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**OSE/ISC FY2022 BUDGET  
PRESENTATION TO THE  
LEGISLATIVE FINANCE COMMITTEE**

**JOHN R. D'ANTONIO JR., P.E.**

**ROLF SCHMIDT-PETERSEN**

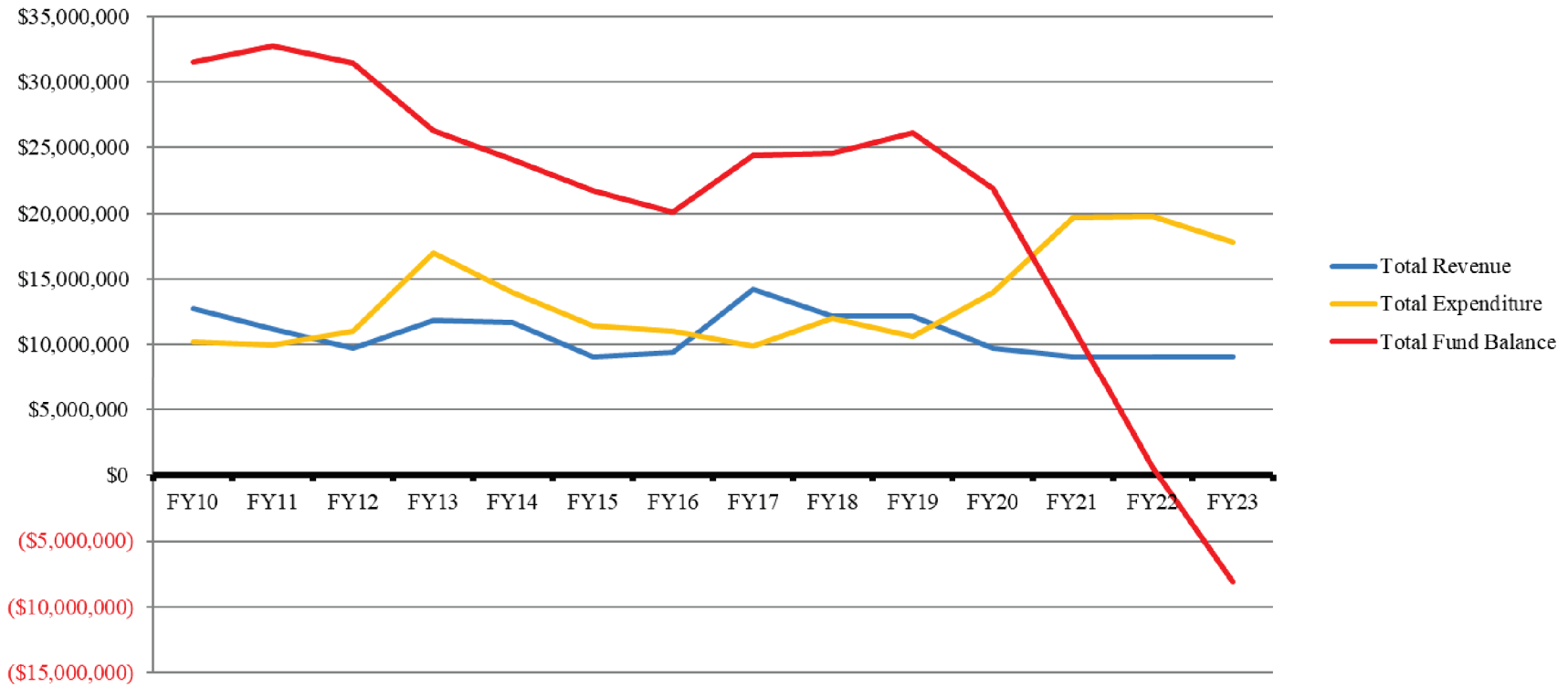
**DECEMBER 8, 2020**



# **AGENCY TRUST FUNDS INSOLVENCY**

# OSE TRUST FUNDS COMBINED

**OSE Trust Funds Combined  
Revenues, Expenditures and Fund Balance Since 2010**



# IRRIGATION WORKS CONSTRUCTION FUND (326)

## -ACTUALS AND PROJECTIONS-

	B	C	D	E	F	G	H	I	J
1	<b>IRRIGATION WORKS CONSTRUCTION FUND (326)</b>								
2		<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>Pre-Audit</b>	<b>Projected</b>		
3		<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
4	<b>BEGINNING BALANCE</b>	\$15,207,005	\$13,509,420	\$15,418,005	\$15,496,439	\$16,248,298	\$13,438,596	\$3,990,896	\$194,196
5	<b>REVENUE</b>								
6	Permanent Fund	\$6,633,195	\$6,320,881	\$6,664,822	\$6,968,489	\$6,968,762	\$6,700,000	\$6,700,000	\$6,700,000
7	Interest/Loans	\$23,408	\$36,108	\$23,397	\$19,059	\$17,469	\$15,000	\$15,000	\$15,000
8	Lease Income	\$747,611	\$2,968,259	\$1,640,000	\$988,106	\$808,139	\$750,000	\$750,000	\$750,000
9	Investment Income (Loss)	\$342,433	\$1,787,009	\$1,430,320	\$1,798,600	\$3,250	\$0	\$0	\$0
10	Miscellaneous	\$35,800			\$128,709	\$5,500	\$25,000	\$25,000	\$25,000
11	Adjustments								
12	<b>TOTAL REVENUE</b>	<b>\$7,782,447</b>	<b>\$11,112,257</b>	<b>\$9,758,539</b>	<b>\$9,902,963</b>	<b>\$7,803,120</b>	<b>\$7,490,000</b>	<b>\$7,490,000</b>	<b>\$7,490,000</b>
13									
14	<b>EXPENDITURES</b>								
15	Specials & BAR Authority						\$1,850,000	\$1,850,000	
16	Operating Budget	\$9,480,032	\$9,203,672	\$9,680,105	\$9,151,104	\$9,612,822	\$11,587,700	\$5,936,700	\$11,587,700
17	Forestry Fund					\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
18	Acequia Fund						\$2,500,000	\$2,500,000	\$2,500,000
19	<b>TOTAL EXPENDITURES</b>	<b>\$9,480,032</b>	<b>\$9,203,672</b>	<b>\$9,680,105</b>	<b>\$9,151,104</b>	<b>\$10,612,822</b>	<b>\$16,937,700</b>	<b>\$11,286,700</b>	<b>\$15,087,700</b>
20	<b>ADJUSTED BALANCE</b>	<b>\$13,509,420</b>	<b>\$15,418,005</b>	<b>\$15,496,439</b>	<b>\$16,248,298</b>	<b>\$13,438,596</b>	<b>\$3,990,896</b>	<b>\$194,196</b>	<b>(\$7,403,504)</b>

# 5 -YEAR PLAN REDUCTION TO OSE TRUST FUNDS 2019

## Legislated 5-Year Plan to Reduce OSE Reliance on Trust Funds Contained in 2019 General Appropriations Act:

22 On or before October 1, 2019, the office of the state engineer shall present to the legislature a  
 23 five-year plan, covering a period beginning in fiscal year 2021, to reduce expenditures from the trust  
 24 funds for operations by replacing it with general fund revenue and to address the long-term solvency of  
 25 the irrigation works construction fund and the improvement of Rio Grande income fund, to include a plan

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Item	General Fund	Other State Funds	Intrnl Svc Funds/Inter-Agency Trnsf	Federal Funds	Total/Target
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1 to engage and support beneficiaries including but not limited to acequias, community ditches and other  
 2 partners.

# PROPOSED AGENCY 5-YEAR PLAN REDUCTION PLAN

## 5-Year \$9M General Fund Replacement Plan with \$1M Replacement First Year and \$2M Per Year Thereafter

FY 20 OPERATING BUDGET						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	<i>Total:</i>	<i>Net swap:</i>
Irrigation Works Construction Fund	1,845	7,195	2,548	809	12,397	
Improvement to the Rio Grande Fund	148	1,885	539	200	2,771	
<b>General Fund</b>	<b>11,993</b>	<b>1,658</b>	<b>2,040</b>	<b>3,546</b>	<b>19,237</b>	
Water Master	666				666	
Emergency Drought Water Agreement		668			668	
Game Protection Fund		182			182	
Misc.		125			125	
Strategic Water Reserve		743			743	
Arizona Water Settlement		1,107			1,107	
Water Project Fund			2,238		2,238	
	14,651	13,564	7,364	4,555	<b>40,134</b>	

GF Replacement Plan Year 1 - FY21 (Based on FY20 OpBud Levels)						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	<i>Total:</i>	<i>Net swap:</i>
Irrigation Works Construction Fund	1,845	7,195	2,548	-	11,587	(809)
Improvement to the Rio Grande Fund	148	1,885	539	-	2,571	(200)
<b>General Fund</b>	<b>11,993</b>	<b>1,658</b>	<b>2,040</b>	<b>4,555</b>	<b>20,246</b>	<b>1,009</b>
Water Master	666				666	-
Emergency Drought Water Agreement		668			668	-
Game Protection Fund		182			182	-
Misc.		125			125	-
Strategic Water Reserve		743			743	-
Arizona Water Settlement		1,107			1,107	-
Water Project Fund			2,238		2,238	-
	14,651	13,564	7,364	4,555	<b>40,134</b>	-

GF Replacement Plan Year 2 - FY22						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	<i>Total:</i>	<i>Net swap:</i>
Irrigation Works Construction Fund	1,845	7,195	1,087		10,126	(2,270)
Improvement to the Rio Grande Fund	148	1,885			2,033	(739)
<b>General Fund</b>	<b>11,993</b>	<b>1,658</b>	<b>4,040</b>	<b>4,555</b>	<b>22,246</b>	<b>3,009</b>
Water Master	666	-	-	-	666	-
Emergency Drought Water Agreement	-	668	-	-	668	-
Game Protection Fund	-	182	-	-	182	-
Misc.	-	125	-	-	125	-
Strategic Water Reserve	-	743	-	-	743	-
Arizona Water Settlement	-	1,107	-	-	1,107	-
Water Project Fund	-	-	2,238	-	2,238	-
	14,651	13,564	7,364	4,555	<b>40,134</b>	-

GF Replacement Plan Year 3 - FY23						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	<i>Total:</i>	<i>Net swap:</i>
Irrigation Works Construction Fund	931	7,195	-	-	8,126	(4,270)
Improvement to the Rio Grande Fund	148	1,885	-	-	2,033	(739)
<b>General Fund</b>	<b>12,906</b>	<b>1,658</b>	<b>5,126</b>	<b>4,555</b>	<b>24,246</b>	<b>5,009</b>
Water Master	666	-	-	-	666	-
Emergency Drought Water Agreement	-	668	-	-	668	-
Game Protection Fund	-	182	-	-	182	-
Misc.	-	125	-	-	125	-
Strategic Water Reserve	-	743	-	-	743	-
Arizona Water Settlement	-	1,107	-	-	1,107	-
Water Project Fund	-	-	2,238	-	2,238	-
	14,651	13,564	7,364	4,555	<b>40,134</b>	-

## PROPOSED AGENCY 5-YEAR PLAN REDUCTION PLAN

### 5-Year \$9M General Fund Replacement Plan with \$1M Replacement First Year and \$2M Per Year Thereafter

GF Replacement Plan Year 4 - FY24						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	Total:	Net swap:
Irrigation Works Construction Fund	-	6,274	-	-	6,274	(6,123)
Improvement to the Rio Grande Fund	-	1,885	-	-	1,885	(886)
<b>General Fund</b>	<b>13,985</b>	<b>2,580</b>	<b>5,126</b>	<b>4,555</b>	<b>26,246</b>	<b>7,009</b>
Water Master	666	-	-	-	666	-
Emergency Drought Water Agreement	-	668	-	-	668	-
Game Protection Fund	-	182	-	-	182	-
Misc.	-	125	-	-	125	-
Strategic Water Reserve	-	743	-	-	743	-
Arizona Water Settlement	-	1,107	-	-	1,107	-
Water Project Fund	-	-	2,238	-	2,238	-
	14,651	13,564	7,364	4,555	<b>40,134</b>	-

GF Replacement Plan Year 5 - FY25						
<i>Funding Source:</i>	WRAP	ISC	LAP	PS	Total:	Net swap:
Irrigation Works Construction Fund	-	4,274	-	-	4,274	(8,123)
Improvement to the Rio Grande Fund	-	1,885	-	-	1,885	(886)
<b>General Fund</b>	<b>13,985</b>	<b>4,580</b>	<b>5,126</b>	<b>4,555</b>	<b>28,246</b>	<b>9,009</b>
Water Master	666	-	-	-	666	-
Emergency Drought Water Agreement	-	668	-	-	668	-
Game Protection Fund	-	182	-	-	182	-
Misc.	-	125	-	-	125	-
Strategic Water Reserve	-	743	-	-	743	-
Arizona Water Settlement	-	1,107	-	-	1,107	-
Water Project Fund	-	-	2,238	-	2,238	-
	14,651	13,564	7,364	4,555	<b>40,134</b>	-

**(Even if this plan were followed the funds will not be solvent in the near or long-term absent additional infusions or reductions to the recently-instituted statutory diversions from the funds.)**