INTERNATIONAL BOUNDARY AND WATER COMMISSION UNITED STATES AND MEXICO UNITED STATES SECTION











AGENCY FINANCIAL REPORT FISCAL YEAR 2024

<u>Prepared by</u>: Albert J. Moehlig, Budget Officer Maricela Ortiz, Lead Accountant

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SECTION 1: MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSION, ORGANIZATION AND STRUCTURE

MISSION AND VISION

The mission and the vision of the International Boundary and Water Commission, United States and Mexico, United States Section are as follows:

- **Mission:** "To provide binational solutions to issues regarding boundary demarcation, national ownership of waters, sanitation, water quality, and flood control in the border region that arise during the application of treaties between the United States and Mexico."
- **Vision:** "To be recognized as the premier agency that identifies solutions along the United States and Mexico border through local, state, federal and binational partnerships."



PHILOSOPHY

- I Integrity and Accountability
- B Binational Diplomacy
- W Working towards Excellence
- C Commitment to Stakeholders and the Public

ORGANIZATION

The International Boundary and Water Commission (IBWC) is a binational commission, established to apply boundary and water treaties, and related international agreements between the U.S. and Mexico. The IBWC consists of a U.S. Section and a Mexican Section. Each Section is administered independently of the other, and is headed by an Engineer Commissioner, who is appointed by his respective President. The U.S. Section receives foreign policy guidance from the U.S. Department of State, while the Mexican Section is administratively linked to the Secretariat of Foreign Relations of Mexico.

The U.S. Section and Mexican Section maintain their respective headquarters in the adjoining cities of El Paso, Texas and Ciudad Juárez, Chihuahua. Each Section maintains its own legal counsel, engineering staff, and administrative staff, and has field offices situated along the border to operate and maintain joint works. The Commissioner, two principal engineers, a legal adviser, and a secretary, designated by each Government as members of its Section, are entitled to the privileges and immunities appertaining to diplomatic officers. The Commission meets on a regular basis, alternating the place of meetings between the two countries and the staffs of the two Sections are in frequent contact.

The U.S. Section consists of the U.S. Commissioner, Executive Offices, and four Departments: Administration, Information Management, Operations, and Engineering. The Operations and Engineering Departments carry out and address the core mission requirements of the U.S. Section. Like the Commissioner, the heads of the Engineering and Operations Departments are engineers. The Administration and Information Management Departments perform the necessary support functions for the agency, whereas the Executive Offices provide executive, legal, public, and foreign policy guidance to the Commissioner. The Chief of Staff, Washington, D.C. Liaison, Department Heads, and Executive Office Heads make up the U.S. Commissioner's Executive Staff. The roles of the Executive Offices and Departments are summarized below.

Executive Offices

The Executive Offices are comprised of the following offices: Office of the Commissioner, Legal Affairs, Foreign Affairs, Human Resources, and Washington, D.C. Liaison Offices. In addition to the Commissioner and her executive assistant, the Office of the Commissioner administers the Public Affairs and Equal Employment Opportunity functions of the agency.

The Human Resources Office is responsible for recruiting, maintaining and updating personnel information, analyzing positions, and administering employee benefit programs (retirement, insurance, etc.). This office develops and implements policies, programs, and standards for effective management, utilization, and development of human resources in accordance with applicable laws, executive orders, rules and regulations.

The Legal Affairs Office is the in-house counsel that provides all general legal services for the agency, including contracting, realty, employment, and environmental matters. It also provides legal guidance on bi-national issues and interprets international law as part of the implementation of the Agency's Foreign Policy Program.

The Foreign Affairs Office is headed by the U.S. Section Secretary, who serves as an expert adviser on Treaty and Minute interpretations, and in cooperation with the Washington, DC

Liaison Office at the Department of State, serves as a policy adviser on international relations. The U.S. Section Secretary accompanies the U.S. Commission to binational IBWC meetings and keep records of all discussions and understandings reached at those meetings. The Foreign Affairs Office prepares formal binational agreements, IBWC Minutes, and provides Spanish and English language translation interpretation services. In addition, the Foreign Affairs Office also responds to public concerns, and updates the public about U.S. Section projects and initiatives through citizens' forums, press releases, newsletters, and other publications. This office also provides language interpretation services, maintains all diplomatic communication records, and prepares the formal binational agreements called IBWC Minutes.

Washington DC Liaison Office is headed by a Special Assistant, who serves as a senior foreign policy adviser to the U.S. Commissioner. The Special Assistant is permanently assigned to the Office of Mexican Affairs at the Department of State in Washington, D.C., where he/she functions as the principal liaison between the U.S. Section and the Department of State. The Special Assistant facilitates cooperation and coordination between the agency and the Department of State and other Washington agencies and organizations on U.S. Section issues that have foreign policy implications. The Special Assistant represents the U.S. Section in policy and technical discussions held in Washington, D.C. and acts as the agency's point of contact for congressional offices and representatives of states, local governments, and non-governmental organizations represented or meeting in Washington, D.C.

The Administration Department

The Administration Department is headed by the Chief Administrative Officer. It provides administrative support to all agency functions through its Budget Division, Finance and Accounting Division, and Personal Property Office. The Budget Division is responsible for formulation, coordination, and presentation of the agency's budget requirements to the U.S. Department of State and the Office of Management and Budget. It also distributes authorized funds among various programs and project cost centers for execution in an effective and responsible manner. In addition, the Budget Division provides the necessary oversight to avert Antideficiency Act violations and to ensure that all funds are used in compliance with the agency's governing laws, appropriations acts, and intergovernmental agreements. The Finance and Accounting Division is responsible for providing timely and accurate payments of vendor invoices, payroll, reimbursement of employee accounting, and financial services to the agency and its personnel. It maintains the accounting and depreciation records for the agency's property, plants, and capitalized equipment, to include acquisition and construction of new and on-going capital asset and improvement projects. The Budget Division and Finance and Accounting Division work together to prepare the agency's annual financial report. The Finance and Accounting Division prepares the annual financial statements and coordinates and responds to financial audit issues. The Budget Division compiles, validates, and calculates all other information needed for the financial audit, including deferred maintenance and repairs costs, lead and asbestos liabilities, etcetera, and produces the annual financial report. The Personal Property Office is responsible for the inventory of all accountable assets, coordinating GSA fleet vehicle requirements, and maintaining necessary supplies at headquarters.

Information Management Department

The Information Management Department is headed by the Chief Information Officer. It provides technical and administrative support services to the agency through its Information

Technology (IT) and Records Management Offices. The IT Office manages and protects the agency's IT general support systems, as well as the industrial control systems at the two international wastewater treatment plants. It is also responsible for maintaining, modernizing, and securing information technology infrastructure. The Records Management (RM) Office is entrusted with receiving, maintaining, and preserving or destroying records, as mandated by the records' disposition schedules. In addition, the RM Office runs the agency's resource library and conducts the mail center duties at Headquarters.

The Engineering Department

The Engineering Department is headed by the Principal Engineer of Engineering, who provides technical and policy advice to the U.S. Commissioner. The Engineering Department provides technical support in planning, engineering, environmental management, real property management, acquisition of good and services, construction management, geographical information system, and engineering surveys to meet agency requirements. The Engineering Department conducts and reviews environmental and cultural studies, water quality monitoring, hydraulic studies, geotechnical investigations, and develops design plans and specifications for construction and renovation of buildings, hydraulic and flood control structures, hydroelectric power plant infrastructure, and wastewater treatment plant infrastructure.

The Operations Department

The Operations Department is headed by the Principal Engineer of Operations. Like the Principal Engineer of Engineering, the Principal Engineer of Operations provides technical and policy advice to the U.S. Commissioner and oversees all U.S. Section operations and maintenance activities to assure adherence with treaty requirements. The Operations Department administers the Safety and Emergency Programs and consists of the following Divisions: Water Accounting, Security Services, and Operations and Maintenance. The Water Accounting Division coordinates and performs the water accounting functions to determine the national ownership of Rio Grande and Colorado River waters jointly with the Mexican Section. The Safety and Security Division administers the occupational safety and health, security, and emergency management functions for the agency. The Operations and Maintenance Division, through its field offices, operates and maintains roughly 100 hydrologic gaging stations, 500 miles of levee, 20,000 acres of floodplain, 700 hydraulic structures, four diversion dams, two international storage dams with hydroelectric power plants, two international wastewater treatment plants, and one-half of all international boundary monuments and markers on the land boundary and at international ports of entry.

OFFICE LOCATIONS AND GENERAL RESPONSIBILITIES

In addition to its headquarters in El Paso, Texas, the U.S. Section has twelve field offices along the southern international boundary, and one diplomatic liaison office located in the Office of Mexican Affairs at the Department of State in Washington DC. Of these field offices, three are individual area operations offices and the other nine are grouped together to form three regional area operations offices. The field offices are strategically located along the U.S. and Mexico border region for operations and maintenance of both domestic and international works authorized under treaties.

Below is a map identifying the locations and jurisdictional limits of the eight primary area operations offices managed by the U.S. Section. Descriptions of the responsibilities and functions of these offices are also provided.



San Diego Area Field Office

Located in San Diego, California, the primary functions of this field office are wastewater treatment and flood control. The San Diego Office addresses boundary and water issues in San Diego County and the adjacent Pacific coast. This field office administers the operations of the South Bay International Wastewater Treatment Plant, which treats an average of 25 million gallons per day of Mexican sewage to advanced primary standards and discharges the effluent into the Pacific Ocean 3.5 miles off the San Diego coast. In addition, it maintains the Tijuana River flood control system (i.e., levees, floodplains, and channel).

Yuma Area Field Office

Situated in Yuma, Arizona, the jurisdiction of this field office extends from the San Diego and Imperial County line in California, near IBWC Monument No. 230, to the Lukeville, Arizona International Port of Entry, which includes the 24-mile international stretch of the Colorado River. The Yuma Field Office works closely with the U.S. Bureau of Reclamation (USBR) to ensure the delivery and quality of Colorado River waters to Mexico in accordance with the 1944 Treaty and IBWC Minute No. 242. The field office performs water accounting activities, including maintenance of water gaging facilities, and conducts water quality assessments of Colorado River waters. The Yuma Field Office also works jointly with Mexico and the USBR to properly operate and maintain the international segment of Colorado River flood control system, which includes Morelos Dam. Other responsibilities include water quality assessments of the New River, and maintenance of land boundary monuments within their jurisdiction.

Nogales Area Field Office

Located in Rio Rico, Arizona, this field office's primary function is wastewater treatment. The City of Nogales, Arizona and the U.S. Section are co-owners of the Nogales International Wastewater Treatment Plant (NIWTP), which is located in Rio Rico, AZ and treats sewage from the border communities of Nogales, Sonora, Mexico; Nogales, Arizona; and Rio Rico, Arizona. In addition to operating and maintaining the NIWTP, the Nogales Field Office maintains the land boundary monuments and addresses other transboundary water issues within their jurisdiction, which spans from the Lukeville, Arizona International Port of Entry to the Arizona and New Mexico state line.

Upper Rio Grande Regional Field Office

The Upper Rio Grande Field Office consists of a base station with two satellite offices. The primary field office is situated along the Rio Grande at American Dam in El Paso, Texas. One satellite office is located in Las Cruces, New Mexico, approximately 40 miles north-northwest of American Dam, and the other is about 60 miles south-southeast in Fort Hancock, Texas. The Upper Rio Grande Field Office addresses all mission-related matters in southern New Mexico and western Texas. The jurisdiction of this field office runs along the western land boundary from the Arizona and New Mexico state line to the Rio Grande at El Paso, Texas, and continues downstream along the Rio Grande boundary for approximately 91 miles to the Presidio, Hudspeth and Jefferson Davis tri-county line in Texas. This field office also addresses all issues along the Rio Grande from El Paso, Texas upstream for about 106 miles to Percha Diversion Dam, approximately two miles south of Caballo Lake in Sierra County, New Mexico. The primary functions of the Upper Rio Grande Field Office are to ensure the distribution of Rio Grande waters between Mexico and the U.S. in accordance with the Convention of 1906, and to provide flood protection to U.S. residents against Rio Grande floods. These functions are accomplished through the regular operation and maintenance of the American Dam and Canal, and an array of water gaging facilities and flood control works along this 197-mile stretch of the Rio Grande. This Upper Rio Grande Field Office occasionally assists other western region U.S. Section field offices to restore or repair structures or facilities.

Middle Rio Grande Regional Field Office

The Middle Rio Grande Regional Field Office is comprised of three primary field offices located at Presidio, Amistad Dam, and Falcon Dam plus one secondary office in Laredo, Texas. The primary responsibilities and operational limits of these offices are summarized below.

- <u>Presidio Field Office</u>: Situated in Presidio, Texas, the jurisdictional limits of this field office extend along the Rio Grande from the Presidio, Hudspeth and Jefferson Davis tri-county line to Heath Canyon immediately downstream of Big Bend National Park. The main purpose of the field office is to protect the town of Presidio, Texas by maintaining flood control works along a 15-mile stretch of the Rio Grande. Other responsibilities include preserving the international river boundary, collecting water quality samples, and performing water accounting activities, including operation and maintenance of water gaging facilities, along the Rio Grande within their jurisdiction.
- <u>Amistad Dam Field Office</u>: Located at Amistad Village near Del Rio, Texas, the primary function of this field office is to effectively operate and maintain the Amistad International Storage Dam and Hydroelectric Power Plant. These operations provide electric power, flood control, and water conservation benefits to both the U.S. and Mexico. The field office also operates and/or maintains water gaging facilities, the boundary demarcation buoys on the reservoir, and performs water quality sampling and accounting of Rio Grande waters. The Amistad Dam Field Office addresses all Rio Grande boundary and water issues from Heath Canyon, just downstream of Big Bend National Park, to the Maverick and Webb County line below Eagle Pass, Texas.
- <u>Falcon Dam Field Office</u>: The Falcon Dam Field Office has its primary office in Falcon Village near Falcon Heights, Texas. The core role of this field office is to effectively operate and maintain the Falcon International Storage Dam and Hydroelectric Power Plant to provide water resource conservation, flood control and to generate hydroelectric power in conjunction with irrigation, municipal, and flood releases. In addition, the field office operates and/or maintains jurisdictional boundary demarcation monuments, water gaging facilities, and performs water flow and storage measurements for accounting of Rio Grande waters. Its jurisdiction extends from the Web and Zapata County line to the Starr and Hidalgo County line.
- <u>Laredo Satellite Office</u>: Stationed in Laredo, Texas, this office is considered a satellite office of the Falcon Dam Field Office. The primary purpose of the Laredo Office is to collect water quality sampling data and provide oversight of the operations and maintenance of the Nuevo Laredo International Wastewater Treatment Plant in Mexico, which discharges treated wastewater into the Rio Grande at Laredo, Texas. Another purpose is to coordinate binational issues regarding the Rio Grande with U.S. and Mexican stakeholders. The jurisdictional limits of this field office extend along the Rio Grande, entirely within Webb County, Texas.

Lower Rio Grande Regional Field Office

The Lower Rio Grande Field Office consists of a base station and a satellite office. The primary field office is located nearly 40 miles upstream of Brownsville, Texas in Mercedes, Texas. The satellite office is situated south of Mission, Texas at Anzalduas Dam. The primary functions of the Lower Rio Grande Field Office are to ensure the allocation of U.S. waters in accordance

with 1944 Treaty and to protect south Texas residents from Rio Grande floods. These functions are accomplished through the regular operation and maintenance of Anzalduas and Retamal International Dams, river and floodway gaging facilities, irrigation structures, and flood control works along the Rio Grande and its interior floodways from Penitas to Brownsville, Texas. The field office also performs water accounting and water quality sampling activities on the Rio Grande, oversight of Morillo Drain operations in Mexico, and addresses all binational issues concerning the Rio Grande boundary and its waters in Hidalgo, Cameron and Willacy Counties in Texas.



WORKFORCE DISTRIBUTION

The agency's FY 2024 labor program was structured to sustain a workforce equivalent to 304 full-time positions or Full-Time Equivalents (FTEs). Direct appropriations provided for 266 FTEs and reimbursable funds provided for 38 FTEs. Full-time equivalent employment is defined as the total number of regular straight-time hours worked (i.e., not including overtime or holiday hours worked) by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave used, sick leave used, compensatory time off used and other approved leave categories used are considered "hours worked" for purposes of defining full-time equivalent employment.

Below is the employee distribution based on funded positions on the organization chart by department, regional location, and funding source. The regional location data reflect the intended primary duty stations of positions and not alternate or remote duty stations.







Although the agency's labor program is based on workforce of 304 FTEs, the actual manhours worked in FY 2024 resulted in an actual on-board total of 254.0 FTEs. This yielded an average annual vacancy rate 16.45%. Of the 254.0 FTEs on-board in FY 2024, 221.6 FTEs were funded with direct appropriations and 32.4 FTEs were funded with reimbursable funds received from the State of Texas and the Western Area Power Administration. Below are illustrations showing program verses actual on-board FTE distributions by department, location, and funding source.







HISTORY

The IBWC traces its roots to the Guadalupe Hidalgo Treaty of 1848 and the Gadsden Treaty of 1853. The Guadalupe Hidalgo Treaty of February 2, 1848 ended the Mexican-American War and provided for a new international boundary. The resulting boundary extended east in a straight line from the California coast, south of the port of San Diego, to and along the Gila River, and east along the Rio Grande to the Gulf of Mexico. However, disputes over the boundary lingered and a proposal for a southern railroad south of the Gila River added to the turmoil. Therefore, in 1853 the U.S., James Gadsden, represented by negotiated and acquired the necessary land from Mexico for \$10 million U.S. dollars. Known as the Gadsden Purchase. the Treaty of December 30, 1853 redefined the U.S. - Mexico boundary further south along New Mexico and Arizona to current location.



Historic U.S. – Mexico Boundaries

This map illustrates the land that the U.S. acquired from Mexico as a result of the Guadalupe Hidalgo Treaty of 1848 (blue), and the Gadsden Treaty of 1853 (red).



Sketch of Territory acquired by the Treaty of 1853

View of the initial point on the Rio Grande, looking west along the boundary line on parallel 31° 47' N latitude. The flag on the mountain and the boundary monument, situated on the west bank of the Rio Grande, indicate the boundary line west of the Rio Grande.

As the settlements grew along the Rio Grande and Colorado River in the late 1800's, settlers began developing adjoining lands for agriculture. In the late Nineteenth Century, questions arose as to the location of the boundary and the jurisdiction of lands when the boundary rivers changed their course and transferred land from one side of the river to the other. Therefore, the U.S. and Mexico adopted certain rules designated to deal with these river boundary issues during the Convention of November 12, 1884. To apply the rules of this 1884 Convention, the two countries formed a temporary joint commission. An interim International Boundary Commission (IBC), consisting of a U.S. Section and a Mexican Section, was created by the Convention of March 1, 1889.

In addition to the river boundaries, the land boundary between the Pacific Ocean and the Rio Grande was another issue that needed to be addressed. The long distances between the boundary monuments coupled with the occasional destruction of a monument made it difficult to determine the physical location of the international border. To resolve this problem, U.S. Commissioner John W. Barlow and Mexican



Old Monument No. 16

Stone Monument built in the early 1850's to mark the U.S. – Mexico border.

Commissioner Jacobo Blanco embarked on a quest to resurvey and demarcate the western boundary. The survey started at the El Paso, Texas – Ciudad Juárez, Chihuahua border in 1891 and concluded at the San Diego, California – Tijuana, Baja California border in 1894. During this survey, IBC crews reconstructed old monuments and erected new ones; thus, increasing the number of monuments from 52 to 258.



Western Land Boundary Monuments

Stone and iron monuments were erected during the resurvey expedition in the early 1890's to demarcate the international boundary. Monument No. 2 (left), composed of stone, was set at the summit of the Mulero Mountains known today as Mount Christo Rey, in Sunland Park, New Mexico adjacent to El Paso, Texas. Monument No. 185, made of iron, was placed on a high, rough peak of the Tule Mountains in southwestern Arizona.

As border populations increased between the years of 1906 and 1968, the Commission constructed 18 additional boundary monuments for a total of 276. The IBWC later erected 442 smaller concrete markers to enhance demarcation along the western boundary from 1976 to 1986.

In the year 1900, both Governments agreed to make the interim IBC a permanent binational entity by indefinitely extending its existence under the Convention of November 21, 1900. It is this 1889 IBC that is considered to be the direct predecessor to the modern day IBWC. The International Boundary Commission was renamed to the International Boundary and Water Commission in 1944.

During the early to mid-1900s as border populations increased, the IBC was faced with more challenges. These challenges included the equitable and efficient distribution of Rio Grande and Colorado River waters between the U.S. and Mexico, Rio Grande flood control and channel stabilization, and border sanitation.

Historically, the Rio Grande was a meandering stream carrying heavy sediment loads through and below the El Paso – Juárez Valley. Channel aggrading occurred due to the flat gradient and low flow velocities, and during flood flows a new channel often formed on lower ground. In the late 1920's, the IBC formulated plans to rectify the Rio Grande and stabilize the boundary line between El Paso, Texas and Little Box Canyon in such a manner that the total areas to be cut from each country were equal. The IBC constructed the rectified Rio Grande channel with necessary grade control works and within a leveed floodway from 1934 to 1938. Thirty years later, the IBWC relocated and concrete-lined 4.35 miles of the Rio Grande channel to resolve a century old boundary dispute, known as the Chamizal Dispute, at El Paso, Texas - Ciudad Juárez, Chihuahua.



Rio Grande Rectification

Photo showing the rectification of the Rio Grande channel along the El Paso, Texas and Ciudad Juárez, Chihuahua (Mexico) Valley in 1938 for the purpose of stabilizing the international boundary between the United States and Mexico.

The U.S. Section of the IBC built the American Diversion Dam and Canal immediately upstream of the Rio Grande boundary in El Paso, Texas from 1937 to 1938. The purpose of this project was to separate Rio Grande waters allocated to the U.S. from those allocated to Mexico in the El Paso – Juárez Valley. To convey these waters more efficiently and protect U.S. lands from Rio Grande floods, the U.S. Section constructed the Rio Grande Canalization Project. This project provided for a normal-flow, rectified river channel within a leveed floodway from Percha Diversion Dam. located two miles downstream of Caballo Storage Dam, to American Diversion Dam during 1938 to 1943.



American Diversion Dam

View of American Diversion Dam in El Paso, Texas, which diverts Rio Grande waters allocated to the U.S. under the Convention of 1906.



Resolution of the Chamizal Boundary Dispute

Territory returned to Mexico, in accordance with the Convention of 1963, by relocation of the Rio Grande was relocated northward.

Two decades later, the IBWC relocated a section of the Rio Grande in El Paso, Texas – Ciudad Juárez, Chihuahua to resolve a century old boundary dispute with Mexico. This dispute, known as the Chamizal Dispute, arose when the Rio Grande moved southward, causing Mexico to lose territory in the 1860's. To resolve this issue, the IBWC constructed the Chamizal Project from 1966 to 1969 and returned 437 acres of territory to Through this project, the Mexico. agency relocated and stabilized 4.35 miles of the Rio Grande channel near Cordova Island. It also extended the flood control levees upstream from Cordova Island to immediately below American Dam to protect U.S. lands from river floods.



Historical courses of the Rio Grande in the Mesilla Valley

The historical courses of the Rio Grande, prior to its "straightening" during the Canalization Project from 1938 to 1943, are shown on this geology map. Note the smaller size of river channel between the 1844 course and later channels.

The U.S. and Mexican Governments directed the IBC in 1930 to address the flood control problems in the Lower Rio Grande Valley located in far south Texas. As a result, the IBC extended, raised, and straightened levees of the Rio Grande and its interior floodways in 1933. The IBWC later constructed Anzalduas Diversion Dam between 1956 and 1960 to allow for controlled diversion of floodwaters into the U.S. interior floodway. However, the 1958 flood demonstrated that certain improvements to the system were needed, so the IBWC raised some levee reaches and extended the river levee eight miles upstream to Penitas, Texas from 1958 to Unfortunately, Hurricane Beulah 1961. struck the region in 1967, devastating the Lower Rio Grande watershed with up to 35 inches of rain and causing major damage in both the U.S. and Mexico. The IBWC quickly responded by performing emergency repairs to the flood control system in 1968 and 1969. Soon thereafter in September 1970, the two Governments agreed to further increase the flood conveyance capacity of the system from 187,000 cubic feet per second to 250,000 cubic feet per second at the head of the Beginning in 1970, the IBWC vallev. completed all the necessary flood control improvements by 1977, including levee raising, interior floodway modifications, and construction of Retamal Diversion Dam.

During the 1940's, the Commission conducted joint studies and investigations to determine the most feasible sites for the construction of major international reservoirs and hydroelectric power plants on the Rio Grande. Construction of international storage dams and power plants would provide flood control, water conservation, recreational, and electrical power benefits to



Lower Rio Grande U.S. Main Floodway Construction of the south levee of the Main Floodway in the Lower Rio Grande Valley of south Texas in 1934.



Hurricane Beulah Flooding

Aerial photograph of a flooded community in Harlingen, Texas after Hurricane Beulah hit the Lower Rio Grande Valley in 1967. Note that only the rooftops were visible.

both countries. Since the U.S. and Mexico concluded that two such combinations on the Rio Grande would be feasible, the IBWC proceeded with the construction of the Falcon and Amistad International Storage Dams and Power Plants. The Falcon International Storage Dam and Power Plant was built in 1950 to 1954. Unlike Falcon, the Amistad project was constructed in two separate phases. The storage dam was built in 1963 to 1969, and the U.S. and Mexican power plant facilities were constructed from 1980 and 1987.



Falcon International Storage Dam and Hydroelectric Power Plant

Falcon International Dam and the U.S. power plant during construction in 1952 (left), and in operation forty-one years later in 1993 (right). The storage dam and power plants provide water conservation, flood protection, power production, and recreational benefits to both the U.S. and Mexico. (Mexican power plant is not shown.)

The U.S. and Mexico, through the IBWC, have worked together to address sanitation issues and improve the environment along the international boundary. Since the 1930's, the IBWC has jointly developed and implemented defensive sanitary works at various locations along the border. The most notable IBWC accomplishments include the operation and construction of three international wastewater treatment plants and related infrastructure on the border region to treat sewage from Mexico. The IBWC built the original Nogales International Wastewater Treatment Plant (NIWTP) at Nogales, Arizona in 1951. The IBWC operated this facility until it constructed, jointly with the City of Nogales, a larger secondary sewage treatment plant outside of the city limits in 1972, to treat both U.S. and Mexican wastewater. Subsequent



Nuevo Laredo Int'l Wastewater Treatment Plant

This plant, with a capacity of 31 million gallons per day, treats Mexican sewage that would otherwise pollute the Rio Grande to U.S. secondary standards.

upgrades and expansion of the NIWTP were completed in 1990 and in 2009. Additionally, in the 1990's, the IBWC constructed the Nuevo Laredo International Wastewater Treatment Plant (NLIWTP) at Nuevo Laredo, Tamaulipas, Mexico, and the South Bay International Wastewater Treatment Plant (SBIWTP) at San Diego, California. Construction of the NLIWTP, which began in 1992, was substantially completed and placed into operation 1996. The agency started construction of the SBIWTP in 1993 and completed the advanced primary treatment facilities in 1997 and the 3.5-mile ocean outfall in 1999. Secondary treatment upgrades were constructed to the SBIWTP 2009 to 2011. However, due to prolonged periods of peak wastewater inflows from Mexico, the agency constructed additional infrastructure improvements at the SBIWTP from 2015 to 2018 to reduce the risk of wastewater overflows and ensure compliance with the National Pollutant Discharge Elimination System (NPDES) discharge permit requirements.

The IBWC is charged with applying the rights and obligations that the Governments of the United States and Mexico assume under various boundary and water treaties and agreements, and to settle disputes that arise in the application of these agreements. The Commission is committed to exercising this authority in an environmentally sound manner, which benefits the social and economic welfare of both countries and improves relations. The IBWC is entrusted with the responsibility of diplomatically addressing boundary preservation, accounting for national ownership of transboundary river waters, responding to border sanitation and water quality problems of transboundary flows, and affording flood protection to millions of people living along the international border between the United States and Mexico. The U.S. Section accomplishes its statutory mission by through diplomatic resolution, development, operation, and maintenance of boundary demarcation, water conveyance, and water quality facilities and infrastructure.



1944 Treaty Signing

Signing of the 1944 Treaty in Washington, D.C. on February 3, 1944. U.S. Secretary of State Cordell Hull, seated at the center, is signing the Treaty. Mexican Foreign Relations Secretary F. Castillo Najera is seated to his right.

1970 Treaty Signing

Signing of the 1970 Treaty in Mexico City on November 23, 1970. Signing the Treaty are U.S. Ambassador Robert H. McBride (left) and Mexican Secretary of Foreign Affairs Antonio Carrillo Flores (right).



UNITED STATES AND MEXICO BOUNDARY

As established by Treaties in 1848, 1853, and 1970, the boundary between the U.S. and Mexico extends 1,954 miles, excluding the maritime boundaries of 18 miles in the Pacific Ocean and 12 miles in the Gulf of Mexico. Beginning at the Gulf of Mexico, the U.S. – Mexico continental boundary follows the centerline of the Rio Grande a distance of 1,255 miles from the Gulf to a point in El Paso, Texas and Ciudad Juárez, Chihuahua. From this point, the boundary follows a westward alignment marked by monuments and markers overland below New Mexico and Arizona a distance of 534 miles to the Colorado River. The boundary continues northward along the centerline of the Colorado River for 24 miles, where it once again follows a westward alignment marked by monuments and markers overland below California to the Pacific Ocean a distance of 141 miles.

The region along the boundary is characterized by deserts, rugged mountains, abundant sunshine, and by two major rivers. These rivers, which make up approximately two-thirds of the international boundary, are the Colorado River and the Rio Grande. The rivers provide life-giving waters to the largely arid, but fertile lands along the rivers in both countries.

Although sparsely settled at the time of the 1848 and 1853 Treaties, the region rapidly developed with the emergence of the railroads in the 1880s and the development of irrigated agriculture after the turn of the century. In 2006, approximately 2.8 million acres of crop land was irrigated with the waters of the Rio Grande (1.8 million acres) and Colorado River (1.0 million acres) on both sides of the border. In addition, the Rio Grande provided 358 thousand acre-feet of water for municipal and industrial needs, which served over border residents in 2006.

Today the boundary is characterized by fifteen pairs of sister cities across four states in the United States and six states in Mexico. The United States and Mexico border region, which is defined as the area of land 100 kilometers (62.5 miles) north and south of the international boundary, sustains an estimated fifteen million people through agriculture, import-export trade, service and tourism, and by a growing manufacturing sector. The metropolitan areas of Laredo, Texas and McAllen-Edinburg-Mission, Texas, which in the border region, remain being two of the fastest growing metropolitan areas in the United States.

THE BOUNDARY AND WATER TREATIES

Treaty of February 2, 1848

The Treaty of February 2, 1848, commonly known as the "Guadalupe Hidalgo Peace Treaty," ended the Mexican – American War and established the international boundary between the United States and Mexico from San Diego, California east along the Gila River and the Rio Grande.

Treaty of December 30, 1853

The Treaty of December 30, 1853, also referred to as the "Gadsden Treaty," reestablished the southern international boundaries of New Mexico and Arizona after the United States purchased the area south of the Gila River from Mexico, which is now southwestern New Mexico and southern Arizona.

Convention of July 29, 1882

The Convention of July 29, 1882 established another temporary commission to resurvey and place additional boundary demarcation monuments along the Land Boundary from El Paso, Texas to the Pacific Ocean.

Convention of November 12, 1884

The Convention of November 12, 1884 established rules for determining relocations of the international boundary and transfers of territory due to changes in the course of the Rio Grande and Colorado River.

Convention of March 1, 1889

The Convention of March 1, 1889 established the International Boundary Commission (IBC) to apply the rules in the 1884 Convention. It was later modified by the "Banco Convention" of March 20, 1905 to retain the Rio Grande and the Colorado River as the international boundary.

Convention of March 20, 1905

The Convention of March 20, 1905 modified the Convention of 1884 pertaining to changes in the river boundary along the Rio Grande. This Convention eliminated the "bancos" in the Rio Grande from the effects of Article II of the 1884 Convention.

Convention of May 21, 1906

The Convention of May 21, 1906 provided for the international distribution of the waters of the Rio Grande above Fort Quitman, Texas. This Convention allotted up to 60,000 acre-feet of Rio Grande waters annually to Mexico at Ciudad Juárez, Chihuahua.

Convention of February 1, 1933

In the Convention of February 1, 1933, the two Governments agreed to jointly construct and maintain works to straighten and stabilize the Rio Grande, which serves as the international boundary from El Paso, Texas to Little Box Canyon below Fort Quitman, Texas. The 1933 Convention required reducing the length of the meandering river from approximately 155 miles to about 88 miles and confining the channel between two parallel levees.

Treaty of February 3, 1944

The Treaty of February 3, 1944 entitled, "Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande" distributed the waters of the Colorado River and of the Rio Grande below Fort Quitman, Texas between the United States and Mexico. This "Water Treaty" changed the name of the IBC to the "International Boundary and Water Commission (IBWC)," and authorized the Commission to give preferential attention to the solution of all border sanitation problems in matters pertaining to the joint use of international waters. In addition, the Treaty provided for the joint construction, operation, and maintenance of dams and hydroelectric power plants on the Rio Grande, and provisions for flood control works to protect adjacent lands from flood waters of the Rio Grande, Colorado River, and Tijuana River. Like the 1889 Convention, the 1944 Treaty permitted the Commission to execute additional international agreements pursuant thereto, called "Minutes."

Convention of August 29, 1963

The Convention of August 29, 1963, referred to as the "Chamizal Convention," resolved a century-old boundary dispute between Mexico and the United States involving the gradual movement of the Rio Grande at El Paso, Texas during the latter part of the Nineteenth Century. By this Convention, the two Governments agreed to the relocation and stabilization of 4.35 miles of the Rio Grande channel.

Treaty of November 23, 1970

The Treaty of November 23, 1970 resolved all pending boundary differences and provided for maintaining the Rio Grande and the Colorado River as the international boundary between the U.S. and Mexico. This Treaty, known as the "Boundary Treaty," superseded the Conventions of 1884 and 1905. The 1970 Treaty provided a different method for resolving changes in the boundary and transfers of territory due to changes in the course of the river. The Treaty included provisions for restoring and preserving the character of the Rio Grande and the Colorado River as the international boundary where that character has been lost, to minimize changes in the channel, and to resolve problems of sovereignty that might arise due to future changes in the channel of the Rio Grande.

PROCEDURES FOR SOLUTION OF BOUNDARY AND WATER PROBLEMS

Prior to addressing a problem, the U.S. Section must ensure that the necessary authorities are in place to execute a solution. Implementation of broad provisions of treaties and other international agreements frequently require specific agreements by the IBWC for planning, cost sharing, construction, and operation and maintenance of joint works. IBWC decisions are subject to the approval of the two Governments and are recorded in the form of Minutes. Once approved by both Governments, the Minutes enter into force as binding obligations of the U.S. and Mexican Governments.

When a new or anticipated boundary or water problem is identified, the U.S. and Mexican Commissioners make recommendations to their respective Governments for its resolution. Early detection and evaluation of the problem and the development of measures for resolution are a part of the mission of the IBWC. Most problems are resolved by the development of new projects. The need for development of new cooperative projects may also be brought to the attention of the IBWC by one or both Governments, or by state or local authorities through their respective Section of the IBWC. If the findings of the IBWC joint investigations, often recorded in a joint report of the Principal Engineers of the two Sections, show that a cooperative project is needed, is feasible, and can be justified as an international project, the IBWC may endorse the findings in a Minute and recommend the project to the two Governments.

Once the project is authorized and funded by both Governments, each Government through its Section proceeds to perform under the joint supervision of the IBWC, its share of the works, as determined in the approved agreement.

The two Governments generally share the total costs of the projects in proportion to their respective benefits in cases of projects for mutual control and utilization of the waters of a boundary river, unless the Governments have predetermined by treaty the division of costs according to the nature of a project. In cases of man-made works in one country or operations in one country causing or threatening to cause damage in the other country, the cost is borne by the Government in whose territory the problem originated. The U.S. Section prepares its assigned part of the plans for works or contracts for their preparation with other federal agencies or with private consulting engineers, awards contracts for, and supervises its part of the construction of a project under the overall supervision of the IBWC. The U.S. Section operates and maintains the part of the project assigned to the U.S. Government.

PERFORMANCE GOALS, OBJECTIVES AND RESULTS

STRATEGIC GOAL 1 – WATER QUALITY IMPROVEMENT

Improve the quality of boundary and transboundary waters, in concert with Mexico, to address salinity and border sanitation.

The 1944 Treaty directed the IBWC to give preferential attention to the solution of all border sanitation problems concerning boundary and transboundary waters, and granted authority to provide any necessary sanitary measures or works to satisfy that requirement. Under IBWC Minute No. 261, dated September 1979, both governments agreed to identify border sanitation problems and solutions. This applied to waters crossing the border, including coastal waters, as well as those flowing along the Rio Grande and Colorado River boundary. Subsequent IBWC Minutes individually addressed specific border sanitation issues at many border communities including San Diego/Tijuana, Calexico/Mexicali, Naco/Naco, Nogales/ Nogales, Del Rio/Ciudad Acuña, Eagle Pass/Piedras Negras, Laredo/Nuevo Laredo, Hidalgo/ Reynosa, and Brownsville/Matamoros.

In an effort to resolve the border sanitation problems in San Diego, California and Tijuana, Baja California, the IBWC concluded IBWC Minutes No. 270, 283 and 311. These Minutes provide the framework for treatment of sewage inflows from Tijuana, Mexico to U.S. secondary standards. The *Tijuana River Valley Estuary and Beach Cleanup Act of 2000* further authorized the U.S. Section to provide secondary treatment of Tijuana sewage. Accordingly, the U.S. Section constructed the South Bay International Wastewater Treatment Plant (SBIWTP), which it operates to treat Mexican wastewater and discharge the treated effluent into the Pacific Ocean.

By authority of the 1944 Treaty, the IBWC constructed the Nogales International Wastewater Treatment Plant (NIWTP) in 1951 at Nogales, Arizona to address sewage treatment needs on both sides of border. The Commission jointly operates and maintains this plant in accordance with IBWC Minute No. 206. The IBWC later relocated the NIWTP to Rio Rico, Arizona as agreed upon under IBWC Minute No. 227. The NIWTP is co-owned by the City of Nogales, Arizona and IBWC.

The Commission agreed under IBWC Minute No. 279 to improve the quality of the Rio Grande waters at the sister cities of Laredo, Texas and Nuevo Laredo, Tamaulipas. This was accomplished through the joint construction of the Nuevo Laredo International Wastewater Treatment Plant (NLIWTP) at Nuevo Laredo, Tamaulipas, Mexico. IBWC Minute No. 297 provides the operation and maintenance obligations of both Sections.

In 1993, the United States and Mexico established the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) to assist states, localities, and private entities in financing and developing border environmental infrastructure projects. The IBWC agreed in IBWC Minute No. 299 to provide support to BECC and NADB for development of projects to resolve border sanitation issues.



<u>South Bay International Wastewater Treatment Plant</u> This plant in San Diego County, California, is designed to treat an average of 25 million gallons per day of wastewater from Tijuana, Mexico.



Nogales International Wastewater Treatment Plant

This plant, in Rio Rico, Arizona, is designed to treat 14.7 million gallons of sewage per day from the U.S. communities of Nogales and Rio Rico, Arizona and Nogales, Sonora, Mexico.

The 1944 Treaty is the primary authority that grants the IBWC the right to address and resolve water quality issues at boundary and transboundary rivers and streams. IBWC Minutes No. 241 and 242 provided for measures to improve the quality of Colorado River water made available to Mexico at the Northerly International Boundary. Furthermore, the U.S. agreed in IBWC Minute No. 242 to deliver flows to Mexico upstream of Morelos Dam having an annual average salinity of no more than 115+/-30 parts per million U.S. count over the flow-weighted annual average salinity of Colorado River waters that arrive at Imperial Dam.

To address growing water quality issues along the border, the IBWC concluded Minutes No. 279 and No. 289. The adoption of these Minutes facilitated the development of binational multi-phase and multi-agency efforts to characterize the extent of contamination within both countries' shared water resources. Studies were conducted in the Rio Grande, Colorado River, and New River to identify the level of contamination in areas of concern such as expanding urban areas that depend on these water resources for multiple uses such as a domestic water supply, agriculture, and recreation.

The Texas Legislature passed the Texas Clean Rivers Act and established the Texas Clean Rivers Program in 1991. The goal of the program is to maintain and improve the quality of water within each river basin in Texas through an ongoing partnership involving the Texas Commission on Environmental Quality, river authorities (program partners), other agencies, regional entities, local and state governments, industry, and citizens. The program uses a watershed management approach to identify and evaluate water quality issues, establish priorities for corrective actions, and work to implement those actions. Due to the international nature of the Rio Grande, the State of Texas contracted with the U.S. Section in October 1998 to administer the Texas Clean Rivers Program for the Rio Grande Basin.

Accomplishments

The U.S. Section continued its efforts to improve and sustain the water quality of boundary and transboundary rivers by collaborating with stakeholders to monitor, compile, and exchange water quality data on the mouth of the Tijuana River (Pacific Ocean) and on the Rio Grande, Colorado, and New Rivers. The Commission continued conducting binational technical meetings to jointly evaluate water quality sampling, and measurement and data collection procedures to address salinity issues on the Colorado River. In addition, both Sections continued to work with stakeholders to establish a binational framework in an effort to jointly resolve the sediment and trash problems affecting the Tijuana River Basin.

The agency operated and maintained the SBIWTP and NIWTP on a daily basis to treat wastewater from Mexico and prevent unsanitary conditions along the border. The U.S. Section treated 8,571.11 million gallons of sewage, equating to an average of 23.42 million gallons per day (MGD), from the city of Tijuana, Baja California at the SBIWTP. This is within Mexico's allotted capacity of 25.0 MGD at the SBIWTP. The agency also treated a total of 5,511.12 million^[1] gallons of wastewater at the NIWTP, which included 4,031.72 million gallons from the city of Nogales, Sonora, Mexico and 1,479.40 million gallons of sewage from the cities of Rio Rico, Arizona and Nogales, Arizona. This equated to a total daily average treatment of 15.06 MGD at the NIWTP, of which 11.02 MGD was from Mexico and 4.04 MGD was from the United States.

^[1] Wastewater volumes treated at the NIWTP may also include stormwater flows that may occasionally be introduced into the wastewater conveyance system through one or more open manholes in Nogales, Arizona.

Sewage flows from Mexico were 1.12 MGD above Mexico's allotted capacity of 9.90 MGD and accounted for 73.2% of the total wastewater treated at the NIWTP in FY 2024.

The U.S. Section continues to work with and support the Mexican Section to restore proper treatment operations the Nuevo Laredo International Wastewater Treatment Plant (NLIWTP), which discharges effluent into the Rio Grande. Unfortunately, the NLIWTP was not meeting the established effluent water quality standards. Therefore, the Commission continued its two-year plan to restore proper treatment operations at the NLIWTP by funding and implementing essential maintenance and repairs that had been deferred at the oxidation ditches. These maintenance and repairs restored the oxygen concentration in the aeration basin back to normal operating levels, thereby restoring the required water quality of the effluent discharged into the Rio Grande.

The agency also initiated, continued, and completed capital projects at the international wastewater treatment plants. At the NIWTP, the agency replaced four return-activated sludge pumps and issued contracts to initiate the rehabilitation or replacement of the train diffusers in bioreactor #1 and the influent flow meter. Furthermore, the agency substantially completed the rehabilitation of the 8.8-mile Nogales International Outfall Interceptor (IOI) wastewater pipeline that conveys wastewater from the international boundary to the NIWTP for treatment. At the SBIWTP, the agency rehabilitated two unstabilized sludge storage tanks, four belt filter press units, and a junction box that controls the influent flow volumes to the plant. The agency also awarded contracts to replace a mechanical vehicular access gate to the SBIWTP, implement industrial control system upgrades, and replace the waste activated sludge pumps, as well as the influent flowmeter and associated pipe and plug valves. Lastly, the U.S. Section awarded the progressive design-build contract and the associated project/construction management services contracts for the rehabilitation of the SBIWTP and construction of new infrastructure that will double its treatment capacity.

The U.S. Section continued to develop plans to renovate, improve, replace and make security improvements to key infrastructure and facilities that support water quality operations to meet agency needs, ensure compliance with environmental, occupational safety and health requirements, and mitigate threat risks and vulnerabilities. The agency also continued programs to assess condition of its wastewater treatment assets and develop an asset management program and a twenty-year capital improvements plan.

<u>Plan</u>

The U.S. Section will continue to work with its stakeholders to monitor, compile, and exchange water quality data along the Rio Grande, Colorado River, Tijuana River and New River and related tributaries. The agency will continue to operate and maintain the SBIWTP and NIWTP and will work with the Mexican Section to address and assist in any water quality issues that arise concerning the NLIWTP. The agency will continue to renovate, secure, improve, and or replace key infrastructure and facilities that support water quality operations to meet agency needs, ensure compliance with environmental, occupational safety and health requirements, and mitigate threat risks and vulnerabilities

STRATEGIC GOAL 2 – WATER MANAGEMENT (WATER CONVEYANCE)

Provide flood protection, dam safety, and accurate accounting of boundary river waters.

The Convention of 1906 provided for the distribution of Rio Grande waters between the U.S. and Mexico in the international segment of the river from El Paso to Fort Quitman, Texas. Barring extraordinary drought or serious accident to the U.S. irrigation system, the U.S. agreed to deliver 60,000 acre-feet of water annually to Mexico at the Accequia Madre head works, adjacent to the International Dam in El Paso, Texas. To facilitate compliance with the 1906 Convention, the U.S. Congress passed the Acts of August 29, 1935 and June 4, 1936. The 1935 Act provided for the construction and operation of the American Dam and Canal for the purpose of diverting U.S. waters and releasing Mexican waters. The 1936 Act shortened the Rio Grande to reduce the conveyance losses of irrigation waters by straightening the channel between Caballo Storage Dam and American Dam.



American Diversion Dam

American Diversion Dam and Canal divert and convey Rio Grande waters allocated to the U.S. under the Convention of 1906.



Rio Grande Gaging Station

Gaging station downstream of American Dam monitors Rio Grande waters delivered to Mexico under the Convention of 1906.

The 1944 Treaty distributed the waters of the Colorado River, and the Rio Grande from Fort Quitman to the Gulf of Mexico. Under this Treaty, the U.S. was allotted all waters from the Pecos River, Devils River, and five other U.S. tributaries reaching the Rio Grande, as well as one-third of the flow reaching the Rio Grande from the Conchos River and five other named Mexican tributaries, provided that this third is not less than 1,750,000 acre-feet over a 5-year cycle (annual average of 350,000 acre-feet). The Treaty further provided one-half of the flows of the Rio Grande below the lowest storage dam, and one-half of the flows from the unmeasured tributaries to the U.S. With regards to the Colorado River, the U.S. agreed to provide an annual volume of 1,500,000 acre-feet to Mexico, unless extraordinary drought or accident to the irrigation system in the U.S. make it difficult to deliver the guaranteed quantity. In years of surplus waters in excess of the amount necessary to supply uses in the U.S., the Treaty guarantees up to an additional 200,000 acre-feet to Mexico. The distribution of Tijuana River waters was not concluded between the two countries in the 1944 Treaty, but was to be subject to the study and investigation of the IBWC.

The Convention of 1933 not only provided for rectification of the Rio Grande, but also entrusted the IBWC with the construction, operation, and maintenance of river structures and flood control levees between El Paso and Fort Quitman. The 1944 Treaty and subsequent IBWC Minutes authorized the U.S. and Mexico to construct, operate and maintain works for storage and conveyance of water, flood control, and stream gaging on the Tijuana and Colorado Rivers, and on the Rio Grande from Fort Quitman to the Gulf of Mexico. In addition, the treaty authorized the joint construction, operation, and maintenance of up to three large storage dams and hydroelectric power plants on the Rio Grande, two of which have been built. The 1970 Treaty requires the IBWC to maintain the conveyance of established normal flows and design flood flows by prohibiting obstructions within the international segments of the Rio Grande and Colorado River.



Lower Rio Grande Levee U.S. flood control levee improvements upstream of Brownsville, Texas in March 2008.



Lower Rio Grande Levee Improvements Amistad International Dam and Hydroelectric Power Plants.

Accomplishments

The agency regularly operated and maintained its hydrologic gaging stations, cableways, and gaging station access roads to support the binational flood operations and accounting of river waters of the Rio Grande, Tijuana and Colorado Rivers pursuant to the Convention of 1906 and the 1944 Water Treaty. Maintenance of gaging infrastructure consists of repair and or replacement of equipment components and sensors, as well as firmware and software updates to the database management and operational water accounting systems. Significant repairs were performed to twenty gaging stations in FY 2024.

The U.S. Section continued its efforts to evaluate and rehabilitate deficient levee segments and associated structures in the Upper and Lower Rio Grande, and the Tijuana River Flood Control Systems. In addition to performing the engineering and design work for improvements along the Rio Grande and Tijuana River, the agency accomplished the following construction work below.

Flood Control System	Rio Grande Levee Improvement Segments	Percent Complete ^[2]	Distance (Miles)
Upper Rio Grande	Sunland Park, NM West Levee Improvements (191BWC22C0010)	100%	2.8
Upper Rio Grande	Sunland Park, NM East & West Levees (Phase II) Improvements (191BWC22C0011)	15%	9.0
Lower Rio Grande	Edinburg Levee Rehabilitation Design-Build (191BWC22C0001)	99%	0.15
	Subtotal - Initiated and On-going Construction:	N/A	11.95

The agency maintained the capacities of its Rio Grande Flood Control Systems by mowing vegetation on the floodplain, levee slopes, access roads, and around dams, as well as removing accumulated sediment from the channel, arroyo confluences, and structures to sustain proper drainage and conveyance conditions. Furthermore, the U.S. Section maintained its Rio Grande Flood Control Systems by re-grading levees and resurfacing the levee road (crown of the levee) with flexible base course granular material. The agency also inspected drainage and irrigation structures crossings its levees, which it is responsible to maintain, and performed necessary maintenance if needed.^[3]

Vegetation clearing and sediment removal targets were met for the most part in FY 2024. Targets that were not met were a result of plan changes and resource realignments. The table below summarizes the annual plan and accomplishments.

Vegetation Management (Mowing) for Water Conveyance Operations						
Flood Control System	Annual Target (Acres)	Actual Totals (Acres)	Percent Accomplished			
Upper Rio Grande – Canalization ^[4]	4,915	4,915	100.0%			
Upper Rio Grande – Rectification ^[5]	2,000	3,108	155.4%			
Presidio Valley	1,200	926	77.2%			
Amistad Dam and Reservoir	100	100	100.0%			
Falcon Dam and Reservoir	1,400	1,400	100.0%			
Lower Rio Grande – River Floodway	350	844	241.1%			
Lower Rio Grande – Interior Floodways ^[6]	12,000	11,286	94.1%			
Totals:	21,965	22,579	102.8%			

^[2] Refers to substantially complete, which is when an asset can be placed into use.

^[3] There are 80 levee-crossing structures in Upper Rio Grande, and 600 levee-crossing structures in the Lower Rio Grande.

^[4] The "Canalization" segment is the 106-mile portion of the Upper Rio Grande Flood Control System located in southern New Mexico and western Texas that falls upstream of the international boundary.

^[5] The "Rectification" segment is the 91-mile portion of the Upper Rio Grande Flood Control System that extends along the international river boundary in western Texas.

^[6] The Interior Floodways consist of the Main Floodway, North Floodway, and Arroyo Colorado.
International Boundary and Water Commission, United States Section

Removal of Sediment	from Conveyance	Channels	
Flood Control System	Annual Target (Cubic Yards)	Actual Totals (Cubic Yards)	Percent Accomplished
Upper Rio Grande – Canalization	82,000	61,428	74.9%
Upper Rio Grande – Rectification	118,000	197,997	167.8%
Presidio Valley	20,000	24,966	124.8%
Lower Rio Grande – Interior Floodways	15,000	21,000	140.0%
Totals:	235,000	305,391	130.0%

Levee Grading and Res	surfacing	
Flood Control System	Levee Grading (Miles)	Levee Resurfacing (Miles)
Upper Rio Grande – Canalization	90.0	0.0
Upper Rio Grande – Rectification	93.0	0.0
Presidio Valley	8.5	4.0
Amistad Dam and Reservoir	50.0	50.0
Lower Rio Grande – River	70.0	0.0
Lower Rio Grande – Interior Floodways	8.0	0.0
Totals:	319.5	54.0

As of 2023, the Upper Rio Grande Flood Control System protects 1,098,541 people in the metropolitan statistical areas of Las Cruces, New Mexico and El Paso, Texas with its 223 miles of levees. The fifteen-mile Presidio Valley Flood Control System protects 5,795 U.S. residents in Presidio, Texas area. The Lower Rio Grande Flood Control System, with its 270 miles of river and interior floodway levees, provides flood protection to 898,471 and 426,710 people in the metropolitan statistical areas of Brownsville-Harlingen and McAllen-Edinburg-Mission in south Texas, respectively.

The U.S. Section continued to operate and perform scheduled maintenance on all its diversion and storage dams on the Rio Grande. The agency also performed safety inspections of Falcon and Amistad International Dams and Power Plants. In addition, the agency continued its operation and maintenance of the Falcon and Hydroelectric Amistad Power Plants, to include the maintenance and repairs to the spiral case, draft tube, runner cone, and wicket gates on generator #1. Both the U.S. and Mexican Sections continued to work toward solution to remediate the existing sinkholes problem occurring on the embankment and foundation of the Amistad International Storage Dam.

The U.S. Section continued its design and construction efforts to replace the deteriorated American Canal, which was initially constructed in 1938 to convey Rio Grande waters to U.S. stakeholders in El Paso, Texas and is at the end of its life cycle. The canal is subdivided into the three segments – upper, middle and lower segments.^[7] Replacement of the canal can only be performed during the non-irrigation season, which typically extends from mid-October to mid-

^[7] Each segment of the American Canal is approximately 0.5-mile in length.

February. The upper segment of the canal was completed in January 2020, and construction for the lower canal segment is currently ongoing. The first phase of the lower segment, which encompassed about 20% of the lower segment's overall construction, was completed in FY 2017. A contract for the second phase of construction work for lower canal segment was awarded in August 2023. Preconstruction activities were completed in FY 2024, but due irrigation operations, construction could not begin until the end of irrigation season in October 2024.

The agency also continued the engineering and design work for a project to rehabilitate approximately four miles of deficient levees and related flood control structures of the Tijuana River Flood Control System in the United States. The Tijuana River crosses the international boundary into the United States in San Diego County, California and flows westerly for 5.3 miles where it discharges into the Pacific Ocean. The north levee system protects the community of San Ysidro, California and the south levee protects the South Bay International Wastewater Treatment Plant from river floods. The design documents for levee system improvements were completed this year.

The agency continued to develop plans to renovate, improve, replace and make security improvements to key infrastructure and facilities that support water quality operations to meet agency needs, ensure compliance with environmental, occupational safety and health requirements, and mitigate threat risks and vulnerabilities. In FY 2024, the agency re-roofed the personnel building at the lower Rio Grande field office, and the administration building at Anzalduas Dam.

<u>Plan</u>

The U.S. Section will continue to operate and maintain its hydrologic gaging stations, cableways, and access roads, as well as working with Mexico to determine the allocation and accounting of binational waters of the Rio Grande, Tijuana and Colorado Rivers. The Agency will also replace and upgrade old or outdated hydrologic equipment.

The U.S. Section will continue to maintain its flood control levees, floodplains, and channels to ensure proper conveyance of river waters within the established flood control parameters. Levee maintenance will consist of grading, spot repairs, and resurfacing. The U.S. Section will maintain its floodplains and channels through mowing and sediment removal activities. The agency will acquire the necessary permits and environmental documentation prior to commencing any of the sediment removal activities, and work to develop and conclude access and sediment disposal agreements with adjacent landowners.

The Commission will continue to operate and maintain its dams for the purpose of diversion, conservation, flood control, and generation of hydroelectric power. The agency will also continue to implement corrective measures and/or construct improvements at its dams to reduce the risk of operational failures and comply with the requirements of the Federal Safety of Dams Program.

The agency will continue to improve deficient levee segments and structures in the Upper Rio Grande, Lower Rio Grande, and Tijuana River Flood Control Systems to ensure the conveyance of the design flood and compliance with FEMA certification criteria. Deficient levee segments will be improved in order of priority by risk, population, and development. The U.S. Section will continue its close coordination with its stakeholders to address conveyance, storage and diversion issues concerning the waters of the Rio Grande, Colorado River, and Tijuana River. The U.S. Section will continue its engineering and construction efforts to replace the old American Canal, which conveys U.S. waters allocated of the Rio Grande to the for municipal, agricultural, and industrial uses. The agency will also continue to renovate, secure, improve and or replace key infrastructure and facilities that support water quality operations to meet agency needs, ensure compliance with environmental, occupational safety and health requirements, and mitigate threat risks and vulnerabilities.

STRATEGIC GOALS 3 AND 5 – RESOURCE AND ASSET MANAGEMENT, AND LEADERSHIP AND PERFORMANCE EXCELLENCE

Maximize organizational effectiveness through innovative technology, effective management, accountability for agency resources, and compliance with regulations. Ensure successful mission delivery and performance excellence through strong leadership, a high-performing workforce and optimized business operations

To ensure that scarce public resources are wisely invested, federal agencies must manage their allocated resources and portfolio of capital assets in the most effective and efficient manner possible. Agencies must follow a capital programming process that integrates the planning, acquisition, and management of capital assets into the budget decision-making process. Capital programming is intended to assist agencies in improving asset management and in complying with all mandatory and regulatory requirements.

In today's world, agencies must abide by many results-oriented Acts. Some of the most referenced include:

- The Federal Information Security Modernization Act of 2014 amends the Federal Information Security Management Act of 2002 (FISMA) to reestablish the oversight authority of the Director of the Office of Management and Budget (OMB) with respect to agency information security policies and practices, and set forth authority for the Secretary of Homeland Security (DHS) to administer the implementation of such policies and practices for information systems.
- The Government Performance and Results Modernization Act of 2010 amends the Government Performance and Results Act of 1993, which established the foundation for federal agencies to create a performance planning and accountability process in which agencies performed strategic to clarify their mission, set goals, measure performance, and submit annual progress reports. The 2010 Act aims at improving the use of performance information in decisionmaking by creating a more effective performance framework connecting plans, programs, and performance information.
- The E-Government Act of 2002 requires agencies to improve customer service and save tax dollars by implementing initiatives that will improve the methods by which Government information, including information on the Internet, is organized, preserved, and made accessible to the public.
- The Clinger-Cohen Act of 1996 calls for agencies to use a disciplined capital planning and investment control process to acquire, use, maintain and dispose of information technology in alignment with the Agency's enterprise architecture planning processes.
- Federal Financial Management Improvement Act of 1996 requires federal financial management to provide accurate, reliable, and timely financial management information to the government's managers, and to publish audited financial reports.

- The Paperwork Reduction Act of 1995 requires agencies to perform their information resources management activities in an efficient, effective, and economical manner.
- The Federal Acquisition Streamlining Act of 1994, Title V streamlines and simplifies federal procurement procedures for acquiring goods and services.
- Chief Financial Officers Act of 1990 establishes a leadership structure, provides for long-range planning, requires audited financial statements, and strengthens accountability reporting.
- The Federal Managers Financial Integrity Act of 1982 mandates that federal agencies develop cost-effective internal controls and provide an annual statement of assurance that identifies material weaknesses.

There are also numerous laws, regulations, executive orders, and other mandates with which federal agencies must comply. Many requirements are direct, while others indirect. For instance, agencies must ensure that their employees, as well as contractors, follow Occupational Safety and Health Administration regulations. Agencies are also obligated to operate in an environmentally friendly manner and must apply the requirements set forth in the National Historic Preservation Act of 1966 and the National Environmental Policy Act of 1969 to all actions involving federal resources or assets. The U.S. Section will comply with all applicable requirements and keep the public and its stakeholders informed of its intentions and progress.

Accomplishments

The U.S. Section increased its use of cloud-based services to securely modernize IT resources for better mission support. The agency completed an IT infrastructure upgrade project mandated by the U.S. General Services Administration (GSA) as part of their Enterprise Infrastructure Solutions (EIS) initiative. The agency also completed several policies and continues to implement necessary controls to meet new and updated Federal Information Security Management Act (FISMA) mandates.

The U.S. Section continues to leverage contractors from the U.S. Department of Homeland Security (DHS) to provide continuous monitoring cybersecurity monitoring of the general support system environments and in identifying, detecting, and mitigating cybersecurity threats in real time. The agency sustained our in-house Security Operations Center (SOC) to advance our log monitoring and analysis capabilities, reaching a high level of compliance with OMB Memorandum 21-31. As in previous years, the agency successfully completed its annual requirements for cybersecurity training and deployed random email phishing exercises to improve employees' awareness to prevent cyberattacks.

The agency continued to use multiple database systems to help manage its resources and assets in support of mission activities and objectives. Geographic Information System (GIS) is used to develop flood inundation and hydraulic models for planning and execution of flood control activities such as vegetation management, sediment removal, and levee maintenance. Our electronic Document Management System (eDMS) is used to digitally store maps, photographs, realty documents and other agency correspondence making records discovery and retrieval more efficient. The Global Financial Management and Integrated Logistics Management Systems (GFMS and ILMS) are used to track and record the procurement and payment of all goods and services obtained by the agency.

The agency conducted its annual personal property inventory and was able to account for approximately 80% of all accountable assets identified on the inventory. The agency also continued to work on updating its personal property directive to include new internal controls, which will ensure that assets are disposed of in a proper and timely manner. These controls will also ensure that data entered into the Department of State's property management system is accurate, and that movement of assets are initiated and updated efficiently.

<u>Plan</u>

The U.S. Section will continue to examine and update all internal controls, policies, and procedures to ensure compliance with all applicable laws, regulations, and federal policies. The agency will continue to address all legal and compliance related issues. The agency will continue to increase public awareness and involvement by conducting periodic Citizens' Forum meetings via video teleconference for the following five regional areas: San Diego, Lower Colorado River, Southeastern Arizona, Upper Rio Grande (El Paso and Las Cruces area), and Lower Rio Grande Valley. It will also continue to surface binational concerns, address issues, and resolve problems with the Mexican Section by conducting Commission meetings on a regularly.

The U.S. Section will continue the strict application of FISMA System security standards to all agency IT Systems. The agency will continue to modernize our IT infrastructure by transitioning our analog phone services to Voice over Internet Protocol (VoIP) and introducing a Low Elevation Orbit (LEO) satellite communications system to restore communications between distant infrastructure of our SBIWTP SCADA system. In addition, the agency will continue to maintain and upgrade our general support system and industrial control systems at the Nogales and South Bay International Wastewater Treatment Plants. The agency also plans to continue its modernization of existing processes for collecting, analyzing, and processing data at our field offices and implementation of more efficient collaboration.

The U.S. Section plans on improving its mobile GIS-based portals to facilitate monitoring and tracking of mission operations. In addition, the agency is pursuing the procurement and implementation of an Enterprise Asset Management System to address operational requirements with strong capabilities in asset management, preventive maintenance, inventory control, field mobility, GIS integration, reporting and security. The agency is continually exploring options to utilize the full scope of Microsoft Office 365 services such as SharePoint, for collaborating binational data and implementing CoPilot, an artificial intelligence (AI)-powered tool expected to boost productivity and streamline workflows through contextual assistance, automating routine tasks and analyzing data. The agency is also striving to electronically map all parcels owned or leased by the U.S. Section and provide "point and click" documentation within its GIS.

The U.S. Section will continue to work on making the necessary corrections and updates to the inventory. The agency's goal is to have at least 95% of all capitalized assets properly inventoried in FY 2025 and 100% in FY 2026. The agency is also hoping to issue an updated personal property directive and work towards getting field offices greater accessibility to system to directly monitor their respective FSA fleet and WEX programs.

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STRATEGIC GOAL 4 - MANAGE THE UNITED STATES AND MEXICO BOUNDARY

Manage the United States and Mexico international boundary through surveying, mapping and demarcation restoration.

The 1848 Treaty of Guadalupe Hidalgo, which ended the Mexican – American War, and the 1853 Gadsden Treaty established the international boundary between the U.S. and Mexico. In addition, both Conventions established temporary joint Commissions to designate and demarcate the boundary line with ground landmarks. A binational survey and demarcation effort undertaken from 1849 to 1855 established the land boundary with 52 obelisk and stone mound monuments between the Pacific Ocean and the Rio Grande. The International Boundary Commission was established under the Convention of 1889 to apply the rules adopted under an 1884 Convention for resolving boundary issues resulting from the meandering of the Rio Grande and the Colorado River. It was made a permanent body in 1900. Pursuant to the 1882 Convention that addressed the land boundary, the Barlow – Blanco Survey resurveyed the borderline from 1891 to 1894 and increased the number of boundary monuments from 52 to 258. Later, as border populations increased during the 1900's, the Commission installed 18 additional boundary monuments for a total of 276.

The 1944 Treaty expanded the jurisdiction and responsibilities of the Commission and allocated the waters of the Rio Grande from Fort Quitman, Texas to the Gulf of Mexico and the Colorado River. The Convention of 1933 rectified the Rio Grande channel and provided a new river boundary between El Paso, Texas and Fort Quitman, Texas. The Chamizal Convention of 1963 relocated approximately 4.35 miles of the Rio Grande boundary to resolve boundary issues resulting from the southward movement of the river in the El Paso, Texas – Ciudad Juárez, Chihuahua Valley from 1852 to 1895. The 1970 Treaty, which superseded the 1884 Convention, resolved all pending boundary differences between the two countries, and provided for maintaining the Rio Grande and the Colorado River as the international boundary by authorizing works to protect against bank erosion. The 1970 Treaty also provided procedures to avoid the loss of territory by either country incident to future changes in a river's course.



Boundary Monument

IBWC crew reconditioning International Land Boundary Monument No. 117.



Boundary Demarcation

The IBWC maintains boundary demarcation plaques and markers at the international boundary at all U.S. – Mexico ports of entry.



Amistad Buoy No. 1

IBWC buoys identify the borderline at Amistad International Reservoir.

IBWC Minute No. 244, signed in December 1973, provided for a permanent maintenance program for boundary monuments. Later in July 1975, IBWC Minute No. 249 introduced smaller, intermediate concrete markers between the boundary monuments to provide better demarcation of the international boundary in critical border areas. Records indicate that 442 markers were erected, mostly around areas experiencing population growth. IBWC Minute No. 302 in December 1999 provided for enhanced boundary demarcation at border ports of entry.

The 1970 Treaty mandated the delineation of the international boundary on maps or aerial mosaic photos for the Rio Grande and Colorado River Boundary. It also established the frequency to update these maps at intervals not greater than 10 years.



Rio Grande Boundary Map No. 197

Photomap delineating the international boundary on the Rio Grande approved by the Commissioners of the United States and Mexico in 2008.

Accomplishments

The Commission is responsible to ensure that the international boundary is properly demarcated at international bridge and land ports of entry. IBWC Minute 302 specifies the country that is responsible for the demarcation at each international port of entry. In FY 2024, the U.S. Section inspected and demarcation markers at the following four international bridges and border crossings in Texas for compliance with established agreements: Amistad International Dam Bridge, Del Rio, Gateway to the Americas (Laredo), Juarez-Lincoln, World Trade, Laredo-Colombia Solidarity, Pharr, Free Trade (Los Indios), Gateway (Brownsville I), B&M (Brownsville II), and Veterans (Brownsville III) Bridges.

The agency did not perform restoration or repairs on any of the 138 international land boundary monuments along the Arizona border, which are the responsibility of the U.S. Section. However, International Land Boundary Monument No. 128, which was on the bottom edge of a hill, was temporally removed. The foundation of this monument became unstable, and the monument started shifting away from its established point on the international boundary. This instability and movement were likely due to site grading earthwork required for the erection of the Border Wall by U.S. Corps of Engineers (USACE). Another monument, No. 233, situated along the California border was vandalized and removed from its foundation. Thus, the U.S. Section is currently working with the USACE and Mexican Section for the reinstallation of Land Boundary Monuments No. 128 and 233.

The agency inspected the fourteen international boundary markers at Falcon International Reservoir and the remaining buoys demarcating the jurisdictional line at Amistad International Reservoir. A total of twenty-eight jurisdictional line buoys should be operating at Amistad International Reservoir, but unfortunately, only eighteen buoys remain affixed to their foundation. The ten detached buoys will need to be reset by the U.S. Section. Nonetheless, the agency performed the required maintenance on the remaining eighteen jurisdictional-line buoys at Amistad International Reservoir. Maintenance included cleaning and replacement of lighting devices and batteries.

<u>Plan</u>

The U.S. and Mexican Sections will continue to address any changes in the Rio Grande and Colorado River boundaries in accordance with the 1970 Treaty. The agency will continue to inspect and refurbish international land boundary monuments (#80 to #204A) on the border of Arizona and Mexico, which are the responsibility of the U.S. Section to maintain. Additionally, the agency will continue to maintain and repair buoys and markers that identify the jurisdictional line at Amistad and Falcon International Reservoirs. The Commission will continue to make a reasonable effort to maintain all boundary plaques and pavement markers at all border ports of entry. The U.S. Section will continue to work diplomatically with the Mexican Section to resolve any international boundary issues that arise.

ANALYSIS OF ENTITY'S FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION

The Office of Management and Budget (OMB), in conjunction with the Chief Financial Officers (CFO) Council, provides the guidelines for financial reporting in OMB Circular A-136, Financial Reporting Requirements. OMB Circular A-136 is the central reference point for Executive Branch agencies that are required to submit audited financial statements.

The U.S. Section submits financial data for consolidation into the Department of State's Financial Audit Report. The U.S. Section prepares its financial statements in accordance with the accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). These statements were audited by the independent certified public accounting firm of Kearney and Company.

FINANCIAL HIGHLIGHTS

The Consolidated Balance Sheet Data summarizes the Agency's assets and liabilities, rounded to the nearest thousand as of September 30, 2024 and 2023. Sum totals of liabilities and assets are rounded actual totals, and not the totals of individually rounded amounts.

AS OF SE	PTEMBER 30, 2024 (Dollars in Thou	(CY) AND 2023 (P Isands)	Y)	
	FY 2024	FY 2023 Restated (Note 16)	Net	Percent
ASSETS			Change	enange
Fund balance with treasury	\$695,811	\$ 286,895	\$ 408,916	142.5%
, Accounts receivable, net	10,113	10,134	(21)	(0.2%
Land	52,633	52,633	0	0.0%
Structures, net	741,628	743,461	(1,832)	(0.2%
Construction in progress	29,309	19,068	10,241	53.7%
Equipment, net	16,741	9,118	7,623	83.6%
Internal Use Software	3,591	4,107	(516)	(12.6%
Other assets	0	0	0	100.0%
Total assets	\$ 1,549,827	\$1,125,415	\$ 424,412	37.7%
LIABILITIES				
Accounts Payable	\$1	\$ 105	\$ (105)	(99.5%
Accrued Unemployment	0	0	0	100.0%
Contract Accruals	13,140	6,478	6,662	102.8%
Accrued Payroll	1,144	861	283	32.8%
Accrued Workers Compensation	853	999	(146)	(14.6%
Workers Compensation Actuarial	2,920	4,515	(1,595)	(35.3%
Accrued Annual Leave	2,095	1,884	211	11.2%
Estimated cleanup cost liability	4,236	4,251	(15)	(0.4%
Other Liabilities	290,214	427	289,786	67,842.9%
Total Liabilities	\$314,603	\$ 19,522	\$ 295,081	1511.5%

ASSETS

The agency had total assets of \$1.55 billion at the end of FY 2024, which is \$424.41 million more than in FY 2023. The increase is the result of capitalized construction costs from the completion of various improvements. During the period, the Fund Balance with Treasury increased by \$408.92 million, and Construction in Progress decreased by \$10.24 million.



RESULTS OF OPERATIONS

The Consolidated Statement of Net Cost provides the net results of operations.

	FY 2024	FY 2023
PROGRAM COSTS		
Operating Expenses	\$108,909,065	\$83,081,249
Operating Expenses, Intragovt.	1,955,625	3,180,316
Benefits Expenses	9,510,718	8,081,679
Subtotal	\$120,375,408	\$94,343,244
Depreciation	\$28,965,806	\$28,376,376
Accrued, Annual Leave	210,734	(30,905
Workers Compensation	(1,740,733)	318,968
Accrued Imputed Costs	0	0
Accrued Pension Costs	3,096,490	2,497,899
Capitalized Costs Offset	(44,553,727)	(33,269,386
Interest Expense	29,192	32,309
Future funded expenses	(15,028)	529,068
Other Expenses	(178)	(9
Loss on Disposition of Equipment	41,370	29,421
Total Program Costs	\$106,409,336	\$92,826,983
LESS EARNED REVENUE		
Interest and Penalties	\$0	\$0
IOI Income	0	0
EPA	(494,402)	(2,443,583
O&M Wastewater Treatment Plants	(4,897,009)	(6,857,452
Power Plant O&M - DOE	(6,122,431)	(5,604,365
Department of Health	0	0
City of Nogales	(951,430)	(1,068,787
Clean Rivers Project - Texas	(152,135)	(210,249
Other Revenue	20,048	(53,024
Quarters Rental	(127,897)	(122,467
Leases/Licenses	(100,802)	(141,224
O&M Cordova Bridge	(6,000)	(6,000
Surety	0	0
Morillo Drain O&M - LRGWC	0	0
O&M Anzalduas Dam Stoplogs	(3,500)	14,117
Water Bulletins/FOIA/Scrap Metal/Other	(249)	(391
GSA Vehicles	0	0
Contra Revenue - Nogales	0	0
Total Earned Revenue	\$(12,835,807)	\$(16,493,424)
	602 572 520	676 222 550
NET COST OF OPERATIONS	\$33,573,529	ې/٥,333,559

Below are a table and a graph, summarizing the agency's operating expenses, which increased \$26.89 million in FY 2024. Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

AS OF	SEPTEMBER 30, 20	24 (CY) AND 2023 (F	YY)	
	(Dollars in Th	iousands)		
ANNUAL OPERATING EXPENSES	FY 2024	FY 2023	Net Change	Percent Change
Personnel services & benefits	\$33,845	\$29,161	\$ 4,684	16.1%
Travel & transportation costs	1,466	1,281	185	14.4%
Rent, communication & utilities	9,417	10,038	(621)	(6.2%)
Printing & reproduction	4	13	(10)	(73.5%)
Contractual services	73,381	51,620	21,760	42.2%
Supplies & materials	2,264	2,229	34	1.5%
Grants & miscellaneous				0.0%
Total annual operating expenses	\$ 120.375	\$94.343	\$26.032	27.6%



REVENUES AND FINANCING SOURCES

The U.S. Section received \$12.84 million in revenues in FY 2024, which was a decrease of \$3.66 million over FY 2023. The key contributors of earned revenues are the U.S. Department of Energy (DOE) and the Mexican Section (Mexico). The DOE contributed \$6.12 million for the operation and maintenance of the Amistad and Falcon Hydroelectric Power Plants. The Mexican Section contributed \$4.91 million for the operation and maintenance of the international wastewater treatment plants, evaluation and improvement of international dams, and other joint works. The revenues received are summarized on the table below. Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

REVEN AS OF SEPTEN (UE & FINANCING S IBER 30, 2024 (CY) Dollars in Thousan	SOURCES) AND 2023 (PY) ds)		
FINANCING SOURCES	FY 2024 (CY)	FY 2023 (PY)	Net Change	% Change
Dept. of Energy (O&M of Power Plants)	\$ 6,122	\$ 5,604	\$518	9.2%
Mexico (O&M of SBIWTP)	3,025	5,018	(1,993)	(39.7%
Mexico (O&M of NIWTP)	1,872	1,839	33	1.8%
Contra Revenue - City of Nogales	-	-	-	100.0%
IOI Income	-	-	-	100.0%
EPA	494	2,444	(1,949)	(79.8%
State of Texas (Clean Rivers Program)	152	210	(58)	(27.6%
City of Nogales (O&M of NIWTP)	951	1,069	(117)	(11.0%
Other Mexico Payments	10	(8)	18	(217.0%
Other Sources	209	317	(108)	(34.1%
Financing Sources Total	\$ 12,836	\$ 16,493	\$ (3,658)	(22.2%



BUDGET INFORMATION

The U.S. Section receives funding for its programs, projects, and initiatives through direct Congressional appropriations and reimbursements from other sources. The agency receives these funds under two separate appropriations – the Salaries and Expenses (S&E) Appropriation and the Construction Appropriation. The S&E and Construction Appropriations consist of direct and indirect funds. Indirect funds, commonly referred to as "reimbursable funds," are provided to the agency to fund requirements of the Mexican Section and other federal, state, and local agencies. Reimbursable funding covers the incremental costs incurred by the U.S. Section to provide the increased level of support services.

Total funding available to the U.S. Section over the last four years is shown on the chart below. S&E and construction appropriations include any applicable carryover from prior years. Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

📥 FY 2021:	\$ 254.89 Million
📥 FY 2022:	\$ 288.61 Million
📥 FY 2023:	\$ 265.55 Million
📥 FY 2024:	\$ 600.85 Million



SALARIES AND EXPENSES APPROPRIATION

The S&E Appropriation funds the U.S. Section's general operating expenses. Prior to FY 2021, the S&E Appropriation was a one-year appropriation provided to fund annual steady-state requirements. This meant that unobligated funds could not be carried forward for use the following fiscal year. However, beginning in FY 2021, Congress granted the agency the authority to carry forward up to 15 percent of annual S&E Appropriations into the following fiscal year. Hence, S&E amounts prior to FY 2022 do not include carryover.

The S&E Appropriation is distributed among three primary agency activities: Administration, Engineering, and Operations. The Commissioner, the Executive Offices, Administration Department and the Information Management Department are all funded within the Administration Activity. The Engineering activity provides the resources for planning and environmental studies, water quality assessments, geotechnical and structural investigations, and engineering studies and designs to meet mission requirements. The Operations Activity funds the resources for operation and maintenance of agency facilities and works, including water gaging stations, water storage and diversion dams, flood control levees, floodplains and channels, hydroelectric power plants, wastewater treatment plants, and field office facilities.

As previously stated, the U.S. Section receives reimbursable funding for services it provides to Mexico and other U.S. federal, state and municipal governments. Although these reimbursable services directly support the mission of the funding entity, the U.S. Section also shares an interest in these initiatives. These reimbursable resources are utilized to fund both labor and non-labor requirements. The use of reimbursable funds is limited to the extent of the U.S. Section's authority, applicable agreements, contracts, and the amount received from the funding entity in accordance with the allotment authorized by Department of State.

The primary sources of reimbursable funding for S&E expenses consist of the following:

- Mexican Section for purchases and expenses applied to Mexico for operation and maintenance of international wastewater treatment plants and international dams.
- State of Texas (Texas Commission on Environmental Quality) to sample and assess the water quality of the Rio Grande at established sites under the Texas Clean Rivers Program.
- City of Nogales, Arizona for operation and maintenance expenses of the Nogales International Wastewater Treatment Plant associated with the treatment of wastewater from Nogales and Rio Rico, Arizona.
- U.S. Department of Energy, Western Area Power Administration to operate and maintain the hydropower plants at Falcon and Amistad International Dams, which generate power in conjunction with water supply releases made at the dams.

It should be noted that the reimbursement authority allotted to the U.S. Section for salaries and expenses indicates the ceiling of reimbursable funding that may be expended and obligated in a fiscal year. Annual obligations, which consist of both liquidated (expenditures) and unliquidated obligations, have ranged between 73.8% and 90.3% of the allotted authority over the last four years. Annual obligations have been updated to account for upward adjustments and deobligations through the end of this fiscal year. Each fiscal year, reimbursement authority for the U.S. Section must be apportioned by the Office of Management and Budget (OMB) and allocated by the Department of State (DOS).

<u>S&E Appropriation Totals^[8]:</u>

📥 FY 2021:	\$ 63.95 Million
FY 2022:	\$ 65.58 Million
∔ FY 2023:	\$ 72.51 Million
📥 FY 2024:	\$ 83.15 Million



^[8] Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

CONSTRUCTION APPROPRIATION

The Construction Appropriation funds the acquisition, construction, rehabilitation and improvement of land, structures, facilities, and other capital assets and infrastructure. The Construction Appropriation is a no-year appropriation that is allocated among various capital projects in support of the agency's mission. These no-year funds remain available until expended. Thus, fiscal yearend unobligated balances are carried over and remain available for obligation the following fiscal year.

The U.S. Section also receives reimbursable funding for the acquisition or construction of capital improvements along the U.S. southern border. The agency performs mission-related projects with Mexico and domestic governments that also have a directly shared interest in these projects. Reimbursable resources received from stakeholders are applied to fund capital project contracts such as project assessments, designs, construction and project management services. All support and capital generated with reimbursable funds is limited to the extent of the U.S. Section's authority, , applicable agreements, contracts, and the amount received from the funding entity in accordance with the allotment authorized by Department of State.

The primary sources of reimbursable funding for capital projects are as follows:

- Mexican Section Mexico's contribution for rehabilitation or improvement of capital assets at the international wastewater treatment plants and international dams.
- State of Arizona contribution for rehabilitation of the international wastewater pipeline, which also conveys wastewater from the communities of Nogales and Rio Rico, Arizona to the Nogales International Wastewater Treatment Plant for treatment.
- City of Nogales, Arizona for construction, rehabilitation, replacement and upgrade of wastewater infrastructure at Nogales International Wastewater Treatment Plant.
- U.S. Environmental Protection Agency contribution for the expansion of the South Bay International Wastewater Treatment Plant in San Diego County, California.

As previously be noted, that the reimbursement authority allotted to the U.S. Section for capital projects indicates the ceiling of reimbursable funding that may be expended and obligated. Annual obligations of reimbursable funds for capital projects have ranged from 0% to 29.8% of the allotted authority over the last four years, because many capital projects require comprehensive assessment, development, and binational agreements and approvals, in addition to technical and financial resources, prior to project implementation. Annual obligations have been updated to account for upward adjustments and deobligations through the end of this fiscal year. Each fiscal year, reimbursement authority for the U.S. Section must be apportioned by the Office of Management and Budget (OMB) and allocated by the Department of State (DOS).

Construction Appropriation Totals^[9]:

📥 FY 2021:	\$ 190.94 Million
📥 FY 2022:	\$ 223.04 Million
4 FY 2023:	\$ 193.05 Million
📥 FY 2024:	\$ 517.70 Million

^[9] Sum totals are rounded actual totals, and not the totals of the individually rounded amounts shown on the associated bar graph.

International Boundary and Water Commission, United States Section



FUNDING AMONG MISSION PROGRAMS

In addition to tracking fiscal resources among the agency's administration, engineering, operations and maintenance, and construction activities, the U.S. Section tracks the utilization of funds among its mission programs. These mission program areas coincide with the agency's strategic plan and strategic goals below.

<u>Strategic Goal 1: Water Quality Improvement</u>:

Involves all water quality activities.

- Water quality monitoring of the Rio Grande, Colorado, and Tijuana Rivers, their tributaries, and the Pacific Ocean coastal waters.
- Construction, operation and maintenance of wastewater treatment facilities and associated infrastructure.
- Construction, renovation, and maintenance of facilities that support "water quality" operations.
- Implementation and maintenance of security improvements including deterrents, controls, and detection systems at key infrastructure and facilities that support "water quality" operations.
- Acquisition and maintenance of heavy mobile equipment and shop equipment used in support of "water quality" operations.
- Strategic Goal 2: Water Management (Water Conveyance):

Involves the control, containment, and utilization of the boundary and transboundary river waters.

- Measurement and accounting of river waters and tributaries, including operations and maintenance of water gaging stations.
- Operation of diversion and storage dams.
- Construction and maintenance of flood control works and related water conveyance structures.
- Operation and maintenance of the hydroelectric power plants to ensure uninterrupted power generation.
- Construction, renovation, and maintenance of facilities that support "water conveyance" operations.
- Implementation and maintenance of security improvements including deterrents, controls, and detection systems at key infrastructure and facilities that support "water conveyance" operations.
- Acquisition and maintenance of heavy mobile equipment and tractor-mowers used in support of "water conveyance" operations.
- <u>Strategic Goals 3 and 5: Resource and Asset Management, and Leadership and</u> <u>Performance Excellence</u>:

Entails the strategic management of assets and human and fiscal resources to support agency functions and ensure compliance with all mandatory requirements through strong leadership, optimized business operations, and a high-performing workforce.

 Maintenance of headquarters facilities, including general equipment and support systems.

- Operations and maintenance of land and mobile radio communication systems, financial systems, information technology computer systems, etc.
- Development and maintenance of the enterprise geographic information system.
- Execution of stakeholder outreach, foreign affairs, and administrative support functions.
- <u>Strategic Goal 4: Manage the United States and Mexico Boundary:</u>

Includes activities associated with the preservation and demarcation of the United States – Mexico border.

- Erection, replacement, and/or restoration of monuments, markers, and buoys to demarcate the international boundary.
- Demarcation of the boundary line at international bridges and ports of entry.
- Mapping of the Rio Grande, Colorado River, and Western Land boundaries.

Utilization of fiscal resources is tracked through obligations. An obligation is a binding commitment made by an agency official, which creates a legal liability of the Government for the payment of funds for goods and services ordered or received. Representations of the agency's annual obligations, by direct and reimbursable funding sources, incurred among their respective strategic goals are displayed below for the last four fiscal years.

Total Annual Obligations^[10]:

📥 FY 2021:	\$ 83.68 Million
∔ FY 2022:	\$ 140.67 Million
∔ FY 2023:	\$ 184.28 Million
4 FY 2024:	\$ 207.01 Million

^[10] Obligations data were obtained by running a Spending Summary Report from the Global Business Intelligence (GBI) system for transactions as of September 30, 2024. Sum totals are rounded actual totals, and not the totals of the individually rounded amounts shown on the associated bar graph.



international Doullary and Water commission, onited batter section

The graphs below illustrate the application and distribution of annual fiscal resources among the agency's Strategic Goals to meet mission requirements over the last four years. Annual changes among the different goals are primarily due to the award of new contracts for construction, modification, or acquisition of capital assets.



LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

< < < End of Section 1: Management's Discussion and Analysis >>>

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SECTION 2: FINANCIAL REPORTING

INDEPENDENT FINANCIAL AUDIT

The independent certified public accounting firm of Kearney and Company, P. C. (Kearney) performed the audit of the U.S. Section's financial statements for the fiscal year ending as of September 30, 2024. Kearney also audited the agency's financial statements for the prior fiscal year ending as of September 30, 2023. These audits were conducted in accordance with accounting principles generally accepted in the United States of America, Office of Management and Budget audit guidance, the Council of the Inspectors General on Integrity and Efficiency, and the U.S. Government Accountability Office's Financial Audit Manual (FAM) and the Federal Information System Controls Audit Manual (FISCAM). Kearney was also contracted to evaluate and report on internal control over financial reporting and preform tests of compliance with provisions of laws, regulations, and contracts related to the annual financial statements.

Included below is the following documentation associated with the independent financial audit for FY 2024:

- Statement of Assurance issued by the Commissioner to the U.S. Secretary of State on October 23, 2024.
- Audit Report Transmittal Letter dated May 30, 2025 from the Acting Assistant Inspector General for Audits to the Commissioner.
- Independent Financial Audit Final Report prepared by Kearney on May 9, 2025.
- Management's Response Letter responding to the recommendations of the Financial Audit dated May 22, 2025 from the Commissioner to the Acting Assistant Inspector General for Audits.

STATEMENT OF ASSURANCE

	INTERNATIONAL BOUNDARY AND WATER COMM UNITED STATES AND MEXICO	ISSION
UNCLASSIFIEI	2	October 23, 2024
MEMORANDU	JM FOR THE SECRETARY	
FROM :	USIBWC – Dr. Maria-Elena Giner, P.E., Commissioner	MARIAELENA Digitally signed by MARIAELENA GINER GINER Date: 2024.10.23 20:53:01 -06'00'
SUBJECT :	FY 2024 Statement of Assurance	
I, Commiss managing risks. management con accordance with management con United States.	ioner Giner, am cognizant of the importance of man I have taken the necessary measures to assure that an evalu ttrol for the USIBWC was conducted in a conscientious at a the requirements of 2 FAM 020, to determine wh ntrol comply with the standards prescribed by the Comp	agement controls and lation of the systems of nd thorough manner, in lether our systems of ptroller General of the
I attest that a control over fin complying with obligations being	t the USIBWC I am responsible for establishing and mainta ancial reporting, which includes safeguarding of assets, applicable laws and regulations, and revenues, expendit g recorded accurately.	aining effective internal obligations and costs sures, and unliquidated
I attest that a control over strat are effective and	t the USIBWC, I am responsible for establishing and maint tegic and program reporting, which includes concluding if efficient, and strategic performance is reviewed.	taining effective internal programs and activities
I attest that a control over co regulations.	t the USIBWC I am responsible for establishing and maint mpliance, which includes maintaining compliance wit	aining effective internal h applicable laws and
I have revie program evalua accordance with to correct identif	ewed the results of internal management reviews condu- tions and performance reports, and other pertinent r Departmental instructions and other relevant criteria, as w ied weaknesses, if any.	eviews performed in rel as the actions taken
I have review assessments, and Departmental in identified weakn	wed the results of GAO audits, OIG audit/inspection report l other pertinent reviews relevant to the USIBWC perform structions and other relevant criteria, as well as the ac esses, if any.	ts, SIGAR reports, risk ned in accordance with tions taken to correct
I, as the Con importance of e obligations, as v through other s- regulations, topic	missioner, have effectively communicated to the employed thical behavior and compliance with financial disclosu vell as the resources available to support such ethics con ources (e.g., written memoranda and references to De c related websites, and training courses).	ees at the USIBWC the tre and ethics training mpliance, verbally and partment policies and
I have taken Statement on Au Audit. I am ful Department or o susceptible to fra	into consideration all the questions in the SoA Guidance aditing Standards (SAS) 99, Consideration of Fraud in a ly aware of the risk of fraud at the USIBWC, includin thers have identified or account balances or transaction and.	document relating to Financial Statement g any fraud risk the classes that may be

Unclassified -2-

Programs and controls at the USIBWC have been implemented to address identified fraud risks or otherwise help to deter and detect fraud. These programs and controls are monitored on a continuous basis.

I am aware of the requirements for ensuring that adequate controls are in place over the USIBWC's real and personal property. I attest that personal property assets, including capitalized assets, at the USIBWC have been inventoried during FY 2024, reconciled, certified, and reported to the Chief Administrative Officer, since USIBWC does not report to A/LM/PMP/PM. Also, complete reports of assets including construction in progress (CIP) details have been submitted to CGFS's Office of Financial Policy, Reporting and Analysis (CGFS/FPRA) on a quarterly basis; in addition, schedules of inspections and maintenance activities have also been provided as part of that routine.

Overall, the results of our evaluations indicate that the systems of management control for the USIBWC, in effect during the period October 1, 2023, through August 31, 2024, taken as a whole, provide reasonable assurance that the referenced management control objectives were achieved.

Regarding all of the attestations above, any exceptions noted impairing the ability to make the attestation and/or any control weaknesses identified related to the attestations have been reported in the MCRR module of the SoAP database and are included in Attachment 1 to this SoA.

The USIBWC conducted its assessment of the effectiveness of the USIBWC's internal control over reporting in accordance with OMB Circular A-123, Appendix A, Management of Reporting and Data Integrity Risk. Based on the results of this assessment, the USIBWC can provide reasonable assurance that its internal control over reporting as of August 31, 2023, was operating effectively and no material weaknesses were found in the design or operation of the internal control over reporting.

Attachment(s)

Table 1 - Management Control Review Results

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TRANSMITTAL OF AUDIT REPORT



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Report on Compliance With Laws, Regulations, and Contracts, dated May 9, 2025. Kearney & Company is also responsible for the conclusions expressed in the report. OIG does not express an opinion on USIBWC's financial statements or conclusions on internal control over financial reporting and compliance with laws, regulations, and contracts.

USIBWC's comments on the auditor's report are attached to the report.

OIG appreciates the cooperation extended to it and Kearney & Company by USIBWC managers and staff during this audit.

Sincerely,

Darp Voshell

Gayle Voshell Acting Assistant Inspector General for Audits

Enclosure: As stated.

cc: WHA/MEX – Dan Sainz IBWC/EX – Xochitl Aranda Kearney & Company – Stephanie Mitjans

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FINANCIAL STATEMENTS AUDIT



In our report dated January 23, 2024, we expressed an opinion that, except for the possible effects of a matter related to construction-in-progress, USIBWC's financial statements were presented fairly, in all material respects. Specifically, USIBWC could not provide timely and complete evidential matter to enable us to perform audit procedures to confirm whether certain construction-in-progress amounts were valid and supported. As described in Note 16 of the financial statements, during FY 2024, USIBWC reviewed these amounts and restated its FY 2023 financial statements. Accordingly, our present opinion on the restated FY 2023 financial statements, as presented herein, is different from that expressed in our previous report.

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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 USIBWC's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USIBWC'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 USIBWC'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, Combining Statement of Budgetary Resources, Deferred Maintenance and Repairs, and Land be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB Circular A-136, "Financial Reporting Requirements," and the Federal Accounting Standards Advisory Board, which consider the information to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplement about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued reports, dated May 9, 2025, on our consideration of USIBWC's internal control over financial reporting and on our tests of USIBWC's compliance with provisions of applicable laws, regulations, and contracts for the year ended September 30, 2024. The purpose of those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 and should be considered in assessing the results of our audits.

Kearney + Con

Alexandria, Virginia May 9, 2025




Material Weakness

Property and Equipment

As of September 30, 2024, USIBWC reported more than \$840 million in capitalized property and equipment. Real property consisted primarily of functional facilities and capital improvements to these facilities. Real property accounts included land, buildings, structures, leasehold improvements, and construction-in-progress (CIP). Personal property included vehicles, security equipment, communication equipment, and software. This issue was identified as a material weakness during the audit of USIBWC's FY 2023 financial statements. Although USIBWC made some improvements, Kearney continued to identify a combination of control deficiencies that we concluded was a material weakness in internal control. The individual deficiencies that we identified are summarized as follows:

 <u>Construction Projects</u> – As of September 30, 2024, USIBWC reported that it managed more than \$29 million in construction projects.² Construction costs for projects that meet a "capitalization threshold"³ should be recorded as CIP, an asset account, during the design and construction phases. Once a construction project is substantially complete, USIBWC should transfer the cost of the project to a different asset account, so that the item can be depreciated.⁴

We identified instances in which completed construction projects were not transferred from CIP to the appropriate asset account in a timely manner, CIP additions were not recorded in a timely manner, and CIP projects were improperly recorded as expenses. In addition, we found that USIBWC did not adjust its FY 2023 financial statements to address errors it identified with CIP.

In response to issues identified during the FY 2023 financial statement audit, USIBWC validated its CIP balances. However, we continued to identify some deficiencies because USIBWC does not have formal procedures to ensure that construction costs are recorded in a timely and accurate manner, completed construction projects are transferred to the appropriate asset account promptly, or cancelled CIP projects are identified and the related costs are transferred to the expense account. Furthermore, USIBWC's process to identify costs associated with capital construction projects was not always effective.

Without effective procedures and controls to account for CIP and monitor the status of CIP projects, USIBWC will continue to misstate its CIP, capitalized property assets, and expense accounts. The exceptions identified resulted in misstatements to USIBWC's FY 2023 and FY 2024 financial statements. USIBWC restated its FY 2023 financial statements to correct material misstatements identified during its review of CIP balances.

² Projects could include new construction, real property renovations, or improvements to leased property.

³ USIBWC's capitalization threshold for CIP is \$25,000.

⁴ Depreciation is the allocation of the acquisition cost of an asset, less its estimated salvage value or residual value, over its estimated useful life for all capitalized assets except land.

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• <u>Personal Property</u> – USIBWC uses a property management system to track, manage, and record personal property transactions. Information in the property system is periodically merged or reconciled with the financial management system to centrally account for the acquisition, disposal, and transfer of personal property. We identified personal property transactions that were not recorded in the correct fiscal year. We also identified several disposals that had not been removed from the property system as of September 30, 2024. Additionally, USIBWC did not provide documentation supporting some of these disposals. Furthermore, we identified obsolete assets that remained in the property and financial management systems despite being removed from service. Finally, we identified assets that were inappropriately recorded as expenses rather than being capitalized as required.

USIBWC's standard operating procedures related to the acquisition and disposal of personal property did not include guidance on recording information in a timely manner by property management staff. Furthermore, USIBWC's processes and controls did not ensure that transactions to record acquisitions and disposals of personal property were supported by documentation or recorded in a consistent and accurate manner. Although USIBWC has procedures related to identifying potentially damaged, obsolete, and excess assets, they were not sufficient to ensure these items were identified and removed from service. Additionally, USIBWC did not implement controls to ensure that contracting officer's representatives notify appropriate officials when capital assets are ordered and received. The exceptions identified resulted in significant misstatements to USIBWC's prior year financial statements. In addition, the lack of effective control may result in the loss of accountability for asset custodianship, which could lead to undetected theft or waste.

* * * * *

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. We consider the following deficiencies in USIBWC's internal control to be significant deficiencies.

Significant Deficiencies

I. Validity and Accuracy of Unliquidated Obligations

Unliquidated obligations (ULO) represent the cumulative amount of orders, contracts, and other binding agreements for which the goods and services that were ordered have not been received or the goods and services have been received but payment has not yet been made. USIBWC's policies and procedures provide guidance that requires quarterly reviews of ULOs to ensure they are valid. We identified invalid ULOs based on expired periods of performance, inactivity, untimely contract close-outs, lack of supporting documentation, and the inability to support bona fide need.

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Although officials conducted a quarterly review of the entire ULO population to identify ULOs at risk of being invalid, the review did not always result in the timely deobligation of invalid ULOs by contracting officer's representatives. Additionally, we found that contracting officer's representatives did not always ensure that invalid ULOs related to contract closeouts were deobligated. Invalid ULOs affect USIBWC's ability to manage funds. For example, funds that could have been used for other purposes may have remained in unneeded obligations.

II. Information Technology

USIBWC uses key information systems maintained by the Department of State (Department), including general support systems and applications for accounting, budget execution, procurement, and logistics. The Department is responsible for maintaining an adequate information security program over these systems. The Department's general support system, a component of its information security program, is the gateway for all of the Department's systems, including the key financial management systems used by USIBWC. Generally, control deficiencies noted in the information security program are inherited by the systems that reside in it.

On behalf of the Office of Inspector General, we performed an audit of the Department's FY 2024 information security program in accordance with the Federal Information Security Modernization Act of 2014 (FISMA).⁵ During that audit,⁶ we concluded that the Department did not have an effective organization-wide information security program. Specifically, we determined that eight of nine domains included in the "FY 2023-2024 Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics" were operating below an effective level. Some of the deficiencies identified that we determined had an impact on internal controls related to financial reporting were the lack of an effective process to authorize the Department's information systems to operate in a timely manner⁷ and ineffective processes to track and remediate identified vulnerabilities.

Without an effective information security program, the Department remains vulnerable to ITcentered attacks and threats to its critical mission-related functions. Information security program weaknesses can affect the integrity of financial applications, which increases the risk that sensitive financial information can be accessed by unauthorized individuals or that financial transactions can be altered, either accidentally or intentionally. Information security program weaknesses and deficiencies increase the risk that USIBWC will be unable to report financial data accurately.

⁵ Public Law 113-283 (December 18, 2014), codified at Title 44 United States Code Chapter 35, Subchapter II, "Information Security."

⁶ Office of Inspector General, Audit of the Department of State FY 2024 Information Security Program (AUD-IT-24-26, July 2024).

⁷ According to the National Institute of Standards and Technology, Special Publication 800-37, rev. 2, "Risk Management Framework for Information Systems and Organizations, A System Life Cycle Approach for Security and Privacy" (December 2018), page 91, an authorization to operate is "the official management decision given by a senior [f]ederal official or officials to authorize operation of an information system and to explicitly accept the risk to agency operations (including mission, functions, image, or reputation), agency assets, individuals, other organizations, and the Nation based on the implementation of an agreed-upon set of security and privacy controls."



We considered the weaknesses and deficiencies identified during the FISMA audit to be a significant deficiency within the scope of the FY 2024 financial statement audit. We have reported weaknesses and deficiencies in Information Technology security controls as a significant deficiency annually since our audit of USIBWC's FY 2012 financial statements.

Status of Prior Year Findings

In the Independent Auditor's Report on Internal Control Over Financial Reporting that was included in the audit report on USIBWC's FY 2023 financial statements,⁸ we noted two issues that were related to internal control over financial reporting. The status of the FY 2023 internal control findings is summarized in Table 1.

Table 1. Status of Prior Year Findings

Control Deficiency	FY 2023 Status	FY 2024 Status
Property and Equipment	Material Weakness	Material Weakness
Information Technology	Significant Deficiency	Significant Deficiency

USIBWC's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on USIBWC's response to the findings identified in the audit and described previously. USIBWC provided its response to our findings in a separate letter included in this report as Appendix A. We did not audit management's response, and accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the effectiveness of USIBWC's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USIBWC's internal control over financial reporting. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia May 9, 2025

⁸ Office of Inspector General, Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2023 and FY 2022 Financial Statements (AUD-FM-24-13, March 2024).



1701 Duke Street, Suite 500, Alexandria, VA 22314 PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, AND CONTRACTS

To the United States Commissioner of the International Boundary and Water Commission, United States and Mexico, U.S. Section, and the Acting Inspector General:

We have audited, 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 Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements," the financial statements and the related notes to the financial statements of the International Boundary and Water Commission, United States and Mexico, U.S. Section, (USIBWC) as of and for the year ended September 30, 2024, which collectively comprise USIBWC's financial statements, and we have issued our report thereon dated May 9, 2025.

Report on Compliance

As part of obtaining reasonable assurance about whether USIBWC's financial statements are free from material misstatement, we performed tests of USIBWC's compliance with provisions of applicable laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and disclosures. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, and contracts applicable to USIBWC. However, providing an opinion on compliance with those provisions was not an objective of our audit; 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* or OMB Bulletin No. 24-02.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance with laws, regulations, and contracts and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USIBWC's compliance. Accordingly, this report is not suitable for any other purpose.

Kearney * C

Alexandria, Virginia May 9, 2025

INTERNATIONAL BOUNDARY AND WATER COMMISSION UNITED STATES AND MEXICO	
May 22, 2025	
Ms. Gayle Voshell United States Department of State Acting Assistant Inspector General for Audits Office of Inspector General Washington, D.C. 20520	
Subject: Draft Independent Auditor's Report Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2024 and FY 2023 Financial Statements	
Dear Ms. Voshell:	
We acknowledge receipt of the draft report Independent Auditor's Report Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, (IBWC) FY 2024 and FY 2023 Financial Statements. As requested, please find on the attached addendum our updates on actions taken or planned for each of the recommendations to address the Report's findings of material weaknesses in internal controls for construction in progress (CIP) and Property and Equipment.	
To highlight a few key areas for unliquidated obligations management and construction in progress (CIP) and property and equipment below are a few improvements we will be focusing in on.	
 Historical Reconciliation conducted and finished resulting in balanced GLs and cleaner CIP balance for IBWC in FY24. 	
2. Further expanding the use of the Unliquidated Obligations Dashboard created by the Department of State to facilitate proactive monitoring of unliquidated obligations. Initiated monthly meetings with Cost Center Managers to communicate key updates and deadlines for de-obligating funds from ULOs. Created a robust End of Year Checklist and communication plan to efficiently receive updates on balances from cost centers. Conducted thorough process mapping sessions for ULOs to solidify documentation for the process and encourage knowledge sharing across the agency.	
3. Monthly reporting with Master Planning and our Administration Department on Lifecycle of Construction Projects. Created a key priority list for tracking. We also have begun quarterly status check-ins on key priority capital projects with legal, budget, acquisitions, our Senior P.E.s and our Chief of Staff to further prioritize projects.	
4. Hired a new Supervisor and a Supply Technician for our Personal Property Office (PPO) to provide oversight and guidance on overall personal property asset management. In April 2025,	
4191 N. Mesa Street • El Paso, Texas 79902-1423 915.832.4100 • 1-800-262-8857 • <u>https://www.ibwc.gov</u>	

MANAGEMENT'S RESPONSE TO AUDIT REPORT

our personal property was closed on time and at 100% clean inventory. Internal Memorandums have been created to designate Cost Center Managers with Custodial Officer responsibilities. These annual memorandums explicitly detail CO duties and responsibilities to increase compliance and accountability of assets.

- 5. The Administration Department is actively enforcing the timely recording of assets upon receipt, in accordance with Personal Property Directive SD.I.06071-M-1. As specified in the directive, except in emergency situations, assets must be received and recorded in ILMS within five (5) working days of physical receipt and prior to being issued for use. This standard will be reaffirmed and updated in the revised Personal Property Policies scheduled for release in 2025.
- 6. Regarding asset disposal, appropriate documentation, such as SF-123, SF-122, and purchase receipts, is being attached to the corresponding asset records in ILMS once the physical disposal has been completed. Additionally, any available documentation for assets disposed of prior to 2024 is being retroactively added to the system (ILMS). It is important to note that ILMS retains asset records even after items have been removed from service.
- Invoice Processing Platform (IPP) In FY 2025, Treasury Dept. trained Administration Department staff on our access levels and workflow, worked with DOS for COR certification, conducted training on site in FY24, and we are updating Cost Center Manual and Finance Directives on roles and responsibilities of Cost Center Managers and Contracting Officer Representatives (CORs).
- 8. Construction in Progress process mapping occurred in FY 2025 to capture the entire lifecycle of a construction project from the initial purchase request to contract closeout. The Administration Department will continue to work with the engineering and construction management teams on this new process and establish a standard operating procedure. IBWC remains committed to expand the use of data analytics to support decision and policy making. IBWC remains committed to overseeing the assessment of internal controls over our programs, operations, financial systems, and financial reporting. We adhere to the provisions of the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA) to mitigate material weaknesses and ensure compliance.
- 9. IBWC engineering contracted a consultant to develop a new 20-year capital projects plan and an asset management plan in early FY 2025. The Administration Department has added in Construction in Progress Accounting language and process to the upcoming new policy.

We also contracted a consultant to streamline our administrative processes to reduce human error, produce dashboards, and further strengthen our internal controls. These Power BI tools already link procurement, finance, and budget systems to provide automation, transparency via dashboards, and oversight using data to improve decision making. Please <u>see attached</u> addendum on USIBWC administrative efficiencies developed to modernize and strengthen our internal controls.

All of these efforts will further support organizational change management and enhance relationships and promote capturing of best practices across IBWC between administrative and programmatic operations.

Sincerely,

hitan W.C. Mk

W.C. McIntosh, P.E. Commissioner

Cc: Sherry Fullwood, DOS/OIG Todd Jones, DOS/OIG Stephanie Mitjans – Kearney &Co. Dan Sainz, WHA Xochitl Aranda, COS Jennifer Pena, LAO Albert Moehlig, BUD Maricela Ortiz, FAD



PRINCIPAL FINANCIAL STATEMENTS

The *Principal Financial Statements* have been prepared to report the financial position and results of operations of the International Boundary and Water Commission, United States and Mexico, U.S. Section. The Financial Statements have been prepared from the books and records of the U.S. Section in accordance with formats prescribed by the Office of Management and Budget (OMB) in OMB Circular A-136, Financial Reporting Requirements. The Financial Statements are in addition to financial reports prepared by the U.S. Section in accordance with OMB and U.S. Department of Treasury directives to monitor and control the status and use of budgetary resources, which are prepared from the same books and records. The Financial Statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. The U.S. Section has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires enactment of an appropriation. The Financial Statements present data for FY 2024 and FY 2023 in comparative formats.

The *Consolidated Balance Sheet* provides information on assets, liabilities, and net position similar to balance sheets reported in the private sector. The Balance Sheet presents amounts of future benefits owned or managed (assets), amounts owed (liabilities), and amounts that comprise the difference (net position). Intra-Governmental balances have been identified and will be eliminated when consolidated with the department-wide statements prepared by the Department of State.

The *Consolidated Statement of Net Cost* reports the components of net costs of the U.S. Section's operations for the period. Net cost of operations is the gross cost incurred by the Agency less any exchange revenue earned from its activities.

The *Consolidated Statement of Changes in Net Position* reports the beginning net position, the transactions that affect net position for the period, and the ending net position. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations.

The Combined Statement of Budgetary Resources provides information on how budgetary resources were made available and their status at the end of the year. It is the only financial statement predominantly derived from the U.S. Section's budgetary general ledger in accordance with budgetary accounting rules. Information on the Statement of Budgetary Resources is consistent with the budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF133).

BALANCE SHEET

The balance sheets as of September 30, 2024 and 2023 are provided below. Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

BAL AS OF SEPTEMBER	ANCE SHE 30, 2024 (ETS CY) AND 2023 (PY)		
		FY 2024	FY	2023 Restated (Note 16)
ASSETS				
Intragovernmental:				
Fund balance with treasury (Note 2)	\$	695,811,326	\$	286,895,157
Accounts receivable, net (Note 3)		-		
Total Intragovernmental		695,811,326		286,895,157
Cash and other monetary assets		-		
Accounts receivable, net (Note 3)		10,113,191		10,133,729
Advances		-		
Property, plant, and equipment, net (Note 4)		843,902,738		828,386,252
Total assets	\$	1,549,827,256	\$	1,125,415,137
LIABILITIES				
Intragovernmental:				
Accrued payroll		305,858		239,712
Accrued Unemployment		-		
Accounts payable		-		
Accrued workers' compensation (Note 6)		853,478		999,456
Workers' compensation actuarial (Note 6)		2,920,470		4,515,225
Custodial Liability		684,188		474,099
Contract accruals		72,889		140,385
Total intragovernmental		4,836,884		6,368,876
Accounts payable		500		105,482
Contract accruals		13,066,782		6,337,597
Accrued payroll		838,242		621,735
Accrued annual leave		2,094,805		1,884,071
Advances		290,117,873		95,598
Deposit accounts		(588,449)		(142,553
Estimated cleanup cost liability (Note 7)		4,236,010		4,251,037
Contingent liabilities		-		
Total liabilities	\$	314,602,647	\$	19,521,844
NET POSITION				
Unexpended appropriations - all other funds		421,710,745		305,091,220
Cumulative results of operations - all other funds		813,513,864		800,802,073
Total net position	\$	1,235,224,609	\$	1,105,893,293
Total liabilities & net position	Ś	1.549.827.256	\$	1.125.415.137

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STATEMENT OF NET COST

Strategic Goal	FY 2024	FY 2023	
Boundary Management			
Gross cost	\$ 709,024	\$ 480,357	
Earned revenue	(100,802)	(141,224	
Net program cost	608,222	339,133	
Water Quality Improvement			
Gross cost	41,412,812	39,074,659	
Earned revenue	(6,317,995)	(8,629,331	
Net program cost	35,094,817	30,445,328	
Water Management (Water Conveyance)			
Gross cost	38,695,467	30,275,809	
Earned revenue	(6,389,375)	(7,672,120	
Net program cost	32,306,092	22,603,690	
Resource & Asset Management			
Gross cost	25,592,033	22,996,158	
Earned revenue	(27,635)	(50,750	
Net program cost	25,564,398	22,945,408	
Total Gross Costs	106.409.336	92.826.983	
Total Earned Revenue	(12,835,807)	(16,493.424	
Net cost of operations	\$ 93,573,529	\$ 76 333 559	

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STATEMENT OF CHANGES IN NET POSITION (CY)

	Fun fro Dedic Collec FY 20	ids m ated tions 024	All Other Funds FY 2024	Elimina FY 20	tions 124	Consolidated Total FY 2024
Cumulative Results of Operations:						
Beginning balances	\$	0	\$ 800,802,073	\$	0	\$ 800,802,073
Adjustments		0	0		0	(
Beginning balances, adjusted		0	800,802,073		0	800,802,073
Budgetary Financing Sources:						
Other adjustments		0	0		0	(
Appropriations used		0	103,339,463		0	103,339,463
Non-Exchange revenue		0	0		0	(
Transfers in/out		0	(150,634)		0	(150,634
Other Financing Sources (N	on-Excha	nge):				
Donations of property		0	0		0	(
Imputed financing		0	3,096,490		0	3,096,490
Net cost of operations		0	(93,573,529)		0	(93,573,529
Net change		0	0		0	(
Cumulative Results of Operations	\$	0	\$ 813,513,864	\$	0	\$ 813,513,864
Unexpended Appropriations:						
Beginning balance	\$	0	\$ 305,091,220	\$	0	\$ 305,091,220
Adjustments		0	0		0	(
Beginning balance, adjusted		0	305,091,220		0	305,091,220
Budgetary Financing Sources:						
Appropriations received		0	220,850,000		0	220,850,000
Other adjustments		0	(891,012)		0	(891,012
Appropriations used		0	(103,339,463)		0	(103,339,463
Total budgetary financing sources		0	116,619,525		0	116,619,52
Total Unexpended Appropriations	\$	0	\$ 421,710,745	\$	0	\$ 421,710,74
Net Position	\$	0	\$1,235,224,609	\$	0	\$1,235,224,609

STATEMENT OF CHANGES IN NET POSITION (PY)

	Funds Dedi Colle FY 2 Rest	s from cated ctions 2023 cated ca 16)	All Other Funds FY 2023 Restated (Noto 16)	Elimina FY 2 Resta	ations 023 ated	Consolidated Total FY 2023 Restated (Note 16)
Cumulative Results of Operations:	(1101	<u>e 10j</u>	(NOTE 16)		. 10)	(Note 16)
Beginning balances	Ś	0	\$ 814,918,447	Ś	0	\$ 814,918,447
Adjustments	Ŷ	0	(23.087.223)	Ŷ	0	(23.087.223
Beginning balances, adjusted		0	791,831,224		0	791,831,224
Budgetary Financing Sources:						
Other adjustments		0	0		0	C
Appropriations used		0	82,948,923		0	82,948,923
Non-Exchange revenue		0	0		0	C
Transfers in/out		0	(142,415)		0	(142,415
Other Financing Sources (Non- Exchange):						
Donations of property		0	0		0	C
Imputed financing		0	2,497,899		0	2,497,899
Net cost of operations		0	(76,333,559)		0	(76,333,559
Net change		0	0		0	C
Cumulative Results of Operations	\$	0	\$ 800,802,073	\$	0	\$ 800,802,073
Unexpended Appropriations:						
Beginning balance	\$	0	\$ 277,892,196	\$	0	\$ 277,892,196
Adjustments		0	0		0	C
Beginning balance, adjusted		0	277,892,196		0	277,892,196
Budgetary Financing Sources:						
Appropriations received		0	110,965,000		0	110,965,000
Other adjustments		0	(817,053)		0	(817,053
Appropriations used		0	(82,948,923)		0	(82,948,923
Total budgetary financing sources		0	27,199,024		0	27,199,024
Total Unexpended Appropriations	\$	0	\$ 305,091,220	\$	0	\$ 305,091,220
Net Position	Ś	0	\$1,105,893.293	Ś	0	\$1.105.893.294

STATEMENT OF BUDGETARY RESOURCES

	STATEN AS OF SEP	MENT OF BUDGETARY TEMBER 30, 2024 (CY)	RESOURCES and 2023 (PY)		
		Budgetary FY 2024	Non- Budgetary FY 2024	Budgetary FY 2023	Non- Budgetary FY 2023
BUDG	ETARY RESOURCES:				
1051	Unoblig Balance PY Budget Auth	\$ 95,380,001	\$ 0	\$ 145,610,365	\$ O
1290	Appropriations	220,850,000	0	110,965,000	0
1490	Borrowing Authority	0	0	0	0
1690	Contract Authority	0	0	0	0
1890	Spending Auth from Offsetting Coll	301,622,458	0	16,889,711	0
1910	Total Budgetary Resources	\$ 617,852,459	\$0	\$ 273,465,077	\$ 0
STATU	IS OF BUDGETARY RESOURCES:				
2190	New Obligations & Upward Adjmts	\$ 211,213,896	\$ O	\$ 186,273,112	\$ 0
Unobl	igated Bal End of Year:				
2204	Apportioned	\$ 397,910,802	\$ O	\$ 84,006,765	\$ 0
2304	Exempt from Apportionment	0	0	0	0
2404	Unapportioned	5,569,201	0	399,930	0
2412	Unexpired Unoblig Bal, End of Year	403,480,003	0	84,406,696	0
2413	Expired Unoblig Bal, End of Year	3,158,560	0	2,785,269	0
2490	Total Unoblig Bal, End of Year	406,638,563	0	87,191,964	0
2500	Total Budgetary Resources	\$ 617,852,459	\$ O	\$ 273,465,077	\$ 0
BUDG	ET AUTHORITY & OUTLAYS, NET:				
4190	Outlays, Net	\$ (189,427,217)	\$ O	\$ 78,783,686	\$ 0
4200	Distributed Offsetting Receipts	0	0	0	0
4210	Agency Outlays, Net	\$ (189,427,217)	\$ O	\$ 78,783,686	\$ 0

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying principal financial statements present the financial activity of the International Boundary and Water Commission, U.S. Section (U.S. Section). The statements are presented in accordance with form and content requirements contained in Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. OMB Circular A-136 establishes the central reference point for all Federal financial reporting guidance for Executive Branch departments that are required to submit audited financial statements and Performance and Accountability Reports under the Chief Financial Officers Act of 1990, the Accountability of Tax Dollars Act of 2002, and Annual Management Reports under the Government Corporations Control Act. The financial statements presented herein are in addition to the financial reports prepared by U.S. Section in accordance with OMB and U.S. Treasury directives to monitor and control the status and use of budgetary resources.

The financial statements have been prepared from U.S. Section's books and records, and in accordance with its accounting policies, of which the significant policies are summarized in this Note. The agency's accounting policies follow generally accepted accounting principles (GAAP) accepted in the United States of America for Federal entities as prescribed by the Federal Accounting Standards Advisory Board (FASAB). FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Advisory Board*, incorporates the GAAP hierarchy into FASAB's authoritative literature.

Reporting Entity

As previously noted, the International Boundary and Water Commission (The Commission) consists of two sections, a U.S. Section and a Mexican Section. Each Section, administered independent of the other, reports to its respective government's foreign affairs entity. The Commission is charged with applying a series of boundary and water treaties between the United States and Mexico and exercise the rights and obligations that the two governments have jointly assumed for the solution of boundary and water problems. The U.S. Section is headquartered in El Paso, Texas and operates under the foreign policy guidance of the Department of State. The financial statements include the accounts of all funds under U.S. Section's control.

Basis of Accounting

Transactions are recorded on both the accrual accounting basis and the budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

Revenue and Other Financing Sources

U.S. Section receives most of the funding needed to support its programs through appropriations from the U.S. Government. U.S. Section receives both annual and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures, primarily for equipment and construction projects. Other amounts are obtained through reimbursements for services performed for other federal agencies, state and local governments, and the Mexican Section.

Fund Balance with Treasury and Cash

U.S. Section does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. Fund Balances with the Treasury and cash are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase and contractual commitments.

Property and Equipment

The land, buildings, and equipment are capitalized at cost, if the initial cost is \$25,000 or more. Expenditures that increase the useful life of the assets are capitalized. Normal repairs and maintenance costs are expensed when purchased.

In FY 2024, U.S. Section reviewed the reporting guidelines of SFFAS 54, detailing the recognition of right-to-use (RTU) lease assets and the corresponding lease liabilities. A majority of the agency's lease agreements are considered intragovernmental and short-term. Examples include leases for vehicles from the General Services Administration (GSA), and multipurpose copiers and other miscellaneous types of equipment from other vendors. Expenses for intragovernmental and short-term leases, which include operating and maintenance costs, are recognized when incurred.

Liabilities

Liabilities represent monies or other resources that are likely to be paid as the result of a transaction or event that has already occurred. However, no liability can be paid by the U.S. Section absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as unfunded, and there is no certainty that the appropriation will be enacted. Also, liabilities arising from other than contracts can be abrogated by the U.S. Government, acting in its sovereign capacity.

Accrued Liabilities

Expenses or obligations incurred for personnel compensation, services, supplies, and materials that have not been paid during the fiscal year.

Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned, but not taken; financing will be obtained from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

Retirement Plans

The U.S. Section's employees participated in the Civil Service Retirement System (CSRS), to which it makes matching contributions equal to seven percent of pay. The agency does not report CSRS assets, accrued plan benefits, or unfounded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the U.S. Office of Personnel Management.

On January 01, 1987, the Federal Employees Retirement System (FERS) became effective under Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security (FICA). Employees hired prior to January 01, 1984, had the option to join FERS and Social Security or remain in CSRS. The primary feature of FERS is that it offers a savings plan that automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For employees hired after December 31, 1983, the U.S. Section also contributes the employer's matching share for Social Security.

NOTE 2: FUND BALANCE WITH TREASURY

A summary of the fund balances with the U.S. Treasury as of September 30, 2024 and 2023 is provided below. Sum totals are rounded actual totals, and not the totals of individually rounded amounts.

Status of Fund Balances with Treasury	 FY 2024	 FY 2023
Unobligated Balance		
Available	\$ 403,480,003	\$ 84,406,696
Unavailable	3,158,560	2,785,269
Obligated Balance not yet Disbursed	289,761,213	199,845,745
Non-Budgetary FBWT	 (588,449)	 (142,553)
lotal	\$ 695,811,326	\$ 286,895,157

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from state, local, and foreign governments and are comprised of the following as of September 30, 2024 and 2023:

	FY 2024	FY 2023
Intra-Governmental Receivables		
Accounts Receivable-Billed	\$0	\$0
Accounts Receivable-Unbilled	0	0
Governmental Receivables		
Accounts Receivable-Billed	6,396,728	7,219,148
Accounts Receivable-Unbilled	3,716,463	2,914,581
Total	\$ 10,113,191	\$ 10,133,729
Mexico owed the U.S. Section the following amounts:		
O&M Nogales Wastewater Treatment Plant	7,922,813	7,155,168
O&M South Bay Wastewater Treatment Plant	638,000	2,172,222
O&M Anzalduas Dam Stoplogs & Utilities	9,383	5,883
O&M Cordova Bridge	6,000	6,000
Total	\$ 8 576 196	\$ 9 339 274

Most of the receivables are due from Mexico, local, state and county government entities. The receivables for leases and licenses are paid at the beginning of the lease term, and if payment is not received, the lease/license is canceled. Therefore, no allowance for uncollectible accounts was established on September 30, 2024.

NOTE 4: GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Classes of Fixed Assets	FY 2024 Acquisition Value	FY 2024 Accumulated Depreciation	FY 2024 Net Value	FY 2023 (Restated) Net Value
Land	\$ 52,633,298	\$ 0	\$ 52,633,298	\$ 52,633,298
Structures, Facilities, and Leasehold Improvements	1,239,524,784	(497,896,317)	741,628,467	743,460,637
Internal Use Software	15,373,318	(11,782,301)	3,591,017	4,106,784
Equipment	46,391,559	(29,650,465)	16,741,095	9,117,980
Construction in Progress	29,308,861	0	29,308,861	19,067,552
Total	\$1,383,231,821	\$(539,329,083)	\$843,902,738	\$828,386,252

Property and equipment as of September 30, 2024 and 2023 consisted of the following:

Depreciation and amortization of property and equipment is calculated on a straight-line basis. Leasehold improvements are amortized over the shorter of the assets' useful life or the lease term. The U.S. Section capitalizes the acquisitions and or improvement of assets that meet the following criteria:

- The cost of the asset or improvement is \$25,000 or more;
- The asset has useful life of two (2) or more years, or the improvement will extend the useful life of an existing asset by two (2) or more years.

There are no restrictions on use or convertibility of the agency's property, plant, and equipment. A table of the ranges of depreciable and amortizable lives of the agency-owned assets is shown below.

	Depreciable or
Category	Amortizable Life
Structures and Facilities	10 to 100 Years
Vehicles	3 to 6 Years
Internal Use Software	5 Years
ADP Equipment	3 Years
Reproduction Equipment	8 Years
Communication Equipment	15 Years
Other Equipment	4 to 20 Years

NOTE 5: STEWARDSHIP PP&E

A. <u>Heritage Assets</u>

Heritage assets are plant, property, and equipment that possess one or more of the following characteristics: historical or natural significance; cultural, educational or aesthetic value; or significant architectural characteristics. Heritage assets consist of (1) collection type heritage assets, such as objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections; and (2) non-collection-type heritage assets, such as parks, memorials, monuments, and buildings. Heritage assets are generally expected to be preserved indefinitely.

One of the primary mission requirements for the IBWC is the demarcation and preservation of the international boundary between the United States and Mexico, as concluded under the Treaties of 1848 and 1853. Roughly 1300 miles of this border are demarcated by the Rio Grande and the Colorado River, and the other 700 miles of border are demarcated by international monuments along the land boundary. The IBWC has erected a total of 276 monuments along the international land boundary, which extends from the Pacific Ocean to the Rio Grande. These monuments are jointly owned and maintained by the United States and Mexico.

The stewardship policy for inspection and maintenance of these land boundary monuments is concluded in IBWC Minute No. 244 and associated Joint Report dated November 8, 1973. This binational agreement evenly distributes the maintenance responsibilities between the United States and Mexico. It also provides for the periodical inspection and restoration of all international land boundary monuments at intervals of not more than ten years.

There are 276 monuments, each identified alphanumerically from 1 to 258. Each country is responsible for 138 monuments. The U.S. Section is responsible for Monuments No. 80 to 204-A. The Mexican Section is responsible for Monuments No. 1 to 79, and 206 to 258. The IBWC has not added nor withdrawn any land boundary monuments during this reporting period.

Although the monuments are all obelisk in shape, they vary in composition and appearance. Of the 276 monuments, 238 are composed of iron, 36 of masonry, one of granite, and one of marble. The iron monuments have a narrower base with a steeper-sloped shaft than the granite and masonry monuments. The marble monument has a wide base with a shorter vertical shaft and a taller pointed pyramidal apex. Photographs identifying the typical varieties of obelisk monuments found along the international land boundary are shown below.



Mon. No. 258 (Marble)



Mon. No. 255 (Granite)



Mon. No. 2 (Masonry)



Mon. No. 141 (Masonry)



Mon. No. 142 (Iron)

B. <u>Multi-use Heritage Assets</u>

Heritage assets may in some cases be used to serve two purposes – a heritage function and general government operations. In cases where a heritage asset serves two purposes, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations (i.e. the main Treasury building used as an office building). Heritage assets having an incidental use in government operations are not multi-use heritage assets; they are simply heritage assets.

Falcon International Storage Dam and Hydroelectric Power Plant are multi-use heritage assets. These were constructed jointly by the U.S. and Mexico pursuant to Water Treaty of 1944 for the mission purposes of flood control, water conservation, and hydroelectric power generation. The project also provided a secondary benefit of recreation for the public.

The international dam is approximately two miles wide in the U.S. and three miles wide in Mexico. The dam and each country's power plants are located about 75 miles downstream (southeast) of Laredo, Texas and approximately 150 miles above the mouth of the Rio Grande. The reservoir has a storage capacity of nearly 4 million acre-feet and extends roughly 30 miles across Starr and Zapata Counties in Texas, and the State of Tamaulipas, Mexico.

The construction of the international dam, reservoir (lake), and hydroelectric power plants (one in each country) is historically significant, because Presidents Dwight D. Eisenhower of the United States and President Adolfo Ruiz Cortines of Mexico met on October 19, 1953 at the center of Falcon International Dam to dedicate it to the well-being of the residents of both countries. Both presidents recognized the importance of the storage dam for water conservation, power generation, flood control, recreation, and as a symbol of friendship and cooperation between the U.S. and Mexico. Construction of the dam and reservoir resulted in the submersion and relocation of 5 townships in both countries.

In accordance with IBWC Minute No. 202, the maintenance of the international works was prorated to equally reflect the benefits and costs borne by each country. The U.S. is responsible for 58.6% of the maintenance of the international storage dam, which includes: the embankment and intake on the U.S. side, the spillway, and the jurisdictional markers and buoys in the reservoir. Mexico is responsible for 41.4% of the international storage dam, which includes: the embankment and intake in Mexico, the international monument on the dam, and the revetment of the riverbank opposite the spillway channel. Each country is fully responsible for the maintenance of its own powerhouse, because the two powerhouses are identical in construction and generate equal quantities of power.

C. Stewardship Land

Stewardship land is land and land rights owned by the Federal Government, but not acquired for or in connection with items of general plant, property, and equipment. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing. "Land" is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. Land and land rights owned by the Federal Government and acquired for or in connection with items of general plant, property, and equipment should be accounted for and reported as general

plant, property, and equipment. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general plant, property, and equipment should be reported as stewardship land.

The U.S. Section owns a 2.81 acres of stewardship land, which is registered as a National Historical Landmark because it is in the historic Fort Brown property. The agency is in the process of transferring/disposing of 166.44 acres previously part of old Fort Brown, which includes this 2.81 acres of stewardship land registered as a National Historical Landmark. No other stewardship land is owned or maintained by the agency.

Recreational facilities at Falcon Reservoir were developed in December 1954 by the State of Texas, Starr County, and by private interests. The Texas Parks and Wildlife Department operates the 548.6-acre Falcon State Park, located on the reservoir, about one mile upstream of the darn in Starr and Zapata Counties. This property was transferred on January 21, 1974, to the State of Texas for the perpetual use for a public park and recreation area.

D. Inventory Summary

The cost of heritage assets is not often relevant or determinable. In addition, the useful life of heritage assets is generally not reasonably estimable for depreciation purposes. The most relevant information about heritage assets is their existence and condition. Therefore, heritage assets are reported in terms of physical units.

	Physical Units			
Description	FY 2024	FY 2023		
Heritage Assets:				
Western Land Boundary Monuments No. 80 to 204-A	138	138		
Multi-use Heritage Assets:				
Falcon International Dam (on U.S. side)	1	1		
Falcon U.S. Hydroelectric Power Plant	1	1		
Total Heritage and Multi-use Heritage Assets	140	140		

NOTE 6: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2024 and 2023 are provided below.

	FY 2024	FY 2023
Liabilities Not Covered by Budgetary Resources		
Intragovernmental:		
Workers' Compensation Liability	\$853,478	\$999 <i>,</i> 456
FECA Actuarial Liability	2,920,470	4,515,225
Accrued Unemployment	0	0
Custodial Liability	684,188	474,099
Total Intragovernmental	\$ 4,458,136	\$ 5,988,779
Unfunded Annual Leave	\$ 2,094,805	\$ 1,884,071
Estimated Cleanup Costs-Asbestos	4,236,010	4,251,037
Total Liabilities Not Covered by Budgetary Resources	\$ 10,788,951	\$ 12,123,888
Total Liabilities Covered by Budgetary Resources	\$ 303,813,696	\$ 7,397,957
Total Liabilities	\$ 314,602,647	\$ 19,521,844

NOTE 7: ENVIRONMENTAL AND DISPOSAL LIABILITIES

In accordance with Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities for Federal Government; SFFAS 6, Accounting for Property, Plant and Equipment, Chapter 4 Cleanup Costs; and Technical Release (TR) 2, Determining Probable and Reasonable Estimable for Environmental Liabilities in the Federal Government, Technical Release 10, Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment, and Technical Release 11, Implementation Guidance on Cleanup Costs Associated with Equipment, federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

In FY 2014, the U.S. Section contracted for a review and verification of the FY 2013 estimated cleanup costs for its real property facilities that contained asbestos materials and lead coated and/or lead containing components. The purpose of the reviews was to verify the FY13 survey findings, conduct supplementary sampling in areas not previously covered, and to produce rough order magnitude estimates for abatement of the regulated asbestos containing materials (ACM) and Lead Based Paint (LBP) at the agency's field office locations. The contractor conducted the surveys during the November and December 2013 and as a result estimates for the ACM and LBP were provided for each field office location.

In FY 2024, the calculation was updated to account for the wage and price changes due to inflation, deflation, technology, and applicable laws and regulations. The updated cost for cleanup of ACM at U.S. Section facilities is \$1,634,482.79 for friable ACM and \$628,112.83 for non-friable ACM, totaling \$2,262,595.62. The updated cost for cleanup of LBP at agency-owned facilities is \$1,973,414.32. This results in a total ACM and LBP liability of \$4,236,009.94.

The estimated asbestos and lead based paint cleanup liability is subject to change due to changes in inflation, deflation, technology or applicable laws and regulations.

NOTE 8: OTHER LIABILITIES

	Non-Current	Current	FY 2024 (CY) Total
Intragovernmental Liabilities			
Contract Accruals	\$ O	\$72,889	\$72,890
Accrued Payroll-Fringe Benefits	0	305,858	305,858
Total Intragovernmental	\$ 0	\$ 378,747	\$ 378,748
Contract Accruals	\$ 0	\$ 13,066,782	\$ 13,066,782
Accrued Payroll-Labor	0	838,242	838,242
Deposit Funds	0	(588,449)	(588,449)
Accounts Payable	0	500	500
Advances	0	290,117,873	290,117,873
Other Liabilities	0	0	0
Total Other Liabilities	\$ O	\$303,813,696	\$303,813,696

The tables below provide the agency's liabilities as of September 30, 2024 and 2023.

	Non-Current	Current	FY 2023 (PY) Total
Intragovernmental Liabilities			
Contract Accruals	\$ 0	\$ 140,385	\$ 140,385
Accrued Payroll-Fringe Benefits	0	239,712	239,712
Total Intragovernmental	\$ 0	\$ 380,097	\$ 380,097
Contract Accruals	\$ 0	\$ 6,337,597	\$ 6,337,597
Accrued Payroll-Labor	0	621,735	621,735
Deposit Funds	0	(142,553)	(142,553)
Accounts Payable	0	105,482	105,482
Advances	0	95,598	95,598
Other Liabilities	0	0	0
Total Other Liabilities	\$ 0	\$ 7,397,957	\$ 7,397,957

NOTE 9: LEASES

The U.S. Section leased eighty-eight (88) vans, pickup trucks, and passenger vehicles from the General Services Administration (GSA) for the twelve months of the fiscal year. The approximate cost of the vehicles leases for FY 2024 was \$603,015. The leased vehicles were used by U.S. Section staff at Headquarters and field offices.

The agency also leased twenty-nine (29) multipurpose copiers during the fiscal year for approximately \$58,109. The copiers were primarily located at the U.S. Section Headquarters. The copiers were leased on a twelve-month basis for FY 2024.

The U.S. Section leased miscellaneous types of equipment such as heavy-duty water pumps, dump trucks and chlorine cylinders during this period. The approximate value of the leased miscellaneous equipment was \$4,008.

OPERATING LEASES								
Fiscal Year	GSA Vehicles	Copiers	Other	Total				
FY 2025	\$ 621,105	\$ 59,852	\$ 10,000	\$ 690,957				
FY 2026	639,739	61,648	10,000	711,386				
FY 2027	658,931	63,497	10,000	732,428				
FY 2028	678,699	65,402	10,000	754,100				
FY 2029	699,060	67,364	10,000	776,423				
FY 2030-2034	3,822,744	368,373	50,000	4,241,117				
Total Estimated Future Payments	\$ 7,120,277	\$ 686,135	\$ 100,000	\$ 7,906,412				

Future projected payments of operating leases are as follows:

NOTE 10: INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental expenses are the actual direct costs incurred for labor, materials, supplies, etc. in providing the services to other federal agencies. No indirect costs or overhead is being charged to these federal agencies. Intragovernmental revenues are the reimbursements received from these federal agencies that are being provided the services. The agency is only receiving reimbursement for the direct costs incurred in providing services to these federal agencies.

	As of September 30,		
	FY 2024	FY 2023	
/ater Quality			
Intragovernmental cost	\$ 5,802,659	\$ 5,247,776	
Public cost	35,610,154	33,826,883	
Total Water Quality Costs	\$ 41,412,812	\$ 39,074,659	
Intragovernmental revenue	\$ (6,122,431)	\$ (5,604,365	
Public revenue	(195,564)	(3,024,966	
Total Water Quality Revenue	(\$ 6,317,995)	(\$ 8,629,331	
/ater Management (Water Conveyance)			
Intragovernmental cost	\$ 733,042	\$ 612,430	
Public cost	37,962,425	29,663,379	
Total Water Quantity Costs	\$ 38,695,467	\$ 30,275,809	
Intragovernmental revenue	\$ (494,402)	\$	
Public revenue	(5,894,973)	(7,672,120	
Total Water Quantity Revenue	\$ (6,389,375)	\$ (7,672,120	
esource and Asset Management			
Intragovernmental cost	\$ 3,842,224	\$ 5,301,830	
Public cost	21,749,809	17,694,32	
Total Resource & Asset Mgt Costs	\$ 25,592,033	\$ 22,996,15	
Intragovernmental revenue	\$ (23,886)	\$	
Public revenue	(3,749)	(50,750	
Total Resource & Asset Mgt Revenue	\$ (27,635)	\$ (50,750	
oundary Management			
Intragovernmental cost	\$	\$ 99,952	
Public cost	621,142	380,404	
Total Boundary Preservation Costs	\$ 709,024	\$ 480,35	
Intragovernmental revenue	\$-	\$	
Public revenue	(100,802)	(141,224	
Total Boundary Preservation Revenue	\$ (100,802)	\$ (141,224	

NOTE 11: EXCHANGE REVENUES

For the years ended September 30, 2024 and 2023, revenues from services provided and other revenues and financial sources consisted of the following:

	FY 2024	FY 2023
O&M Wastewater Treatment Plants	\$ (4,897,009)	\$ (6,857,452)
Power Plant O&M - DOE	(6,122,431)	(5,604,365)
State of Arizona - NIWTP Pipeline	0	0
Clean Rivers Project - Texas	(152,135)	(210,249)
City of Nogales	(951,430)	(1,068,787)
Quarters Rental	(127,897)	(122,467)
Surety	0	0
Leases/Licenses	(100,802)	(141,224)
Morillo Drain O&M - LRGWC	0	0
Mexico-O&M Cordova Bridge	(6,000)	(6,000)
O&M Anzalduas Dam Stoplogs	(3,500)	14,117
Water Bulletins/FOIA/Other	(249)	(391)
Other Revenue	43,934	5,835
Interest and Penalties	0	0
Contra Revenue	0	0
IOI Income	0	0
GSA Vehicles	0	0
Department of Health	0	0
DHS- Border Wall	(23,886)	(58,859)
EPA	(494,402)	(2,443,583)
Total Earned Revenue	\$ (12,835,807)	\$ (16,493,424)

Pricing Policy

The agency does not have the authority to make a profit on any of the revenue it receives from outside sources. Therefore, the agency bills and recovers only the direct costs incurred in providing services to these third parties.

NOTE 12: APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED: DIRECT V. REIMBURSABLE

FY 2024 FY 2023 Salary & Expenses (Category A): \$ 59,802,031 **Direct Obligations** \$ 65,727,811 Reimbursable Obligations 14,071,031 11,431,963 **Total Obligations Category A** \$ 79,798,842 \$ 71,233,994 **Construction (Category B): Direct Obligations** \$ 111,007,838 \$ 124,137,473 Reimbursable Obligations 7,277,580 4,031,280 **Total Obligations Category B** \$ 131,415,053 \$ 115,039,118

Below are the amounts of direct and reimbursable obligations incurred against amounts apportioned under Category A and B for the years ended September 30, 2024 and 2023.

NOTE 13: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Below are the budgetary resources obligated for undelivered orders for the years ended September 30, 2024 and 2023.

	FY 2024	FY 2023
Salaries & Expenses Appropriations		
Fund 1991069	\$ 0	454,867
Fund 1901069	119,239	196,887
Fund 1911069	873,781	1,159,494
Fund 19121069	0	858
Fund 1921069	603,757	1,626,324
Fund 19231069	155,274	906,803
Fund 1931069	3,237,417	19,481,651
Fund 19341069	2,961,129	192,280
Fund 1941069	20,155,130	C
Fund 19451069	22,423	C
Total S&E Appropriations	\$ 28,128,151	\$ 24,019,163
Construction Appropriations		
Fund 19X1078	\$ 266,321,403	\$181,723,072
Total Cons. Appropriations	\$ 266,321,403	\$181,723,072

NOTE 14: RECONCILIATION OF NET COST TO NET OUTLAYS

Below is the reconciliation of net cost to net outlays for the years ending September 30, 2024 and 2023.

	Gov	Intra- vernmental FY 2024	 Public FY 2024	 Total FY 2024	F	Total Y 2023
NET COST	\$	5,565,820	\$ 88,007,709	\$ 93,573,529	\$7	6,333,559
Components of Net Cost Not Part of Net Outlays						
Property, plant, and equipment depreciation		-	(28,965,806)	(28,965,806)	(2	8,376,376)
Property, plant, & equip. disposals & revaluations		-	-	-		-
Cost Capitalization Offset		-	44,553,727	44,553,727	3	3,269,386
Increase/Decrease in Assets Not Affecting Net Outlays						
Accounts Receivable		-	(20,537)	(20,537)		2,051,978
Other Assets		-	-	-		-
Advances or Prepayments		-	-	-		-
Increase/Decrease in Liabilities Not Affecting Net Outlay	s					
Accounts payable		-	104,982	104,982		3,120
Salaries and benefits		(66,146)	(216,507)	(282,653)		(276,947)
Accrued Unemployment		-	-	-		10,830
Environmental and disposal liabilities		-	15,028	15,028		(529,068)
Accrued annual leave		-	(210,734)	(210,734)		20,075
Accrued workers compensation		145,978	-	145,978		197,322
Workers' compensation actuarial		1,594,755	-	1,594,755		(516,289)
Custodial Liability		(210,090)	-	(210,090)		(166,098)
Contract accruals		67,496	(6,729,185)	(6,661,689)		(790,063)
Advances		-	(290,022,276)	(290,022,276)		(57,003)
Other Financing Sources:						
Accrued pension costs		(3,096,490)	-	(3,096,490)	(2,497,899)
Transfers out/(in) without reimbursements		-	-	-		-
Collections for Others		-	140,363	140,363		142,415
Other Revenue – Cancellation		-	(43,934)	(43,934)		(5,835)
Loss on Disposition		-	(41,370)	(41,370)		(29,421)
Total Components of Net Cost Not Part of Net Outlays	ş	6 (1,564,497)	\$ (281,436,249)	\$ 283,000,746)	\$	2,450,128
Components of Net Outlays Not Part of Net Cost: Other		-		-		-
Total Components of Net Outlays Not Part of Net Cost:	\$	-	\$ -	\$ -	\$	-
NET OUTLAYS	\$	4,001,323	\$ (193,428,540)	\$ 189,427,217)	\$7	8,783,687

NOTE 15: CONTINGENCIES AND COMMITMENTS

As part of U.S. Section's evaluation of estimates required in the preparation of its financial statements, the agency periodically reviews matters and records an accrued liability for material contingencies when an adverse outcome is probable and when a reasonable estimate of the potential loss is measurable. The U.S. Section did not have any matters requiring liability accrual as of September 30, 2024. However, the agency did identify claims in which an adverse outcome is considered reasonably possible, but it was unable to estimate the potential loss. The claims are related to administrative tort claims. The U.S. Section does not record an accrual for cases where the likelihood of an unfavorable outcome is less than probable, or where it cannot estimate the potential loss.

The following is a breakout of the agency's contingent liabilities:

	Estimated Range of Losses							
Contingent Liabilities	Acc Lia	rued bility	Lower End of Range		ver End Upper End Range of Range			
Probable	\$	0	\$	0	\$	0		
Reasonably Possible	Ś	0	Ś	0	Ś	0		

NOTE 16: RESTATEMENTS

The U.S. Section has restated its Balance Sheet and Statement of Changes in Net Position as of September 30, 2023. This restatement had one primary cause to correct the accounting for certain real and personal property transactions. During a historical CIP reconciliation, agency identified errors in previously reported amounts for real and personal property and associated depreciation due to property acquisition and disposals that had not been recorded. The effect of the restatement was to decrease assets on the Balance Sheet by \$23 million.

Cumulative Results of Operations at the beginning of 2023 on the Statement of Changes in Net Position has been adjusted for the effects of the restatement on prior years. The restatements had no effect on the Statement of Net Cost or the Statement of Budgetary Resources.

		As	of Se	eptember 30, 20	23	
	As P	reviously				
	Re	ported	Re	estatements	F	As Restated
ASSETS						
Property, plant, and equipment, net (Note 4)	\$ 8	351,473,475	\$	(23,087,223)	\$	828,386,252
Total Assets	1,1	148,502,360		(23,087,223)		1,125,415,137
NET POSITION						
Unexpended appropriations - all other funds	(3	305,091,220)		-		(305,091,220
Cumulative results of operations - all other funds	(8	323,889,296)		23,087,223		(800,802,073
Total Net Position	(1,1	L28,980,516)		23,087,223		(1,105,893,293
Total Liabilities and Net Position	\$ (1.1	48.502.360)	Ś	23.087.223	Ś	(1.125.415.137

CONSOLIDATED STATE	MENTS OF CHANGES IN N	ET POSITION	
	For the Ye	ar Ended September	r 30, 2023
	As Previously		
	Reported	Restatement	As Restated
Cumulative Results of Operations			
Beginning Balances	\$ 814,918,447	\$ (23,087,223)	\$\$791,831,224
Total Cumulative Results of Operations	823,889,296	(23,087,223)	800,802,073
Net Position	\$ 1,128,980,516	\$ (23,087,223)	\$ 1,105,893,293

	As of September 30, 2023				
	As Previously Reported	Restatements	As Restated		
Land					
Cost	\$ 52,633,298	\$-	\$ 52,633,298		
Accumulated Depreciation	-	-	-		
Net Value	52,633,298	-	52,633,298		
Structures, Facilities, and Leasehold Improvements:					
Cost	1,191,125,796	24,735,327	1,215,861,123		
Accumulated Depreciation	(468,528,150)	(3,872,336)	(472,400,486		
Net Value	722,597,646	20,862,991	743,460,637		
Internal Use Software					
Cost	14,260,177	-	14,260,177		
Accumulated Depreciation	(10,153,393)	-	(10,153,393)		
Net Value	4,106,784	-	4,106,784		
Equipment					
Cost	37,961,366	-	37,961,366		
Accumulated Depreciation	(28,843,386)	-	(28,843,386		
Net Value	9,117,980	-	9,117,980		
Construction in Progress					
Cost	63,017,766	(43,950,214)	19,067,552		
Accumulated Depreciation	-	-	-		
Net Value	63,017,766	(43,950,214)	19,067,552		
Total Property and Equipment, Net					
Cost	1,358,998,404	(19,214,887)	1,339,783,517		
Accumulated Depreciation	(507,524,929)	(3,872,336)	(511,397,265		
Net Value	\$ 851,473,475	\$ (23,087,223)	\$ 828,386,252		
REQUIRED SUPPLEMENTARY INFORMATION

DEFERRED MAINTENANCE AND REPAIR

Deferred maintenance is maintenance that was not performed when it should have been or was scheduled to be performed, but delayed until a future period. Under Statement of Federal Financial Accounting Standards (SFFAS) No. 6, maintenance is defined as "the act of keeping fixed assets in acceptable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance *excludes* activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended."

Deferred maintenance costs were calculated and compiled for all agency assets. Common assets and heritage assets incurring deferred maintenance were grouped into missionrelated categories. Care was employed to ensure that these amounts are strictly deferred maintenance and are neither asset values nor costs associated with the replacement, expansion, or upgrade of an asset. Deferred maintenance costs, which are separated into "critical maintenance" and "non-critical maintenance," are summarized in the table at the end of this section.

The U.S. Section defines *critical maintenance* as the maintenance that must be done by the agency to fulfill its core mission objectives and avoid the adverse risks to the public, the environment, and employees. Critical maintenance, if not performed, may result in significant safety, economic, and environmental impacts. Critical maintenance involves: necessary maintenance of flood control levees, diversion and storage dams, wastewater treatment plants, hydroelectric power plants, etc. to sustain mission requirements.

The agency defines *non-critical maintenance* as the maintenance that is performed by the agency, which has minimal impact on its core mission objectives and does not place significant risks on the public and the environment. Non-critical Maintenance includes: grounds maintenance at field offices, painting and re-carpeting offices, and other non-mission-essential maintenance.

Deferred maintenance can have significant future effects on the structural integrity of agency structures and facilities, which can considerably impact our ability to protect human life, property, and the environment. Therefore, the U.S. Section applies the condition assessment survey method to rate the condition of its assets. Condition assessment surveys are periodic inspections of property, plants, and equipment to determine the current condition and estimated cost to correct any deficiencies. As in the previous section, these assets were rated using the following scale:

- 1 = Excellent
- 2 = Good
- 3 = Fair
- 4 = Poor
- 5 = Very Poor

Condition ratings and estimated deferred maintenance and repairs costs of agency assets by category are provided in the following table for the fiscal year ending September 30, 2024.

DEFERRED N AS OF	IAINTENANCE AND SEPTEMBER 30, 20) REPAIR 24		
Asset Category	Condition of Assets	Critical DM&R Cost	Non-critical DM&R Cost	Total Cost
Water Conveyance Assets:				
Amistad International Dam & Embankment	2 to 5	\$ 2,744,200	\$0	\$ 2,744,200
Amistad U.S. Power Plant	N/A	680,000	0	680,000
Gaging/Telemetry Systems	3	425,000	225,000	650,000
Levee systems, Floodplains, & Channels	2 to 4	736,000	45,000	781,000
Diversion Dams & Grade Control Struct.	4	90,000	0	90,000
Other Structures (bridges, canals, culverts)	3 to 4	505,000	0	505,000
Water Quality Assets:				
Wastewater Treatment Plant Infrastructure	2 to 5	630,500	0	630,500
Field Office Buildings and Grounds:				
Office Buildings	3 to 5	378,300	56,000	434,300
Warehouses & Service Buildings	3 to 5	415,000	51,000	466,000
Family Housing	3	118,000	1,000	119,000
Falcon Water Treatment Plant Infrastructure	4	21,000	50,000	71,000
Other (grounds, fencing, etc.)	2 to 5	411,000	135,000	546,000
Common Assets - Subtotal	2 to 5	\$ 7,154,000	\$ 563,000	\$ 7,717,000
Heritage Assets:				
Land Boundary Monuments #80 to #204A	2 to 5	\$ 200,000	\$0	\$ 200,000
Multi-use Heritage Assets:				
Falcon International Dam & Embankment	3 to 4	590,000	450,000	1,040,000
Falcon U.S. Power Plant	2 to 4	30,000	130,000	160,000
All Heritage Assets - Subtotal	2 to 5	\$ 820,000	\$ 580,000	\$ 1,400,000
Deferred Maintenance & Repair - TOTAL	2 to 5	\$7,974,000	\$1,143,000	\$ 9,117,000

A comparison of Deferred Maintenance and Repair (DMR) costs reported for the years ending on September 30, 2024 and 2023 are summarized in the following table.

COMPARISON OF FOR FISCAL YE	DEFERRED MAINT	ENANCE AND REPAI MBER 30, 2024 AND	R COSTS 2023	
Asset Category	Condition of Assets	Critical DMR Cost	Non-critical DMR Cost	Total Cost
<u>FY 2023</u>				
Water Conveyance Assets:	2 to 5	\$ 5,190,450	\$276,000	\$ 5,466,450
Water Quality Assets:	2 to 5	259,500	0	259,500
Field Office Buildings and Grounds:	1 to 5	1,721,000	785,000	2,506,000
Heritage Assets:	2 to 5	200,000	0	200,000
Multi-use Heritage Assets:	2 to 5	1,870,000	567,000	2,437,000
FY 2023 DMR Totals	1 to 5	\$ 9,240,950	\$ 1,628,000	\$ 10,868,950
<u>FY 2024</u>				
Water Conveyance Assets:	2 to 5	\$ 5,180,200	\$ 270,000	\$ 5,450,200
Water Quality Assets:	2 to 5	630,500	0	630,500
Field Office Buildings and Grounds:	1 to 5	1,343,300	293,000	1,636,300
Heritage Assets:	2 to 5	200,000	0	200,000
Multi-use Heritage Assets:	2 to 5	620,000	580,000	1,200,000
FY 2024 DMR Totals	1 to 5	\$ 7,974,000	\$ 1,143,000	\$ 9,117,000
Annual Increase/(Decrease)				
Water Conveyance Assets:	-	\$ (10,250)	\$ (6,000)	\$ (16,250)
Water Quality Assets:	-	371,000	0	371,000
Field Office Buildings and Grounds:	-	(377,700)	(492,000)	(869,700)
Heritage Assets:	-	0	0	0
Multi-use Heritage Assets:	-	(1,250,000)	13,000	(1,237,000)
Total Increases/Decreases	-	\$ (1,266,950)	\$ (485,000)	\$ (1,751,950)

COMBINING STATEMENT OF BUDGETARY RESOURCES

		10, 1000	1011078	Total
		19_1069 Budgetery	19X1078 Budgetery	I Otal Budgotom
		FY 2024 (CY)	FY 2024 (CY)	FY 2024 (CY)
BUDGI	ETARY RESOURCES:			
1051	Unoblig Balance PY Budget Authority	\$ 11,369,202	\$ 84,010,798	\$ 95,380,00
1290	Appropriations	64,800,000	156,050,000	220,850,00
1490	Borrowing Authority	0	0	
1690	Contract Authority	0	0	
1890	Spending Auth from Offsetting Coll	11,128,056	290,494,402	301,622,45
1910	Total Budgetary Resources	\$ 87,297,258	\$ 530,555,200	\$ 617,852,45
STATU	S OF BUDGETARY RESOURCES:			
2190	New obligations and upward adjustments	\$ 79,798,842	\$ 131,415,053	\$ 211,213,89
	Unobligated Bal End of Year:			
2204	Apportioned	4,336,122	393,574,680	397,910,80
2304	Exempt from Apportionment	0	0	
2404	Unapportioned	3,734	5,565,467	5,569,20
2412	Unexpired unobligated balance, end of year	4,339,856	399,140,147	403,480,00
2413	Expired unobligated balance, end of year	3,158,560	0	3,158,56
2490	Total Unoblig Bal, End of Year	7,498,416	399,140,147	406,638,56
2500	Total Budgetary Resources	\$ 87,297,258	\$ 530,555,200	\$ 617,852,45
BUDGI	ET AUTHORITY & OUTLAYS, NET:			
4190	Outlays, Net	\$ 59,803,333	\$ (249,230,550)	\$ (189,427,217
4200	Distributed Offsetting Receipts	0	0	
4210	Agency Outlays, Net	\$ 59.803.333	\$ (249.230.550)	\$ (189.427.21)

LAND

The U.S. Section holds land predominantly for operational purposes. The agency does not oversee stewardship land; except for an administered parcel holding the archeological remains of a battlefield site in south Texas at the old Fort Brown. The agency is responsible for the management of programs, facilities, and infrastructure created pursuant to treaties between the United States and Mexico.

The old Fort Brown land is deemed to be held for disposal or exchange. House Resolution 268, passed by the U.S. House of Representatives on March 15, 2022, would transfer the 166.44-acre parcel to the Palo Alto Battlefield National Historical Park in Texas, which is managed by the National Park Service. At fiscal year-end, this bill was under consideration by the U.S. Senate. Currently, only 2.81 acres of the 166.44-acre parcel is registered as a historical landmark in the National Register of Historic Places.

The table below reports the U.S. Section's land by predominant use.

	NDING SEPTEMBER	50, 2024 A	ND 2025	
	FY 2024 (CY)		FY 2023 (PY)	
Conservation & Preservation Land	2.81	acres	2.81	acres
Operational Use Land	146,211.86	acres	146,211.86	acres
Commercial Use Land	0.00	acres	0.00	acres
Total Estimated Acreage	146,214.67	acres	146,214.67	acres

< < < End of Section 2: Financial Section > > >

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International Boundary and Water Commission, United States and Mexico, United States Section 4191 N. Mesa El Paso, Texas 79902-1423

Website: www.ibwc.gov