| Intergovernmental                |               |               |               |                                     |
| Federal                          | 3,550,791     | 3,550,791     | 894,986       | (2,655,805)                         |
| State                            | 4,192,500     | 4,192,500     | 960,409       | (3,232,091)                         |
| Local                            | 413,400       | 413,400       | 6,271         | (407,129)                           |
| Soils lab revenue                | 190,000       | 190,000       | 1,535         | (188,465)                           |
| Other                            | 97,600        | 97,600        | 500,165       | 402,565                             |
| Total revenues                   | 33,586,531    | 33,586,531    | 28,960,582    | (4,625,949)                         |

| For the Year Ended June 30, 2023         Budgeted Finder         Image: Private Finder         (Notiginal)         Final         Actual         Final to Actual           Expenditures         \$ 10,685,173         \$ 10,685,173         \$ 10,207,052         \$ 478,121           Employee benefits         4,366,206         4,366,206         3,988,142         378,064           Employee & board related costs         499,580         499,580         359,342         140,216           General & administrative expenses         296,647         296,647         310,793         141,416           Professional services         722,501         722,501         889,456         (166,955)           Insurance & Legal Services         1,431,195         1,343,195         1,354,175         77,020           Ad valorem collection fee         473,050         473,050         450,252         22,798           Ad valorem collection fee         473,050         450,252         22,798           Ad valorem collection fee         1,043,130         1,043,130         1,053,804         73,326           Vehicle & equipment O&M         1,099,510         1,999,510         1,999,510         1,053,804         73,256           Soli sab expense         190,704         11,452         2,012,591         11,402   |                                       |                  |                |               | Positive        |  |
|---|---------------------------------------|------------------|----------------|---------------|-----------------|--|
| Expenditures   Salaries   \$10,685,173   \$10,685,173   \$10,207,052   \$478,121   Employee benefits   4,366,206   4,366,206   3,389,344   378,064   Employee & board related costs   499,580   499,580   395,364   140,216   General & administrative expenses   296,647   296,647   310,793   (14,146)   Professional services   722,501   722,501   889,456   (166,955)   Insurance & Legal Services   1,431,195   1,431,195   1,354,175   77,020   Technology & communication   552,866   552,866   561,025   (8,159)   Ad valorem collection fee   473,050   473,050   473,050   450,252   222,798   Utilities   152,540   152,540   183,377   (30,837)   Facility maintenance   52,360   52,360   76,718   (24,358)   Division maintenance, const, rehab   1,043,130   1,043,130   1,035,804   7,326   Vehicle & equipment O&M   1,909,510   1,909,510   2,012,991   (103,081)   Soils lab expense   190,704   190,704   11,454   179,250   Conservation program   152,675   191,107   11,454   179,250   Conservation program   152,675   152,675   191,107   13,056   Federal O&M services   1,264,028   1,264,028   1,265,275   (1,247)   Governmental agreements & projects   324,739   324,739   256,569   68,170   70,939   Safety program   26,875   26,875   20,887   5,988   Grants   Other grant expenditures   8,151,615   8,151,615   1,291,404   6,860,211   Charles terrical program   352,142   352,142   388,663   (36,521)   Cherg grant expenditures   34,835   34,835   34,833   2 |                                       | Budgeted Amounts |                | _             | (Negative)      |  |
| Salaries         \$ 10,685,173         \$ 10,087,052         \$ 478,121           Employee benefits         4,366,206         4,366,206         3,988,142         378,064           Employee & board related costs         499,580         499,580         359,364         140,216           General & administrative expenses         296,647         296,647         310,793         (14,146)           Professional services         1,431,195         1,431,195         1,354,175         77,020           Technology & communication         552,866         552,866         561,025         (8,159)           Ad valorem collection fee         473,050         473,050         450,252         22,798           Utilities         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         52,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         191,419         133,556           Federal O&M services         1,264,028         1,264,028   | For the Year Ended June 30, 2023      | Original         | Final          | Actual        | Final to Actual |  |
| Salaries         \$ 10,685,173         \$ 10,087,052         \$ 478,121           Employee benefits         4,366,206         4,366,206         3,988,142         378,064           Employee & board related costs         499,580         499,580         359,364         140,216           General & administrative expenses         296,647         296,647         310,793         (14,146)           Professional services         1,431,195         1,431,195         1,354,175         77,020           Technology & communication         552,866         552,866         561,025         (8,159)           Ad valorem collection fee         473,050         473,050         450,252         22,798           Utilities         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         52,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         191,419         133,556           Federal O&M services         1,264,028         1,264,028   | Expenditures                          |                  |                |               |                 |  |
| Employee benefits         4,366,206         4,366,206         3,988,142         378,064           Employee & board related costs         499,580         499,580         359,364         140,216           General & administrative expenses         296,647         296,647         310,793         (14,146)           Professional services         722,501         722,501         889,456         (166,955)           Insurance & Legal Services         1,431,195         1,431,195         1,354,175         7,020           Ad valorem collection fee         473,050         473,050         450,252         22,798           Ad valorem collection fee         52,360         52,360         76,718         (24,358)           Utilities         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         52,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,043,130         1,042,144         1,042,144         1,042,144         1,042,144         1,042,144<   | -                                     | \$ 10,685,173    | \$ 10,685,173  | \$ 10,207,052 | \$ 478,121      |  |
| Employee & board related costs         499,580         499,580         359,364         140,216           General & administrative expenses         296,647         296,647         310,793         (14,146)           Professional services         722,501         722,501         889,456         (166,955)           Insurance & Legal Services         1,431,195         1,431,195         1,354,175         77,020           Technology & communication         552,866         552,866         561,025         22,788           Utilities         152,540         133,377         (30,837)           Facility maintenance         23,360         52,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         19,070         1,909,510         2,012,591         (103,081)           Soils lab expense         19,070         1,909,510         2,012,591         (103,081)           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275   | Employee benefits                     | 4,366,206        | 4,366,206      |               |                 |  |
| Professional services         722,501         722,501         889,456         (166,955)           Insurance & Legal Services         1,431,195         1,331,195         1,334,175         77,020           Technology & communication         552,866         552,866         551,266         561,025         (8,159)           Ad valorem collection fee         473,050         473,050         450,252         22,798           Utilities         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         75,260         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         119,070         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (1,247)           Projects         2,144,582         2,143,93         256,559         68,170           Projects         1,244,4582         2,053,142         91,440 <t< td=""><td>Employee &amp; board related costs</td><td>499,580</td><td>499,580</td><td>359,364</td><td>140,216</td></t<>   | Employee & board related costs        | 499,580          | 499,580        | 359,364       | 140,216         |  |
| Insurance & Legal Services   1,431,195   1,431,195   1,354,175   77,020     Technology & communication   552,866   552,866   561,025   (8,159)     Ad valorem collection fee   473,050   473,050   450,252   22,798     Utilities   152,540   152,540   183,377   (30,837)     Facility maintenance   52,360   52,360   76,718   (24,358)     Division maintenance, const, rehab   1,043,130   1,043,130   1,035,804   7,326     Vehicle & equipment O&M   1,909,510   1,909,510   2,012,591   (103,081)     Soils lab expense   190,704   190,704   11,454   179,250     Conservation program   152,675   152,675   19,119   133,556     Federal O&M services   1,264,028   1,264,028   1,265,275   (1,247)     Governmental agreements & projects   324,739   324,739   256,569   68,170     Projects   2,144,582   2,144,582   2,053,142   91,440     Endangered species act projects   162,000   162,000   91,061   70,939     Safety program   26,875   26,875   20,887   5,988     Grants   Wages and fringe benefits   -   | General & administrative expenses     | 296,647          | 296,647        | 310,793       | (14,146)        |  |
| Technology & communication         552,866         552,866         561,025         (8,159)           Ad valorem collection fee         473,050         473,050         450,252         22,788           Utilities         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         52,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (12,47)           Governmental agreements & projects         324,739         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,440         Endangered species act projects         162,000         162,000         91,061         70,939         Safety program         26,875         26,875         20,887         5,988         Grants<  | Professional services                 | 722,501          | 722,501        | 889,456       | (166,955)       |  |
| Ad valorem collection fee         473,050         473,050         450,252         22,788           Utilities         152,540         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         552,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,401         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         300         162,000         91,061         70,939           Safety program         8,151,615         8,151,615         1,291,404         6,860,  | Insurance & Legal Services            | 1,431,195        | 1,431,195      | 1,354,175     | 77,020          |  |
| Ad valorem collection fee         473,050         473,050         450,252         22,788           Utilities         152,540         152,540         152,540         183,377         (30,837)           Facility maintenance         52,360         552,360         76,718         (24,358)           Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,401         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         300         162,000         91,061         70,939           Safety program         8,151,615         8,151,615         1,291,404         6,860,  |                                       | 552,866          | 552,866        | 561,025       | (8,159)         |  |
| Detail title  | Ad valorem collection fee             | 473,050          | 473,050        | 450,252       | 22,798          |  |
| Division maintenance, const, rehab         1,043,130         1,043,130         1,035,804         7,326           Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         332,142         352,142         388,663         (36,521)           Interest         34,835         34,835 </td <td>Utilities</td> <td>152,540</td> <td>152,540</td> <td></td> <td>(30,837)</td>  | Utilities                             | 152,540          | 152,540        |               | (30,837)        |  |
| Vehicle & equipment O&M         1,909,510         1,909,510         2,012,591         (103,081)           Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,559         68,170           Projects         2,144,582         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         336,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         352,422         388,663         (36,521)           Interest         34,835   | Facility maintenance                  | 52,360           | 52,360         | 76,718        | (24,358)        |  |
| Soils lab expense         190,704         190,704         11,454         179,250           Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174  | Division maintenance, const, rehab    | 1,043,130        | 1,043,130      | 1,035,804     | 7,326           |  |
| Conservation program         152,675         152,675         19,119         133,556           Federal O&M services         1,264,028         1,264,028         1,265,275         (1,247)           Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         -         34,835         34,835         34,833         2           Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Excess (deficie   | Vehicle & equipment O&M               | 1,909,510        | 1,909,510      | 2,012,591     | (103,081)       |  |
| Federal O&M services  | Soils lab expense                     | 190,704          | 190,704        | 11,454        | 179,250         |  |
| Governmental agreements & projects         324,739         324,739         256,569         68,170           Projects         2,144,582         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Secondary         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)         25,000         25,000         101,793  | Conservation program                  | 152,675          | 152,675        | 19,119        | 133,556         |  |
| Projects         2,144,582         2,144,582         2,053,142         91,440           Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Secondary         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -  | Federal O&M services                  | 1,264,028        | 1,264,028      | 1,265,275     | (1,247)         |  |
| Endangered species act projects         162,000         162,000         91,061         70,939           Safety program         26,875         26,875         20,887         5,988           Grants         Safety program         6,875         26,875         20,887         5,988           Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financin  | Governmental agreements & projects    | 324,739          | 324,739        | 256,569       | 68,170          |  |
| Safety program         26,875         26,875         20,887         5,988           Grants         Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793 <t< td=""><td>Projects</td><td>2,144,582</td><td>2,144,582</td><td>2,053,142</td><td>91,440</td></t<>  | Projects                              | 2,144,582        | 2,144,582      | 2,053,142     | 91,440          |  |
| Grants         Wages and fringe benefits         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,865,540         6,985,540           Total other financing sources (uses   | Endangered species act projects       | 162,000          | 162,000        | 91,061        | 70,939          |  |
| Wages and fringe benefits         -         -         91,271         (91,271)           Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446         6,985,540           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers (out)         (26,031)         (26,031)         (26,032) <td< td=""><td>Safety program</td><td>26,875</td><td>26,875</td><td>20,887</td><td>5,988</td></td<>  | Safety program                        | 26,875           | 26,875         | 20,887        | 5,988           |  |
| Other grant expenditures         8,151,615         8,151,615         1,291,404         6,860,211           District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)   | Grants                                |                  |                |               |                 |  |
| District match for grant expenditures         536,625         536,625         112,171         424,454           Debt service         Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)  | Wages and fringe benefits             | -                | -              | 91,271        | (91,271)        |  |
| Debt service         Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   | Other grant expenditures              | 8,151,615        | 8,151,615      | 1,291,404     | 6,860,211       |  |
| Prinicipal retirement         352,142         352,142         388,663         (36,521)           Interest         34,835         34,835         34,833         2           Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590  | District match for grant expenditures | 536,625          | 536,625        | 112,171       | 424,454         |  |
| Interest  | Debt service                          |                  |                |               |                 |  |
| Capital outlay         2,824,491         2,824,491         2,786,174         38,317           Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)         -         -         52,812         52,812           Loan Proceeds         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   | Prinicipal retirement                 | 352,142          | 352,142        | 388,663       | (36,521)        |  |
| Total expenditures         38,350,069         38,350,069         29,850,772         8,499,297           Excess (deficiency) of revenues over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)         -         -         -         52,812         52,812           Loan Proceeds         -         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   | Interest                              | 34,835           | 34,835         | 34,833        | 2               |  |
| Excess (deficiency) of revenues over expenditures       (4,763,538)       (4,763,538)       (890,190)       3,873,348         Other financing sources (uses)         Loan Proceeds       -       -       52,812       52,812         Lease Financing       -       -       50,446       50,446         Equipment disposition proceeds       25,000       25,000       101,793       76,793         Transfers in       700,000       700,000       7,685,540       6,985,540         Transfers (out)       (26,031)       (26,031)       (26,032)       (1)         Total other financing sources (uses)       698,969       698,969       7,864,559       7,165,590   | Capital outlay                        | 2,824,491        | 2,824,491      | 2,786,174     | 38,317          |  |
| over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   | Total expenditures                    | 38,350,069       | 38,350,069     | 29,850,772    | 8,499,297       |  |
| over expenditures         (4,763,538)         (4,763,538)         (890,190)         3,873,348           Other financing sources (uses)           Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   | Excess (deficiency) of revenues       |                  |                |               |                 |  |
| Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590  | •                                     | (4,763,538)      | (4,763,538)    | (890,190)     | 3,873,348       |  |
| Loan Proceeds         -         -         52,812         52,812           Lease Financing         -         -         50,446         50,446           Equipment disposition proceeds         25,000         25,000         101,793         76,793           Transfers in         700,000         700,000         7,685,540         6,985,540           Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590  | Other financing courses (uses)        |                  |                |               |                 |  |
| Lease Financing       -       -       50,446       50,446         Equipment disposition proceeds       25,000       25,000       101,793       76,793         Transfers in       700,000       700,000       7,685,540       6,985,540         Transfers (out)       (26,031)       (26,031)       (26,032)       (1)         Total other financing sources (uses)       698,969       698,969       7,864,559       7,165,590  |                                       |                  |                | F2 012        | F2 012          |  |
| Equipment disposition proceeds       25,000       25,000       101,793       76,793         Transfers in       700,000       700,000       7,685,540       6,985,540         Transfers (out)       (26,031)       (26,031)       (26,032)       (1)         Total other financing sources (uses)       698,969       698,969       7,864,559       7,165,590  |                                       | -                | -              |               | •               |  |
| Transfers in Transfers (out)         700,000 (26,031)         700,000 (26,031)         7,685,540 (26,032)         6,985,540 (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590  |                                       | 25 000           | -<br>2F 000    |               |                 |  |
| Transfers (out)         (26,031)         (26,031)         (26,032)         (1)           Total other financing sources (uses)         698,969         698,969         7,864,559         7,165,590   |                                       | ·                | •              | ,             |                 |  |
| Total other financing sources (uses) 698,969 698,969 7,864,559 7,165,590  |                                       | -                |                |               |                 |  |
|   | mansiers (out)                        | (20,031)         | (20,031)       | (20,032)      | (1)             |  |
| <u>Change in fund balance</u> \$ (4,064,569) \$ (4,064,569) \$ 6,974,369 \$ 11,038,938  | Total other financing sources (uses)  | 698,969          | 698,969        | 7,864,559     | 7,165,590       |  |
|   | Change in fund balance                | \$ (4,064,569)   | \$ (4,064,569) | \$ 6,974,369  | \$ 11,038,938   |  |

Variances

### **State of New Mexico**

# Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual General Fund

|                                  | Budgeted      | l Amounts     |               | F    | ariances<br>Positive<br>Jegative) |
|----------------------------------|---------------|---------------|---------------|------|-----------------------------------|
| For the Year Ended June 30, 2022 | Original      | Final         | Actual        | Fina | l to Actual                       |
| Revenues                         |               |               |               |      |                                   |
| Taxes                            |               |               |               |      |                                   |
| Ad Valorem assessments           | \$ 20,593,842 | \$ 20,593,842 | \$ 20,610,485 | \$   | 16,643                            |
| Ad Valorem interest              | 248,000       | 248,000       | 178,810       |      | (69,190)                          |
| Water service charges            | 2,317,500     | 2,317,500     | 2,282,470     |      | (35,030)                          |
| Water bank fees                  | 33,000        | 33,000        | 41,263        |      | 8,263                             |
| Licensing fees                   | 69,000        | 69,000        | 91,658        |      | 22,658                            |
| Investment income                | 45,000        | 45,000        | 59,220        |      | 14,220                            |
| Project contract revenue         | •             | ,             | ,             |      | •                                 |
| Federal                          | 748,948       | 748,948       | 757,984       |      | 9,036                             |
| Local                            | 307,064       | 307,064       | 318,752       |      | 11,688                            |
| Intergovernmental                | •             | ,             | ,             |      | •                                 |
| Federal                          | 1,700,212     | 1,700,212     | 1,596,366     |      | (103,846)                         |
| State                            | 495,600       | 495,600       | 227,298       |      | (268,302)                         |
| Soils lab revenue                | -             | -             | 1,749         |      | 1,749                             |
| Other                            | 97,600        | 97,600        | 219,785       |      | 122,185                           |
| Total revenues                   | 26,655,766    | 26,655,766    | 26,385,840    |      | (269,926)                         |

|   | Budgeted       | lΔm | nounts        |    |             | Positive<br>(Negative) |
|---|----------------|-----|---------------|----|-------------|------------------------|
| For the Year Ended June 30, 2022  | Original       |     | Final         | •  | Actual      | Final to Actual        |
| Expenditures  |                |     |               |    |             |                        |
| Salaries  | \$ 10,306,072  | \$  | 9,753,032     | \$ | 9,468,985   | \$ 284,047             |
| Employee benefits   | 4,412,544      | ڔ   | 4,148,403     | ڔ  | 3,687,506   | 460,897                |
| Employee & board related costs  | 526,153        |     | 447,197       |    | 394,181     | 53,016                 |
| General & administrative expenses   | 303,079        |     | 577,755       |    | 542,641     | 35,114                 |
| Professional services   | 407,600        |     | 523,703       |    | 311,997     | 211,706                |
| Insurance & legal services  | 1,395,200      |     | 1,353,897     |    | 1,315,815   | 38,082                 |
| Technology & communication  | 544,322        |     | 518,588       |    | 495,553     | 23,035                 |
| Ad valorem collection fee   | 435,680        |     | 437,180       |    | 432,985     | 4,195                  |
| Utilities   | 175,060        |     | 137,870       |    | 133,559     | 4,311                  |
| Facility maintenance  | 38,380         |     | 143,062       |    | 141,942     | 1,120                  |
| Division maintenance, const, rehab  | 1,203,650      |     | 1,027,136     |    | 822,523     | 204,613                |
| Vehicle & equipment O&M   | 1,582,100      |     | 1,817,906     |    | 1,723,254   | 94,652                 |
| Soils lab expense   | -              |     | 8,491         |    | 7,598       | 893                    |
| Conservation program  | _              |     | 58            |    | 57          | 1                      |
| Federal O&M services  | 885,232        |     | 885,232       |    | 885,232     | -                      |
| Governmental agreements & projects  | 420,678        |     | 285,114       |    | 226,435     | 58,679                 |
| Projects  | 1,225,000      |     | 2,225,531     |    | 1,943,415   | 282,116                |
| Endangered species act projects   | 150,000        |     | 111,459       |    | 76,729      | 34,730                 |
| Grants  |                |     | ,             |    | ,           | 2 .,. 2 2              |
| Wages and fringe benefits   | 155,000        |     | 207,742       |    | 219,400     | (11,658)               |
| Other grant expenditures  | 2,087,528      |     | 2,034,828     |    | 1,319,327   | 715,501                |
| District match for grant expenditures   | 30,000         |     | 436,701       |    | 417,954     | 18,747                 |
| Debt service  | 33,333         |     | .00,702       |    | ,,,,,       | 20,7 17                |
| Prinicipal retirement   | 817,431        |     | 473,566       |    | 473,284     | 282                    |
| Interest  | 96,833         |     | 39,218        |    | 39,177      | 41                     |
| Capital outlay  | 4,822,600      |     | 4,426,474     |    | 705,944     | 3,720,530              |
| Total expenditures  | 32,020,142     |     | 32,020,143    |    | 25,785,493  | 6,234,650              |
| Excess (deficiency) of revenues   |                |     |               |    |             |                        |
| over expenditures   | (5,364,376)    |     | (5,364,377)   |    | 600,347     | 5,964,724              |
|   | (5)55 .)57 57  |     | (0,00 .,07.7) |    |             | 0,001,721              |
| Other financing sources (uses)  |                |     |               |    |             |                        |
| Loan proceeds   | 3,000,000      |     | 3,000,000     |    | 998,888     | (2,001,112)            |
| Equipment disposition proceeds  | 25,000         |     | 25,000        |    | 80,543      | 55,543                 |
| Transfers in  | 250,000        |     | 250,000       |    | 281,411     | 31,411                 |
| Transfers (out)   | -              |     | -             |    | (281,411)   | (281,411)              |
| Total other financing sources (uses)  | 3,275,000      |     | 3,275,000     |    | 1,079,431   | (2,195,569)            |
| Change in fund balances (non-GAAP budgetary basis)                              | \$ (2,089,376) | \$  | (2,089,377)   |    | 1,679,778   | \$ 3,769,155           |
| Reconciliation to change in fund balance - GAAP basis<br>Transfers not budgeted |                |     |               |    | (1,009,703) | _                      |
| Change in fund balance - GAAP basis   |                |     |               | \$ | 670,075     |                        |

Variances

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The State of New Mexico, Middle Rio Grande Conservancy District (the "District") was created in 1923 under the provisions of the Conservancy Act of New Mexico for the purpose of maintaining flood protection, river control, drainage, and water storage for supplementing irrigation needs, constructing and maintaining a distribution system for irrigation and other improvements for public health, safety, convenience and welfare. The District is a political subdivision of the State of New Mexico and a body corporate with all the powers of a public or municipal corporation and operated under an elected Board of Directors (the "Board").

### Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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 based on the District as a whole. Interfund activity is eliminated in the government-wide financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) water service assessments to property owners who have irrigation access, 2) contract revenue from governmental entities to finance operation and maintenance of District infrastructure, 3) operating and capital grants, if any, which finance specific operating and construction activities, and 4) other revenue with a program nature.

The net cost (by function) is normally covered by general revenues (ad valorem assessments, delinquency charges, investment income, and other gains and losses). The District does not currently employ indirect cost allocation systems.

Separate financial statements are provided for governmental funds. The District's activities are all governmental activities and the District did not have proprietary and fiduciary funds during the years ended June 30, 2023 or June 30, 2022. There are no non-major funds.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem 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 and timing requirements of time, reimbursement and contingencies imposed by the provider are met.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 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 ad valorem assessments, water service assessments and contract revenues available if they are collected within 30 days of the end of the current fiscal period. Intergovernmental and grant revenue is considered available if it is expected to be collected within six months and all eligibility requirements have been met. Investment income is considered available when earned. Delinquency charges and other revenue are generally considered measurable and available only when cash is received by the District.

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 other post-employment benefits, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

### Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

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 other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The major funds presented in the fund financial statements include the following:

The *General Fund* is the operating fund of the District. It accounts for all financial resources, except those required to be accounted for in another fund.

The Levee/Endowment Fund accounts for the receipt of monies from the sale of District land and other deposits as authorized by the Board. Withdrawals are limited to the direct expenses associated with the sale of land. Additionally, as authorized by Board resolution, whereas the District staff initiated a long term capital improvement plan to address out-year requirements of the District amounting to tens of millions of dollars of projects and commitments that will require funds in excess of those needed for annual operating, maintenance, and administrative expenses with the intent of establishing a capital reserve fund to address future capital improvement needs. The Board directs the chief executive officer, the secretary treasurer, and its general counsel to determine the extent to which existing endowment funds may be converted into the capital reserve fund and to advise the Board accordingly. Authority is Board resolution.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Deposits and Investments** 

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

State statutes authorizes the District to invest in banks, savings and loan associations or credit unions whose accounts are insured by an agency of the United States Government. In addition, the District can invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Certain of the District's investments are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

### Receivables

The District recognizes receivables on ad valorem assessments and water service delinquency charges that have been levied but have not been collected, net of an allowance for uncollectible amounts. Governmental contracts and grants receivable consist of contractual rights to receive money. Interest receivable represents interest earned on cash and cash equivalents and investments not received by year end. Other receivables include water meter deposits receivable and other miscellaneous receivables.

### Ad Valorem and Water Service Assessments

Water service assessments and ad valorem assessments are levied each calendar year, on November 1, based on serviceable, irrigable acreage, as determined by the District, and taxable property valuations as determined by the four county assessors within the District boundaries, respectively. Water service and ad valorem assessments are due in two equal installments on December 1 and May 1 following the levy, after which they become delinquent. At June 30, 2023 and 2022, all receivables for water service and ad valorem assessments are delinquent.

It has been the District's experience that a significant portion of the receivables for water service and ad valorem assessments may not be collected within one year. Lien rights are available to the District on all delinquent water service and ad valorem assessments. The District computes allowances on water service and delinquency charges receivable and ad valorem assessments receivable based on management's determination of balances it believes will be uncollectible.

### 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)

In the government-wide financial statements, water service and ad valorem assessments are recorded as a receivable and revenue when billed to taxpayers. In the fund financial statements, water service assessments collected by the District and ad valorem assessments remitted by the county assessors to the District within thirty days following year end are recorded as revenue; all water service and ad valorem assessments not collected or remitted within thirty days following year end are reported as deferred inflows of resources.

For the year ending June 30, 2023, water service charge assessments were assessed and levied at a uniform rate per acre of \$43.82 based on acreage approximately 52,652. Ad valorem assessments were assessed and levied at a rate of \$5.07 per \$1,000 of valuation of residential property and \$6.33 per \$1,000 valuation of nonresidential property based on valuations determined by the county assessors.

For the year ending June 30, 2022, water service charge assessments were assessed and levied at a uniform rate per acre of \$43.82 based on acreage approximately 52,832. Ad valorem assessments were assessed and levied at a rate of \$5.07 per \$1,000 of valuation of residential property and \$6.33 per \$1,000 valuation of nonresidential property based on valuations determined by the county assessors.

### **Inventories**

Inventories consist of expendable supplies and repair parts and are valued on an average cost basis. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

### Prepaid Expenses

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

### Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

### 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)

Loan debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

### Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported in the government-wide financial statements. In accordance with 12-6-10 NMSA 1978, capital assets, other than infrastructure, are defined by the District as assets which have a cost of \$5,000 or more at the date of acquisition. Items on the capital asset listing that were capitalized under previous thresholds can be removed from the capital asset listing. Infrastructure is defined by the District as long-lived capital assets that are normally stationary in nature such as dams, canals, laterals, acequias, waste ways, levees, and riverside and interior drains having a cost of \$100,000 or more and a useful life of 50 years or more. Capital assets purchased, constructed or acquired are carried at historical cost or estimated historical cost. The District capitalizes purchased software and has no internally developed software. Donated capital assets are recorded at the acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs are expensed as incurred.

The majority of the District's infrastructure was constructed or acquired prior to July 1, 1980, and has not been valued. It is management's belief that the net book value of these assets would not be material due to accumulated depreciation. Infrastructure which was built and improved since July 1, 2002 has been capitalized. The District has determined that no infrastructure which meets the District's infrastructure asset policy was purchased, constructed or acquired from July 1, 1980 to July 1, 2002. In addition, the majority of the District's intangible assets, consisting primarily of water rights, was acquired prior to July 1, 1980, and has not been valued.

The District's capital assets include land associated with infrastructure assets. The land underneath and around all major facilities has been recorded at estimated historical cost. The District has been granted easements for right-of-way associated with some of their waterways, which have been recorded as land and at estimated historical costs.

### 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)

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District estimates the useful lives of capital assets as follows:

| <u>Asset</u>                    | <u>Years</u> |
|---------------------------------|--------------|
| Buildings and improvements      | 5-50 years   |
| Office furniture and equipment  | 5-10 years   |
| Computer software               | 5-10 years   |
| Engineering equipment           | 5-10 years   |
| Communication equipment         | 10 years     |
| Motor vehicles and trailers     | 6-10 years   |
| Weed and pest control equipment | 5-15 years   |
| Heavy field equipment           | 15 years     |
| Shop and field equipment        | 10-15 years  |
| Infrastructure                  | 20-50 years  |

### Right-to-Use Lease Assets

The Department has recorded intangible-right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right-to-use lease assets are amortized on a straight-line basis over the term of the related lease. See note 7 for more information.

### Subscription Assets

The Department has recorded subscription assets as a result of implementing GASB Statement No. 96. The subscription assets are initially measured at an amount equal to the initial measurement of the related lease liability. The subscription assets are amortized on a straight-line basis over the term of the related lease. See note 7 for more information.

### 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 of Resources

In addition to assets, the statement of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a use of fund balance or net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to reporting under GASB 68 and one type that related to reporting under GASB 75, which total \$2,938,975 and \$1,245,097, respectively, in the statement of net position for fiscal year ended June 30, 2023. In fiscal year ended June 30, 2022, the District has four types of items that qualify for reporting in this category related to reporting under GASB 68 and one type that related to reporting under GASB 75, which total \$1,470,807 and \$1,606,599, respectively. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and net other post-employment benefit liability, respectively, in future periods. The amounts are further detailed in note 11 and note 12.

### Deferred Inflows of Resources

In addition to liabilities, the balance sheet element represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as inflows of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one item which arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The District had the following unavailable revenues for fiscal year 2023 and 2022.

|                           |    | 2023      |    | 2022      |
|---------------------------|----|-----------|----|-----------|
| Unavailable revenue       | ¢  | 4 754 627 | ¢  | 1 741 661 |
| Ad valorem assessments    | \$ | 1,751,627 | \$ | 1,741,661 |
| Water service charges     |    | 185,523   |    | 290,230   |
| Customer promissory notes |    | 66,415    |    | 1,078     |
|                           |    |           |    | _         |
| Total unavailable revenue | \$ | 2,003,565 | \$ | 2,032,969 |

### 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)

In addition, the District has two types of items present on the statement of net position that qualify for reporting in this category related to reporting under GASB 68 and two types that related to reporting under GASB 75, which totaled \$982,401 and \$3,484,549, respectively, in the statement of net position for fiscal year ended June 30, 2022, respectively. In fiscal year ended June 30, 2022, the District has three type that qualifies for reporting in this category related to reporting under GASB 68 and two types that related to reporting under GASB 75, which total \$4,745,848 and \$2,298,672, respectively. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. They are further detailed in note 11 and note 12.

### Accounts Payables

Accounts payables are comprised of expenditures owed to vendors or contractors through June 30, 2023 and June 30, 2022.

### Accrued Payroll

Accrued payroll are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2023 and June 30, 2022, along with applicable benefits payable.

### **Deposits**

Deposits held in trust. In 2007 as part of a design and construction project of improvements to the Albuquerque west levee, the District entered into an agreement with the Albuquerque Metropolitan Arroyo Flood Control Authority ("AMAFCA") and the County of Bernalillo ("County"), whereby AMAFCA and the County each provided \$1 million of the above project cost. The agreement stated, at such time as the District is reimbursed by the federal government for the federal share of the project cost, AMAFCA and the County will receive a pro rata share of the reimbursement. In FY 2020, in lieu of receiving their full pro-rata share of the federal reimbursement, both AMAFCA and the County agreed to allow MRGCD to hold certain amounts due to each entity with a combined total of \$484,391 for use in future levee projects. Amounts are held with LGIP and any interest earned is added to the amounts due to each entity. The combined liability totaling \$504,113 and \$485,613 in the years ended June 30, 2023 and 2022, respectively, is included in the accompanying statements of net position and balance sheets as a deposit held in trust and is being held in the special revenue fund.

### 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)

Customer deposits. The District has the following deposits held in fiscal year 2023 and 2022 related to special use licenses.

|                             | 2023            | 2022   |
|-----------------------------|-----------------|--------|
| Customer deposits           |                 |        |
| Special use license deposit | \$<br>71,500 \$ | 34,900 |

### 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. Debt issuance costs and interest are expensed as incurred.

*Compensated Absences.* District employees are entitled to certain compensated absences based on their employment classification and length of employment.

Annual Leave - Qualified employees are entitled to accumulate annual leave which is payable to the employee upon termination or retirement. Employees earn annual leave at the rate of twelve days per year for the first five years of service, eighteen days per year for service of five to twenty years, and twenty four days per year for over twenty years of service. The maximum accrual of annual leave is 240 hours unless approved by the District's Chief Engineer.

Sick Leave - Qualified employees are entitled to accumulate sick leave, which may be converted upon retirement or termination to annual leave. Employees earn sick leave at the rate of twelve days per year. Employees who have twenty years of service and who are eligible for the public employee's retirement act benefits may convert sick leave to annual leave at the rate of three for two. Otherwise, sick leave hours in excess of 250 hours may be converted to annual leave hours at the rate of three for one. Sick leave hours in excess of 500 hours may be converted to annual leave hours at the rate of two for one. Sick leave hours in excess of 800 hours may be converted to annual leave hours at the rate of three for two. In accordance with GASB Statement No. 16, the District has estimated its accrued sick leave liability according to the termination method in which benefits have been accrued only for those employees if it is probable that the District will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Therefore, an accrual is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies.

### 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)

Management makes this estimate based on experience of making termination payments for sick leave.

Compensatory Time - Qualified employees may elect to treat overtime hours worked as compensatory time. Qualified employees are granted one personal holiday and several legal holidays as set by the Board for every calendar year.

Lease liability. The District has entered into agreements to lease certain copiers. Lease liabilities qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception or, for leases existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021. See note 8 for more information.

The District is utilizing the incremental borrowing rate (IBR) of 1.25% for their copier leases.

Subscription liability. The District has entered into agreements for subscription based information technology arrangements. Subscription liabilities qualify as other than short-term under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception or, for agreements existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. See note 8 for more information.

The District is utilizing the incremental borrowing rate (IBR) of 1.25% for their subscription based information technology arrangements.

### Pensions

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

### 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)

Other Postemployment Benefits (OPEB)

As further described in note 12 to the financial statements, the District provides postemployment benefits ("OPEB") to qualifying employees upon their retirement.

### Deferred Compensation Plan

Employees may elect to participate in a noncontributory deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is available to all employees, who may defer up to 25% of gross compensation, subject to Internal Revenue Code limits. The employees make contributions to the plan through payroll withholdings. All contributions withheld from participants by the District are paid to a third party who administers the plan.

Fund Balance Classification Policies and Procedures

### **Fund Balances**

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

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

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

At June 30, 2023, the District had nonspendable fund balance categorized in the governmental funds balance sheet in the amount of \$1,082,682. At June 30, 2022, the District had nonspendable fund balance categorized in the governmental funds balance sheet in the amount of \$1,190,997. Fund balance is detailed in note 16.

### 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 and Committed Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

At June 30, 2023, the District has presented restricted fund balance on the governmental funds balance sheet in the amount of \$532,593 for cash and investments held by NMFA for restricted debt agreements. The District has also presented committed fund balance on the governmental funds balance sheet in the amount of \$11,105,758. At June 30, 2022, the District has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,423,523 for cash and investments held by NMFA for restricted debt agreements. The District has also presented committed fund balance on the governmental funds balance sheet in the amount of \$10,945,987. The details of these fund balance items are located on the governmental funds balance sheet as detailed on note 16.

Assigned fund balance – For assigned fund balance, the Board or an official or body to which the Board 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.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

Minimum Fund Balance Policy – The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds cash reserves to cover budgeted expenditures from the subsequent fiscal year as well as cash reserves of 1/12th the subsequent budget. During fiscal year ended June 30, 2023, the District had \$3,962,429 and fiscal year ended June 30, 2022, the District had \$3,041,751 with regards to the minimum fund balance policy.

### 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)

**Net Position** 

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

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. Net investment in capital assets includes \$546,090 and \$1,433,964 of unspent program funds from NMFA loans during fiscal year 2023 and 2022, respectively.

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" are described in the statement of net position.

*Unrestricted net position* – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

### Revenues and Expenditures/Expenses

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for water service assessments, (b) program-specific operating grants, which include revenues received from state and federal sources, to be used as specified within each grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state and federal 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 District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and 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.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenues and Expenditures/Expenses (Continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met and the availability criterion have been met.

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

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and the related deferred inflows and outflows of resources, the other post-employment benefits liabilities and the related deferred inflows and outflows of resources, allowance for doubtful accounts, and the current portion of accrued compensated absences.

### Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 7, 2023 and determined there were no events that occurred that required disclosure.

### **Recently Issued and Implemented Accounting Pronouncements**

During the fiscal year ended June 30, 2023, the Department adopted GASB Statement No. 91, Conduit Debt Obligations, GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and GASB Statement No. 99, Omnibus 2022.

The implementation of GASB Statement No. 96 had a significant impact on the District. The implementation of GASB Statement Nos. 91, 94, and 99 did not affect the Department in a material manner.

During the fiscal year ended June 30, 2022, the District adopted GASB Statement No. 87, Leases, GASB Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, GASB Statement No. 92, Omnibus 2020, GASB Statement No. 93, Replacement of Interbank Offered Rates, and GASB Statement No. 98, The Annual Comprehensive Financial Report.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Recently Issued and Implemented Accounting Pronouncements (Continued)

The implementation of GASB Statement No. 87 had a significant impact on the District. The implementation of GASB Statement No. 89, 92, 93, and 98 did not affect the District in a material manner.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, Compensated Absences. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

The District is evaluating the requirements of the above statements and the impact on reporting.

### Note 2: CHANGE IN ACCOUNTING PRINCIPLE, RESTATEMENTS, AND RECLASSIFICATIONS

During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). The District was required to record subscription assets and liabilities in the amount of \$10,026 in the government-wide financial statements as detailed in notes 7 and 8. There was no impact on fund balance or net position.

In fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*. The District was required to record right-to-use lease assets and lease liabilities in the amount of \$32,239 in the government-wide financial statements as detailed in notes 7 and 8. There was no impact on fund balance or net position.

Certain amounts from the 2022 financial statements have been reclassified to conform to the presentation of the 2023 financial statements.

### Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### **Budgetary Information**

The District follows defined procedures in establishing the budgetary data reflected in the budgetary comparison schedule. Each year the District determines amounts required for maintenance and operation expenditures. Based on that determination, the mill rate (for ad valorem assessments) and per acre rate (for water service assessments) are determined to bring expected revenues up to expected expenditures. The District submits a proposed budget for the general fund to its Board of Directors and to the Local Government Division of the State of New Mexico Department of Finance and Administration ("DFA") for the fiscal year commencing the following July 1. DFA must approve the budget prior to its legal enactment. The District does not adopt a legal budget for the special revenue fund as this fund only receives revenue from land sales which are infrequent and therefore difficult to budget.

Expenditures of the general fund may not legally exceed the budget. The legal level of budgetary control is at the fund level. Adjustments to the budget must be submitted to, and approved by DFA in the form of a "budget adjustment request". During fiscal year 2023, the budget was prepared on the GAAP basis of accounting. During fiscal year 2022, the budget is prepared on a basis which differs from GAAP. The budget includes encumbrances as expenditures. Since the budgetary basis differs from GAAP, budget and actual amounts in the accompanying budgetary comparison schedule are presented on the budgetary basis. All budget appropriations, except for those amounts encumbered, lapse at year end.

For the year ended June 30, 2023 general fund budgeted expenditures exceeded budgeted revenues by \$4,763,538. For the year ended June 30, 2022 general fund budgeted expenditures exceeded budgeted revenues by \$5,364,377.

The accompanying statements of revenues, expenditures and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis for fiscal year 2023.

The accompanying statements of revenues, expenditures and changes in fund balance — budget (non-GAAP budgetary basis) and actual present comparisons of the legally adopted budget with actual data on a budgetary basis for fiscal year 2022. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2022 are presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

### **Note 4: DEPOSITS AND INVESTMENTS**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2023 and June 30, 2022.

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

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

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

The District's accounts are located at an insured depository institution. All noninterest-bearing transaction accounts will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2023, \$2,279,657 of the District's bank balance of \$2,573,741 was exposed to custodial credit risk; \$1,454,099 was uninsured but collateralized by collateral held by the pledging bank's trust department, but not in the District's name. \$825,558 of the District's deposits were uninsured and uncollateralized at June 30, 2023.

As of June 30, 2022, \$173,174 of the District's bank balance of \$1,173,174 was exposed to custodial credit risk; \$173,174 was uninsured but collateralized by collateral held by the pledging bank's trust department, but not in the District's name. None of the District's deposits were uninsured and uncollateralized at June 30, 2022.

### Note 4: DEPOSITS AND INVESTMENTS (Continued)

|  | W       | /ells Fargo            |                |                    |                              |
|--|---------|------------------------|----------------|--------------------|------------------------------|
| June 30, 2023  | Bank NM |                        | <b>US Bank</b> |                    | Total                        |
| Amount of deposits FDIC/SIPC coverage  | \$      | 2,529,657<br>(250,000) | \$             | 44,084<br>(44,084) | \$<br>2,573,741<br>(294,084) |
| Total uninsured public funds   |         | 2,279,657              |                | -                  | 2,279,657                    |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name |         | 1,454,099              |                | -                  | 1,454,099                    |
| Uninsured and uncollateralized   | \$      | 825,558                | \$             | -                  | \$<br>825,558                |
| Collateral requirement<br>(50% of uninsured funds)<br>Pledged collateral   | \$      | 1,139,828<br>1,454,099 | \$             | -                  | \$<br>1,139,828<br>1,454,099 |
| Over (under) collateralized  | \$      | 314,271                | \$             | -                  | \$<br>314,271                |

| June 30, 2022  | V  | Wells Fargo<br>Bank      |  |  |  |
|--|----|--------------------------|--|--|--|
| Amount of deposits FDIC coverage   | \$ | 1,173,174<br>(1,000,000) |  |  |  |
| Total uninsured public funds   |    | 173,174                  |  |  |  |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name |    | 173,174                  |  |  |  |
| Uninsured and uncollateralized   | \$ | _                        |  |  |  |
| Collateral requirement<br>(50% of uninsured funds)<br>Pledged collateral   | \$ | 86,587<br>351,095        |  |  |  |
| Over (under) collateralized  | \$ | 264,508                  |  |  |  |

### Note 4: DEPOSITS AND INVESTMENTS (Continued)

The collateral pledged is listed on pages 114 to 115 of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, school district or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

### Reconciliation of Cash, Cash Equivalents, and Investments

The balances at June 30, 2023.

|             | Cash and cash equivalents                       | \$<br>1,686,324 |
|-------------|---|-----------------|
|             | Restricted cash and cash equivalents            | 151,994         |
|             | Investments                                     | 15,640,401      |
|             | Restricted investments                          | 9,137,250       |
|             |   | _               |
|             | Total cash and cash equivalents and investments | 26,615,969      |
|             | Plus outstanding checks                         | 888,267         |
|             | Less petty cash                                 | (850)           |
|             | Less investments                                | (24,397,052)    |
|             | Less restricted NMFA investment                 | (380,599)       |
|             | Less restricted NMFA cash                       | (151,994)       |
|             |   |                 |
|             | Bank balance of deposits                        | \$<br>2,573,741 |
| The balance | s at June 30, 2022.                             |                 |
|             | Cash and cash equivalents                       | \$<br>1,050,374 |
|             | Restricted cash and cash equivalents            | 273,615         |
|             | Investments                                     | 13,200,639      |
|             | Restricted investments                          | 12,580,721      |
|             | Total cash and cash equivalents and investments | 27,105,349      |
|             | Plus outstanding checks                         | 123,650         |
|             | Less petty cash                                 | (850)           |
|             | Less investments                                | (24,631,452)    |
|             | Less restricted NMFA investment                 | (1,149,908)     |
|             | Less restricted NMFA cash                       | (273,615)       |
|             | Bank balance of deposits                        | \$<br>1,173,174 |

### Note 4: DEPOSITS AND INVESTMENTS (Continued)

### Investments

The District has investments held in U.S. Money Market Funds, which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the District. Additionally, the District has U.S. Treasury Money Market Funds held by the New Mexico State Treasurer's Office. The District invests in the New Mexi*GROW* Local Government Investment Pool (LGIP) as authorized by State statute. Participation in the LGIP is voluntary. Further, the District has equity and fixed income securities held at the State Investment Council (SIC) and U.S. Treasury and government sponsored entities held at US Bank.

The LGIP investments are valued at amortized costs. 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 pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

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

|                               | <b>Weighted Average</b> |               |            |
|-------------------------------|-------------------------|---------------|------------|
| Investment Type               | Maturities              | Fair Value    | S&P Rating |
|                               |                         |               |            |
| New Mexi <i>GROW</i> LGIP     | WAM (R) 22 Days         | \$ 13,717,320 | AAAm       |
|                               | WAM (F) 86 Days         |               |            |
| U.S. Treasury Notes           | >365 days               | 380,599       | AAA        |
| U.S. Treasury Notes           | N/A                     | 2,840,442     | AA+        |
| Government Sponsored Entities | N/A                     | 3,428,993     | AA+        |
| US Large Cap Index Pool       | N/A                     | 1,252,167     | Unrated    |
| US Core Plus Bonds Pool       | N/A                     | 3,158,130     | Unrated    |
|                               |                         |               |            |
| Total Investments             |                         | \$ 24,777,651 |            |

|   | <1 year |                    | 1  | to 5 years             | Total                        |
|---|---------|--------------------|----|------------------------|------------------------------|
| US Treasury Notes Government Sponsored Entities | \$      | 783,744<br>526,576 | \$ | 2,056,698<br>2,902,417 | \$<br>2,840,442<br>3,428,993 |
| Total   | \$      | 1,310,320          | \$ | 4,959,115              | \$<br>6,269,435              |

### Note 4: DEPOSITS AND INVESTMENTS (Continued)

### Investments (Continued)

As of June 30, 2022, the District had the following investments and maturities:

|                                 | Weighted Average |               |            |
|---------------------------------|------------------|---------------|------------|
| Investment Type                 | Maturities       | Fair Value    | S&P Rating |
| New Mexi <i>GROW</i> LGIP       | WAM (R) 49 Days  | \$ 24,631,452 | AAAm       |
|                                 | WAM (F) 89 Days  |               |            |
| U.S Treasury Money Market Funds | >365 Days        | 1,149,908     | AA+        |
| Total Investments               |                  | \$ 25,781,360 |            |

The District's investment policy does not formally address investment interest rate and credit risks.

### Credit Risk

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the District are members of the Securities Investor Protection Corporation (SIPC) and the cash accounts are protected up to \$44,084.

With respect to LGIP, public funds are not required to disclose custodial credit risk or concentration risk for external investment pools. However, the LGIP portfolio is posted on the State Treasurer's website www.nmsto.gov and available for review by participants at any time. The LGIP has no foreign currency risk as all investments in the pool are denominated in U.S. dollars.

*Interest Rate Risk – Investments.* The District 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 District. The District has not invested 5% or more in any one issuer.

Foreign Currency Risk — Investments. For an investment, foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2023 and 2022, the District held no investments denominated in foreign currencies; and therefore, had no foreign currency risk.

### **Note 4: DEPOSITS AND INVESTMENTS (Continued)**

### 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 District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active 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 District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The 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.

### Note 4: DEPOSITS AND INVESTMENTS (Continued)

### Fair Value Measurement (Continued)

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 District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance at June 30, 2023 of \$11,060,331, at year end which required fair value disclosure.

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

|                               | Level 1         |    | Level 2   |    | Level 3 |   | Total |            |
|-------------------------------|-----------------|----|-----------|----|---------|---|-------|------------|
|                               |                 |    |           |    |         |   |       |            |
| US Treasury Notes             | \$<br>3,221,041 | \$ | -         | \$ |         | - | \$    | 3,221,041  |
| Government Sponsored Entities | 2,350,813       |    | 1,078,180 |    |         | - |       | 3,428,993  |
| US Large Cap Index Pool       | 1,252,167       |    | -         |    |         | - |       | 1,252,167  |
| US Core Plus Bonds Pool       | -               |    | 3,158,130 |    |         | - |       | 3,158,130  |
|                               |                 |    |           |    |         |   |       |            |
| Total Investments             | \$<br>6,824,021 | \$ | 4,236,310 | \$ |         | - | \$    | 11,060,331 |

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2022:

|                                  | Level 1 |           | Level 2 |  | Level 3 |    |  | Total |    |           |
|----------------------------------|---------|-----------|---------|--|---------|----|--|-------|----|-----------|
| U.S. Treasury Money Market Funds | \$      | 1,149,908 | \$      |  | -       | \$ |  | _     | \$ | 1,149,908 |
| Total Investments                | \$      | 1,149,908 | \$      |  | -       | \$ |  | -     | \$ | 1,149,908 |

Note 5: RECEIVABLES

Receivables as of June 30, 2023, are as follows:

|                                      | General         | Levee       |                 |
|--------------------------------------|-----------------|-------------|-----------------|
|                                      | Fund            | Fund        | Total           |
|                                      |                 |             |                 |
| Ad valorem assessments               | \$<br>2,445,314 | \$<br>-     | \$<br>2,445,314 |
| Allowance for doubtful account       | (164,616)       | -           | (164,616)       |
|                                      |                 |             |                 |
| Ad valorem asessments, net           | 2,280,698       | -           | 2,280,698       |
|                                      |                 |             | _               |
| Water service and deliquency charges | 565,219         | -           | 565,219         |
| Allowance for doubtful account       | (329,818)       | -           | (329,818)       |
|                                      |                 |             |                 |
| Water service charges, net           | 235,401         | -           | 235,401         |
|                                      |                 |             |                 |
| Intergovernmental                    |                 |             |                 |
| Federal operating grants             | 116,720         | -           | 116,720         |
| State operating grants               | 724,094         | -           | 724,094         |
| Interest                             | 157,398         | 6,671       | 164,069         |
| Other                                | 93,018          | -           | 93,018          |
|                                      |                 |             |                 |
| Total receivables                    | \$<br>3,607,329 | \$<br>6,671 | \$<br>3,614,000 |

**Note 5: RECEIVABLES** 

Receivables as of June 30, 2022, are as follows:

|                                      | General         | End | dowment |                 |
|--------------------------------------|-----------------|-----|---------|-----------------|
|                                      | Fund            |     | Fund    | Total           |
|                                      |                 |     |         |                 |
| Ad valorem assessments               | \$<br>2,434,689 | \$  | -       | \$<br>2,434,689 |
| Allowance for doubtful account       | (190,832)       |     | -       | (190,832)       |
|                                      |                 |     |         |                 |
| Ad valorem asessments, net           | 2,243,857       |     | -       | 2,243,857       |
|                                      |                 |     |         |                 |
| Water service and deliquency charges | 668,104         |     | -       | 668,104         |
| Allowance for doubtful account       | (326,920)       |     | -       | (326,920)       |
|                                      |                 |     |         |                 |
| Water service charges, net           | 341,184         |     | -       | 341,184         |
|                                      |                 |     |         |                 |
| Intergovernmental                    |                 |     |         |                 |
| Federal operating grants             | 996,658         |     | -       | 996,658         |
| State operating grants               | 210,448         |     | -       | 210,448         |
| Interest                             | 15,868          |     | 787     | 16,655          |
| Other                                | 10,170          |     |         | 10,170          |
|                                      | -               |     |         |                 |
| Total receivables                    | \$<br>3,818,185 | \$  | 787     | \$<br>3,818,972 |

### **Note 6: INTERFUND TRANSFERS**

During fiscal year 2023, interfund transfers totaling \$7,659,508 were from the levee fund to the general fund. \$7,226,508 was added to the investment funds at US Bank and the State Investment Council (SIC). \$433,000 was transferred from the levee funding to the general fund to pay for a design agreement with the Army Corps of Engineers for the Bernalillo to Belen Levy. In fiscal year 2022, there were no interfund transfers.

### **Note 7: CAPITAL ASSETS**

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

|   | Balance  |                                     |  |  |  |
|---|--|-------------------------------------|--|--|--|
|   | June 30, 2022<br>*(As restated)  | Transfers                           | Additions  | Deletions  | Balance<br>June 30, 2023   |
|   | (**************************************  |                                     |  |  |  |
| Capital assets not being depreciated  |  |                                     |  |  |  |
| Land  | \$ 484,882   |                                     |  | \$ -   | \$ 554,999   |
| Construction in progress  | 5,146,146  | (14,522)                            | 794,041  | -  | 5,925,665  |
| Total capital assets not being depreciated  | 5,631,028  | (42,405)                            | 892,041  | -  | 6,480,664  |
| Capital assets, right-to-use lease assets an  | d subscription as:   | sets being dep                      | reciated   |  |  |
| Buildings and improvements  | 5,073,954  | -                                   | 66,872   | -  | 5,140,826  |
| Grounds and yard  | -  | 27,883                              | 20,537   | -  | 48,420   |
| Office furniture and equipment  | 882,846  | -                                   | 6,331  | 104,910  | 784,267  |
| Computer software   | 828,524  | -                                   | 35,307   | -  | 863,831  |
| Engineering equipment   | 185,869  | -                                   |  | -  | 185,869  |
| Motor vehicles and trailers   | 9,677,750  | -                                   | 239,897  | 69,136   | 9,848,511  |
| Weed and pest control equipment   | 501,882  | -                                   | 32,550   | 20,327   | 514,105  |
| Heavy field equipment   | 12,171,931   | -                                   | 1,488,461  | 344,182  | 13,316,210   |
| Shop and field equipment  | 224,210  | -                                   | 11,998   | -  | 236,208  |
| Infrastructure  | 19,301,113   | 14,522                              | 11,161   | -  | 19,326,796   |
| Right-to-use lease assets   | 32,239   | -                                   | -  | -  | 32,239   |
| Subscription assets   | 10,026   | -                                   | 50,446   | -  | 60,472   |
| depreciated Total capital assets, right-to-use lease  | 48,890,344   | 42,405                              | 1,963,560  | 538,555  | 50,357,754   |
|   |  |                                     |  |  |  |
| assets and subscription assets  | 54,521,372   | -                                   | 2,855,601  | 538,555  | 56,838,418   |
| assets and subscription assets  |  | -                                   | 2,855,601  | 538,555  | 56,838,418   |
| assets and subscription assets  ess accumulated depreciation and amorti   |  | (5,228)                             | 2,855,601<br>158,548   | 538,555  |  |
| assets and subscription assets  ess accumulated depreciation and amorti Buildings and improvements  | zation   | (5,228)<br>5,228                    | 158,548  | 538,555  | 2,423,337  |
| ess accumulated depreciation and amorti<br>Buildings and improvements<br>Grounds and yard   | zation<br>2,270,017<br>-   | (5,228)<br>5,228<br>-               | 158,548<br>1,523   | -  | 2,423,337<br>6,751   |
| ess accumulated depreciation and amorti<br>Buildings and improvements<br>Grounds and yard<br>Office furniture and equipment   | zation<br>2,270,017<br>-<br>565,574  | 5,228                               | 158,548<br>1,523<br>52,270   | 538,555<br>-<br>-<br>104,910                               | 2,423,337<br>6,751<br>512,934  |
| ess accumulated depreciation and amorti<br>Buildings and improvements<br>Grounds and yard<br>Office furniture and equipment<br>Computer software  | zation<br>2,270,017<br>-<br>565,574<br>534,866   | 5,228                               | 158,548<br>1,523<br>52,270<br>57,344   | -<br>-<br>104,910  | 2,423,337<br>6,751<br>512,934<br>592,210   |
| ess accumulated depreciation and amorti<br>Buildings and improvements<br>Grounds and yard<br>Office furniture and equipment   | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989  | 5,228                               | 158,548<br>1,523<br>52,270<br>57,344<br>11,805   | -<br>-<br>104,910<br>-<br>-                                | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794  |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244   | 5,228<br>-<br>-<br>-                | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294  | -<br>104,910<br>-<br>-<br>69,135                           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403   |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300  | 5,228<br>-<br>-<br>-<br>-           | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129  | -<br>104,910<br>-<br>-<br>69,135<br>20,326                 | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103  |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968                                   | 5,228<br>-<br>-<br>-<br>-<br>-      | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966   | -<br>104,910<br>-<br>-<br>69,135                           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232   |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment   | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075                        | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909                                | -<br>104,910<br>-<br>-<br>69,135<br>20,326                 | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984                                  |
| assets and subscription assets  Less accumulated depreciation and amortical Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020           | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368                     | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388                     |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment   | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075                        | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909                                | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388<br>21,492           |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure Right-to-use lease assets Subscription assets  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020           | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368<br>10,746           | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388<br>21,492           |
| ess accumulated depreciation and amorti Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure Right-to-use lease assets Subscription assets  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020<br>10,746 | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368<br>10,746<br>26,032 | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702<br>-<br>- | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388<br>21,492<br>26,032 |
| assets and subscription assets  Less accumulated depreciation and amortic Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure Right-to-use lease assets  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020           | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368<br>10,746           | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702           | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388<br>21,492<br>26,032 |
| Less accumulated depreciation and amortical Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure Right-to-use lease assets Subscription assets  | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020<br>10,746 | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368<br>10,746<br>26,032 | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702<br>-<br>- | 2,423,337<br>6,751<br>512,934<br>592,210<br>117,794<br>7,557,403<br>370,103<br>7,569,232<br>191,984<br>6,546,388<br>21,492<br>26,032 |
| assets and subscription assets  Less accumulated depreciation and amortical Buildings and improvements Grounds and yard Office furniture and equipment Computer software Engineering equipment Motor vehicles and trailers Weed and pest control equipment Heavy field equipment Shop and field equipment Infrastructure Right-to-use lease assets Subscription assets  Total accumulated depreciation and amortization | zation<br>2,270,017<br>-<br>565,574<br>534,866<br>105,989<br>7,085,244<br>378,300<br>7,231,968<br>185,075<br>6,007,020<br>10,746 | 5,228<br>-<br>-<br>-<br>-<br>-<br>- | 158,548<br>1,523<br>52,270<br>57,344<br>11,805<br>541,294<br>12,129<br>656,966<br>6,909<br>539,368<br>10,746<br>26,032 | -<br>104,910<br>-<br>69,135<br>20,326<br>319,702<br>-<br>- | 56,838,418  2,423,337 6,751 512,934 592,210 117,794 7,557,403 370,103 7,569,232 191,984 6,546,388 21,492 26,032                      |

<sup>\*</sup>The notes require a restatement due to the implementation of GASBS 96, see note 2.

### **Note 7: CAPITAL ASSETS (Continued)**

The District has lease liabilities associated with the right-to-use lease assets and subscription liabilities associated with the subscription assets as of June 30, 2023 which are further described in note 8. Depreciation expense totaled \$2,038,156 for the year ended June 30, 2023 and has been charged to the function of public works. Amortization of right-to-use lease assets and subscription assets totaled \$36,778 for the year ended June 30, 2023 and has been charged to the function of public works.

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

|  |       | Balance<br>ine 30, 2021<br>As restated) | Transfers         | Additions    | Deletions | Balance<br>June 30, 2022<br>**(As restated) |
|--|-------|---|-------------------|--------------|-----------|---|
| Capital assets not being depreciated:  |       |   |                   |              |           |   |
| Land   | \$    | 484,882                                 | \$ -:             | ¢ -          | \$ -      | \$ 484,882                                  |
| Construction in progress   | ٦     | 5,138,016                               | (2,510,537)       | 2,518,667    | · -       | 5,146,146                                   |
| Construction in progress   |       | 3,138,010                               | (2,310,337)       | 2,318,007    |           | 3,140,140                                   |
| Total capital assets not being depreciated   |       | 5,622,898                               | (2,510,537)       | 2,518,667    | -         | 5,631,028                                   |
| Capital assets, right-to-use lease assets and  | d sub | scription asse                          | ts being deprecia | ated         |           |   |
| Buildings and improvements   |       | 4,977,370                               |                   | 96,584       | -         | 5,073,954                                   |
| Office furniture and equipment   |       | 849,279                                 | -                 | 33,567       | -         | 882,846                                     |
| Computer software  |       | 765,714                                 | -                 | 62,810       | -         | 828,524                                     |
| Engineering equipment  |       | 147,560                                 | -                 | 38,309       | -         | 185,869                                     |
| Motor vehicles and trailers  |       | 6,807,205                               | 2,372,426         | 706,423      | 208,304   | 9,677,750                                   |
| Weed and pest control equipment  |       | 470,340                                 | -                 | 36,590       | 5,048     | 501,882                                     |
| Heavy field equipment  |       | 14,453,388                              | (2,372,426)       | 273,000      | 182,031   | 12,171,931                                  |
| Shop and field equipment   |       | 209,567                                 | -                 | 14,643       | -         | 224,210                                     |
| Infrastructure   |       | 16,741,822                              | 2,510,537         | 48,754       | -         | 19,301,113                                  |
| Right-to-use lease assets  |       | 32,239                                  | -                 | -            | -         | 32,239                                      |
| Subscription assets  |       | -                                       | -                 | 10,026       | -         | 10,026                                      |
| Total capital assets , right-to-use lease assets and subscription assets being depreciated |       | 45,454,484                              | 2,510,537         | 1,320,706    | 395,383   | 48,890,344                                  |
| Total capital assets, right-to-use lease   |       |   |                   |              |           |   |
| assets and subscription assets   |       | 51,077,382                              | -                 | 3,839,373    | 395,383   | 54,521,372                                  |
| Less accumulated depreciation and amorti   | zatio | n                                       |                   |              |           |   |
| Buildings and improvements   |       | 2,114,430                               | _                 | 155,587      | -         | 2,270,017                                   |
| Office furniture and equipment   |       | 517,464                                 | -                 | 48,110       | -         | 565,574                                     |
| Computer software  |       | 479,896                                 | -                 | 54,970       | -         | 534,866                                     |
| Engineering equipment  |       | 78,827                                  | -                 | 27,162       | -         | 105,989                                     |
| Motor vehicles and trailers  |       | 5,885,173                               | 1,007,251         | 401,124      | 208,304   | 7,085,244                                   |
| Weed and pest control equipment  |       | 370,654                                 |                   | 12,694       | 5,048     | 378,300                                     |
| Heavy field equipment  |       | 7,748,424                               | (1,007,251)       | 672,826      | 182,031   | 7,231,968                                   |
| Shop and field equipment   |       | 178,761                                 | -                 | 6,314        | ,         | 185,075                                     |
| Infrastructure   |       | 5,519,116                               | -                 | 487,904      | -         | 6,007,020                                   |
| Right-to-use lease assets  |       | -                                       | -                 | 10,746       | -         | 10,746                                      |
|  |       |   |                   |              |           | •   |
| Total accumulated depreciation   |       |   |                   |              |           |   |
| and amortization   |       | 22,892,745                              | -                 | 1,877,437    | 395,383   | 24,374,799                                  |
|  |       |   |                   |              | •         |   |
| Total capital assets, right-to-use lease   |       |   |                   |              |           |   |
| assets and subscription assets, net of   |       | 20 404 627                              |                   | A 4004000    | •         | d 20.446.5==                                |
| depreciation and amortization  | \$    | 28,184,637                              | \$ -              | \$ 1,961,936 | \$ -      | \$ 30,146,573                               |

<sup>\*</sup>The notes require a restatement due to the implementation of GASBS 87 in fiscal year 2021 and GASBS 96 in fiscal year 2022, see note 2.

#### **Note 7: CAPITAL ASSETS (Continued)**

The District has lease liabilities associated with the right-to-use lease assets and subscription liabilities associated with the subscription assets as of June 30, 2022 which are further described in note 8. Depreciation expense totaled \$1,866,691 for the year ended June 30, 2022 and has been charged to the function of public works. Amortization of right-to-use lease assets totaled \$10,746 for the year ended June 30, 2022 and has been charged to the function of public works.

#### **Note 8: LONG-TERM LIABILITIES**

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

|  | Balance<br>ne 30, 2022<br>As restated) | Additions                | Retirements              | Balance<br>June 30, 2023       | <br>ie Within<br>One Year |
|--|--|--------------------------|--------------------------|--------------------------------|---------------------------|
| Loans payable<br>Leases payable                                | \$<br>2,248,254<br>21,565              | \$<br>52,812<br>-        | \$ 352,142<br>10,808     | \$ 1,948,924<br>10,757         | \$<br>357,854<br>10,757   |
| Subscription payable Settlement agreement Compensated absences | 10,026<br>630,173<br>1,173,954         | 50,446<br>-<br>3,086,884 | 25,713<br>-<br>3,190,780 | 34,759<br>630,173<br>1,070,058 | 30,559<br>-<br>675,904    |
| Total long-term liabilities                                    | \$<br>4,083,972                        | \$<br>3,190,142          | \$3,579,443              | \$ 3,694,671                   | \$<br>1,075,074           |

<sup>\*</sup>The notes require a restatement due to the implementation of GASBS 96, see note 2.

During the year ended June 30, 2022, the following changes occurred in the liabilities reported in the government-wide statement of net position:

|                             | Balance<br>June 30, 2021 |         |                   | Balance<br>June 30, 2022 Due Within |              |  |  |  |
|-----------------------------|--------------------------|---------|-------------------|-------------------------------------|--------------|--|--|--|
|                             | *(As restated)           | Additio | ons Retireme      | nts *(As restated)                  |              |  |  |  |
| Loans payable               | \$ 1,722,648             | \$ 99   | 98,889 \$ 473,28  | 33 \$ 2,248,254                     | \$ 352,142   |  |  |  |
| Leases payable              | 32,239                   |         | - 10,67           | 74 21,565                           | 10,808       |  |  |  |
| Subscription payable        | -                        | -       | 10,026            | - 10,026                            | 4,627        |  |  |  |
| Settlement agreement        | 2,025,070                |         | - 1,394,89        | 97 630,173                          | -            |  |  |  |
| Compensated absences        | 1,160,865                | 3,32    | 26,962 3,313,8    | 73 1,173,954                        | 686,567      |  |  |  |
| Total long-term liabilities | \$ 4,940,822             | \$ 4,33 | 35,877 \$5,192,72 | 27 \$ 4,083,972                     | \$ 1,054,144 |  |  |  |

<sup>\*</sup>The notes require a restatement due to the implementation of GASBS 87 in fiscal year 2021 and GASBS 96 in fiscal year 2022 see note 2.

#### Note 8: LONG-TERM LIABILITIES (Continued)

Loans payable. The District entered into four loan agreements with the New Mexico Finance Authority. The NMFA loans are as follows:

During the fiscal year ended June 30, 2014, the District received approval for a loan from the New Mexico Finance Authority (NMFA) in the amount of \$150,396 bearing interest at a rate of 0.25% for the completion of the first phase of the United States Army Corps of Engineers San Acacia to Bosque del Apache Unit Levee project. Net revenues from the general operations of the District are pledged in repayment of this loan. In the event of default, the repayment of outstanding amounts could become immediately due.

In June 2018, the District entered into a loan agreement with NMFA in the amount of \$2,735,575 for the purpose of financing equipment and certain apparatus. The loan bears interest at a rate of 2.25%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments are due annually and interest payments are due semi-annually through April 2028. In the event of default, the repayment of outstanding amounts could become immediately due.

In December 2021, the District entered into a loan agreement with NMFA in the amount of \$998,889 for the purpose of financing heavy equipment and respective apparatus. The loan bears interest at a blended rate of 0.720425%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments are due annually and interest payments are due semi-annually through May 2028. In the event of default, the repayment of outstanding amounts could become immediately due.

In December 2022, the District entered into a loan agreement with NMFA, which shall not exceed the amount of \$715,000 for the purpose of storage, conveyance or delivery of water to end users. The loan bears interest at 0.25%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments and interest payments are due annually beginning June 1, 2025 and ending June 1, 2044. In the event of default, the repayment of outstanding amounts could become immediately due.

#### Note 8: LONG-TERM LIABILITIES (Continued)

Future loans payable at June 30, 2023 are as follows:

**Fiscal Year** 

| Ending June 30, | Principal       | Interest Total |         |    | Total     |
|-----------------|-----------------|----------------|---------|----|-----------|
| 2024            | \$<br>357,854   | \$             | 36,024  | \$ | 393,878   |
| 2025            | 364,045         |                | 30,995  |    | 395,040   |
| 2026            | 370,878         |                | 25,334  |    | 396,212   |
| 2027            | 378,276         |                | 19,083  |    | 397,359   |
| 2028            | 386,286         |                | 12,258  |    | 398,544   |
| 2029-2033       | 91,585          |                | 39,064  |    | 130,649   |
|                 |                 |                |         |    |           |
| Totals          | \$<br>1,948,924 | \$             | 162,758 | \$ | 2,111,682 |

Future loans payable at June 30, 2022 are as follows:

**Fiscal Year** 

| Ending June 30, | Principal       | Interest      | Total |           |  |
|-----------------|-----------------|---------------|-------|-----------|--|
| 2023            | \$<br>352,142   | \$<br>40,489  | \$    | 392,631   |  |
| 2024            | 357,854         | 36,024        |       | 393,878   |  |
| 2025            | 364,045         | 30,995        |       | 395,040   |  |
| 2026            | 370,878         | 25,334        |       | 396,212   |  |
| 2027            | 378,276         | 19,083        |       | 397,359   |  |
| 2028-2032       | 417,266         | 43,510        |       | 460,776   |  |
| 2033            | 7,793           | 7,812         |       | 15,605    |  |
|                 |                 |               |       |           |  |
| Totals          | \$<br>2,248,254 | \$<br>203,247 | \$    | 2,451,501 |  |

Leases payable. The District has entered into a lease agreement for copiers. The lease agreement has been recorded at the present value of future lease payments as of the date of their inception or, for leases existing prior to the implementation year, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021.

#### Note 8: LONG-TERM LIABILITIES (Continued)

Lease liabilities and right-to-use assets were composed of the following as of June 30, 2023:

|         | Effective<br>Date | End Date  | Borrowing<br>Rate | Sı | ubscription<br>Liability | Subscription Asset, net mortization |
|---------|-------------------|-----------|-------------------|----|--------------------------|-------------------------------------|
| Copiers | 7/1/2021          | 6/30/2024 | 1.25%             | \$ | 10,757                   | \$<br>10,747                        |
| Totals  |                   |           |                   | \$ | 10,757                   | \$<br>10,747                        |

The future minimum payments on the leases as of June 30, 2023 were as follows:

| <b>Year Ending</b> |    |          |    |        |        |
|--------------------|----|----------|----|--------|--------|
| June 30,           | P  | rincipal | In | terest | Total  |
| 2024               | \$ | 10,757   | \$ | 72 \$  | 10,829 |
| Totals             | \$ | 10,757   | \$ | 72 \$  | 10,829 |

Lease liabilities and right-to-use assets were composed of the following as of June 30, 2022:

|         | Effective<br>Date | End Date  | Monthly<br>Payments | Borrowing<br>Rate | Lease | e Liability | Lease A | t-to-Use<br>Asset, net<br>tization |
|---------|-------------------|-----------|---------------------|-------------------|-------|-------------|---------|------------------------------------|
| Copiers | 7/1/2021          | 6/30/2024 |                     | 1.25%             | \$    | 21,565      | \$      | 21,493                             |
|         | Totals            |           |                     |                   | \$    | 21,565      | \$      | 21,493                             |

The future minimum payments on the leases as of June 30, 2022 were as follows:

| Year Ending June 30, | P  | rincipal         | ln | terest    | Total                  |
|----------------------|----|------------------|----|-----------|------------------------|
| 2023<br>2024         | \$ | 10,808<br>10,757 | \$ | 208<br>72 | \$<br>11,016<br>10,829 |
| Totals               | \$ | 21,565           | \$ | 280       | \$<br>21,845           |

#### Note 8: LONG-TERM LIABILITIES (Continued)

Subscription payable. The District has entered into agreements for subscription based information technology arrangements (SBITA). The agreements have been recorded at the present value of future SBITA payments as of the date of their inception or, for SBITA existing prior to the implementation year, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022.

Subscription payables and subscription assets were composed of the following as of June 30, 2023:

|                              | Effective<br>Date    | End Date               | Borrowing<br>Rate | Sı | ubscription<br>Liability | Subscription Asset, net amortization |
|------------------------------|----------------------|------------------------|-------------------|----|--------------------------|--------------------------------------|
| Cloud Rentention<br>Auto CAD | 9/1/2022<br>7/1/2022 | 8/31/2024<br>8/29/2024 | 1.25%<br>1.25%    | \$ | 29,360<br>5,399          | \$<br>29,427<br>5,013                |
| Totals                       |                      |                        |                   | \$ | 34,759                   | \$<br>34,440                         |

The future minimum payments on the subscription payable as of June 30, 2023 were as follows:

| <b>Year Ending</b> |    |          |          |     |    |        |  |  |
|--------------------|----|----------|----------|-----|----|--------|--|--|
| June 30,           | Р  | rincipal | Interest |     |    | Total  |  |  |
|                    |    |          |          |     |    |        |  |  |
| 2024               | \$ | 30,559   | \$       | 221 | \$ | 30,780 |  |  |
| 2025               |    | 4,200    |          | 6   |    | 4,206  |  |  |
| Totals             | \$ | 34,759   | \$       | 227 | \$ | 34,986 |  |  |

Settlement agreement. The settlement payable liability recorded in the government-wide statement of net position is related to an agreement entered into among the District, the Pueblo of Isleta (Pueblo) and the United States Bureau of Reclamation effective October 2016. Through the agreement, the District is obligated to contribute \$2,500,000 to the Pueblo in cash or in-kind services over ten years from the effective date of the agreement. The District reported a liability related to the settlement agreement in the statement of net position of \$630,173 and \$630,173 for the years ended June 30, 2023 and 2022, respectively. Because the full amount is not required to be paid until October 2026, the liability has been reported as non-current.

Compensated absences. The liability at June 30, 2023 and June 30, 2022 has been recorded in the basic financial statements and represents the District's commitment to fund accrued vacation, sick leave and compensatory time off costs from future operations. The compensated absence liability of the governmental funds is expected to be liquidated by the General Fund.

#### **Note 9: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, including workers' compensation insurance. In the year ended June 30, 2023 and June 30, 2022, claims did not exceed commercial insurance. During fiscal year ended June 30, 2021, the District paid one claim resulting from these risks for \$125,000 in excess of commercial insurance coverage. The District has not had any significant reductions in insurance coverage from coverage in the prior year.

#### **Note 10: 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 deficit fund balance as of June 30, 2023 and June 30, 2022.
- B. Excess of expenditures over budget authority. There were no funds with expenditures in excess of budget authority for the year ended June 30, 2023 and June 30, 2022.
- C. Designated cash appropriations in excess of available balances. There were no funds with appropriations exceeding approved budgetary authority for the year ended June 30, 2023 and June 30, 2022.

#### Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

#### General Information about the Pension Plan

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

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

**Benefits provided.** Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division.

Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 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 6 or more years of service credit. Generally, under Tier II pension factors were reduced by 0.5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised 0.05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**Contributions.** See PERA's Annual Comprehensive Financial Report for a summary of various statutory PERA coverage rates, for both Tier I and Tier II, on page 36 of the annual audit report at http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports/. The PERA coverage option that applies to the District is: Municipal General Division. Statutorily required contributions to the pension plan from the District were \$1,026,079 and \$899,387 for the year ended June 30, 2023 and June 30, 2022, respectively.

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

General Information about the Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2022. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District`s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Municipal General Division, at June 30, 2023, the District reported a liability of \$16,804,291 for its proportionate share of the net pension liability. At June 30, 2023, the District's proportion was 0.94741 percent, which was a decrease of 0.04709 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized PERA Fund Municipal General Division pension expense of \$1,563,842. At June 30, 2023, the District reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources |   | Deferred<br>Inflows of<br>Resources |                  |
|--|--------------------------------------|---|-------------------------------------|------------------|
| Change of assumptions  | \$                                   |   | \$                                  |                  |
| Changes in proportion  | ۲                                    | 182,483                                 | ۲                                   | 573 <i>,</i> 728 |
| Difference between expected and actual experience                                |                                      | 67,365                                  |                                     | 408,673          |
| Net difference between projected and actual earnings on pension plan investments |                                      | 1,663,048                               |                                     | _                |
| District's contributions subsequent to the                                       |                                      | _,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                                     |                  |
| measurement date   |                                      | 1,026,079                               |                                     |                  |
| Total  | \$                                   | 2,938,975                               | \$                                  | 982,401          |

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

\$1,026,079 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: |               |
|---------------------|---------------|
| 2023                | \$<br>220,734 |
| 2024                | 83,633        |
| 2025                | (686,966)     |
| 2026                | 1,313,094     |
| Thereafter          | -             |
|                     |               |
| Total               | \$<br>930,495 |

For PERA Fund Municipal General Division, at June 30, 2022, the District reported a liability of \$11,204,514 for its proportionate share of the net pension liability. At June 30, 2022, the District's proportion was 0.945 percent, which was an increase of 0.00251 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized PERA Fund Municipal General Division pension expense of \$1,231,706. At June 30, 2022, the District reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|   | Deferred |            | Deferred   |           |
|---|----------|------------|------------|-----------|
|   | О        | utflows of | Inflows of |           |
| Change of assumptions                             | \$       | 3,684      | \$         | 103,075   |
| Changes in proportion                             |          | 288,816    |            | -         |
| Difference between expected and actual experience |          | 278,920    |            | 38,361    |
| Net difference between projected and actual       |          | 270,320    |            | 38,301    |
| earnings on pension plan investments              |          | -          |            | 4,604,412 |
| District's contributions subsequent to the        |          |            |            |           |
| measurement date                                  |          | 899,387    |            |           |
| Total   | \$       | 1,470,807  | \$         | 4,745,848 |

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

\$899,387 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: |                   |
|---------------------|-------------------|
| 2022                | \$<br>(591,598)   |
| 2023                | (774,363)         |
| 2024                | (919,165)         |
| 2025                | (1,889,302)       |
| Thereafter          | -                 |
|                     |                   |
| Total               | \$<br>(4,174,428) |
|                     |                   |

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2023. These assumptions were adopted by the Board use in the June 30, 2022 actuarial valuation.

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date:

Actuarial valuation date

Actuarial cost method

Amortization method

June 30, 2022

Entry Age Normal

Level Percentage of Pay

Asset valuation method Solved for based on statutory rates

Actuarial Assumptions:

Investment rate of return, net 7.25% annual rate, net of investment expense

Projected benefit payment 100 years Payroll growth 3.00%

Projected salary increases 3.25% to 13.50% annual rate Includes inflation at 2.5%; 2.75% all other years

Mortality assumptions The mortality assumptions are based on the RPH-

2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality

rates is assumed using 60% of the MP-2017

projection scale generational. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related

for public safety groups.

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July

1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2023. These assumptions were adopted by the Board use in the June 30, 2022 actuarial valuation.

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

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 date:

Actuarial valuation date

Actuarial cost method

Amortization method

June 30, 2020

Entry Age Normal

Level Percentage of Pay

Asset valuation method Solved for based on statutory rates

**Actuarial Assumptions:** 

Investment rate of return, net 7.25% annual rate, net of investment expense

Projected benefit payment 100 years Payroll growth 3.00%

Projected salary increases 3.25% to 13.50% annual rate

Includes inflation at 2.50% annual rate first 9 years, 2.75% all other years Mortality assumptions The mortality assumptions are based on the RPH-

2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality

rates is assumed using 60% of the MP-2017

projection scale generational. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related

for public safety groups.

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July

1, 2010 through June 30, 2017 (economic)

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

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

#### General Information about the Pension Plan (Continued)

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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

|   |                          | Long-Term            |
|---|--------------------------|----------------------|
|   |                          | <b>Expected Real</b> |
| ALL FUNDS - Asset Class                   | <b>Target Allocation</b> | Rate of Return       |
|   |                          |                      |
| Global Equity                             | 35.50%                   | 6.35%                |
| Risk Reduction & Mitigation               | 19.50                    | 1.90                 |
| Credit Oriented Fixed Income              | 15.00                    | 4.45                 |
| Real Assets to include Real Estate Equity | 20.00                    | 5.10                 |
| Multi-Risk Allocation                     | 10.00                    | 6.65                 |
|   |                          |                      |
| Total                                     | 100.00%                  |                      |

**Discount Rate.** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2022 and June 30, 2021. 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.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. For fiscal year 2023, the following presents the District's proportionate share of the net pension liability calculated using a discount rate of 7.25%, as well as what the District'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%) or 1-percentage-point higher (8.25%) than the current rate.

#### Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

General Information about the Pension Plan (Continued)

|   | Current                |    |                         |    |                       |
|---|------------------------|----|-------------------------|----|-----------------------|
| PERA Fund Municipal General Division                        | 1% Decrease<br>(6.25%) | D  | iscount Rate<br>(7.25%) | 1  | % Increase<br>(8.25%) |
| District's proportionate share of the net pension liability | \$ 25,428,493          | \$ | 16,804,291              | \$ | 9,639,858             |

For fiscal year 2022, the following presents the District's proportionate share of the net pension liability calculated using a discount rate of 7.25%, as well as what the District'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%) or 1-percentage-point higher (8.25%) than the current rate.

|   | Current                |                          |                        |
|---|------------------------|--------------------------|------------------------|
| PERA Fund Municipal General Division                        | 1% Decrease<br>(6.25%) | Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
| District's proportionate share of the net pension liability | \$ 20,098,432          | \$ 11,204,514            | \$ 3,826,747           |

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

**Payables to the pension plan.** At June 30, 2023 and 2022, there were no amounts due to PERA for the District.

#### **Note 12: OTHER POSTEMPLOYMENT BENEFIT**

#### General Information about the OPEB

Plan description. The District has adopted a policy whereby the District will contribute to the cost of the premium for health and dental insurance coverage for eligible retirees and their eligible dependents until such time as the retiree is eligible for Medicare coverage. The retiree's spouse is also eligible for coverage until they become eligible for Medicare coverage. Dependents that are financially dependent on the retiree and are unmarried are eligible for coverage until they reach the age of 26. The retiree, their spouse and the dependent are no longer eligible to participate in the program if they are part of another contributed insurance program, including, but not limited to coverage under the New Mexico Retiree Health Care Authority. The retirees are responsible for obtaining their own health and dental insurance coverage. The District's policy constitutes a single-employer defined benefit healthcare plan.

**Eligibility requirements.** Employees are eligible for the post-employment health benefit noted below once they are eligible to retire. Retirement is defined as meeting the retirement eligibility requirements under the Public Employees Retirement Association (PERA) of New Mexico and having at least 10 years of service with the District.

Retirement eligibility requirements under PERA of New Mexico varies by membership tier (Tier 1 or Tier 2) as described below.

#### Tier 1

Any age with 25 or more year of service credit; or

Age 60 or older with 20 or more years of service credit; or

Age 61 or older with 17 or more years of service credit; or

Age 62 or older with 14 or more years of service credit; or

Age 63 or older with 11 or more years of service credit; or

Age 64 or older with 8 or more years of service credit.

#### Tier 2

Earlier of (a) age 65 with 8 years of service or (b) 85 points (sum of age and service) and 8 years of service.

**Benefits provided.** All existing retirees are currently in the 80/80 Plan where the District reimburses 80% of retiree and spouse premium rates until each person turns 65.

Active employees with at least 10 years of District service as of July 1, 2021 are in the 80/40 Plan where the District reimburses 80% of retiree and 40% of spouse premium rates until the retiree turns 65.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

Active employees with less than 10 years of District service as of July 1, 2021 are in the 70/30 Plan where the maximum District reimbursement is 70% of retiree and 30% of spouse premium rates until the retiree turns 65. The maximum District reimbursement will be adjusted by the following modifier.

| Years of Service | % of Max Subsidy<br>Contributed | Years of Service | % of Max Subsidy<br>Contributed |
|------------------|---------------------------------|------------------|---------------------------------|
|                  |                                 |                  |                                 |
| 10               | 25%                             | 18               | 65%                             |
| 11               | 30%                             | 19               | 70%                             |
| 12               | 35%                             | 20               | 75%                             |
| 13               | 40%                             | 21               | 80%                             |
| 14               | 45%                             | 22               | 85%                             |
| 15               | 50%                             | 23               | 90%                             |
| 16               | 55%                             | 24               | 95%                             |
| 17               | 60%                             | 25               | 100%                            |

Active employees hired on/after July 1, 2021 will be in the 50/25 Plan where the maximum District reimbursement is 50% of retiree and 25% of spouse premium rates until the retiree turns 65. The maximum District reimbursement will be adjusted by the same modifier shown in the above table.

**Funding Policy.** Costs of the plan are financed on a pay-as-you-go basis. For the year ended June 30, 2023 and 2022, the District contributed \$148,465 and \$202,741 under the plan, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

*Membership.* The number of employees covered by the benefit terms are as follows:

|   | 2023     | 2022     |
|---|----------|----------|
| Inactive employees or beneficiaries currently receiving benefits Inactive employees entitled to but | 31       | 20       |
| not yet receiving benefits Active employees   | -<br>204 | -<br>209 |
| . ,   |          | 203      |
| Total membership  | 235      | 229      |

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the plan as understood by the District and plan members and include the types of benefits provided at the time of the actuarial valuation and the sharing of benefit costs between the District and the plan members at that point. The actuarial cost method used is the Entry Age Normal Level Percent of Pay Cost Method (EAN).

Significant assumptions and other inputs used to measure the total OPEB liability for the fiscal year ended June 30, 2023 are as follows:

| Inflation              | 2.70%   |
|------------------------|---|
| Salary increases       | 3.25%   |
| Discount rate          |   |
| Prior measurement      | 3.54%   |
| Measurement date       | 4.13%   |
| Mortality table        | Pub-2010 General Employees / Retirees Headcount-          |
|                        | Weighted Mortality Table projected fully generationally   |
|                        | using MP-2021 mortality improvement scales                |
| Healthcare cost trends |   |
| Medical                | 6.75% increase from 2022 to 2023, followed by 6.5% from   |
|                        | 2023 to 2024, decreasing gradually to an ultimate rate of |
|                        | 4.14% by 2076   |

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. The rates are assumed to be 100% at age 65 as the benefit terminates at age 65.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

Significant assumptions and other inputs used to measure the total OPEB liability for the fiscal year ended June 30, 2022 are as follows:

| Inflation              | 2.50%   |
|------------------------|---|
| Salary increases       | 3.25%   |
| Discount rate          |   |
| Prior measurement      | 2.16%   |
| Measurement date       | 3.54%   |
| Mortality table        | Pub-2010 General Employees / Retirees Headcount-<br>Weighted Mortality Table projected fully generationally<br>using MP-2020 mortality improvement scales |
| Healthcare cost trends |   |
| Medical                | 5.70% from 2020 to 2021, decreasing gradually to an ultimate rate of 4.04% by 2075  |

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. The rates are assumed to be 100% at age 65 as the benefit terminates at age 65.

Sensitivity of the District's OPEB liability to changes in the discount rate and healthcare cost trend rates. Changes in the discount and health care cost trend rates affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce a higher TOL whereas lower trend rates produce a lower TOL. The converse is true for higher discount rates and trend rates. Because discount rate and trend rates do not affect the measurement of assets, the percentage change in the TOL can be very significant for a relatively small change in either rates. The table below shows the sensitivity of the TOL to the discount rate for June 30, 2023:

| Current                |           |                          |           |                        |           |  |
|------------------------|-----------|--------------------------|-----------|------------------------|-----------|--|
| 1% Increase<br>(5.13%) |           | Discount Rate<br>(4.13%) |           | 1% Decrease<br>(3.13%) |           |  |
| \$                     | 5,218,402 | \$                       | 5,850,764 | \$                     | 6,571,159 |  |

The table below shows the sensitivity of the TOL to the healthcare cost trend rates for June 30, 2023:

| Current Trend     |           |   |           |   |            |  |
|-------------------|-----------|---|-----------|---|------------|--|
| 1% Decrease Rates |           |   |           |   | % Increase |  |
| ċ                 | 5,062,753 | ċ | 5,850,764 | ċ | 6,790,052  |  |
| <u>ې</u>          | 5,002,755 | Ą | 3,830,704 | Ą | 0,790,032  |  |

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

The table below shows the sensitivity of the TOL to the discount rate for June 30, 2022:

|                        |           |                          | Current   |                        |           |
|------------------------|-----------|--------------------------|-----------|------------------------|-----------|
| 1% Increase<br>(4.54%) |           | Discount Rate<br>(3.54%) |           | 1% Decrease<br>(2.54%) |           |
| \$                     | 6,376,091 | \$                       | 7,125,506 | \$                     | 7,978,077 |

The table below shows the sensitivity of the TOL to the healthcare cost trend rates for June 30, 2022:

| Current Trend |            |       |           |             |           |  |  |
|---------------|------------|-------|-----------|-------------|-----------|--|--|
| 19            | 6 Decrease | Rates |           | 1% Increase |           |  |  |
|               |            |       |           |             |           |  |  |
| \$            | 6,376,091  | \$    | 7,125,506 | \$          | 7,978,077 |  |  |

Schedule of changes in the total OPEB liability at June 30:

| 2023            |   | 2022  |
|-----------------|---|---|
| \$<br>7,125,506 | \$  | 8,040,326   |
|                 |   |   |
| 260,263         |   | 344,538   |
| 258,851         |   | 178,935   |
| 389,674         |   | -   |
| (1,826,468)     |   | (29,477)  |
| (208,597)       |   | (1,206,075)   |
| (148,465)       |   | (202,741)   |
|                 |   |   |
| (1,274,742)     |   | (914,820)   |
| \$<br>5,850,764 | \$  | 7,125,506   |
| \$              | \$ 7,125,506<br>260,263<br>258,851<br>389,674<br>(1,826,468)<br>(208,597)<br>(148,465)<br>(1,274,742) | \$ 7,125,506 \$  260,263 258,851 389,674 (1,826,468) (208,597) (148,465)  (1,274,742) |

At June 30, 2023, the District reported a liability of \$5,850,764 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$113,594. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |  |
|---|--------------------------------------|-------------------------------------|--|
| Changes of assumptions or other inputs Differences between expected and actual experience | \$ 1,245,097<br>-                    | \$ 1,414,892<br>2,069,657           |  |
| Total   | \$ 1,245,097                         | \$ 3,484,549                        |  |

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year ended June 30: |                |
|---------------------|----------------|
| 2024                | \$ (401,433)   |
| 2025                | (345,057)      |
| 2026                | (116,726)      |
| 2027                | (304,203)      |
| 2028                | (408,828)      |
| Thereafter          | (663,205)      |
|                     |                |
| Total               | \$ (2,239,452) |

At June 30, 2022, the District reported a liability of \$7,125,506 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$88,077. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of | Deferred<br>Inflows of  |
|---|-------------------------|-------------------------|
|   | Resources               | Resources               |
| Changes of assumptions or other inputs Differences between expected and actual experience | \$ 1,606,599<br>-       | \$ 1,661,478<br>637,194 |
| Total   | \$ 1,606,599            | \$ 2,298,672            |

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year ended June 30: |                 |
|---------------------|-----------------|
| 2023                | \$<br>(233,302) |
| 2024                | (147,049)       |
| 2025                | (90,673)        |
| 2026                | 137,658         |
| 2027                | (49,819)        |
| Thereafter          | (308,888)       |
|                     | ·               |
| Total               | \$<br>(692,073) |
|                     |                 |

Deferred Inflows and Outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

For the fiscal years ended June 30, 2023 and 2022, the average expected remaining service life of active and inactive employees is 8 years and the deferred inflows and outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of June 30, 2023 and 2022 are amortized over 8 years. GASB states the OPEB expense also should be recognized in the current reporting period for costs incurred by the government related to the administration of OPEB. The measurement period for these costs should be the same as the measurement period applied to changes in the Total OPEB Liability.

#### Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

#### General Information about the OPEB (Continued)

The OPEB expense consists of:

- 1. Service costs for the year.
- 2. Interest on the total OPEB liability (TOL) using the bond rate at the beginning of the period.
- 3. Change in the TOL due to benefit changes.
- 4. The current year recognition of changes in the TOL due to actual versus expected experience.
- 5. The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate).
- 6. Recognition of deferred inflows and outflows of resources from prior years.

The following table provides a breakdown of the OPEB expense as of June 30:

|       | 2023              |  | 2022                            |
|-------|-------------------|--|---------------------------------|
| \$    | 260,263           | \$   | 344,538                         |
|       | 258,851           |  | 178,935                         |
|       | 389,674           |  | -                               |
| l     |                   |  |                                 |
|       |                   |  |                                 |
| ience |                   |  |                                 |
|       | (394,005)         |  | (165,696)                       |
|       | (402,170)         |  | (269,700)                       |
| \$    | 112,613           | \$   | 88,077                          |
|       | \$<br>ience<br>\$ | \$ 260,263<br>258,851<br>389,674<br>I<br>ience<br>(394,005)<br>(402,170) | \$ 260,263 \$ 258,851 389,674 I |

#### **Note 13: CONTINGENCIES**

Silvery Minnow. In prior years, the District was party to a number of lawsuits regarding protection of the silvery minnow, a fish which is native to the Rio Grande and is an endangered species. These actions were in regard to the United States government agencies' obligations and authorities to provide protection for the silvery minnow including managing river flow to accommodate their existence. Initial Court rulings had the United States Bureau of Reclamation ("Bureau") discretion to reduce deliveries of certain available water under its contracts with the District to comply with the Endangered Species Act. This ruling was dismissed on appeal. In the following years, parties to those proceedings abided by a 2003 biological opinion issued by the United States Fish and Wildlife Service. A new biological opinion (2016 BO) was issued in December 2016. The 2016 BO no longer requires targeted river flow requirements as was the case in the 2003 BO nor is it a jeopardy opinion meaning that as long as the action agencies are making meaningful progress on commitments and population metrics are met or exceeded, take is avoided, and re-consultation is not required.

The 2016 BO is a performance-based BO that requires certain actions to be accomplished in a five and ten-year planning horizon as well as maintain a base silvery minnow population of no less than 0.3 Catch Per Unit Effort (CPUE) in a three-year period with a goal of 1.0 CPUE or better as measured in October of each year to be considered a self-sustaining population. The MRGCD has remained in compliance with the 2016 BO and continues to invest dedicated resources for the purpose of maintaining compliance for the 15-year period of coverage under this BO.

The Board of Directors approved a suite of actions that the District has committed to implement including the provision of \$150,000 per year for supporting the science within the MRGES Collaborative Program.

Title Claim. The District has provided all necessary documentation and other actions needed by the US for Phase 1 title transfer (all facilities and related lands south of Isleta Pueblo boundary and a small section of levee and drain north of Isleta Pueblo) under a new Secretary of Interior authority to transfer federal ownership interests to irrigation districts that officially request such action as well as qualify under the criteria being established under rules by the US Bureau of Reclamation. Many, but not all, District facilities and lands appear to qualify under the Secretary's authority to transfer title administratively.

The United States through the Department of Interior, Bureau of Reclamation transferred title to the Middle Rio Grande Conservancy District the portion of the District's benefited area south of the Pueblo of Isleta to the northern boundary of the Bosque Del Apache in our board meeting held November 8, 2021.

#### **Note 13: CONTINGENCIES (Continued)**

The District granted an assignment of the title to all project works to the United States pursuant to the September 24, 1951 Contract. The 1951 Contract provided that the United States retain the assignment to the title until the District met its repayment obligations. The District completed all repayment obligations to the United States under the 1951 Contract on December 13, 1999 and the District has had operation and maintenance responsibilities for all reserved works since the 1970's.

It has always been the District's position that the District only granted an assignment of easement to the United States but did not grant ownership. After several years in court the Bureau of Reclamation supported legislation pursuing title transfer under the Secretary of Interior's authority to transfer ownership interests to irrigation districts that officially request such action.

The District implemented GASB 34 in fiscal year 2003 with the assumption that title to the lands belonged to the District. The majority of the District's infrastructure was constructed or acquired prior to July 1, 1980 and in accordance with GASB 34, has not been valued. Infrastructure, which was built and improved since July 1, 2002 has been capitalized and the District determined that no infrastructure which meets the District's definition was purchased, constructed or acquired from July 1, 1980 to July 1, 2002.

It is the District's opinion that Title Transfer Phase 1 was a compromise to a long standing difference of opinion between the Federal Government and the District. The District implemented GASB 34 in 2003 with the assumption that the assets and the title to the assets were in the Districts name. However, since the infrastructure was constructed or acquired prior to July 1, 1980, the District was not required to record the lands at historical value. It is therefore the District's opinion that the Title Transfer of Phase 1 does not require the District to record the value of the lands as of the date of the signing of the agreement. The District did not add the infrastructure at fiscal year 2022.

Phase 2 will be pursued in the future and will include all facilities and associated lands north of Isleta Pueblo.

Current Litigation/Claims. On June 6, 2021, the Wildearth Guardians ("plaintiff') provided a Notice of Intent (NOI) to sue against the United States Bureau of Reclamation and the United States Fish and Wildlife Service seeking to find "new solutions" to ecosystem and discussions between all the BO parties is on-going to seek means to advance BO commitments in a more rapid fashion.

The Isleta Dam Settlement required the District to provide a total of \$2.5 million during a tenyear period ending in 2027 to help resolve sedimentation and fish passage at Isleta Diversion Dam. As of fiscal year 2023, the District has expended \$1,869,827 leaving a remaining balance of \$630,173.

#### **Note 13: CONTINGENCIES (Continued)**

In June 2018, several parties filed a Complaint for Appraisal and Award of Damages and for Injunctive Relief in connection with damages suffered by their properties following flood events on September 29, 2017, October 5, 2017, and June 3, 2018. Plaintiffs allege, among other things, the District failed to maintain the natural surface flow of its ditches and canals, and that work provided by another Defendant contributed to Plaintiffs' damages and the New Mexico Department of Transportation (NMDOT) (also a Defendant) failed to maintain its culverts and drainage structures. Plaintiffs also allege inverse condemnation claims against the District and NMDOT. The District denies any wrongdoing and is vigorously defending the case.

In December of 2021, multiple plaintiffs filed suit against MRGCD in state district court alleging inverse condemnation against MRGCD for flood damage to their properties that occurred as a result of a major rain event on July 6, 2021. Plaintiffs have made claims against MRGCD, Roy D. Mercer, LLC, 4 DAUGHTERS Land and Cattle Company, and Sundance Construction Company. The MRGCD has filed claims against the City of Belen and the County Commissioners for Valencia County. The MRGCD denies any wrongdoing and is vigorously defending the case.

#### **Note 14: COMMITMENTS**

Middle Rio Grande Flood Damage Reduction, Bernalillo to Belen. In September 2012, the District entered into an agreement with the United States Department of the Army ("government") under which the government agreed to conduct a study to identify and evaluate alternatives and make recommendations for flood damage reduction from Bernalillo to Belen, New Mexico. The initial estimated cost of the study was \$950,000. During 2014, the government revised the estimated cost of the study to \$1,380,000. The costs have now increased to \$3,000,000. The District, with demonstrated assistance from the State on previous levee studies, is required to pay 50% of the cost of the study or \$1,500,000. The District's commitment has been fulfilled. As this project moves forward, the District will seek to find funding either in its own budget in future fiscal years or in partnership with various state agencies impacted by this project. The project has been officially authorized in the WRDA 2020 Corps of Engineers funding bill and the District is working with the state to set up a levee reserve fund to help cover the 25% cost share requirements. In 2023 the District signed the Phase 1 Design Agreement for the Mountain View Portion (Rio Bravo to Isleta Pueblo Northern Boundary) of the project. This portion of the project would cover approximately 4.5 miles of the 47.8 mile project.

Rio Grande Floodway San Acacia to Bosque del Apache Unit. The Socorro segment of the proposed San Acacia Levee system has been essentially completed with only finalization of the documentation necessary to transfer O&M to the District as well as provide files necessary to complete the Letter of Map Revision to FEMA in order to confirm that over 1,500 private properties are now out of the 100-year floodplain. The District continues to working with the City of Socorro and the Corps to get this finalized.

#### **Note 14: COMMITMENTS (Continued)**

Rio Grande Environmental Management Plan – Sandia to Isleta. This plan provides a collaborative mechanism for working with state, federal, local, international, Tribal and non-governmental interests for planning, construction and evaluation of measures for fish and wildlife habitat rehabilitation and enhancement. The United States Department of the Army ('government") was able to get funding authorized in the WRDA 2020 bill and they are actively seeking cost-share sponsors.

Southwestern Valencia County Flood Prevention and Agricultural Water Efficiency Project - NRCS Grant Application. In July 2019, the District submitted a grant application under P.L. 83-566 as part of commitments made under a settlement agreement with a private landowner in 2018 to develop a flood prevention and water salvage project. The project will provide funding for the construction of the proposed project along the District's Belen Highline Canal in southern Valencia County. The District received a grant award and issued an RFP in December 2020. Upon receipt of the award-winning proposal, costs exceeded the award amount. The District submitted and received additional funding from the federal government and the project is approximately 30% complete as of June 30, 2023.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. During fiscal year 2023, the District set aside \$1,528,516 in assigned fund balance related to encumbrances. Encumbrances outstanding were \$1,875,092 at June 30, 2022 and are included in assigned fund balances in the accompanying balance sheet.

#### **Note 15: RESTRICTED NET POSITION**

The government-wide statement of net position does not report restricted net position for fiscal year ended June 30, 2023 or June 30, 2022.

**Note 16: FUND BALANCES** 

Fund balances on the modified accrual basis was classified as follows at June 30, 2023:

|                            | Nonspendable | Restricted | Committed     | Assigned     | Unassigned   |
|----------------------------|--------------|------------|---------------|--------------|--------------|
| General Fund               |              |            |               |              |              |
| NMFA cash and investments  | \$ -         | \$ 532,593 | \$ -          | \$ -         | \$ -         |
| Prepaid expenses           | 9,510        | -          | -             | -            | -            |
| Inventory                  | 1,073,172    | -          | -             | -            | -            |
| Investments designated for |              |            |               |              |              |
| equipment purchases        | -            | -          | 2,745,736     | -            | -            |
| Investments designated for |              |            |               |              |              |
| future levee projects      | -            | _          | 7,689,846     | -            | -            |
| Cash reserve               | -            | -          | -             | 2,189,477    | -            |
| 2024 encumbered funds      | -            | -          | -             | 1,528,516    | -            |
| Unassigned fund balance    | -            |            | -             | -            | 11,335,902   |
| Total General Fund         | 1,082,682    | 532,593    | 10,435,582    | 3,717,993    | 11,335,902   |
| Levee Fund                 |              |            |               |              |              |
| Investments designated for |              |            |               |              |              |
| <del>-</del>               |              |            | 670 176       |              |              |
| future levee projects      |              |            | 670,176       |              |              |
| Total Levee Fund           | -            | -          | 670,176       | -            | -            |
| Total fund balances        | \$ 1,082,682 | \$ 532,593 | \$ 11,105,758 | \$ 3,717,993 | \$11,335,902 |

#### **Note 16: FUND BALANCES (Continued)**

Fund balances on the modified accrual basis was classified as follows at June 30, 2022:

|                                    | Nonspendable | Restricted   | Committed    | Assigned     | Unassigned   |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| General Fund                       |              |              |              |              |              |
| NMFA cash                          | \$ -         | \$ 1,423,523 | \$ -         | \$ -         | \$ -         |
| Prepaid expenses                   | 14,198       | -            | -            | -            | -            |
| Inventory                          | 1,176,799    | -            | -            | -            | -            |
| Investments designated for         |              |              |              |              |              |
| equipment purchases                | -            | -            | 2,655,999    | -            | -            |
| Cash reserve                       | -            | -            | -            | 2,089,376    | -            |
| 2023 encumbered funds              | -            | -            | -            | 1,875,092    | -            |
| Unassigned fund balance            | -            |              | -            | -            | 10,895,396   |
| Total General Fund                 | 1,190,997    | 1,423,523    | 2,655,999    | 3,964,468    | 10,895,396   |
| Endowment Fund                     |              |              |              |              |              |
| Investments designated for         |              |              |              |              |              |
| future levee projects              | -            | -            | 1,062,692    | -            | -            |
| Endowment and capital reserve fund | <del>-</del> | -            | 7,227,296    | -            | -            |
| Total Endowment Fund               | -            | -            | 8,289,988    | -            | -            |
| Total fund balances                | \$ 1,190,997 | \$ 1,423,523 | \$10,945,987 | \$ 3,964,468 | \$10,895,396 |

#### **Note 17: TAX ABATEMENTS**

There are no tax abatements enacted by the District.

The District is subject to tax abatements entered in by other governmental entities. Each agreement was negotiated under the authority of Section 3-45, Section 7-37-6 and Section 7-38 NMSA 1978. The types of abated taxes reported to the District by other entities includes real property taxes. Bernalillo County reported abatements to the District.

#### Note 17: TAX ABATEMENTS (Continued)

The District has the following tax abatement agreements for fiscal year ended June 30, 2023:

|                       |   |    | Real Property |
|-----------------------|---|----|---------------|
| <b>Abating Agency</b> | Abating Agency Recipients of the Abatement        |    |               |
|                       |   |    |               |
| Bernalillo County     | Wells Fargo National Bank (trustee)               | \$ | 6,375         |
|                       | Friedman Recycling of Albuquerque LLC             |    | 3,196         |
|                       | The Greater Albuquerque Housing Partnership (GAHF |    | 8,354         |
|                       | Hotel Chaco, LLC                                  |    | 27,004        |
|                       | Rembe Family, LLC                                 |    | 16,847        |
|                       | New Mexico Fresh Foods, LLC                       |    | 6,017         |
|                       | One Central Associates                            |    | 24,153        |
|                       | DRB Properties and Rio Bravo Brewing Co           |    | 1,860         |
|                       | Sawmill Bellamah Properties, LLC                  |    | 5,924         |
|                       | Silver Moon Lodge LLLP                            |    | 12,726        |
|                       | UR Silver LLC                                     |    | 10,906        |
|                       | US Foodservice, Inc.                              |    | 22,591        |
|                       |   |    |               |
| Total                 |   | \$ | 145,953       |

The District has the following tax abatement agreements for fiscal year ended June 30, 2022:

|                   |   |    | Real Property<br>Taxes Abated |  |
|-------------------|---|----|-------------------------------|--|
| Abating Agency    | Abating Agency Recipients of the Abatement        |    |                               |  |
| Bernalillo County | Wells Fargo National Bank (trustee)               | \$ | 6,381                         |  |
|                   | Friedman Recycling of Albuquerque LLC             |    | 3,196                         |  |
|                   | The Greater Albuquerque Housing Partnership (GAHF |    | 8,354                         |  |
|                   | Hotel Chaco, LLC                                  |    | 27,008                        |  |
|                   | Rembe Family, LLC                                 |    | 16,894                        |  |
|                   | New Mexico Fresh Foods, LLC                       |    | 6,017                         |  |
|                   | One Central Associates                            |    | 24,153                        |  |
|                   | DRB Properties and Rio Bravo Brewing Co           |    | 1,861                         |  |
|                   | Sawmill Bellamah Properties, LLC                  |    | 6,029                         |  |
|                   | Silver Moon Lodge LLLP                            |    | 12,726                        |  |
|                   | UR Silver LLC                                     |    | 10,906                        |  |
|                   | US Foodservice, Inc.                              |    | 22,594                        |  |
|                   |   |    |                               |  |
| Total             |   | \$ | 146,119                       |  |

#### **Note 18: CONCENTRATIONS**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.



## REQUIRED SUPPLEMENTARY INFORMATION

#### **State of New Mexico**

#### Middle Rio Grande Conservancy District

### Schedule of the District's Proportionate Share of the Net Pension Liability

#### Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\*

|  | June 30,      |               |  |  |  |  |
|--|---------------|---------------|--|--|--|--|
| Fiscal Year  | 2023          | 2022          |  |  |  |  |
| Measurement Date   | 2022          | 2021          |  |  |  |  |
| Middle Rio Grande Conservancy District's proportion of the net pension liability Municipal General   | 0.9474%       | 0.9945%       |  |  |  |  |
| Middle Rio Grande Conservancy District's proportionate share of the net pension liability  |               |               |  |  |  |  |
| Municipal General  | \$ 16,804,291 | \$ 11,204,514 |  |  |  |  |
|  | \$ 16,804,291 | \$ 11,204,514 |  |  |  |  |
| Middle Rio Grande Conservancy District's covered payroll  Municipal General  | \$ 9,177,418  | \$ 9,387,972  |  |  |  |  |
|  | \$ 9,177,418  | \$ 9,387,972  |  |  |  |  |
| Middle Rio Grande Conservancy District's proportionate share of the net pension liability as a percentage of its covered payroll Municipal General | 183.10%       | 119.35%       |  |  |  |  |
| Plan fiduciary net position as a percentage of the total pension liability   |               |               |  |  |  |  |
| Municipal General  | 69.35%        | 77.25%        |  |  |  |  |

<sup>\*</sup> The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

June 30, 2021 2020 2019 2018 2017 2016 2015 2020 2019 2018 2017 2016 2015 2014 0.9694% 0.9830% 0.9839% 0.9167% 0.9355% 0.9641% 0.9750% \$ 19,603,472 \$ 17,016,707 \$ 15,687,008 \$ 12,596,234 \$ 14,946,142 \$ 9,829,835 \$ 7,606,046 \$ 19,603,472 \$ 17,016,707 \$ 15,687,008 \$ 12,596,234 \$ 14,946,142 \$ 9,829,835 \$ 7,606,046 \$ 9,352,383 \$ 8,651,794 \$ 8,305,085 \$ 8,051,600 \$ 8,028,645 \$ 8,028,757 \$ 8,028,757 \$ 8,305,085 \$ 8,051,600 \$ 8,028,645 \$ 8,028,757 \$ 9,352,383 \$ 8,651,794 \$ 8,028,757 209.61% 196.68% 188.88% 156.44% 186.16% 122.43% 94.74%

73.74%

69.18%

76.99%

81.29%

70.52%

66.36%

71.13%

# State of New Mexico Middle Rio Grande Conservancy District Schedule of the District's Contributions Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\*

| As of and for the Year Ended June 30,                                | 2023           | 2022         |
|--|----------------|--------------|
| Contractually required contribution                                  |                |              |
| Municipal General  | \$ 1,026,079   | \$ 899,387   |
|  | \$ 1,026,079   | \$ 899,387   |
| Contributions in relation to the contractually required contribution |                |              |
| Municipal General  | \$ (1,026,079) | \$ (899,387) |
|  | \$ (1,026,079) | \$ (899,387) |
| Middle Rio Grande Conservancy District's covered payroll             |                |              |
| Municipal General  | \$ 10,470,194  | \$ 9,177,418 |
|  | \$ 10,470,194  | \$ 9,177,418 |
| Contributions as a percentage of covered payroll Municipal General   | 9.80%          | 9.80%        |

<sup>\*</sup> The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

| <br>2021        | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                 |                 |                 |                 |                 |                 |                 |
| \$<br>920,021   | \$<br>893,143   | \$<br>826,103   | \$<br>793,135   | \$<br>768,886   | \$<br>766,736   | \$<br>766,746   |
| \$<br>920,021   | \$<br>893,143   | \$<br>826,103   | \$<br>793,135   | \$<br>768,886   | \$<br>766,736   | \$<br>766,746   |
|                 |                 |                 |                 |                 |                 | _               |
|                 |                 |                 |                 |                 |                 |                 |
| \$<br>(920,021) | \$<br>(893,143) | \$<br>(826,103) | \$<br>(793,135) | \$<br>(768,886) | \$<br>(766,736) | \$<br>(766,746) |
| \$<br>(920,021) | \$<br>(893,143) | \$<br>(826,103) | \$<br>(793,135) | \$<br>(768,886) | \$<br>(766,736) | \$<br>(766,746) |
|                 |                 |                 |                 |                 |                 |                 |
| \$<br>9,387,972 | \$<br>9,352,283 | \$<br>8,650,293 | \$<br>8,305,079 | \$<br>8,051,162 | \$<br>8,028,649 | \$<br>8,028,754 |
| \$<br>9,387,972 | \$<br>9,352,283 | \$<br>8,650,293 | \$<br>8,305,079 | \$<br>8,051,162 | \$<br>8,028,649 | \$<br>8,028,754 |
|                 |                 |                 |                 |                 |                 |                 |
| 9.80%           | 9.55%           | 9.55%           | 9.55%           | 9.55%           | 9.55%           | 9.55%           |

## State of New Mexico Middle Rio Grande Conservancy District Schedule of Total Other Postemployment Benefit (OPEB) Liability Last 10 Fiscal Years\*

| - 1 | u | n | e | 2 | n | ı |
|-----|---|---|---|---|---|---|
|     | u |   | _ | _ | u |   |

|  | Julie 30, |             |              |  |  |  |
|--|-----------|-------------|--------------|--|--|--|
| Fiscal Year/Measurement Date                             |           | 2023        | 2022         |  |  |  |
|  |           |             |              |  |  |  |
| Service cost   | \$        | 260,263     | \$ 344,538   |  |  |  |
| Interest on total OPEB liability and service cost        |           | 258,851     | 178,935      |  |  |  |
| Changes of benefit terms                                 |           | 389,674     | -            |  |  |  |
| Difference between expected and actual experience        |           | (1,826,468) | (29,477)     |  |  |  |
| Changes of assumptions or other inputs                   |           | (208,597)   | (1,206,075)  |  |  |  |
| Benefit payments   |           | (148,465)   | (202,741)    |  |  |  |
|  |           |             |              |  |  |  |
| Net change in total OPEB liability                       |           | (1,274,742) | (914,820)    |  |  |  |
|  |           |             |              |  |  |  |
| Total OPEB liability - beginning                         |           | 7,125,506   | 8,040,326    |  |  |  |
|  |           |             |              |  |  |  |
| Total OPEB liability - ending                            | \$        | 5,850,764   | \$ 7,125,506 |  |  |  |
|  |           |             |              |  |  |  |
| Covered-employee payroll                                 | \$        | 10,261,665  | \$ 9,465,118 |  |  |  |
|  |           |             |              |  |  |  |
| Total OPEB liability as a percentage of covered-employee |           |             |              |  |  |  |
| payroll  |           | 57.00%      | 75.28%       |  |  |  |

<sup>\*</sup> The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

June 30,

| Julie 30,    |               |              |              |              |  |  |
|--------------|---------------|--------------|--------------|--------------|--|--|
| 2021         | 2020          | 2019         | 2018         | 2017         |  |  |
|              |               |              |              |              |  |  |
| \$ 549,079   | \$ 385,106    | \$ 446,136   | \$ 429,225   | \$ 496,774   |  |  |
| 231,675      | 299,938       | 369,767      | 316,992      | 258,276      |  |  |
| (3,300,000)  | -             | -            | -            | -            |  |  |
| (391,751)    | (94,039)      | (648,293)    | -            | -            |  |  |
| 1,124,156    | 1,406,355     | (886,574)    | (295,116)    | (800,395)    |  |  |
| (212,433)    | (233,789)     | (225,003)    | (169,766)    | (155,558)    |  |  |
|              |               |              |              | _            |  |  |
| (1,999,274)  | 1,763,571     | (943,967)    | 281,335      | (200,903)    |  |  |
|              |               |              |              |              |  |  |
| 10,039,600   | 8,276,029     | 9,219,996    | 8,938,661    | 9,139,564    |  |  |
|              |               |              |              |              |  |  |
| \$ 8,040,326 | \$ 10,039,600 | \$ 8,276,029 | \$ 9,219,996 | \$ 8,938,661 |  |  |
|              |               |              |              | _            |  |  |
| \$ 9,645,902 | \$ 9,376,340  | \$ 8,830,062 | \$ 8,460,665 | \$ 8,316,934 |  |  |
|              |               |              |              |              |  |  |
|              |               |              |              |              |  |  |
| 83.35%       | 107.07%       | 93.73%       | 108.97%      | 107.48%      |  |  |

### State of New Mexico Middle Rio Grande Conservancy District Schedule of Other Postemployment Benefit (OPEB) Contributions Last 10 Fiscal Years\*

| As of and for the Year Ended June 30,                                | 2023             | 2022            |
|--|------------------|-----------------|
| Contractually required contributions                                 | \$<br>148,865    | \$<br>202,741   |
| Contributions in relation to the contractually required contribution | (148,865)        | (202,741)       |
| Contribution deficiency (excess)                                     | \$<br>-          | \$<br>-         |
| Middle Rio Grande Conservancy District's covered-employee payroll    | \$<br>10,261,665 | \$<br>9,465,118 |
| Contributions as a percentage of covered-employee payroll            | 1.00%            | 2.00%           |

<sup>\*</sup> The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

| 2021            | 2020            | 2019            | 2018            | 2017            |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$<br>212,433   | \$<br>233,789   | \$<br>225,003   | \$<br>169,766   | \$<br>155,558   |
| <br>(212,433)   | (233,789)       | (225,003)       | (169,766)       | (155,558)       |
| \$<br>-         | \$<br>-         | \$<br>-         | \$<br>-         | \$<br>_         |
|                 |                 |                 |                 |                 |
| \$<br>9,645,902 | \$<br>9,376,340 | \$<br>8,830,062 | \$<br>8,460,665 | \$<br>8,316,934 |
| 2.00%           | 2.00%           | 3.00%           | 2.00%           | 2.00%           |

### State of New Mexico Middle Rio Grande Conservancy District Notes to Required Supplementary Information June 30, 2023

### Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The Public Employees Retirement Association (PERA) Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA ACFR available at https://www.saonm.org.

Changes of assumptions. The PERA of New Mexico Annual Actuarial Valuation as of June 2022 report is available at http://www.nmpera.org/

### **Other Postemployment Benefit Medical Plan**

Changes of benefit terms. Active employees who are currently in the 80/80 Plan where the District reimburses 80% of retiree and spouse premium rates until each person turns 65 are now stratified into the following new plans as described in the notes to the financial statements. This change caused a significant reduction in the District's liability.

Changes of assumptions. The calculations were based on an actuarial valuation as of June 30, 2022 using census data and recent health care cost information which was provided by the District.



### **SUPPLEMENTARY INFORMATION**

# State of New Mexico Middle Rio Grande Conservancy District Schedule of Collateral Pledged by Depository For Public Funds June 30, 2023

| Name of       | <b>Description of Pledged</b>   |            | CUSIP     | F  | air Market |  |  |
|---------------|---|------------|-----------|----|------------|--|--|
| Depository    | Collateral  | Maturity   | Number    |    | Value      |  |  |
| Wells Fargo B | ank, N.A.   |            |           |    |            |  |  |
|               | GNMA G2SF 4.00%   | 6/20/2052  | 36179W7M4 | \$ | 313,792    |  |  |
|               | GNMA G2SF 5.00%   | 6/20/2053  | 36179X5G7 |    | 1,385      |  |  |
|               | GNMA G2SF 5.00%   | 11/20/2052 | 36179XLH7 |    | 1,058,799  |  |  |
|               | GNMA G2SF 4.50%   | 12/20/2052 | 36179XNE2 |    | 80,123     |  |  |
|               | Total Wells Fargo Bank, N.A.  |            |           |    | 1,454,099  |  |  |
| N             | Name and location of safekeeper for above pledged collateral:<br>BNY Mellon, 101 Barclay Street, 4th Floor East, New York, NY 10286 |            |           |    |            |  |  |
| Total pledged | collateral  |            |           | \$ | 1,454,099  |  |  |

# State of New Mexico Middle Rio Grande Conservancy District Schedule of Collateral Pledged by Depository For Public Funds June 30, 2022

| Name of   | <b>Description of Pledged</b> |           | CUSIP     | Fa | ir Market |  |
|---|-------------------------------|-----------|-----------|----|-----------|--|
| Depository  | Collateral                    | Maturity  | Number    |    | Value     |  |
| Wells Fargo E   | Bank, N.A.                    |           |           |    |           |  |
|   | GNMA G2SF 3.50%               | 3/20/2048 | 36179TUA1 | \$ | 141,172   |  |
|   | GNMA G2SF 4.50%               | 5/20/2052 | 36179W5F1 |    | 209,923   |  |
| Total Wells Fargo Bank, N.A.  |                               |           |           |    |           |  |
| Name and location of safekeeper for above pledged collateral:<br>BNY Mellon, 101 Barclay Street, 4th Floor East, New York, NY 10286 |                               |           |           |    |           |  |
| Total pledged   | l collateral                  |           |           | \$ | 351,095   |  |

# State of New Mexico Middle Rio Grande Conservancy District Schedule of Deposit and Investment Accounts June 30, 2023

| Bank Account Type/Name  | Wells Fargo<br>Bank |    | 1 Finance uthority | NM State<br>Treasurer |  |  |  |
|---|---------------------|----|--------------------|-----------------------|--|--|--|
| Bank Account Type/Name  | Dalik               | A  | utilority          | Heasurer              |  |  |  |
| Non-interest bearing accounts                                 |                     |    |                    |                       |  |  |  |
| Cash and cash equivalents                                     |                     |    |                    |                       |  |  |  |
| G/F operating   | \$ 2,525,830        | \$ | -                  | \$ -                  |  |  |  |
| G/F basic flex plan   | 3,827               |    | -                  | -                     |  |  |  |
| Interest bearing accounts                                     |                     |    |                    |                       |  |  |  |
| Cash and cash equivalents                                     |                     |    |                    |                       |  |  |  |
| NMFA debt servicing   | -                   |    | 133,609            | -                     |  |  |  |
| NMFA reserve funds  | -                   |    | 18,182             | -                     |  |  |  |
| NMFA program funds  | -                   |    | 203                | -                     |  |  |  |
| Endowment   | -                   |    | -                  | -                     |  |  |  |
| Endowment 2   | -                   |    | -                  | -                     |  |  |  |
| Investments   |                     |    |                    |                       |  |  |  |
| NMFA reserve funds  | -                   |    | 379,300            | -                     |  |  |  |
| NMFA program funds  | -                   |    | 1,299              | -                     |  |  |  |
| NM LGIP - G/F operating                                       | -                   |    | -                  | 9,370,966             |  |  |  |
| NM LGIP - G/F capital reserve fund                            | -                   |    | -                  | 2,745,736             |  |  |  |
| NM LGIP - SRF levee projects                                  | -                   |    | -                  | 1,098,596             |  |  |  |
| NM LGIP - SRF AMAFCA future projects                          | -                   |    | -                  | 421,094               |  |  |  |
| NM LGIP - SRF Beralillo County future projects                | -                   |    | -                  | 80,928                |  |  |  |
| Endowment   | -                   |    | -                  | -                     |  |  |  |
| Endowment 2   | -                   |    | -                  | -                     |  |  |  |
| State Investment Council                                      | -                   |    | -                  | -                     |  |  |  |
| Total   | 2,529,657           |    | 532,593            | 13,717,320            |  |  |  |
| Reconciling items   | (888,267)           |    | -                  | -                     |  |  |  |
| Reconciled balance  | \$ 1,641,390        | \$ | 532,593            | \$13,717,320          |  |  |  |
| neconcine sulunice  | 7 1,0 11,000        |    | 332,333            | 7 10,7 17,320         |  |  |  |
| Plus petty cash   |                     |    |                    |                       |  |  |  |
| Less restricted cash per statement of net position            |                     |    |                    |                       |  |  |  |
| Less investments per statement of net position                |                     |    |                    |                       |  |  |  |
| Less restricted investments per statement of net p            | oosition            |    |                    |                       |  |  |  |
| Cash and cash equivalents per statement of net po             | sition              |    |                    |                       |  |  |  |
| Castronia Castronia Per Castronia Per Castronia Per Castronia |                     |    |                    |                       |  |  |  |

|   | US<br>Bank  | NM State<br>Investment<br>Council | Totals       |
|---|-------------|-----------------------------------|--------------|
| _ |             |                                   |              |
|   |             |                                   |              |
| ٠ | <u>.</u>    |                                   | 4            |
| Ş | -           | \$ -                              | \$ 2,525,830 |
|   | -           | -                                 | 3,827        |
|   |             |                                   |              |
|   |             |                                   |              |
|   | -           | -                                 | 133,609      |
|   | -           | -                                 | 18,182       |
|   | -           | -                                 | 203          |
|   | 36,854      | -                                 | 36,854       |
|   | 7,230       | -                                 | 7,230        |
|   |             |                                   |              |
|   | _           | -                                 | 379,300      |
|   | -           | -                                 | 1,299        |
|   | -           | -                                 | 9,370,966    |
|   | -           | -                                 | 2,745,736    |
|   | -           | -                                 | 1,098,596    |
|   | -           | -                                 | 421,094      |
|   | -           | -                                 | 80,928       |
|   | 2,997,116   | -                                 | 2,997,116    |
|   | 3,272,319   | -                                 | 3,272,319    |
| _ | -           | 4,410,297                         | 4,410,297    |
|   | 6,313,519   | 4,410,297                         | 27,503,386   |
|   | 0,515,515   | 1, 110,237                        | 27,303,300   |
|   | -           | -                                 | (888,267)    |
| ے | 6 6 212 510 | ¢ 4.410.207                       | 26 61E 110   |
| = | 6,313,519   | \$ 4,410,297                      | 26,615,119   |
|   |             |                                   | 850          |
|   |             |                                   | (151,994)    |
|   |             |                                   | (15,640,401) |
|   |             |                                   | (9,137,250)  |
|   |             |                                   | \$ 1,686,324 |
| = |             |                                   | 7 1,000,324  |

# State of New Mexico Middle Rio Grande Conservancy District Schedule of Deposit and Investment Accounts June 30, 2022

|   | Wells Fargo  | NM Finance   | NM State     |              |  |
|---|--------------|--------------|--------------|--------------|--|
| Bank Account Type/Name                                    | Bank         | Authority    | Treasurer    | Totals       |  |
| Non-interest bearing accounts                             |              |              |              |              |  |
| Cash and cash equivalents                                 |              |              |              |              |  |
| G/F operating   | \$ 1,168,453 | \$ -         | \$ -         | \$ 1,168,453 |  |
| G/F basic flex plan                                       | 4,721        | -            | -            | 4,721        |  |
| Interest bearing accounts                                 |              |              |              |              |  |
| Cash and cash equivalents                                 |              |              |              |              |  |
| NMFA debt servicing                                       | -            | 94,884       | -            | 94,884       |  |
| NMFA reserve funds  | -            | 14,065       | -            | 14,065       |  |
| NMFA program funds  | -            | 164,666      | -            | 164,666      |  |
| Investments   |              |              |              |              |  |
| NMFA reserve funds  | -            | 376,424      | -            | 376,424      |  |
| NMFA program funds  | -            | 773,484      | -            | 773,484      |  |
| NM LGIP - G/F operating                                   | -            | -            | 13,200,639   | 13,200,639   |  |
| NM LGIP - G/F capital reserve fund                        | -            | -            | 2,655,999    | 2,655,999    |  |
| NM LGIP - SRF endowment                                   | -            | -            | 7,226,509    | 7,226,509    |  |
| NM LGIP - SRF levee projects                              | -            | -            | 1,062,692    | 1,062,692    |  |
| NM LGIP - SRF AMAFCA future projects                      | -            | -            | 407,331      | 407,331      |  |
| NM LGIP - SRF Beralillo County future projects            | -            | -            | 78,282       | 78,282       |  |
| Total   | 1,173,174    | 1,423,523    | 24,631,452   | 27,228,149   |  |
| Reconciling items   | (123,650)    | -            | -            | (123,650)    |  |
| Reconciled balance  | \$ 1,049,524 | \$ 1,423,523 | \$24,631,452 | 27,104,499   |  |
| Plus petty cash   |              |              |              | 850          |  |
| Less restricted cash per statement of net position        |              |              |              | (273,615)    |  |
| Less investments per statement of net position            |              |              |              | (13,200,639) |  |
| Less restricted investments per statement of net position |              |              |              |              |  |
|   |              |              |              | (12,580,721) |  |
| Cash and cash equivalents per statement of net po         | sition       |              |              | \$ 1,050,374 |  |



### **COMPLIANCE SECTION**

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### INDEPENDENT AUDITORS' 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

Joseph M. Maestas, P.E., New Mexico State Auditor
The Office of Management and Budget and
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund of the Middle Rio Grande Conservancy District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ungram, L.L.C.

Albuquerque, NM December 7, 2023



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

Joseph M. Maestas, P.E., New Mexico State Auditor
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, New Mexico

### Report on Compliance for the Major Federal Program

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

We have audited the Middle Rio Grande Conservancy District's (the "District") 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 the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

### Basis for Opinion on the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 the major federal program. Our audit does not provide a legal determination of the District'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 the District's federal programs.

### Auditors' 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 the District'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 the District's compliance with the requirements of the 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 the District'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 the District'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 the District'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 Auditors' 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.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Carr, Riggs & Ungram, L.L.C.

December 7, 2023

### State of New Mexico Middle Rio Grande Convservancy District Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

| Federal Grantor/Passthrough Grantor/Program Title            | Grant/Pass-Through Number   | Federal Assistance Listing Number |
|--|-----------------------------|-----------------------------------|
| Grantor/Frogram Title  | Granty r ass-rinough Number | Listing Ivalliber                 |
| U.S. Department of Interior                                  |                             |                                   |
| Passed through the National Fish and Wildlife Foun           | dation                      |                                   |
| Fish and Wildlife Coordination Act Grants                    | 2504.18.067387              | 15.517                            |
| Total U.S. Department of Interior  Department of Agriculture |                             |                                   |
| Passed through the Natural Resources Conservation            | n Services                  |                                   |
| Watershed Protection and Flood Prevention                    | NRCS-ADS-093                | 10.904                            |
| Total Department of Agriculture                              |                             |                                   |
| Total federal financial assistance                           |                             |                                   |

| Federal<br>penditures | Funds<br>Provided<br>Subrecipie |   | Noncash<br>Assistance |          |  |
|-----------------------|---------------------------------|---|-----------------------|----------|--|
|                       |                                 |   |                       |          |  |
| \$<br>706,249         | \$                              | - | \$                    | _        |  |
| 706,249               |                                 | - |                       | <u>-</u> |  |
|                       |                                 |   |                       |          |  |
| 188,737               |                                 | - |                       | _        |  |
| 188,737               |                                 | - |                       | _        |  |
| \$<br>894,986         | \$                              | _ | \$                    | _        |  |

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### State of New Mexico Middle Rio Grande Conservancy District Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

### 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Middle Rio Grande Conservancy District (the "District") 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 District did not expend federal awards related to loans or loan guarantees during the year.

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

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

### 4. Federally Funded Insurance

The District has no federally funded insurance.

### Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

| Total federal awards expended per schedule of expenditures of federal awards | \$<br>894,986    |
|--|------------------|
| Total expenditures funded by other sources                                   | 28,956,325       |
| Total expenditures   | \$<br>29,851,311 |

### State of New Mexico Middle Rio Grande Conservancy District Schedule of Findings and Questioned Costs June 30, 2023

### **SECTION I – SUMMARY OF AUDITORS' RESULTS**

| Financ  | cial Statements:  |            |  |
|---|---|------------|--|
| 1.  | Type of auditors' report issued   | Unmodified |  |
| 2.  | Internal control over financial reporting:  |            |  |
|   | a. Material weaknesses identified?  | No         |  |
|   | <ul> <li>Significant deficiencies identified not considered to be<br/>material weaknesses?</li> </ul>       | None noted |  |
|   | c. Noncompliance material to the financial statements?  | No         |  |
| Federo  | al Awards:  |            |  |
| 1. Type of auditors' report issued on compliance for major programs |   |            |  |
| 2.  | Internal control over major programs:   |            |  |
|   | a. Material weaknesses identified?  | No         |  |
|   | <ul> <li>Significant deficiencies identified not considered to be<br/>material weaknesses?</li> </ul>       | None noted |  |
| 3.  | Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | No         |  |
| 4.  | Identification of major programs:   |            |  |
|   | Assistance Listing Number Federal Program   |            |  |
|   | 15.517 Fish and Wildlife Coordination Act   | Grants     |  |
| 5.  | Dollar threshold used to distinguish between type A and type B programs:                                    | \$750,000  |  |
| 6.  | Auditee qualified as low-risk auditee?  | No         |  |

# State of New Mexico Middle Rio Grande Conservancy District Schedule of Findings and Questioned Costs June 30, 2023

| SECTION II – FINANCIAL STATEMENT FINDINGS      |
|--|
| None noted.                                    |
|  |
| SECTION III – FEDERAL AWARD FINDINGS           |
| None noted.                                    |
| SECTION IV — SECTION 12-6-5 NMSA 1978 FINDINGS |
| None noted.                                    |
| SECTION V – SUMMARY OF PRIOR YEAR FINDINGS     |
| None.  |

### State of New Mexico Middle Rio Grande Conservancy District Other Disclosures June 30, 2023

### **EXIT CONFERENCE**

The contents of this report were discussed on November 30, 2023. The following individuals were in attendance:

### **Representing Middle Rio Grande Conservancy District**

Stephanie Russo-Baca Board Chair Karen Dunning Board Member

Jason Casuga Chief Executive Officer
Pamela Fanelli Chief Financial Officer

Joshua Gamboa Controller

Judy McSweeney Senior Financial Grant Analyst

### Representing Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP Partner

Sara Specht, CPA, CFE, CGFM Senior Manager

### **AUDITOR PREPARED FINANCIALS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the District from the original books and records provide to them by the management of the District. The responsibility for the financial statements remains with the District.